COURT FILE NUMBER	1101-17318
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF 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	**SEVENTH REPORT OF THE MONITOR (LEGACY, AIRDRIE, RAILSIDE & FOUNDATION PLACE SOURCES AND USES OF FUNDS ANALYSIS)** **JUNE 18, 2012**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**<u>MONITOR</u>** Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Cassie Hern Telephone: 403-206-5067 / (403) 206-5005 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Hern@ca.ey.com **<u>COUNSEL</u>** McCarthy Tétrault LLP Suite 3300, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone: 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca

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OF CALGARY

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APPENDICIES TO THE SEVENTH REPORT

INTRODUCTION

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

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

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

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

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

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

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

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

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

9. The purpose of this seventh report (the "Seventh Report") of the Monitor is to provide this Honourable Court with the Monitor's:

   a) Update in respect of the sources and uses of funds ("SUF") for both Legacy and Airdrie since the Monitor's Second Report; and

   b) Analysis of the SUF for both Railside and Foundation Place.

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

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

BACKGROUND

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

TERMS OF REFERENCE

13. In preparing this Seventh 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.

SOURCES & USES OF FUNDS SCOPE

14. The Monitor has reviewed the bank statements, cancelled cheques, deposit books and other source documents to determine the sources and uses of funds since the inception of Legacy, Airdrie, Railside, and Foundation.

15. Based on the review of the source documentation and with the assistance of management, the Monitor classified each transaction into categories including: funds raised, investments, operating costs, and payments to affiliated entities.

16. The Monitor then reviewed the respective offering memorandums ("OM") and formed expectations regarding the expected use of the capital raised through each OM. The actual receipts and disbursements flowing through the entities were then compared to those expectations.

17. Where variances were noted, additional information has been requested which may change the classification of certain transactions and the results of the Railside and Foundation Place SUF analysis presented below. The Railside and Foundation SUF's are substantially complete and are based both on underlying records/documentation and on the information provided by management and reviewed to date. Certain information remains outstanding which, when received, may result in a change in the classification of certain receipts and disbursements.

UPDATE ON LEGACY SUF

18. Since the Monitor's Second Report dated April 5, 2012, the Monitor has obtained additional information pertaining to Legacy.

19. The Monitor's SUF analysis is provided as Appendix "A". A high level summary of the Legacy SUF is outlined below:

Legacy Communities Inc.		
For the period of October 1, 2005 to November 30, 2011		
($Cdn, Unaudited)		
Cash Inflows		$35,248,003
Cash Outflows		
Investments and Assets		
Purchased Lands	$6,011,871	
Option and Option Lands	12,400,000	
1252064 Alberta Ltd. - Promissory Note 1 – Panama	4,664,880	
1252064 and 1330075 Alberta Ltd. - Promissory Note 2 – Balsam Lake, Ontario	2,723,766	
1252064 Alberta Ltd. - Promissory Note 3 – Liberty Crossing, Red Deer	1,350,000	
1252064 Alberta Ltd. - Promissory Note 4 – Liberty Crossing, Red Deer	590,000	
Water license	937,583	28,678,100
Operating and Administrive Costs		4,739,165
Payments to Affiliated Entities and Unknown Transactions		1,822,188
Net Cash Inflows/(Outflows)		$ 8,551

Changes since the Second Report

20. It was confirmed that the unknown disbursement of approximately $466,000 was related to the original purchase of the land, this amount related to interest charged on the vendor take back mortgage.

21. The Monitor received documentation for $35,000 of additional commissions that were paid, therefore increasing the apparent over payment of commission to approximately $96,000. This over payment can be added to the apparent over payment of management fees.

22. The Monitor received supporting documentation for approximately $348,000 of pre-development costs, and $11,000 of marketing costs relating to Legacy that were paid for by affiliated entities on behalf of Legacy, therefore reducing the apparent over payment of management fees by approximately $359,000.

23. As shown in the Legacy SUF analysis, there is still an apparent over payment of management fees of approximately $151,000. The Monitor has not been able to identify any more costs incurred by the affiliated entities that related directly to Legacy, although the Monitor does note that during the time the OMs were being

marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

24. Upon further review of the purchase of the water rights from 133, it was noted that 133 purchased land near the town of Granum, Alberta from an arm's length third party for $825,000 (the "Granum Land") concurrent with 133 acquiring the Granum Land. The Granum Land had water rights associated with it (the "Granum Water Rights"). 133 then sold the Granum Water Rights to Legacy for $950,000, creating the payable to 133 of $125,000. In other words, 133 used Legacy's money to complete the acquisition of the Granum Lands and then immediately sold the Granum Water Rights to Legacy which offset the loan of $825,000. The Granum Land remained with 133 and has since been moved to Harvest Group LP. Furthermore, Harvest Group LP mortgaged the Granum Lands in 2011 to a third party and a $1.0 million mortgage is on the Granum Lands title. The table below outlines the net effect of the Granum Land and Granum Water Rights transactions:

Immediately following the Granum Water Rights Transaction		
	Legacy	**133**
Granumn Lands	-	$ 825,000
Granum Water Rights	$ 950,000	-
Due to/from Legacy	(125,000)	125,000
Proceeds from sale of Granum Water Rights	-	825,000
Net assets	$ 825,000	#########

25. To determine what recoveries, if any, can be made from 125, 133 and HCMI in relation to the money borrowed from Legacy, the Monitor will need to determine the universe of creditors within these entities. The assets of the 125, 133 and HCMI need to be fully ascertained, net of secured creditor claims, to allow for these entities to potentially develop a realization plan for those assets in order to distribute any funds to creditors which would include Legacy. At this point, it is not known when or if any recovery of these funds will be made.

