Form 49
[Rule 13.19]

COURT FILE NUMBER	**1101-17318**	Clerk's Stamp CLERK OF THE COURT FILED JUN - 5 2012 JUDICIAL CENTRE OF CALGARY
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 and AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.**	
DOCUMENT	**AFFIDAVIT OF RONALD AITKENS**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Patrick T. McCarthy Q.C./John L. Ircandia Q.C. Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9441/232-9406 Facsimile: (403) 266-1395 Email: jircandia@blg.com File No. 439537-000003	BLG Borden Ladner Gervais

---

AFFIDAVIT OF RONALD AITKENS

Sworn on June 5, 2012

I, Ronald Aitkens, of the City of Lethbridge, in the Province of Alberta, Businessman, SWEAR AND SAY THAT:

Introduction and Relief Requested

1. I am the sole director of each of Legacy Communities Inc. ("Legacy"), Airdrie Capital Corporation ("ACC") and Airdrie Country Estates Inc. ("ACE") (ACC and ACE are collectively referred to herein as "Airdrie") and have been a director of these corporations since their

inception in 2005 and 2006, respectively. As such, I have personal knowledge of the matters and facts hereinafter deposed to except where stated to be based on information and belief, and where so stated, I do verily believe the same to be true.

2. Capitalized terms not otherwise defined in this Affidavit have the meaning ascribed to them in the Plan of Compromise and Arrangement prepared for Legacy (the "Legacy Plan") and the Plan of Compromise and Arrangement prepared for ACC (the "ACC Plan").

3. I make this Affidavit in support of an application by Legacy and ACC for, among other things, an order:

(a) Authorizing the circulation of the Legacy Plan and the ACC Plan (together, sometimes referred to herein as the "Plans") to the Legacy and ACC Creditors and directing each of Legacy and ACC to convene a Creditors' Meeting for the purpose of voting on the Plans;

(b) Extending the stay of proceedings granted with respect to Legacy and Airdrie from June 8, 2012, to July 13, 2012; and,

(c) Lifting the stay with respect to ACE solely to allow ACC to proceed to realize upon its mortgage security over the Airdrie Lands, in order for ACC to be in a position to foreclose upon the Airdrie Lands as contemplated by the ACC Plan.

Plans of Compromise and Arrangement

4. In my Affidavits sworn and filed in these proceedings on April 13, 2012 and April 16, 2012, I stated that it was anticipated that both Legacy and Airdrie would be in a position to present formal plans of arrangement and compromise to creditors by the end of May, 2012. As noted in my affidavit of May 29, 2012, dealing with a number of minor issues related to tax attributes and RRSP eligibility caused a slight delay in finalizing the Plans. As well, as noted below, it has been decided that ACE will not be restructured.

5. I have attended numerous meetings regarding the Plans with BLG, my personal counsel at Norton Rose Canada LLP, with the Monitor and its counsel and with the Unsecured Creditors' Committee (the "UCC") and its counsel. Based on these meetings, I can confirm that the Plans have been created with input from all of those parties.

6. I further understand from these meetings, discussions with my counsel, Patrick McCarthy at BLG and from a review of email traffic among counsel that any material concerns with the Plans expressed by the UCC's counsel have been specifically addressed through revisions made to the Plans.

7. The Plans are now completed and ready for circulation to the Creditors of each of Legacy and ACC.

8. Attached hereto as **Exhibits "A", "B" and "C"** respectively to this my Affidavit are copies of the proposed Legacy Plan, a proposed form of Notice of Meeting of Creditors for Legacy, and a Legacy Information Circular in substantially final form (collectively, the "Legacy Meeting Materials").

9. Attached hereto as **Exhibits "D", "E" and "F"** respectively to this my Affidavit are copies of the proposed ACC Plan, a proposed from of Notice of Meeting of Creditors for ACC, and an ACC Information Circular in substantially final form (collectively, the ACC Meeting Materials").

10. The Legacy Meeting Materials and the ACC Meeting Materials attached as Exhibits hereto will be finalized prior to mailing to the Creditors.

11. In general, both the Legacy Plan and the ACC Plan contemplate a debt restructuring to allow each of Legacy and ACC to hold and develop their landholdings over a period of approximately three years following implementation of the Plans, with a view to maximizing Creditors' recoveries from the anticipated appreciation in value of the landholdings.

12. In addition, the Plans for each entity contemplate a corporate structure reorganization through a sequence of events more particularly described in the Plans such that the Creditors, who will become the only shareholders of each of Legacy and ACC, will be entitled to exercise the normal rights of shareholders in electing directors and in voting on matters of corporate significance.

13. The financing requirements of Legacy and ACC after the Plan Implementation Dates are proposed to be addressed first on an interim basis by converting the existing debtor-in-possession ("DIP") financing to short-term secured financing expiring December 31, 2012 (the "Exit Financing"). Security for the Exit Financing would be registered prior to implementation of the Legacy and ACC Plans. In the case of ACC, because the Airdrie Lands are currently held by ACE (which will not be restructured), it will first be necessary for ACC to foreclose on its mortgage over the Airdrie Lands before Plan implementation, in order to convey the Airdrie

Lands to ACC, and accordingly ACC requests that the stay of proceedings regarding ACE, while being extended to July 13th, will be lifted to allow ACC to take steps to realize upon its security so as to be in a position to take title to the Airdrie Lands at the time of Plan Implementation. I am advised by Cassie Hern of Ernst & Young Inc. and do verily believe that no claims against ACE were filed in the Claims Process by arms' length creditors.

14. The longer term financing required by Legacy and ACC is proposed in the Plans to be obtained through a solicitation process to be undertaken by either the new interim board of directors nominated through the directors' solicitation process previously approved by this Court, or by the board of directors elected by the Creditors at a meeting to be held within four months after the Plan Implementation Dates.

15. It is the view of both Legacy and ACC that approving and implementing the Plans is likely to produce a better result for all Creditors than the next most likely alternative, being an immediate liquidation of assets. I am informed by Neil Narfason and do verily believe that the Monitor agrees with this assessment.

16. I do verily believe that the steps contemplated within each of the Plans, the intent of the Plans and the stated effect of the Plans will be in the best interests of the Creditors of each of Legacy and ACC. As a result, I believe that the Creditors should be afforded an opportunity to review and ultimately vote on the Plans at the Creditors' Meetings currently proposed to take place on June 28, 2012.

Governance and Management

17. I had previously advised in my Affidavits sworn April 13, 2012 and April 16, 2012 that one of the objectives of the restructuring of each of Legacy and ACC would be to make governance of these entities more direct and transparent and to allow the Creditors of each entity to elect their own board of directors. I also advised in these affidavits that I did not intend to take a management role in either Legacy or ACC following the implementation of the Plans.

18. I believe that the goal of creating a more direct and transparent governance process for the benefit of Creditors. The principal ways this is accomplished is through the implementation of the directors' solicitation process which is currently under way, plus:

(a) The retraction and cancellation of all existing shares of Legacy and UCC, and the conversion of each Creditor's claim into two classes of Replacement Bonds, one class of which in turn is converted by way of exchange into new common shares of each of Legacy and UCC, such that the Creditors become the only shareholders of Legacy and ACC following Plan implementation;

(b) The other class of Replacement Bonds, which will remain outstanding and be due for payment in three years, will be governed by the terms of a Bond Indenture having certain specific attributes regarding reporting and governance as contemplated in the Plans; and

(c) The continued involvement of Ernst &Young Inc. in the day to day management of Legacy and ACC on an interim basis following implementation of the Plans.

19. As described in more detail in the Plans, it is contemplated that all of the existing shares of Legacy and ACC will be converted to retractable shares, and retracted and cancelled. As well, each Creditor's proven claim will be converted to Class "A" Bonds and Class "B" Bonds, in specific proportions to the amounts of their Claims (the "Replacement Bonds"). The Class "B" Bonds will in turn be converted by way of exchange for new common voting shares in each of Legacy and ACC, such that Creditors of each entity will become the only shareholders of each of Legacy and ACC.

20. All Replacement Bonds will be issued pursuant to a Bond Indenture administered by a third party trustee, the terms of which will require, among other things, that Legacy and ACC provide quarterly financial reporting to bondholders, as well as annual financial statements. The terms of the Bond Indenture will also allow for changes to be made as appropriate to the terms of the bonds, with appropriate approvals by bondholders.

21. The directors nominated pursuant to the directors' solicitation process will ultimately be chosen by the Monitor, however, those directors are intended to serve on an interim basis. Accordingly it is intended, if the Plans are approved, that the Final Sanction Order of each of Plan will require that Legacy and ACC hold meetings to elect directors within four months following the implementation of the Plans.

22. The names of the interim directors selected by the Monitor for each of Legacy and ACC pursuant to the directors' solicitation process will be made available to the Creditors on the Monitor's website prior to the Creditors Meetings. I understand they will also be announced at the Creditors Meetings prior to the vote on the Plans, thereby giving the Creditors an opportunity to know the slate of interim directors prior to voting on the Plans.

23. In addition, the Plans contemplate that, beginning on the respective Plan Implementation Dates for each of Legacy and ACC, Ernst and Young Inc. acting outside of its capacity as Monitor will be involved with the day-to-day management of Legacy and ACC on an interim basis. E&Y's involvement in management on a temporary, month-to-month agreement is intended to allow the new interim board of directors of each of Legacy and ACC support and continuity while they conduct a process for the selection of a manager/management firm which would provide management services to Legacy and ACC on a longer term basis.

Notice of Meeting

24. It is the intention of each of Legacy and ACC to convene the Creditors' Meetings to consider and vote upon the Plans. It is intended that the Legacy and ACC Meeting Materials will be sent by the Monitor to Creditors in advance of the Creditors' Meetings.

Approval of Creditors

25. If the Plans are approved by the respective Creditors of Legacy and/or ACC, the Plans will be submitted for final approval of this Honourable Court following the Creditors' Meetings.

Stay Extension

26. Legacy and Airdrie require an extension of the stay of proceedings, which is currently scheduled to expire on June 8, 2012, to July 13, 2012 in order to allow the Monitor to circulate the Legacy and ACC Meeting Materials to Creditors, to convene the Creditors Meetings and, if the Plans or either of them are approved, to allow Legacy and ACC to make application for the approval of this Court to proceed with implementation of the Plans. As noted above, a limited lifting of the stay of proceedings regarding ACE is required to allow ACC to take steps to realize upon its security so as to be in a position to take title to the Airdrie Lands at the time of Plan Implementation, if the ACC Plan is approved.

27. I do verily believe that both Legacy and Airdrie have been acting in good faith and with due diligence in developing and finalizing the Plans. If the stay of proceedings is granted, Legacy and Airdrie will continue to work with the Monitor to assist with the circulation of the Plans, the conduct of the Creditors' Meetings and, if appropriate, the approval and implementation of the Plans.

SWORN BEFORE ME at Calgary, Alberta, this 5th day of June, 2012. Helen Leesman Commissioner for Oaths in and for the Province of Alberta	))))))	**RONALD AITKENS**

Helen L. Leesman
A Commissioner for Oaths
In and for the Province of Alberta
My Appointment expires
March 26, 2014

EXHIBIT "A"

This is Exhibit " A "
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5th
day of June A.D. 2012

Helen Leesman
A Commissioner for
Oaths in and for the
Province of Alberta

Helen L. Leesman
A Commissioner for Oaths
in and for the Province of Alberta
My Appointment expires
March 26, 2014

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 and AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.

PLAN OF COMPROMISE AND ARRANGEMENT

of

LEGACY COMMUNITIES INC.

PURSUANT TO
THE COMPANIES' CREDITORS ARRANGEMENT ACT
JUNE __, 2012

- THIS PLAN SHOULD BE READ TOGETHER WITH THE INFORMATION CIRCULAR DATED JUNE __, 2012 PREPARED BY LEGACY COMMUNITIES INC., AND THE MONITOR'S REPORT TO CREDITORS DATED JUNE _, 2012

- THE FOLLOWING SCHEDULES ATTACHED HERETO ARE INTEGRAL TO AND FORM PART OF THIS PLAN:

  SCHEDULE A - DEFINED TERMS AND INTERPRETATION
  SCHEDULE B - INSTRUMENT OF PROXY
  SCHEDULE C – ARTICLES OF REORGANIZATION OF LEGACY COMMUNITIES INC.

The purpose of this Plan is to effect a compromise and arrangement of the Claims of all Creditors of Legacy Communities Inc. ("Legacy") in order to permit Legacy to restructure its affairs for the benefit of all stakeholders, with a view to increasing the recovery of the Creditors of Legacy and reducing the uncertainties, risks, costs, delays and possible losses that will otherwise occur to stakeholders. Legacy has concluded, and the Monitor agrees, that Creditors of Legacy will likely obtain a greater return on their Claims if the Plan is approved than if the assets of Legacy were liquidated in a formal insolvency proceeding, which is the most likely outcome for Legacy in the event this Plan is not approved. Creditors should review this Plan, the information circular prepared by management of Legacy, and the Monitor's Report before voting to accept or to reject this Plan.

ARTICLE 1

1.1 Background

Legacy is a single-purpose corporation incorporated to raise funds and to acquire and develop four adjoining parcels of land totalling approximately 500 acres located four miles west of the Calgary city limits on Highway 8, in close proximity to the Glencoe Golf and Country Club and Elbow Valley Estates (the "Legacy Lands"). The main strategy to realize value contemplated by Legacy at the time the land was first purchased was to sell it to a developer, either as-is or with some degree of rezoning and development completed. A second alternative was for Legacy to service and/or develop the lands itself, or to enter into a joint venture with a party prepared to develop the lands. It was expected that the Legacy Lands could be sold within a period of approximately five years following the acquisition of the property. Between July of 2005 and late December of 2007 a total $35,361,800 was raised from a total number of 1474 investors through the sale of bonds issued pursuant to three offering memoranda. Of the total bonds sold approximately 68% are believed to be held in individual registered retirement savings plans. The bonds came due for repayment on December 31, 2011. Bondholders also acquired shares in Legacy in proportion to their bond holdings.

Legacy acquired a 105 acre parcel of the Legacy Lands in 2005 for $5.6 million, as well as the shares of 1109211 Alberta Ltd. ("1109211") and 1109211's rights under an option agreement to purchase the remaining Legacy Lands at a later date, for which Legacy paid a total amount of $8.9 million. Legacy later paid $3.5 million to exercise a portion of the option to acquire title to a further 100 acres of the Legacy Lands, as required by the 1109211 option agreement. The option to purchase the remaining Legacy Lands must be exercised by 1109211 before July 31, 2017, and will cost $9 million. Following the payment of all sales and other costs associated with raising funds and making the payments described above, Legacy held funds totalling $9.6 million intended to fund ongoing management and other costs and to be available to exercise the 1109211 option to acquire the remaining Legacy Lands.

Because the bulk of the funds held were not expected to be needed until 2017, Legacy entered into an agreement with Harvest Capital Management Inc. ("Harvest Capital") under which Harvest Capital agreed to invest the funds and provide Legacy with a rate of return of 7% per annum, plus a profit participation of 20% of net profits from the investments.

Between September of 2007 and June of 2008 Legacy advanced a total of approximately $9.6 million to two affiliates of Harvest Capital, 1330075 Alberta Ltd. ("133") and 1252064 Alberta Ltd. ("125"), in relation to three investments:

- A resort development on a property located on the Panamanian island of Isla del Rey;
- Development of a medical and "green" technology facility on a property in Ontario known as Balsam Lake;
- A shopping centre known as Liberty Crossing, located in Red Deer, Alberta.

The financial crash of 2008 brought real estate development, particularly for higher end residential properties in the Calgary area, to a near-standstill and the value and saleability of undeveloped land dropped dramatically. The 2008 crash and other related events also adversely affected the investments made by 133 and 125, reducing the value of those investments and making them illiquid so that funds could not be returned to Legacy. As a result, when the Legacy Bonds came due for payment in December of 2011 Legacy had no funds available either to repay the bonds, continue development of the Legacy Lands, or to fund a restructuring of the bonds and its other obligations.

In order to have access to a formal restructuring process as well as access to funding, in December of 2011 Legacy, along with Airdrie Capital Corporation and Airdrie Country Estates Inc. sought and obtained an order of the Court of Queen's Bench of Alberta (the "Initial Order") providing it with protection from its creditors and access to interim financing (known as "DIP" financing) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA").

Since the date of the Initial Order Legacy has been working with real estate experts and legal and other advisors to develop a strategy for dealing with the Legacy Lands, restructure its debt, and maximize value for Bondholders and other stakeholders. Following an extensive analysis of the options available, Legacy has concluded that the Legacy Lands are ripe for residential development. To date the required development approvals have not been forthcoming from Rocky View County, which has cited a lack of utility servicing capacity as the main reason for the termination of the Highway 8 Structure Plan circulation. A substantial utility corporation has now tabled with developers in the area a proposal to provide a major regional sewer and water system, which Legacy believes will be a catalyst for allowing development in the area to proceed. Highway 8, which is the major access route to and from Calgary for residents of nearby areas such as Elbow Valley, has become a traffic bottleneck. Work is now scheduled to begin in 2013 to twin Highway 8 which will greatly facilitate access to the area around the Legacy Lands and is expected to create significant demand for additional housing. Two of the four adjoining parcels which comprise the Legacy Lands are situated next to Highway 8. Most of the larger parcels near the Legacy Lands are owned by developers who are concurrently exerting a considerable amount of political pressure on Rocky View County to revive the stalled Highway 8 Growth Corridor Area Structure Plan. Such a plan is ordinarily key to opening land for development. Despite the current absence of that plan, Legacy has prepared and is filing the Legacy Concept Plan with Rocky View County. The concept plan outlines broad land uses and utility and road systems. Similar concept plans have been submitted by other Highway 8 developers.

Legacy anticipates that, factoring in holding costs and development expenses, the net value of the Legacy Lands will appreciate substantially over the next three years and that if the Legacy Lands were held until ready for subdivision and servicing the value could substantially exceed the accumulated amount owed to Bondholders and other Creditors. Accordingly the financial restructuring portion of this Plan is designed to allow Legacy to issue Replacement Bonds in place of existing bonds and other debt. This will enable Legacy to extend the term of all of its outstanding debt for a period of three years, without interest or other payments to Creditors, and to raise additional funds to enable it to defray the costs of holding and developing the Legacy

Lands as well as the costs of this restructuring, all with a view to allowing sufficient time for Creditors to maximize their recovery from the appreciation in value of the Legacy Lands.

Legacy and the Monitor have also had extensive discussions and negotiations with 125 and 133 regarding the repayment of the amounts owed to Legacy, and it is expected that both 125 and 133 will be filing for CCAA protection in order to provide an open, transparent, Court-supervised mechanism for the resolution of all claims against 125 and 133.

Legacy's Monitor is currently conducting a process, with input from Legacy and the Unsecured Creditors' Committee, to locate the most cost effective source of funds to obtain Exit Financing, which will repay the costs incurred in these proceedings and provide financing to allow Legacy to meet expenses for a period of approximately six months following its discharge from CCAA. This is intended to allow Legacy's new board of directors sufficient time to explore all available options for the longer term financing required to carry Legacy through to the sale of some or all of the Legacy Lands, and to select the most suitable financing alternative for Legacy.

Through the restructuring process Legacy also identified a need to make governance more direct and transparent and to enable management to deal with any needed changes to the terms of the bonds to be issued pursuant to this Plan in a flexible and comprehensive way. The appointment of a board of directors of Legacy from nominations made by Creditors, together with other changes to Legacy's corporate and debt structure and governing documents is intended to accomplish those objectives as part of this Plan. It is expected that Legacy's new board will also elect new directors of 1109211 immediately following Plan Implementation.

Because a significant number of Creditors currently hold Legacy Bonds and Old Legacy Shares in registered retirement savings plans ("Registered Plans"), Legacy felt it was important to ensure to the extent possible that the bonds and shares to be issued to Creditors pursuant to this Plan would also be qualified investments for Registered Plans. In order for that to occur and to minimize the risk of adverse tax consequences the majority of Creditors' Claims will be converted to Class "A" Bonds, but a small portion of each Creditor's Claim will be converted to Class "B" Bonds, which will in turn be converted to New Legacy Shares. The New Legacy Shares will be supported by equity which will not be available for payment of the Class "A" Bonds. While the overall effect on the value available to Creditors is neutral, this structure is expected to allow both New Legacy Shares and Class "A" Bonds to be qualified investments for Registered Plans.

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of the Plan

The purpose of this Plan is to restructure Legacy's debt and allow it time and financing to enable it to hold the Legacy Lands and advance their development over a period of approximately three years following the implementation of this Plan, with a view to maximizing Creditors' recovery from the anticipated appreciation in value of the Legacy Lands. Legacy expects, and the Monitor agrees, that approving and implementing this Plan is likely to produce a better result for all Creditors than the next most likely alternative, which is an immediate liquidation of Legacy's assets. The Plan contemplates the compromise and arrangement of the Claims of Creditors pursuant to the provisions of the CCAA in a manner that provides consistent and equitable treatment among the Creditors, and that is consistent with what would reasonably occur in an open market in which parties deal with one another at arm's length.

There will also be a reorganization of the corporate structure of Legacy such that Creditors, who will become the only shareholders of Legacy, will be entitled to exercise the normal rights of shareholders in electing directors of Legacy and voting on matters of corporate significance. Accordingly, in addition to restructuring Legacy's debt, this Plan is designed to produce the following effects:

(a) The only shares of Legacy outstanding post-Plan would be New Legacy Shares issued to Creditors pursuant to the Plan in proportion to their Claims;

(b) A board of 5 individuals selected by the Monitor from nominations submitted by Creditors, will, if this Plan is approved and implemented by Legacy's Creditors, be installed as the New Directors of Legacy on plan implementation, and all existing directors will be discharged;

(c) Non-interest bearing Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds, in the full amount of all outstanding principal and interest owed to Creditors as of the Filing Date will be issued to Creditors on plan implementation. The Class "B" Bonds will be immediately exchanged for New Legacy Shares. The Class "A" Bonds will mature on June 30, 2015, which is intended to be at or after the anticipated time of the sale of Legacy Lands;

(d) A Bond Indenture will be put in place to govern the collective rights of holders of Replacement Bonds, provide a framework for the issuance and management of the Replacement Bonds, and to create a procedure to enable any future required extensions or amendments to the terms of the Replacement Bonds. The Bond Indenture will require Legacy to provide quarterly unaudited financial information and annual audited financial statements to holders of Class "A" Bonds, and a third party indenture trustee will be appointed pursuant to the Bond Indenture;

(e) The Bond Indenture will provide that the first $2 million (the "Excluded Asset Amount") received from any sale of all or a portion of the Legacy Lands shall be paid to Legacy for its own use and the benefit of its shareholders;

(f) The obligations of Legacy to holders of Replacement Bonds under the Bond Indenture will be secured by the Replacement Bond Security which will:

    (i) Grant security over all of Legacy's Assets, but limit recourse under the Replacement Bond Security to the Assets other than the Excluded Asset Amount;

    (ii) Be subordinate to the Exit Financing Security.

(g) The value of the Class "A" Bonds and the value of the New Legacy Shares received by each Creditor is intended to equal the value of each Creditor's Claim, rounded to the nearest dollar;

(h) Both the New Legacy Shares and the Class "A" Bonds are expected to be qualified investments for Registered Plans;

(i) Commencing on the Plan Implementation Dates the day-to-day management of Legacy will be provided on an interim, month-to-month basis by Ernst & Young Inc., acting separately from its capacity as Monitor, to allow the new board of directors of Legacy sufficient time to conduct a process for the selection of a manager/management firm to provide those services on a longer term basis; and,

(j) Recognition of any gains or losses for tax purposes will be deferred to the extent legally possible until the sale of the Legacy Lands.

The Monitor will report to Creditors and the Court regarding the Plan prior to the date Creditors are to vote on the Plan. Creditors wishing to review copies of Court orders and other materials filed in these proceedings, and copies of the Monitor's reports are directed to the Monitor's website in relation to these proceedings at www.ey.com/ca/foundationgroup. All Creditors should review this Plan and the Monitor's report before voting to accept or to reject this Plan.

