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	**SIXTH REPORT OF THE MONITOR** **JUNE 6, 2012**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Cassie Hern Telephone: 403-206-5067/ 403-206-5005 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Hern@ca.ey.com **COUNSEL** McCarthy Tétrault LLP Suite 3300, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone: 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca

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APPENDICIES TO THE SIXTH 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. The purpose of this sixth report (the "Sixth Report") of the Monitor is to provide this Honourable Court with the Monitor's comments in respect of the following:

a) Activities of the Monitor since the Fifth Report;

b) The plans of arrangement (the "Plans") filed in these CCAA Proceedings by Legacy and Airdrie;

c) The Monitor's analysis of the Plans;

d) The short term cash flow forecasts (the "Short Term Forecasts") from June 1, 2012 to December 31, 2012 (the "Short Term Forecast Period");

e) The additional short term exit financing ("Short Term Exit Financing") needs;

f) The long term cash flow forecasts (the "Long Term Forecasts") from January 1, 2013 to June 30, 2015 (the "Long Term Forecast Period");

g) The additional long term exit financing ("Long Term Exit Financing") needs;

h) Legacy and Airdrie's request for an extension to the Stay Period; and

i) The Monitor's recommendations.

9. Capitalized terms not defined in this Sixth Report are as defined in the Initial Order.

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

BACKGROUND

11. Background for the Debtors and their operations is contained in the materials filed in support of the application for the Initial Order and these documents, together with other information regarding this CCAA proceeding, have been posted by the Monitor on its website at: www.ey.com/ca/foundationgroup.

TERMS OF REFERENCE

12. In preparing this Sixth Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Companies. 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.

ACTIVITIES OF THE MONITOR SINCE THE FIFTH REPORT

Directors Solicitation Process

13. On May 31, 2012 this Honourable Court granted an Order allowing the Monitor to solicit nominees to serve as the interim directors ("Interim Directors") for each of Legacy and Airdrie in the event their plans of arrangement are approved by the affected creditors and implemented.

14. The Monitor mailed, by regular mail, a copy of the Directors Solicitation Process to all of the Legacy and Airdrie creditors on June 1, 2012.

15. The Directors Solicitation Process calls for nominations to be put forth to the Monitor by no later than June 14, 2012. The Monitor, with input from the UCC and Legacy and Airdrie management, will select a slate of five Interim Directors to serve on each respective board of Legacy and Airdrie. The slates will be posted on the Monitor's web site on or before June 18, 2012.

125, 133 & HCMI Loan Negotiations

16. As part of the Monitor's expanded powers granted by this Honourable Court on May 12, 2012, the Monitor was given authority to negotiate repayment terms on behalf of the Debtors for any claims the Companies have against 125, 133 and HCMI.

17. After reviewing the total assets and liabilities of 125, 133 and HCMI, the Monitor has determined that it is unworkable for 125, 133 and HCMI to make any distributions to unsecured creditors, including the Debtors, until each of them have completed a claims process under an insolvency proceeding.

18. The Monitor understands that 125, 133 and HCMI have filed materials seeking protection under the CCAA in order to permit them the time to develop a realization strategy for their assets and complete a claims process.

LEGACY AND AIRDRIE PLANS OF ARRANGEMENT

Overview

19. The Legacy and Airdrie Plans are separate and distinct Plans which provide for an arrangement and compromise of their respective debts. Given that the Plans are similar in construct, timing and affect, the Monitor has provided a joint analysis of both Plans to avoid duplication of commentary in this Sixth Report.

20. The purpose of the Legacy Plan is to restructure Legacy's debt and allow it time and financing to enable it to hold the Legacy Lands (as defined in the Legacy Plan) and advance their development over a period of approximately three years following the implementation of the Legacy Plan, with a view to maximizing creditors' recovery from the anticipated appreciation in value of the Legacy Lands.

21. The purpose of the Airdrie Plan is to restructure ACC's debt and allow it time and financing to enable it to hold the Airdrie Lands (as defined in the Airdrie Plan) and advance their development over a period of approximately three years following the implementation of the Airdrie Plan, with a view to maximizing creditors' recovery from the anticipated appreciation in value of the Airdrie Lands.

22. There will also be a reorganization of each of the corporate structures of Legacy and Airdrie such that Creditors, who will become the only shareholders, will be

entitled to exercise the normal rights of shareholders in electing directors of Legacy and Airdrie and to vote on matters of corporate significance.

23. The Monitor understands that under the Plans the following would take effect:

a) The Creditors will be the only shareholders of the restructured Legacy and Airdrie entities;

b) Legacy and Airdrie will both 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 June 30, 2015) and new shares ("New Shares") of Legacy or Airdrie;

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) It is expected that the New Bonds and New Shares will be RRSP eligible;

g) Management services, including accounting, investor relations and control of funds, will be provided by Ernst & Young Inc. on an interim, month-to-month basis after plan implementation to allow time for the Interim Directors to select a new manager/management firm ("New Management"); 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.

