COURT FILE NUMBER	1101-17318	CLERK OF THE COURT FILED NOV 21 2012
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	**FOURTEENTH REPORT OF THE MONITOR** **NOVEMBER 21, 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 Riglin Telephone: 403-206-5067 / (403) 206-5139 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Riglin@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	

TABLE OF CONTENTS OF THE FOURTEENTH REPORT

APPENDICIES TO THE FOURTEENTH 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. 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").

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. The Monitor now has full access to review the books and records of these entities as required.

9. The purpose of this fourteenth report (the "Fourteenth Report") of the Monitor and co-manager of Railside and Foundation Place is to provide this Honourable Court with:

    a) An update on the restructuring efforts for Foundation Place;

    b) The plan of arrangement filed in these CCAA Proceedings by Railside (the "Railside Plan");

    c) The Monitor's analysis of the Railside Plan;

    d) The process for appointing interim directors ("Interim Directors") for Railside (the "Directors Solicitation Process");

    e) The forecast to actual cash flow results for the period of March 1, 2012 to November 30, 2012 (the "Reporting Period");

    f) The cash flow forecasts (the "Forecasts");

    g) The additional DIP financing ("Additional DIP Financing") needs;

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

    i) The Monitor's recommendations.

10. Capitalized terms not defined in this Fourteenth Report are as defined in the Initial Orders or as in the Railside Plan (as defined below).

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 Fourteenth 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. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

FOUNDATION PLACE RESTRUCTURING EFFORTS

16. The Monitor has been approached by an investor who indicates that he represents a large number of Foundation Place investors who would like to hold this property for a longer term in hopes of achieving a higher recovery. The Monitor has advised this group that in order to hold the property Foundation Place will require exit financing and a plan of arrangement. This group of investors have requested additional time to develop a restructuring alternative to avoid liquidation and the Monitor has agreed to do so until the end of January.

17. Mylonas Enterprises Ltd. ("Mylonas") and Landstar Teamworks Project Management Ltd. ("Landstar") have each registered encumbrances against the Foundation Place lands in priority to the Foundation Place Capital mortgage and submitted claims against Foundation Place in respect thereof prior to the claims bar date of August 21, 2012. The Monitor had filed an application on September 20, 2012 to strike out the caveat filed by Mylonas, which application was adjourned sine die. On November 19, 2012, Mylonas submitted an amended proof of claim to the Monitor in respect of its claim against Foundation Place. The Monitor has reviewed the amended Mylonas

claim and of the Landstar claim and will be issuing notices of disallowance in respect of both of them in accordance with the Claims Process Order issued in respect of Foundation Place on July 5, 2012

RAILSIDE PLAN OF ARRANGEMENT

Overview

18. Railside is proposing a plan (the "Railside Plan") of compromise and arrangement with its creditors. The purpose of the Railside Plan is to restructure Railside's debt and allow it time and financing to enable it to hold the Railside Lands (as defined in the Railside Plan) and advance their development over a period of approximately three years following the implementation of the Railside Plan, with a view to maximizing creditors' recovery from the anticipated appreciation in value of the Railside Lands. A copy of the Railside Plan is attached at Appendix A.

19. There will also be a reorganization of the corporate structures of Railside such that the Railside creditors ("Creditors"), who will become the only shareholders, will be entitled to exercise the normal rights of shareholders in electing directors of Railside and to vote on matters of corporate significance.

20. The Monitor understands that under the Railside Plan the following would take effect:

a) The Creditors will be the only shareholders of the restructured Railside entities;

b) Railside will have a board of Interim Directors installed on plan implementation;

c) On plan implementation the Creditors will be given new bonds ("New Bonds") (non interest bearing with a maturity of December 31, 2015) and new shares ("New Shares") of Railside;

d) The total value of the New Bonds and New Shares will total the value of the Proven Claims (defined below);

e) A trust indenture will be established to govern the collective rights of the bondholders;

f) Railside, relying on the advice of its tax advisors, has endeavoured to create a structure that will allow the New Bonds and New Shares to be RRSP eligible;

g) Management services, including accounting, investor relations and control of funds, will be provided by Harvest CCAA Operations, an entity unrelated to the Harvest Group or Foundation Group, on an interim, month-to-month basis after plan implementation to allow time for the Interim Directors to select a new manager/management firm; and

h) Recognition of any gains or losses for tax purposes will be deferred to the extent legally possible until the sale of the land.

Claims of Creditors

21. The Railside Plan affects a compromise and arrangement of claims of the Creditors of Railside ("Claims"). Claims as defined in the Railside Plan include Creditors with Proven Claims and Disputed Claims (both as defined and described below) and exclude Unaffected Claims (as defined below).

22. Proven claims ("Proven Claims") comprise claims finally determined or accepted for voting purposes in accordance with the Railside Claims Process Order. Proven Claims include the claims of bondholders.

23. Below is a breakdown of the Proven Claims for Railside which will be considered the Proven Claims eligible to vote at the Creditor's Meetings.

	Railside
Bondholder Claims	$ 42,844,288.15
Third party Claims	69,990
Disputed Claims	unknown
	$ 42,914,278.00

24. Creditors should review the listing of Proven Claims on the Monitor's website, and if any changes are required to the mailing addresses the Creditors should notify the Monitor immediately.

25. Disputed claims ("Disputed Claims") comprise claims that are not allowed or otherwise settled in accordance with the Railside Claims Process Order. The Disputed Claims include all claims advanced by Mr. Ron Aitkens or entities related to Mr. Aitkens. There are no other Disputed Claims.

Unaffected Claims

26. Unaffected claims include:

a) Amounts secured by the Administration Charge, the Directors' Charge and the DIP Charge;

b) Post Filing Claims (i.e. claims that arose after the Initial Order);

c) Certain Claims of the Crown (as described in the Railside Plan);

d) Claims relating to municipal real property taxes and public utilities;

e) Valid lien claims;

f) Claims in respect of and licenses, franchises, consents, approvals, variances, exemptions, and other authorization issued by or from and Government Authority; and

g) That portion of a Claims arising from a cause of action for which Railside is covered by insurance, but only to the extent of such insurance coverage.

Classes

27. The Railside Plan contemplates a single class of Creditors.

The Proposed Creditors' Meeting Order

28. Railside is seeking Court approval of a proposed Creditors' Meeting Order (the "CMO"). The CMO proposes, *inter alia*:

    a) The creditors' meeting ("Creditors' Meeting") shall be held on Wednesday, December 19, 2012 at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta, at 3:00 p.m. (Calgary time);

    b) The Monitor shall act as the Chair of the Creditors' Meeting, and shall decide all matters relating to the conduct of the Creditors' Meeting;

    c) The Monitor shall send, by November 28, 2012, to all Creditors who are eligible to vote at the Meeting the following documents, including: (a) the Railside Plan; (b) Notice of Meeting (c) a Proxy; (d) a copy of the Monitor's Report on the Railside Plan; (e) a copy of the CMO; (f) the Information Circular; and (g) a copy of the Directors Solicitation Process (collectively, the "Meeting Materials"); and

    d) In the event the Railside Plan is approved by the Required Majority of the Creditors, Railside may bring motions to this Court seeking an order sanctioning the Railside Plan (the "Final Sanction Order").

Distributions under the Plans

29. The Railside Plan contemplates that the Unaffected Creditors will be paid out of the Exit Financing.

30. The New Bonds and New Shares will be issued as soon as reasonably practicable after plan implementation.

31. A statement setting out individual holdings of New Bonds and New Shares will be mailed to the Creditors at their last known address, and for RRSP investors the address of the trustee for the registered plan (i.e. Olympia).

Voting

32. The only persons entitled to vote on the Railside Plan are Creditors with a Proven Claims. Disputed Claims will become Proven Claims to the extent they are proven or allowed before the Creditors' Meeting.

33. Creditors with Disputed Claims as at that date are able to vote only the portion of the Claim that has been accepted for voting purposes. Creditors with Disputed Claims shall have their voting intentions with respect to the disputed amounts recorded by the Monitor and reported to the Court.

34. Each Creditor having a Proven Claim shall be entitled to attend and vote at the Creditors' Meeting. For the purposes of calculating the majority component of the Required Majority, each Creditor who actually votes (in person or by proxy) shall be entitled to one vote. For purposes of calculating the value component of the Required Majority, each Creditor who is entitled to vote shall be entitled to one vote at the Creditors' Meetings for each $1.00 of such Creditors' Proven Claim as determined in accordance with the Railside Claims Process Order.

Conditions Precedent to Implementation of the Plan

35. The implementation of the Railside Plan is subject to, among others, the following conditions precedent:

    a) The Foreclosure Order effectively transferring the Railside Lands from Railside Industrial Park Inc. ("Industrial") to Railside Capital Inc. ("Capital") shall have been obtained and registered with the Alberta Land Titles Office;

    b) The Williams Action, as such term is defined in the Plan, shall have been assigned by Industrial to Capital and an order confirming such assignment and continuing the Williams Action shall have been obtained;

    c) The Exit Financing agreement shall be executed and registered;

d) The Railside Plan shall be approved by the Required Majority of Creditors;

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

f) 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 Railside shall have been obtained; and

g) Funds sufficient to pay all amounts owing under the Administration Charge together with any other Post Filing Amounts owing to Railside's counsel, the Monitor and its counsel shall have been deposited with the Monitor.

Plan Implementation

36. Based on the timing of the Creditors' Meeting, the Monitor expects that the Railside Plan will be implemented in January 2013, with the distribution of the new securities shortly thereafter.

MONITOR'S ANALYSIS OF THE PLAN

Overview

37. The Monitor is of the view that there are no other viable options available to restructure other than that proposed in the Plan and that the only other alternative would be liquidation.

38. In the Monitor's view, a liquidation scenario would greatly reduce and adversely affect any anticipated recovery for the Creditors.