2.2 Persons Affected

The Plan provides for the compromise and arrangement of all Claims. If this Plan is accepted by Creditors and approved by the Court, and the other transactions contemplated by the Plan occur, the Claims of all Creditors will be extinguished. In substitution Creditors will be issued Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds, together totalling the full amount of their Claims. On the Plan Implementation Dates the Class "B" Bonds will be converted into New Legacy Shares, with the result that all Creditors will hold New Legacy Shares in proportion to the amount of their Claims, including any Disputed Claims which become Proven Claims after the Plan Implementation Dates.

2.3 Persons Not Affected

This Plan does not compromise or affect the following Claims and rights that arise in respect thereof (collectively, the "Unaffected Claims"). Unaffected Claims will be addressed pursuant to their existing arrangements or as otherwise may be agreed with Unaffected Creditors:

(a) Claims of 1109211;

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

(c) Post Filing Claims;

(d) Claims of the Crown for (i) amounts in respect of those Claims referred to in Section 18.2(1) of the CCAA which become due and payable during the period following the

Filing Date and prior to the Plan Implementation Dates; and (ii) collected and unremitted amounts in respect of goods and services taxes, excluding penalties and interest, which become due and payable during the period following the Filing Date and prior to the Plan Implementation Dates;

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

(f) Claims in respect of any licenses, franchises, consents, approvals, variances, exemptions and other authorizations issued by or from any Government Authority; and,

(g) That portion of a Claim arising from a cause of action for which Legacy is covered by insurance, but only to the extent of such insurance coverage.

2.4 Shareholders

All Old Legacy Shares will be designated as retractable. On the Plan Implementation Dates the Old Legacy Shares shall be retracted for no consideration, and all related options, warrants and other rights to acquire Old Legacy Shares will be cancelled, without compensation.

ARTICLE 3
VALUATION OF CLAIMS AND CLASSIFICATION OF CREDITORS

3.1 Classification of Creditors

For the purposes of considering and voting upon this Plan, Creditors shall constitute a single class. Each Creditor will be entitled to one vote for each dollar of Eligible Voting Claim value.

ARTICLE 4

STRUCTURE OF THE PLAN

4.1 Overview

The Claims of all Creditors will be converted to Replacement Bonds issued pursuant to the Bond Indenture. Each Creditor will receive $.0444207174 of principal amount ofClass "B" Bonds for each $1 of Proven Claim, and $.9555792826 of principal amount of Class "A" Bonds for each $1 of Proven Claim. All Legacy Bonds will be cancelled following the issuance of the corresponding Replacement Bonds, and all Old Legacy Shares will be converted to retractable shares. Replacement Bonds will not bear interest and the Class "A" Bonds will be due for repayment June 30, 2015.

The Class "B" Bonds will be exchanged for New Legacy Shares on the basis of one New Legacy Share to each one dollar of Class "B" Bonds on the Plan Implementation Dates. All Old Legacy Shares will be retracted and cancelled on the Plan Implementation Dates, resulting in the Creditors becoming the only shareholders of Legacy. No partial shares will be issued.

4.2 Details of the Plan

On the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Exit Financing Agreement and the Exit Financing Security will become effective;
- The Exit Financing Net Proceeds will be advanced to the Monitor;
- The Monitor will, from the Exit Financing Net Proceeds, pay the amounts identified in Article 6 of this Plan;
- The Bond Indenture and the Replacement Bond Security shall become effective;
- The Old Legacy Shares will be designated as retractable and the Legacy Bonds shall be amended to add a conversion feature allowing for their conversion, by way of exchange, into Replacement Bonds, the Old Class "B" Shares shall be retracted and cancelled and all other provisions of the corporate reorganization contained in Schedule "C" shall become effective;
- All of the Legacy Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Section 4.1 of this Plan;
- Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims on the basis set out in Section 4.1 of this Plan;
- All issued Class "B" Bonds held by Specified Bondholders will be exchanged for and converted to New Legacy Shares; and,

- Legacy will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

4.3 On the second of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Class "B" Bonds held by Creditors other than the Specified Bondholders shall be exchanged for and converted to New Legacy Shares;

- Certificates for all issued Class "A" Bonds and New Legacy Shares shall be provided to the Monitor for distribution to Creditors;

- All remaining Old Legacy Shares will be retracted and cancelled; and

- The compromise with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; and,

- All directors of ACC shall be discharged and the New Directors shall take office.

The Monitor will, as soon as reasonably practicable following the Plan Implementation Dates, distribute the Class "A" Bonds and New Legacy Shares as contemplated by this Plan.

If the Plan is approved by Creditors and the Court, certain conditions must be met before Plan Implementation can take place. Those conditions are outlined in Section 8.3 of this Plan.

ARTICLE 5
PROCEDURAL MATTERS

5.1 Creditors' Meeting

The Creditors' Meeting will take place at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta, at 11:00 a.m. on June 28, 2012 (or on such other date as may be set by Order of the Court) at which the Creditors eligible to vote shall consider and vote upon this Plan. The Creditors' Meeting shall be held in accordance with this Plan, and any applicable Order in respect of the procedure governing the meeting.
The Monitor's designee (the "Chairman") shall preside as the chair of the meeting and shall decide all matters relating to the conduct of the meeting. Persons entitled to attend the Creditors' Meeting are the Chairman, the Monitor, the representatives of Legacy, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

The Chairman may, with the permission of the Creditors, adjourn the Creditors' Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe, subject to any further Order.

The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

Legacy and the Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

5.2 Procedure

Votes cast by Creditors with Claims at the Creditors' Meeting shall be binding upon the Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, the Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by all Creditors.

5.3 Proxies

A Creditor who wishes to cast its vote at the Creditors Meeting, but is unable or does not wish to attend the Creditors Meeting, may appoint the Monitor, a member of Legacy management, or any other person as its proxyholder to attend and act on the Creditor's behalf at the Creditors Meeting by inserting such person's name in the space provided on an instrument of proxy in the form attached hereto as Schedule "B" (the "Instrument of Proxy") and sending or delivering the completed Instrument of Proxy to the offices of the Monitor at Ernst & Young Tower, 1000, 440 2nd Avenue S.W., Calgary, AB T2P 5E9 Canada, Attention: Jessica Caden. An Instrument of Proxy must be (i) received at the offices of the Monitor at least one Business Day prior to the time set for the Creditors' Meeting, or any adjournment thereof; or (ii) delivered to the Monitor at the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof. Failure to so deposit the Instrument of Proxy shall result in the invalidation of same. Legacy shall be entitled to solicit and collect Instruments of Proxy containing votes in favour of the Plan for delivery to the Monitor.

Any Creditor who has given an Instrument of Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Creditor or by his representative, duly authorized in writing or, if a Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chairman of the Creditors' Meeting prior to commencement of the Creditors' Meeting, or any adjournment thereof.

The Instrument of Proxy must be executed by the Creditor or his duly authorized attorney in writing, or if the Creditor is not an individual, the Instrument of Proxy must be signed in its name by an authorized officer whose title should be indicated. The Instrument of Proxy signed by a person acting in a representative capacity should indicate such person's capacity (following his signature) and it should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Monitor).

The persons named in the accompanying Instrument of Proxy shall vote Claims of the Creditors in accordance with the direction of the Creditor appointing them on any ballot that may be called for and where the Creditor giving the Instrument of Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the instructions of the Creditor. In the absence of any such direction, such Claim shall be voted as vote in favour of the Plan.

The accompanying Instrument of Proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in this Plan and with respect to other matters that may properly come before the Creditors Meeting.

5.4 Confirmation of Plan

(a) In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Creditors' Meeting pursuant to the terms of the Plan, Legacy shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

(b) Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Section 8.3 of this Plan, the Plan will be implemented in accordance with the terms thereof.

(c) In the event that the Plan is not agreed to, accepted and approved in accordance with its terms, the Plan shall automatically terminate.

5.5 Court Assistance

Legacy and the Monitor shall have the right to seek the assistance and/or direction of the Court regarding any matter relating to this Plan

ARTICLE 6
PAYMENTS AND DISTRIBUTIONS

6.1 Payment to Priority Creditors

The Monitor shall on the Plan Implementation Dates in accordance with the Plan pay from the Exit Financing Net Proceeds:

(a) All amounts secured by the Administration Charge; and,

(b) All amounts secured by the DIP Charge

in full satisfaction, payment, settlement, release and discharge of all amounts outstanding thereunder.

6.2 Payments to Unaffected Creditors

On the Plan Implementation Dates, the Monitor shall, upon the direction of ACC as contemplated by Article 10(d)(ii)and without personal liability therefor, from the Exit Financing Net Proceeds pay or make provision for payment of the Unaffected Plan Closing Claims, all

Unaffected Claims then due and payable, and accrued amounts in respect of all other Unaffected Claims.

6.3 Special Crown Claims

On or as soon as reasonably possible following the Plan Implementation Dates, and in any event within six months after the date of the granting of the Final Sanction Order, the Monitor shall, upon the direction of ACC as contemplated by Article 10(d)(ii)and without personal liability therefor, pay in full all Special Crown Claims that were outstanding on the Filing Date and which have not been paid by the Plan Implementation Dates.

6.4 Distribution of Class "A" Bonds and New Legacy Shares to Creditors

As soon as reasonably practicable after the Plan Implementation Dates, certificates representing each Creditor's Class "A" Bonds and New Legacy Shares shall be distributed to Creditors with Proven Claims by the Monitor, and shall be sent by prepaid ordinary mail to the last known address for such Creditor or to the address for such Creditor specified in the Proof of Claim filed by such Creditor, and for greater certainty, in the case of Class A Bonds and New ACC Shares distributed to Creditors who are Registered Plans, to the last known address of the Trustee of the Registered Plan. Creditors not wishing to receive New Legacy Shares may direct the cancellation any of New Legacy Shares issued to them by written notice to the Monitor, but shall not be entitled to additional Class "A" Bonds.

6.5 Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure.

6.6 Currency

All Claims shall be denominated in Canadian Dollars and all Replacement Bonds issued to Creditors on account of their Claims shall be made in Canadian Dollars. Any Claim in a currency other than Canadian shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at the Filing Date.

6.7 Interest

No holder of a Claim shall be entitled to accrue or collect any interest whatsoever in respect of any Claims or Replacement Bonds from or after the Filing Date.

6.8 Treatment of Undeliverable Distributions of New Legacy Shares and Class "A" Bonds

If any Creditor's distribution of New Legacy Shares and Class "A" Bonds are returned as undeliverable, no further distributions to such Creditor shall be made unless and until Legacy and the Monitor are notified by such Creditor of such Creditor's current address. All claims for undeliverable distributions of New Legacy Shares and Class "A" Bonds in respect of Proven

Claims must be made on or before the expiration of six (6) months following the later of the Plan Implementation Dates or the date upon which such Creditor's claim became a Proven Claim. After such date the Proven Claims of any Creditor or successor of such Creditor with respect to such unclaimed distributions of New Legacy Shares and Class "A" Bonds shall, unless otherwise consented to by Legacy, be forever discharged and forever barred, notwithstanding any federal or provincial laws to the contrary. Nothing contained in the Plan shall require Legacy or the Monitor to attempt to locate any holder of a Proven Claim.

6.9 Assignment of Claims for Voting and Distribution Purposes

(a) Assignment of Claims Prior to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting and Legacy shall not be obliged to deal with any such transferee or assignee as a Creditor in respect thereof, including allowing such transferee or assignee to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by Legacy and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the Creditors' Meeting. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. For greater certainty, neither Legacy nor the Monitor shall recognize partial transfers or assignments of Claims.

(b) Assignment of Claims Subsequent to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim after the Creditors' Meeting (or ten (10) Business Days immediately prior thereto) and Legacy shall not be obliged to make distributions of Class "A" Bonds and New Legacy Shares to any such transferee or assignee or otherwise deal with such transferee or assignee as a Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by Legacy and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the day on which the first distribution of Class "A" Bonds and New Legacy Shares to Creditors with Proven Claims is made. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by notices given and steps in respect of such Claim. For greater certainty, neither Legacy nor the Monitor shall recognize partial transfers or assignments of Claims.

ARTICLE 7
PROCEDURE FOR DISTRIBUTIONS TO HOLDERS OF DISPUTED CLAIMS

7.1 No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no issuances of Class "B" Bonds or distributions of Class "A" Bonds or New Legacy Shares shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim, in whole or in part.

7.2 Distributions After Disputed Claims Resolved

Legacy shall distribute to each holder of a Disputed Claim which has become in whole or in part a Proven Claim, the Class "A" Bonds and New Legacy Shares attributable to such Proven Claim in accordance with the Plan.

7.3 Restrictions on Distributions

Until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, Legacy shall not:

(a) Issue additional bonds or shares of any description except in connection with the resolution of Disputed Claims as contemplated by this Plan;

(b) Make any distribution of cash or securities to holders of Class "A" Bonds or New Legacy Shares.

ARTICLE 8
PLAN IMPLEMENTATION

8.1 Extinguishment of Claims

The Claims of any Creditors who have not submitted a Proof of Claim in accordance with the Claims Procedure are deemed to be forever barred and may not thereafter be advanced as against Legacy, pursuant to the Claims Procedure Order.

8.2 Sequence of Events.

On the first of the Plan Implementation Dates the sequence of events will be deemed to be:

(a) The Exit Financing Agreement and the Exit Financing Security shall become effective; then,

(b) The Exit Financing Net Proceeds will be advanced to the Monitor and be applied in accordance with Article 6 hereof; then,

(c) All of the charges, including the Administration Charge, the Directors' Charge and the DIP Charge created by the Initial Order or later Orders shall be terminated, discharged and released as against Legacy and the Assets; then,

(d) The Bond Indenture and the Replacement Bond Security shall become effective; then,

(e) The Old Legacy Shares will be designated as retractable, the Legacy Bonds will be amended to add a conversion feature allowing their conversion, by way of exchange, into Replacement Bonds, the Old Class "A" Shares shall be split on a 40 for 1 basis, the Old

Class “B” Shares shall be retracted and cancelled, and all other provisions of the corporate reorganization contained in Schedule C shall become effective; then,

(f) All of the Legacy Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Section 4.1 of this Plan; then

(g) Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims; then,

(h) All issued Class “B” Bonds issued to Specified Bondholders shall be exchanged for and converted into New Legacy Shares; and,

(i) Legacy will elect, in the prescribed form, to be a “public corporation” for the purposes of the ITA.

On the second of the Plan Implementation Dates plan implementation shall continue and the sequence of events will be deemed to be:

(j) All Class “B” Bonds held by Creditors other than the Specified Bondholders shall be exchanged for and converted to New Legacy Shares; then,

(k) Certificates for all issued Class “A” Bonds and New Legacy Shares shall be provided to the Monitor for distribution; then,

(l) All remaining Old Legacy Shares shall be retracted and cancelled; then,

(m) The compromises with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; then,

(n) The Unsecured Creditors’ Committee members for Legacy, other than the charter members Nicole Shurko, Kyle Brown and Lucille Gans, shall be discharged; then,

(o) All directors of Legacy shall be discharged and the New Directors shall take office.

8.3 Conditions to Implementation of the Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Plan Implementation Dates, as the case may be:

(a) The Exit Financing Agreement and the Exit Financing Security shall have been duly executed and registered or otherwise perfected;

(b) The Plan shall have been approved by the Required Majority of Creditors with Eligible Voting Claims;

(c) The Final Sanction Order shall have been granted in substantially the form described in Section 10.1;

(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 shall have been obtained; and,

(e) The Exit Financing Net Proceeds along with the Class "A" Bonds and the New Legacy Shares attributable to each Creditor with a Proven Claim shall have been deposited with the Monitor.

8.4 One Business Day following the satisfaction of the conditions set out in Section 8.3 and the occurrence of the events set out in Section 8.2, the Monitor shall deliver to Legacy a certificate stating that the Plan Implementation Dates has occurred. Following the Plan Implementation Dates, the Monitor shall file such certificate with the Court.

ARTICLE 9

RELEASES

9.1 Plan Releases

Subject to Section 9.2 of this Plan, on the Plan Implementation Dates and in accordance with the sequential order of steps set out in Section 8.2, Legacy, the Monitor, the Consultants and each and every director, officer, employee and legal counsel and agents thereof in respect of the restructuring, who has acted at any time in any such capacity from and after the Filing Date (being herein referred to individually as a "**Released Party**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or other Person may be entitled to assert, including any and all claims in respect of statutory liabilities of directors, officers, members and employees of Legacy and any alleged fiduciary or other duty whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Dates in any way relating to, arising out of or in connection with the Claims, the business and affairs of Legacy whenever or however conducted, the administration and/or management of the Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by any Applicable Law; provided that nothing in the Plan shall release or discharge a Released Party from (a) any obligation created by or existing under the Plan or any related document, (b) any claim with respect to matters set out in section 5.1(2) of the CCAA.

9.2 Exceptions

The provisions of Section 9.1 of this Plan do not apply to any Released Claims or other causes of action which the Bondholders or Legacy may have against the directors or officers of Legacy.

ARTICLE 10

COURT SANCTION

10.1 Final Sanction Order

If the Required Majority approves the Plan, Legacy shall apply for the Final Sanction Order. The Final Sanction Order shall, among other things:

(a) declare that the Plan is fair and reasonable;

(b) declare that as of the Plan Implementation Dates, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon Legacy, all Creditors and all other Persons and Parties affected by the Plan;

(c) declare that the steps to be taken and the compromises and releases to be effected on the Plan Implementation Dates are deemed to occur and be effected in the sequential order contemplated by Section 8.3 of the Plan on the Plan Implementation Dates;

(d) declare that Legacy is authorized to:

(i) direct that the Exit Financing Net Proceeds be paid to the Monitor;

(ii) direct the Monitor to make the payments contemplated by this Plan;

(iii) direct the Monitor to deliver the Replacement Bonds and New Legacy Shares to Creditors as contemplated by this Plan;

(iv) declare that the releases referred to in Section 9.1 and the other provisions of this Plan relating to Creditors shall become effective in accordance with the Plan;

(v) terminate and discharge the Administration Charge, the Directors' Charge and the DIP Charge on the Plan Implementation Dates;

(vi) declare the fundamental changes described in Schedule "C" hereto to have become effective;

(e) compromise, discharge and release Legacy from any and all Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against Legacy in respect of or relating to any Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Claims be permanently stayed, subject only to the right of Creditors to receive distributions of Class "A" Bonds and New Legacy Shares pursuant to the Plan in respect of their Claims;

(f) discharge and extinguish all liens, including all security registrations against Legacy, in favour of any Creditor in respect of a Claim;

(g) discharge and extinguish all liens, including all security registrations against Legacy, in favour of any Creditor in respect of a Disputed Claim;

(h) declare that any Claims in respect of which a proof of claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;

(i) declare that the stay of proceedings under the Initial Order is extended in respect of Legacy to, and including, the Plan Implementation Dates;

(j) declare that, subject to the performance by Legacy of its obligations under the Plan, all obligations, agreements or leases to which Legacy is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Dates, unless repudiated or deemed to be repudiated by Legacy pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Dates, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

    (i) of any event which occurred prior to, and not continuing after, the Plan Implementation Dates or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;

    (ii) that Legacy has sought or obtained relief or have taken steps as part of the Plan or under the CCAA;

    (iii) of any default or event of default arising as a result of the financial condition or insolvency of Legacy;

    (iv) of the effect upon Legacy of the completion of any of the transactions contemplated under the Plan; or

    (v) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan;

(k) stay the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including, without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any other matter released pursuant to Article 9 herein;

(l) if required, authorize Legacy to execute the Exit Financing Agreement, the Exit Financing Security, to grant the security interests contemplated by the Exit Financing Security, and authorize the registration or other perfection of the Exit Financing Security, which shall not become effective until Plan Implementation;

(m) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;

(n) direct that until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, Legacy shall not:

   (i) issue additional bonds or shares of any description except in connection with the resolution of Disputed Claims as contemplated by this Plan;

   (ii) make any distribution of cash or securities to holders of Class "A" Bonds or New Legacy Shares;

(o) declare that upon completion by the Monitor of its duties in respect of Legacy pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Procedure and the distributions of Class "A" Bonds and New Legacy Shares to be made by the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination stating that all of its duties in respect of Legacy pursuant to the CCAA and the Orders have been completed and thereupon, Ernst & Young Inc. shall be deemed to be discharged from its duties as Monitor of Legacy and that the Monitor has exercised all of its powers and performed all of its duties and functions honestly, in good faith and in compliance with the Code of Ethics referred to in section 13.5 of the BIA.; and

(p) declare that Legacy and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan; and,

(q) direct that Legacy hold a meeting of shareholders for the purpose of electing directors within four months following the last of the Plan Implementation Dates.

ARTICLE 11

GENERAL PROVISIONS

11.1 Role of Monitor

From and after the Plan Implementation Dates the Monitor shall cease to be responsible for dealing with Disputed Claims, and Legacy shall be solely responsible for the resolution of all Disputed Claims. Legacy may, without further Order, settle or resolve any Disputed Claims and shall, immediately upon settling or resolving a Disputed Claim, notify the Monitor to allow the Monitor to promptly make the distributions of Class "A" Bonds and New Legacy Shares contemplated by Article 6.

11.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, one or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by Legacy in order to implement this Plan.

11.3 Paramountcy

Without limiting any other provision hereof, and after the Plan Implementation Dates, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Creditor or any other Persons affected by the Plan, and Legacy as at the Plan Implementation Dates, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

11.4 Waiver of Defaults

From and after the Plan Implementation Dates, each Creditor shall be deemed to have waived any and all defaults by Legacy arising on or prior to the Plan Implementation Dates in respect of every covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral. Without limiting the generality of the foregoing, such waiver shall extend to and include any provision of any agreement between any Creditor and Legacy which provides that Legacy is in default, or the Creditor has a remedy or a right, and which arises or results from any change in control, or deemed change in control of Legacy resulting from this Plan or any change in directors of Legacy which has taken place up to and including the Plan Implementation Dates. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or notices given under the CCAA, including without limitation any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

11.5 Compromise Effective for all Purposes

The Plan and the compromise or satisfaction of any Claims under this Plan, if sanctioned and approved by the Court, shall be binding upon each Creditor, its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and, without limitation the generality of the foregoing, this Plan will constitute:

(a) full, final and absolute settlement and compromise of all Claims;

(b) an absolute release, discharge and extinguishment of all Claims against Legacy and the Assets.

The payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, will be binding upon the Creditors and each of their heirs, executors, administrators, successors and assigns, for all purposes and, to such extent will also be effective to relieve any third party directly or indirectly liable for such Claim, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

11.6 Treatment of Contracts

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Plan Implementation Dates, Legacy shall be deemed to have ratified each executory contract to which it is a party, unless such contract (i) was previously repudiated or terminated by Legacy, (ii) previously expired or terminated pursuant to its own terms, or (iii) is otherwise set forth in the Plan as being an executory contract which is deemed to be repudiated or terminated.

11.7 Payment of Taxes

Notwithstanding any provisions of the Plan, each holder of a Proven Claim that is to receive a distribution of Replacement Bonds and New Legacy Shares pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

11.8 Plan Amendment

Legacy may, at any time and from time to time, amend, modify and/or supplement this Plan:

(a) provided such amendment, modification or supplement or waiver is contained in a written document which is:

    (i) filed with the Court and, if made following the Creditors' Meeting, approved by the Court; and

    (ii) communicated to the Creditors in the manner required by the Court (if so required); or

(b) after the Final Sanction Order, provided such amendment, modification, supplement or waiver concerns a matter which, in the opinion of Legacy, acting reasonably, is of an administrative or technical nature required to better give effect to the implementation of this Plan and the Final Sanction Order or would not be materially adverse to the financial interests of the Creditors. Any amendments to this Plan and any supplementary plan or plans of compromise or arrangement (which shall be filed with the Court) will, for all purposes, be, and be deemed to be, a part of and incorporated in this Plan.

ARTICLE 12

INTERPRETATION

12.1 Definitions

In this Plan, unless the context should otherwise require the capitalized terms and phrases used but not defined herein have the meanings given to them in Schedule "A" attached hereto.

12.2 Article and Section Reference

The terms "this Plan", "hereof", "hereunder", "herein", and similar expressions refer to this Plan, amendments to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

12.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa; and any word or words importing gender shall include all genders.

12.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

12.5 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

12.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

12.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

12.8 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

12.9 Governing Law

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court.

