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COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.
DOCUMENT	**NINETEENTH REPORT OF THE MONITOR** **SEPTEMBER 25, 2013**
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 / Alex Corbett Telephone: 403-206-5067 / (403) 206-5001 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Alex.B.Corbett@ca.ey.com **COUNSEL** McCarthy Tétrault LLP Suite 3300, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone: 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca

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APPENDIX TO THE NINETEENTH REPORT

INTRODUCTION

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

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

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

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

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

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

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

pursuant to the terms of the Legacy and Airdrie Plans, the interim board of directors have been appointed.

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

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

   a) A report of a Material Adverse Change in respect of Railside;

   b) Railside's proposed response to the Material Adverse Change;

   c) A Foundation Place update;

   d) The forecast to actual Foundation Place cash flow results for the period of March 1, 2012 to September 30,2013 (the "Reporting Period");

   e) The Foundation Place cash flow forecast (the "Forecast") from October 1, 2013 to November 30, 2013 (the "FP Forecast Period");

   f) The Railside Forecast from October 1, 2013 to January 31, 2014 (the "Railside Forecast Period");

   g) Foundation Place's request for an extension of the Stay Period;

   h) Railside's request for a reinstatement of the Stay Period; and

   i) The Monitor's recommendations.

10. Capitalized terms not defined in this Nineteenth 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 Nineteenth Report, the Monitor has relied upon unaudited financial information, company records and discussions with former 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.

RAILSIDE MATERIAL ADVERSE CHANGE

14. In order to implement the 2012 Railside Plan in accordance with the Railside Sanction Order and exit the CCAA proceedings, Railside needed to arrange the necessary financing ("Exit Financing").

15. As discussed in the Fourteenth Report, the Monitor was cautiously optimistic that a new debtor-in-possession/exit financing facility (the "New DIP Financing") would be put in place either late 2012 or early 2013.

16. In the spring of 2013 Ernst & Young Inc., as Co-manager of Railside, was able to obtain exit financing from a third party, The Telsec Group ("Telsec"), in the amount of $1.05 million which was the estimated amount of new financing that was needed to fully repay the Railside DIP facility, the outstanding Administrative Charge and certain other expenses.

17. The exit financing proceeds were advanced to Railside on April 26, 2013.

18. Unfortunately due to delays in the timing of the funding of the exit financing along with higher than estimated expenses, the exit financing proceeds were insufficient to fully repay all the necessary expenses of Railside to allow for the implementation of the Railside Plan. The exit financing shortfall is approximately $170,000.

19. The Co-Manager worked with Telsec over the summer of 2013 in an attempt to have them fund the exit financing shortfall. In mid-September 2013 Telsec advised that they would not advance any further funds to Railside.

20. As a result of the inability to obtain additional exit financing proceeds to allow for the implementation of the Railside Plan, the Monitor believes that a material adverse change has occurred in Railside's CCAA proceeding.

RAILSIDE RESPONSE TO MATERIAL ADVERSE CHANGE

a) The Railside Lands consist of two quarter sections of land. To remedy the material adverse change, the Co-manager intends to subdivide one of the two quarter sections into two parcels of approximately 80 acres each (the "Railside Parcels"), market and sell one, and possibly two, of the parcels, and use the proceeds from the sale to:Repay the outstanding exit financing and the remaining professional fees; and

b) Provide Railside with cash to fund ongoing operations of the remaining lands subsequent to the implementation of its Plan of Arrangement.

21. The Co-manager expects that it will likely take many months to complete a sale of one or both parcels and, as such, the implementation of the Railside Plan will likely occur sometime in the first half of 2014.

FOUNDATION PLACE RESTRUCTURING EFFORTS

22. 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 issued notices of disallowance in respect of amended Mylonas claim and the Landstar claim in accordance with the Claims Process Order granted in respect of Foundation Place on July 5, 2012. Mylonas and Landstar disputed the notices of disallowance in accordance with the Claims Process Order. The appeal of the disallowances of the Mylonas and Landstar claims was heard on July 5, 2013. Both the Mylonas and Landstar claims were accepted as having priority to the Foundation Place Capital mortgage by an order granted by this Honourable Court on July 5, 2013.