UPDATE ON AIRDRIE SUF

26. Since the Monitor's Second Report, the Monitor has obtained additional information pertaining to Airdrie.

27. The Monitor's SUF analysis is provided as Appendix "B". A high level summary of the Airdrie SUF is outlined below:

Combined Airdrie Capital Corporation and Airdrie Country Estates Analysis	
For the period of October 1, 2005 to November 30, 2011	
($Cdn, Unaudited)	
Cash Inflows	$ 14,686,482
Cash Outflows	
Land purchase and debt assumption - 1252064 Alberta Ltd.	12,000,000
Operating and Administrive Costs	1,591,875
Payments to Affiliated Entities and Unknown Transactions	1,088,108
Net Cash Inflows/(Outflows)	$ 6,498

Changes since the Second Report

28. The variance indicates that commissions were underpaid by approximately $74,500. Since all third party commissions have been paid, the variance relates to commissions that should have been paid to an affiliated entity, therefore reducing the apparent over payment of management fees.

29. Unknown deposits have been reduced to approximately $2,500. The reduction relates to deposits received from 125, therefore reducing the apparent over payment of management fees.

30. As shown in the Airdrie SUF analysis, there is still an apparent over payment of management fees of approximately $345,000 which is further reduced by the underpayment of commissions to approximately $270,000. The Monitor has not been able to identify costs incurred by the affiliated entities that related directly to Airdrie, although the Monitor does note that during the time the OM was being marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

RAILSIDE SUF

31. The Railside project raised approximately $34.2 million from approximately 1,482 investors through the Railside OM. The funds raised were to be used to acquire

approximately 304 acres of land in the town of Millet, Alberta (the "Railside Lands") and enter into development-related agreements.

32. The Monitor's SUF analysis is provided as Appendix "C". A high level summary of the Railside SUF is outlined below:

Combined Railside Capital and Railside Industrial Park Analysis **For the period of March 1, 2008 to March 30, 2012** **($Cdn, Unaudited)**	
Cash Inflows	$ 34,274,581
Cash Outflows	
Land purchase - 1252064 Alberta Ltd.	22,733,376
Operating and Administrive Costs	9,168,624
Payments to Affiliated Entities and Unknown Transactions	2,192,636
Net Cash Inflows/(Outflows)	$ 179,945

Overview

33. Based on the SUF analysis, the Monitor expected approximately $1.6 million more in Railside's bank account compared to actual ending cash. The variance is primarily a result of disbursements in respect of approximately:

a) $2.2 million of apparent over payment of management fees, potentially offset by a $1 million bank error;

b) $233,000 additional land purchase; and

c) $141,000 of unknown disbursements.

Receipts and Disbursements

34. Net funds received by Railside from investors after administrative and commissions total approximately $34.2 million.

35. The Railside Lands were purchased from 125 for $22.5 million. As disclosed in the OM, 125 purchased these lands for $15.1 million.

36. Included on the Railside Lands, is a small parcel of land adjacent to the rail line. It was advised by the project manager at the time, I.P.M. Consulting that this purchase would be the most cost effective method of gaining access to the rail line. In 2009 Railside purchased this parcel of land for approximately $233,000.

37. Attached as Appendix "D" are the titles for all Railside Lands. The Monitor notes that there are liens and pending lawsuit registrations ahead of the Railside Capital Inc. mortgage. There are builders' liens by Wedler Engineering LLP ("Wedler Liens") totalling $70,753 for unpaid services and a pending lawsuit by I.P.M. 3 Development Ltd. ("IPM") for $49,828 in relation to the onsite services provided by IPM and Wedler.

38. Management fees paid to affiliated entities were greater than expected by approximately $2.2 million. Expected management fees are calculated as 1% of total capital raised under the OM. Similar to the Legacy and Airdrie Management Agreements, the Monitor reviewed the Railside Management Agreement and confirmed that in addition to the 1% fee, Railside was to reimburse costs incurred for services provided by Management. The $2.2 million may potentially be offset by the $1 million banking error and an additional $965,000 of development costs paid by affiliated entities on behalf of Railside. The Monitor is waiting on supporting documentation for these two outstanding matters.

39. Similar to Legacy and Airdrie, during the time the Railside OM was being marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

40. Supporting documentation has not been provided in regards to unknown disbursements totalling approximately $141,000.

FOUNDATION PLACE SUF

41. The Foundation Place project raised approximately $8.5 million from approximately 440 investors through the Foundation Place OM. The funds raised were to be used to purchase a parcel of land located on the south west corner of 1st Street SE and 17th Avenue SE in the City of Calgary ("Foundation Place Lands").

42. The Monitor's SUF analysis is provided as Appendix "E". A high level summary of the Foundation Place SUF is outlined below:

Combined Foundation Place Capital and Foundation Place Analysis **For the period of February 1, 2008 to February 28, 2012** **($Cdn, Unaudited)**	
Cash Inflows	$ 8,514,105
Cash Outflows	
Land purchase - 1252064 Alberta Ltd.	4,420,000
Loan to 1252064 Alberta Ltd. - Haiku Management LP	1,562,500
Operating and Administrive Costs	1,885,181
Payments to Affiliated Entities and Unknown Transactions	618,542
Net Cash Inflows/(Outflows)	$ 27,882

Overview

43. Based on the SUF analysis, the Monitor expected approximately $1.3 million more in Foundation Place's bank account compared to actual ending balance. The variance is primarily related to an approximate $1.56 million loan to 125 to purchase 50 partnership units in Haiku Management Limited Partnership, partially offset by lower than anticipated management fees of approximately $344,000.

Receipts and Disbursements

44. Net funds received by Foundation Place from investors after administrative and commissions total approximately $8.5 million.

45. The Foundation Lands were purchased from 125 for $4.4 million. As disclosed in the OM, 125 purchased these lands for $3.06 million.

