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 RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. AND FOUNDATION PLACE INC.
DOCUMENT	**TWENTIETH REPORT OF THE MONITOR** **NOVEMBER 1, 2013**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR**

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APPENDIX TO THE TWENTIETH 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 May 12, 2012 this Honourable Court granted an Order expanding the Monitor's powers as "co-manager" of the Companies (the "Co-Manager").

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 due to certain financing issues.

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

   a) A Foundation Place update;

   b) The process to select marketing agent for Foundation Place (the "FP Marketing Agent");

   c) The proposed marketing process for Foundation Place (the "FP Marketing Process");

   d) The forecast to actual Foundation Place cash flow results for the period of March 1, 2012 to October 31, 2013 (the "Reporting Period");

   e) The Foundation Place cash flow forecast (the "Forecast") from November 1, 2013 to March 31, 2014 (the "FP Forecast Period"); and

   f) The Monitor's recommendations.

10. Capitalized terms not defined in this Twentieth 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 Twentieth 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.

FOUNDATION PLACE RESTRUCTURING EFFORTS

14. As described in the Nineteenth Report of the Monitor dated September 25, 2013 (the Nineteenth Report"), 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 with Simmons Financial Holdings Ltd. ("Simmons") regarding a potential joint venture agreement (the "Simmons Joint Venture LOI").

15. The Co-Manager sought and obtained an extension of the Foundation Place DIP loan to December 31, 2013 in order to pursue the Simmons Joint Venture LOI.

16. The Co-Manager negotiated the final terms of the Simmons Joint Venture LOI with Simmons and which was executed on September 30, 2013. The Simmons Joint Venture LOI provided for a due diligence period of 30 days following the execution of the LOI (the "Due Diligence Period"). Foundation Place granted Simmons exclusivity on Foundation Place not dealing or seeking other offers for the same 30 day period in order to complete the due diligence.

17. The Co-Manager worked with Simmons throughout the Due Diligence Period to provide all requested information in a timely manner.

18. At the expiration of the Due Diligence Period, the Co-Manager had not successfully formalized a joint venture agreement with Simmons, however, Simmons has indicated a desire to consummate a transaction.

19. The Monitor advised in its Nineteenth Report that in the event that a formalized joint venture agreement was 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 (the "FP SISP"). In honour of this commitment, the Monitor is applying for a FP SISP substantially as attached as Appendix "A".

RETENTION OF A MARKETING AGENT

20. Foundation Place owns a property located in Calgary Alberta with the legal description Plan 1011477, Block 4, Lot 41 and the municipal description of 133 17th Avenue SE (the "FP Property").

21. The Monitor is of the view that it is necessary to retain the services of a marketing agent along with the development and implementation of the FP SISP with court-approval of the process and timeline (as discussed further below) to properly market the FP Property with the goal of achieving maximum realizations for all creditors and stakeholders.

22. The Monitor anticipates selecting a Marketing Agent by mid-to-late November, 2013.

23. The selection of the Marketing Agents ("the Marketing Agent Selection Process") will be based on, but not limited to, the agent's:

    a) Industry experience;

    b) Credentials in selling real estate with a high degree of complexity;

    c) Reputation within the local commercial real estate industry;

    d) Pre-marketing preparation and general understanding of the FP Property;

    e) Marketing approach in selling the FP Property;

    f) Associated fees charged to complete the sales process; and

    g) Previous experience of selling assets owned by companies in insolvency proceedings.

24. The terms of the Marketing Agent's engagement, marketing strategy and timeline will need to include:

    a) Developing an effective pre-marketing preparation process;

b) Assisting the Monitor in executing a successful marketing process in determining how to best maximize realization of the FP Property through marketing the FP Property solely *en bloc* or, marketing prospective joint venture partners;

c) Exposing the FP Property to the market with a carefully managed, transparent, yet competitive bid process; and

d) Adhering to the Marketing Process and timeline (as discussed further below) that will provide the standard to be used for all bidders in the offering process and that will allow for some flexibility in the final stages of the marketing and completion process.