12.10 Inclusive Meaning

As used in this Plan, the words "include", "includes", "including", or any other derivation thereof means, in any case, those words as modified by the words "without limitation".

12.11 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

(i) Schedule "A" – Definitions;

(ii) Schedule "B" – Instrument of Proxy

(iii) Schedule "C" – Articles of Reorganization

SCHEDULE A
DEFINITIONS

In this Plan of Compromise and Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

"**Administration Charge**" has the meaning given to it by the Initial Order;

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

"**Assets**" means all of the property, assets and undertaking of Legacy;

"BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"Bond Indenture" means the indenture made by Legacy pursuant to which the Replacement Bonds will be issued and having the attributes described in Section 2.1 of the Plan;

"Bondholders" means the holders of Legacy Bonds as at the Filing Date;

"**Business Day**" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a bank holiday under Applicable Law;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Proceedings**" means the proceedings commenced by Legacy and Airdrie under the CCAA in the Court of Queen's Bench of Alberta, Judicial District of Calgary, Action No. 1011-17318;

"**Chairman**" has the meaning given to it in subsection 5.1(b) of the Plan;

"Claim" means any right or claim of any Person, including any Tax Claim, that may be asserted or made in whole or in part against Legacy, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA, had Legacy become bankrupt on the Filing Date;

"Claims Bar Date" means May 16, 2012 or such later date on which a Proof of Claim is accepted for filing by Legacy and the Monitor, or the Court, prior to the applicable Creditors' Meeting;

"**Claims Procedure**" means the procedures outlined in the Claims Procedure Order in connection with the assertion of Claims against Legacy;

"**Claims Procedure Order**" means the Order of the Court made by the Honourable Madame Justice B.E.C. Romaine dated April 17, 2012 approving the Claims Procedure;

"Class "A" Bonds" means non-interest bearing bonds due June 30, 2015 to be issued by Legacy pursuant to the Bond Indenture in accordance with Section 4.1 of this Plan and rounded to the nearest one dollar.

"Class "B" Bonds" means non-interest bearing bonds convertible into New Legacy Shares, to be issued by Legacy pursuant to the Bond Indenture in accordance with Section 4.1 of this Plan, and rounded to the nearest one dollar.

"Consultants" Azimuth Risk Management Ltd. and Winman Ltd.;

"**Court**" means the Court of Queen's Bench of Alberta;

"Creditor" means any Creditor with an Claim, but only with respect to and to the extent of such Claim;

"**Creditors' Meeting**" means the meeting of Creditors with Eligible Voting Claims called for the purpose of considering and voting in respect of the Plan and any adjournment thereof;

"Disputed Claim" means a Claim (including a contingent Claim) properly filed in accordance with the Claims Procedure which, if allowed in whole or in part, would be a Proven Claim, but which has not, as of the Plan Implementation Dates been finally determined to be a Proven Claim in accordance with the Claims Procedure;

"**Eligible Voting Claim**" means a Proven Claim in respect of Legacy, or where a Claim is disputed or unresolved by the time the Creditors' Meeting commences, the value assigned to such Claim for voting purposes by Legacy in consultation with the Monitor, or the Court, except no Unaffected Claim will be an Eligible Voting Claim;

"**Excluded Asset Amount**" has the meaning given to it in Section 2.1(e) of this Plan;

"Exit Financing" means financing arranged by Legacy which will become effective on the Plan Implementation Dates, in an amount sufficient to make the payments contemplated by Article 6 hereof and provide sufficient additional financing to allow Legacy to meet expenses for a period of approximately six months following the Plan Implementation Dates;

"Exit Financing Agreement" means the credit facility agreement to be entered into by Legacy and the provider of Exit Financing, to become effective upon the Plan Implementation Dates;

"Exit Financing Net Proceeds" means the amount to be advanced pursuant to the Exit Financing Agreement at the Plan Implementation Dates, net of all expenses;

"Exit Financing Security" means the security agreements to be entered into by Legacy to secure advances to be made to the Exit Financing Agreement charging all of the Assets which will be registered or otherwise perfected prior on the Plan Implementation Dates, and which will become effective on the Plan Implementation Dates;

"Filing Date" means December 21, 2011;

"**Final Determination**" means any determination for which, pursuant to Applicable Law, all times limited for and all rights to dispute, appeal or further appeal of or from such determination have expired or been exhausted;

"**Final Sanction Order**" means a final Order which, among other things, shall approve and sanction the Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to the Plan, including provisions in substance similar to those set out in Section 10.1;

"Government Authority" means a federal, provincial, territorial, municipal or other government or government department, agency or authority (including a court of law) having jurisdiction over Legacy, the business of Legacy, or the Plan;

"**Indebtedness**" means in respect of the holder of any Claim, all of the indebtedness, liabilities and obligations of Legacy to such Creditor, whether direct, indirect, contingent or otherwise, including all outstanding principal, interest and penalties owed by Legacy to such Creditor, including any Claims as a result of the termination of any employment agreements, whether in writing or not, and any employment relationships established thereby and any other agreements relating to the payment of severance to any employees;

"**Initial Order**" means the order granted by the Court in the CCAA Proceedings on December 21, 2012 which, among other things, granted CCAA protection to Legacy, appointed the Monitor, and stayed proceedings against Legacy;

"**Instrument of Proxy**" has the meaning given to it in subsection 5.3(b) of the Plan, a copy of which is attached as Schedule "B" hereto;

"ITA" means the *Income Tax Act*, R.S.C., 1985, c.l, and the regulations thereunder, all as amended;

"Legacy" means Legacy Communities Inc.

"Legacy Bonds" means the 6% bonds issued by Legacy and due December 31, 2012, including bonds in respect of which the holder has exercised a right of retraction;

"**Legacy Lands**" means the interests of Legacy and 110 interests in four parcels of land located in sections 9 and 10, Meridian 5, Range 3, Township 24.

"**Meeting Order**" means the Order under the CCAA that, among other things, accepts the filing of the Plan and calls and sets the date for the Creditors' Meeting;

"**Monitor**" means Ernst & Young Inc. acting in its capacity as court appointed monitor pursuant to the terms of the Initial Order;

"**New Directors**" means 5 individuals selected by the Monitor from nominations submitted by Creditors pursuant to a process directed by the Court in an Order dated May 31, 2012;

"New Legacy Shares" means new class "A" common shares to be issued to Creditors pursuant to this Plan upon the conversion of the Class "B" Bonds;

"Old Class "A" Shares" means all Class "A" preferred, voting, non-participating shares of Legacy issued and outstanding as at the Filing Date;

"Old Class "B" Shares" means all Class "B" common, non-voting, participating shares of Legacy issued and outstanding as at the Filing Date;

"Old Legacy Shares" mean all issued and outstanding shares of any class of Legacy, including Old Class "A" Shares and Old Class "B" Shares, as at the Filing Date;

"**Order**" means any order of the Court respecting the CCAA Proceedings or the Receivership Proceedings;

"**Person**" includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"**Plan**" or "**Plan of Compromise and Arrangement**" means the Plan of Compromise and Arrangement to which this Schedule "A" is attached and forms part, as supplemented and amended from time to time;

"**Plan Implementation Dates**" means the period of two Business Days following the satisfaction or waiver of the conditions precedent to the implementation of this Plan as set out in Section 8.3 or such other dates as may be agreed by the Parties in consultation with the Monitor, and approved by the Court;

"Post-Filing Claim" means any amounts properly owing by Legacy arising or accruing from the provision of goods and/or performance of services or the advance of money or credit to Legacy from and after the Filing Date, together with any claim of any nature or kind whatsoever arising after the Filing Date which would, had it been in existence on or before the Filing Date, have been Claim within the meaning of this Plan, but not including interest or other costs or charges in respect of any Claim arising or accruing after the Filing Date;

"**Proven Claim**" means a Claim which has been allowed and in respect of which there has been a Final Determination of such Claim in accordance with this Plan and/or any applicable Order by the Plan Implementation Dates;

"**Registered Plan**" means a registered retirement savings plan, registered retirement income fund or tax free savings account, as each such term is defined in the *Income Tax Act* (Canada);

"Released Party" has the meaning given to it in Section 9.1 of the Plan;

"Replacement Bonds" means Class "A" Bonds and Class "B" Bonds to be issued pursuant to the Bond Indenture;

"Replacement Bond Security" means fixed and floating charge debenture security granted by Legacy to secure all amounts owed pursuant to the Bond Indenture charging all of the Assets and having the attributes described in Section 2.1(f) of this Plan;

"Required Majority" means a majority in number of the Creditors, who represent at least two-thirds in value of the Eligible Voting Claims of Creditors who actually vote on the resolution approving the Plan (in person or by proxy) at the Creditors' Meeting;

"**Special Crown Claims**" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Plan Implementation Dates and are of a kind that could be subject to a demand under:

(i) subsection 224(1.2) of the ITA;

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan,* or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act,* and of any related interest, penalties or other amounts; or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

"Specified Bondholders" means those holders of Replacement Bonds selected by the Monitor, none of whose Class "B" Bonds shall be held in Registered Plans;

"Tax" or "Taxes" means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Taxing Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

"Tax Claim" means any Claim against Legacy for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date but does not end until after the Filing Date, any Claims against Legacy for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date.

"Taxing Authorities" means any one of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power;

"**Taxing Authority**" means any one of the Taxing Authorities;

"**Unaffected Claims**" has the meaning given to it in Section 2.3 of the Plan;

"**Unaffected Creditor**" is a Creditor whose Claim is an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

"Unaffected Plan Closing Claims" means the following Claims, which will either be reserved for or paid on the Plan Implementation Dates in accordance with the Plan:

a. the Claims of the Monitor and its counsel for unpaid fees and costs incurred up to and including the Plan Implementation Dates;

b. the Claims of Legacy's counsel and counsel for the Unsecured Creditors Committee for unpaid fees and costs incurred up to and including the Plan Implementation Dates.

"Unsecured Creditors' Committee" means the committee of creditors created pursuant to an Order of the Court dated February 16, 2012.

SCHEDULE "B"

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 and AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.

INSTRUMENT OF PROXY

MEETING OF CREDITORS OF LEGACY COMMUNITIES INC. to be held pursuant to an Order of the Alberta Court of Queen's Bench (the "**Court**") in connection with Legacy Communities Inc.s' Plan of Compromise and Arrangement under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Plan**") on June 28, 2012 at 9:30 a.m. at:

3rd Floor, Centennial Place, West Tower,

250-5th Street S.W.,

Calgary, Alberta

Before completing this Instrument of Proxy, please read carefully the instructions accompanying this Instrument of Proxy for information respecting the proper completion and return of this Instrument of Proxy.

THIS INSTRUMENT PROXY MUST BE COMPLETED AND SIGNED BY THE CREDITOR AND PROVIDED TO THE MONITOR, ERNST & YOUNG INC., BY 5:00 P.M. (MST) ON THE BUSINESS DAY PRIOR TO THE MEETING OR WITH THE CHAIR PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF IF ANY PERSON ON SUCH CREDITOR'S BEHALF IS TO ATTEND THE MEETING AND VOTE ON THE CCAA PLAN OR IF SUCH CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS SUCH INSTRUMENT OF PROXY.

THE UNDERSIGNED CREDITOR hereby revokes all proxies previously given and nominates, constitutes and appoints ________________________ or, if no person is named, Neil Narfason of Ernst & Young Inc. in its capacity as Monitor, or such other representative of the Monitor as the Monitor may designate, as nominee of the undersigned Creditor, with full power of substitution, to attend on behalf of and act for the undersigned Creditor at the Meeting of Creditors of Legacy Communities Inc. to be held in connection with the CCAA Plan and at any and all adjournments thereof, and to vote the amount of the undersigned Creditor's Claims for voting purposes as determined pursuant to the Creditors' Meeting Order, the Claims Process, the CCAA Plan, the CCAA and any further order of the Court as follows:

A. (mark one only):

☐ VOTE FOR approval of the CCAA Plan; or

☐ VOTE AGAINST approval of the CCAA Plan

-and-

B. vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Creditor with respect to any amendments or variations to the CCAA Plan and to any other matters that may come before the Meeting of Creditors of Legacy Communities Inc. or any adjournment thereof.

DATED this __ day of June, 2012.

____
Print Name of Creditor

____
Signature of Creditor. If the Creditor is a corporation, signature of an authorized signing officer of the Corporation.

____
Title of the authorized signing officer of the corporation, if applicable.

____
Mailing address of the Creditor

____
Telephone number of the Creditor

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Each Creditor who has a right to vote at the Creditors' Meeting has the right to appoint a person (who need not be an Creditor) to attend, act and vote for and on behalf of such Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed. **If no name has been inserted in the space provided, the Creditor will be deemed to have appointed Neil Narfason of the Monitor (or such other representative of the Monitor as the Monitor may designate) as the Creditor's proxy holder.**

2. **If an officer of Ernst & Young Inc. is appointed or is deemed to be appointed as proxy holder and the Creditor fails to indicate on this ordinary creditors' proxy a vote for or against approval of the CCAA Plan, this instrument of proxy will be voted FOR approval of the CCAA Plan.**

3. If this instrument of proxy is not dated in the space provided, it will be deemed to be dated on the date it is received by the Monitor.

4. This instrument of proxy must be signed by the Creditor or by the Creditor's attorney duly authorized in writing or, if the Creditor is a corporation, by a duly authorized officer or attorney of the corporation with an indication of the title of such officer or attorney.

5. Valid proxies bearing or deemed to bear a later date will revoke this ordinary creditors' proxy. If more than one valid proxy for the same Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.

6. This instrument of proxy should be sent to the Monitor by mail, delivery, email or facsimile at the address set out below so that it is received by the Monitor no later than 5:00 p.m. (MST) on June 27, 2012.

Ernst & Young Inc.
Court Appointed Monitor
Ernst & Young Tower,
1000, 440 2nd Avenue S.W.,
Calgary, AB T2P 5E9 Canada

Attention: Jessica Caden

Fax: (403) 206-5075
Email: Jessica.Caden@ca.ey.com
Telephone: (403) 206-5153

SCHEDULE C

ARTICLES OF REORGANIZATION OF LEGACY COMMUNITIES INC.

BUSINESS CORPORATIONS ACT (SECTION 192) FORM 14

Alberta **ARTICLES OF REORGANIZATION**

NAME OF CORPORATION:	ALBERTA CORPORATE ACCESS NUMBER:
LEGACY COMMUNITIES INC.	2011751325

IN ACCORDANCE WITH THE ORDER FOR REORGANIZATION, THE ARTICLES OF INCORPORATION OF THE CORPORATION ARE AMENDED AS FOLLOWS:

Pursuant to the terms of the Plan and an order of the Queen's Bench of Alberta, dated ● in support thereof and in accordance with Section 192(4) of the *Business Corporations Act*:

1. The Articles of Incorporation are amended pursuant to Section 173(1)(f) to change the number of issued Class A Shares, so that each issued Class A Share is subdivided into 40 Class A Shares.

2. The Articles of Incorporation are amended pursuant to section 173(1)(e) to add to the rights, privileges, restrictions and conditions of all existing classes of shares by adding to the end of Schedule A the following paragraph:

All shares of each of the Class A Shares and Class B Shares may be retracted by the Corporation and cancelled without payment of any kind.

3. Upon the Corporation so retracting and cancelling the Class A Shares and Class B Shares, the Articles shall be amended to delete Class A Shares and Class B Shares and the rights, privileges, restrictions and conditions attaching to them

4. The Articles are further amended pursuant to Section 173(1)(d) by creating a new class of shares, to be designated "Common Shares", which shall have the following rights, privileges, restrictions and conditions:

   (a) The holders of Common Shares shall be entitled to vote at all meeting of shareholders of the Corporation, except for meetings of the holders of another class of shares as a class.

   (b) The holders of Common Shares shall be entitled to receive such dividends thereon as may be declared by the Directors from time to time.

   (c) The holders of Common Shares shall be entitled to receive the remaining property of the Corporation on dissolution.

5. The Articles are further amended pursuant to Section 173(1)(m) by deleting Schedule B thereto in its entirety.

6. The Articles are further amended pursuant to Section 173(1)(l) to increase the minimum and decrease the maximum number of directors to the following:

Minimum 3
Maximum 9

7. DATE	SIGNATURE	TITLE

EXHIBIT "B"

This is Exhibit " B "
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5th
day of June A.D. 2012

Helen Leeman
A Commissioner for
Oaths in and for the
Province of Alberta

Helen L. Leesman
A Commissioner for Oaths
In and for the Province of Alberta
My Appointment expires
March 26, 2014

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a meeting of Creditors of Legacy Communities Inc. holding Eligible Voting Claims will be held at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta, at 9:30 a.m. on June 28, 2012 (Calgary time) for the following purposes:

1. to consider, pursuant to an order of the Court of Queen's Bench of Alberta dated June 7, 2012 (the "**Creditors' Meeting Order**"), and if deemed advisable, to approve a plan of compromise and arrangement (the "**CCAA Plan**") under the *Companies' Creditors Arrangement Act* (Canada); and

2. to transact such further and other business as may be properly brought before the Creditors' Meeting or any adjournment thereof.

Pursuant to the Creditors' Meeting Order only Creditors of Legacy Communities Inc. who hold Eligible Voting Claims are entitled to vote on the CCAA Plan.

Creditors who are unable to attend the Creditors' Meeting are requested to date, sign and return the accompanying form of proxy in the envelope provided for that purpose. In order to be used at the Creditors' Meeting, a proxy must be delivered to the office of Ernst & Young Inc., 1000, 440 – 2nd Avenue S.W., Calgary, Alberta T2P 5E9, Attention: Jessica Caden, fax (403) 290-5075, email: Jessica.Caden@ca.ey.com, by 5:00 p.m. (Calgary time) at least one (1) business day (excluding Saturdays, Sundays and holidays) prior to the date of the Creditors' Meeting or any adjournment thereof. Proxies may also be delivered to the Monitor at the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof.

Capitalized terms not defined herein have the meanings ascribed to them in the CCAA Plan of Arrangement.

Dated this __ day of June, 2012.

EXHIBIT "C"

This is Exhibit " C "
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5th
day of June A.D. 2012

Helen Leesman
A Commissioner for
Oaths in and for the
Province of Alberta

Helen L. Leesman
A Commissioner for Oaths
In and for the Province of Alberta
My Appointment expires
March 26, 2014

INFORMATION CIRCULAR

LEGACY COMMUNITIES INC.

Meeting of Creditors to be Held June 28, 2012

TABLE OF CONTENTS

INTRODUCTION

This Information Circular is being sent to creditors of Legacy Communities Inc. in connection with the meeting of creditors to be held June __, 2012 at ___ (the "Meeting"). Enclosed with this Information Circular is a Notice of Meeting and a copy of the Plan of Compromise and Arrangement (the "Plan") to be considered at the Meeting. Capitalised terms used in this Information Circular without definition have the meanings assigned to them in the enclosed Plan, which is incorporated by this reference into this Information Circular.

THE MEETING

The Meeting will take place at ______________., Calgary, Alberta, at _____ on June___, 2012 (or on such other date as may be set by Order of the Court) at which the Creditors eligible to vote shall consider and vote upon this Plan. The Meeting shall be held in accordance with this Plan, and any applicable Order in respect of the procedure governing the meeting.

The Monitor's designee (the "Chairman") shall preside as the chair of the meeting and shall decide all matters relating to the conduct of the meeting. Persons entitled to attend the Meeting are the Chairman, the Monitor, the representatives of Legacy, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

The Chairman may, with the permission of the Creditors, adjourn the Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe, subject to any further Order.

The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Meeting shall not be construed as an admission that its Claim is a Proven Claim.

Legacy and the Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

Procedure

Votes cast by Creditors with Claims at the Meeting shall be binding upon the Creditors and shall be recorded at the time of the Meeting. If the Required Majority is achieved, the Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by all Creditors.

Proxies

A Creditor who wishes to cast its vote at the Meeting, but is unable or does not wish to attend the Meeting, may appoint the Monitor, a member of Legacy management, or any other person as its proxyholder to attend and act on the Creditor's behalf at the Meeting by inserting such person's name in the space provided on an instrument of proxy in the form attached hereto as Schedule "B" (the "Instrument of Proxy") and sending or delivering the completed Instrument of Proxy to the offices of the Monitor at Ernst & Young Tower, 1000, 440 2nd Avenue S.W., Calgary, AB T2P 5E9 Canada. An Instrument of Proxy must be (i) received at the offices of the Monitor at least one Business Day prior to the time set for the Meeting, or any adjournment thereof; or (ii) delivered to the Monitor at the Meeting prior to the commencement of the Meeting or any adjournment thereof. Failure to so deposit the Instrument of Proxy shall result in the invalidation of same. Legacy shall be entitled to solicit and collect Instruments of Proxy containing votes in favour of the Plan for delivery to the Monitor.

Any Creditor who has given an Instrument of Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Creditor or by his representative, duly authorized in writing or, if a Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chairman of the Meeting prior to commencement of the Meeting, or any adjournment thereof.

The Instrument of Proxy must be executed by the Creditor or his duly authorized attorney in writing, or if the Creditor is not an individual, the Instrument of Proxy must be signed in its name by an authorized officer whose title should be indicated. The Instrument of Proxy signed by a person acting in a representative capacity should indicate such person's capacity (following his signature) and it should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Monitor).

The persons named in the accompanying Instrument of Proxy shall vote Claims of the Creditors in accordance with the direction of the Creditor appointing them on any ballot that may be called for and where the Creditor giving the Instrument of Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the instructions of the Creditor. In the absence of any such direction, such Claim shall be voted as vote in favour of the Plan.

The accompanying Instrument of Proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in this Plan and with respect to other matters that may properly come before the Meeting.

Confirmation of Plan

In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Meeting pursuant to the terms of the Plan, Legacy shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Section 8.3 of this Plan, the Plan will be implemented in accordance with the terms thereof.

In the event that the Plan is not agreed to, accepted and approved in accordance with its terms, the Plan shall automatically terminate.

BACKGROUND

Legacy is a single-purpose corporation incorporated to raise funds for the acquisition and development of four adjoining parcels of land totalling approximately 500 acres located four miles west of the Calgary city limits on Highway 8, in close proximity to the Glencoe Golf and Country Club and Elbow Valley Estates (the "Legacy Lands"). The main strategy to realize value contemplated by Legacy at the time the land was first purchased was to sell it to a developer, either as-is or with some degree of rezoning and development completed. A second alternative was for Legacy to service and/or develop the lands itself, or to enter into a joint venture with a party prepared to develop the lands. It was expected that the Legacy Lands could be sold within a period of approximately five years following the acquisition of the property. Between July of 2005 and late December of 2007 a total $35,418,346 was raised from a total number of 1476 investors through the sale of bonds issued pursuant to three offering memoranda. Of the total bonds sold approximately 68% are believed to be held in individual RRSPs. The bonds came due for repayment on December 31, 2011. Bondholders also acquired shares in Legacy in proportion to their bond holdings.

Legacy acquired a 100 acre parcel of the Legacy Lands in 2005 for $5.6 million, as well as the shares of 1109211 Alberta Ltd. and 1109211's rights under an option agreement to purchase the remaining Legacy Lands at a later date, for which Legacy paid a total amount of $8.9 million. Legacy later paid $3.5 million to exercise a portion of the option to acquire title to a further 100 acres of the Legacy Lands, as required by the option agreement. Exercising the option to purchase the remaining Legacy Lands (which expires July 31, 2017) will cost Legacy $9 million. Following the payment of all sales and other costs associated with raising funds and making the payments described above, Legacy held funds totalling $9.6 million, intended to fund ongoing management and other costs and to be available to exercise the option to acquire the remaining Legacy Lands.

Because the bulk of the funds held were not expected to be needed until 2017, Legacy entered into an agreement with Harvest Capital Management Inc. ("Harvest Capital") under which Harvest Capital agreed to invest the funds and provide a rate of return, and a profit participation in the net profits from the investments, to Legacy.

Between September of 2007 and June of 2008 Legacy advanced a total of approximately $9.6 million to two affiliates of Harvest Capital, 1330075 Alberta Ltd. ("133") and 1252064 Alberta Ltd. ("125"), in relation to four investments:

- A resort development on a property located on the Panamanian island of Isla del Rey;
- Development of a medical and "green" technology facility on a property in Ontario known as Balsam Lake;
- A mortgage on a shopping centre known as Liberty Crossing, located in Red Deer, Alberta;
- An investment in the development of Liberty Crossing.