46. Attached as Appendix "F" are the titles for the Foundation Place Lands. The Monitor notes that there are caveats and pending lawsuit registrations ahead of the Foundation Place Capital Inc. mortgage. There are caveats on the title by Mylonas Enterprises Ltd. ("Mylonas") and by Landstar Project Management Ltd. ("Landstar"). The Monitor understands that the original land vendor, Mylonas, and future project manager, Landstar, retained certain rights under the Purchase and Sales Agreement to develop

and manage the site and to acquire rights to the main floor retail space, this is now in dispute. The Landstar caveat for management fees has a maximum for project management fees and expenditures of $750,000.

47. The Monitor understands that Foundation Place loaned 125 approximately $1.56 million to purchase 50 partnership units in Haiku Management Limited Partnership, an apartment complex in the city of Calgary. The Monitor has yet to determine what priority, if any, Foundation Place has to these partnership units and any recoveries there may be.

48. To determine what recoveries, if any, can be made from 125 in relation to the money borrowed from Foundation Place, the Monitor will need to determine the universe of creditors within these entities. The assets of the 125 need to be fully ascertained, net of secured creditor claims, to allow for 125 to potentially and develop a realization plan for those assets in order to distribute any funds to creditors. At this point, it is not known when or if any recovery of these funds will be made.

49. Management fees paid to affiliated entities were less than expected by approximately $344,000. Expected management fees are calculated as 1% of total capital raised under the OM. Similar to the Legacy and Airdrie Management Agreements, The Monitor reviewed the Foundation Place Management Agreement and confirmed that in addition to the 1% fee, Foundation Place was to reimburse costs incurred for services provided by Management.

50. Similar to Legacy and Airdrie, during the time the Foundation OM was being marketed, approximately $2.2 million was spent by the affiliated entities on marketing costs.

51. Supporting documentation has not been provided in regards to unknown disbursements totalling approximately $134,000.

MONITOR'S NEXT STEPS

52. The Monitor continues to work with management to fully complete the Railside and Foundation Place SUF analysis and will provide relevant updates to the Court as required. The remaining work is not considered significant given the Railside and Foundation Place SUF's are considered to be substantially complete.

53. The Monitor of 125, 133 and HCMI has taken over from the Inspector with respect to an analysis of sources and uses of funds for these entities and will continue to complete that analysis.

Dated at Calgary, this 18th day of June, 2012.

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

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

Cassie Hern, CA
Manager

APPENDIX A

Legacy Communities Inc.
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2005 to November 30, 2011
($Cdn, Unaudited)

	Notes	Actual	Expected	Variance
Cash Inflows				
Gross investment from Bondholders per Affidavit of Ron Aitkens	1	35,361,800.10	35,361,800.10	-
Less: various costs	2	125,188.50	125,188.50	-
Net investments deposited per bank statement		35,236,611.60	35,236,611.60	-
Interest earned	3	11,391.78	11,391.78	-
Total Cash Inflows		35,248,003.38	35,248,003.38	-
Cash Outflows				
Investments and Assets				
Purchased Lands	4	6,011,871.30	5,600,000.00	411,871.30
Option and Option Lands	5	12,400,000.00	21,400,000.00	(9,000,000.00)
1252064 Alberta Ltd. - Promissory Note 1 – Panama	6, 8	4,664,880.00	-	4,664,880.00
1252064 and 1330075 Alberta Ltd. - Promissory Note 2 – Balsam Lake, Ontario	7, 8	2,723,765.98	-	2,723,765.98
1252064 Alberta Ltd. - Promissory Note 3 – Liberty Crossing, Red Deer	7, 8	1,350,000.00	-	1,350,000.00
1252064 Alberta Ltd. - Promissory Note 4 – Liberty Crossing, Red Deer	7, 8	590,000.00	-	590,000.00
Water license	9	937,582.72	-	937,582.72
		28,678,100.00	27,000,000.00	1,678,100.00
Operating and Administrive Costs				
Commissions	10	3,632,394.12	3,536,180.01	96,214.11
Olympia Trust		29,467.52	29,467.52	-
Eyelogic - Administration Fees		226,142.37	226,142.37	-
Pre-development costs - Project Management	11	680,201.12	500,000.00	180,201.12
Alberta and BC securities commission		8,475.90	8,475.90	-
Legal costs		74,831.91	74,831.91	-
Insurance		7,750.00	7,750.00	-
Property taxes		12,231.22	12,231.22	-
Bank charges		941.87	941.87	-
Advertising	12	52,704.37	-	52,704.37
Appraisals	12	9,580.85	-	9,580.85
Other costs	12	4,443.44	-	4,443.44
		4,739,164.69	4,396,020.80	343,143.89
Payments to Affiliated Entities and Unknown Transactions				
FCC or affiliated entity - Management Fees	13	1,632,152.69	1,481,416.01	150,736.68
Unknown disbursements	14	190,035.00	-	190,035.00
		1,822,187.69	1,481,416.01	340,771.68
Total Cash Outflows		35,239,452.38	32,877,436.81	2,362,015.57
Net Cash Inflows/(Outflows)		**8,551.00**	**2,370,566.57**	**(2,362,015.57)**
Opening Cash balance as at October 1, 2005		(20.17)		
Ending Cash balance as at November 30, 2011		8,530.83		

Legacy Communities Inc.
Notes to the Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2005 to November 30, 2011
($Cdn, Unaudited)

1. Total investments as noted in the Affidavit of Ron Aitkens ("Affidavit") agrees to the bondholder listing provided to the Monitor.
2. Closing costs associated with the funds raised.
3. Interest earned on funds invested in GICs.
4. The variance is a result of interest charged on the vendor take back mortgages.
5. The Monitor has identified two payments totalling $11.3 million relating to the option and land purchase and has requested supporting documentation for one payment totalling $1.1 million. Based on the timing of the payments, it appears the payment may relate to the purchase of the shares of 1109211 Alberta Ltd. who is the entity that is a party to the Option to Purchase Agreement. The Monitor has recently received a copy of the share certificate of 1109211 Alberta Ltd. to confirm that Legacy is a shareholder of the entity and a copy of the Purchase and Sale Agreement which confirms the total purchase price for the options and lands are $27 million. The breakdown of the Purchase Price is noted below. The Monitor understands from Ron Aitkens that 1109211 Alberta Ltd. has no bank accounts, assets, or liabilities.