Railside Plan Analysis

39. The table below summarizes the range of recoveries estimated under the Railside Plan and the recoveries under a liquidation scenario:

Railside Industrial Park Inc. & Railside Capital Inc.
Liquidation Analysis

		Plan		Liquidation	
	Notes	High	Low	High	Low
Distributable Funds					
Land Proceeds	a	15,000,000	10,000,000	6,056,400	5,297,800
Total Proceeds		15,000,000	10,000,000	6,056,400	5,297,800
Total Distributable Funds	b	15,000,000	10,000,000	6,363,777	5,566,677
Secured Charges					
1st Mortgage plus interest	c	1,500,000	1,500,000	-	-
DIP Financing plus interest	d	-	-	500,000	500,000
Administration Charge	e	-	-	325,000	325,000
Valid liens	f	139,161	139,161	139,161	139,161
Selling Costs	g	475,000	325,000	206,692	183,934
Total Secured Charges		2,114,161	1,964,161	1,170,853	1,148,095
Available to Creditors		12,885,839	8,035,839	5,192,924	4,418,582
Claims					
Creditors		42,914,278	42,914,278	42,914,278	42,914,278
Total Claims		42,914,278	42,914,278	42,914,278	42,914,278
Recovery		30%	19%	12%	10%
		24%		11%	

40. The notes and assumptions to the estimated recoveries under the Railside Plan and liquidation scenario are summarized below:

a) Land proceeds under the liquidation scenario are based on the values in the current appraisals and Proceeds under the Plan are based on estimates, prepared by the current Railside real estate consultant and reviewed by the Monitor, of the projected land values after the proposed holding period. No independent appraisals of the projected land values are available;

b) Total distributable funds takes into account the time value of money under the liquidation scenario, assuming a 2% return and that it would take six months to sell the land;

c) 1st Mortgage payout assumes $1.5 million of the maximum DIP Facility is drawn;

d) DIP Financing refers to the Additional DIP Financing plus an estimate of applicable interest and fees;

e) Administration Charge is the maximum approved by the court, but it is expected that total unpaid professional fees will be less than this amount;

f) There are valid liens against the Railside lands that are in priority to the Railside Capital mortgage which would be paid; and

g) Selling costs are assumed at 3% of selling costs plus $25,000 for brochure and marketing documents.

41. The Monitor's analysis of the recoveries to the Creditors indicates that under the Railside Plan, Creditors could receive between 30% and 19% of their respective claims. Under the liquidation scenario, the estimated recoveries would be reduced to 12% to 10%. The variance between the Railside Plan recoveries and the liquidation scenario relates to the potential for increased land values over the holding period. Under the Railside Plan scenario actual recoveries may vary materially from the foregoing if land values do not increase as anticipated.

42. The recoveries under the Railside Plan assume that the assets will be held for a significant portion of the entire three years of the New Bonds. If at any point during those three years Railside determines it advisable to sell some or all of the assets, in order to reduce interest and other carrying costs, such a sale can be accomplished under the new corporate structure. If all or substantially all of the properties are sold, then shareholder approval is required.

43. The Railside Plan assumes the Additional DIP Financing is repaid in June 2014 and additional capital of $1.5 million is injected from equity, a new financing or from the sale of some of the Railside lands.

44. The Monitor also notes that the liquidation analyses above for Railside does not encompass the dilutive effect of any Disputed Claims becoming Proven Claims as the Monitor is unable to assess the likelihood of the Disputed Claims becoming proven Claims at this time.

Conclusion

45. The Monitor considers the Plan to be fair and reasonable as the Creditors are projected to receive a greater recovery than under the alternative (i.e. liquidation). The mid-point recovery under the Railside Plan is 24% compared to the mid-point under liquidation of 11%. In addition, the Monitor believes it is reasonable for the Creditors to form one class under the Plan.

46. The feedback and input the Monitor has received from investors supports avoiding a liquidation event in hopes of an increased recovery.

DIRECTORS SOLICITATION PROCESS

47. The Monitor has prepared a Directors Solicitation Process in which a slate of interim directors ("Interim Directors") will be appointed for Railside at the time the Railside Plan is implemented. A copy of the Directors Solicitation Process is attached as Appendix B.

48. The Directors' Solicitation Process calls for nominations ("Nominees") to be put forth to the Monitor by no later than December 10, 2012.

49. Any individual, who is qualified at law to serve as a director, including any Creditor, can request that his or her name be put forth as a Nominee. An individual wishing to be a Nominee should submit a request to the Monitor that he or she be a Nominee, along with any information relevant to the individual's proposed appointment as a Nominee, by no later than December 10, 2012.

50. All Nominee requests should be submitted by registered mail, facsimile or email to the following address:

> Ernst & Young Inc.
> Attention: Jessica Caden
> 1000, 440 2nd Ave SW
> Calgary, AB T2P 5E9
> Email: jessica.caden@ca.ey.com
> Facsimile: 403-206-5075

51. Based on the nominations received, the Monitor and the UCC, with input from Railside, will determine a slate of up to five of the Nominees as the proposed Interim Directors for Railside.

52. The Monitor will consider the following when choosing the slate of Nominees;

    a) The amount of the individual's investment in Railside in the event that the Railside Plan is implemented;

    b) Any previous experience that the individual has in serving as a director or officer of a publicly traded company;

    c) Any previous experience that the individual has in the development of real-estate projects;

    d) Any relevant input received by Railside from Creditors in respect of the individual wishing to be a Nominee; and

    e) Any other factor that Railside considers relevant to whether an individual should be a Nominee.

53. Individuals who have previously worked as a director, officer, employee, consultant, agent (including sales agents and agents who sold securities of the Harvest Group of Companies or Foundation Group of Companies), contractor, or advisor to any entity related or affiliated with the Harvest Group of Companies or Foundation Group of Companies or any relation thereof will not be eligible to be an Interim Director.

54. After selecting the slate of Interim Directors, the Monitor will inform the Creditors of the individuals selected as Interim Directors for Railside at the Creditors' Meeting. Also, the Monitor will post the names of those selected as Interim Directors on its website on or before December 13, 2012.

55. Upon implementation of the Railside Plan, the Interim Directors will be appointed.

FORECAST TO ACTUAL RESULTS

Railside

56. The cash flow forecast to actual presented at Appendix C contains the cash receipts and disbursements incurred to date for Railside as compared to the cash flow forecasts previously provided to this Court.

Railside Capital Inc. and Railside Industrial Park Inc.
Cash Flow Forecast to Actual
March 1, 2012 - November 30, 2012

	Forecast	Actual	Variance
Receipts	150,000	116,773	(33,227)
Disbursements	648,924	302,424	346,500
Net Cash Flows	(498,924)	(185,651)	313,273

57. The only cash receipt for the Reporting Period was approximately $117,000 of DIP Financing. Azimuth was only able to fund approximately $117,000 of the Railside DIP.

58. Operating expenses, which have been incurred but not entirely paid during the Reporting Period, for Railside total approximately $302,000. The positive variance of approximately $346,500 relates to the timing of settlement for professional fees and a reduction in management fees in order to conserve cash moving into the Forecast Period.

Foundation Place

59. The cash flow forecast to actual presented at Appendix D contains the cash receipts and disbursements incurred to date for Foundation Place as compared to the cash flow forecasts previously provided to this Court.

Foundation Capital Inc. and Foundation Place Capital Inc. Cash Flow Forecast to Actual March 1, 2012 - November 30, 2012	Forecast	Actual	Variance
Receipts	305,000	279,443	(25,557)
Disbursements	472,436	300,949	171,487
Net Cash Flows	(167,436)	(21,506)	145,930

60. Cash receipts for the Reporting Period were $5,000 from parking lot revenue and approximately $274,000 of DIP Financing. Azimuth was only able to fund approximately $274,000 of the Foundation Place DIP, the remaining unfunded portion will not be funded.

61. Operating expenses, which have been incurred but not entirely paid during the Reporting Period, for Foundation Place total approximately $301,000. The positive variance of approximately $171,000 relates primarily to the timing of settlement for professional fees in order to conserve cash moving into the Forecast Period.

62. Operating costs have been reduced to zero, with only professional fees and property taxes accruing. As the professional fees are relying on the Administration Charge, there is a resulting net negative cash flow.

CASH FLOW FORECASTS

63. Railside and Foundation Place, with the assistance of the Monitor, have prepared Forecasts which are attached as Appendix E & F to this report. The Forecasts are based on the most current information available.

64. The table below summarizes the Forecast for Railside to December 31, 2012:

Cash Flow Forecast December 1, 2012 - December 31, 2012		
	Notes	Railside
RECEIPTS	a	
Debtor-in-possession financing	b	$ 500,000
Total receipts		**$ 500,000**
DISBURSEMENTS		
DIP Repayment	c	$ 133,000
Financing fees & interst	d	12,500
Harvest common costs	e	20,000
Consulting fees	f	20,585
CCAA professional fees	g	50,000
Administration Charge reduction	g	262,168
		$ 498,253
NET CASH FLOWS		**$ 1,747**
OPENING CASH		$ 1,841
NET CHANGE IN CASH FLOWS		1,747
ENDING CASH		**$ 3,588**

65. As summarized above, Railside is projecting a need for Additional DIP Financing of $500,000. The beneficiaries of the Administrative Charge have agreed, for the time being, to rely upon the charge as security for their fees in preference to taking steps to enforce on the Administrative Charge, no further cash feeds are required during the Forecast Period.

66. Significant assumptions with respect to Railside are:

a) Railside has no operating revenues;

b) Additional DIP Financing of $500,000 is required at this time;

c) DIP repayment represents the repayment of the initial DIP provided by Azimuth Risk Management Ltd.

d) Financing fees and interest are on the Additional DIP Financing;

e) Harvest common costs related to common costs incurred by Harvest from July - December, which are being allocated across various Harvest entities;

f) Consulting fees relate to the costs for Noel Winter from July to September; and

g) 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, and a portion of the current outstanding professional fees will be paid during December 2012.

67. The table below summarizes the Forecast for Foundation Place to January 31, 2012:

Cash Flow Forecast **December 1, 2012 - January 31, 2013**			
	Notes	**Foundation Place**	
RECEIPTS	a		
Debtor-in-possession financing	b	$	-
Total receipts		$	-
DISBURSEMENTS			
Management fees	c	$	-
Consulting fees	d		-
CCAA professional fees	e		40,000
Administration Charge offset	e		(40,000)
Total disbursements		$	-
NET CASH FLOWS		$	-
OPENING CASH		$	5,095
NET CHANGE IN CASH FLOWS			-
ENDING CASH		**$**	**5,095**

68. As summarized above, Foundation Place is projecting no further DIP Financing needs for the Forecast Period. The accrued and unpaid professional fees are beneficiaries of the Administrative Charge, and all beneficiaries have agreed to extend the time for payment until exit financing is secured or until it is apparent no exit financing will be obtained. Accordingly, no further cash needs are required during the Forecast Period.

69. Significant assumptions with respect to Foundation Place are:

a) Foundation Place have no operating revenues;

b) No further DIP Financing is required at this time;

c) No further management fees will be incurred on Foundation Place;

d) No further Consulting fees are to be paid for Foundation Place; and

e) 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.

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

ADDITIONAL DIP FINANCING

71. Based on the above assumptions, the Forecast indicates that Railside will need further Additional DIP Financing to meet its current obligations through the Forecast Period.

72. Railside requires Additional DIP Financing of $500,000. A portion of the Additional DIP Financing will replace the DIP Financing previously funded by Azimuth Risk Management Ltd.

73. Railside is in negotiations with a known party ("DIP Lender") to provide the Additional DIP Financing required (the "DIP Facility") with funding to occur in December 2012. The Monitor is cautiously optimistic that the DIP Facility will be funded.

74. The DIP Facility would be set up so that additional funding is available if needed. The maximum amount to be borrowed under the DIP Facilities for Railside is proposed to be $1,500,000. This DIP Facility will also be used to facilitate the exit of the CCAA proceedings.