The financial crash of 2008 brought real estate development, particularly for higher end residential properties in the Calgary area, to a near-standstill and the value and saleability of undeveloped land dropped dramatically. The 2008 crash and other related events also adversely affected the investments made by 133 and 125, reducing the value of those investments and making them illiquid so that funds could not be returned to Legacy. As a result, when the Legacy Bonds came due for payment in December of 2011 Legacy had no funds available either to repay the bonds, continue development of the Legacy Lands, or to fund a restructuring of the bonds and its other obligations.

In order to have access to a formal restructuring process as well as access to funding, in December of 2011 Legacy, along with Airdrie Capital Corporation and Airdrie Country Estates Inc. sought and obtained an order of the Court of Queen's Bench of Alberta (the "Initial Order") providing it with protection from its creditors and access to interim financing (known as "DIP" financing) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA").

Since the date of the Initial Order Legacy has been working with real estate experts and legal and other advisors to develop a strategy for dealing with the Legacy Lands, restructure its debt, and maximize value for its bondholders and other stakeholders. Following an extensive analysis of the options available, Legacy has concluded that the Legacy Lands are ripe for residential development. To date the required development approvals have not been forthcoming from Rocky View County, which has cited a lack of utility servicing capacity. A substantial utility corporation has now tabled with developers in the area a proposal to provide a major regional sewer and water system, which Legacy believes will be a catalyst for allowing development in the area to proceed. Highway 8, which is the major access route to and from Calgary for residents of nearby areas such as Elbow Valley, has become a traffic bottleneck. Work is now scheduled to begin in 2013 to twin Highway 8 which will greatly facilitate access to the area around the Legacy Lands and is expected to create significant demand for additional housing. Two of the four adjoining parcels which comprise the Legacy Lands are situated next to Highway 8. Most of the larger parcels near the Legacy Lands are owned by developers who are concurrently exerting a considerable amount of political pressure on Rocky View County to revive the stalled Highway 8 Growth Corridor Area Structure Plan, which is ordinarily key to opening the area for development. Despite the current absence of that plan, Legacy has prepared and is filing the Legacy Concept Plan with Rocky View County. The Concept Plan outlines broad land uses and utility and road systems. Similar concept plans have been submitted by other Highway 8 developers.

Legacy anticipates that, factoring in holding costs and development expenses, the net value of the Legacy Lands will appreciate substantially over the next three years and that if the Legacy Lands were held until ready for subdivision and servicing the value could substantially exceed the accumulated amount owed to Bondholders and other Creditors. Accordingly the financial restructuring portion of this Plan is designed to allow Legacy to issue Replacement Bonds in place of existing bonds and other debt. This would enable Legacy to extend the term of all of its outstanding debt for a period of three years, without interest or other payments to Creditors, and to raise additional funds to enable it to defray the costs of holding and developing the Legacy Lands as well as the costs of this restructuring, all with a view to allowing sufficient time for Creditors to maximize their recovery from the appreciation in value of the Legacy Lands.

Legacy has also conducted negotiations with 125 and 133 regarding the repayment of amounts owed to it. 125 and 133 also have been granted protection from creditors under the CCAA and Legacy will pursue its claims against them in that proceeding.

Through the restructuring process Legacy also identified a need to make governance more direct and transparent and to enable management to deal with any needed changes to the terms of the bonds to be issued pursuant to this Plan in a flexible and comprehensive way. The appointment of a board of directors of Legacy from nominations made by Creditors, together with changes to Legacy's corporate and debt structure and governing documents is intended to accomplish those objectives as part of this Plan. It is expected that Legacy's new board will also elect new directors of 1109211 immediately following Plan Implementation.

Because a significant number of Creditors currently hold Legacy Bonds and Legacy Shares in registered retirement savings plans ("RRSPs"), Legacy felt it was important to ensure that the bonds and shares to be issued to Creditors pursuant to this Plan would also be RRSP eligible. In order for that to occur the majority of Creditors' Claims will be converted to Class "A" Bonds, but a small portion of each Creditor's Claim will be converted to Class "B" Bonds, which will in turn be converted to New Legacy Shares. The New Legacy Shares will be supported by equity which will not be available for payment of the Class "A" Bonds. While the overall effect on the value available to Creditors is neutral, this structure will allow both New Legacy Shares and Class "A" Bonds to be RRSP eligible. This structure has the additional benefit of providing more favourable tax treatment for Creditors whose Legacy Bonds and Legacy Shares are not in

RRSPs in the event that the ultimate net recovery from the Legacy Lands exceeds the total amount of Claims currently outstanding, resulting in gains to Creditors.

PLAN OF ARRANGEMENT

Overview

The Claims of all Creditors will be converted to Replacement Bonds issued pursuant to the Bond Indenture. Each Creditor will receive $0.0444207174 of principal amount of Class "B" Bond, representing its proportional amount of the value of the Non Recourse Asset and $0.9555792826 of principal amount of Class "A" Bond for each $1.00 of Proven Claim. All Legacy Bonds will be cancelled following the issuance of the corresponding Replacement Bonds and all Old Legacy Shares will be converted to retractable shares. Replacement Bonds will not bear interest, and the Class "A" Bonds will be due for repayment June 30, 2015.

The Class "B" Bonds will be converted to New Legacy Shares on the basis of one New Legacy Share to each one dollar of Class "B" Bonds on the Plan Implementation Dates. All Old Legacy Shares will be retracted and cancelled on the Plan Implementation Dates, resulting in the Creditors becoming the only shareholders of Legacy. No partial shares will be issued.

Details of the Plan

On the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Exit Financing Agreement and the Exit Financing Security will become effective;
- The Exit Financing Net Proceeds will be advanced to the Monitor;
- The Monitor will, from the Exit Financing Net Proceeds, pay the amounts identified in Article 6 of the Plan;
- The Bond Indenture and the Replacement Bond Security shall become effective;
- The Old Legacy Shares will be designated as retractable and the Legacy Bonds shall be amended to add a conversion feature allowing for their conversion, by way of exchange, into Replacement Bonds, the Old Class "B" Shares shall be retracted and cancelled and all other provisions of the corporate reorganization contained in Schedule "C" shall become effective;
- All of the Legacy Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Section 4.1 of the Plan;
- Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims on the basis set out in Section 4.1 of the Plan;
- All issued Class "B" Bonds held by Specified Bondholders will be exchanged for and converted to New Legacy Shares; and,

- Legacy will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

On the second of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Class "B" Bonds held by Creditors other than the Specified Bondholders shall be exchanged for and converted to New Legacy Shares;

  Certificates for all issued Class "A" Bonds and New Legacy Shares shall be provided to the Monitor for distribution to Creditors;

- All remaining Old Legacy Shares will be retracted and cancelled; and

- The compromise with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; and,

- All directors of Legacy shall be discharged and the New Directors shall take office.

The Monitor will, as soon as reasonably practicable following the Plan Implementation Date, distribute the Class "A" Bonds and New Legacy Shares as contemplated by the Plan.

Conditions to Implementation of the Plan

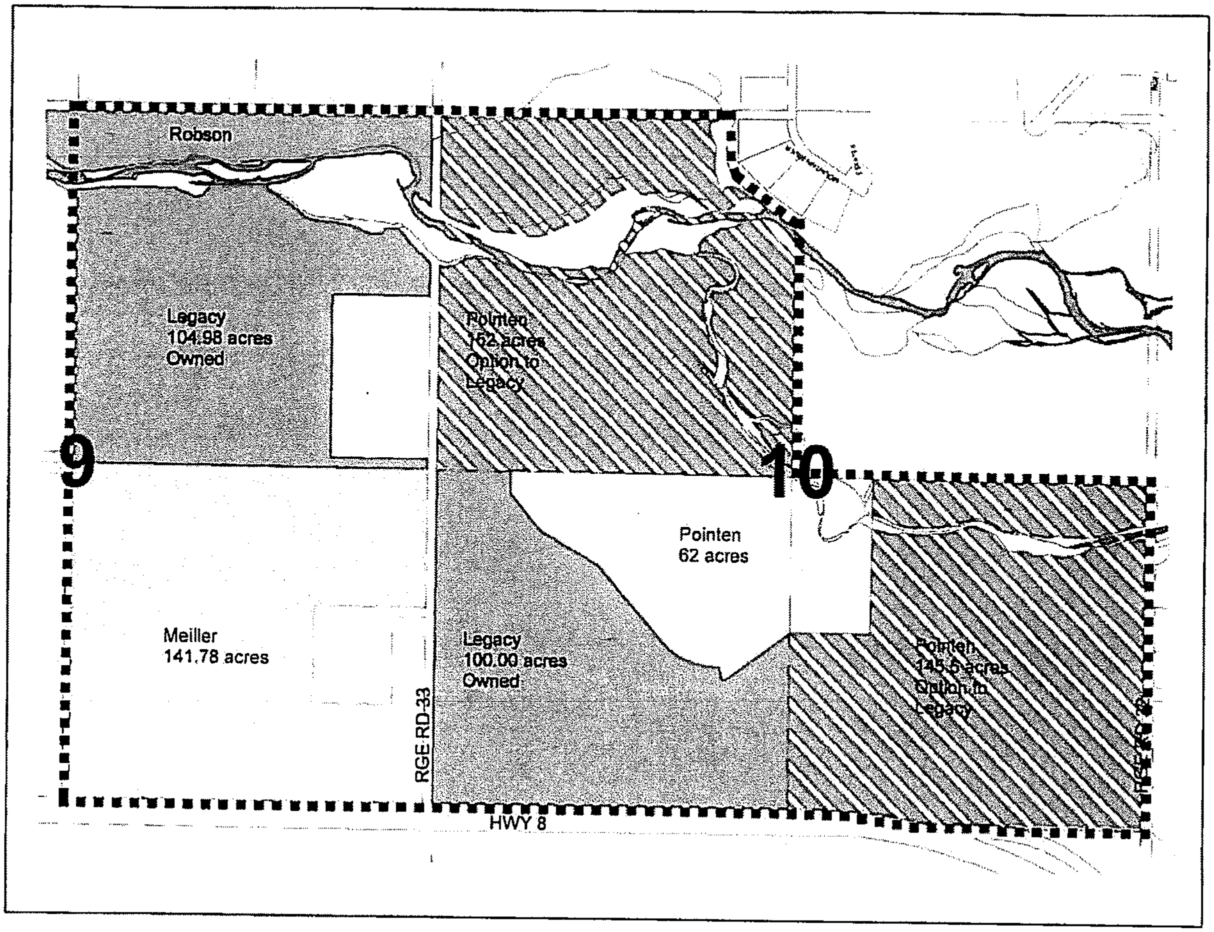
If the Plan is approved by Creditors and the Court, certain additional conditions must be met before Plan Implementation can take place.

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Plan Implementation Date:

> The Exit Financing Agreement and the Exit Financing Security shall have been duly executed and registered or otherwise perfected;
>
> The Plan shall have been approved by the Required Majority of Creditors with Eligible Voting Claims;
>
> The Final Sanction Order shall have been granted in substantially the form described in the Plan;
>
> 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 shall have been obtained; and,
>
> The Exit Financing Net Proceeds along with the Class "A" Bonds and the New Legacy Shares attributable to each Creditor with a Proven Claim shall have been deposited with the Monitor.

One Business Day following the satisfaction of the above conditions, the Monitor shall deliver to Legacy a certificate stating that the Plan Implementation Date has occurred. Following the Plan Implementation Dates, the Monitor shall file such certificate with the Court.

BUSINESS PLAN AND DESCRIPTION OF ASSETS



The Corporation has interests in 502.48 Acres of land located approximately 8 kms. west of Calgary, as shown on the above map. The land is directly west of the Glencoe Golf & Country Club, and approximately 6 kms. South of the TransCanada Highway.

The land consists of portions of four quarter sections, and the following summarizes the net area for each parcel:

- NE-9: 104.98 Acres
- NW-10: 152.00 Acres
- SW-10: 100.00 Acres
- SE-10: <u>145.50</u> Acres
- Total: 502.48 Acres

The S ½-10 has a titled area of 308.14 acres. There is a trust agreement whereby Vernon and Kathi Pointen will retain a total of 62.64 acres and this is highlighted in white in the preceding map.

The four parcels essentially adjoin one another although Range Road 33 segregates the NE-9 from the balance of the land. A portion of the NW-10 is also segregated from the balance of the property by the Elbow River.

The S ½10 directly parallels Highway 8. Range Road 33 extends north of Highway 8 and provides access to the SW-10 and links with both the NW-10 and NE-9. A graveled road allowance also extends along the west perimeter of the NE-9 providing additional access.

Each of the subject parcels would have access to the rural servicing standard as of the effective date which includes power, telephone and natural gas. Water and sewage disposal would be handled via on-site means. There are proposals being advanced by a major utility provider to develop water and sewer systems which will accommodate further development within the area. These discussions remain on-going and are anticipated to be realized over the short to medium term and would allow for more intensive development to proceed.

Title

The Legacy Land consists of four separate titles:

NE-9

This title is registered in the name of Legacy Communities Inc. and the current title was registered in October 2005. There are series of six encumbrances, liens and interests registered against the land. Zoning regulations apply based on the property being within the Springbank Airport flight paths. Any restrictions in this regard are minor. There are a series of three utility rights-of-way in effect which are of minor concern. In 1997, a series of two caveats were filed by the MD of Rocky View relating to a development agreement and acquisition of land. The latter pertained to a subdivision of 20.02 acres completed in 1997. These charges will not exert any significant impact on the use or potential of the land.

NW-10

The registered owner is Vernon Pointen. The current title was registered in 2003. There are two charges registered against this property including a utility right-of-way and a caveat relating to the option to purchase filed by 1109411 Alberta Ltd.

SW-10

This property is registered in the name of Vernon and Kathi Pointen as to an undivided 5183/15183 interest, and the balance is owned by Legacy Communities Inc.

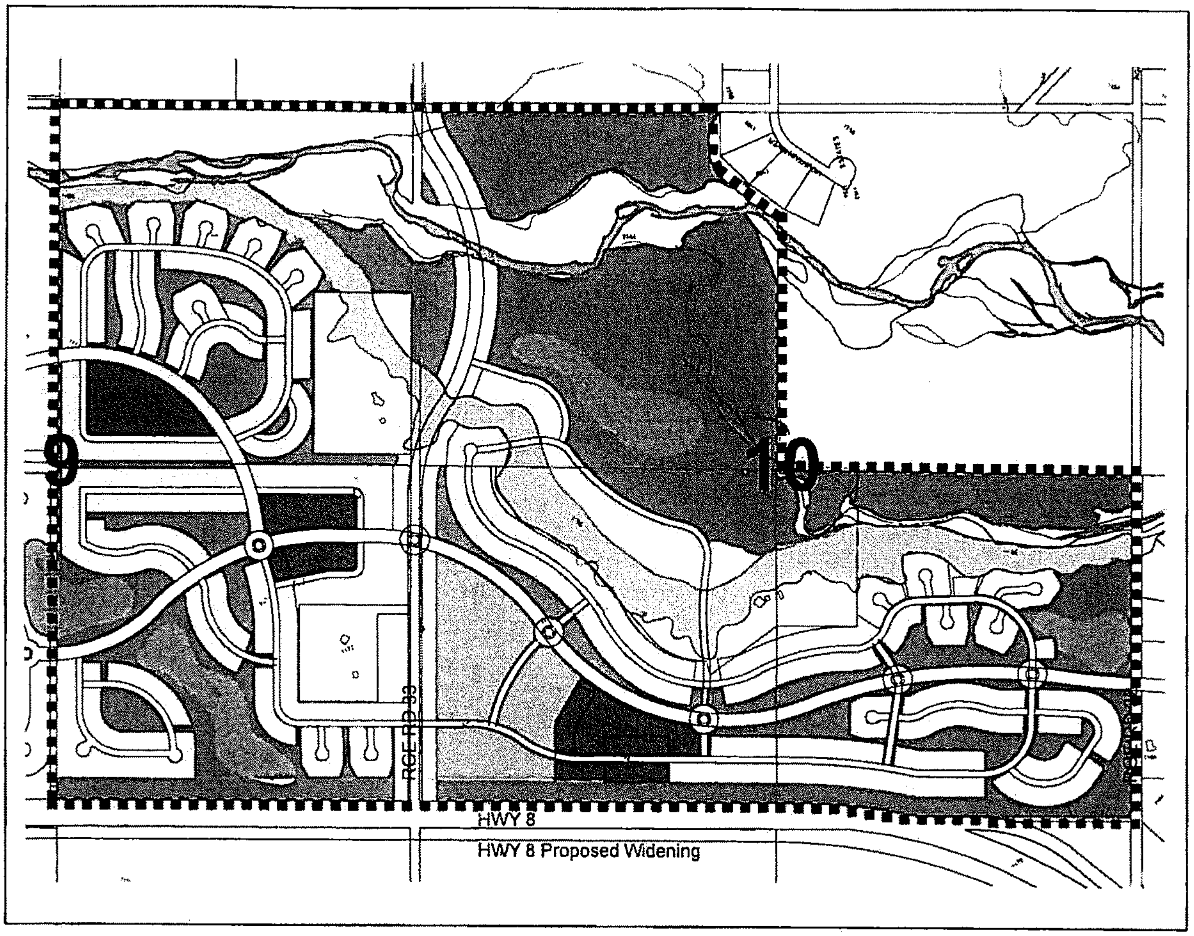
SE-10

The registered owners are Vernon and Kathi Pointen. There are five encumbrances registered against this property including three utility rights-of-way. There is a mortgage in favor of the Royal Bank and a caveat was filed in 2004 by 1109411 Alberta Ltd. relating to the option to purchase.

Development

The Rocky View County Land Use Bylaw applies to the land. There is also a "Concept Plan" which has been developed for the lands.

The property currently carries a RF, Ranch And Farm District land use designation. The purpose and intent of the RF District is to provide for agricultural activities as the primary land use on a quarter section of land or on large balance lands from previous subdivision. The property is currently utilized for agricultural purposes.



The Concept Plan which has been prepared on behalf of the owners illustrating the type of development they are desirous of having proceed within the area. A more intensive residential development scheme is proposed which would have access to on-site water and sewer systems. Certain acres would be reserved for park or open space. The plan also includes Range Road 33 being expanded and possibly being extended across the Elbow River connecting with Highway 1. The plan also acknowledges that Alberta Transportation will be widening Highway 8 within the requiring land from the south periphery of the S ½-10.

This plan has no legal status as of the effect date and is simply a concept plan which is being considered.

Rocky View County typically progresses from an Area Structure Plan to a Concept Plan and finally to subdivision. With the suspension of the Highway 8 Area Structure Plan, Legacy is proceeding directly to submission of a Concept Plan. There is no certainty that this plan will be approved by Rocky View County.

In cooperation with other Highway 8 developers and a major utility provider, a strategy is evolving to provide sewer and water to the area. In the event that this strategy is not successful, then Legacy has acquired water rights and has an ability to provide self-contained sewer and water systems which do not require the participation of other landowners. Again, this requires municipal and provincial approvals which are uncertain.

DESCRIPTION OF THE BONDS

The Corporation will issue Class A Bonds and Class B Bonds to bondholders upon the Plan becoming effective. The Class B Bonds will be exchanged for and converted to Common Shares of the Corporation immediately after their issue. Each Bondholder will receive an aggregate amount of Class A Bonds and Class B Bonds equal to the principal and interest accrued on his Bonds.

The Class A Bonds will be issued pursuant to a Bond Indenture between the Corporation and a Trustee (the "Indenture"). The Class A Bonds will be due June 30, 2015.

The Bonds will be secured by a fixed mortgage on the Property, and a floating charge on all other assets of the Corporation, other than the Excluded Assets Account described below (the "Non-recourse Assets"). The Bonds will permit the Corporation to place security ranking prior to the Bonds, to allow for development financing and other financing required by the Corporation. The value of the Non-recourse Assets will, unless subsequent financing charges those assets, support a value in the equity of the Corporation. The Indenture will contain a provision that provides that an amount of $2,000,000 realized from sales of assets of the corporation or realization on the security for the Bonds will be placed in the Excluded Assets Account and will be available to the Corporation for use, and may not be paid to the Bondholders. This amount may be available for the shareholders of the Corporation, or for other creditors, depending on the circumstances of the Corporation at the time of any realization.

The following will be events of default for the Class A Bonds:

(a) failure to pay principal when due on the Bonds;
(b) default in the observance or performance of any covenant or condition of this Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Bonds to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
(c) certain events of bankruptcy, insolvency or reorganization affecting the Corporation.

The Corporation and the Trustee may enter into supplemental indentures that add, change or eliminate provisions of the Bond Indenture or modify the rights of the holders of the Bonds with the consent of the holders of at least a majority in principal amount of the Bonds then outstanding.

Without the consent of the holders of the Bonds, the Corporation and the Trustee may enter into supplemental indentures for any of the following purposes:

(a) providing for the issuance of Additional Bonds under the Indenture;
(b) adding to the covenants of the Corporation herein contained for the protection of the Bondholders, or of the Bonds of any series, or providing for events of default, in addition to those herein specified;
(c) making such provisions not inconsistent with the Indenture as may be necessary or desirable with respect to matters or questions arising thereunder, including the making of any modifications in the form of the Bonds which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Bondholders;
(d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of the Indenture;

The holders of a majority of 66 2/3% of the principal amount of Bonds represented and voting at a meeting of Bondholders may authorize any other amendment to the terms of the Bonds or the Bond Indenture, other than to reduce the majority required to approve amendments or, except during the continuance of an event of default, to reduce the principal amount of the Bonds.

DIRECTORS OF THE CORPORATION

Currently the sole director of the Corporation is Mr. Ron Aitkens. Pursuant to an Order of the Court issued May 12, 2012, Ernst & Young Inc., the Monitor of the Corporation under the CCAA Proceedings, was granted additional powers as "Co-Manager" of the Corporation, and the Corporation is now managed jointly by the Co-Manager and the Director, subject to the terms of that Order.

It is intended that, following Sanction of the Plan, the affairs of the Corporation will be initially managed by an interim board of directors (the "**Interim Directors**") who will be selected in accordance with the Proposed Plan. The Articles will provide for the appointment of a minimum of three (3) directors and a maximum of nine (9) directors of the Corporation. In the event the Plan is implemented, the Interim directors will be required to call an annual meeting of the corporation within 120 days of implementation (the "**AGM**"). The shareholders of the Corporation will have the opportunity to elect directors of the Corporation at the AGM in accordance with the ABCA and the Articles.

The Monitor, in its capacity as co-manager of the Corporation with input from the Corporation and the unsecured creditors committee created pursuant to various orders issued by the Court in the CCAA proceedings involving the Corporation (the "**UCC**") will nominate up to five (5) individuals (each, a "**Nominee**") as proposed Interim Directors of the Corporation. The Creditors will then be requested to vote on the approval of the Proposed Plan in accordance with the CCAA. If the Proposed Plan is approved by the Creditors in accordance with the CCAA and sanctioned by the Court, the Nominees will be installed as interim directors of the Corporation at the time that the Court sanctions the Proposed Plan.

In selecting the Nominees, the Monitor will consider, *inter alia*, the following:

(a) The amount of the individual's investment in the Corporation in the event that the Proposed Plan is implemented in accordance with its terms;

(b) Any previous experience that the individual has in serving as a director or officer of a publicly traded company;

(c) Any previous experience that the individual has in the development of real-estate projects;

(d) Any relevant input received by the Corporation or the UCC from Creditors in respect of the individual wishing to be a Nominee; and

(e) Any other factor that the Corporation or the UCC consider relevant to whether an individual should be a Nominee.

Individuals who have previously worked as a director, officer, employees, consultant, agent (including sales agents and agents who sold securities of the Harvest Group or Foundation Group), contractor, or advisor to any entity related or affiliated with the Harvest Group of Companies or Foundation Group of Companies or any relation thereof will not be eligible to be an Interim Director.