New Management

24. The Monitor, in conjunction with the UCC, is developing a request for proposal process (the "Manager RFP Process") to allow for the selection a new management team by the Interim Directors. The Monitor expects that the Manager RFP Process will begin mid-June and, if the Plans are implemented the respective Interim Directors will complete the Manager RFP Process.

25. The Manager RFP Process is being launched prior to the Plans being implemented in order to reduce the time period for the Interim Directors to install new management.

Claims of Creditors

26. The Plans effect a compromise and arrangement of claims of the creditors of Legacy and Airdrie ("Claims"). Claims as defined in the Plans include creditors with Proven Claims and Disputed Claims (both as defined and described below) and exclude Unaffected Claims (as defined below).

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

28. Disputed claims ("Disputed Claims") comprise claims that are not allowed or otherwise settled in accordance with the 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

29. Unaffected claims include:

    a) Claims of 1109211 Alberta Ltd. as it is a wholly-owned subsidiary of Legacy;

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

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

d) Certain Claims of the Crown (as described in the Plans);

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

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 Legacy or Airdrie are covered by insurance, but only to the extent of such insurance coverage.

Classes

30. The Plans contemplates a single class of Creditors.

The Proposed Creditors' Meeting Order

31. Legacy and Airdrie are seeking Court approval of a proposed Creditors' Meeting Order (the "CMO"). The CMO proposes, *inter alia*:

a) The Creditors' Meetings shall be held on Thursday, June 28, 2012 at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta, at 9:30 a.m. (Calgary time) for Legacy and at 11:00 a.m. (Calgary time) for Airdrie;

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

c) The Monitor shall send, by June 12, 2012, to all Creditors who are eligible to vote at the Meetings the following documents, including: (a) the Plan; (b) Notice of Meeting (c) a Proxy; (d) a copy of the Monitor's Report on the Plan; (e) a copy of the Creditor's Meeting Order; and (f) the Information Circular (collectively, the "Meeting Materials"); and

d) In the event the Plans are approved by the Required Majority of the Creditors, Legacy and Airdrie may bring motions to this Court seeking an order sanctioning their Plan (the "Final Sanction Order").

Claims Process Update

32. Two miscalculations occurred during the calculation of accrued interest for the Legacy and Airdrie Claims. The miscalculations were as follows:

a) The interest calculation for Legacy bondholders who purchased bonds prior to January 1, 2007 did not include any interest from their date of closing to December 31, 2006, therefore 287 Legacy claims were understated by approximately $382,000; and

b) The interest calculation for a number of Legacy and Airdrie bondholders was miscalculated as the result of the closing dates being transposed. For example, if a bondholder had a closing date of March 7, 2007, interest for their bond was being calculated using a July 3, 2007 date. As a result, 284 Legacy claims were understated by approximately $11,500 and 236 Airdrie claims were understated by approximately $63,500.

33. Of the 571 Legacy bondholders affected by the above miscalculations only 8 filed proofs of claims in this regard, and of the 236 Airdrie bondholders affected only 4 filed proofs of claims in this regard.

34. The Monitor proposes that all 571 Legacy bondholder claims and 236 Airdrie bondholder claims affected by the miscalculations be allowed to be adjusted for the correct amount. These claims are referred to as the "Adjusted Claims".

35. Below is a breakdown of the Proven Claims (after taking into account the Adjusted Claims) for both Legacy and Airdrie, respectively, which will be considered the Proven Claims eligible to vote at the Creditor's Meetings.

		Legacy		Airdrie
Bondholder Claims	$	44,886,783	$	19,568,703
Eyelogic Systems Inc	$	137,366	$	60,198
	$	45,024,149	$	19,628,901

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

Distributions under the Plans

37. The Plans contemplates that the Unaffected Creditors will be paid out of the Short Term Exit Financing.

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

39. The 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). Unclaimed distributions will be discharged and forever barred if unclaimed for six months after plan implementation.

Voting

40. The only persons entitled to vote on the Plans are Creditors with a Proven Claims. Disputed Claims will become Proven Claims to the extent they are proven or allowed before the Creditors' Meetings.

41. 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.

42. Each Creditor having a Proven Claim shall be entitled to attend and vote at the Creditors' Meetings. For the purposes of calculating the majority component of the Required Majority (as defined in the Plans), each Creditor who actually votes (in person or by proxy) 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 Claims Process Order.

Conditions Precedent to Implementation of the Plans

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

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

b) The Plans shall be approved by the Required Majority of Creditors;

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

d) All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable by Legacy and Airdrie shall have been obtained; and

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

Plan Implementation

44. Based on the timing of the Creditors' Meetings, the Monitor expects that the Plans will be implemented in early July 2012, with the distribution of the new securities shortly thereafter.

