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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 LEGACY COMMUNITIES INC., AIRDRIE CAPITAL CORPORATION, AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.	
DOCUMENT	**EIGHTH REPORT OF THE MONITOR (LEGACY AND AIRDRIE PLAN SANCTION)** **JULY 4, 2012**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Cassie Hern Telephone: 403-206-5067 / (403) 206-5005 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Hern@ca.ey.com **COUNSEL** McCarthy Tétrault LLP Suite 3300, 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	

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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. and Foundation Capital Inc. (collectively "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 March 21, 2012 this Honourable Court granted an Order appointing Ernst & Young Inc. as inspector ("Inspector") of certain related entities, 1252064 Alberta Ltd. ("125"), 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI"). The Inspector now has full access to review the books and records of these entities as required.

7. On May 12, 2012 this Honourable Court granted an Order expanding the Monitor's powers as "co-manager" of the Companies.

8. On June 7, 2012 125, 133 and HCMI sought and obtained protection from their creditors under the CCAA pursuant to an order of this Honourable Court (the "125, 133 and HCMI Initial Order"). Pursuant to the 125, 133 and HCMI Initial Order, Ernst

& Young Inc. was appointed monitor of these entities. Ernst & Young Inc.'s role as Inspector of these entities was therefore replaced by its' role as the Monitor of these entities.

9. The purpose of this eighth report (the "Eighth Report") of the Monitor is to provide this Honourable Court with:

   a) Activities of the Monitor since the Sixth Report;

   b) The forecast to actual cash flow results for Legacy and Airdrie for the period of December 21, 2011 to June 30, 2012 (the "Reporting Period");

   c) The cash flow forecasts (the "Forecasts") from July 1, 2012 to August 31, 2012 (the "Forecast Period");

   d) An overview of the Plans, including a summary of the conditions precedent in each Plan;

   e) The results of the June 28, 2012 Creditors' Meetings;

   f) The Debtors' request for an extension of the Stay Period; and

   g) The Monitor's recommendations.

10. Capitalized terms not defined in this Eighth Report are as defined in the Initial Orders.

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 Eighth Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Company.

The Monitor has not performed an audit, review or other verification of such information.

ACTIVITIES OF THE MONITOR SINCE THE SIXTH REPORT

Directors Solicitation Process

14. The Directors Solicitation Process called for nominations to be put forth to the Monitor by no later than June 14, 2012. The Monitor, with input from the UCC and Legacy and Airdrie management, selected a slate of five directors (the "Interim Directors") to serve on each respective board of both Legacy and Airdrie.

15. The Interim Directors for Legacy are the following:

    a) Barry Devlin;

    b) Daryl Hillman;

    c) Hessel Kielstra;

    d) Don Stewart; and

    e) Wim Veldman.

16. Pentti Makila was originally selected to sit be an Interim Directors for Legacy, but later declined the position. He has been replaced by Daryl Hillman.

17. The Interim Directors for Airdrie are the following:

    a) Lucille Gans;

    b) Rupinder Khehra;

    c) Hessel Kielstra;

    d) Don Nelson; and

    e) Barry Verbin.

Manager Request for Proposals ("RFP')

18. The Monitor has sent out packages to a number of potential managers who may wish to be considered for the role as the long term manager of Legacy and/or Airdrie. The RFP called for proposals to be put forth to the Monitor by July 4, 2012. The Monitor, with input from the UCC and Legacy and Airdrie management, selected the potential managers.

19. Once the proposals are received, the Monitor will work with the Interim Directors of both Legacy and Airdrie, who will ultimately select a manger.

FORECAST TO ACTUAL RESULTS

Legacy

20. The cash flow forecast to actual presented at Appendix A contains the cash receipts and disbursements incurred to date for Legacy as compared to the cash flow forecast previously provided to this Court in the Sixth Report of the Monitor dated June 6, 2012.

Legacy Communities Inc.
Cash Flow Forecast to Actual
December 21, 2011 - June 30, 2012

	Forecast	Actual	Variance
Receipts	932,000	932,000	-
Disbursements	851,447	892,126	(40,678)
Net Cash Flows	80,553	39,874	40,678

21. As expected, the only cash receipt for the Reporting Period was $932,000 of DIP financing from HCMI and Azimuth Risk Management Ltd. The total DIP Financing will be advanced by July 13, 2012.

22. Operating expenses, which have been incurred but not entirely paid during the Reporting Period, for Legacy total approximately $892,000. The negative variance of approximately $41,000 primarily relates to errors in calculating management and consulting fees in earlier reporting and higher than expected professional fees offset partially by lower than expected development costs during the Forecast Period.

Airdrie

23. The cash flow forecast to actual presented at Appendix B contains the cash receipts and disbursements incurred to date for Airdrie as compared to the cash flow forecast previously provided to this Court in the Sixth Report of the Monitor dated June 7, 2012.