25. The Monitor believes that the Marketing Agent Selection Process is thorough and reasonable given the nature of the FP Property.

PROPOSED FP SISP

26. Foundation Place is seeking approval from this Honourable Court to approve a court-supervised marketing processes to solicit offers to market and sell the FP Property (defined above as the "FP SISP").

27. The Monitor is of the view that in order to generate the best offers from qualified buyers, the FP property should be marketed as either one complete parcel or to a joint venture partner, whichever would result in the highest possible total price realized.

28. As summary of the FP SISP is as follows:

a) The Marketing Agent will contact potential purchasers of the FP Property and distribute marketing materials with the approval of the Monitor;

b) Enter into confidentiality agreements and provide potential purchasers with detailed information on the FP Property within the first two months of the process;

c) Solicit non-binding offers or letters of intent ("LOI") with a 5% deposit in late January, 2014;

d) Select a short list of bidders from the parties that submitted LOIs in January. Short listed bidders will be provided with access to the necessary materials to conduct due diligence;

e) Short listed bidders will be asked to submit a binding offer and draft purchase and sale agreement in mid-February, 2014; and

f) The Monitor, with the assistance of Foundation Place and the Marketing Agent will select a winning bidder in mid-February, 2014 with the intention of final closing requirements occurring in early March, 2014.

FP Marketing Process Proposed Timeline

29. The Monitor developed a proposed timeline in selling the FP Property that will be used which is described in Appendix A ("the Proposed Timeline").

30. Based on the Proposed Timeline, the final closing on the disposition of the FP Property is expected to be in March, 2014. The Monitor is of the opinion that the Proposed Timeline is realistic to close the sale of the FP Property.

FORECAST TO ACTUAL RESULTS

Foundation Place

31. 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 forecasts previously provided to this Court.

Foundation Capital Inc. and Foundation Place Capital Inc.
Cash Flow Forecast to Actual
March 1, 2012 -October 31, 2013

	Forecast	Actual	Variance
Receipts	305,000	279,443	(25,557)
Disbursements	650,740	304,700	346,040
Net Cash Flows	(345,740)	(25,257)	320,483

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 $305,000. The positive variance of approximately $346,000 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

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

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

Cash Flow Forecast November 1, 2013 - March 31, 2014	**Foundation Place**
RECEIPTS	
Debtor-in-possession financing	$ -
Total receipts	$ -
DISBURSEMENTS	
Management fees	$ -
Consulting fees	-
Property taxes	-
CCAA professional fees	75,000
Administration Charge offset	(75,000)
Total disbursements	$ -
NET CASH FLOWS	$ -
OPENING CASH	$ 3,261
NET CHANGE IN CASH FLOWS	-
ENDING CASH	**$ 3,261**

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 \$310,000. The current Administration Charge is \$400,000 which is sufficient to cover professional fees through the FP Forecast Period. 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.

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

40. The DIP loan with Azimuth Risk Management Ltd. ("Azimuth") was extended to December 31, 2013. The Co-Manager intends seek an extension of the Foundation Place DIP loan to March 31, 2014 prior to the loan coming due.

THE COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY PERIOD

41. Pursuant to the Orders of this Honourable Court dated September 30, 2013 the Stay Period expires on November 30, 2013 for Foundation Place. Foundation Place is

seeking an extension of the Stay Period up to and including March 31, 2014 (the "Stay Extension").

42. The Stay Extension is necessary to allow for the time to implement the FP SISP.

43. 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.

MONITOR'S RECOMMENDATIONS

44. The Monitor recommends that that this Honourable Court approves:

a) The Marketing Agent Selection Process;

b) The FP SISP;

c) The Proposed Timeline; and

d) The Stay Extension.

Dated at Calgary, this 1st day of November, 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

Nick J. B. Purich, CA
Senior

Appendix A

FOUNDATION PLACE SALES AND INVESTMENT SOLICITATION PROCESS (the "FP SISP")

Background

Foundation Place Inc. ("Foundation Place" or the "Company") initiated a Court-supervised restructuring on March 21, 2012, it obtained an Order of the Court of Queen's Bench of Alberta (the "Court") for protection under the Companies' Creditors Arrangement Act ("CCAA"). Ernst & Young Inc. was appointed monitor of Foundation Place (the "Monitor"). On May 12, 2012 the Court granted an Order expanding the Monitor's powers as "co-manager" of the Companies (the "Co-Manager").