MONITOR'S ANALYSIS OF THE PLANS

Overview

45. Legacy and Airdrie's management has indicated that there are no other viable options available to restructure other than that proposed in the Plans and that the only other alternative would be a formal liquidation under the *Bankruptcy and Insolvency Act*. The Monitor is also of the view that there are no other viable options under the circumstances.

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

47. A condition of the Plans is that Creditors must approve the Plans by a majority in number and two-thirds in value of the creditors present either by proxy or by person, and the Plans must be accepted and approved by the Court. If the Plans are not accepted by the Creditors, the likely result would be bankruptcy proceedings.

Creditor Analysis

Legacy Plan

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

Legacy Communites Inc.
Liqidation Analysis

	Notes	Plan High	Plan Low	Liquidation High	Liquidation Low
Distributable Funds					
Land Proceeds	a	30,890,000	17,761,700	17,761,700	15,249,300
less: Option Purchase	b	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)
Water Rights-ALLAN	c	6,250,000	-	6,250,000	-
less: Balance on Transfer	c	(887,500)	-	(887,500)	-
Water Rights-GRANUM	d	2,300,000	-	2,300,000	-
less: Balance on Transfer	d	(125,000)	-	(125,000)	-
Inter-company Loan Realization	e	unknown	unknown	unknown	unknown
Managment Fee Recovery	f	-	-	-	-
Net Proceeds		29,427,500	8,761,700	16,299,200	6,249,300
Total Distributable Funds	g	29,427,500	8,761,700	17,126,425	6,566,468
Secured Charges					
1st Mortgage plus interest	h	4,014,400	4,014,400	-	-
DIP Financing	i	-	-	822,280	822,280
Administration Charge	j	-	-	325,000	325,000
Selling Costs	k	951,700	557,851	557,851	482,479
Total Secured Charges		4,966,100	4,572,251	1,705,131	1,629,759
Available to Creditors		24,461,400	4,189,449	15,421,294	4,936,708
Claims					
Proven Claims		45,024,149	45,024,149	45,024,149	45,024,149
Total Claims		45,024,149	45,024,149	45,024,149	45,024,149
Recovery		54%	9%	34%	11%
		32%		23%	

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

a) Land proceeds under the liquidation scenario are based on the values in the current appraisals and under the Legacy Plan are based on estimates, from current Legacy real estate consultants, of the projected land values after the proposed holding period. No independent appraisals of these values are available;

b) $9 million is needed to purchase the remaining Option Lands;

c) The Allan water rights at a high could sell for as much as $12,500 per acre foot, based on recent transactions in the area, less the remaining balance due of $887,500;

d) The Granum water rights at a high could sell for as much as $12,500 per acre foot, based on recent transactions in the area, less the remaining balance due of $125,000;

e) Until a fulsome claims process and realization strategy are in place for 125, 133 and HCMI, it is unknown at this point what the realization would be on the inter-company loans;

f) Management fee recoveries are estimated at zero as the Monitor has no certainty at this point in time of what amounts, if any, are recoverable;

g) 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 and water rights;

h) 1st Mortgage payout assumes simple interest at 5%;

i) DIP Financing includes both the HCMI and Azimuth DIP plus an estimate of applicable interest and fees;

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

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

50. The Monitor's above analysis of the recoveries to the Creditors indicates that under the Legacy Plan, Creditors could receive between 9% and 54% of their respective claims. Under the liquidation scenario, the estimated recoveries would be reduced to 11% to 34%. The variance between the Legacy Plan recoveries and the liquidation scenario relates to the potential for increased land values over the holding period. Under the Plan scenario actual recoveries may vary materially from the foregoing if land values do not increase as anticipated by the Companies' management and consultants.

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

Airdrie Plan

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

Airdrie Capital Corporation and Airdrie Country Estates Inc.
Liqidation Analysis

		Plan		Liquidation	
	Notes	High	Low	High	Low
Distributable Funds					
Land Proceeds	a	12,800,000	4,800,000	4,800,000	4,000,000
Managment Fee Recovery	b	-	-	-	-
Total Proceeds		12,800,000	4,800,000	4,800,000	4,000,000
Total Distributable Funds	c	12,800,000	4,800,000	5,043,612	4,203,010
Secured Charges					
1st Mortgage plus interest	d	2,421,500	2,421,500	-	-
DIP Financing	e	-	-	560,485	560,485
Administration Charge	f	-	-	325,000	325,000
Selling Costs	g	409,000	169,000	169,000	145,000
Total Secured Charges		2,830,500	2,590,500	1,054,485	1,030,485
Available to Creditors		9,969,500	2,209,500	3,989,127	3,172,525
Claims					
Creditors		19,628,901	19,628,901	19,628,901	19,628,901
Total Claims		19,628,901	19,628,901	19,628,901	19,628,901
Recovery		51%	11%	20%	16%
		31%		18%	