Airdrie Capital Corporation and Airdrie Country Estates Inc.
Cash Flow Forecast to Actual
December 21, 2011 - June 30, 2012

	Forecast	Actual	Variance
Receipts	627,000	627,000	-
Disbursements	632,364	597,048	35,316
Net Cash Flows	(5,364)	29,952	(35,316)

24. As expected, the only cash receipt for the Reporting Period was $627,000 of DIP financing from HCMI and Azimuth Risk Management Ltd. The total DIP Financing will be advanced by July 13, 2012.

25. Operating expenses, which have been incurred but not entirely paid during the Reporting Period, for Airdrie total approximately $597,000. The positive variance of approximately $35,000 relates primarily to lower than expected development costs during the Forecast Period.

CASH FLOW FORECAST THROUGH AUGUST 31, 2012

26. Legacy and Airdrie, with the assistance of the Monitor, have prepared Forecasts for the Forecast Period which are attached as Appendix C and D, respectively, to this report. The Forecasts are based on the most current information available.

27. The table below summarizes the cash flows for the Forecast Period:

Cash Flow Forecast July 1, 2012 - August 31, 2012			
	Notes	**Legacy**	**Airdrie**
RECEIPTS	a		
Debtor-in-possession financing	b	$ -	$ -
Total receipts		**$ -**	**$ -**
DISBURSEMENTS			
Management fees	c	$ 10,000	$ 10,000
Consulting fees	d	14,000	$ 6,000
Development costs	e	2,500	$ 2,500
CCAA professional fees	f	70,000	$ 70,000
Administration Charge offset	f	(70,000)	(70,000)
Total disbursements		**$ 26,500**	**$ 18,500**
NET CASH FLOWS		**$ (26,500)**	**$ (18,500)**
OPENING CASH		$ 39,868	$ 29,941
NET CHANGE IN CASH FLOWS		(26,500)	(18,500)
ENDING CASH		**$ 13,368**	**$ 11,441**

28. As summarized above, Legacy is projecting no further DIP Financing needs for the Forecast Period. Cash disbursements of approximately $26,500 are projected, resulting in a net decrease in cash of approximately $26,500 during the Forecast Period.

29. As summarized above, Airdrie is projecting no further DIP Financing needs for the Forecast Period. Cash disbursements of approximately $18,500 are projected, resulting in a net decrease in cash of approximately $18,500 during the Forecast Period.

30. The Monitor has reviewed the assumptions supporting the Forecasts and believes the assumptions to be reasonable.

31. Significant assumptions made by management with respect to the Forecasts are:

    a) Legacy and Airdrie have no operating revenues;

    b) No further DIP Financing is required;

    c) Management fees of $5,000 per month to be paid to Harvest Group LP;

    d) Consulting fees relate to the Real Estate Consultant, Noel Winter; and

e) Olympia Trust's fee is $5,000 to review the bond indenture, which is split evenly between Legacy and Airdrie;

f) Professional fees relate to the costs of the Monitor and its' legal counsel, the Companies' legal counsel and the UCC's legal counsel and have been estimated by the Monitor. These fees will be paid for out of the Administration Charge.

CCAA PLANS

Overview

32. Legacy and Airdrie filed their Plans of Arrangement (the "Plans") in an Application on June 7, 2012, with this Honourable Court.

33. On June 7, 2012, this Honourable Court granted an order (the "Creditors' Meeting Order") authorizing Legacy and Airdrie to convene creditors' meetings on June 28, 2012 (the "Creditors' Meetings") to consider and vote on the Plans.

Plan Amendments

34. Certain administrative amendments have been made to both the Legacy and Airdrie Plans. The amendments pertain to the logistics and administrative costs of issuing the new bonds and shares to RRSP investors who invested through Olympia Trust. The new bonds and shares will be issued directly to Olympia Trust by way of book entries and the Monitor will then forward confirmation letters to the investors confirming the issuance of the new shares and bonds, rather than issuing certificates for the new shares and bonds.

Conditions of Plan Implementation

35. The implementation of the Plans is subject to the following conditions precedent:

a) The Short Term Exit Financing agreement shall be executed and registered;

b) The Final Sanction Order shall have been granted by this Honourable Court;

c) 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 Legacy and Airdrie shall have been obtained; and

d) The Short Term Exit Financing along with the New Bonds and the New Shares attributable to each Creditor with a Proven Claim shall have been deposited with the Monitor.

Mailing of Plan of Arrangement Package and other documents

36. On June 12, 2012, the Monitor sent packages to Creditors (as defined in the Plans) of Legacy and Airdrie containing the following:

a) A copy of the Plan;

b) A Notice of Meeting;

c) A copy of the Proxy, with instructions;

d) A copy of the Monitor's 6th Report dated June 6, 2012, which provided comments and recommendations on the Plans;

e) A copy of the Creditor's Meeting Order, dated June 7, 2012; and

f) A copy of the Information Circular.