75. The draft terms of the DIP Facility include a commitment fee of 1.5% and an annual interest rate of 12%. The DIP Facility will have a six month term with two additional options to renew for a further six months each.

76. The Monitor understands that there is a validly registered lien for approximately $139,000 from an arm's-length secured creditor of Railside. It is proposed that the

Additional DIP Financing will rank in priority to this lien holder. Given the quantum of the proposed Additional DIP Financing compared to the book value of the assets, the Monitor believes that the Additional DIP Financing will not materially prejudice the lien holder or the creditors of Railside. In addition, the Monitor believes that the Additional DIP Financing will allow Railside to circulate the Railside Plan to their creditors to be voted on in December 2012, and to pursue a restructuring that will maximize stakeholder value for Railside.

77. Accordingly, the Monitor considers the additional DIP Financing to be reasonable and necessary in order to maintain and preserve business operations, and to provide additional time to restructure which preserves value for all stakeholders.

THE COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY PERIOD

78. Pursuant to the Orders of this Honourable Court dated October 31, 2012 the Stay Period expires on November 30, 2012 for Railside and Foundation Place.

79. Railside is seeking an extension of the Stay Period up to and including December 31, 2012 (the "Railside Stay Extension").

80. The Railside Stay Extension is necessary to allow Railside to circulate the Meeting Materials and host the Creditor Meeting

81. Foundation Place is seeking an extension of the Stay Period up to and including January 31, 2013 (the "Foundation Place Stay Extension").

82. The Foundation Place Stay Extension is necessary to allow the Foundation Place investors an opportunity to assess the viability of developing a plan or arrangement and to find the necessary financing required.

83. In the Monitor's view, Railside and Foundation Place are acting in good faith and with due diligence.

MONITOR'S RECOMMENDATIONS

84. The Monitor recommends that this Honourable Court approve;

a) The CMO which effectively provides that Railside be allowed to circulate the Railside Plan and related Meeting Materials to their Creditors for the purposes of allowing the Creditors to vote on the Railside Plan;

b) The Directors' Solicitation Process;

c) The Additional DIP Financing;

d) The Railside Stay Extension; and

e) The Foundation Place Stay Extension.

Dated at Calgary, this 21st day of November, 2012.

ERNST & YOUNG INC.
in its capacity as
Monitor of Railside and
Foundation Place

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

Appendix A

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.

PLAN OF COMPROMISE AND ARRANGEMENT

OF

RAILSIDE CAPITAL INC.

PURSUANT TO
THE COMPANIES' CREDITORS ARRANGEMENT ACT
NOVEMBER 23, 2012

- THIS PLAN SHOULD BE READ TOGETHER WITH THE INFORMATION CIRCULAR DATED NOVEMBER ___, 2012 PREPARED BY RAILSIDE CAPITAL INC. AND THE MONITOR'S REPORT TO CREDITORS DATED NOVEMBER ___, 2012

- THE FOLLOWING SCHEDULES ATTACHED HERETO ARE INTEGRAL TO AND FORM PART OF THIS PLAN:

  SCHEDULE A - DEFINED TERMS AND INTERPRETATION
  SCHEDULE B - INSTRUMENT OF PROXY
  SCHEDULE C – ARTICLES OF REORGANIZATION OF RAILSIDE CAPITAL INC. ON FIRST OF PLAN IMPLEMENTATION DATES
  SCHEDULE D – ARTICLES OF REORGANIZATION OF RAILSIDE CAPITAL INC. ON SECOND OF PLAN IMPLEMENTATION DATES

The purpose of this Plan is to effect a compromise and arrangement of the Claims of all Creditors of Railside Capital Inc. ("RCI") in order to permit RCI to restructure its affairs for the benefit of all stakeholders, with a view to increasing the recovery of the Creditors of RCI and reducing the uncertainties, risks, costs, delays and possible losses that will otherwise occur to stakeholders. RCI has concluded, and the Monitor agrees, that Creditors of RCI will likely obtain a greater return on their Claims if the Plan is approved than if the assets of RCI were liquidated in a formal insolvency proceeding, which is the most likely outcome for RCI in the event this Plan is not approved. Creditors should review this Plan, the information circular prepared by management of RCI, and the Monitor's Report before voting to accept or to reject this Plan.

1.1 Background

RCI and Railside Industrial Park Inc. ("Railside Industrial") are single-purpose corporations incorporated to raise funds and to acquire and develop a 310 acre land assembly located in the County of Wetaskiwin on the east boundary of the Town of Millet (the "Railside Lands"). The main strategy to realize the value contemplated by RCI and Railside Industrial at the time the Railside Lands were purchased was to develop an industrial park comprised of 107 lots suited for warehousing, manufacturing, oil and gas industry services and other commercial or light industrial development and market the lots for sale, returning the proceeds from the sales to the bondholders. In the spring of 2008, a total of $34,199,100 was raised from a total number of 1,482 investors through the sale of bonds issued by RCI. Of the total bonds sold, approximately 66% are believed to be held in individual registered retirement savings plans. The bonds matured on April 30, 2012. Through a separate offering by Railside Industrial, Bondholders also acquired class B non-voting common shares in Railside Industrial in proportion to their bond holdings, at a price of $0.10 per share. The investment was structured such that Railside Industrial is the legal owner of the Railside Lands, subject to a mortgage in the principal amount of $33,706,727.15 registered on the Railside Lands in favour of RCI. RCI in turn, is indebted to the Bondholders on an unsecured basis.

After purchasing the Railside Lands, RCI and Railside Industrial commenced development work necessary to pursue the strategy to realize value for the Bondholders. The development work includes stripping and grading the westerly quarter section of the Railside Lands. In addition, 9 lots on 40 acres have an unregistered tentative plan of subdivision with utility servicing 90% complete. To assist with this development work and specifically the engineering design, supervision of construction and all necessary project management services required for the development at the Railside Lands, Railside Industrial engaged the services of A.D. Williams Engineering Inc., now referred to as Williams Engineering Ltd. ("Williams Engineering"). The services provided by Williams Engineering on the Railside Lands were deficient and Railside Industrial has commenced an action in the Court of Queen's Bench of Alberta (the "Williams Action") claiming judgment in the amount of $6 million against Williams Engineering as a result of, among other things, cost overruns and delays in completion of the contract services which Williams Engineering was contractually obligated to provide. It is believed that the claims made by Railside Industrial in the Williams Action have a good prospect of succeeding at trial.

Development on the Railside Lands stopped in early 2009 after a combination of the delays and cost overruns related to the Williams Engineering services and the financial crash in late 2008, when the market for industrial land collapsed and real estate development in the Province drew to a near-standstill. The forecast market demand for industrial development in or around the Railside Lands failed to materialize beginning in 2009 as the nearby Nisku and north Leduc areas continued to provide ample serviced and partially serviced land for this market. With the value and saleability of undeveloped land dropping, RCI noted that it would have no funds available to either repay the bonds or continue development of the Railside Lands when the bonds matured on April 30, 2012.

In order to have access to a formal restructuring process as well as access to funding, in March of 2012 RCI and Railside Industrial, along with Foundation Place Capital Inc. and Foundation Place Inc. sought and obtained an order of the Court of Queen's Bench of Alberta (the "Initial

Order") providing them with protection from their creditors and access to interim financing (known as "DIP" financing) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA").

Since the date of the Initial Order RCI and Railside Industrial have been working with a real estate expert and legal and other advisors to develop a strategy for dealing with the Railside Lands, restructure their debt, and maximize value for Bondholders and other stakeholders. It has been noted that the market for serviced industrial land in the greater Edmonton region is growing stronger with demand forecast to increase in the 2012-2013 period. With the ability to offer industrial or commercial development at prices 60% below the Nisku and North Leduc areas, it is anticipated that the value of the Railside Lands will increase over the next three years. Railside Industrial has been working with an engineering firm to correct the existing servicing errors and maximize the value of the utility infrastructure already in place. The prospects for executing a development agreement with the County of Wetaskiwin appear very good and it is contemplated that the new board which will be installed in conjunction with the implementation of the Plan will determine when, and on what terms, presentation of such an agreement to the County of Wetaskiwin is appropriate.

RCI anticipates that, factoring in holding costs and development expenses, the net value of the Railside Lands will appreciate substantially over the next three years should current market trends in industrial land demand remain strong. Based upon reasonable projections, if the Railside Lands were held until ready for further development, the value available to bondholders and other Creditors would exceed the amounts otherwise available in a liquidation scenario. Further, while there are always risks inherent in, and costs associated with the litigation process, RCI believes that if the Williams Action is pursued, there is a good prospect of recovering a portion of the costs incurred by Railside Industrial and RCI to remedy the deficiencies. Accordingly, the financial restructuring portion of this Plan is designed to allow RCI to acquire the Railside Lands from Railside Industrial and to issue Replacement Bonds in place of existing bonds and other debt. This will enable RCI to extend the term of all of the outstanding debt of RCI for a period of three years, without interest or other payments to Creditors, and to raise additional funds as needed to enable it to defray the costs of holding and developing the Railside Lands, all with a view to allowing sufficient time for Creditors to maximize their recovery from the appreciation in value of the Railside Lands. Railside Industrial will not be restructured and if Creditors and the Court approve this Plan, then on plan implementation the Railside Lands will be transferred to RCI. Further, on Plan Implementation the Williams Action will be transferred from Railside Industrial to RCI in exchange for RCI paying out certain Unaffected Plan Closing Claims on behalf of Railside Industrial. Once this is complete and plan implementation occurs, Railside Industrial will likely be dissolved.

RCI's Monitor is currently conducting a process, with input from RCI to locate the most cost effective source of funds to repay the costs incurred in these proceedings and to provide exit financing to allow RCI to meet expenses for a period of approximately six months following its discharge from CCAA. This is intended to allow RCI's new board of directors sufficient time to explore all available options for the longer term financing required to carry RCI through to the sale of some or all of the Railside Lands, and to select the most suitable financing alternative for RCI.

Through the restructuring process RCI also identified a need to simplify its corporate structure, to make governance more direct and transparent and to enable management to deal with any needed changes to the terms of the Replacement Bonds to be issued pursuant to this Plan in a flexible and comprehensive way. The appointment of a board of directors of RCI from nominations made by Creditors (the "New Directors"), together with other changes to RCI's corporate and debt structure and governing documents is intended to accomplish those objectives as part of this Plan.

Because a significant number of Creditors currently hold RCI Bonds in registered retirement savings plans ("Registered Plans"), RCI felt it was important to ensure to the extent possible that the bonds and shares to be issued to Creditors pursuant to this Plan would also be qualified investments for Registered Plans. In order for that to occur and to minimize the risk of adverse tax consequences the majority of Creditors' Claims will be converted to Class "A" Bonds, but a portion of each Creditor's Claim will be converted to Class "B" Bonds, which will in turn be converted into New RCI Shares. The New RCI Shares will be supported by equity which will not be available for payment of the Class "A" Bonds. While the overall effect on the value available to Creditors is neutral, this structure is expected to allow both New RCI Shares and Class "A" Bonds to be qualified investments for Registered Plans.

