COURT FILE NUMBER	1101-17318	
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANTS	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.	
DOCUMENT	**TWENTY-SEVENTH REPORT OF THE MONITOR** **MAY 6, 2014**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>**MONITOR**</u> Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Nick J.B. Purich Telephone: 403-206-5067 / (403) 206-5170 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Nick.JB.Purich@ca.ey.com <u>**COUNSEL**</u> McCarthy Tétrault LLP Suite 4000, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone: 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca	

TABLE OF CONTENTS OF THE TWENTY-SEVENTH REPORT

INTRODUCTION

1. On December 21, 2011, Legacy Communities Inc. ("Legacy") and Airdrie Capital Corporation ("ACC") and Airdrie Country Estates Inc. (collectively "Airdrie") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order").

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of Legacy and Airdrie (the "Monitor").

3. On March 21, 2012, under these same proceedings, Railside Capital Inc. and Railside Industrial Park Inc. (collectively "Railside") and Foundation Place Capital Inc. ("Foundation Place Capital") and Foundation Place Inc. (Foundation Place Capital and Foundation Place Inc. are sometimes collectively referred to herein as "Foundation Place") were granted an Order (the "Railside & Foundation Place Order") by this Honourable Court granting them protection from their creditors pursuant the CCAA.

4. Legacy, Airdrie, Railside and Foundation Place are sometimes collectively referred to as the "Companies" or the "Debtors".

5. On January 19, 2012 this Honourable Court granted an Order creating an Unsecured Creditors Committee ("UCC") in these proceedings.

6. On May 12, 2012 this Honourable Court granted an Order expanding the Monitor's powers as "co-manager" of the Companies (the "Co-Manager") and as such, the Monitor prepares this report in its capacity as Monitor and Co-Manager of the Companies.

7. On July 5, 2012, this Honourable Court granted Orders sanctioning the respective plans of compromise and arrangement (the "Legacy and Airdrie Plans") presented to the creditors of each of Legacy and Airdrie and approved by an overwhelming majority of those creditors. The Legacy and Airdrie Plans have been implemented and pursuant to the terms of the Legacy and Airdrie Plans, the interim board of directors have been appointed.

8. On December 21, 2012, this Honourable Court granted Orders (the "Railside Sanction Order") sanctioning the Railside plan of compromise and arrangement (the "Railside Plan") presented to the creditors of Railside and approved by an overwhelming majority of those creditors. The Railside Plan has yet to be implemented.

9. The purpose of this twenty-seventh report (the "Twenty-Seventh Report") of the Monitor is to provide this Honourable Court with comments on:

   a) the activities of the Monitor in respect of Foundation Place since the Twenty-Fifth report of the Monitor dated April 8, 2014 (the "Twenty-Fifth Report);

   b) an overview of the Foundation Place Plan of Arrangement (the "Plan", or the "Foundation Place Plan"), including a summary of the conditions precedent in the Plan;

   c) the results of the May 6, 2014 Creditors' Meeting; and

   d) the Monitor's recommendation.

10. Capitalized terms not defined in this Twenty-Seventh Report are as defined in the Initial Order and the Plan.

11. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

12. Background for the Debtors together with other information regarding these CCAA proceedings have been posted by the Monitor on its website at: www.ey.com/ca/foundationgroup.

TERMS OF REFERENCE

13. In preparing this Twenty-Seventh Report, the Monitor has relied upon unaudited financial information, company records and discussions with former management and consultants of the Companies. The Monitor has not performed an audit, review or other verification of such information.

CCAA PLAN

Overview

14. Foundation Place filed its Plan in an Application on April 8, 2014, with this Honourable Court.

15. On April 14, 2014, this Honourable Court granted an order (the "Creditors' Meeting Order") authorizing Foundation Place to convene a creditors' meeting on May 6, 2014 (the "Creditors' Meeting") to consider and vote on the Plan.

Conditions Precedent to Implementation of the Plan

16. The implementation of the Plan is subject to the following conditions precedent:

a) there shall be a sufficient number of Specified Bondholders for Foundation Place Capital to file an election to be a "public corporation" for the purposes of the *Income Tax Act;*

b) the Plan shall be approved by the Required Majority of Bondholders (being 50% plus one in number voting and 66 2/3 in value voting);

c) the Foreclosure Order (as defined in the Plan) shall have been obtained and registered with the appropriate Government Authority;

d) the Final Sanction Order shall have been granted by this Honourable Court; and

e) all applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable by Foundation Place shall have been obtained.