CREDITORS' MEETINGS

37. The vote by the Creditors of each Plan was held at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta at the following times:

a) Legacy – 9:30 am; and

b) Airdrie – 11:00 am.

38. Mr. Neil Narfason, Senior Vice President of Ernst & Young Inc., acted as Chair of each of the Creditors' Meetings. Representatives of the Companies' legal counsel and the Monitor were available at each Creditors' Meeting to answer creditor questions, and copies of the applicable CCAA Plan were made available. At each meeting, a quorum was present and accordingly, the Chair declared the Creditors' Meetings to be properly constituted.

Voting Parameters

39. The Plans each contemplate that their respective Creditors will vote at the Creditors' Meetings in a single class. For the purposes of calculating the majority component of the Required Majority (as defined in the Plans), each Creditor 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 Creditor holds a voting claim equivalent to the value of its Claim (as by the Monitor pursuant to the Creditors' Meetings Order).

Results of Vote

40. In respect of the resolution to approve the Plans, the Creditors, voting either in person or by way of Proxy voted as follows:

Legacy	**By dollar voting**		**By headcount**	
	$	**%**	**#**	**%**
For	16,152,061	94.5%	370	94.6%
Against	945,840	5.5%	21	5.4%
Total Voting	17,097,901		391	

Airdrie	By dollar voting		By headcount	
	$	%	#	%
For	7,421,865	96.4%	205	95.8%
Against	279,989	3.6%	9	4.2%
Total Voting	7,701,854		214	

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

THE COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY PERIOD

42. Pursuant to the Order of this Honourable Court dated June 7, 2012 the Stay Period expires on July 13, 2012 for Legacy and Airdrie.

43. Legacy and Airdrie are seeking an extension of the Stay Period up to and including August 31, 2012 (the "Legacy and Airdrie Stay Extension").

44. The Legacy and Airdrie Stay Extension is necessary to allow Legacy and Airdrie to finalize exit financing and proceed with implementation of the Plans.

45. In the Monitor's view, Legacy and Airdrie are acting in good faith and with due diligence and the extension of the stay of proceedings is warranted.

MONITOR'S RECOMMENDATIONS

46. The Monitor recommends that that this Honourable Court approve:

   a) Legacy and Airdrie's motion for the sanctioning of their Plans on the basis that:

      i. Notice of the Legacy and Airdrie's Creditors' Meeting held to approve the Plans were duly given and the Creditors' Meeting was duly constituted;

ii. The Plans are fair and equitable and the estimated median recovery under the Plans exceeds the estimated median recovery under a liquidation alternative, as analyzed in the Monitor's Sixth Report;

iii. Legacy and Airdrie's Creditors, voting in person or by proxy at the Creditor's Meeting, approved the Plans by a majority far in excess of the majority required by the CCAA; and

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

b) The Legacy and Airdrie Stay Extension.

Dated at Calgary, this 4th day of July, 2012.

ERNST & YOUNG INC.
in its capacity as
Monitor of Legacy, Airdrie

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

Cassie Hern, CA
Manager

APPENDIX A

Legacy Communities Inc.
Cash Flow Forecast to Actual
December 21, 2011 - June 30, 2012

	Forecast	Actual	Variance
RECEIPTS			
Debtor-in-possession financing (Note 2)	932,000	932,000	-
Total receipts	932,000	932,000	-
DISBURSEMENTS			
Management fees	85,580	134,690	(49,110)
Consulting fees	54,000	99,550	(45,550)
Property taxes	8,000	331	7,669
Operating Expenses	600	72	528
Appraisals	-	4,200	(4,200)
Eyelogic fees	28,267	-	28,267
Development costs	200,000	53,283	146,717
CCAA professional fees (Note 1)	475,000	600,000	(125,000)
Total disbursements	**851,447**	**892,126**	**(40,678)**
NET CASH FLOWS	**$ 80,553**	**$ 39,874**	**$ 40,678**
OPENING CASH	$ (6)	$ (6)	
NET CHANGE IN CASH FLOWS	80,553	39,874	
ENDING CASH	**$ 80,547**	**$ 39,868**	

Notes

1 Professional Fees	**Invoices**	**WIP**	**Total**
BLG	$ 216,744	$ 150,000	$ 366,744
EY	233,110	10,000	243,110
McCarthy	48,332	17,000	65,332
FMC	99,750	80,000	179,750
SMBP	18,621	-	18,621
			$ 873,556
Covered by current funding			$ 600,000
Covered by Administration Charge			$ 273,556
Forecast through September 2012			70,000
Total Administration Charge			$ 343,556