Property

Foundation Place owns a property located in Calgary Alberta with the legal description Plan 1011477, Block 4, Lot 41 and the municipal description of 133 17th Avenue SE (the "FP Property").

Scope of the Process

As part of its restructuring under the CCAA, the Company will conduct a process (the "**FP SISP**") to solicit offers to acquire, restructure or recapitalize the Company's business.

The Company retains the right to discontinue the FP SISP at any time if other alternatives arise.

Supervision and Reporting

- The FP SISP will be undertaken by the Monitor, with input from the Monitor's counsel, the Company, the Company's counsel and the Foundation Place unsecured creditors' committee (the "UCC").
- The Company will seek Court approval of the FP SISP.
- The Monitor will provide periodic updates to the Court and its recommendations to the Court, as appropriate, during the Solicitation Process.
- The Company will seek Court approval of any final agreement or agreements.

Marketing Agent

- The selection of the Marketing Agents will be based on, but not limited to, the agent's:
    - Industry experience;
    - Credentials in selling real estate with a high degree of complexity;

- Reputation within the local commercial real estate industry;
- Pre-marketing preparation and general understanding of the FP Property;
- Marketing approach in selling the FP Property;
- Associated fees charged to complete the sales process; and
- Previous experience of selling assets owned by companies in insolvency proceedings.

- The terms of the Marketing Agent's engagement, marketing strategy and timeline will need to include:
  - Developing an effective pre-marketing preparation process;
  - Assisting the Monitor in executing a successful marketing process in determining how to best maximize realization of the FP Property through marketing the FP Property solely en bloc or marketing prospective joint venture partners;
  - Exposing the FP Property to the market with a carefully managed, transparent, yet competitive bid process; and
  - Adhering to the Marketing Process and timeline (as discussed further below) that will provide the standard to be used for all bidders in the offering process and that will allow for some flexibility in the final stages of the marketing and completion process.

Outline of the Procedure

- The Marketing Agent will advertise the opportunity in the *Calgary Herald*.
- The Marketing Agent will also undertake such other advertising as it feels necessary to generate interest in the FP SISP.
- Potential purchasers or bidders ("**Potential Bidders**") interested in pursuing the opportunity will be required to execute confidentiality agreements in a form satisfactory to the Company.
- Upon execution of a confidentiality agreement, the Marketing Agent will distribute a confidential information memorandum to the Potential Bidder.
- Potential Bidders will be required to submit a proposal in the form of a non-binding bid or letter of intent ("LOI").

- The Monitor, with input of the Company and the Marketing Agent, will identify proposals which are in the best interest of the Company and other stakeholders to pursue, and one or more of the Potential Bidders (the "**Bidders**") will be short listed to participate in a second round of bidding. Those Bidders participating in the second round of bidding will be required to submit a deposit of 5% of their initial LOI to continue in the process.

- Bidders will be provided with access to necessary data for due diligence purposes, and the Company will be available to make presentations to the Bidders regarding the opportunity.

- Bidders will then be required to submit a binding bid and a draft purchase and sale agreement ("PSA"), along with a further deposit of 5% of their binding bid.

- The Monitor reserves the right to reject any or all of the offers received and to extend any of the timelines set out below, unless the Company or the UCC objects, in which case advice and directions will be sought from the Court.

- Court approval will be required in respect of any proposed agreement or agreements.