	Amount ($)	Acres
Purchased Lands	5,600,000	103.00
Shares of 1109211 Alberta Ltd.	8,900,000	
Option Lands	3,500,000	100.00
Outstanding Option Lands	9,000,000	297.64
Total Purchase Price	27,000,000	500.64
Land and Option disbursements	(18,000,000)	(203.00)
Outstanding balance	9,000,000	297.64

The Option Lands for which Legacy paid $3.5 million relates to Meridian 5, Range 3, Township 24, Section 10, Quarter SW which comprises a total of 151.83 acres. Legacy and the Pointen's are joint tenants to an undivided 34.14% or 51.83 acres. The remaining 100 acres are owned by Legacy.

6. Per the Promissory Note, a total of $4,924,880 was to be paid to Harvest Capital Management, however, actual funds were paid to the designated affiliate 1252064 Alberta Ltd. ("125") totalling $4,664,880. These funds were paid on September 24, 2007 and on September 25, 2007, $4,664,880 was wired to Castro & Berguido International Inc. in Panama.
7. The Monitor was able to confirm that payments were made to 125 and affiliated entities. The Monitor has assumed that the amounts were used as noted in the Promissory Notes. Refer to note 8.
8. Since the Monitor's second report, Ernst & Young Inc. has been appointed the Monitor of 125, 133, and HCM. It is our intention to obtain a list of all creditors, form a realization plan of assets, and distribute the funds based on the priority rankings of creditors. This process will determine the recoverable amounts to investors.
9. Legacy has purchased two water licenses and paid a total of $937,582. The balance outstanding on the licenses totals $1,012,500 plus interest. One of the water licenses was purchased from 1330075 Alberta Ltd ("133"), an affiliated entity and $125,000 remains outstanding. The purchase and sale agreements have been reviewed and amounts paid for the water licenses agree to the purchase price noted in the agreements.

	Total	1330075 Alberta Ltd.	Allen's Trout Farm Inc.
Purchase Price	1,950,000	950,000	1,000,000
Payments	(937,500)	(825,000)	(112,500)
Outstanding Payments	1,012,500	125,000	887,500

As the Monitor of 133, we obtained documentation indicating that 133 purchased land from a third party for $825,000. In order to obtain the funds to purchase the lands, 133 and Legacy entered into a purchase and sale agreement whereby Legacy would purchase the water rights associated with the land in the amount of $950,000. It appears the purpose of purchasing the water rights was to fund 133's purchase of the lands. The lands remained with 133 and were subsequently transferred to Harvest Group LP. The lands are secured by a mortgage to a third party.

10. Commissions are calculated as 10% of total capital raised. The variance indicates there is an overpayment of commissions. It is likely that Foundation Capital Corp, who earns commissions was overpaid. This overage can be combined with the overpayment of management fees. Refer to note 13.
11. The expected pre-development costs as noted in the OM were understated.
12. The Management Agreements between Legacy and FCC were reviewed by the Monitor. The terms of the agreement state that FCC is to provide marketing, advertising, sales services and management services.

Legacy is to compensate FCC by reimbursing FCC for out of pocket expenses incurred in providing the services in addition to an annual fee of 1% of capital raised.

13. Expected management fees were calculated for each OM separately as management fees may have been limited to a specific amount depending on the OM. As a result, the calculations for each OM is slightly different. Total fees calculated are from July 15, 2005 to November 30, 2011. Fees are calculated at 1% of capital raised and are due on an annual basis. Payments were made to the following affiliated entities:

Foundation Capital Corporation	233,467.95
Harvest Capital Management Inc.	70,348.63
Harvest Group LP	(62,106.45)
Harvest Water Inc.	1,758.54
1252064 Alberta Ltd.	1,328,750.00
1330075 Alberta Ltd.	59,934.02
	1,632,152.69

Marketing invoices were provided by FCC and affiliated entities for the period of January 2005 to September 2009. Actual marketing costs incurred spanning the period of Legacy's OMs, totalled approximately $1.3 million. Approximately $400,000 could be allocated to Legacy based on the number of OMs being marketed by Harvest/Foundation during the same time frame. As a result, the overpayment of $246,950.79 which consists of $150,736.68 (management fee overage) and $96,214.11 (overpayment of commissions) may be considered to be supported. The Monitor does not see the need to pursue this variance any further.

14. Unknown payments represent payments made by Legacy to unknown recipients. To date, no supporting documentation has been provided by Legacy.

APPENDIX B

Combined Airdrie Capital Corporation and Airdrie Country Estates Analysis
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2006 to November 30, 2011
($Cdn, Unaudited)