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

a) Land proceeds under the liquidation scenario are based on the values in the current appraisals and under the Airdrie Plan are based on estimates, from current Airdrie real estate consultants, of the projected land values after the proposed holding period. No independent appraisals of these values are available;

b) Management fee recoveries are estimated at zero as the Monitor has no certainty at this point in time of what amounts, if any, are recoverable;

c) 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;

d) 1st Mortgage payout assumes simple interest at 5%;

e) DIP Financing includes both the HCMI and Azimuth DIP plus an estimate of applicable interest and fees;

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

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

54. The Monitor's above analysis of the recoveries to the Creditors indicates that under the Airdrie Plan, Creditors could receive between 11% and 51% of their respective claims. Under the liquidation scenario, the estimated recoveries would be reduced to 16% to 20%. The variance between the Airdrie Plan recoveries and the liquidation scenario relates to the potential for increased land values over the holding period. Under the Plan scenario actual recoveries may vary materially from the foregoing if land values do not increase as anticipated by the Companies' management and consultants.

55. The recoveries under the Airdrie Plan assume that the assets will be held for the entire three years of the New Bonds. If at any point during those three years it becomes advantageous to sell some or all of the assets, in order to reduce interest and other carrying costs, it can be accomplished under the new corporate

structure. If all or substantially all of the properties are sold, then shareholder approval is required.

56. The Monitor also notes that the liquidation analyses above for Legacy and Airdire do 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

57. The Monitor considers the Plans to be fair and reasonable as the Creditors are projected to receive a greater recovery than under the alternative (i.e. a formal liquidation). The mid-point recovery under the Legacy Plan is 32% compared to the mid-point under liquidation of 23%. The mid-point recovery under the Airdrie Plan is 31% compared to the mid-point under liquidation of 18%. In addition, the Monitor believes it is reasonable for the Creditors to form one class under each Plan.

58. The feedback and input the Monitor has received from investors supports avoiding a liquidation event in hopes of an increased recovery as a result of increased land values.

SHORT TERM CASH FLOW FORECAST THROUGH DECEMBER 31, 2012

59. Legacy and Airdrie, with the assistance of the Monitor, have prepared Short Term Forecasts for the Short Term Forecast Period which are attached to this report as Appendix A and B, respectively. The Short Term Forecasts have been prepared based on the most current information available.

60. The table below summarizes the cash flows for the Short Term Forecast Period:

	Notes	Jun 1, 2012 - Dec 31, 2012 Legacy	Airdrie
RECEIPTS	a		
Short Term Exit Financing	b	1,480,000	1,150,000
Total receipts		**1,480,000**	**1,150,000**
DISBURSEMENTS			
DIP repayment	c	822,280	560,485
Management fees	d	91,000	51,311
Consulting fees	e	28,000	12,000
Development costs	f	55,000	55,000
Rent and overhead costs	g	10,000	7,500
Insurance - property	h	5,000	5,000
Insurance - D&O	i	10,000	10,000
Legal fees	j	50,000	15,000
Compliance/Governance	k	25,000	25,000
CCAA professional fees	l	375,000	375,000
Contingency	m	50,000	50,000
Total disbursements		**$ 1,521,280**	**$ 1,166,296**
NET CASH FLOWS		(41,280)	(16,296)
OPENING CASH	n	42,234	20,043
NET CHANGE IN CASH FLOWS		(41,280)	(16,296)
ENDING CASH		**$ 954**	**$ 3,747**

61. As summarized above, Legacy is projecting Short Term Exit Financing needs of approximately $1.48 million to December 31, 2012 against cash disbursements of approximately $1.52, resulting in a net decrease in cash of approximately $41,000 during the Short Term Forecast Period.

62. As summarized above, Airdrie is projecting Short Term Exit Financing needs of approximately $1.15 million to December 31, 2012 against cash disbursements of approximately $1.17, resulting in a net increase in cash of approximately $16,000 during the Short Term Forecast Period.

63. The Monitor has reviewed the assumptions supporting the Short Term Forecasts and believes the assumptions to be reasonable.