2 The remaining DIP Financing will be funded by July 13, 2012

APPENDIX B

Airdrie Capital Corporation and Airdrie Country Estates Inc.
Cash Flow Forecast to Actual
December 21, 2011 - June 30, 2012

	Forecast	Actual	Total
RECEIPTS			
Debtor-in-possession financing (Note 2)	627,000	627,000	-
Total receipts	627,000	627,000	-
DISBURSEMENTS			
Management fees	60,630	42,630	18,000
Consulting fees	30,000	40,950	(10,950)
Property taxes	2,000	281	1,719
Operating Expenses	600	1,535	(935)
Appraisals	-	4,200	(4,200)
Eyelogic fees	14,134	-	14,134
Development costs	100,000	27,452	72,548
CCAA professional fees (Note 1)	425,000	480,000	(55,000)
Total disbursements	**632,364**	**597,048**	**35,316**
NET CASH FLOWS	**$ (5,364)**	**$ 29,952**	**$ (35,316)**
OPENING CASH	$ (11)	$ (11)	
NET CHANGE IN CASH FLOWS	(5,364)	29,952	
ENDING CASH	**$ (5,375)**	**$ 29,941**	

Notes

1 **Professional Fees**

	Invoices	WIP	Total
BLG	$ 162,351	$ 100,000	$ 262,351
EY	163,882	10,000	173,882
McCarthy	41,157	16,000	57,157
FMC	99,750	74,000	173,750
SMBP	14,571	-	14,571
			$ 681,711
Covered by current funding			$ 480,000
Covered by Administration Charge			$ 201,711
Forecast through September 2012			70,000
Total Administration Charge			$ 271,711

2 The remaining DIP Financing will be funded by July 13, 2012

APPENDIX C

Legacy Communities Inc.
Cash Flow Forecast
July 1, 2012 - August 31, 2012

		Legacy Communities Inc.		
	Notes	**July 1-31, 2012**	**August 1-31, 2012**	**Total**
RECEIPTS	1			
Debtor-in-possession financing	2	-	-	-
Total receipts		-	-	-
DISBURSEMENTS				
Management fees	3	5,000	5,000	10,000
Consulting fees	4	7,000	7,000	14,000
Plan Implementation Costs	5	2,500	-	2,500
CCAA professional fees	6	35,000	35,000	70,000
Administration Charge offset	7	(35,000)	(35,000)	(70,000)
Total disbursements		**$ 14,500**	**$ 12,000**	**26,500**
NET CASH FLOWS		**$ (14,500)**	**$ (12,000)**	**$ (26,500)**
OPENING CASH		$ 39,868	$ 25,368	$ 39,868
NET CHANGE IN CASH FLOWS		(14,500)	(12,000)	(26,500)
ENDING CASH		**$ 25,368**	**$ 13,368**	**$ 13,368**

Notes and Assumptions

1 Legacy Communities has no operating revenues
2 No further DIP financing is required
3 Management fees to be paid to Harvest Group LP
4 Real estate professional estimated fees
5 Olympia Trust fee to review bond indenture
6 Estimated professional fees
7 Professional fees are to be paid for with the Administration Charge

APPENDIX D

Airdrie Capital Corporation and Airdrie Country Estates Inc.
Cash Flow Forecast
July 1, 2012 - August 31, 2012

		Airdrie (Note 1)		
	Notes	**July 1-31, 2012**	**August 1-31, 2012**	**Total**
RECEIPTS	2			
Debtor-in-possession financing	3	-	-	-
Total receipts		-	-	-
DISBURSEMENTS				
Management fees	4	5,000	5,000	10,000
Consulting fees	5	3,000	3,000	6,000
Plan Implementation Costs	6	2,500	-	2,500
CCAA professional fees	7	35,000	35,000	70,000
Administration Charge offset	8	(35,000)	(35,000)	(70,000)
Total disbursements		**$ 10,500**	**$ 8,000**	**18,500**
NET CASH FLOWS		**$ (10,500)**	**$ (8,000)**	**$ (18,500)**
OPENING CASH		$ 29,941	$ 19,441	$ 29,941
NET CHANGE IN CASH FLOWS		(10,500)	(8,000)	(18,500)
ENDING CASH		**$ 19,441**	**$ 11,441**	**$ 11,441**

Notes and Assumptions

1 "Airdrie" is a consolidation of Airdrie Capital Corporation and Airdrie Country Estates Inc.
2 Airdrie has no operating revenues
3 No further DIP financing is required
4 Management fees to be paid to Harvest Group LP
5 Real estate professional estimated fees
6 Olympia Trust fee to review bond indenture
7 Estimated professional fees
8 Professional fees are to be paid for with the Administration Charge