COURT FILE NUMBER	1101-17318	Clerk's Stamp
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	**NINTH REPORT OF THE MONITOR (RAILSIDE & FOUNDATION PLACE)** **JULY 4, 2012**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Cassie Hern Telephone: 403-206-5067 / (403) 206-5005 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Hern@ca.ey.com **COUNSEL** McCarthy Tétrault LLP Suite 3300, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone: 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca	

TABLE OF CONTENTS OF THE NINTH REPORT

APPENDICIES TO THE NINTH 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 ninth report (the "Ninth Report") of the Monitor is to provide this Honourable Court with:

    a) The forecast to actual cash flow results for Railside and Foundation Place for the period of March 1, 2012 to June 30, 2012 (the "Reporting Period");

    b) The cash flow forecasts (the "Forecasts") from July 1, 2012 to September 30, 2012 (the "Forecast Period");

    c) An update on the restructuring efforts for Railside and Foundation Place;

    d) The proposed claims process order and claims bar date for Railside and Foundation Place (the "Claims Process");

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

    f) The Monitor's recommendations.

10. Capitalized terms not defined in this Ninth 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 Ninth 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.

FORECAST TO ACTUAL RESULTS

Railside

14. The cash flow forecast to actual presented at Appendix A contains the cash receipts and disbursements incurred to date for Railside as compared to the cash flow forecast previously provided to this Court in the Third Report of the Monitor dated April 16, 2012.

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

	Forecast	Actual	Variance
Receipts	150,000	150,000	-
Disbursements	387,244	297,038	90,206
Net Cash Flows	(237,244)	(147,038)	(90,206)

15. As expected, the only cash receipt for the Reporting Period was $150,000 of DIP Financing from Azimuth Risk Management Ltd. The total DIP Financing will be advanced by July 13, 2012.

16. Operating expenses, which have been incurred but not entirely paid during the Reporting Period, for Railside total approximately $297,000. The positive variance of approximately $90,000 relates to the timing of settlement for professional fees in order to conserve cash moving into the Forecast Period.

Foundation Place

17. The cash flow forecast to actual presented at Appendix B contains the cash receipts and disbursements incurred to date for Foundation Place as compared to the cash flow

forecast previously provided to this Court in the Third Report of the Monitor dated April 16, 2012.

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

	Forecast	Actual	Variance
Receipts	305,000	305,000	-
Disbursements	315,436	305,561	9,875
Net Cash Flows	(10,436)	(561)	(9,875)

18. As expected, the only cash receipt for the Reporting Period was $305,000 of DIP Financing from Azimuth Risk Management Ltd. The total DIP Financing will be advanced by July 13, 2012.

19. Operating expenses, which have been incurred but not entirely paid during the Reporting Period, for Foundation Place total approximately $306,000. The positive variance of approximately $10,000 relates to the timing of settlement for professional fees in order to conserve cash moving into the Forecast Period.

CASH FLOW FORECAST THROUGH SEPTEMBER 30, 2012

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

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

	Notes	Railside		Foundation Place	
RECEIPTS	a				
Debtor-in-possession financing	b	$	-	$	-
LOC Refund	c		100,000		-
Reduction of Administration Charge	c		(100,000)		-
Total receipts		$	-	$	-
DISBURSEMENTS					
Management fees	d	$	15,000	$	15,000
Consulting fees	e		19,008		-
CCAA professional fees	f		75,000		75,000
Administration Charge offset	f		(75,000)		(75,000)
Total disbursements		**$**	**34,008**	**$**	**15,000**
NET CASH FLOWS		**$**	**(34,008)**	**$**	**(15,000)**
OPENING CASH		$	40,454	$	26,040
NET CHANGE IN CASH FLOWS			(34,008)		(15,000)
ENDING CASH		**$**	**6,446**	**$**	**11,040**

22. As summarized above, Railside is projecting no further DIP Financing needs for the Forecast Period. Cash disbursements of approximately $34,000 are projected, resulting in a net decrease in cash of approximately $34,000 during the Forecast Period.

23. As summarized above, Foundation Place is projecting no further DIP Financing needs for the Forecast Period. Cash disbursements of approximately $15,000 are projected, resulting in a net decrease in cash of approximately $15,000 during the Forecast Period.