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of the Plan

The purpose of this Plan is to restructure RCI's debt and allow it time and financing to enable it to hold the Railside Lands and advance their development over a period of approximately three years following the implementation of this Plan, with a view to maximizing Creditors' recovery from the anticipated appreciation in value of the Railside Lands. RCI expects, and the Monitor agrees, that approving and implementing this Plan is likely to produce a better result for all Creditors than the next most likely alternative, which is an immediate liquidation of the assets of Railside Industrial and RCI. The Plan contemplates the compromise and arrangement of the Claims of Creditors pursuant to the provisions of the CCAA in a manner that provides consistent and equitable treatment among the Creditors, and that is consistent with what would reasonably occur in an open market in which parties deal with one another at arm's length.

There will also be a reorganization of the corporate structure of RCI such that Creditors, who will become the only shareholders of RCI, will be entitled to exercise the normal rights of shareholders in electing directors of RCI and voting on matters of corporate significance. Accordingly, in addition to restructuring RCI's debt, this Plan is designed to produce the following effects:

(a) The only shares of RCI outstanding post-Plan would be New RCI Shares issued to Creditors pursuant to the Plan in proportion to their Claims;

(b) A board of up to 5 individuals selected by the Monitor from nominations submitted by Creditors will, if this Plan is approved and implemented by RCI 's

Creditors, be installed as the New Directors of RCI on plan implementation, and all existing directors discharged;

(c) Non-interest bearing Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds in the full amount of all outstanding principal and interest owed to Creditors as of the Filing Date will be issued to Creditors on plan implementation. The Class "B" Bonds will be immediately exchanged for New RCI Shares. The Class "A" Bonds will mature on December 31, 2015, which is intended to be at or after the anticipated time of the sale of Railside Lands.

(d) A Bond Indenture will be put in place to govern the collective rights of holders of Replacement Bonds, provide a framework for the issuance and management of the Replacement Bonds, and to create a procedure to enable any future required extensions or amendments to the terms of the Replacement Bonds. The Bond Indenture will require RCI to provide quarterly unaudited financial information and annual audited financial statements to holders of Class "A" Bonds, and a third party indenture trustee will be appointed pursuant to the Bond Indenture;

(e) The Bond Indenture will provide that the first $1.5 million received from payments to it from the sale of all or a portion of the Railside Lands after payment of any secured claims against the lands shall be paid to RCI for its own use and the benefit of its shareholders;

(f) The obligations of RCI to holders of Replacement Bonds under the Bond Indenture will be secured by the Replacement Bond Security which will:

    (i) Grant security over all of RCI's Assets, but limit recourse under the Replacement Bond Security to the Assets other than the Excluded Asset Amount;

    (ii) Be subordinate to the Exit Financing Security and to security for future financing for development of RCI's property or for other purposes which RCI considers necessary.

(g) The face value of the Class "A" Bonds and the value of the New RCI Shares received by each Creditor will equal the value of each Creditor's Claim, rounded to the nearest dollar.

(h) Both the New RCI Shares and the Class "A" Bonds are expected to be qualified investments for Registered Plans;

(i) Commencing on the Plan Implementation Dates the day-to-day management of RCI will be provided on an interim, month-to-month basis by Harvest CCAA Operations Ltd., an arm's length corporation incorporated to provide services to members of the Harvest group of companies in connection with the CCAA process. This will allow the New Directors sufficient time to conduct a process for the selection of a manager/management firm to provide those services on a longer term basis; and,

(j) Recognition of any gains or losses for tax purposes will be deferred to the extent legally possible until the sale of the Railside Lands.

The Monitor will report to Creditors and the Court regarding the Plan prior to the date Creditors are to vote on the Plan. Creditors wishing to review copies of Court orders and other materials filed in these proceedings, and copies of the Monitor's reports are directed to the Monitor's website in relation to these proceedings at www.ey.com/ca/foundationgroup. All Creditors should review this Plan and the Monitor's report before voting to accept or to reject this Plan.

2.2 Persons Affected

The Plan provides for the compromise and arrangement of all Claims. If this Plan is accepted by Creditors and approved by the Court, and the other transactions contemplated by the Plan occur, the Claims of all Creditors will be extinguished. In substitution Creditors will be issued Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds, together totalling the full amount of their Claims. On the Plan Implementation Dates the Class "B" Bonds will be exchanged for and converted into New RCI Shares, with the result that all Creditors will hold New RCI Shares in proportion to the amount of their Claims, including any Disputed Claims which become Proven Claims after the Plan Implementation Dates.

2.3 Persons Not Affected

This Plan does not compromise or affect the following Claims and rights that arise in respect thereof (collectively, the "Unaffected Claims"). Unaffected Claims will be addressed pursuant to their existing arrangements or as otherwise may be agreed with Unaffected Creditors:

(a) Amounts secured by the Administration Charge, the Directors' Charge and the DIP Charge;

(b) Valid lien claims constituting certain of the Unaffected Plan Closing Claims;

(c) Post Filing Claims;

(d) Claims of the Crown for (i) amounts in respect of those Claims referred to in Section 18.2(1) of the CCAA which become due and payable during the period following the Filing Date and prior to the Plan Implementation Dates; and (ii) collected and unremitted amounts in respect of goods and services taxes, excluding penalties and interest, which become due and payable during the period following the Filing Date and prior to the Plan Implementation Dates;

(e) Claims relating to municipal real property taxes and public utilities;

(f) Claims in respect of any licenses, franchises, consents, approvals, variances, exemptions and other authorizations issued by or from any Government Authority; and

(g) That portion of a Claim arising from a cause of action for which RCI is covered by insurance, but only to the extent of such insurance coverage.

2.4 Shareholders

All Old RCI Shares will be designated as retractable. On the Plan Implementation Dates the Old RCI Shares shall be retracted for no consideration, and all related options, warrants and other rights to acquire Old RCI Shares will be cancelled, without compensation.

ARTICLE 3
VALUATION OF CLAIMS AND CLASSIFICATION OF CREDITORS

3.1 Classification of Creditors

For the purposes of considering and voting upon this Plan, Creditors shall constitute a single class. Each Creditor will be entitled to one vote for each dollar of Eligible Voting Claim value.

ARTICLE 4

STRUCTURE OF THE PLAN

4.1 Overview

The Claims of all Creditors will be exchanged for and converted to Replacement Bonds issued pursuant to the Bond Indenture. Each Creditor will receive $0.0349534108 of a Class "B" Bond for each $1 of Proven Claim, and $0.9650465892 of a Class "A" Bond for each $1 of Proven Claim. All RCI Bonds will be cancelled following the issuance of the corresponding Replacement Bonds, and all Old RCI Shares will be converted to retractable shares. Replacement Bonds will not bear interest. The Class "A" Bonds will be due for repayment December 31, 2015.

The Class "B" Bonds will be exchanged for and converted to New RCI Shares on the basis of one New RCI Share to each $1 of principal amount of Class "B" Bonds on the Plan Implementation Dates. All Old RCI Shares will be retracted and cancelled on the Plan Implementation Dates, resulting in the Creditors becoming the only shareholders of RCI. No partial New RCI Shares will be issued. Plan implementation will occur over a period of two days.

All Class "A" Bonds and New RCI Shares issued to Creditors pursuant to the terms of this Plan will be issued and recorded in the book entry systems maintained by the Indenture Trustee and the Transfer Agent. Holders of the Class "A" Bonds and the New RCI Shares will be entitled to receive certificates for their Class "A" Bonds and New RCI Shares on application to the Indenture Trustee or Transfer Agent as applicable, and payment of the applicable fee.

4.2 Principal Events Occurring on the First Plan Implementation Date

On the first of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Foreclosure Order will become effective;

- The Exit Financing Agreement and the Exit Financing Security will become effective;

- The Exit Financing Net Proceeds will be advanced to the Monitor;

- The Monitor will, from the Exit Financing Net Proceeds, pay or make provision for payment in full of the amounts identified in Article 6 of this Plan;

- The Bond Indenture and the Replacement Bond Security shall become effective;

- The Old RCI Shares shall be designated as retractable and the RCI Bonds shall be amended to add a conversion feature allowing for their conversion, by way of exchange, into Replacement Bonds, the Old Class "B" Shares shall be retracted and cancelled and all other provisions of the corporate reorganization contained in Schedule "C" shall become effective;

- All of the RCI Bonds shall be converted to and exchanged for Replacement Bonds on the basis set out in Section 4.1 of this Plan;

- Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims on the basis set out in Section 4.1 of this Plan;

- All issued Class "B" Bonds held by Specified Bondholders will be converted to and exchanged for New RCI Shares;

- RCI will elect, in the form prescribed under the ITA, to be a "public corporation" for the purposes of the ITA;

4.3 Principal Events Occurring on the Second Plan Implementation Date

On the second of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Class "B" Bonds held by Creditors other than the Specified Bondholders shall be converted to and exchanged for New RCI Shares;

- All remaining Old RCI Shares will be retracted and cancelled;

- The compromise with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; and

- The provisions of the corporate reorganization contained in Schedule "D" hereto shall become effective;

- All directors of RCI shall be discharged and the New Directors shall take office.

4.4 Events Prior to Plan Implementation

Prior to completion of plan implementation, the following events shall occur:

- The Foreclosure Order shall be obtained from the Court and registered with the Alberta Land Titles Office;
- The Williams Action shall be assigned by Railside Industrial to RCI pursuant to Rule 4.34 of the *Alberta Rules of Court* A.R. 124/2010 and the Assignment Order shall be obtained and served on the named defendants in the Williams Action; and
- The Exit Financing Security shall be registered.

4.5 Events Occurring After Plan Implementation Dates

- As soon as reasonably practicable on or after the Plan Implementation Dates, statements outlining holdings of Class "A" Bonds and New RCI Shares issued to Creditors and held on their behalf by the Indenture Trustee and the Transfer Agent in the book entry system will be provided by the Indenture Trustee or the Transfer Agent, as the case may be, to the Monitor for distribution to all Creditors with Proven Claims.

If the Plan is approved by Creditors and the Court, certain conditions must be met before plan implementation can take place. Those conditions are outlined in Section 8.3 of this Plan.

ARTICLE 5
PROCEDURAL MATTERS

5.1 Creditors' Meeting

The Creditors Meeting will take place at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta, at 10:00 a.m. on December 19, 2012 (or on such other date as may be set by Order of the Court) at which the Creditors eligible to vote shall consider and vote upon this Plan. The Creditors' Meeting shall be held in accordance with this Plan, and any applicable Order in respect of the procedure governing the meeting.