	Notes	Actual	Combined Expected	Variance
Cash Inflows				
Gross investment from Bondholders	1	14,723,762.00	14,723,762.00	-
Equity investment	1	14,738.50	14,738.50	-
Less: various costs		54,468.64	54,468.64	-
Net investments deposited per bank statement	2	14,684,031.86	14,684,031.86	-
Loan from ACC	3	11,413,150.00	11,942,231.40	(529,081.40)
Net loan to ACE	3	(11,413,150.00)	(11,942,231.40)	529,081.40
Unknown transactions - Deposits	4	2,450.00	-	2,450.00
Total Cash Inflows		14,686,481.86	14,684,031.86	2,450.00
Cash outflows				
Land purchase and debt assumption - 1252064 Alberta Ltd.	3	12,000,000.00	12,000,000.00	-
Operating and Administrive Costs				
Commissions	5	1,397,880.00	1,472,376.20	(74,496.20)
Eyelogic	6	96,476.24	156,674.05	(60,197.81)
Alberta and BC securities commission		6,939.61	6,939.61	-
Olympia Trust		78,756.36	78,756.36	-
Legal fees		9,667.64	9,667.64	-
Bank charges		1,324.42	1,324.42	-
Other minor costs		830.95	830.95	-
		13,591,875.22	13,726,569.23	(134,694.01)
Payments to Affiliated Entities and Unknown Transactions				
FCC or affiliated entity - Management Fees	7	1,087,793.35	743,258.87	344,534.49
Unknown transactions - Payments	4	315.00	-	315.00
		1,088,108.35	743,258.87	344,849.49
Total Cash Outflows		14,679,983.57	14,469,828.10	210,155.48
Net Cash Inflows/(Outflows)		6,498.29	214,203.76	(207,705.48)

Combined Airdrie Capital Corporation and Airdrie Country Estates Analysis
Notes to the Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of October 1, 2006 to November 30, 2011
($Cdn, Unaudited)

1. Total investments as noted in the Affidavit of Ron Aitkens ("Affidavit") agrees to the bondholder listing provided to the Monitor.
2. Represents net funds raised through the Offering Memorandums ("OM").
3. The loan transaction is between Airdrie Capital Corporation ("ACC") and Airdrie Country Estates ("ACE"). Pursuant to the Affidavit, ACE was to purchase the Lands from 1252064 Alberta Ltd. ("125") with the loan proceeds from ACC. Our review of the bank transactions indicate that funds loaned to ACE was less than expected by approximately $530,000. The Monitor is currently waiting for a response regarding the variance as it suggests the ACE did not have the funds necessary to make the purchase. Upon review of the ACC bank account, 125 was the recipient of funds. As a result, the Monitor has assumed that the shortfall of funds paid to 125 by ACE was paid by ACC directly.
4. The sources of the receipts and the recipients of the disbursements are unknown. As the amount is minimal, the Monitor has not pursued this further.
5. The variance reflects an underpayment of commissions. As third parties have likely been paid their fees, the Monitor assumes the underpayment is to FCC and should be offset against the overpayment of management fees. Refer to note 6.
6. Fees owing to Eyelogic have not been paid in full. The outstanding balance has been agreed to the December 1, 2011 Statement of Account.
7. Consists of management fees calculated at 1% of capital raised which are due on an annual basis and funds due to Harvest Capital Management Inc. for working capital. Payments were made to the following affiliated entities:

Foundation Capital Corporation	132,701.00
Harvest Group LP	(23,407.65)
1252064 Alberta Ltd.	978,500.00
	1,087,793.35

Marketing invoices were provided by FCC and affiliated entities for the period of January 2005 to September 2009. Actual marketing costs incurred spanning the period of Airdrie's OMs, totalled approximately $1 million. Approximately $285,000 could be allocated to Airdrie based on the number of OMs being marketed by Harvest/Foundation during the same time frame. As a result, the overpayment of $270,038.29 which consists of $344,534.49 (management fee overage) less $74,496.20 (underpayment of commissions) may be considered to be supported. The Monitor does not see the need to pursue this variance any further.

APPENDIX C

Railside Capital Inc. and Railside Industrial Park Inc.
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of March 1, 2008 to March 30, 2012
($Cdn, Unaudited)

	Notes	Actual	Expected	Variance
Cash Inflows				
Gross investment from Bondholders	1	34,233,299.10	34,233,299.10	-
Less: various costs	2	69.00	69.00	-
Net investments deposited per bank statement	2	34,233,368.10	34,233,368.10	-
Loan to Railside Industrial Park Inc.		(30,192,504.00)	(30,192,504.00)	-
Loan from Railside Capital Inc.		30,192,504.00	30,192,504.00	-
Eyelogic share purchase		600.00	600.00	-
GST Refunds		40,612.70	40,612.70	-
Total Cash Inflows		34,274,580.80	34,274,580.80	-
Cash Outflows				
Investments and Assets				
Purchase of Railside Lands from 1252064 AB Ltd.	3	22,500,000.00	22,500,000.00	-
Purchase of Hegedus Lands from Chris Hegedus	4	233,376.27	-	(233,376.27)
Operating and Administrive Costs				
Commissions		3,414,812.36	3,419,829.91	5,017.55
KMC Capital Inc.		112,760.04	112,760.04	-
Development costs		5,104,586.03	5,104,586.03	-
Management fees - IBM 3 Developments Ltd.		165,521.14	165,521.14	-
Alberta and BC securities commission		19,955.14	19,955.14	-
Legal costs		32,068.58	32,068.58	-
Insurance		2,222.00	2,222.00	-
Property taxes		146,954.81	146,954.81	-
Bank charges		1,795.29	1,795.29	-
Advertising		167,948.11	167,948.11	-
		31,901,999.77	31,673,641.05	(228,358.72)
Payments to Affiliated Entities and Unknown Transactions				
Non-arms length parties				
Foundation Capital Corp.		229,053.00	800,000.00	570,947.00
Harvest Capital Management Inc.		-	7,500.00	7,500.00
Harvest Group LP		18,317.00	-	(18,317.00)
1252064 AB Ltd.		2,830,140.73	-	(2,830,140.73)
1330075 Alberta Ltd.		(25,500.00)	-	25,500.00
FCC or affiliated entity - Management Fees	5, 8	3,052,010.73	807,500.00	(2,244,510.73)
RCI - Unknown disbursements	6	90,625.72	-	(90,625.72)
RIP - Unknown disbursements	6	50,000.00	-	(50,000.00)
RIP - Deposit	7, 8	(1,000,000.00)	-	1,000,000.00
		2,192,636.45	807,500.00	(1,385,136.45)
Total Cash Outflows		34,094,636.22	32,481,141.05	(1,613,495.17)
Net Cash Inflows/(Outflows)		**179,944.58**	**1,793,439.75**	**1,613,495.17**