64. Significant assumptions made by management with respect to the Short Term Forecasts are:

   a) Legacy and Airdrie have no operating revenues;

b) Short Term Exit Financing for Legacy and Airdrie have not be fully ascertained, however, the Monitor is advised that Azimuth Risk Management Ltd. expects that it will be able to provide the Short Term Exit Financing;

c) The Short Term Exit Financing needs includes an conversion of the current DIP Financing, plus fees and interest, to a 1st Mortgage (defined and discussed below) plus additional financing needs of approximately $658,000 for Legacy and $590,000 for Airdrie;

d) Management fees for a new manager after plan implementation based on $180,000 and $120,000 per annum for Legacy and Airdrie, respectively, including project development, investor relations and accounting;

e) Consulting fees relate to the fees of Noel Winter;

f) Development costs consist of concept plan submission, environmental assessments and holding costs;

g) Rent and operating expenses are based on $20,000 and $15,000 per annum for Legacy and Airdrie, respectively;

h) Property Insurance is based on $5,000 per annum;

i) Directors' and Officers' Liability Insurance is based on $10,000 per annum;

j) Legal fees are estimated to be $50,000 for Legacy and $15,000 for Airdrie for the remainder of 2012;

k) Compliance and governance costs are estimated for audit work and investor reporting;

l) Estimated professional fees covered under Administration Change, and include Ernst & Young to act as interim management until the New Board can select a new manager;

m) A contingency of $50,000 for unexpected costs; and

n) There were no additional expenditures between May, 25, 2012 and June 5, 2012, therefore opening cash is based on the ending cash reported in the Monitor's Fifth Report.

SHORT TERM EXIT FINANCING

65. In order to allow the Interim Directors sufficient time to secure Long Term Exit Financing, discussed in further detail below, the Monitor has been negotiating with the current DIP Lenders, HCMI and Azimuth Risk Management Ltd., to roll their current DIP Financing into a first priority mortgage ("1st Mortgage") upon Plan Implementation.

66. In addition, Azimuth is considering extending their current DIP Financing terms and funding the additional Short Term Exit Financing as part of the 1st Mortgage.

67. The general Short Term Exit Financing terms are being negotiated with Azimuth are summarized as follows:

a) A commitment fee of 2% on all new advances;

b) An annual interest rate of 11%; and

c) Term to December 31, 2012.

68. Upon Plan Implementation the 1st Mortgage for HCMI and Azimuth for each project are summarized below:

	HCMI DIP		Interest and Fees		Azimuth DIP		Interest and Fees		Total 1st Mortgage
Legacy	$	168,170	$	5,886	$	618,830	$	29,394	$ 822,280
Aidrie		161,830		5,664		375,170		17,821	560,485
	$	**330,000**	**$**	**11,550**	**$**	**994,000**	**$**	**47,215**	**$ 1,382,765**

69. Accordingly, the Monitor considers the conversion of the current DIP Financing and the additional Short Term Exit Financing to be reasonable and necessary in order to provide the Interim Directors sufficient time to secure Long Term Exit Financing.

LONG TERM CASH FLOW FORECAST THROUGH JUNE 30, 2015

70. Legacy and Airdrie, with the assistance of the Monitor, have prepared Long Term Forecasts for the Long Term Forecast Period which are attached as Appendix C and D, respectively. The Long Term Forecasts have been prepared based on the most current information available.

71. The table below summarizes the cash flows for the Long Term Forecast Period:

	Notes	Jan 1, 2013 - Jun 30, 2015 Legacy	Airdrie
RECEIPTS	a		
Long Term Exit Financing	b	3,269,700	2,205,750
Total receipts		**3,269,700**	**2,205,750**
DISBURSEMENTS			
1st Mortgage Repayment	c	1,591,273	1,237,483
Interest on Exit Financing	d	744,700	215,750
Management fees	e	450,000	300,000
Property taxes	f	24,000	6,000
Development costs	g	125,000	125,000
Appraisals	h	15,000	15,000
Rent and overhead costs	i	50,000	37,500
Insurance - property	j	15,000	15,000
Insurance - D&O	k	30,000	30,000
Legal fees	l	75,000	75,000
Compliance/Governance	m	75,000	75,000
Contingency	n	75,000	75,000
Total disbursements		**$ 3,269,973**	**$ 2,206,733**
NET CASH FLOWS		(273)	(983)
OPENING CASH		954	3,747
NET CHANGE IN CASH FLOWS		(273)	(983)
ENDING CASH		**$ 680**	**$ 2,764**

72. As summarized above, Legacy is projecting Long Term Exit Financing needs of approximately $3.27 million to June 30, 2015 against cash disbursements of approximately $3.27 million during the Long Term Forecast Period.

73. As summarized above, Airdrie is projecting Long Term Exit Financing needs of approximately $2.2 million to June 30, 2015 against cash disbursements of approximately $2.2 million during the Long Term Forecast Period.

74. The Monitor has reviewed the assumptions supporting the Long Term Forecasts and believes the assumptions to be reasonable.