The Monitor's designee (the "Chairman") shall preside as the chair of the meeting and shall decide all matters relating to the conduct of the meeting. Persons entitled to attend the Creditors' Meeting are the Chairman, the CRO, the Monitor, the representatives of RCI, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

The Chairman may, with the permission of the Creditors, adjourn the Creditors' Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe, subject to any further Order.

The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

RCI and the Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

5.2 Procedure

Votes cast by Creditors with Claims at the Creditors' Meeting shall be binding upon the Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, the Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by all Creditors.

5.3 Proxies

A Creditor who wishes to cast its vote at the Creditors Meeting, but is unable or does not wish to attend the Creditors Meeting, may appoint the Monitor, a member of RCI management, or any other person as its proxyholder to attend and act on the Creditor's behalf at the Creditors Meeting by inserting such person's name in the space provided on an instrument of proxy in the form attached hereto as Schedule "B" (the "Instrument of Proxy") and sending or delivering the completed Instrument of Proxy to the offices of the Monitor at Ernst & Young Tower, 1000, 440 2nd Avenue S.W., Calgary, AB T2P 5E9 Canada, Attention: Jessica Caden. An Instrument of Proxy must be (i) received at the offices of the Monitor at least one Business Day prior to the time set for the Creditors' Meeting, or any adjournment thereof; or (ii) delivered to the Monitor at the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof. Failure to so deposit the Instrument of Proxy shall result in the invalidation of same. RCI shall be entitled to solicit and collect Instruments of Proxy containing votes in favour of the Plan for delivery to the Monitor.

Any Creditor who has given an Instrument of Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Creditor or by his representative, duly authorized in writing or, if a Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the Creditors' Meeting or any adjournment thereof, or with the Chairman of the Creditors' Meeting prior to commencement of the Creditors' Meeting, or any adjournment thereof.

The Instrument of Proxy must be executed by the Creditor or his duly authorized attorney in writing, or if the Creditor is not an individual, the Instrument of Proxy must be signed in its name by an authorized officer whose title should be indicated. The Instrument of Proxy signed by a person acting in a representative capacity should indicate such person's capacity (following his signature) and it should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Monitor).

The persons named in the accompanying Instrument of Proxy shall vote Claims of the Creditors in accordance with the direction of the Creditor appointing them on any ballot that may be called for and where the Creditor giving the Instrument of Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the instructions of the

Creditor. In the absence of any such direction, such Claim shall be voted as vote in favour of the Plan.

The accompanying Instrument of Proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in this Plan and with respect to other matters that may properly come before the Creditors Meeting.

5.4 Confirmation of Plan

(a) In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Creditors' Meeting pursuant to the terms of the Plan, RCI shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

(b) Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Section 8.3 of this Plan, the Plan will be implemented in accordance with the terms thereof.

(c) In the event that the Plan is not agreed to, accepted and approved in accordance with its terms, the Plan shall automatically terminate.

5.5 Court Assistance

RCI and the Monitor shall have the right to seek the assistance and/or direction of the Court regarding any matter relating to this Plan.

ARTICLE 6
PAYMENTS AND ISSUANCE OF BONDS AND SHARES

6.1 Payment to Priority Creditors

The Monitor shall as soon as practicable on or after the Plan Implementation Dates in accordance with the Plan pay or make provision for payment from the Exit Financing Net Proceeds all amounts secured by the Administration Charge and all amounts secured by the DIP Charge in full satisfaction, payment, settlement, release and discharge of all amounts outstanding thereunder.

6.2 Payments to Unaffected Creditors

On the Plan Implementation Dates, the Monitor shall, upon the direction of RCI as contemplated by Article 10(d)(ii) and without personal liability therefor, from the Exit Financing Net Proceeds pay or make provision for payment of the Unaffected Plan Closing Claims, all Unaffected Claims then due and payable, and accrued amounts in respect of all other Unaffected Claims.

6.3 Special Crown Claims

On or as soon as reasonably possible following the Plan Implementation Dates, and in any event within six months after the date of the granting of the Final Sanction Order, the Monitor shall, upon the direction of RCI as contemplated by Article 10(d)(ii) and without personal liability therefor, pay in full all Special Crown Claims that were outstanding on the Filing Date and which have not been paid by the Plan Implementation Dates.

6.4 Issuance of Statements regarding Class "A" Bonds and New RCI Shares to Creditors

As soon as reasonably practicable after the Plan Implementation Dates, statements referenced in Article 4.5 hereof showing each Creditor's holding of Class "A" Bonds and New RCI Shares will be provided by the Indenture Trustee and Transfer Agent to the Monitor for distribution to all Creditors with Proven Claims. The Class "A" Bonds and New RCI Shares issued to Creditors will be issued and recorded in a book entry system to be maintained by the Indenture Trustee or the Transfer Agent as the case may be. Holders of the Class "A" Bonds and the New RCI Shares will be entitled to receive certificates for their Class "A" Bonds and New RCI Shares on application to the Indenture Trustee or the Transfer Agent and payment of the applicable fee.

6.5 Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure.

6.6 Currency

All Claims shall be denominated in Canadian Dollars and all Replacement Bonds issued to Creditors on account of their Claims shall be made in Canadian Dollars. Any Claim in a currency other than Canadian shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at the Filing Date.

6.7 Interest

No holder of a Claim shall be entitled to accrue or collect any interest whatsoever in respect of any Claims or Replacement Bonds from or after the Filing Date.

6.8 Treatment of Undeliverable Statements Showing Creditors' Holdings of Class "A" Bonds and New RCI Shares

If any Creditor's statements reflecting its respective holdings of Class "A" Bonds and New RCI Shares are returned as undeliverable, the Monitor shall be relieved of its obligation to deliver such statements and no further statements shall be distributed to such Creditor unless and until RCI is notified by such Creditor of such Creditor's current address. All claims for undeliverable statements reflecting the Creditor's holding of Class "A" Bonds and New RCI Shares in respect of Proven Claims must be made on or before the expiration of one (1) year following the later of the Plan Implementation Dates or the date upon which such Creditor's claim became a Proven

Claim. After such date, the Proven Claims of any Creditor or successor of such Creditor with respect to the holding of New RCI Shares and Class "A" Bonds shall, unless otherwise consented by RCI, be forever discharged and forever barred, notwithstanding any federal or provincial laws to the contrary, and the corresponding New RCI Shares and Class "A" Bonds shall be cancelled.

6.9 Assignment of Claims for Voting and Distribution Purposes

(a) Assignment of Claims Prior to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting and RCI shall not be obliged to deal with any such transferee or assignee as a Creditor in respect thereof, including allowing such transferee or assignee to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by RCI and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the Creditors' Meeting. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. For greater certainty, neither RCI nor the Monitor shall recognize partial transfers or assignments of Claims.

(b) Assignment of Claims Subsequent to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim after the Creditors' Meeting (or ten (10) Business Days immediately prior thereto) and RCI shall not be obliged to issue Class "A" Bonds and New RCI Shares to any such transferee or assignee or otherwise deal with such transferee or assignee as a Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by RCI and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the day on which the first distribution of statements outlining the Class "A" Bonds and New RCI Shares to Creditors with Proven Claims is made. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by notices given and steps in respect of such Claim. For greater certainty, neither RCI nor the Monitor shall recognize partial transfers or assignments of Claims.

ARTICLE 7
PROCEDURE FOR DISTRIBUTIONS TO HOLDERS OF DISPUTED CLAIMS

7.1 No Issuance Pending Allowance

Notwithstanding any other provision of the Plan, no Class "B" Bonds, Class "A" Bonds or New RCI Shares shall be issued in respect of all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim, in whole or in part.

7.2 Issuance of Bonds and Shares After Disputed Claims Resolved

RCI shall issue to each holder of a Disputed Claim which has become in whole or in part a Proven Claim, the Class "A" Bonds and New RCI Shares attributable to such Proven Claim in accordance with the Plan and such Class "A" Bonds and New RCI Shares shall be recorded in a book entry system maintained by the Indenture Trustee or the Transfer Agent as the case may be. Statements outlining the holdings of Class "A" Bonds and New RCI Shares attributable to such Proven Claim will be distributed by the Indenture Trustee or the Transfer Agent to the holder of the Disputed Claim which has become in whole or in part a Proven Claim. Holders of the Class "A" Bonds and the New RCI Shares will be entitled to receive certificates for their Class "A" Bonds and New RCI Shares on application to the Indenture Trustee or the Transfer Agent and payment of the applicable fee.

7.3 Restrictions on Distributions

Until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, RCI shall not:

(a) Issue additional Class "A" Bonds except in connection with the resolution of Disputed Claims as contemplated by this Plan; or

(b) Make any distribution of cash or securities to holders of Class "A" Bonds or New RCI Shares.

ARTICLE 8
PLAN IMPLEMENTATION

8.1 Extinguishment of Claims

The Claims of any Creditors who have not submitted a Proof of Claim in accordance with the Claims Procedure are deemed to be forever barred and may not thereafter be advanced as against RCI, pursuant to the Claims Procedure Order.

8.2 Sequence of Events.

On the first of the Plan Implementation Dates the sequence of events will be deemed to be:

(a) The Foreclosure Order shall become effective and title in and to the Railside Lands shall vest in RCI;

(b) The Exit Financing Agreement and the Exit Financing Security will become effective; then,

(c) The Exit Financing Net Proceeds will be advanced to the Monitor; then,

(d) The Monitor will, from the Exit Financing Net Proceeds, pay or make provision for payment in full of the amounts identified in Article 6 of this Plan;

(e) All of the charges, including the Administration Charge, the Directors' Charge and the DIP Charge created by the Initial Order or later Orders shall be terminated, discharged and released as against RCI and the Assets; then

(f) The Bond Indenture and the Replacement Bond Security shall become effective; then,

(g) The Old RCI Shares will be designated as retractable, the RCI Bonds will be amended to add a conversion feature allowing their conversion, by way of exchange, into Replacement Bonds, the Old Class "A" Shares shall be split on a 40 for 1 basis, the Old Class "B" Shares shall be retracted and cancelled, and all other provisions of the corporate reorganization contained in Schedule C shall become effective; then,

(h) All of the RCI Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Section 4.1 of this Plan;

(i) Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims; then,

(j) All issued Class "B" Bonds held by Specified Bondholders shall be exchanged for and converted to New RCI Shares; then,

(k) RCI will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA;

On the second of the Plan Implementation Dates plan implementation shall continue and the sequence of events will be deemed to be:

(l) All Class "B" Bonds held by Creditors other than the Specified Bondholders shall be exchanged for and converted to New RCI Shares; then,

(m) All remaining Old RCI Shares shall be retracted and cancelled; then,

(n) The compromises with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective;

(o) The Unsecured Creditors' Committee members for Railside Industrial and RCI, including the charter members Nicole Shurko, Kyle Brown and Lucille Gans, shall be discharged;

(p) The provisions of the corporate reorganization contained in Schedule "D" shall become effective; and

(q) All directors of RCI shall be discharged and the New Directors shall take office.