Railside Capital Inc. and Railside Industrial Park Inc.
Notes to Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of March 1, 2008 to March 30, 2012
($Cdn, Unaudited)

1. Gross investments from bondholders agree to the creditor listing as at March 21, 2012.
2. The net investment deposited in the RCI bank account is greater than the gross investment raised by $69.00. It is possible that one of the unknown payments is a return of investment to a bondholder which would reduce net investments and increase various costs. The Monitor has requested an explanation for this variance on June 11, 2012.
3. The purchase price agrees to the Purchase and Sale Agreement dated February 11, 2008 between Railside Industrial Park Inc. ("RIP") and 1252064 Alberta Ltd. ("125"). This is consistent with the information provided in the Offering Memorandum ("OM").
4. RIP was advised by the Project Manager, IPM Consulting that the purchase of the lands would be the most cost effective method of gaining access to the CPR rail line. This purchase would be to the benefit of potential owners who would have access to the rail line for delivery and drop offs. The Purchase and Sale agreement dated October 14, 2009 was between IPM Consulting or Assignee and Chris Hegedus.
5. Consists of repayment of working capital and management fees. Expected management fees are calculated at 1% of capital raised and are due on an annual basis. It appears that actual fees paid are higher than expected. On June 12, 2012, a schedule of Railside invoices paid by affiliated entities was provided. $4,374,859.27 was supported by copies of invoices and the Monitor was able to verify that the funds were paid from the affiliated entities bank account. However, $964,739.87 remains unsupported. The Monitor has requested copies of invoices to verify the schedule. Payments made to the following affiliated entities are noted below:

Management fees to FCC or affiliated entities	229,053
Harvest Group LP	18,317
1252064 AB Ltd.	2,830,141
1330075 Alberta Ltd.	(25,500)
	3,052,011

Payments to 125 are as follows:

28-Oct-08	2,500,000.00
10-Nov-08	1,000,000.00
20-Nov-08	1,000,000.00
21-Nov-08	1,000,000.00
15-Dec-08	500,000.00
23-Dec-08	50,000.00
07-Jan-09	300,000.00
13-Jan-09	225,000.00
23-Feb-09	150,000.00
24-Feb-09	250,000.00
31-May-11	230,000.00

	7,205,000.00
Less development costs paid by affiliated entities	(4,213,538.13)
Less IPM fees paid by affiliated entities	(161,321.14)
	2,830,140.73

6. Unknown payments represent payments made by Railside to unknown recipients. Supporting documentation was requested on May 10, 2012. The Monitor has not received support for these disbursements.
7. There is an unknown deposit of $1 million on November 20, 2008. According to Ron Aitkens ("Aitkens"), 125 made the deposit. Our review of 125's bank statement indicates there was a $1 million payment on November 24, 2008 to an unknown recipient. Aitkens claims that the discrepancies in respect of the dates was a banking error that was corrected several days later. Aitkens has requested supporting documentation from the banking institution to support his claim on June 12, 2012.
8. Our analysis indicates there is an overpayment of management fees of $2,244,510.73. However, if supporting documentation of $964,739.87 in respect of the development costs paid by affiliated entities, and the banking institution is available to provide supporting documentation that confirms that 125 deposited $1 million to Railside, the overpayment of management fees would be reduced as follows:

Current overpayment of management fees	2,244,510.73
Less: development costs paid by arfiliated entities	(964,739.87)
Less: deposit by 125	(1,000,000.00)
	279,770.86

APPENDIX D

CERTIFIED COPY OF

Certificate of Title

S

LINC
0026 105 990

SHORT LEGAL
4;24;47;33;SE

TITLE NUMBER: 092 104 603
TRANSFER OF LAND
DATE: 06/04/2009

AT THE TIME OF THIS CERTIFICATION

RAILSIDE INDUSTRIAL PARK INC..
OF #4 4002 9 AVE NORTH
LETHBRIDGE
ALBERTA T1H 6T8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

THE SOUTH EAST QUARTER OF SECTION THIRTY THREE (33)
TOWNSHIP FORTY SEVEN (47)
RANGE TWENTY FOUR (24)
WEST OF THE FOURTH MERIDIAN
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS.

EXCEPTING THEREOUT:		HECTARES	(ACRES) MORE OR LESS
A) THE MOST NORTHERLY SIXTY SIX (66) FEET THROUGHOUT OF THE SAID QUARTER SECTION FOR ROADWAY		1.62	4.00
B) PLAN 3446NY	ROAD	1.84	4.54
C) PLAN 9422421	ROAD	0.395	0.98

EXCEPTING THEREOUT ALL MINES AND MINERALS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
812 145 267	19/06/1981	UTILITY RIGHT OF WAY GRANTEE - ICG UTILITIES (PLAINS-WESTERN) LTD.
082 173 131	25/04/2008	UTILITY RIGHT OF WAY GRANTEE - BATTLE RIVER RURAL ELECTRIFICATION ASSOCIATION LIMITED.
122 071 556	08/03/2012	MORTGAGE MORTGAGEE - RAILSIDE CAPITAL INC.. #4, 4002 - 9TH AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $34,199,100

(CONTINUED)

Certificate of Title

TITLE NUMBER: 092 104 603

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 08 DAY OF MARCH ,2012

REGISTRAR OF LAND TITLES

SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: COUNTY OF WETASKIWIN NO. 10
REFERENCE NUMBER:
072 687 868
TOTAL INSTRUMENTS: 003