Any individual, including any Affected Creditor, can request that his or her name be put forth as a Nominee. An individual wishing to be a Nominee should submit a request to the Monitor that he or she be a Nominee, along with any information relevant to the individual's proposed appointment as a Nominee, by no later than June 14, 2012. Requests to the Monitor to serve as a Nominee should be submitted by registered mail, facsimile or email to the following address:

Ernst & Young Inc., in its capacity as court appointed Monitor of Legacy Communities Inc. and not in its personal capacity
Ernst & Young Tower
1000, 440 2nd Avenue S.W.,
Calgary, AB T2P 5E9
Attention: Jessica Caden
Email: Jessica.Caden@ca.ey.com
Facsimile: 403 206 5075

The Monitor with input from the Corporation and the UCC will determine who will be the Nominees on or before June 15, 2012, or such later date as may be determined by the Monitor. In the event that there is a disagreement between the Monitor and Corporation or the UCC over whether a particular individual should be a Nominee, the Monitor will seek advice and direction from the Court as to whether a particular individual should be a Nominee. The identity of the Nominees will be provided to the Creditors at or prior to the time that the Proposed Plan is scheduled to be voted on and will be posted on the Monitor's web site by June 18, 2012, or such other date as may be determined by the Monitor or ordered by the Court, at www.ey.com/ca/foundationgroup .

Any individual, including any Creditor, who is not selected as a Nominee by the Monitor will still be eligible to be elected as a future director of the Corporation in accordance with the Proposed Plan, the ABCA and the Articles.

PRINCIPAL SHAREHOLDERS

Currently, the voting shares of the Corporation are held by Eyelogic Systems Inc., (which holds 60% of the voting shares) and Ronald J Aitkens, who holds 40% of the voting shares. Non-voting equity shares are held by Ronald J Aitkens (60%), and Dr. Bruce Jank (10%), and the subscribers for such shares, who are generally the same as the original subscribers for Bonds (30%).

Under the Plan, all the above shares would be cancelled and new Common Shares issued to the Bondholders. To the knowledge of the Corporation, this would result in no persons holding directly or indirectly, 10% or more of the outstanding voting shares of the Corporation.

CAPITALIZATION

(unaudited)	Before giving effect to the Plan	After giving effect to the Plan
First Mortgage	$ -	$822,280
DIP Financing	822,280	-
Option	9,000,000	9,000,000
Bonds	35,326,438	43,024,144
Bond interest	9,560,345	-
Accounts payable	137,366	-
Total debt and liabilities	$54,846,429	$52,846,424
Shareholders' Equity	$49,113	$2,000,005
Total capitalization	$54,895,542	$54,846,429

MANAGEMENT COMPENSATION

Pursuant to a series of Management Agreements, Harvest Capital Management has managed the Corporation and has been paid a management fee of 1% annually, of the amount of Legacy Bonds sold. After the Implementation Date, the Interim Directors will arrange for management of the Corporation by such entity and on such terms as they consider appropriate.

INDEBTEDNESS OF INSIDERS

Certain entities affiliated with Ron Aitkens are indebted to the Corporation. See "Background" for details of this indebtedness.

RISK FACTORS

Investment in the Common Shares and Class A Bonds of Legacy (collectively, the "Securities") is subject to many risks, some of which are described below. Creditors should analyse the risks set out below compared to the amount of realization expected on their Claims if the Plan is not approved, in determining how to vote on the Plan.

(a) **All real estate investment is subject to significant risk arising from rapidly changing market conditions.** Factors which could result in a change in conditions include regulatory matters, taxes, general economic conditions, local competition from other projects, competition from projects in other areas, and many other factors. Any of these could result in a significant decrease in the value of Legacy's investments and in the ability of Legacy to realize any return from holding its investments.

(b) **Property Value.** There are no assurances that the value of the Legacy Lands will increase as intended.

(c) **Real estate development is subject to additional risks.** Resale of the Legacy Lands, may require regulatory approvals, which is not assured. The prices which will be achievable on sale of the real estate may decrease over time, or may not have been accurately estimated by management. Costs may escalate over time, or may not have been accurately estimated by management. As a result, the development process may be less profitable than anticipated, or may result in a loss.

(d) **Refinancing uncertainty.** It will be necessary for Legacy to refinance the Exit financing, and to obtain additional financing, in order to continue development of the Legacy Lands. There are no assurances that this will be possible on attractive terms, or at all. Any additional financing is expected to require security which will rank prior to the security for the Class A Bonds.

(e) **There is no market for the Securities and no market is expected to develop. You may not be able to liquidate your investment.**

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, special counsel to Legacy **("Counsel")** the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") applicable to an individual (other than a trust) who (i) disposes of existing Class B Shares of Legacy, disposes of existing Legacy Bonds in exchange for Class A Bonds and Class B Bonds (collectively, "**New Bonds**"); and exchanges Class B Bonds for new Legacy Common Shares, all in accordance with the Plan, and (ii) who, for all purposes of the Tax Act, is resident in Canada, deals at arm's length and is not affiliated with Legacy and holds any applicable securities as capital property for the purposes of the Tax Act. Generally, the Class B Shares the New Bonds and the new Legacy Common Shares will be considered to be capital property to a person provided that such person (a) does not hold such securities in the course of carrying on a business, (b) has not acquired such securities in one or more transactions considered to be an adventure in the nature of trade, and (c) does not hold such securities as "mark-to-market property". Certain persons who might not otherwise be considered to hold securities as capital property may, in certain circumstances, be entitled to have such securities and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Except as otherwise expressly provided, this summary does not address the tax consequences to Creditors other than Bondholders or to any holders of Class A Shares, and such persons should consult their own tax advisors with respect to the tax consequences of the Arrangement in their particular circumstances.

This summary is based on the terms of the Arrangement, certain representations made by Legacy, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and Counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as currently proposed, although no assurance can be given that such proposals will be enacted in that form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or administrative policy and assessing practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial or foreign tax legislation or considerations which may differ materially from those described herein. Legacy has not applied and does not propose to apply for an advance income tax ruling from the CRA regarding any of the income tax considerations summarized below, so no assurance can be given that the tax consequences will be as described herein.

This summary is not applicable to security holders: (a) that are "financial institutions" or "specified financial institutions" (as defined in the Tax Act); (b) that are partnerships; (c) an interest in whom would be a "tax shelter investment" (as defined in the Tax Act); or (d) to which the functional currency reporting rules apply. The above-noted security holders should consult their own tax advisors with respect to the matters discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement and an investment in the New Bonds and the Legacy Common Shares (collectively, the "**New Securities**"). Moreover, the income tax and other tax consequences of acquiring, holding or disposing of securities will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular investor. Holders of securities in Legacy (including the Class B Shares, the Legacy Bonds and the New Securities) should consult their own tax advisors with respect to the income tax and other tax consequences of the Arrangement and an investment in the New Securities based upon such security holder's particular circumstances.

Eligibility for Investment

Provided that Legacy qualifies as a "public corporation" on and throughout the Second Plan Implementation Date and the transactions under the Plan of Arrangement occur in the manner and sequence contemplated herein, the New Securities will be qualified investments for registered retirement savings plans ("RRSP") registered education savings plans, registered retirement income funds ("RRIF"), deferred profit sharing plans, registered disability savings plans and tax-free savings ("TFSA") (collectively "Registered Plans") on the Second Plan Implementation Date.

In order for Legacy to qualify as a "public corporation" on and throughout the Second Plan Implementation Date, (a) it must elect on the First Plan Implementation Date to be a "public corporation", (b) at the time of the election Legacy must comply with certain conditions set forth in the regulations to the Tax Act relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares, and (c) Legacy must not have ceased to be a "public corporation" because of an election or designation under the Tax Act. Counsel has been advised by Legacy that Legacy expects to satisfy all of these conditions and to qualify as a "public corporation" on and throughout the Second Plan Implementation Date.

Notwithstanding that the New Securities may be a qualified investment for Registered Plans, (a) the holder of a TFSA or an annuitant under a RRSP or RRIF will be subject to a penalty tax with respect to the New Securities held in the Registered Plan if such securities are a "prohibited investment" within the meaning ascribed thereto in the Tax Act, and (b) a holder of securities in Legacy may, in certain circumstances as described in the Tax Act, be subject to a tax on any "advantage" (as defined in section 207.01 of the Tax Act) in relation to their Registered Plan. **Persons who intend to hold New Securities in a Registered Plan are urged to consult their own tax advisors in relation to these matters.**

Redemption of Existing Class B Shares

Under the Plan of Arrangement, Legacy will redeem and cancel the existing Class B Shares for no consideration. Upon the redemption of the existing Class B Shares the shareholder will not be deemed to receive a dividend but will generally realize a capital loss to the extent of the adjusted cost base to the shareholder and any reasonable costs incurred by the shareholder in connection with the disposition.

Accrued Interest

Bondholders (other than Registered Plans) will be required to include all Accrued Interest in computing their taxable income. To the extent that such amount is doubtful of collection, a reserve may be allowed in accordance with the applicable rules in the Tax Act. A reserve for a doubtful debt claimed in one year generally must be included in income the following year. This deduction in one taxation year and re-inclusion in the following taxation year will generally last for as long as the debt remains doubtful. If a debt becomes a bad debt, Bondholders may be entitled to claim a deduction in respect thereof without a corresponding income inclusion.

Bondholders should consult their own tax advisors with respect to the treatment of Accrued Interest.

Exchange of Legacy Bonds for New Bonds

Pursuant to the Arrangement, a portion of the Legacy Bonds will be exchanged for Class A Bonds and a portion of the Legacy Bonds will be exchanged for Class B Bonds, all in accordance with the terms of the Old Bonds (the "Bond Exchange"). Provided that the principal amount of the Legacy Bonds exchanged for Class A Bonds or Class B Bonds, as the case may be, is equal to the principal amount of the Class A Bonds or Class B Bonds, respectively received for such Legacy Bonds, the disposition of such Legacy Bonds by the Bondholders will be deemed to have taken place at an amount equal to the adjusted cost base of such Legacy Bonds immediately before the Bond Exchange, and the Bondholders will be deemed to have acquired such Class A Bonds and Class B Bonds, respectively at a cost equal to such adjusted cost base. Accordingly, no capital gain (or capital loss) should arise as a result of the Bond Exchange.

Exchange of Class B Bonds for Legacy Common Shares

Pursuant to the Arrangement, the Class B Bonds will be exchanged for Legacy Common Shares and no other consideration in accordance with their terms (the "Share Exchange"). The exchange of Class B Bonds for Legacy Common Shares will generally be deemed not to be a disposition of property, and accordingly should not give rise to any capital gain (or capital loss).

The aggregate cost to a holder of the Legacy Common Shares received on the Share Exchange will be deemed to be equal to the holder's aggregate adjusted cost base of the Class B Bonds exchanged for such Legacy Common Shares immediately before the Share Exchange. The adjusted cost base of Legacy Common Shares at a particular time will generally be the average cost of all Legacy Common Shares held by such holder as capital property at the particular time.

Dividends on Legacy Common Shares

Dividends received or deemed to be received by a holder of Legacy Common Shares will be included in computing the holder's income for the purposes of the Tax Act. The gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations will apply to dividends received by an individual, including the enhanced gross-up and dividend tax credit provisions where the Corporation provides notice designating the dividend as an "eligible dividend". Dividends received on the Legacy Common Shares by a corporation will normally be deductible in computing such corporation's taxable income.

A holder of Legacy Common Shares that is a corporation which is a "private corporation" or a "subject corporation" for the purposes of the Tax Act may be liable to pay a refundable tax of $33^{1/3}$% on dividends received or deemed to be received on the Legacy Common Shares to the extent that such dividends are deductible in computing the corporation's taxable income. **Holders of Legacy Common Shares to whom these rules may be relevant should consult their own tax advisors.**

Dispositions of Legacy Common Shares

A disposition or deemed disposition of a Legacy Common Share (other than a disposition of a Legacy Common Share to Legacy) will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. See the discussion regarding "*Capital Gains and Capital Losses*" below.

Capital Gains and Capital Losses

Generally, one half of a capital gain ("**taxable capital gain**") realized by a holder of securities of Legacy must be included in income for the taxation year of disposition and one half of any capital loss ("**allowable capital loss**") may normally be deducted by such holder against any taxable capital gains realized in the same taxation year. Any excess of allowable capital losses over taxable capital gains for the year of disposition is generally deductible against net taxable capital gains realized in any of the three prior taxation years or in any subsequent taxation year in the circumstances and to the extent described in the Tax Act.

If a holder of Legacy Common Shares is a corporation, any capital loss arising on the disposition of a Legacy Common Share may, in certain circumstances, be reduced by the amount of any dividends which have been received or deemed to be received by such corporation on the Legacy Common Share. Analogous rules may apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns Legacy Common Shares.

A taxpayer that is throughout a year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to an additional refundable tax of $6^{2/3}$% in respect of its "aggregate investment income" (which is defined in the Tax Act to include an amount in respect of taxable capital gains).

Alternative Minimum Tax

Taxable capital gains realized and dividends received by a holder of securities of Legacy that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

AUDITORS

The Corporation currently does not have an auditor. The Interim Directors will have the authority to appoint and fix the remuneration of an auditor of the Corporation after the Implementation Date of the Plan.

FINANCIAL INFORMATION

The following financial statements have been prepared for internal purposes by the Corporation without audit and are included herein for completeness purposes only. The financial statements do not include any notes and in addition may not have been prepared in accordance with generally accepted accounting principles in other respects. Expenses have been capitalized and no income statement is presented.

The Monitor has prepared statements of Cash Flow for the Corporation for the period commencing with the start of the CCAA Proceedings, which are included in the Monitor's Reports and may be found on the Monitor's website at www.ey.com/ca/foundationgroup .

Legacy Communities Inc.
Balance Sheet
July 2009

Assets				
Current Assets				
Cash On Hand				
RBC Royal Bank		$35,034.97		
Total Cash On Hand			$35,034.97	
Investments-Real Estate			$9,587,880.00	
Total Current Assets				$9,622,914.97
Fixed Assets				
Non – Current Assets				
Land – Original Cost	$18,100,000.00			
Land – Option	$8,900,000.00			
Development Costs & Overhead	$1,992,425.61			
Capitalized Interest - Bonds	$4,492,756.00			
Capitalized Borrowing Costs	$4,875,723.00			
Total Non-Current Assets		$38,360,904.61		
Total Fixed Assets			$38,360,904.61	
Total Assets				$47,983,819.58
Liabilities				
Tax Liabilities				
GST Paid		($22,221.87)		
Total Tax Liabilities			($22,221.87)	
Long Term Liabilities				
Bonds Payable		$35,326,438.20		
Interest Payable – Bonds		$4,492,756.00		
VTB – Pointen		$9,000,000.00		
Total Long Term Liabilities			$48,819,194.20	
Total Liabilities				$48,796,972.33
Equity				
Shareholders' Equity				
Share Capital				
Class A Shares	$1,000.00			
Class B Shares	$35,361.80			
Class B Shares – Directors	$12,751.50			
Total Share Capital		$49,113.30		
Total Shareholders' Equity			$49,113.30	
Retained Earnings			($862,266.05)	
Total Equity				($813,152.75)
Total Liability & Equity				$47,983,819.58

Legacy Communities Inc.
Balance Sheet
July 2010

Assets					
Current Assets					
Cash On Hand					
RBC Royal Bank		$21,511.64			
Total Cash On Hand			$21,511.64		
Investments-Real Estate			$9,587,880.00		
Total Current Assets				$ 9,609,391.64	
Fixed Assets					
Non – Current Assets					
Land – Original Cost	$18,100,000.00				
Land – Option	$8,900,000.00				
Development Costs & Overhead	$1,992,425.61				
Capitalized Interest-Bonds	$6,617,856.00				
Capitalized Borrowing Costs	$4,875,723.00				
Total Non-Current Assets		$40,486,004.61			
Total Fixed Assets				$40,486,004.61	
Total Assets					$50,095,396.25
Liabilities					
Current Liabilities					
Due to Harvest Group LP			$62,106.45		
Total Current Liabilities				$62,106.45	
Tax Liabilities					
GST Paid			($22,221.87)		
Total Tax Liabilities				($22,221.87)	
Long Term Liabilities					
Bonds Payable		$35,326,438.20			
Interest Payable – Bonds		$6,617,856.00			
VTB – Pointen		$9,000,000.00			
Total Long Term Liabilities				$50,944,294.20	
Total Liabilities					$50,984,178.78
Equity					
Shareholders' Equity					
Share Capital					
Class A Shares	$1,000.00				
Class B Shares	$35,361.80				
Class B Shares – Directors	$12,751.50				
Total Share Capital		$49,113.30			
Total Shareholders' Equity				$49,113.30	
Retained Earnings			($937,895.83)		
Total Equity					($888,782.53)
Total Liability & Equity					$50,095,396.25

Legacy Communities Inc.
Balance Sheet
July 2011

Assets					
Current Assets					
Cash On Hand					
RBC Royal Bank		**$8,560.83**			
Total Cash On Hand			**$8,560.83**		
Investments-Real Estate			**$9,587,880.00**		
Total Current Assets				**$ 9,594,440.83**	
Fixed Assets					
Non – Current Assets					
Land – Original Cost	**$18,100,000.00**				
Land – Option	**$8,900,000.00**				
Development Costs & Overhead	**$1,992,425.61**				
Capitalized Interest-Bonds	**$8,742,957.00**				
Capitalized Borrowing Costs	**$4,875,723.00**				
Total Non-Current Assets			**$42,611,105.61**		
Total Fixed Assets				**$42,611,105.61**	
Total Assets					**$52,207,546.44**
Liabilities					
Current Liabilities					
Due to Harvest Group LP			**$62,106.45**		
Due to FCC-Project Mgmt Fees			**$96,066.23**		
Total Current Liabilities				**$158,172.68**	
Tax Liabilities					
GST Paid			**($22,334.83)**		
Total Tax Liabilities				**($22,334.83)**	
Long Term Liabilities					
Bonds Payable		**$35,326,438.20**			
Interest Payable – Bonds		**$8,742,957.00**			
VTB – Pointen		**$9,000,000.00**			
Total Long Term Liabilities				**$53,069,395.20**	
Total Liabilities					**$53,205,233.05**
Equity					
Shareholders' Equity					
Share Capital					
Class A Shares	**$1,000.00**				
Class B Shares	**$35,361.80**				
Class B Shares – Directors	**$12,751.50**				
Total Share Capital		**$49,113.30**			
Total Shareholders' Equity				**$49,113.30**	
Opening Balance Retained Earnings				**($11,181,529.30)**	
Retained Year Earnings				**$10,134,729.39**	
Total Equity					**($997,686.61)**
Total Liability and Equity					**$52,207,546.44**

Legacy Communities Inc.

Balance Sheet
April 2012

Assets					
Current Assets					
Cash On Hand					
RBC Royal Bank		**$7,796.83**			
Total Cash On Hand			**$7,796.83**		
Real Estate Investments			**$9,587,880.00**		
Other Current Assets					
BLG DIP Trust Account			**$967.65**		
McCarthy Tetrault DIP Trust Account			**$25,000.00**		
Total Current Assets					**$ 9,621,644.48**
Fixed Assets					
Non – Current Assets					
Land – Original Cost	**$18,100,000.00**				
Land – Option	**$8,900,000.00**				
Development Costs & Overhead	**$1,992,425.61**				
Capitalized Interest-Bonds	**$9,451,324.00**				
Capitalized Borrowing Costs	**$4,875,723.00**				
CCAA Expenses	**$394,185.22**				
Total Non-Current Assets		**$43,713,657.83**			
Total Fixed Assets				**$43,713,657.83**	
Total Assets					**$53,335,302.31**
Liabilities					
Current Liabilities					
Accounts Payable		**$268,626.87**			
Due to Harvest Group LP		**$61,406.45**			
DIP Financing HCMI		**$168,170.34**			
Due to FCC-Project Mgmt Fees		**$ 96,066.23**			
GST Payable		**($38,979.17)**			
Total Current Liabilities				**$555,290.72**	
Tax Liabilities					
GST Paid			**($22,221.87)**		
Total Tax Liabilities				**($22,221.87)**	
Long Term Liabilities					
Bonds Payable		**$35,236,438.20**			
Interest Payable – Bonds		**$9,451,324.00**			
VTB – Pointen		**$9,000,000.00**			
Total Long Term Liabilities				**$53,777,762.20**	
Total Liabilities					**$54,333,052.92**
Equity					
Shareholders' Equity					
Share Capital					
Class A Shares	**$1,000.00**				
Class B Shares	**$35,361.80**				
Class B Shares – Directors	**$12,751.50**				
Total Share Capital		**$49,113.30**			
Total Shareholders' Equity				**$49,113.30**	
Open Balance Retained Earnings				**($11,181,529.30)**	
Retained Earnings				**$10,134,729.39**	
Net Income				**(64.00)**	
Total Equity					**($997,750.61)**
Total Liability & Equity					**$53,335,302.31**

EXHIBIT "D"

This is Exhibit " D "
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5th
day of June A.D. 2012

Helen Leesman

A Commissioner for
Oaths in and for the
Province of Alberta

Helen L. Leesman
A Commissioner for Oaths
In and for the Province of Alberta
My Appointment expires
March 26, 2014

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 ACC COMMUNITIES INC., AIRDRIE CAPITAL CORPORATION and AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.

PLAN OF COMPROMISE AND ARRANGEMENT

Of

AIRDRIE CAPITAL CORPORATION

PURSUANT TO
THE COMPANIES' CREDITORS ARRANGEMENT ACT
JUNE __, 2012

- THIS PLAN SHOULD BE READ TOGETHER WITH THE INFORMATION CIRCULAR DATED JUNE __, 2012 PREPARED BY AIRDRIE CAPITAL CORPORATION AND THE MONITOR'S REPORT TO CREDITORS DATED JUNE _, 2012

- THE FOLLOWING SCHEDULES ATTACHED HERETO ARE INTEGRAL TO AND FORM PART OF THIS PLAN:

  SCHEDULE A - DEFINED TERMS AND INTERPRETATION
  SCHEDULE B - INSTRUMENT OF PROXY
  SCHEDULE C – ARTICLES OF REORGANIZATION OF AIRDRIE CAPITAL CORPORATION

The purpose of this Plan is to effect a compromise and arrangement of the Claims of all Creditors of Airdrie Capital Corporation ("ACC") in order to permit ACC to restructure its affairs for the benefit of all stakeholders, with a view to increasing the recovery of the Creditors of ACC and reducing the uncertainties, risks, costs, delays and possible losses that will otherwise occur to stakeholders. ACC has concluded, and the Monitor agrees, that Creditors of ACC will likely obtain a greater return on their Claims if the Plan is approved than if the assets of ACC were liquidated in a formal insolvency proceeding, which is the most likely outcome for ACC in the event this Plan is not approved. Creditors should review this Plan, the information circular prepared by management of ACC, and the Monitor's Report before voting to accept or to reject this Plan.

ARTICLE 1

1.1 Background

ACC and Airdrie Country Estates ("ACE") are single-purpose corporations incorporated to raise funds and to acquire and develop 160 acres of land for future development east of the City of Airdrie (the "Airdrie Lands"). The main strategy to realize value contemplated by ACC and ACE at the time the land was first purchased was to sell it to a developer, either as-is or with some degree of rezoning and development completed. A second alternative was for ACC and ACE to service and/or develop the lands themselves, or to enter into a joint venture with a party prepared to develop the lands. It was expected that the Airdrie Lands could be sold within a period of approximately five years following the acquisition of the property. Beginning in September of 2006 a total $14,738,500 was raised from a total number of 679 investors through the sale of bonds issued by ACC. Of the total bonds sold approximately 69% are believed to be held in individual registered retirement savings plans. The bonds came due for repayment on December 31, 2011. Through a separate offering by ACE, Bondholders also acquired class B non-voting common shares in ACE in proportion to their bond holdings, at a cost of $14,758.50. The investment was structured such that ACE is the legal owner of the Airdrie Lands, subject to a mortgage in the principal amount of $13,269,146 in favour of ACC. ACC, in turn, is indebted to the Bondholders.

The financial crash of 2008 brought real estate development in the Calgary area, to a near-standstill and the value and saleability of undeveloped land dropped dramatically. As a result, when the ACC Bonds came due for payment in December of 2011 ACC had no funds available either to repay the bonds, continue development of the Airdrie Lands, or to fund a restructuring of the bonds and its other obligations.