8.3 Conditions to Implementation of the Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Plan Implementation Dates, as the case may be:

(a) The Foreclosure Order shall have been obtained and registered with the Alberta Land Titles Office;

(b) The Williams Action shall have been assigned by Railside Industrial to RCI pursuant to Rule 4.34 of the *Alberta Rules of Court* A.R. 124/2010 and the Assignment Order shall be obtained and served on the named defendants in the Williams Action;

(c) The Exit Financing Agreement and the Exit Financing Security shall have been duly executed and registered or otherwise perfected;

(d) The Plan shall have been approved by the Required Majority of Creditors with Eligible Voting Claims;

(e) The Final Sanction Order shall have been granted in substantially the form described in Section 10.1;

(f) 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 RCI shall have been obtained; and,

(g) The Exit Financing Net Proceeds along with the Class "A" Bonds and the New RCI Shares attributable to each Creditor with a Proven Claim shall have been deposited with the Monitor.

8.4 Events Occurring After Plan Implementation Dates

As soon as reasonably practicable on or after the Plan Implementation Dates statements outlining holdings of Class "A" Bonds and New RCI Shares held on all Creditor's behalf by the Indenture Trustee and the Transfer Agent in the book entry system shall be issued to the Monitor for distribution to all Creditors with Proven Claims.

One Business Day following the satisfaction of the conditions set out in Section 8.3 and the occurrence of the events set out in Sections 8.2 and 8.4, the Monitor shall deliver to RCI a certificate stating that the Plan Implementation Dates has occurred. Following the Plan Implementation Dates, the Monitor shall file such certificate with the Court.

ARTICLE 9

RELEASES

9.1 Plan Releases

Subject to Section 9.2 of this Plan, on the Plan Implementation Dates and in accordance with the sequential order of steps set out in Section 8.2, RCI, the Monitor, the Consultants and each and every director, officer, employee and legal counsel and agents thereof in respect of the restructuring, who has acted at any time in any such capacity from and after the Filing Date (being herein referred to individually as a "**Released Party**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or other Person may be entitled to assert, including any and all claims in respect of statutory liabilities of directors, officers, members and employees of RCI and any alleged fiduciary or other duty whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Dates in any way relating to, arising out of or in connection with the Claims, the business and affairs of RCI whenever or however conducted, the administration and/or management of the Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by any Applicable Law; provided that nothing in the Plan shall release or discharge a Released Party from (a) any obligation created by or existing under the Plan or any related document, (b) any claim with respect to matters set out in section 5.1(2) of the CCAA.

9.2 Exceptions

The provisions of Section 9.1 of this Plan do not apply to any Released Claims or other causes of action which the Bondholders or RCI have or may have against the directors or officers of RCI.

ARTICLE 10

COURT SANCTION

10.1 Final Sanction Order

If the Required Majority approves the Plan, RCI shall apply for the Final Sanction Order. The Final Sanction Order shall, among other things:

(a) declare that the Plan is fair and reasonable;

(b) declare that as of the Plan Implementation Dates, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon RCI, all Creditors and all other Persons and Parties affected by the Plan;

(c) declare that the steps to be taken and the compromises and releases to be effected on the Plan Implementation Dates are deemed to occur and be effected in the sequential order contemplated by Section 8.3 of the Plan on the Plan Implementation Dates;

(d) declare that RCI is authorized to:

   (i) direct that the Exit Financing Net Proceeds be paid to the Monitor;

   (ii) direct the Monitor to make the payments contemplated by this Plan;

   (iii) direct the Monitor to deliver the statements referenced in Article 4.5 hereof to all Creditors with Proven Claims;

   (iv) declare that the releases referred to in Section 9.1 and the other provisions of this Plan relating to Creditors shall become effective in accordance with the Plan;

   (v) terminate and discharge the Administration Charge, the Directors' Charge and the DIP Charge upon payment to the Monitor of the Exit Financing Net Proceeds in sufficient amounts to pay all amounts outstanding under the Administration Charge;

(e) declare that, on implementation of and in accordance with the Plan, the fundamental changes described in Schedule "C" and Schedule "D" hereto to shall have become effective pursuant to section 192 of the *Alberta Business Corporations Act*;

(f) compromise, discharge and release RCI from any and all Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against RCI in respect of or relating to any Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Claims be permanently stayed, subject only to the right of Creditors to receive distributions of Class "A" Bonds and New RCI Shares pursuant to the Plan in respect of their Claims;

(g) discharge and extinguish all liens, including all security registrations against RCI in favour of any Creditor in respect of a Claim;

(h) discharge and extinguish all liens, including all security registrations against RCI in favour of any Creditor in respect of a Disputed Claim;

(i) declare that any Claims in respect of which a proof of claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;

(j) declare that the stay of proceedings under the Initial Order is extended in respect of RCI to, and including, the Plan Implementation Dates;

(k) declare that, subject to the performance by RCI of its obligations under the Plan, all obligations, agreements or leases to which RCI is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Dates, unless repudiated or deemed to be repudiated by RCI pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Dates, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

    (i) of any event which occurred prior to, and not continuing after, the Plan Implementation Dates or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;

    (ii) that RCI has sought or obtained relief or has taken steps as part of the Plan or under the CCAA;

    (iii) of any default or event of default arising as a result of the financial condition or insolvency of RCI ;

    (iv) of the effect upon RCI of the completion of any of the transactions contemplated under the Plan; or

    (v) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan;

(l) stay the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including, without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any other matter released pursuant to Article 9 herein;

(m) if required, authorize RCI to execute the Exit Financing Agreement, the Exit Financing Security, to grant the security interests contemplated by the Exit Financing Security, and authorize the registration or other perfection of the Exit Financing Security, which shall not become effective until plan implementation;

(n) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;

(o) direct that until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, RCI shall not:

(i) issue additional Class "A" Bonds except in connection with the resolution of Disputed Claims as contemplated by this Plan;

(ii) make any distribution of cash or securities to holders of Class "A" Bonds or New RCI Shares;

(p) declare that upon completion by the Monitor of its duties in respect of RCI pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Procedure and the distributions of the statements outlining the holdings of Class "A" Bonds and New RCI Shares to be made by the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination stating that all of its duties in respect of RCI pursuant to the CCAA and the Orders have been completed and thereupon, Ernst & Young Inc. shall be deemed to be discharged from its duties as Monitor of RCI and that the Monitor has exercised all of its powers and performed all of its duties and functions honestly, in good faith and in compliance with the Code of Ethics referred to in section 13.5 of the BIA; and

(q) declare that RCI and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan; and

(r) direct that RCI hold a meeting of shareholders for the purpose of electing directors within four months following the last of the Plan Implementation Dates.

ARTICLE 11

GENERAL PROVISIONS

11.1 Role of Monitor

The Monitor shall be responsible for distributing statements outlining the holdings of Class "A" Bonds and New RCI Shares to Creditors whose claims are not Disputed Claims, in accordance with Article 6 hereof. From and after the Plan Implementation Dates, the Monitor shall cease to have any responsibilities regarding Disputed Claims, and RCI shall be solely responsible for the resolution of all Disputed Claims. RCI may, without further Order, settle or resolve any Disputed Claims and shall, immediately upon settling or resolving a Disputed Claim such that it becomes a Proven Claim, notify the Indenture Trustee or the Transfer Agent, as the case may be, of the issuance of Class "A" Bonds and New RCI Shares in respect of such Proven Claim, to be recorded in the book entry system maintained by the Indenture Trustee or the Transfer Agent, as applicable. As well, upon settling or resolving a Disputed Claim such that it becomes a Proven Claim, RCI shall arrange for the delivery to the applicable Creditor of a statement issued by the Indenture Trustee or the Transfer Agent, as the case may be, reflecting the Class "A" Bonds and New RCI Shares issued in respect of such Proven Claim.

11.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by RCI in order to implement this Plan.

11.3 Paramountcy

Without limiting any other provision hereof, and after the Plan Implementation Dates, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, Bond Indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Creditor or any other Persons affected by the Plan, and RCI as at the Plan Implementation Dates, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

11.4 Waiver of Defaults

From and after the Plan Implementation Dates, each Creditor shall be deemed to have waived any and all defaults by RCI arising on or prior to the Plan Implementation Dates in respect of every covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, Bond Indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral. Without limiting the generality of the foregoing, such waiver shall extend to and include any provision of any agreement between any Creditor and RCI which provides that RCI is in default, or the Creditor has a remedy or a right, and which arises or results from any change in control, or deemed change in control of RCI resulting from this Plan or any change in directors of RCI which has taken place up to and including the Plan Implementation Dates. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or notices given under the CCAA, including without limitation any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

11.5 Compromise Effective for all Purposes

The Plan and the compromise or satisfaction of any Claims under this Plan, if sanctioned and approved by the Court, shall be binding upon each Creditor, its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and, without limitation the generality of the foregoing, this Plan will constitute:

(a) full, final and absolute settlement and compromise of all Claims;

(b) an absolute release, discharge and extinguishment of all Claims against RCI and the Assets.

The payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, will be binding upon the Creditors and each of their heirs, executors, administrators, successors and assigns, for all purposes and, to such extent will also be effective to relieve any third party directly or indirectly liable for such Claim, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

11.6 Treatment of Contracts

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Plan Implementation Dates, RCI shall be deemed to have ratified each executory contract to which it is a party, unless such contract (i) was previously repudiated or terminated by RCI (ii) previously expired or terminated pursuant to its own terms, or (iii) is otherwise set forth in the Plan as being an executory contract which is deemed to be repudiated or terminated.

11.7 Payment of Taxes

Notwithstanding any provisions of the Plan, each holder of a Proven Claim that is to receive a distribution of Replacement Bonds and New RCI Shares pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

11.8 Plan Amendment

RCI may, at any time and from time to time, amend, modify and/or supplement this Plan:

(a) provided such amendment, modification or supplement or waiver is contained in a written document which is:

  (i) filed with the Court and, if made following the Creditors' Meeting, approved by the Court; and

  (ii) communicated to the Creditors in the manner required by the Court (if so required); or

(b) after the Final Sanction Order, provided such amendment, modification, supplement or waiver concerns a matter which, in the opinion of RCI, acting reasonably, is of an administrative or technical nature required to better give effect to the implementation of this Plan and the Final Sanction Order or would not be materially adverse to the financial interests of the Creditors. Any amendments to this Plan and any supplementary plan or plans of compromise or arrangement (which shall be filed with the Court) will, for all purposes, be, and be deemed to be, a part of and incorporated in this Plan.

ARTICLE 12

INTERPRETATION

12.1 Definitions

In this Plan, unless the context should otherwise require the capitalized terms and phrases used but not defined herein have the meanings given to them in Schedule "A" attached hereto.