75. Significant assumptions made by management with respect to the Long Term Forecasts are:

    a) Legacy and Airdrie have no operating revenues;

b) Long Term Exit Financing for Legacy and Airdrie have not been ascertained, the Interim Directors will have to undertake securing this financing;

c) The 1st Mortgage repayment includes principle amount plus fees and interest;

d) Management fees include fees for HCMI for June and for a new manager after plan implementation based on $180,000 and $120,000 per annum for Legacy and Airdrie, respectively, including investor relations and accounting;

e) Property taxes are based on prior year assessments;

f) Development costs consist of engineering and holding costs;

g) Annual appraisal costs are based on recent appraisal costs;

h) Rent and operating expenses are based on $20,000 and $15,000 per annum for Legacy and Airdrie, respectively;

i) Property Insurance is based on $5,000 per annum;

j) Directors' and Officers' Liability Insurance is based on $10,000 per annum;

k) Legal fees are estimated at $25,000 per annum;

l) Compliance and governance costs are estimated for audit work and investor reporting; and

m) A contingency of $25,000 per annum for unexpected costs.

LONG TERM EXIT FINANCING

76. Based on the Long Term Forecasts, it is estimated that the Interim Directors for Legacy and Airdrie will be required to secure Long Term Exit Financing of

approximately \$3.27 million and \$2.2 million, respectively. These amounts do not include interest and fees as these terms are not known.

77. The Interim Directors will have until December 31, 2012 to secure this funding, and would be able to run a fulsome process in order to secure the most reasonable financing terms available to them.

LEGACY AND AIRDRIE'S REQUEST FOR A STAY EXTENSION

78. Pursuant to the Order of this Honourable Court dated May 31, 2012 the Stay Period expires on June 8, 2012 for Legacy and Airdrie.

79. Legacy and Airdrie are seeking an extension of the Stay Period up to and including July 13, 2012 (the "Legacy and Airdrie Stay Extension").

80. The Legacy and Airdrie Stay Extension is necessary to allow Legacy and Airdrie to, upon approval by this Honourable Court, to hold the Creditor's Meetings and vote on the Plans. Assuming the Plans are approved by the Creditors, the Legacy and Airdrie Stay Extension would allow sufficient time to implement the Plans, upon approval by this Honourable Court.

81. In the Monitor's view, Legacy and Airdrie are acting in good faith and with due diligence.

RECOMMENDATIONS

82. The Monitor recommends that this Honourable Court approve:

   a) The Adjusted Claims;

   b) The CMO which effectively provides that Legacy and Airdrie be allowed to circulate their Plans and related Meeting Materials to their Creditors for the purposes of allowing the Creditors to vote on the Plans; and

   c) The Legacy and Airdrie Stay Extension.

Dated at Calgary, this 6th 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.
Cash Flow Forecast
June 5, 2012 - December 31, 2012

	Notes	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
		Legacy Communities Inc.							
RECEIPTS	1								
Short Term Exit Financing	2	$ 320,000	$ 925,000	$ 70,000	$ 115,000	$ 20,000	$ 15,000	$ 15,000	$ 1,480,000
Total receipts		**$ 320,000**	**$ 925,000**	**$ 70,000**	**$ 115,000**	**$ 20,000**	**$ 15,000**	**$ 15,000**	**$ 1,480,000**
DISBURSEMENTS									
DIP repayment	3	$ -	$ 822,280	$ -	$ -	$ -	$ -	$ -	$ 822,280
Management fees	4	21,000	-	10,000	15,000	15,000	15,000	15,000	91,000
Consulting fees	5	14,000	7,000	7,000	-	-	-	-	28,000
Development costs	6	-	5,000		50,000	-	-	-	55,000
Rent and overhead costs	7	-	1,667	1,667	1,667	1,667	1,667	1,667	10,000
Insurance - property	8	-	5,000	-	-	-	-	-	5,000
Insurance - D&O	9	-	10,000	-	-	-	-	-	10,000
Legal fees	10	-	-	-	50,000	-	-	-	50,000
Compliance/Governance	11	-	-	25,000	-	-	-	-	25,000
CCAA professional fees	12	325,000	25,000	25,000	-	-	-	-	375,000
Contingency	13	-	50,000	-	-	-	-	-	50,000
Total disbursements		**$ 360,000**	**$ 925,947**	**$ 68,667**	**$ 116,667**	**$ 16,667**	**$ 16,667**	**$ 16,667**	**$ 1,521,280**
NET CASH FLOWS		**$ (40,000)**	**$ (947)**	**$ 1,333**	**$ (1,667)**	**$ 3,333**	**$ (1,667)**	**$ (1,667)**	**$ (41,280)**
OPENING CASH		$ 42,234	$ 2,234	$ 1,287	$ 2,620	$ 954	$ 4,287	$ 2,620	$ 42,234
NET CHANGE IN CASH FLOWS		(40,000)	(947)	1,333	(1,667)	3,333	(1,667)	(1,667)	(41,280)
ENDING CASH		**$ 2,234**	**$ 1,287**	**$ 2,620**	**$ 954**	**$ 4,287**	**$ 2,620**	**$ 954**	**$ 954**