In order to have access to a formal restructuring process as well as access to funding, in December of 2011 ACC and ACE , along with Legacy Communities Inc. sought and obtained an order of the Court of Queen's Bench of Alberta (the "Initial Order") providing them with protection from their creditors and access to interim financing (known as "DIP" financing) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA").

Since the date of the Initial Order ACC and ACE have been working with real estate experts and legal and other advisors to develop a strategy for dealing with the Airdrie Lands, restructure their debt, and maximize value for Bondholders and other stakeholders. Located in the Airdrie-Balzac growth corridor of Rocky View County, the Airdrie Lands are near the Airdrie Airport and the rapidly developing East Balzac Industrial Area. The development area of Airdrie-Balzac has excellent prospects for near-term logistical, industrial, residential and commercial community development. Over the past three years Rocky View County has constructed sewer and water utilities to the East Balzac area. A municipal water transmission line is located along the south boundary of the property, and a municipal sanitary line is located 1 mile south of the property Although currently zoned for agricultural use, the Airdrie lands are located on the boundary of the Balzac East Area Structure Plan and the prospects for rezoning appear very good.

Following an extensive analysis of the options available, ACC has concluded that the Airdrie Lands are now well positioned for development, and an application for inclusion of the lands in the Balzac East Area Structure Plan is ready for submission. ACE has also prepared a plan for a residential zoning.

ACC anticipates that, factoring in holding costs and development expenses, the net value of the Airdrie Lands will appreciate substantially over the next three years and that if the Airdrie Lands were held until ready for subdivision and servicing the value could equal the accumulated amount owed to Bondholders and other Creditors. Accordingly the financial restructuring portion of this Plan is designed to allow ACC acquire the Airdrie Lands from ACE and to issue Replacement Bonds in place of existing bonds and other debt. This will enable ACC to extend the term of all of the outstanding debt of ACC for a period of three years, without interest or other payments to Creditors, and to raise additional funds as needed to enable it to defray the costs of holding and developing the Airdrie Lands as well as the costs of this restructuring, all with a view to allowing sufficient time for Creditors to maximize their recovery from the appreciation in value of the Airdrie Lands. ACE, which has no arms-length creditors, will not be restructured and if Creditors and the Court approve this Plan, then on Plan Implementation of this Plan the Airdrie Lands will be transferred to ACC, and ACE will likely ultimately be dissolved.

ACC's Monitor is currently conducting a process, with input from ACC and the Unsecured Creditors' Committee, to locate the most cost effective source of funds to repay the costs incurred in these proceedings and to provide exit financing to allow ACC to meet expenses for a period of approximately six months following its discharge from CCAA. This is intended to allow ACC's new board of directors sufficient time to explore all available options for the longer term financing required to carry ACC through to the sale of some or all of the Airdrie Lands, and to select the most suitable financing alternative for ACC.

Through the restructuring process ACC also identified a need simplify its corporate structure, to make governance more direct and transparent and to enable management to deal with any needed changes to the terms of the Replacement Bonds to be issued pursuant to this Plan in a flexible and comprehensive way. The appointment of a board of directors of ACC from nominations made by Creditors, together with other changes to ACC's corporate and debt structure and governing documents is intended to accomplish those objectives as part of this Plan.

Because a significant number of Creditors currently hold ACC Bonds in registered retirement savings plans ("Registered Plans"), ACC felt it was important to ensure to the extent possible that the bonds and shares to be issued to Creditors pursuant to this Plan would also be qualified investments for Registered Plans. In order for that to occur and to minimize the risk of adverse tax consequences the majority of Creditors' Claims will be converted to Class "A" Bonds, but a small portion of each Creditor's Claim will be converted to Class "B" Bonds, which will in turn be converted into New ACC Shares. The New ACC Shares will be supported by equity which will not be available for payment of the Class "A" Bonds. While the overall effect on the value available to Creditors is neutral, this structure is expected to allow both New ACC Shares and Class "A" Bonds to be qualified investments for Registered Plans.

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of the Plan

The purpose of this Plan is to restructure ACC 's debt and allow it time and financing to enable it to hold the Airdrie Lands and advance their development over a period of approximately three years following the implementation of this Plan, with a view to maximizing Creditors' recovery from the anticipated appreciation in value of the Airdrie Lands. ACC expects, and the Monitor agrees, that approving and implementing this Plan is likely to produce a better result for all Creditors than the next most likely alternative, which is an immediate liquidation of the assets of ACE and ACC. The Plan contemplates the compromise and arrangement of the Claims of Creditors pursuant to the provisions of the CCAA in a manner that provides consistent and equitable treatment among the Creditors, and that is consistent with what would reasonably occur in an open market in which parties deal with one another at arm's length.

There will also be a reorganization of the corporate structure of ACC such that Creditors, who will become the only shareholders of ACC, will be entitled to exercise the normal rights of shareholders in electing directors of ACC and voting on matters of corporate significance. Accordingly, in addition to restructuring ACC's debt, this Plan is designed to produce the following effects:

(a) The only shares of ACC outstanding post-Plan would be New ACC Shares issued to Creditors pursuant to the Plan in proportion to their Claims;

(b) A board of 5 individuals selected by the Monitor from nominations submitted by Creditors, will, if this Plan is approved and implemented by ACC 's Creditors, be installed as the New Directors of ACC on plan implementation, and all existing directors will be discharged;

(c) Non-interest bearing Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds, in the full amount of all outstanding principal and interest owed to Creditors as of the Filing Date will be issued to Creditors on plan implementation. The Class "B" Bonds will be immediately exchanged for New ACC Shares. The Class "A" Bonds will mature on June 30, 2015, which is intended to be at or after the anticipated time of the sale of Airdrie Lands;

(d) A Bond Indenture will be put in place to govern the collective rights of holders of Replacement Bonds, provide a framework for the issuance and management of the Replacement Bonds, and to create a procedure to enable any future required extensions or amendments to the terms of the Replacement Bonds. The Bond Indenture will require ACC to provide quarterly unaudited financial information and annual audited financial statements to holders of Class "A" Bonds, and a third party indenture trustee will be appointed pursuant to the Bond Indenture;

(e) The Bond Indenture will provide that the first $1.5 million (the "Excluded Asset Amount") received from payments from any sale of all or a portion of the Airdrie Lands shall be paid to ACC for its own use and the benefit of its shareholders;

(f) The obligations of ACC to holders of Replacement Bonds under the Bond Indenture will be secured by the Replacement Bond Security which will:

(i) Grant security over all of ACC's Assets, but limit recourse under the Replacement Bond Security to the Assets other than the Excluded Asset Amount;

(ii) Be subordinate to the Exit Financing Security.

(g) The value of the Class "A" Bonds and the value of the New ACC Shares received by each Creditor is intended to equal the value of each Creditor's Claim, rounded to the nearest dollar.

(h) Both the New ACC Shares and the Class "A" Bonds are expected to be qualified investments for Registered Plans;

(i) Commencing on the Plan Implementation Dates the day-to-day management of ACC will be provided on an interim, month-to-month basis by Ernst & Young Inc., acting separately from its capacity as Monitor, to allow the new board of directors of ACC sufficient time to conduct a process for the selection of a manager/management firm to provide those services on a longer term basis; and,

(j) Recognition of any gains or losses for tax purposes will be deferred to the extent legally possible until the sale of the Airdrie Lands.

The Monitor will report to Creditors and the Court regarding the Plan prior to the date Creditors are to vote on the Plan. Creditors wishing to review copies of Court orders and other materials filed in these proceedings, and copies of the Monitor's reports are directed to the Monitor's website in relation to these proceedings at www.ey.com/ca/foundationgroup. All Creditors should review this Plan and the Monitor's report before voting to accept or to reject this Plan.

2.2 Persons Affected

The Plan provides for the compromise and arrangement of all Claims. If this Plan is accepted by Creditors and approved by the Court, and the other transactions contemplated by the Plan occur, the Claims of all Creditors will be extinguished. In substitution Creditors will be issued Replacement Bonds, comprised of Class "A" Bonds and Class "B" Bonds, together totalling the full amount of their Claims. On the Plan Implementation Dates the Class "B" Bonds will be converted into New ACC Shares, with the result that all Creditors will hold New ACC Shares in proportion to the amount of their Claims, including any Disputed Claims which become Proven Claims after the Plan Implementation Dates.

2.3 Persons Not Affected

This Plan does not compromise or affect the following Claims and rights that arise in respect thereof (collectively, the "Unaffected Claims"). Unaffected Claims will be addressed pursuant to their existing arrangements or as otherwise may be agreed with Unaffected Creditors:

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

(b) Post Filing Claims;

(c) Claims of the Crown for (i) amounts in respect of those Claims referred to in Section 18.2(1) of the CCAA which become due and payable during the period following the Filing Date and prior to the Plan Implementation Dates; and (ii) collected and unremitted amounts in respect of goods and services taxes, excluding penalties and interest, which become due and payable during the period following the Filing Date and prior to the Plan Implementation Dates;

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

(e) Claims in respect of any licenses, franchises, consents, approvals, variances, exemptions and other authorizations issued by or from any Government Authority; and,

(f) That portion of a Claim arising from a cause of action for which ACC is covered by insurance, but only to the extent of such insurance coverage.

2.4 Shareholders

All Old ACC Shares will be designated as retractable. On the Plan Implementation Dates the Old ACC Shares shall be retracted for no consideration, and all related options, warrants and other rights to acquire Old ACC Shares will be cancelled, without compensation.

ARTICLE 3
VALUATION OF CLAIMS AND CLASSIFICATION OF CREDITORS

3.1 Classification of Creditors

For the purposes of considering and voting upon this Plan, Creditors shall constitute a single class. Each Creditor will be entitled to one vote for each dollar of Eligible Voting Claim value.

ARTICLE 4

STRUCTURE OF THE PLAN

4.1 Overview

The Claims of all Creditors will be converted to Replacement Bonds issued pursuant to the Bond Indenture. Each Creditor will receive \$.0764179309 of principal amount of Class "B" Bonds for each \$1 of Proven Claim, and \$.9235820691 of principal amount of Class "A" Bonds for each \$1 of Proven Claim. All ACC Bonds will be cancelled following the issuance of the corresponding Replacement Bonds, and all Old ACC Shares will be converted to retractable shares. Replacement Bonds will not bear interest. The Class "A" Bonds will be due for repayment June 30, 2015.

The Class "B" Bonds will be exchanged for New ACC Shares on the basis of one New ACC Share to each one dollar of Class "B" Bonds on the Plan Implementation Dates. All Old ACC Shares will be retracted and cancelled on the Plan Implementation Dates, resulting in the Creditors becoming the only shareholders of ACC. No partial shares will be issued.

4.2 Details of the Plan

On the first of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Foreclosure Order will become effective;
- The Exit Financing Agreement and the Exit Financing Security will become effective;
- The Exit Financing Net Proceeds will be advanced to the Monitor;
- The Monitor will, from the Exit Financing Net Proceeds, pay the amounts identified in Article 6 of this Plan;
- The Bond Indenture and the Replacement Bond Security shall become effective;
- The Old ACC Shares shall be designated as retractable and the ACC Bonds shall be amended to add a conversion feature allowing for their conversion, by way of exchange, into Replacement Bonds, the Old Class "B" Shares shall be retracted and cancelled and all other provisions of the corporate reorganization contained in Schedule "C" shall become effective;
- All of the ACC Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Section 4.1 of this Plan;
- Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims on the basis set out in Section 4.1 of this Plan;

- All issued Class "B" Bonds held by Specified Bondholders will be exchanged for and converted to New ACC Shares; and,

- ACC will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

4.3 On the second of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Class "B" Bonds held by Creditors other than the Specified Bondholders shall be exchanged for and converted to New ACC Shares;

- Certificates for all issued Class "A" Bonds and New ACC Shares shall be provided to the Monitor for distribution to Creditors;

- All remaining Old ACC Shares will be retracted and cancelled; and

- The compromise with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; and

- All directors of ACC shall be discharged and the New Directors shall take office.

The Monitor will, as soon as reasonably practicable following the Plan Implementation Dates, distribute the Class "A" Bonds and New ACC Shares as contemplated by this Plan.

If the Plan is approved by Creditors and the Court, certain conditions must be met before Plan Implementation can take place. Those conditions are outlined in Section 8.3 of this Plan.

ARTICLE 5
PROCEDURAL MATTERS

5.1 Creditors' Meeting

The Creditors' Meeting will take place at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta, at 11:00 a.m. on June 28, 2012, (or on such other date as may be set by Order of the Court) at which the Creditors eligible to vote shall consider and vote upon this Plan. The Creditors' Meeting shall be held in accordance with this Plan, and any applicable Order in respect of the procedure governing the meeting.

The Monitor's designee (the "Chairman") shall preside as the chair of the meeting and shall decide all matters relating to the conduct of the meeting. Persons entitled to attend the Creditors' Meeting are the Chairman, the Monitor, the representatives of ACC, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

The Chairman may, with the permission of the Creditors, adjourn the Creditors' Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe, subject to any further Order.

The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

ACC and the Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

5.2 Procedure

Votes cast by Creditors with Claims at the Creditors' Meeting shall be binding upon the Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, the Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by all Creditors.

5.3 Proxies

A Creditor who wishes to cast its vote at the Creditors Meeting, but is unable or does not wish to attend the Creditors Meeting, may appoint the Monitor, a member of ACC management, or any other person as its proxyholder to attend and act on the Creditor's behalf at the Creditors Meeting by inserting such person's name in the space provided on an instrument of proxy in the form attached hereto as Schedule "B" (the "Instrument of Proxy") and sending or delivering the completed Instrument of Proxy to the offices of the Monitor at Ernst & Young Tower, 1000, 440 2nd Avenue S.W., Calgary, AB T2P 5E9 Canada, Attention: Jessica Caden. An Instrument of Proxy must be (i) received at the offices of the Monitor at least one Business Day prior to the time set for the Creditors' Meeting, or any adjournment thereof; or (ii) delivered to the Monitor at the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof. Failure to so deposit the Instrument of Proxy shall result in the invalidation of same. ACC shall be entitled to solicit and collect Instruments of Proxy containing votes in favour of the Plan for delivery to the Monitor.

Any Creditor who has given an Instrument of Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Creditor or by his representative, duly authorized in writing or, if a Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chairman of the Creditors' Meeting prior to commencement of the Creditors' Meeting, or any adjournment thereof.

The Instrument of Proxy must be executed by the Creditor or his duly authorized attorney in writing, or if the Creditor is not an individual, the Instrument of Proxy must be signed in its name by an authorized officer whose title should be indicated. The Instrument of Proxy signed by a person acting in a representative capacity should indicate such person's capacity (following his signature) and it should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Monitor).

The persons named in the accompanying Instrument of Proxy shall vote Claims of the Creditors in accordance with the direction of the Creditor appointing them on any ballot that may be called for and where the Creditor giving the Instrument of Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the instructions of the Creditor. In the absence of any such direction, such Claim shall be voted as vote in favour of the Plan.

The accompanying Instrument of Proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in this Plan and with respect to other matters that may properly come before the Creditors Meeting.

5.4 Confirmation of Plan

(a) In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Creditors' Meeting pursuant to the terms of the Plan, ACC shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

(b) Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Section 8.3 of this Plan, the Plan will be implemented in accordance with the terms thereof.

(c) In the event that the Plan is not agreed to, accepted and approved in accordance with its terms, the Plan shall automatically terminate.

5.5 Court Assistance

ACC and the Monitor shall have the right to seek the assistance and/or direction of the Court regarding any matter relating to this Plan.

ARTICLE 6
PAYMENTS AND DISTRIBUTIONS

6.1 Payment to Priority Creditors

The Monitor shall on the Plan Implementation Dates in accordance with the Plan pay from the Exit Financing Net Proceeds:

(a) All amounts secured by the Administration Charge; and,

(b) All amounts secured by the DIP Charge.

in full satisfaction, payment, settlement, release and discharge of all amounts outstanding thereunder.

6.2 Payments to Unaffected Creditors

On the Plan Implementation Dates, the Monitor shall, upon the direction of ACC as contemplated by Article 10(d)(ii)and without personal liability therefor, from the Exit Financing Net Proceeds pay or make provision for payment of the Unaffected Plan Closing Claims, all Unaffected Claims then due and payable, and accrued amounts in respect of all other Unaffected Claims.

6.3 Special Crown Claims

On or as soon as reasonably possible following the Plan Implementation Dates, and in any event within six months after the date of the granting of the Final Sanction Order, the Monitor shall, upon the direction of ACC as contemplated by Article 10(d)(ii)and without personal liability therefor, pay in full all Special Crown Claims that were outstanding on the Filing Date and which have not been paid by the Plan Implementation Dates.

6.4 Distribution of Class "A" Bonds and New ACC Shares to Creditors

As soon as reasonably practicable after the Plan Implementation Dates certificates representing each Creditor's Class "A" Bonds and New ACC Shares shall be distributed to Creditors with Proven Claims by the Monitor, and shall be sent by prepaid ordinary mail to the last known address for such Creditor or to the address for such Creditor specified in the Proof of Claim filed by such Creditor, and for greater certainty, in the case of Class A Bonds and New ACC Shares distributed to Creditors who are Registered Plans, to the last known address of the Trustee of the Registered Plan. Creditors not wishing to receive New ACC Shares may direct the cancellation of any New ACC Shares issued to them by written notice to the Monitor, but shall not be entitled to additional Class "A" Bonds.

6.5 Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure.

6.6 Currency

All Claims shall be denominated in Canadian Dollars and all Replacement Bonds issued to Creditors on account of their Claims shall be made in Canadian Dollars. Any Claim in a currency other than Canadian shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at the Filing Date.

6.7 Interest

No holder of a Claim shall be entitled to accrue or collect any interest whatsoever in respect of any Claims or Replacement Bonds from or after the Filing Date.

6.8 Treatment of Undeliverable Distributions of New ACC Shares and Class "A" Bonds

If any Creditor's distribution of New ACC Shares and Class "A" Bonds are returned as undeliverable, no further distributions to such Creditor shall be made unless and until ACC and the Monitor are notified by such Creditor of such Creditor's current address. All claims for undeliverable distributions of New ACC Shares and Class "A" Bonds in respect of Proven Claims must be made on or before the expiration of six (6) months following the later of the Plan Implementation Dates or the date upon which such Creditor's claim became a Proven Claim. After such date the Proven Claims of any Creditor or successor of such Creditor with respect to such unclaimed distributions of New ACC Shares and Class "A" Bonds shall, unless otherwise consented to by ACC, be forever discharged and forever barred, notwithstanding any federal or provincial laws to the contrary. Nothing contained in the Plan shall require ACC or the Monitor to attempt to locate any holder of a Proven Claim.

6.9 Assignment of Claims for Voting and Distribution Purposes

(a) Assignment of Claims Prior to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting and ACC shall not be obliged to deal with any such transferee or assignee as a Creditor in respect thereof, including allowing such transferee or assignee to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by ACC and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the Creditors' Meeting. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. For greater certainty, neither ACC nor the Monitor shall recognize partial transfers or assignments of Claims.

(b) Assignment of Claims Subsequent to the Creditors' Meeting

A Creditor may transfer or assign the whole of its Claim after the Creditors' Meeting (or ten (10) Business Days immediately prior thereto) and ACC shall not be obliged to make distributions of Class "A" Bonds and New ACC Shares to any such transferee or assignee or otherwise deal with such transferee or assignee as a Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by ACC and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the day on which the first distribution of Class "A" Bonds and New ACC Shares to Creditors with Proven Claims is made. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure constitute a Creditor and shall be bound by notices given and steps in respect of such Claim. For greater certainty, neither ACC nor the Monitor shall recognize partial transfers or assignments of Claims.

ARTICLE 7
PROCEDURE FOR DISTRIBUTIONS TO HOLDERS OF DISPUTED CLAIMS

7.1 No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no issuances of Class "B" Bonds or distributions of Class "A" Bonds or New ACC Shares shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim, in whole or in part.

7.2 Distributions After Disputed Claims Resolved

ACC shall distribute to each holder of a Disputed Claim which has become in whole or in part a Proven Claim, the Class "A" Bonds and New ACC Shares attributable to such Proven Claim in accordance with the Plan.

7.3 Restrictions on Distributions

Until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, ACC shall not:

(a) Issue additional bonds or shares of any description except in connection with the resolution of Disputed Claims as contemplated by this Plan;

(b) Make any distribution of cash or securities to holders of Class "A" Bonds or New ACC Shares.

ARTICLE 8
PLAN IMPLEMENTATION

8.1 Extinguishment of Claims

The Claims of any Creditors who have not submitted a Proof of Claim in accordance with the Claims Procedure are deemed to be forever barred and may not thereafter be advanced as against ACC, pursuant to the Claims Procedure Order.

8.2 Sequence of Events.

On the first of the Plan Implementation Dates the sequence of events will be deemed to be:

(a) The Foreclosure Order shall become effective and title in and to the Airdrie Lands shall vest in ACC;

(b) The Exit Financing Agreement and the Exit Financing Security shall become effective; then,

(c) The Exit Financing Net Proceeds will be advanced to the Monitor and be applied in accordance with Article 6 hereof;

(d) All of the charges, including the Administration Charge, the Directors' Charge and the DIP Charge created by the Initial Order or later Orders shall be terminated, discharged and released as against ACC and the Assets; then,

(e) The Bond Indenture and the Replacement Bond Security shall become effective;

(f) The Old ACC Shares will be designated as retractable, the ACC Bonds will be amended to add a conversion feature allowing their conversion, by way of exchange, into Replacement Bonds, the Old Class "A" Shares shall be split on a 40 for 1 basis, the Old Class "B" Shares shall be retracted and cancelled, and all other provisions of the corporate reorganization contained in Schedule C shall become effective; then,

(g) All of the ACC Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Section 4.1 of this Plan; then,

(h) Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims; then,

(i) All issued Class "B" Bonds held by Specified Bondholders shall be exchanged for and converted into New ACC Shares; and,

(j) ACC will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

On the second of the Plan Implementation Dates plan implementation shall continue and the sequence of events will be deemed to be:

(k) All Class "B" Bonds held by Creditors other than the Specified Bondholders shall be exchanged for and converted to New ACC Shares; then,

(l) Certificates for all issued Class "A" Bonds and New ACC Shares shall be provided to the Monitor for distribution to Creditors; then,

(m) All remaining Old ACC Shares shall be retracted and cancelled; then,

(n) The compromises with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; then

(o) The Unsecured Creditors' Committee members for ACC and ACE, other than the charter members Nicole Shurko, Kyle Brown and Lucille Gans, shall be discharged; then

(p) All directors of ACC shall be discharged and the New Directors shall take office.

8.3 Conditions to Implementation of the Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Plan Implementation Dates, as the case may be:

(a) The Exit Financing Agreement and the Exit Financing Security shall have been duly executed and registered or otherwise perfected;

(b) The Plan shall have been approved by the Required Majority of Creditors with Eligible Voting Claims;

(c) The Final Sanction Order shall have been granted in substantially the form described in Section 10.1;

(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 ACC shall have been obtained; and,

(e) The Exit Financing Net Proceeds along with the Class "A" Bonds and the New ACC Shares attributable to each Creditor with a Proven Claim shall have been deposited with the Monitor.

8.4 One Business Day following the satisfaction of the conditions set out in Section 8.3 and the occurrence of the events set out in Section 8.2, the Monitor shall deliver to ACC a certificate stating that the Plan Implementation Dates has occurred. Following the Plan Implementation Dates, the Monitor shall file such certificate with the Court.

ARTICLE 9

RELEASES

9.1 Plan Releases

Subject to Section 9.2 of this Plan, on the Plan Implementation Dates and in accordance with the sequential order of steps set out in Section 8.2, ACC, the Monitor, the Consultants and each and every director, officer, employee and legal counsel and agents thereof in respect of the restructuring, who has acted at any time in any such capacity from and after the Filing Date (being herein referred to individually as a "**Released Party**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or other Person may be entitled to assert, including any and all claims in respect of statutory liabilities of directors, officers, members and employees of ACC and any alleged fiduciary or other duty whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Dates in any way relating to, arising out of or in connection with the Claims, the business and affairs of ACC whenever or however conducted, the administration and/or management of the Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by any Applicable Law; provided that nothing in the Plan shall release or discharge a Released Party from (a) any obligation created by or existing under the Plan or any related document, (b) any claim with respect to matters set out in section 5.1(2) of the CCAA.