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

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

    a) Railside and Foundation Place have no operating revenues;

    b) No further DIP Financing is required;

    c) A letter of credit (the "LOC") was posted to the Town of Millet by 125, prior to Railside and 125 entering proceedings under the CCAA. The LOC was meant to cover reclamation costs of cleaning up the nuisance ground on the Railside land. In June the banking institution pulled the collateral to back the LOC from the Railside account. Railside's counsel is working to resolve the issue with the banking institution. The Monitor also understands that having the Town of Millet is prepared to release the LOC as the cleanup has been completed. The Monitor notes that the receipt of the $100,000 is expected in July 2012;

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

e) Railside Consulting fees relate to the Real Estate Consultant, Noel Winter, and no further Consulting fees are to be paid for Foundation Place; and

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

RESTRUCTURING EFFORTS

Railside

26. The Monitor is currently working with management, the Real Estate Consultant and the UCC to understand the Railside assets and related encumbrances, development opportunities and funding needs that would allow for the preservation of bondholder value.

27. The Monitor understands that Railside shows development potential and that Railside may be in a position to apply for an order approving the circulation of a plan of compromise and arrangement by late August 2012.

Foundation Place

28. The Monitor is currently working with management, the Real Estate Consultant and the UCC to understand the Foundation Place assets and related encumbrances,

development and joint venture opportunities and funding needs that would allow for the preservation of bondholder value.

29. The Monitor expects to provide further reporting on Foundation Place by mid to late July 2012.

PROPOSED CLAIMS PROCESS

Proof of Investment

30. Railside and Foundation Place maintained investor registries for each project. While the Monitor has not traced the funds from each individual investor noted on the investor registries to the specific bank accounts, on an overall basis, the funds received from the investors according to the SUF Report prepared by the Monitor, reconciles with the funds received according to the investor registries.

31. The investor listing for Railside and Foundation Place have been published on the Monitor's website for approximately three months. No inaccuracies have been reported to the Monitor by the investors.

32. The Monitor consulted with the UCC with respect to the reconciliation of the investor registries and that the Monitor could rely on the registries, given the cost associated with a complete reconciliation. The UCC is in agreement with the Monitor's recommendation to use the investor registries.

33. Therefore, at this time the Monitor is not recommending a proof of investment process which would require the investors to prove their investment in Railside and Foundation Place.

34. As discussed below, Railside and Foundation Place investors will receive a notice to creditor ("Notice to Creditor") stating the amount of their claim. If they agree with this amount no further action is required of them. If they do not agree with the Notice of Creditor, they will need to file a proof of claim (the "Proof of Claim") as discussed below.

Claims Process

35. Railside and Foundation Place's counsel has prepared a draft claims process orders seeking approval for a Claims Process by this Honourable Court (the "Railside and Foundation Place Claims Process Orders").

36. The Claims Process as set out in the Railside and Foundation Place Claims Process Orders will establish the amount of claims against Railside and Foundation Place as at the respective filing date of March 21, 2011 (the "Claims").

Notice to File Proof of Claims

37. It is proposed that the Claims Process will follow the timeline identified below:

Milestone	Date
Post forms on the Monitor's website	by July 30, 2012
Mail to all known creditors a Notice to Creditor	by July 30, 2012
Place advertisement in the Calgary Herald	by July 30, 2012
Deadline for creditors to file a Proof of Claim	August 21, 2012
Deadline for creditor to object to the Notice of Dispute	Within 15 days of receipt of the Notice of Dispute
File Notice of Motion and Support with the Court	Returnable within 10 days of written objection

38. The Monitor intends to mail the Notice to Creditor to all known creditors in the format attached to the Railside and Foundation Place Claims Process Orders by July 30, 2012.

39. The Monitor will place an advertisement in the *Calgary Herald,* to serve as notice of the Claims Process, in the format attached to the Railside and Foundation Place Claims Process Orders on or before July 30, 2012.

40. Given the reliance on the Railside and Foundation Place investor registries and that both underlying projects are located just outside the Calgary city limits, the Monitor believes that advertising for claims in the *Calgary Herald* is sufficient in this circumstance.