ACTIVITIES OF THE MONITOR SINCE THE TWENTY-FIFTH REPORT

Directors Solicitation Process

17. The Directors Solicitation Process called for nominations to be put forth to the Monitor by no later than April 29, 2014 (the "Nomination Deadline").

18. Only one Bondholder applied to be nominated to the interim board of directors of Foundation Place by the Nomination Deadline. The remaining interim directors have been selected in accordance with the terms of the Simmons Transaction which provides that Mr. Jay Simmons and a nominee of Simmons shall be two of the New Directors.

19. The Monitor has accordingly selected a slate of three directors (the "Interim Directors") to serve on the Foundation Place interim board. The Interim Directors are the following individuals:

a) Jay Simmons;

b) A nominee of Simmons Financial Holdings Ltd.; and

c) Bruce Duckworth.

Mailing of Plan of Arrangement Package and other documents

20. On April 16, the Monitor sent plan of arrangement packages to Bondholders (as defined in the Plan) relating to Foundation Place in accordance with the Creditors' Meeting Order containing the following:

a) a copy of the Information Circular;

b) a Notice of Meeting;

c) a copy of the Twenty-Fifth Report of the Monitor;

d) a copy of the Plan;

e) a copy of the Proxy, with instructions; and

f) a copy of the Directors Solicitation Process.

CREDITORS' MEETINGS

21. The Creditors' Meeting to vote on the Plan was held on May 6, 2014 at Centennial Place, 3rd Floor of West Tower, 250 – 5th Street S.W., Calgary, Alberta, at 9:30 am Mountain Standard Time.

22. The Monitor provided an analysis of the Plan to Bondholders in the Twenty-Fifth Report of the Monitor. The Bondholders were the only persons entitled to vote at the Creditors' Meeting.

23. Mr. Neil Narfason, Senior Vice-President of Ernst & Young Inc., acted as Chair of the Creditors' Meeting. The Monitor and the Monitor's Counsel were available at the Creditors' Meeting to answer Bondholder questions, and copies of the CCAA Plan were made available. At the meeting, a quorum was present and accordingly, the Chair declared the Creditors' Meeting to be properly constituted.

Voting Parameters

24. The Plan contemplated that the Bondholders will vote at the Creditors' Meeting in a single class. For the purposes of calculating the 'majority' component of the Required Majority (as defined in the Plan), each Bondholder who actually votes (in person or by proxy) is entitled to one vote. For the purposes of calculating the 'value' component of the Required Majority, each voting Bondholder holds a voting claim equivalent to

the value of its Claim (as accepted by the Monitor and Co-Manager pursuant to the Plan and the Creditors' Meeting Order).

Results of Vote

25. In respect of the resolution to approve the Foundation Place Plan, the Bondholders, voting either in person or by way of proxy, voted as follows:

Foundation Place	**By Dollar Value**		**By Headcount**	
	$	%	#	%
For	$ 2,057,266	98%	65	98%
Against	$ 31,679	2%	1	2%
	$ 2,088,945	100%	66	100%

26. On the basis of the foregoing, more than a majority in number of Bondholders (voting in person or by proxy) representing in excess of 66 2/3rd in value, voted in favour of the Plan.

MONITOR'S RECOMMENDATION

27. The Monitor recommends that this Honourable Court approve Foundation Place's motion for the sanctioning of its Plan on the basis that:

  i. notices of the Foundation Place Creditors' Meeting held to approve the Plan were duly given and the Creditors' Meeting was duly constituted;

  ii. the Plan is fair and equitable and the estimated recovery under the Plan exceeds the estimated recovery under a liquidation alternative, as analyzed in the Monitor's Twenty-Fifth Report;

  iii. Foundation Place's Bondholders, voting in person or by proxy at the Creditor's Meeting, approved the Plan by a majority in excess of the majority required by the CCAA; and

iv. to the best of the Monitor's knowledge, Foundation Place has complied with all statutory requirements of the CCAA and all previous orders of this Honourable Court and has not done or purported to do anything which is not authorized by the CCAA.

Dated at Calgary, AB, this 6th day of May, 2014.

ERNST & YOUNG INC.
in its capacity as Monitor of
Foundation Place and not in its
personal or corporate capacity

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Nick J.B. Purich, CA
Senior