Notes and Assumptions

1 Legacy Communities has no operating revenues
2 Short term exit financing provided by Azimuth Risk Management Ltd.
3 DIP financing being converted into a 1st mortgage position
4 Management fees for HCMI for June and for a new manager after plan implementation based on $180,000 per annum including investor relations and accounting
5 Reduction in consulting services assumed for July 2012
6 Develpoment costs consist of concept plan submission, environmental assessments and holding costs
7 Assuming $20,000 per annum for new location
8 Property insurance based on $5,000 per annum
9 Directors and Officers Liabilitiy Insurance based on $10,000 per ammun
10 Estimated legal fees
11 Annual compliance and governance cost re: audit based on $25,000 per annum
12 Estimated professional fees covered under Administration Change, including Ernst & Young to act as interim management until the Board can select a new manager
13 Coningency for unexpected costs
14 There were no additional expenditures between May, 25, 2012 and June 5, 2012, therefore opening cash is based on the ending cash reported in the Monitor's Fifth Report.

APPENDIX B

Airdrie Capital Corporation and Airdrie Country Estates Inc.
Cash Flow Forecast
June 5, 2012 - December 31, 2012

	Notes	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
		Airdrie Capital Corporation and Airdrie Country Estates Inc.							
RECEIPTS	1								
Short Term Exit Financing	2	$ 320,000	$ 660,000	$ 60,000	$ 75,000	$ 10,000	$ 15,000	$ 10,000	$ 1,150,000
Total receipts		**$ 320,000**	**$ 660,000**	**$ 60,000**	**$ 75,000**	**$ 10,000**	**$ 15,000**	**$ 10,000**	**$ 1,150,000**
DISBURSEMENTS									
DIP repayment	3	$ -	$ 560,485	$ -	$ -	$ -	$ -	$ -	$ 560,485
Management fees	4	6,311	-	5,000	10,000	10,000	10,000	10,000	51,311
Consulting fees	5	6,000	3,000	3,000	-	-	-	-	12,000
Development costs	6	-	5,000		50,000	-	-	-	55,000
Rent and overhead costs	7	-	1,250	1,250	1,250	1,250	1,250	1,250	7,500
Insurance - property	8	-	5,000	-	-	-	-	-	5,000
Insurance - D&O	9	-	10,000	-	-	-	-	-	10,000
Legal fees	10	-	-	-	15,000	-	-	-	15,000
Compliance/Governance	11	-	-	25,000	-	-	-	-	25,000
CCAA professional fees	12	325,000	25,000	25,000	-	-	-	-	375,000
Contingency	13	-	50,000	-	-	-	-	-	50,000
Total disbursements		**$ 337,311**	**$ 659,735**	**$ 59,250**	**$ 76,250**	**$ 11,250**	**$ 11,250**	**$ 11,250**	**$ 1,166,296**
NET CASH FLOWS		**$ (17,311)**	**$ 265**	**$ 750**	**$ (1,250)**	**$ (1,250)**	**$ 3,750**	**$ (1,250)**	**$ (16,296)**
OPENING CASH	14	$ 20,043	$ 2,732	$ 2,997	$ 3,747	$ 2,497	$ 1,247	$ 4,997	$ 20,043
NET CHANGE IN CASH FLOWS		(17,311)	265	750	(1,250)	(1,250)	3,750	(1,250)	(16,296)
ENDING CASH		**$ 2,732**	**$ 2,997**	**$ 3,747**	**$ 2,497**	**$ 1,247**	**$ 4,997**	**$ 3,747**	**$ 3,747**

Notes and Assumptions

1 Airdrie has no operating revenues
2 Short term exit financing provided by Azimuth Risk Management Ltd.
3 DIP financing being converted into a 1st mortgage position
4 Management fees for HCMI for June and for a new manager after plan implementation based on $100,000 per annum including investor relations and accounting
5 Reduction in consulting services assumed for July 2012
6 Develpoment costs consist of concept plan submission, environmental assessments and holding costs
7 Assuming $15,000 per annum for new location
8 Property insurance based on $5,000 per annum
9 Directors and Officers Liabilitiy Insurance based on $10,000 per ammun
10 Estimated legal fees
11 Annual compliance and governance cost re: audit based on $25,000 per annum
12 Estimated professional fees covered under Administration Change, including Ernst & Young to act as interim management until the Board can select a new manager
13 Coningency for unexpected costs
14 There were no additional expenditures between May, 25, 2012 and June 5, 2012, therefore opening cash is based on the ending cash reported in the Monitor's Fifth Report.