23. The DIP loan with Azimuth Risk Management Ltd. ("Azimuth") was overdue for many months. As noted in the Eighteenth Report of the Monitor, the Monitor/Co-Manager has been able to reach an extension agreement whereby the DIP Financing has been extended to September 30, 2013 with an initial extension fee of 2% for the extension to September 30, 2013; and should there be further mutually agreed extensions, a 2% extension fee for the commencement of each three month period thereafter.

24. The Co-Manager has sought an extension of the Foundation Place DIP loan to December 31, 2013 and is awaiting the response from Azimuth.

25. The Co-Manager, with assistance of the Foundation Place UCC representatives and an investor (the "FP Investor Group Lead") who indicates that he represents a large number of Foundation Place investors, has been working diligently to find exit financing or a joint venture partner and develop a plan of arrangement.

26. The FP Investor Group Lead has been working with Simmons Financial Holdings Ltd. ("Simmons") regarding a potential joint venture agreement (the "Simmons Joint Venture LOI"). A draft of the terms of the Simmons Joint Venture LOI was circulated to the Co-Manager on September 24, 2013.

27. The Co-Manager is currently negotiating the final terms of the Simmons Joint Venture LOI with Simmons and expects that the Simmons Joint Venture LOI will be executed prior to September 30, 2013. The Co-Manager is optimistic that a fully formalized joint venture agreement can be executed within the next month.

28. Upon a joint venture agreement being achieved Foundation Place will be able to formulate and present a plan of arrangement to its stakeholders.

29. The Monitor understands that counsel for Mylonas and Landstar has indicated that their clients will not be supportive of an extension of the stay period without the initiation of a sales process.

30. The Co-Manager advises that in the event that a formalized joint venture agreement is not achieved by October 31, 2013 then the Co-Manager will immediately make an application for a sale and investor solicitation process to be undertaken for Foundation Place.

FORECAST TO ACTUAL RESULTS

Foundation Place

31. The cash flow forecast to actual presented at Appendix C 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 Place Inc. and Foundation Place Capital Inc.
Cash Flow Forecast to Actual
March 1, 2012 - September 30, 2013

	Forecast	Actual	Variance
Receipts	305,000	279,523	(25,477)
Disbursements	695,740	301,804	393,936
Net Cash Flow	(390,740)	(22,281)	368,459

32. Cash receipts for the Reporting Period were from parking lot revenue and approximately $274,000 of DIP Financing.

33. Operating expenses, which have been incurred but not entirely paid during the Reporting Period, for Foundation Place total approximately $302,000. The positive variance of approximately $393,000 relates primarily to the timing of settlement for and quantum of professional fees in order to conserve cash moving into the Forecast Period.

34. Operating costs have been reduced to zero, with only professional fees and property taxes accruing.

CASH FLOW FORECASTS

Foundation Place

35. The Co-Manager of Foundation Place has prepared the Forecast. The Forecast is based on the most current information available.

36. The table below summarizes the cash flows for Foundation Place for the FP Forecast Period:

Cash Flow Forecast October 1, 2013 - November 30, 2013		
		Foundation Place
Receipts		
Debtor-in-possession financing	$	-
Total receipts	$	-
Disbursements		
Management fees	$	-
Consulting fees		-
Property taxes		-
CCAA professional fees		60,000
Administration Charge offset		(60,000)
Total disbursements	$	-
Net Cash Flows	$	-
Opening Cash	$	6,237
Net Cash Flows		-
Ending Cash	**$**	**6,237**

37. 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.

38. As Foundation Place operates with no cash flow, the professional fees continue to rely on the Administration Charge. Unpaid professional fees currently total approximately $281,000. The current Administration Charge is $300,000 which is insufficient to cover professional fees through the FP Forecast Period. The Co-Manager is seeking an increase in the Administration Charge for Foundation Place to $400,000 (the "FP Revised Administration Charge"). This increase is necessary to complete the Simmons Joint Venture agreement and to allow for a plan to be formulated and presented to Foundation Place's creditors.

39. Significant assumptions with respect to Foundation Place are:

a) Foundation Place has 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;

e) 2013 property taxes were paid in the prior period; and

f) Professional fees relate to the costs of the Monitor and its legal counsel, the Company's legal counsel and the UCC's legal counsel and have been estimated by the Monitor.