12.2 Article and Section Reference

The terms "this Plan", "hereof", "hereunder", "herein", and similar expressions refer to this Plan, amendments to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

12.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa; and any word or words importing gender shall include all genders.

12.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

12.5 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

12.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

12.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

12.8 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

12.9 Governing Law

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court.

12.10 Inclusive Meaning

As used in this Plan, the words "include", "includes", "including", or any other derivation thereof means, in any case, those words as modified by the words "without limitation".

12.11 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

(i) Schedule "A" – Definitions;

(ii) Schedule "B" – Instrument of Proxy

(iii) Schedule "C" – Articles of Reorganization on first of Plan Implementation Dates

(iv) Schedule "D" – Articles of Reorganization on second of Plan Implementation Dates

SCHEDULE A
DEFINITIONS

In this Plan of Compromise and Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

"**Administration Charge**" has the meaning given to it by the Initial Order;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

"**Assets**" means all of the property, assets and undertaking of RCI, including the Railside Lands and the Williams Action;

"**Assignment Order**" means the Order to be obtained pursuant to Rule 4.34 of the *Alberta Rules of Court*, A.R. 124/2010 directing that the Williams Action be continued after Railside Industrial's interest in the Williams Action is transferred to RCI;

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"**Bond Indenture**" means the indenture made by RCI pursuant to which the Replacement Bonds will be issued and having the attributes described in Section 2.1 of the Plan;

"**Bondholders**" means the holders of RCI Bonds as at the Filing Date;

"**Business Day**" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a statutory holiday under Applicable Law;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Proceedings**" means the proceedings commenced by RCI and Railside Industrial under the CCAA in the Court of Queen's Bench of Alberta, Judicial District of Calgary, Action No. 1101-17318;

"**Chairman**" has the meaning given to it in subsection 5.1(b) of the Plan;

"**Claim**" means any right or claim of any Person, including any Tax Claim, that may be asserted or made in whole or in part against RCI and Railside Industrial, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA, had RCI or Railside Industrial become bankrupt on the Filing Date;

"Claims Bar Date" means August 21, 2012 or such later date on which a Proof of Claim is accepted for filing by RCI and the Monitor, or the Court, prior to the applicable Creditors' Meeting;

"Claims Procedure" means the procedures outlined in the Claims Procedure Order in connection with the assertion of Claims against RCI and Railside Industrial;

"Claims Procedure Order" means the Order of the Court made by the Honourable Madam Justice B.E.C. Romaine dated July 5, 2012 approving the Claims Procedure;

"Class "A" Bonds" means non-interest bearing bonds due December 31, 2015 to be issued by RCI pursuant to the Bond Indenture in accordance with Section 4.1 of this Plan and rounded to the nearest one dollar.

"Class "B" Bonds" means non-interest bearing bonds convertible into New RCI Shares, to be issued by RCI pursuant to the Bond Indenture in accordance with Section 4.1 of this Plan and rounded to the nearest one dollar.

"Consultants" means Winman Ltd.;

"Court" means the Court of Queen's Bench of Alberta;

"Creditor" means any Creditor with a Claim, but only with respect to and to the extent of such Claim;

"Creditors' Meeting" means the meeting of Creditors with Eligible Voting Claims called for the purpose of considering and voting in respect of the Plan and any adjournment thereof;

"Disputed Claim" means a Claim properly filed in accordance with the Claims Procedure which, if allowed in whole or in part, would be an Claim, but which has not, as of the Plan Implementation Dates been finally determined to be a Proven Claim in accordance with the Claims Procedure;

"Eligible Voting Claim" means a Proven Claim in respect of RCI, or where a Claim is disputed or unresolved by the time the Creditors' Meeting commences, the value assigned to such Claim for voting purposes by RCI in consultation with the Monitor, or the Court, except no Unaffected Claim will be an Eligible Voting Claim;

"Excluded Asset Amount" has the meaning given to it in Section 2.1(e) of this Plan;

"Exit Financing" means financing to be arranged by RCI which will become effective upon Plan Implementation Dates, in an amount sufficient to make the payments contemplated by

Article 6 hereof and provide sufficient additional financing to allow RCI to meet expenses for a period of approximately six months following the Plan Implementation Dates];

"Exit Financing Agreement" means the credit facility agreement to be entered into by RCI and the lender thereunder, to become effective upon the Plan Implementation Dates;

"Exit Financing Net Proceeds" means the amount to be advanced pursuant to the Exit Financing Agreement at the Plan Implementation Dates, net of all expenses and previous amounts already advanced;

"Exit Financing Security" means the security agreements to be entered into by RCI to secure advances to be made to the Exit Financing Agreement charging all of the Assets which will be registered or otherwise perfected prior on the Plan Implementation Dates, and which will become effective on the Plan Implementation Dates;

"Filing Date" means March 21, 2012;

"Final Determination" means any determination for which, pursuant to Applicable Law, all times limited for and all rights to dispute, appeal or further appeal of or from such determination have expired or been exhausted;

"Final Sanction Order" means a final Order which, among other things, shall approve and sanction the Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to the Plan, including provisions in substance similar to those set out in Section 10.1;

"Foreclosure Order" means an Order consented to by Railside Industrial which, among other things, shall vest title in and to the Railside Lands in RCI;

"Government Authority" means a federal, provincial, territorial, municipal or other government or government department, agency or authority (including a court of law) having jurisdiction over RCI, the business of RCI, or the Plan;

"Indebtedness" means in respect of the holder of any Claim, all of the indebtedness, liabilities and obligations of RCI to such Creditor, whether direct, indirect, contingent or otherwise, including all outstanding principal, interest and penalties owed by RCI to such Creditor, including any Claims as a result of the termination of any employment agreements, whether in writing or not, and any employment relationships established thereby and any other agreements relating to the payment of severance to any employees;

"Indenture Trustee" means the trustee appointed pursuant to the Bond Indenture;

"Initial Order" means the order granted by the Court in the CCAA Proceedings on March 21, 2012 which, among other things, granted CCAA protection to RCI, appointed the Monitor, and stayed proceedings against RCI;

"Instrument of Proxy" has the meaning given to it in subsection 5.3(b) of the Plan, a copy of which is attached as Schedule "B" hereto;

"ITA" means the *Income Tax Act*, R.S.C., 1985, c.l, and the regulations thereunder, all as amended;

"Meeting Order" means the Order under the CCAA that, among other things, accepts the filing of the Plan and calls and sets the date for the Creditors' Meeting;

"Monitor" means Ernst & Young Inc. acting solely in its capacity as court appointed monitor pursuant to the terms of the Initial Order;

"New RCI Shares" means new Common Shares of RCI to be issued to Creditors pursuant to this Plan upon the conversion of the Class "B" Bonds;

"New Directors" means up to 5 individuals selected by the Monitor from nominations submitted by Creditors pursuant to a process directed by the Court in an Order dated November 23, 2012;

"Old RCI Shares" means all issued and outstanding shares of any class of RCI, including Old Class "A" Shares and Old Class "B" Shares, as at the Filing Date;

"Old Class "A" Shares" means all Class "A" preferred, voting, non-participating shares of RCI issued and outstanding as at the Filing Date;

"Old Class "B" Shares" means all Class "B" common, non-voting, participating shares of RCI issued and outstanding as at the Filing Date;

"Order" means any order of the Court respecting the CCAA Proceedings;

"Person" includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"Plan" or **"Plan of Compromise and Arrangement"** means the Plan of Compromise and Arrangement to which this Schedule "A" is attached and forms part, as supplemented and amended from time to time;

"Plan Implementation Dates" means the period of two Business Days following the satisfaction or waiver of the conditions precedent to the implementation of this Plan as set out in Section 8.3 or such other dates as may be agreed by the Parties in consultation with the Monitor;

"Post-Filing Claim" means any amounts properly owing by RCI arising or accruing from the provision of goods and/or performance of services or the advance of money or credit to RCI from and after the Filing Date, together with any claim of any nature or kind whatsoever arising after the Filing Date which would, had it been in existence on or before the Filing Date, have been a Claim within the meaning of this Plan, but not including interest or other costs or charges in respect of any Claim arising or accruing after the Filing Date;

"Proven Claim" means a Claim which has been allowed and in respect of which there has been a Final Determination of such Claim in accordance with this Plan and/or any applicable Order by the Plan Implementation Dates;

"Railside Industrial" means Railside Industrial Park Inc.;

"Railside Lands" means the interest of Railside Industrial in approximately 310 acres in the County of Wetaskiwin on the east boundary of the Town of Millet, legally described as the SW Quarter of Section 33, Township 47, Range 24, Meridian 5, excepting thereout a) roadway described in C. of T. 79-E-2 b) Plan 2633KS c) Plan 3446NY d) Plan 9422421;

"RCI" means Railside Capital Inc.;

"RCI Bonds" means the 7% bonds issued by RCI and due April 30, 2012, including bonds in respect of which the holder has exercised a right of retraction;

"Registered Plan" means a registered retirement savings plan, registered retirement income fund or tax free savings account, as each such term is defined in the *Income Tax Act* (Canada);

"Released Party" has the meaning given to it in Section 9.1 of the Plan;

"Replacement Bonds" means Class "A" Bonds and Class "B" Bonds to be issued pursuant to the Bond Indenture;

"Replacement Bond Security" means fixed and floating charge security granted by RCI to secure all amounts owed pursuant to the Bond Indenture charging all of the Assets and having the attributes described in Section 2.1(f) of this Plan;

"Required Majority" means a majority in number of the Creditors, who represent at least two-thirds in value of the Eligible Voting Claims of Creditors who actually vote on the resolution approving the Plan (in person or by proxy) at the Creditors' Meeting;

"Special Crown Claims" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Plan Implementation Dates and are of a kind that could be subject to a demand under:

(i) subsection 224(1.2) of the ITA;

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan,* or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act,* and of any related interest, penalties or other amounts; or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

"Specified Bondholders" means those holders of Replacement Bonds selected by the Monitor, none of whose Class "B" Bonds shall be held in Registered Plans;

"Tax" or "Taxes" means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Taxing Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

"Tax Claim" means any Claim against RCI for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date but does not end until after the Filing Date, any Claims against RCI for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date.

"Taxing Authorities" means any one of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power;

"Taxing Authority" means any one of the Taxing Authorities;

"Transfer Agent" means Olympia Trust Company or such other transfer agent appointed with respect to the New RCI Shares;

"Unaffected Claims" has the meaning given to it in Section 2.3 of the Plan and includes Unaffected Plan Closing Claims;

"Unaffected Creditor" is a Creditor whose Claim is an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

"Unaffected Plan Closing Claims" means the following Claims, which will either be reserved for or paid on the Plan Implementation Dates in accordance with the Plan:

a. the Claims of the Monitor and its counsel for unpaid fees and costs incurred up to and including the Plan Implementation Dates;

b. the Claims of RCI's counsel and counsel for the Unsecured Creditors Committee for unpaid fees and costs incurred up to and including the Plan Implementation Dates; and

c. the lien Claims of Wedler Engineering LLP in the total amount of $139,161.40;

"Unsecured Creditors' Committee" means the committee of creditors created pursuant to Orders of the Court dated February 16, 2012 and May 31, 2012.