9.2 Exceptions

The provisions of Section 9.1 of this Plan do not apply to any Released Claims or other causes of action which the Bondholders or ACC have or may have against the directors or officers of ACC.

ARTICLE 10

COURT SANCTION

10.1 Final Sanction Order

If the Required Majority approves the Plan, ACC shall apply for the Final Sanction Order. The Final Sanction Order shall, among other things:

(a) declare that the Plan is fair and reasonable;

(b) declare that as of the Plan Implementation Dates, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon ACC, all Creditors and all other Persons and Parties affected by the Plan;

(c) declare that the steps to be taken and the compromises and releases to be effected on the Plan Implementation Dates are deemed to occur and be effected in the sequential order contemplated by Section 8.3 of the Plan on the Plan Implementation Dates;

(d) declare that ACC is authorized to:

(i) direct that the Exit Financing Net Proceeds be paid to the Monitor;

(ii) direct the Monitor to make the payments contemplated by this Plan;

(iii) direct the Monitor to deliver the Replacement Bonds and New ACC Shares to Creditors as contemplated by this Plan;

(iv) declare that the releases referred to in Section 9.1 and the other provisions of this Plan relating to Creditors shall become effective in accordance with the Plan;

(v) terminate and discharge the Administration Charge, the Directors' Charge and the DIP Charge on the Plan Implementation Dates;

(vi) declare the fundamental changes described in Schedule "C" hereto to have become effective;

(e) compromise, discharge and release ACC from any and all Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against ACC in respect of or relating to any Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Claims be permanently stayed, subject only to the right of Creditors to receive distributions of Class "A" Bonds and New ACC Shares pursuant to the Plan in respect of their Claims;

(f) discharge and extinguish all liens, including all security registrations against ACC in favour of any Creditor in respect of a Claim;

(g) discharge and extinguish all liens, including all security registrations against ACC in favour of any Creditor in respect of a Disputed Claim;

(h) declare that any Claims in respect of which a proof of claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;

(i) declare that the stay of proceedings under the Initial Order is extended in respect of ACC to, and including, the Plan Implementation Dates;

(j) declare that, subject to the performance by ACC of its obligations under the Plan, all obligations, agreements or leases to which ACC is a party shall be and remain in full force and effect, unamended, as at the Plan Implementation Dates, unless repudiated or deemed to be repudiated by ACC pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Plan Implementation Dates, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

(i) of any event which occurred prior to, and not continuing after, the Plan Implementation Dates or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;

(ii) that ACC has sought or obtained relief or have taken steps as part of the Plan or under the CCAA;

(iii) of any default or event of default arising as a result of the financial condition or insolvency of ACC ;

(iv) of the effect upon ACC of the completion of any of the transactions contemplated under the Plan; or

(v) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan;

(k) stay the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including, without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any other matter released pursuant to Article 9 herein;

(l) if required, authorize ACC to execute the Exit Financing Agreement, the Exit Financing Security, to grant the security interests contemplated by the Exit Financing Security, and authorize the registration or other perfection of the Exit Financing Security, which shall not become effective until Plan Implementation;

(m) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;

(n) direct that until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, ACC shall not:

(i) issue additional bonds or shares of any description except in connection with the resolution of Disputed Claims as contemplated by this Plan;

(ii) make any distribution of cash or securities to holders of Class "A" Bonds or New ACC Shares;

(o) declare that upon completion by the Monitor of its duties in respect of ACC pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Procedure and the distributions of Class "A" Bonds and New ACC Shares to be made by the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination stating that all of its duties in respect of ACC pursuant to the CCAA and the Orders have been completed and thereupon, Ernst & Young Inc. shall be deemed to be discharged from its duties as Monitor of ACC and that the Monitor has exercised all of its powers and performed all of its duties and functions honestly, in good faith and in compliance with the Code of Ethics referred to in section 13.5 of the BIA.; and

(p) declare that ACC and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan; and

(q) direct that ACC hold a meeting of shareholders for the purpose of electing directors within four months following the last of the Plan Implementation Dates.

ARTICLE 11

GENERAL PROVISIONS

11.1 Role of Monitor

From and after the Plan Implementation Dates the Monitor shall cease to be responsible for dealing with Disputed Claims, and ACC shall be solely responsible for the resolution of all Disputed Claims. ACC may, without further Order, settle or resolve any Disputed Claims and shall, immediately upon settling or resolving a Disputed Claim, notify the Monitor to allow the Monitor to promptly make the distributions of Class "A" Bonds and New ACC Shares contemplated by Article 6.

11.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, one or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by ACC in order to implement this Plan.

11.3 Paramountcy

Without limiting any other provision hereof, and after the Plan Implementation Dates, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Creditor or any other Persons affected by the Plan, and ACC as at the Plan Implementation Dates, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

11.4 Waiver of Defaults

From and after the Plan Implementation Dates, each Creditor shall be deemed to have waived any and all defaults by ACC arising on or prior to the Plan Implementation Dates in respect of every covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral. Without limiting the generality of the foregoing, such waiver shall extend to and include any provision of any agreement between any Creditor and ACC which provides that ACC is in default, or the Creditor has a remedy or a right, and which arises or results from any change in control, or deemed change in control of ACC resulting from this Plan or any change in directors of ACC which has taken place up to and including the Plan Implementation Dates. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or notices given under the CCAA, including without limitation any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

11.5 Compromise Effective for all Purposes

The Plan and the compromise or satisfaction of any Claims under this Plan, if sanctioned and approved by the Court, shall be binding upon each Creditor, its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and, without limitation the generality of the foregoing, this Plan will constitute:

(a) full, final and absolute settlement and compromise of all Claims;

(b) an absolute release, discharge and extinguishment of all Claims against ACC and the Assets.

The payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, will be binding upon the Creditors and each of their heirs, executors, administrators, successors and assigns, for all purposes and, to such extent will also be effective to relieve any third party directly or indirectly liable for such Claim, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

11.6 Treatment of Contracts

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Plan Implementation Dates, ACC shall be deemed to have ratified each executory contract to which it is a party, unless such contract (i) was previously repudiated or terminated by ACC (ii) previously expired or terminated pursuant to its own terms, or (iii) is otherwise set forth in the Plan as being an executory contract which is deemed to be repudiated or terminated.

11.7 Payment of Taxes

Notwithstanding any provisions of the Plan, each holder of a Proven Claim that is to receive a distribution of Replacement Bonds and New ACC Shares pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

11.8 Plan Amendment

ACC may, at any time and from time to time, amend, modify and/or supplement this Plan:

(a) provided such amendment, modification or supplement or waiver is contained in a written document which is:

(i) filed with the Court and, if made following the Creditors' Meeting, approved by the Court; and

(ii) communicated to the Creditors in the manner required by the Court (if so required); or

(b) after the Final Sanction Order, provided such amendment, modification, supplement or waiver concerns a matter which, in the opinion of ACC, acting reasonably, is of an administrative or technical nature required to better give effect to the implementation of this Plan and the Final Sanction Order or would not be materially adverse to the financial interests of the Creditors. Any amendments to this Plan and any supplementary plan or plans of compromise or arrangement (which shall be filed with the Court) will, for all purposes, be, and be deemed to be, a part of and incorporated in this Plan.

ARTICLE 12

INTERPRETATION

12.1 Definitions

In this Plan, unless the context should otherwise require the capitalized terms and phrases used but not defined herein have the meanings given to them in Schedule "A" attached hereto.

12.2 Article and Section Reference

The terms "this Plan", "hereof", "hereunder", "herein", and similar expressions refer to this Plan, amendments to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

12.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa; and any word or words importing gender shall include all genders.

12.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

12.5 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

12.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

12.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

12.8 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

12.9 Governing Law

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court.

12.10 Inclusive Meaning

As used in this Plan, the words "include", "includes", "including", or any other derivation thereof means, in any case, those words as modified by the words "without limitation".

12.11 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

(i) Schedule "A" – Definitions;

(ii) Schedule "B" – Instrument of Proxy

(iii) Schedule "C" – Articles of Reorganization

SCHEDULE A
DEFINITIONS

In this Plan of Compromise and Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

"**Administration Charge**" has the meaning given to it by the Initial Order;

"**ACC**" means Airdrie Capital Corporation;

"**ACC Bonds**" means the 6% bonds issued by ACC and due December 31, 2012, including bonds in respect of which the holder has exercised a right of retraction;

"**Airdrie Lands**" means the interest of ACE in a 160 acre parcel located in Rocky View County, in the province of Alberta legally described as the SE Quarter of Section 26, TWSP 26, RGE 29;

Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

"**Assets**" means all of the property, assets and undertaking of ACC;

"BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"Bond Indenture" means the indenture made by ACC pursuant to which the Replacement Bonds will be issued and having the attributes described in Section 2.1 of the Plan;

"Bondholders" means the holders of ACC Bonds as at the Filing Date;

"**Business Day**" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a bank holiday under Applicable Law;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Proceedings**" means the proceedings commenced by ACC and Airdrie under the CCAA in the Court of Queen's Bench of Alberta, Judicial District of Calgary, Action No. 1011-17318;

"**Chairman**" has the meaning given to it in subsection 5.1(b) of the Plan;

"Claim" means any right or claim of any Person, including any Tax Claim, that may be asserted or made in whole or in part against ACC, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA, had ACC become bankrupt on the Filing Date;

"Claims Bar Date" means May 16, 2012 or such later date on which a Proof of Claim is accepted for filing by ACC and the Monitor, or the Court, prior to the applicable Creditors' Meeting;

"**Claims Procedure**" means the procedures outlined in the Claims Procedure Order in connection with the assertion of Claims against ACC ;

"**Claims Procedure Order**" means the Order of the Court made by the Honourable Madame Justice B.E.C. Romaine dated April 17, 2012 approving the Claims Procedure;

"Class "A" Bonds" means non-interest bearing due June 30, 2015 to be issued by ACC pursuant to the Bond Indenture in accordance with Section 4.1 of this Plan and rounded to the nearest one dollar.

"Class "B" Bonds" means non-interest bearing bonds convertible into New ACC Shares, to be issued by ACC pursuant to the Bond Indenture in accordance with Section 4.1 of this Plan and rounded to the nearest one dollar.

"Consultants" means Azimuth Risk Management Ltd. and Winman Ltd.;

"**Court**" means the Court of Queen's Bench of Alberta;

"Creditor" means any Creditor with an Claim, but only with respect to and to the extent of such Claim;

"**Creditors' Meeting**" means the meeting of Creditors with Eligible Voting Claims called for the purpose of considering and voting in respect of the Plan and any adjournment thereof;

"Disputed Claim" means a Claim (including a contingent Claim) properly filed in accordance with the Claims Procedure which, if allowed in whole or in part, would be a Proven Claim, but which has not, as of the Plan Implementation Dates been finally determined to be a Proven Claim in accordance with the Claims Procedure;

"**Eligible Voting Claim**" means a Proven Claim in respect of ACC, or where a Claim is disputed or unresolved by the time the Creditors' Meeting commences, the value assigned to such Claim for voting purposes by ACC in consultation with the Monitor, or the Court, except no Unaffected Claim will be an Eligible Voting Claim;
"**Excluded Asset Amount**" has the meaning given to it in Section 2.1(e) of this Plan;

"Exit Financing" means financing arranged by ACC which will become effective upon Plan Implementation Dates, in an amount sufficient to make the payments contemplated by Article 6 hereof and provide sufficient additional financing to allow ACC to meet expenses for a period of approximately six months following the Plan Implementation Dates;

"Exit Financing Agreement" means the credit facility agreement to be entered into by ACC and the new lender thereunder, to become effective upon the Plan Implementation Dates;

"Exit Financing Net Proceeds" means the amount to be advanced pursuant to the Exit Financing Agreement at the Plan Implementation Dates, net of all expenses;

"Exit Financing Security" means the security agreements to be entered into by ACC to secure advances to be made to the Exit Financing Agreement charging all of the Assets which will be registered or otherwise perfected prior on the Plan Implementation Dates, and which will become effective on the Plan Implementation Dates;

"Filing Date" means December 21, 2011;

"**Final Determination**" means any determination for which, pursuant to Applicable Law, all times limited for and all rights to dispute, appeal or further appeal of or from such determination have expired or been exhausted;

"**Final Sanction Order**" means a final Order which, among other things, shall approve and sanction the Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to the Plan, including provisions in substance similar to those set out in Section 10.1;

"Foreclosure Order" means an Order consented to by ACE which, among other things, shall vest title in and to the Airdrie Lands in ACC;

"Government Authority" means a federal, provincial, territorial, municipal or other government or government department, agency or authority (including a court of law) having jurisdiction over ACC, the business of ACC, or the Plan;

"**Indebtedness**" means in respect of the holder of any Claim, all of the indebtedness, liabilities and obligations of ACC to such Creditor, whether direct, indirect, contingent or otherwise, including all outstanding principal, interest and penalties owed by ACC to such Creditor, including any Claims as a result of the termination of any employment agreements, whether in writing or not, and any employment relationships established thereby and any other agreements relating to the payment of severance to any employees;

"**Initial Order**" means the order granted by the Court in the CCAA Proceedings on December 21, 2012 which, among other things, granted CCAA protection to ACC, appointed the Monitor, and stayed proceedings against ACC;

"**Instrument of Proxy**" has the meaning given to it in subsection 5.3(b) of the Plan, a copy of which is attached as Schedule "B" hereto;

"ITA" means the *Income Tax Act*, R.S.C., 1985, c.l, and the regulations thereunder, all as amended;

"**Meeting Order**" means the Order under the CCAA that, among other things, accepts the filing of the Plan and calls and sets the date for the Creditors' Meeting;

"**Monitor**" means Ernst & Young Inc. acting in its capacity as court appointed monitor pursuant to the terms of the Initial Order;

"New ACC Shares" means new class "A" common shares of ACC to be issued to Creditors pursuant to this Plan upon the conversion of the Class "B" Bonds;

"**New Directors**" means 5 individuals selected by the Monitor from nominations submitted by Creditors pursuant to a process directed by the Court in an Order dated May 31, 2012;

"Old ACC Shares" means all issued and outstanding shares of any class of ACC, including Old Class "A" Shares and Old Class "B" Shares, as at the Filing Date;

"Old Class "A" Shares" means all Class "A" preferred, voting, non-participating shares of ACC issued and outstanding as at the Filing Date;

"Old Class "B" Shares" means all Class "B" common, non-voting, participating shares of ACC issued and outstanding as at the Filing Date;

"**Order**" means any order of the Court respecting the CCAA Proceedings or the Receivership Proceedings;

"**Person**" includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"**Plan**" or "**Plan of Compromise and Arrangement**" means the Plan of Compromise and Arrangement to which this Schedule "A" is attached and forms part, as supplemented and amended from time to time;

"**Plan Implementation Dates**" means the period of two Business Days following the satisfaction or waiver of the conditions precedent to the implementation of this Plan as set out in Section 8.3 or such other dates as may be agreed by the Parties in consultation with the Monitor, and approved by the Court;

"Post-Filing Claim" means any amounts properly owing by ACC arising or accruing from the provision of goods and/or performance of services or the advance of money or credit to ACC from and after the Filing Date, together with any claim of any nature or kind whatsoever arising after the Filing Date which would, had it been in existence on or before the Filing Date, have been Claim within the meaning of this Plan, but not including interest or other costs or charges in respect of any Claim arising or accruing after the Filing Date;

"**Proven Claim**" means a Claim which has been allowed and in respect of which there has been a Final Determination of such Claim in accordance with this Plan and/or any applicable Order by the Plan Implementation Dates;

“**Registered Plan**” means a registered retirement savings plan, registered retirement income fund or tax free savings account, as each such term is defined in the *Income Tax Act* (Canada);

“Released Party” has the meaning given to it in Section 9.1 of the Plan;

“Replacement Bonds” means Class “A” Bonds and Class “B” Bonds to be issued pursuant to the Bond Indenture;

“Replacement Bond Security” means fixed and floating charge debenture security granted by ACC to secure all amounts owed pursuant to the Bond Indenture charging all of the Assets and having the attributes described in Section 2.1(f) of this Plan;

“Required Majority” means a majority in number of the Creditors, who represent at least two-thirds in value of the Eligible Voting Claims of Creditors who actually vote on the resolution approving the Plan (in person or by proxy) at the Creditors’ Meeting;

"**Special Crown Claims**" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Plan Implementation Dates and are of a kind that could be subject to a demand under:

(i) subsection 224(1.2) of the ITA;

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan,* or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act,* and of any related interest, penalties or other amounts; or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

“Specified Bondholders” means those holders of Replacement Bonds selected by the Monitor, none of whose Class “B” Bonds shall be held in Registered Plans;

“Tax” or “Taxes” means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Taxing Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing

Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

"Tax Claim" means any Claim against ACC for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date but does not end until after the Filing Date, any Claims against ACC for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date.

"Taxing Authorities" means any one of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power;

"**Taxing Authority**" means any one of the Taxing Authorities;

"**Unaffected Claims**" has the meaning given to it in Section 2.3 of the Plan;

"**Unaffected Creditor**" is a Creditor whose Claim is an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

"Unaffected Plan Closing Claims" means the following Claims, which will either be reserved for or paid on the Plan Implementation Dates in accordance with the Plan:

a. the Claims of the Monitor and its counsel for unpaid fees and costs incurred up to and including the Plan Implementation Dates;

b. the Claims of ACC 's counsel and counsel for the Unsecured Creditors Committee for unpaid fees and costs incurred up to and including the Plan Implementation Dates.

"Unsecured Creditors' Committee" means the committee of creditors created pursuant to an Order of the Court dated February 16, 2012.

SCHEDULE "B"

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 and AIRDRIE COUNTRY ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE INDUSTRIAL PARK INC., FOUNDATION PLACE CAPITAL INC. and FOUNDATION PLACE INC.

INSTRUMENT OF PROXY

MEETING OF CREDITORS OF AIRDRIE CAPITAL CORPORATION to be held pursuant to an Order of the Alberta Court of Queen's Bench (the "**Court**") in connection with Airdrie Capital Corporation's Plan of Compromise and Arrangement under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Plan**") on June 28, 2012 at 11:00 a.m. at:

3rd Floor, Centennial Place, West Tower,
250-5th Street S.W.,
Calgary, Alberta

Before completing this Instrument of Proxy, please read carefully the instructions accompanying this Instrument of Proxy for information respecting the proper completion and return of this Instrument of Proxy.

THIS INSTRUMENT PROXY MUST BE COMPLETED AND SIGNED BY THE CREDITOR AND PROVIDED TO THE MONITOR, ERNST & YOUNG INC., BY 5:00 P.M. (MST) ON THE BUSINESS DAY PRIOR TO THE MEETING OR WITH THE CHAIR PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF IF ANY PERSON ON SUCH CREDITOR'S BEHALF IS TO ATTEND THE MEETING AND VOTE ON THE CCAA PLAN OR IF SUCH CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS SUCH INSTRUMENT OF PROXY.

THE UNDERSIGNED CREDITOR hereby revokes all proxies previously given and nominates, constitutes and appoints ________________________ or, if no person is named, Neil Narfason of Ernst & Young Inc. in its capacity as Monitor, or such other representative of the Monitor as the Monitor may designate, as nominee of the undersigned Creditor, with full power of substitution, to attend on behalf of and act for the undersigned Creditor at the Meeting of Creditors of Airdrie Capital Corporation to be held in connection with the CCAA Plan and at any and all adjournments thereof, and to vote the amount of the undersigned Creditor's Claims for voting purposes as determined pursuant to the Creditors' Meeting Order, the Claims Process, the CCAA Plan, the CCAA and any further order of the Court as follows:

A. (mark one only):

☐ VOTE FOR approval of the CCAA Plan; or

☐ VOTE AGAINST approval of the CCAA Plan

-and-

B. vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Creditor with respect to any amendments or variations to the CCAA Plan and to any other matters that may come before the Meeting of Creditors of Airdrie Capital Corporation or any adjournment thereof.

DATED this __ day of June, 2012.

____
Print Name of Creditor

____
Signature of Creditor. If the Creditor is a corporation, signature of an authorized signing officer of the Corporation.

____
Title of the authorized signing officer of the corporation, if applicable.

____
Mailing address of the Creditor

____
Telephone number of the Creditor

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Each Creditor who has a right to vote at the Creditors' Meeting has the right to appoint a person (who need not be an Creditor) to attend, act and vote for and on behalf of such Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed. **If no name has been inserted in the space provided, the Creditor will be deemed to have appointed Neil Narfason of the Monitor (or such other representative of the Monitor as the Monitor may designate) as the Creditor's proxy holder.**

2. **If an officer of Ernst & Young Inc. is appointed or is deemed to be appointed as proxy holder and the Creditor fails to indicate on this ordinary creditors' proxy a vote for or against approval of the CCAA Plan, this instrument of proxy will be voted FOR approval of the CCAA Plan.**

3. If this instrument of proxy is not dated in the space provided, it will be deemed to be dated on the date it is received by the Monitor.

4. This instrument of proxy must be signed by the Creditor or by the Creditor's attorney duly authorized in writing or, if the Creditor is a corporation, by a duly authorized officer or attorney of the corporation with an indication of the title of such officer or attorney.

5. Valid proxies bearing or deemed to bear a later date will revoke this ordinary creditors' proxy. If more than one valid proxy for the same Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.

6. This instrument of proxy should be sent to the Monitor by mail, delivery, email or facsimile at the address set out below so that it is received by the Monitor no later than 5:00 p.m. (MST) on June 27, 2012.

> Ernst & Young Inc.
> Court Appointed Monitor
> Ernst & Young Tower,
> 1000, 440 2nd Avenue S.W.,
> Calgary, AB T2P 5E9 Canada
>
> Attention: Jessica Caden

Fax: (403) 206-5075
Email: Jessica.Caden@ca.ey.com
Telephone: (403) 206-5153

SCHEDULE C

ARTICLES OF REORGANIZATION OF AIRDRIE CAPITAL CORPORATION

BUSINESS CORPORATIONS ACT (SECTION 192) FORM 14

Alberta **ARTICLES OF REORGANIZATION**

NAME OF CORPORATION:	1. ALBERTA CORPORATE ACCESS NUMBER:
AIRDRIE CAPITAL CORPORATION.	2012595001

IN ACCORDANCE WITH THE ORDER FOR REORGANIZATION, THE ARTICLES OF INCORPORATION OF THE CORPORATION ARE AMENDED AS FOLLOWS:

Pursuant to the terms of the Plan and an order of the Queen's Bench of Alberta, dated ● in support thereof and in accordance with Section 192(4) of the *Business Corporations Act*:

1. The Articles of Incorporation are amended pursuant to Section 173(1)(f) to change the number of issued Class A Shares, so that each issued Class A Share is subdivided into 40 Class A Shares.

2. The Articles of Incorporation are amended pursuant to section 173(1)(e) to add to the rights, privileges, restrictions and conditions of all existing classes of shares by adding to the end of Schedule A the following paragraph:

All shares of each of the Class A Shares and Class B Shares may be retracted by the Corporation and cancelled without payment of any kind.

3. Upon the Corporation so retracting and cancelling the Class A Shares and Class B Shares, the Articles shall be amended to delete Class A Shares and Class B Shares and the rights, privileges, restrictions and conditions attaching to them

4. The Articles are further amended pursuant to Section 173(1)(d) by creating a new class of shares, to be designated "Common Shares", which shall have the following rights, privileges, restrictions and conditions:

(a) The holders of Common Shares shall be entitled to vote at all meeting of shareholders of the Corporation, except for meetings of the holders of another class of shares as a class.

(b) The holders of Common Shares shall be entitled to receive such dividends thereon as may be declared by the Directors from time to time.

(c) The holders of Common Shares shall be entitled to receive the remaining property of the Corporation on dissolution.