APPENDIX C

Legacy Communities Inc.
Long Term Cash Flow Forecast
2013 - 2015

	Notes	2013	2014	6 months 2015	Total
		Legacy Communities Inc.			
RECEIPTS	1				
Exit Financing	2	$ 2,158,950	$ 608,000	$ 502,750	$ 3,269,700
Total receipts		**$ 2,158,950**	**$ 608,000**	**$ 502,750**	**$ 3,269,700**
DISBURSEMENTS					
1st Mortgage Repayment	3	$ 1,591,273	$ -	$ -	$ 1,591,273
Interest on Exit Financing	4	213,950	253,000	277,750	744,700
Management fees	5	180,000	180,000	90,000	450,000
Property taxes	6	8,000	8,000	8,000	24,000
Development costs	7	50,000	50,000	25,000	125,000
Appraisals	8	5,000	5,000	5,000	15,000
Rent and overhead costs	9	20,000	20,000	10,000	50,000
Insurance - property	10	5,000	5,000	5,000	15,000
Insurance - D&O	11	10,000	10,000	10,000	30,000
Legal fees	12	25,000	25,000	25,000	75,000
Compliance/Governance	13	25,000	25,000	25,000	75,000
Contingency	14	25,000	25,000	25,000	75,000
Total disbursements		**$ 2,158,223**	**$ 606,000**	**$ 505,750**	**$ 3,269,973**
NET CASH FLOWS		**$ 727**	**$ 2,000**	**$ (3,000)**	**$ (273)**
OPENING CASH		$ 954	$ 1,680	$ 3,680	$ 954
NET CHANGE IN CASH FLOWS		727	2,000	(3,000)	(273)
ENDING CASH		**$ 1,680**	**$ 3,680**	**$ 680**	**$ 680**

Notes and Assumptions

1 Legacy Communities has no operating revenues
2 Exit Financing will need to be secured by new board
3 ST Exit Financing held as 1st Mortgage to be repaid with Exit Financing
4 Simple interest at 5% is assumed for the Long Term Exit Financing
5 New manager after plan implementation based on $180,000 per annum including investor relations and accounting
6 Property taxes are based on prior year
7 Develpoment costs consist engineering and holding costs
8 Annual appraisals
9 Assuming $20,000 per annum for new location
10 Property insurance based on $5,000 per annum
11 Directors and Officers Liabilitiy Insurance based on $10,000 per ammun
12 Estimated legal fees
13 Annual compliance and governance cost re: audit based on $25,000 per annum
14 Coningency for unexpected costs

APPENDIX D

Airdrie Capital Corporation and Airdrie Country Estates Inc.
Cash Flow Forecast
2013 - 2015

	Notes	Airdrie Capital Corporation and Airdrie Country Estates Inc.			
		2013	**2014**	**6 months 2015**	**Total**
RECEIPTS	1				
Exit Financing	2	$ 1,596,000	$ 370,000	$ 239,750	$ 2,205,750
Total receipts		**$ 1,596,000**	**$ 370,000**	**$ 239,750**	**$ 2,205,750**
DISBURSEMENTS					
1st Mortgage Repayment	3	$ 1,237,483	$ -	$ -	$ 1,237,483
Interest on Exit Financing	4	76,000	90,000	49,750	215,750
Management fees	5	120,000	120,000	60,000	300,000
Property taxes	6	2,000	2,000	2,000	6,000
Development costs	7	50,000	50,000	25,000	125,000
Appraisals	8	5,000	5,000	5,000	15,000
Rent and overhead costs	9	15,000	15,000	7,500	37,500
Insurance - property	10	5,000	5,000	5,000	15,000
Insurance - D&O	11	10,000	10,000	10,000	30,000
Legal fees	12	25,000	25,000	25,000	75,000
Compliance/Governance	13	25,000	25,000	25,000	75,000
Contingency	14	25,000	25,000	25,000	75,000
Total disbursements		**$ 1,595,483**	**$ 372,000**	**$ 239,250**	**$ 2,206,733**
NET CASH FLOWS		**$ 517**	**$ (2,000)**	**$ 500**	**$ (983)**
OPENING CASH		$ 3,747	$ 4,264	$ 2,264	$ 3,747
NET CHANGE IN CASH FLOWS		517	(2,000)	500	(983)
ENDING CASH		**$ 4,264**	**$ 2,264**	**$ 2,764**	**$ 2,764**

Notes and Assumptions

1 Airdrie has no operating revenues
2 Exit Financing will need to be secured by new board
3 ST Exit Financing held as 1st Mortgage to be repaid with Exit Financing
4 Simple interest at 5% is assumed for the Long Term Exit Financing
5 New manager after plan implementation based on $100,000 per annum including investor relations and accounting
6 Property taxes are based on prior year
7 Develpoment costs consist engineering and holding costs
8 Annual appraisals
9 Assuming $15,000 per annum for new location
10 Property insurance based on $5,000 per annum
11 Directors and Officers Liabilitiy Insurance based on $10,000 per ammun
12 Estimated legal fees
13 Annual compliance and governance cost re: audit based on $25,000 per annum
14 Coningency for unexpected costs