CERTIFIED COPY OF

Certificate of Title

S

LINC 0026 105 982

SHORT LEGAL 4;24;47;33;SW

TITLE NUMBER: 092 104 603 +1
TRANSFER OF LAND
DATE: 06/04/2009

AT THE TIME OF THIS CERTIFICATION

RAILSIDE INDUSTRIAL PARK INC..
OF #4 4002 9 AVE NORTH
LETHBRIDGE
ALBERTA T1H 6T8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

THE SOUTH WEST QUARTER OF SECTION THIRTY THREE (33)
TOWNSHIP FORTY SEVEN (47)
RANGE TWENTY FOUR (24)
WEST OF THE FOURTH MERIDIAN,
CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS.
EXCEPTING THEREOUT:

		HECTARES	(ACRES) MORE OR LESS
A) ROADWAY DESCRIBED IN C.OF T. 79-E-2		1.62	4.00
B) PLAN 2633KS	ROAD (NUISANCE GR.)	0.837	2.07
	ROAD (ACCESS)	0.125	0.31
C) PLAN 3446NY	ROAD	2.04	5.06
D) PLAN 9422421	ROAD	0.090	0.22

EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

SUBJECT TO THE ENCUMBRANCES,LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-WRITTEN OR ENDORSED HEREON,OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
812 123 931	28/05/1981	CAVEAT RE : EASEMENT CAVEATOR - ICG UTILITIES (PLAINS-WESTERN) LTD.
102 048 766	11/02/2010	BUILDER'S LIEN LIENOR - WEDLER ENGINEERING LLP. ATTN: BRUCE E. MINTZ C/O MINTZ LAW 400 THE DORCHESTER 10357 - 109 STREET EDMONTON ALBERTA T5J1N3 AGENT - GLEN DARYCHUK AMOUNT: $38,500
112 055 339	28/02/2011	BUILDER'S LIEN LIENOR - WEDLER ENGINEERING LLP. C/O LIEN PRO INC. 201-11062 156 ST

(CONTINUED)

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;24;47;33;SW
NAME RAILSIDE INDUSTRIAL PARK INC.
NUMBER 092 104 603 +1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		EDMONTON ALBERTA T5P4M8 AGENT - LIEN-PRO INC.. AMOUNT: $32,253
112 211 059	13/07/2011	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 112055339
112 290 954	15/09/2011	CERTIFICATE OF LIS PENDENS BY - I.P.M. 3 DEVELOPMENTS LTD.. COURT FILE NUMBER 1112000311
122 071 556	08/03/2012	MORTGAGE MORTGAGEE - RAILSIDE CAPITAL INC.. #4, 4002 - 9TH AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $34,199,100

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 08 DAY OF MARCH ,2012

SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: COUNTY OF WETASKIWIN NO. 10
REFERENCE NUMBER:
072 687 868 +1
TOTAL INSTRUMENTS: 006

CERTIFIED COPY OF

Certificate of Title

S

LINC
0017 303 561

SHORT LEGAL
4;24;47;32;SE

TITLE NUMBER: 092 410 920
TRANSFER OF LAND
DATE: 16/11/2009

AT THE TIME OF THIS CERTIFICATION

RAILSIDE INDUSTRIAL PARK INC..
OF 4, 4002-9TH AVE N
LETHBRIDGE
ALBERTA T1H 6T8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

ALL THAT PORTION OF THE SOUTH EAST QUARTER OF SECTION THIRTY TWO (32)
TOWNSHIP FORTY SEVEN (47)
RANGE TWENTY FOUR (24)
WEST OF THE FOURTH MERIDIAN
DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF A LINE DRAWN EAST OF, PARALLEL WITH, AND FIFTY (50) FEET PERPENDICULARLY DISTANT FROM THE CENTRE LINE OF THE CALGARY AND EDMONTON RAILWAY, AS SHOWN ON RAILWAY PLAN 7257BF WITH A LINE DRAWN EASTERLY AT RIGHT ANGLES FROM THE SAID CENTRE LINE OF SAID RAILWAY FROM A POINT THEREON WHICH IS DISTANT NORTHERLY EIGHT HUNDRED AND NINETY SEVEN (897) FEET FROM ITS INTERSECTION WITH THE SOUTH LIMIT OF THE SAID QUARTER SECTION MEASURED ALONG SAID CENTRE LINE, THENCE EASTERLY AND AT RIGHT ANGLES FROM SAID CENTRE LINE OF SAID RAILWAY AND ALONG THE SOUTHERLY LIMIT OF THE SATION GROUNDS OF THE CALGARY AND EDMONTON RAILWAY, A DISTANCE OF ONE HUNDRED (100) FEET; THENCE SOUTHERLY PARALLEL WITH THE SAID CENTRE LINE OF SAID RAILWAY A DISTANCE OF TWO HUNDRED (200) FEET, THENCE WESTERLY AT RIGHT ANGLES TO THE SAID CENTRE LINE OF SAID RAILWAY A DISTANCE OF ONE HUNDRED (100) FEET TO THE EASTERLY LIMIT OF THE SAID RIGHT OF WAY, THENCE ALONG THE EASTERLY LIMIT OF THE SAID RIGHT OF WAY A DISTANCE OF TWO HUNDRED (200) FEET, MORE OR LESS TO THE POINT OF COMMENCEMENT

EXCEPTING THEREOUT ALL MINES AND MINERALS

SUBJECT TO THE ENCUMBRANCES,LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-WRITTEN OR ENDORSED HEREON,OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
122 071 556	08/03/2012	MORTGAGE MORTGAGEE - RAILSIDE CAPITAL INC.. #4, 4002 - 9TH AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $34,199,100

(CONTINUED)

Certificate of Title

TITLE NUMBER: 092 410 920

SUPPLEMENTARY INFORMATION
VALUE: $225,000
CONSIDERATION: $225,000
MUNICIPALITY: TOWN OF MILLET
REFERENCE NUMBER:
012 225 795
TOTAL INSTRUMENTS: 001