SCHEDULE B

INSTRUMENT OF PROXY

SCHEDULE C

ARTICLES OF REORGANIZATION
ON FIRST OF PLAN IMPLEMENTATION DATES

SCHEDULE D

ARTICLES OF REORGANIZATION
ON SECOND OF PLAN IMPLEMENTATION DATES

Appendix B

DIRECTOR'S SOLICITATION PROCESS

Railside Capital Inc. (the "**Corporation**") intends to propose a Plan of Compromise and Reorganization (the "**Proposed Plan**") to certain of its creditors (collectively, the "**Creditors**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**").

It is intended that the affairs of the Corporation will be initially managed by an interim board of directors (the "**Interim Directors**") who will be elected in accordance with the Proposed Plan, the *Business Corporations Act* (Alberta) (the "**ABCA**") and the articles of the Corporation (the "**Articles**"). The Articles provide for the appointment of a minimum of three (3) directors and a maximum of nine (9) directors of the Corporation. In the event that the Proposed Plan is implemented, the Interim Directions will be required to call an annual general meeting of the Corporation within 120 days of the date of implementation (the "**AGM**"). The shareholders of the Corporation will have the opportunity to elect directors of the Corporation at the AGM in accordance with the ABCA and the Articles.

The Monitor, in its capacity as co-manager of the Corporation with input from the Corporation and the unsecured creditors committee created pursuant to various orders issued by the Court of Queen's Bench of Alberta (the "**Court**") in the CCAA proceedings involving the Corporation (the "**UCC**"), will nominate up to five (5) individuals (each, a "**Nominee**") as proposed Interim Directors of the Corporation. The Creditors will then be requested to vote on the approval of the Proposed Plan in accordance with the CCAA. If the Proposed Plan is approved by the Creditors in accordance with the CCAA and sanctioned by the Court, the Nominees will be installed as the Interim Directors of the Corporation at the time that the Court sanctions the Proposed Plan.

In selecting the Nominees, the Monitor will consider, *inter alia*, the following:

(a) The amount of the individual's investment in the Corporation in the event that the Proposed Plan is implemented in accordance with its terms;

(b) Any previous experience that the individual has in serving as a director or officer of a publicly traded company;

(c) Any previous experience that the individual has in the development of real-estate projects;

(d) Any relevant input received by the Corporation or the UCC from Creditors in respect of the individual wishing to be a Nominee; and

(e) Any other factor that the Monitor, the Corporation or the UCC consider relevant to whether an individual should be a Nominee.

Individuals who have previously worked as a director, officer, employees, consultant, agent (including sales agents and agents who sold securities of the Harvest Group of Companies or Foundation Group of Companies), contractor, or advisor to any entity related or affiliated with the Harvest Group of Companies or Foundation Group of Companies or any relation thereof will not be eligible to be an Interim Director.

Any individual, including any Creditor, can request that his or her name be put forth as a Nominee. An individual wishing to be a Nominee should submit a request to the Monitor that he or she be a Nominee, along with any information relevant to the individual's proposed appointment as a Nominee, by no later than December 10, 2012. Requests to the Monitor to serve as a Nominee should be submitted by registered mail, facsimile or email to the following address:

> Ernst & Young Inc., in its capacity as court appointed Monitor of Railside Capital Inc., and not in its personal capacity
> Ernst & Young Tower
> 1000, 440 2nd Avenue S.W.,
> Calgary, AB T2P 5E9
> Attention: Jessica Caden
> Email: Jessica.Caden@ca.ey.com
> Facsimile: 403 206 5075

The Monitor with input from the Corporation and the UCC will determine who will be the Nominees on or before December 13, 2012, or such later date as may be determined by the Monitor. In the event that there is a disagreement between the Monitor and Corporation or the UCC over whether a particular individual should be a Nominee, the Monitor will seek advice and directions from the Court as to whether a particular individual should be a Nominee. The identify of the Nominees will be provided to the Creditors at or prior to the time that the Proposed Plan is scheduled to be voted on and the Nominees and will be posted on the Monitor's web site by December 18, 2012, or such other date as may be determined by the Monitor or ordered by the Court, at www.ey.com/ca/foundationgroup.

Any individual, including any Creditor, who is not selected as a Nominee by the Monitor will still be eligible to be elected as a future director of the Corporation in accordance with the Proposed Plan, the ABCA and the Articles.

Appendix C

Railside Capital Inc. and Railside Industrial Park Inc.
Cash Flow Forecast to Actual
March 1, 2012 - November 30, 2012

	Forecast	Actual	Variance
RECEIPTS			
Debtor-in-possession financing (Note 2)	150,000	$ 116,773	$ (33,227)
Total receipts	**150,000**	**116,773**	**(33,227)**
DISBURSEMENTS			
Management fees	71,668	48,667	23,001
Consulting fees	79,956	36,180	43,776
Property taxes	43,000	41,942	1,058
Operating Expenses	300	20,238	(19,938)
Appraisals	4,000	4,200	(200)
LOC collateral	-	100,000	(100,000)
Development costs	25,000	1,197	23,803
CCAA professional fees (Note 1)	425,000	50,000	375,000
Total disbursements	**$ 648,924**	**$ 302,424**	**$ 346,500**
NET CASH FLOWS	**$ (498,924)**	**$ (185,651)**	**$ 313,273**
OPENING CASH	$ 187,492	$ 187,492	
NET CHANGE IN CASH FLOWS	(498,924)	(185,651)	
ENDING CASH	**$ (311,432)**	**$ 1,841**	

Notes

1 Professional Fees	Invoices	Total
BLG	$ 210,381	$ 210,381
EY	79,416	79,416
McCarthy	27,822	27,822
FMC	74,733	74,733
SMBP	2,126	2,126
		394,479
Covered by current funding		(50,000)
Paid through DIP financing		-
Covered by Administration Charge		$ 344,479
Forecast through December 2012		1,747
Total Administration Charge		$ 346,226

2 DIP Financing will be provided in part by HCMI and Azimuth and the remainder through the exit financing

Appendix D

Foundation Capital Inc. and Foundation Place Capital Inc.
Cash Flow Forecast to Actual
March 1, 2012 - November 30, 2012

	Forecast	Actual	Variance
RECEIPTS			
Debtor-in-possession financing (Note 2)	305,000	$ 274,443	$ (30,557)
Parking Lot Revenue	-	5,000	5,000
Total receipts	**305,000**	**279,443**	**(25,557)**
DISBURSEMENTS			
Management fees	65,412	65,412	-
Consulting fees	11,724	8,014	3,710
Property taxes	34,000	27,995	6,005
Operating Expenses	300	1,903	(1,603)
Appraisals	4,000	2,625	1,375
Eyelogic fees	-	-	-
Development costs	-	-	-
CCAA professional fees (Note 1)	357,000	195,000	162,000
Total disbursements	**$ 472,436**	**$ 300,949**	**$ 171,487**
NET CASH FLOWS	**$ (167,436)**	**$ (21,506)**	**$ 145,930**
OPENING CASH	$ 26,601	$ 26,601	
NET CHANGE IN CASH FLOWS	(167,436)	(21,506)	
ENDING CASH	**$ (140,835)**	**$ 5,095**	

Notes

1 **Professional Fees**	**Invoices**	**Total**
BLG	$ 150,671	$ 150,671
EY	79,392	79,392
McCarthy	27,822	27,822
FMC	74,733	74,733
SMBP	2,126	2,126
		$ 334,744
Covered by current funding		$ 195,000
Covered by Administration Charge		$ 139,744
Forecast through December 2012		40,000
Total Administration Charge		$ 179,744

2 The remaining DIP Financing will no longer be funded.

Appendix E

Railside Capital Inc. and Railside Industrial Park Inc.
Cash Flow Forecast
December 1, 2012 - December 31, 2012

	Notes	Railside (Note 1) December
RECEIPTS	2	
Debtor-in-possession financing	3	500,000
Total receipts		**$ 500,000**
DISBURSEMENTS		
DIP Repayment	4	133,000
Financing fees & interest	5	12,500
Harvest common costs	6	20,000
Consulting fees	7	20,585
Property taxes		50,000
Operating Expenses		
Appraisals		
Development costs		
CCAA professional fees	8	
Administration Charge reduction	9	262,168
Total disbursements		**$ 498,253**
NET CASH FLOWS		**$ 1,747**
OPENING CASH		$ 1,841
NET CHANGE IN CASH FLOWS		1,747
ENDING CASH		**$ 3,588**

Notes and Assumptions

1 "Railside" is a consolidation of Railside Capital Inc. and Railside Industrial Park Inc.
2 Railside has no operating revenues
3 DIP Financing relates to the first draw under the Additional DIP Facility
4 Repayment of the initial DIP financing provided by Azimuth Risk Management including interest and fees.
5 Financing fees and interest on the Additional DIP Financing
6 Estimate of common costs incurred by Harvest from July - December, which are being allocated across various Harvest entities.
7 Consulting fees related to services provided by Noel Winter from July - September.
8 Estimated professional fees for December.
9 Payment of outstanding professional fees.

Foundation Capital Inc. and Foundation Place Capital Inc.
Cash Flow Forecast
December 1, 2012 - January 31, 2013

	Notes	Foundation Place (Note 1) December 1 1-31, 2012	January 1-31, 2013	Total
RECEIPTS	2			
Debtor-in-possession financing	3	-	-	-
Total receipts		-	-	-
DISBURSEMENTS				
Management fees	4	-	-	-
Consulting fees	5	-	-	-
Property taxes		-	-	-
Operating Expenses		-	-	-
Appraisals		-	-	-
Eyelogic fees		-	-	-
Development costs		-	-	-
CCAA professional fees	6	20,000	20,000	40,000
Administration Charge offset	7	(20,000)	(20,000)	(40,000)
Total disbursements		$ -	$ -	$ -
NET CASH FLOWS		$ -	$ -	$ -
OPENING CASH		$ 5,095	$ 5,095	$ 5,095
NET CHANGE IN CASH FLOWS		-	-	-
ENDING CASH		**$ 5,095**	**$ 5,095**	**$ 5,095**

Notes and Assumptions

1. "Foundation Place" is a consolidation of Foundation Capital Inc. and Foundation Place Capital Inc.
2. Foundation has no operating revenues
3. No further DIP financing is required
4. No further Management fees to be paid to Harvest Group LP
5. No further consulting fees required
6. Estimated professional fees
7. Professional fees are to be paid for with the Administration Charge