<u>Solicitation Process Outline and Timelines</u>

Phase I – Select Marketing Agent	
Activity	**Timing**
▪ Contact potential Marketing Agents	Commencing November 7, 2013
▪ Select Marketing Agent based on the criteria outlined in the report above	On or before November 22, 2013
Phase II – Marketing Process	
Activity	**Timing**
▪ Marketing Agent to contact potential bidders ▪ Marketing Agent to arrange such advertising and promotional materials as agreed with the Monitor and the Company ▪ Marketing Agent, with the assistance of the Co-Manager, will prepare a Confidential Information Memorandum ("CIM") ▪ Interested parties will receive a CIM upon executing a confidentiality agreement ▪ The marketing agent will respond to information requests	October 25, 2013 – January 24, 2014
Phase III – LOI Process	
Activity	**Timing**

▪ Interested parties to submit non-binding offers or LOIs with a 5% deposit	No later than January 24, 2014 at 5:00 PM MST
▪ Short listed bidders selected	January 31, 2014
Phase IV – Bid Process	
Activity	**Timing**
▪ Short listed bidders provided access to additional due diligence materials	January 31, 2014 – February 10, 2014
▪ Short listed bidders to submit a binding offer and draft PSA	No later than February 10, 2014 at 5:00 PM MST
▪ The Monitor, with the assistance of Foundation Place and the Marketing Agent, to select the winning bidder	No later than February 14, 2014 at 5:00 PM MST
▪ Seek Court approval of the selected bid	End of February, 2014
▪ Final closing requirements of the PSA	March, 2014

Appendix B

Foundation Capital Inc. and Foundation Place Capital Inc.
Cash Flow Forecast to Actual
March 1, 2012 -October 31, 2013

	Forecast	Actual	Variance
RECEIPTS			
Debtor-in-possession financing	305,000	$ 274,443	$ (30,557)
Parking Lot Revenue	-	5,000	5,000
Total receipts	**305,000**	**279,443**	**(25,557)**
DISBURSEMENTS			
Management fees	65,412	65,412	-
Consulting fees	11,724	10,344	1,380
Property taxes	59,304	53,299	6,005
Operating Expenses	300	5,500	(5,200)
Appraisals	4,000	2,625	1,375
Eyelogic fees	-	-	-
Development costs	-	-	-
CCAA professional fees	510,000	167,519	342,481
Total disbursements	**$ 650,740**	**$ 304,700**	**$ 346,040**
NET CASH FLOWS	**$ (345,740)**	**$ (25,257)**	**$ 320,483**
OPENING CASH	$ 28,518	$ 28,518	
NET CHANGE IN CASH FLOWS	(345,740)	(25,257)	
ENDING CASH	**$ (317,222)**	**$ 3,261**	

Appendix C

Foundation Capital Inc. and Foundation Place Capital Inc.
Cash Flow Forecast
November 1, 2013 - March 31, 2014

		Foundation Place (Note 1)					
	Notes	November 2013	December 2013	January 2014	February 2014	March 2014	Total
RECEIPTS	2						
Debtor-in-possession financing	3	-	-	-	-	-	-
Total receipts		-	-	-			-
DISBURSEMENTS							
Management fees	4	-	-	-			-
Consulting fees	5	-	-	-			-
Property taxes	6	-	-	-			-
Operating Expenses		-	-	-			-
Appraisals		-	-	-			-
Eyelogic fees		-	-	-			-
Development costs		-	-	-			-
CCAA professional fees	7	15,000	15,000	15,000	15,000	15,000	75,000
Administration Charge offset	8	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(75,000)
Total disbursements		$ -	$ -	$ -	$ -	$ -	$ -
NET CASH FLOWS		$ -	$ -	$ -	$ -	$ -	$ -
OPENING CASH		$ 3,261	$ 3,261	$ 3,261	$ 3,261	$ 3,261	$ 3,261
NET CHANGE IN CASH FLOWS		-	-	-	-	-	-
ENDING CASH		**$ 3,261**	**$ 3,261**	**$ 3,261**	**$ 3,261**	**$ 3,261**	**$ 3,261**

Notes and Assumptions

1 "Foundation Place" is a consolidation of Foundation Capital Inc. and Foundation Place Capital Inc.
2 Foundation has no operating revenues
3 No further DIP financing is required
4 No further Management fees to be paid to Harvest Group LP
5 No further consulting fees required
6 2013 Property taxes were paid in the prior period
7 Estimated professional fees
8 Professional fees are to be paid for with the Administration Charge