APPENDIX E

Foundation Place Capital Inc. and Foundation Place Inc.
Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of February 1, 2008 to February 28, 2012
($Cdn, Unaudited)

	Notes	Actual	Expected	Variance
Cash Inflows				
Gross investment from Bondholders	1	8,513,505.00	8,513,505.00	-
Less: various costs		-	-	-
Net investments deposited per bank statement		8,513,505.00	8,513,505.00	-
Loan to Foundation Place Inc.		(5,625,700.00)	(6,541,255.28)	(915,555.28)
Loan from Foundation Place Capital Inc.		5,625,700.00	6,541,255.28	915,555.28
Eyelogic share purchase		600.00	600.00	-
Total Cash Inflows		8,514,105.00	8,514,105.00	-
Cash Outflows				
Investments and Assets				
Purchase of Foundation Land from 1252064 Alberta Ltd.	2	4,420,000.00	4,500,000.00	(80,000.00)
Loan to 1252064 - Haiku Management LP	3	1,562,500.00	-	1,562,500.00
Operating and Administrive Costs				
Commissions		852,000.00	850,500.00	1,500.00
KMC Capital Inc.		47,032.23	47,032.23	-
Project Management - Landstar Teamworks		405,177.17	405,177.17	-
Development costs		559,988.67	559,988.67	-
Alberta and BC securities commission		7,725.76	7,725.76	-
Legal costs		12,089.50	12,089.50	-
Bank charges		1,167.83	1,167.83	-
		7,867,681.16	6,383,681.16	1,484,000.00
Payments to Affiliated Entities and Unknown Transactions				
Non-arms length parties		-	-	
Foundation Capital Corp.		97,540.00	813,461.70	(715,921.70)
Harvest Capital Management Inc.		-	15,000.00	(15,000.00)
1330075 Alberta Ltd.		387,000.00	-	387,000.00
FCC or affiliated entity - Management Fees	4	484,540.00	828,461.70	(343,921.70)
FPI - Unknown disbursements	5	134,001.65	-	134,001.65
		618,541.65	828,461.70	(209,920.05)
Total Cash Outflows		8,486,222.81	7,212,142.86	1,274,079.95
Net Cash Inflows/(Outflows)		**27,882.19**	**1,301,962.14**	**(1,274,079.95)**

Foundation Place Capital Inc. and Foundation Place Inc.
Notes to Summary and Comparison of Actual and Expected Receipts and Disbursements
For the period of February 1, 2008 to February 28, 2012
($Cdn, Unaudited)

1. Agrees to bondholderlisting provided to the Monitor.
2. The Monitor requested a copy of the statement of adjustments and statement of receipts and disbursements on May 16, 2012 to confirm the actual price paid by Foundation. The Monitor has not received these supporting documentations.
3. Based on the limited information provided by Foundation, it appears that Foundation loaned 1252064 Alberta Ltd. ("125") $1,562,500 via payment to Schinnour Matkin Law for the purchase of 50 units of Haiku Management Limtied Partnership. It is our understanding that the units are in the name of 125. The Monitor has requested a complete copy of the Limited Partnership agreement dated January 30, 2009 and an explanation of the transaction. This documentation has not been provided to the Monitor.
4. Expected management fees are calculated at 1% of capital raised and are due on an annual basis. It appears that actual fees paid are less than expected. On April 3, 2008, 1330075 Alberta Ltd. ("133") receives $387,000. Our review of 133's bank statement indicates that on the same day the funds are transferred, a total of $1,629,616 is transferred to an unknown recipient. The Monitor requested supporting documentation on June 4, 2012. The Monitor has not received support for this disbursement.
5. There are three unknown payments paid by FPI which are listed below. The Monitor requested supporting documentation on May 10, 2012. The Monitor has not received support for these disbursements.

31-Mar-10	123,501.65
13-May-11	10,500.00
	134,001.65

APPENDIX F

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0034 298 034	1011477;4;41	101 106 898

LEGAL DESCRIPTION
PLAN 1011477
BLOCK 4
LOT 41
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;24;10;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 101 093 838
081 313 561

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
101 106 898	15/04/2010	PLAN OF SURVEY - NEW TITLE		

OWNERS

FOUNDATION PLACE INC..
OF #4,4002 9TH AVE NORTH
LETHBRIDGE
ALBERTA T1H 6T8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 290 476	05/08/2004	CAVEAT RE : RESTRICTIVE COVENANT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 290 477	05/08/2004	CAVEAT RE : RESTRICTIVE COVENANT
071 434 678	30/08/2007	CAVEAT RE : AGREEMENT OF PURCHASE & SALE , ETC. CAVEATOR - MYLOMAS ENTERPRISES LTD.. 5 201 GRAND BLVD COCHRANE ALBERTA T4C2G4 AGENT - SHELLEY E MABBOTT.
091 091 720	06/04/2009	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - LANDSTAR TEAMWORKS PROJECT MANAGEMENT LTD.. C/O MABBOTT & COMPANY, #5, 201 GRAND BOULEVARD COCHRANE ALBERTA T4C2G4 AGENT - RANDY MABBOTT
091 191 225	07/07/2009	MORTGAGE MORTGAGEE - FOUNDATION PLACE CAPITAL INC.. 4, 4002-9 AVENUE NORTH LETHBRIDGE ALBERTA T1H6T8 ORIGINAL PRINCIPAL AMOUNT: $8,500,000
121 031 424	06/02/2012	CERTIFICATE OF LIS PENDENS BY - LANDSTAR TEAMWORKS PROJECT MANAGEMENT LTD..

TOTAL INSTRUMENTS: 006

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 15 DAY OF MARCH, 2012 AT 09:17 A.M.

ORDER NUMBER:20816442

CUSTOMER FILE NUMBER: 444-V.Smith

REGISTRAR OF LAND TITLES

END OF CERTIFICATE

(CONTINUED)