41. The Monitor will post a copy of the Railside and Foundation Place Claims Process Order, the Notice to Creditor and the Proof of Claim on its website no later than July 30, 2012.

Claims Bar Date

42. It is proposed that any creditor asserting a Claim is required to file a Proof of Claim with the Company, with a copy to the Monitor prior on or before August 21, 2012 (the "Claims Bar Date").

Disputed Claims

43. In the event that a creditor submits a Proof of Claim, the Monitor, in consultation with Railside or Foundation Place, will review the Proof of Claim and provide to the creditor a notice in writing by registered mail, by courier service or by facsimile as to whether the claim set out in the Proof of Claim is accepted, disputed in whole, or disputed in part. Where the claim is disputed in whole or in part, the Monitor, in consultation with Railside or Foundation Place, will issue a notice of dispute ("Notice of Dispute") indicating the reasons for the dispute.

44. The Railside and Foundation Place Claims Process Orders further provides that where a creditor objects to a Notice of Dispute, the creditor must notify Railside or Foundation Place, with a copy to the Monitor, of the objection in writing by registered mail, courier service or facsimile within fifteen days (15) of receipt of the Notice of Dispute. The creditor shall thereafter serve on Railside or Foundation Place, with a copy to the Monitor, a filed Application and supporting affidavit in these CCAA proceedings returnable within ten (10) days after it gave its notice of objection, for the determination by the Court of the claim in dispute.

45. If no objection to the Notice of Dispute is received by Railside or Foundation Place within the required time period, the Claim will be deemed accepted at the amount per the Notice of Dispute.

Comments on the Proposed Claims Process

46. The Monitor is of the view that the time frame for the Claims Process is necessary to:

a) Determine the valid claims against Railside and Foundation Place to allow for the preparation of a plan as soon as possible; and

b) Minimize the costs of these proceedings.

THE COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY PERIOD

47. Pursuant to the Order of this Honourable Court dated June 18, 2012 the Stay Period expires on July 5, 2012 for Railside and Foundation Place.

48. Railside and Foundation Place are seeking an extension of the Stay Period up to and including September 25, 2012 (the "Railside and Foundation Place Stay Extension").

49. The Railside and Foundation Place Stay Extension is necessary to allow Railside and Foundation Place to explore the further possible restructuring alternatives, obtain exit financing, develop a restructuring plan to present to their creditors and conduct the proposed Claims Process.

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

MONITOR'S RECOMMENDATIONS

51. The Monitor recommends that this Honourable Court approve:

a) The proposed Claims Process; and

b) The Railside and Foundation Place Stay Extension.

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

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

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

Cassie Hern, CA
Manager

APPENDIX A

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

	Forecast	Actual	Varaince
RECEIPTS			
Debtor-in-possession financing (Note 2)	150,000	$ 150,000	$ -
Total receipts	**150,000**	**150,000**	-
DISBURSEMENTS			
Management fees	66,668	66,668	-
Consulting fees	48,276	37,037	11,239
Property taxes	43,000	41,942	1,058
Operating Expenses	300	16,955	(16,655)
Appraisals	4,000	4,200	(200)
LOC collateral	-	100,000	(100,000)
Development costs	25,000	236	24,764
CCAA professional fees (Note 1)	200,000	30,000	170,000
Total disbursements	**$ 387,244**	**$ 297,038**	**$ 90,206**
NET CASH FLOWS	**$ (237,244)**	**$ (147,038)**	**$ (90,206)**
OPENING CASH	$ 187,492	$ 187,492	
NET CHANGE IN CASH FLOWS	(237,244)	(147,038)	
ENDING CASH	**$ (49,752)**	**$ 40,454**	

Notes

1 **Professional Fees**	**Invoices**	**WIP**	**Total**
BLG	$ 84,734	$ 85,000	$ 169,734
EY	61,727	10,000	71,727
McCarthy	10,069	2,000	12,069
FMC	25,200	33,000	58,200
SMBP	2,025	-	2,025
			313,754
Covered by current funding			30,000
Covered by LOC refund in July			100,000
Covered by Administration Charge			$ 183,754
Forecast through September 2012			75,000
Total Administration Charge			$ 258,754