40. The Monitor considers the assumptions supporting the Forecasts to be reasonable.

Railside

41. The Co-Manager of Railside has prepared the Forecast. The Forecast is based on the most current information available.

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

Cash Flow Forecast			
October 1, 2013 - January 31, 2014			
			Railside
Receipts			
Debtor-in-possession financing	a		-
Total receipts		$	-
Disbursements			
Consulting fees	b		10,000
Property taxes	c		-
Operating Expenses			1,000
Development costs			1,000
CCAA professional fees	d		60,000
Administration Charge reduction	d		(60,000)
Total disbursements		**$**	**12,000**
Net Cash Flows		**$**	**(12,000)**
Opening Cash		$	36,760
Net Cash Flows			(12,000)
Ending Cash		**$**	**24,760**

43. As summarized above, Railside is projecting no further DIP Financing needs for the Railside 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 part of the Railside lands are sold. Accordingly, no further cash needs are required during the Railside Forecast Period.

44. Significant assumptions with respect to Railside are:

a) Railside has no operating revenues, and no further DIP Financing is available;

b) Certain fees and costs of project manager are still being incurred;

c) Current year property taxes have not been paid due to lack of financial resources;

d) Professional fees relate to the costs of the Monitor and its legal counsel, the Company's legal counsel and the UCC's legal counsel and have been estimated by the Monitor. These fees are offset by the Administrative Charge.

45. The Monitor considers the assumptions supporting the Forecasts to be reasonable.

THE COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY PERIOD

Foundation Place

46. Pursuant to the Orders of this Honourable Court dated June 28, 2013 the Stay Period expires on September 30, 2013 for Foundation Place. Foundation Place is seeking an extension of the Stay Period up to and including November 30, 2013 (the "Stay Extension").

47. The Stay Extension is necessary to allow for the time to reach an executed joint venture agreement with Simmons and prepare a plan of arrangement.

48. In the Monitor's view, Foundation Place is acting in good faith and with due diligence and the extension of the stay of proceedings is warranted.

Railside

49. Pursuant to an Order of this Honourable Court dated January 28, 2013, the Railside Stay Period expired on April 30, 2013. The stay was not extended at that time as its Plan of Arrangement was sanctioned.

50. As a result of the material adverse change, Railside is no longer able to implement the Railside Plan in the near term. As such, a reinstatement of the Railside Stay Period to January 31, 2014 is necessary to allow for Railside to complete the sale of one or two Parcels allowing for the implementation of the Railside Plan.

51. In the Monitor's view, Railside is acting in good faith and with due diligence and the extension of the stay of proceedings is warranted.

MONITOR'S RECOMMENDATION

52. The Monitor recommends that that this Honourable Court approves the:

  a) Foundation Place Stay Extension;

  b) FP Revised Administration Charge; and

  c) Reinstatement of the Railside Stay Period.

Dated at Calgary, this 25th day of September, 2013.

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

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

Alex Corbett, CA, CIRP
Senior Manager

Appendix A

Foundation Capital Inc. and Foundation Place Capital Inc.

Cash Flow Forecast to Actual

March 1, 2012 - September 30, 2013

	Forecast	Actual	Variance
RECEIPTS			
Debtor-in-possession financing	305,000	$ 274,443	$ (30,557)
Parking Lot Revenue	-	5,080	5,080
Total receipts	**305,000**	**279,523**	**(25,477)**
DISBURSEMENTS			
Management fees	65,412	65,412	-
Consulting fees	11,724	11,195	529
Property taxes	59,304	53,299	6,005
Operating Expenses	300	1,754	(1,454)
Appraisals	4,000	2,625	1,375
Eyelogic fees	-	-	-
Development costs	-	-	-
CCAA professional fees	555,000	167,519	387,481
Total disbursements	**$ 695,740**	**$ 301,804**	**$ 393,936**
NET CASH FLOWS	**$ (390,740)**	**$ (22,281)**	**$ 368,459**
OPENING CASH	$ 28,518	$ 28,518	
NET CHANGE IN CASH FLOWS	(390,740)	(22,281)	
ENDING CASH	**$ (362,222)**	**$ 6,237**	