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

APPENDIX B

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

	Forecast	Actual	Varaince
RECEIPTS			
Debtor-in-possession financing (Note 2)	305,000	$ 305,000	$ -
Total receipts	**305,000**	**305,000**	-
DISBURSEMENTS			
Management fees	65,412	65,412	-
Consulting fees	11,724	8,783	2,941
Property taxes	34,000	27,995	6,005
Operating Expenses	300	746	(446)
Appraisals	4,000	2,625	1,375
Eyelogic fees	-	-	-
Development costs	-	-	-
CCAA professional fees (Note 1)	200,000	200,000	-
Total disbursements	**$ 315,436**	**$ 305,561**	**$ 9,875**
NET CASH FLOWS	**$ (10,436)**	**$ (561)**	**$ (9,875)**
OPENING CASH	$ 26,601	$ 26,601	
NET CHANGE IN CASH FLOWS	(10,436)	(561)	
ENDING CASH	**$ 16,165**	**$ 26,040**	

Notes

1 **Professional Fees**	**Invoices**	**WIP**	**Total**
BLG	$ 84,733	$ 45,000	$ 129,733
EY	55,616	10,000	65,616
McCarthy	10,069	2,000	12,069
FMC	25,200	33,000	58,200
SMBP	2,025	-	2,025
			$ 267,643
Covered by current funding			$ 200,000
Covered by Administration Charge			$ 67,643
Forecast through September 2012			75,000
Total Administration Charge			$ 142,643

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

APPENDIX C

Railside Capital Inc. and Railside Industrial Park Inc.
Cash Flow Forecast
July 1, 2012 - September 30, 2012

		Railside (Note 1)			
	Notes	**July 1-31, 2012**	**August 1-31, 2012**	**September 1-30, 2012**	**Total**
RECEIPTS	2				
Debtor-in-possession financing	3	-	-	-	-
LOC Refund	4	100,000	-	-	100,000
Reduction of Administration Charge	4	(100,000)	-	-	(100,000)
Total receipts		**$ -**	**$ -**	**$ -**	**$ -**
DISBURSEMENTS					
Management fees	4	5,000	5,000	5,000	15,000
Consulting fees	5	6,336	6,336	6,336	19,008
CCAA professional fees	6	25,000	25,000	25,000	75,000
Administration Charge offset	7	(25,000)	(25,000)	(25,000)	(75,000)
Total disbursements		**$ 11,336**	**$ 11,336**	**$ 11,336**	**34,008**
NET CASH FLOWS		**$ (11,336)**	**$ (11,336)**	**$ (11,336)**	**$ (34,008)**
OPENING CASH		$ 40,454	$ 29,118	$ 17,782	$ 40,454
NET CHANGE IN CASH FLOWS		(11,336)	(11,336)	(11,336)	(34,008)
ENDING CASH		**$ 29,118**	**$ 17,782**	**$ 6,446**	**$ 6,446**

Notes and Assumptions

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

APPENDIX D

Foundation Capital Inc. and Foundation Place Capital Inc.
Cash Flow Forecast
July 1, 2012 - September 30, 2012

	Notes	Foundation Place (Note 1) July 1-31, 2012	August 1-31, 2012	September 1-30, 2012	Total
RECEIPTS	2				
Debtor-in-possession financing	3	-	-	-	-
Total receipts		-	-	-	-
DISBURSEMENTS					
Management fees	4	5,000	5,000	5,000	15,000
Consulting fees	5	-	-	-	-
CCAA professional fees	6	25,000	25,000	25,000	75,000
Administration Charge offset	7	(25,000)	(25,000)	(25,000)	(75,000)
Total disbursements		**$ 5,000**	**$ 5,000**	**$ 5,000**	**$ 15,000**
NET CASH FLOWS		**$ (5,000)**	**$ (5,000)**	**$ (5,000)**	**$ (15,000)**
OPENING CASH		$ 26,040	$ 21,040	$ 16,040	$ 26,040
NET CHANGE IN CASH FLOWS		(5,000)	(5,000)	(5,000)	(15,000)
ENDING CASH		**$ 21,040**	**$ 16,040**	**$ 11,040**	**$ 11,040**

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 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