5. The Articles are further amended pursuant to Section 173(1)(l) to increase the minimum and decrease the maximum number of directors to the following:

Minimum 3
Maximum 9

6. DATE	SIGNATURE	TITLE

EXHIBIT "E"

This is Exhibit " E "
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5th
day of June A.D. 2012

Helen Leesman

A Commissioner for
Oaths in and for the
Province of Alberta

Helen L. Leesman
A Commissioner for Oaths
In and for the Province of Alberta
My Appointment expires
March 26, 2014

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a meeting of Creditors of Airdrie Capital Corporation holding Eligible Voting Claims will be held at 3rd Floor, Centennial Place, West Tower, 250-5th Street S.W., Calgary, Alberta, at 11:00 a.m. on June 28, 2012 (Calgary time) for the following purposes:

1. to consider, pursuant to an order of the Court of Queen's Bench of Alberta dated June 7, 2012 (the "**Creditors' Meeting Order**"), and if deemed advisable, to approve a plan of compromise and arrangement (the "**CCAA Plan**")under the *Companies' Creditors Arrangement Act* (Canada); and

2. to transact such further and other business as may be properly brought before the Creditors' Meeting or any adjournment thereof.

Pursuant to the Creditors' Meeting Order only Creditors of Airdrie Capital Corporation who hold Eligible Voting Claims are entitled to vote on the CCAA Plan.

Creditors who are unable to attend the Creditors' Meeting are requested to date, sign and return the accompanying form of proxy in the envelope provided for that purpose. In order to be used at the Creditors' Meeting, a proxy must be delivered to the office of Ernst & Young Inc., 1000, 440 – 2nd Avenue S.W., Calgary, Alberta T2P 5E9, Attention: Jessica Caden, fax (403) 290-5075, email: Jessica.Caden@ca.ey.com, by 5:00 p.m. (Calgary time) at least one (1) business day (excluding Saturdays, Sundays and holidays) prior to the date of the Creditors' Meeting or any adjournment thereof. Proxies may also be delivered to the Monitor at the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof.

Capitalized terms not defined herein have the meanings ascribed to them in the CCAA Plan of Arrangement.

Dated this __ day of June, 2012.

EXHIBIT "F"

This is Exhibit " F "
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5th
day of June A.D. 2012

Helen Leesman

A Commissioner for
Oaths in and for the
Province of Alberta

Helen L. Leesman
A Commissioner for Oaths
In and for the Province of Alberta
My Appointment expires
March 26, 2014

INFORMATION CIRCULAR

AIRDRIE CAPITAL CORPORATION

Meeting of Creditors to be held June •, 2012

TABLE OF CONTENTS

INTRODUCTION

This Information Circular is being sent to creditors of Airdrie Capital Corporation ("ACC") in connection with the meeting of creditors to be held June __, 2012 at ___ (the "Meeting"). Enclosed with this Information Circular is a Notice of Meeting and a copy of the Plan of Compromise and Arrangement (the "Plan") to be considered at the Meeting. Capitalised terms used in this Information Circular without definition have the meanings assigned to them in the enclosed Plan, which is incorporated by this reference into this Information Circular.

THE MEETING

The Meeting will take place at _____________., Calgary, Alberta, at ___ a.m. on June___, 2012 (or on such other date as may be set by Order of the Court) at which the Creditors eligible to vote shall consider and vote upon this Plan. The Meeting shall be held in accordance with this Plan, and any applicable Order in respect of the procedure governing the meeting.

The Monitor's designee (the "Chairman") shall preside as the chair of the meeting and shall decide all matters relating to the conduct of the meeting. Persons entitled to attend the Meeting are the Chairman, the Monitor, the representatives of ACC, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

The Chairman may, with the permission of the Creditors, adjourn the Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe, subject to any further Order.

The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Meeting shall not be construed as an admission that its Claim is a Proven Claim.

ACC and the Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

Procedure

Votes cast by Creditors with Claims at the Meeting shall be binding upon the Creditors and shall be recorded at the time of the Meeting. If the Required Majority is achieved, the Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by all Creditors.

Proxies

A Creditor who wishes to cast its vote at the Meeting, but is unable or does not wish to attend the Meeting, may appoint the Monitor, a member of ACC management, or any other person as its proxyholder to attend and act on the Creditor's behalf at the Meeting by inserting such person's name in the space provided on an instrument of proxy in the form attached hereto as Schedule "B" (the "Instrument of Proxy") and sending or delivering the completed Instrument of Proxy to the offices of the Monitor at Ernst & Young Tower, 1000, 440 2nd Avenue S.W., Calgary, AB T2P 5E9 Canada. An Instrument of Proxy must be (i) received at the offices of the Monitor at least one Business Day prior to the time set for the Meeting, or any adjournment thereof; or (ii) delivered to the Monitor at the Meeting prior to the commencement of the Meeting or any adjournment thereof. Failure to so deposit the Instrument of Proxy shall result in the invalidation of same. ACC shall be entitled to solicit and collect Instruments of Proxy containing votes in favour of the Plan for delivery to the Monitor.

Any Creditor who has given an Instrument of Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Creditor or by his representative, duly authorized in writing or, if a Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chairman of the Meeting prior to commencement of the Meeting, or any adjournment thereof.

The Instrument of Proxy must be executed by the Creditor or his duly authorized attorney in writing, or if the Creditor is not an individual, the Instrument of Proxy must be signed in its name by an authorized officer whose title should be indicated. The Instrument of Proxy signed by a person acting in a representative capacity should indicate such person's capacity (following his signature) and it should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Monitor).

The persons named in the accompanying Instrument of Proxy shall vote Claims of the Creditors in accordance with the direction of the Creditor appointing them on any ballot that may be called for and where the Creditor giving the Instrument of Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the instructions of the Creditor. In the absence of any such direction, such Claim shall be voted as vote in favour of the Plan.

The accompanying Instrument of Proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in this Plan and with respect to other matters that may properly come before the Meeting.

Confirmation of Plan

In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Meeting pursuant to the terms of the Plan, ACC shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Section 8.3 of this Plan, the Plan will be implemented in accordance with the terms thereof.

In the event that the Plan is not agreed to, accepted and approved in accordance with its terms, the Plan shall automatically terminate.

BACKGROUND

ACC and Airdrie Country Estates ("ACE") are single-purpose corporations incorporated to raise funds and to acquire and develop 160 acres of land for future development east of the City of Airdrie (the "Airdrie Lands"). The main strategy to realize value contemplated by ACC and ACE at the time the land was first purchased was to sell it to a developer, either as-is or with some degree of rezoning and development completed. A second alternative was for ACC and ACE to service and/or develop the lands themselves, or to enter into a joint venture with a party prepared to develop the lands. It was expected that the Airdrie Lands could be sold within a period of approximately five years following the acquisition of the property. Beginning in September of 2006 a total $14,738,500 was raised from a total number of 679 investors through the sale of bonds issued by ACC. Of the total bonds sold approximately 69% are believed to be held in individual registered retirement savings plans. The bonds came due for repayment on December 31, 2011. Through a separate offering by ACE, Bondholders also acquired class B non-voting common shares in ACE in proportion to their bond holdings, at a cost of $14,758.50. The investment was structured such that ACE is the legal owner of the Airdrie Lands, subject to a mortgage in the principal amount of $13,269,146 in favour of ACC. ACC, in turn, is indebted to the bondholders.

The financial crash of 2008 brought real estate development in the Calgary area, to a near-standstill and the value and saleability of undeveloped land dropped dramatically. As a result, when the ACC Bonds came due for payment in December of 2011 ACC had no funds available either to repay the bonds, continue development of the Airdrie Lands, or to fund a restructuring of the bonds and its other obligations.

In order to have access to a formal restructuring process as well as access to funding, in December of 2011 ACC and ACE, along with Legacy Communities Inc. sought and obtained an order of the Court of Queen's Bench of Alberta (the "Initial Order") providing them with protection from their creditors and access to interim financing (known as "DIP" financing) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA").

Since the date of the Initial Order ACC and ACE have been working with real estate experts and legal and other advisors to develop a strategy for dealing with the Airdrie Lands, restructure their debt, and maximize value for their bondholders and other stakeholders. Located in the Airdrie-Balzac growth corridor of Rocky View County, the Airdrie Lands are near the Airdrie Airport and the rapidly developing East Balzac Industrial Area. The development area of Airdrie-Balzac has excellent prospects for near-term logistical, industrial, residential and commercial community development. Over the past three years Rocky View County has constructed sewer and water utilities to the East Balzac area. A municipal water transmission line is located along the south boundary of the property, and a municipal sanitary line is located 1 mile south of the property Although currently zoned for agricultural use, the Airdrie Lands are located on the boundary of the Balzac East Area Structure Plan and the prospects for rezoning appear very good.

By way of background, in 2008 the Airdrie Lands were included in the proposed East Airdrie Area Structure Plan that included other developers including: Highfied, Hopewell and Unity Builders Group. Shortly before public hearings by Rocky View County, this planning initiative was halted when the City of Airdrie applied for annexation of a portion of the lands included in the ASP.

Since that time, major road and utility infrastructure has been constructed in the adjacent Balzac area to the south in order to service the industrial and commercial lands. Balzac is the fastest industrial growth area in the greater Calgary area with 10,000 jobs forecast by major employers in this area.

Despite the setback of the East Airdrie ASP, the demand for residential land is obvious and there is solid rationale for planning approvals of the Airdrie Land by Rocky View County. ACC has prepared an application for the expansion of the Balzac East Area Structure Plan to include the land. If approved, then ACC would prepare and submit a residential Concept Plan with public hearings targeted for March 2013.

Following an extensive analysis of the options available, ACC has concluded that the Airdrie Lands are now well positioned for development, and an application for inclusion of the lands in the Balzac East Area Structure Plan is ready for submission. ACE has also prepared a plan for residential zoning.

ACC anticipates that, factoring in holding costs and development expenses, the net value of the Airdrie Lands will appreciate substantially over the next three years and that if the Airdrie Lands were held until ready for subdivision and servicing the value could equal the accumulated amount owed to Bondholders and other Creditors. Accordingly the financial restructuring portion of this Plan is designed to allow ACC acquire the Airdrie Lands and to issue Replacement Bonds in place of existing bonds and other debt. This will enable ACC to extend the term of all of the outstanding debt of ACC for a period of three years, without interest or other payments to Creditors, and to raise additional funds as needed to enable it to defray the costs of holding and developing the Airdrie Lands as well as the costs of this restructuring, all with a view to allowing sufficient time for Creditors to maximize their recovery from the appreciation in value of the Airdrie Lands. ACE, which has no arm's length creditors, will not be restructured and if Creditors and the Court approve this Plan, then on Plan Implementation of this Plan the Airdrie Lands will be transferred to ACC, and ACE will likely ultimately be dissolved.

ACC's Monitor is currently conducting a process, with input from ACC and the Unsecured Creditors' Committee, to locate the most cost effective source of funds to repay the costs incurred in these proceedings and to provide exit financing to allow ACC to meet expenses for a period of approximately six months following its discharge from CCAA. This is intended to allow ACC's new board of directors sufficient time to explore all available options for the longer term financing required to carry ACC through to the sale of some or all of the Airdrie Lands, and to select the most suitable financing alternative for ACC.

Through the restructuring process ACC also identified a need simplify its corporate structure, to make governance more direct and transparent and to enable management to deal with any needed changes to the terms of the Replacement Bonds to be issued pursuant to this Plan in a flexible and comprehensive way. The appointment of a board of directors of ACC from nominations made by Creditors, together with changes to ACC's corporate and debt structure and governing documents is intended to accomplish those objectives as part of this Plan.

Because a significant number of Creditors currently hold ACC Bonds in registered retirement savings plans ("Registered Plans"), ACC felt it was important to ensure to the extent possible that the bonds and shares to be issued to Creditors pursuant to this Plan would also be Qualified investments for Registered Plans. In order for that to occur the majority of Creditors' Claims will be converted to Class "A" Bonds, but a small portion of each Creditor's Claim will be converted to Class "B" Bonds, which will in turn be converted into New ACC Shares. The New ACC Shares will be supported by equity which will not be available for payment of the Class "A" Bonds. While the overall effect on the value available to Creditors is neutral, this structure is expected to allow both New ACC Shares and Class "A" Bonds to be Qualified investments for Registered Plans.

PLAN OF ARRANGEMENT

Overview

The Claims of all Creditors will be converted to Replacement Bonds issued pursuant to the Bond Indenture. Each Creditor will receive $0.0764179309 of principal amount of Class "B" Bonds for each $1.00 of Proven Claim, and $0.9235820691 of principal amount of Class "A" Bonds for each $1.00 of Proven Claim. All ACC Bonds will be cancelled following the issuance of the corresponding Replacement Bonds, and all Old ACC Shares will be converted to retractable shares. Replacement Bonds will not bear interest. The Class "A" Bonds will be due for repayment June 30, 2015.

The Class "B" Bonds will be converted to New ACC Shares on the basis of one New ACC Shares for each $1.00 of principal amount of Class "B" Bonds on the Plan Implementation Dates. All Old ACC Shares will be retracted and cancelled on the Plan Implementation Dates, resulting in the Creditors becoming the only shareholders of ACC. No partial shares will be issued.

Details of the Plan

On the first of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Foreclosure Order will become effective;
- The Exit Financing Agreement and the Exit Financing Security will become effective;
- The Exit Financing Net Proceeds will be advanced to the Monitor;
- The Monitor will, from the Exit Financing Net Proceeds, pay the amounts identified in Article 6 of the Plan;
- The Bond Indenture and the Replacement Bond Security shall become effective;
- The Old ACC Shares shall be designated as retractable and the ACC Bonds shall be amended to add a conversion feature allowing for their conversion into Replacement Bonds, and all other provisions of the corporate reorganization contained in Schedule "C" to the Plan shall become effective;
- All of the ACC Bonds shall be exchanged for and converted to Replacement Bond on the basis set out in Section 4.1 of the Plan;
- Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims on the basis set out in Section 4.1 of the Plan;
- All issued Class "B" Bonds held by Specified Bondholders will be exchanged for and converted to New ACC Shares; and
- ACC will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

On the second of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Class "B" Bonds held by Creditors other than the Specified Bondholders shall be exchanged for and converted to New ACC Shares;
- Certificates for all issued Class "A" Bonds and New ACC Shares shall be provided to the Monitor for distribution to Creditors;
- All remaining Old ACC Shares will be retracted and cancelled;
- The compromise with the Creditors and the releases referred to in Article 9.1 and the other provisions of this Plan shall become effective; and
- All directors of ACC shall be discharged and the New Directors shall take office.

The Monitor will, as soon as reasonably practicable following the Plan Implementation Dates, distribute the Class "A" Bonds and New ACC Shares as contemplated by this Plan.

If the Plan is approved by Creditors and the Court, certain conditions must be met before Plan Implementation can take place. Those conditions are outlined in Section 8.3 of this Plan.

BUSINESS PLAN AND DESCRIPTION OF ASSETS

The Airdrie Lands are located approximately 3 km north of the rapidly developing Balzac East Industrial area which also includes the Cross Iron Mills Regional Shopping Centre. The Airdrie Lands are located approximately 6.5 km directly north of the north limits of the City of Calgary and approximately 3 km east of Highway 2, and lies 3 km north of Secondary Highway No. 566.

The Balzac East Area Structure Plan generally extends north of the City of Calgary, east of Highway 2 and south and east of the City of Airdrie limits. The south portions of this area are primarily allocated for commercial and industrial use and this type of development is already well underway with the Cross Iron Mills Shopping Centre being the major development. The Wagon Wheel Industrial Park has also been completed and several other developments have been initiated or are underway. The north portions have been allocated for residential use and there is already this type of development in place. This for the most part entails country residential type development featuring larger lots (2.0 + acres).

The Balzac West Area Structure Plan incorporates an area lying west of Highway 2, north of the City of Calgary and southwest of the City of Airdrie. The area along Highway 2 has been allocated for commercial use and the area west of Range Road 11 has been allocated for residential use.

The key access routes to the Airdrie Lands generally represent the aforementioned highways or, Highway No. 2 and Secondary Highway No. 566. Highway 567 to the north or, Veterans Boulevard, also services the area. The Airdrie Lands are a short distance north of the Stoney Trail or, the City of Calgary ring road.

The Airdrie Lands contain an area of 160 acres in one quarter section. The bulk of the Airdrie Lands is cleared and remains in use for primary agricultural production. The lands are gently rolling and there are low areas. An active well site is located in the northwest quadrant of the site with an access road extending through to Township Road 264.

Title and Encumbrances

The registered owner is Airdrie County Estates Inc. There are eight encumbrances, liens and interests registered against the site.

1. Utility right-of-way registration number 3546EA dated November 16th, 1928 in favour of FortisAlberta. This involves an above grade power line right-of-way which affects the most southerly 10 feet of the easterly 275 feet of the site.

2. Utility right-of-way registration number 922IS dated January 7th, 1963 in favour of FortisAlberta Ltd. This involves another above grade power line right-of-way which affects the most southerly 25 feet of the property.

3. Caveat registration number 3687KD dated July 5th, 1968 in favour of Wascana Energy Inc. This claims an interest in the property by virtue of an unspecified easement.

4. Caveat registration number 5183KD dated July 5th, 1968 in favour of Wascana Energy Inc. This claims an interest in the property by virtue of a surface lease for a sour gas well in the northwest quadrant of the site.

5. Caveat registration number 7786KJ dated August 28th, 1969 in favour of Wascana Energy Inc. This relates to encumbrance number 4 and involves a surface lease for an access road.

6. Caveat registration number 771182873 dated December 23rd, 1977 in favour of Wascana Energy Inc. This claims an interest in a 40 foot wide pipeline right-of-way.

7. Utility right-of-way registration number 921062211 dated March 20th, 1992 in favour of Canadian Western Natural Gas Company Limited. This relates to a sub-surface gas pipeline right-of-way.

8. Mortgage registration number 091038778 dated February 10th, 2009 in favour of Airdrie Capital Corporation. This represents the financing through the issue of the Airdrie Banks.

Development

There is a proposal to expand the boundaries of the Balzac East Area Structure Plan to include the Airdrie Lands and an adjoining parcel of land. There is also a proposal to increase densities within the plan to recognize opportunities for more intensive residential development within the area arising from rapid industrial and commercial expansion which is occurring to the south. The availability of servicing is also a factor.

The presence of a sour gas well and a sour gas pipeline are not expected to adversely affect development in the time contemplated. Rocky View County has adopted setbacks as established by the Energy and Utilities Board of Alberta. Specifically, no residence is to be located within 100 meters of a sour gas well site or pipeline. This has the ability to restrict the potential uses on the property. However, the operator Nexen, has announced an abandonment plan for sour gas fields in the area and indications are that numerous wells within this location will be abandoned over the short to medium term.

DESCRIPTION OF THE BONDS

The Corporation will issue Class A Bonds and Class B Bonds to bondholders upon the Plan becoming effective. The Class B Bonds will be exchanged for and converted to Common Shares of the Corporation immediately after their issue. Each Bondholder will receive an aggregate amount of Class A Bonds and Class B Bonds equal to the principal and interest accrued on his Bonds.

The Class A Bonds will be issued pursuant to a Bond Indenture between the Corporation and a Trustee (the "Indenture"). The Class A Bonds will be due June 30, 2015.

The Bonds will be secured by a fixed mortgage on the Property, and a floating charge on all other assets of the Corporation, other than the Excluded Assets Account described below (the "Non-recourse Assets"). The Bonds will permit the Corporation to place security ranking prior to the Bonds, to allow for development financing and other financing required by the Corporation. The value of the Non-recourse Assets will, unless subsequent financing charges those assets, support a value in the equity of the Corporation. The Indenture will contain a provision that provides that an amount of $2,000,000 realized from sales of assets of the corporation or realization on the security for the Bonds will be placed in the Excluded Assets Account and will be available to the Corporation for use, and may not be paid to the Bondholders. This amount may be available for the shareholders of the Corporation, or for other creditors, depending on the circumstances of the Corporation at the time of any realization.

The following will be events of default for the Class A Bonds:

(a) failure to pay principal when due on the Bonds;
(b) default in the observance or performance of any covenant or condition of this Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Bonds to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
(c) certain events of bankruptcy, insolvency or reorganization affecting the Corporation.

The Corporation and the Trustee may enter into supplemental indentures that add, change or eliminate provisions of the Bond Indenture or modify the rights of the holders of the Bonds with the consent of the holders of at least a majority in principal amount of the Bonds then outstanding.

Without the consent of the holders of the Bonds, the Corporation and the Trustee may enter into supplemental indentures for any of the following purposes:

(a) providing for the issuance of Additional Bonds under the Indenture;

(b) adding to the covenants of the Corporation herein contained for the protection of the Bondholders, or of the Bonds of any series, or providing for events of default, in addition to those herein specified;
(c) making such provisions not inconsistent with the Indenture as may be necessary or desirable with respect to matters or questions arising thereunder, including the making of any modifications in the form of the Bonds which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Bondholders;
(d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of the Indenture;

The holders of a majority of 66 2/3% of the principal amount of Bonds represented and voting at a meeting of Bondholders may authorize any other amendment to the terms of the Bonds or the Bond Indenture, other than to reduce the majority required to approve amendments or, except during the continuance of an event of default, to reduce the principal amount of the Bonds.

DIRECTORS OF THE CORPORATION

Currently the sole director of the Corporation is Mr. Ron Aitkens. Pursuant to an Order of the Court issued May 12, 2012, Ernst & Young Inc., the Monitor of the Corporation under the CCAA Proceedings, was granted additional powers as "Co-Manager" of the Corporation, and the Corporation is now managed jointly by the Co-Manager and the Director, subject to the terms of that Order.

It is intended that, following Sanction of the Plan, the affairs of the Corporation will be initially managed by an interim board of directors (the "**Interim Directors**") who will be selected in accordance with the Proposed Plan. The Articles will provide for the appointment of a minimum of three (3) directors and a maximum of nine (9) directors of the Corporation. In the event the Plan is implemented, the Interim directors will be required to call an annual meeting of the corporation within 120 days of implementation (the "**AGM**"). The shareholders of the Corporation will have the opportunity to elect directors of the Corporation at the AGM in accordance with the ABCA and the Articles.

The Monitor, in its capacity as co-manager of the Corporation with input from the Corporation and the unsecured creditors committee created pursuant to various orders issued by the Court in the CCAA proceedings involving the Corporation (the "**UCC**") will nominate up to five (5) individuals (each, a "**Nominee**") as proposed Interim Directors of the Corporation. The Creditors will then be requested to vote on the approval of the Proposed Plan in accordance with the CCAA. If the Proposed Plan is approved by the Creditors in accordance with the CCAA and sanctioned by the Court, the Nominees will be installed as interim directors of the Corporation at the time that the Court sanctions the Proposed Plan.

In selecting the Nominees, the Monitor will consider, *inter alia*, the following:

(a) The amount of the individual's investment in the Corporation in the event that the Proposed Plan is implemented in accordance with its terms;

(b) Any previous experience that the individual has in serving as a director or officer of a publicly traded company;

(c) Any previous experience that the individual has in the development of real-estate projects;

(d) Any relevant input received by the Corporation or the UCC from Creditors in respect of the individual wishing to be a Nominee; and

(e) Any other factor that the Corporation or the UCC consider relevant to whether an individual should be a Nominee.

Individuals who have previously worked as a director, officer, employees, consultant, agent (including sales agents and agents who sold securities of the Harvest Group or Foundation Group), contractor, or advisor to any entity related or affiliated with the Harvest Group of Companies or Foundation Group of Companies or any relation thereof will not be eligible to be an Interim Director.

Any individual, including any Affected Creditor, can request that his or her name be put forth as a Nominee. An individual wishing to be a Nominee should submit a request to the Monitor that he or she be a Nominee, along with any information relevant to the individual's proposed appointment as a Nominee, by no later than June 14, 2012. Requests to the Monitor to serve as a Nominee should be submitted by registered mail, facsimile or email to the following address:

Ernst & Young Inc., in its capacity as court appointed Monitor of Airdrie Capital Corporation. and not in its personal capacity
Ernst & Young Tower
1000, 440 2nd Avenue S.W.,
Calgary, AB T2P 5E9
Attention: Jessica Caden
Email: Jessica.Caden@ca.ey.com
Facsimile: 403 206 5075

The Monitor with input from the Corporation and the UCC will determine who will be the Nominees on or before June 15, 2012, or such later date as may be determined by the Monitor. In the event that there is a disagreement between the Monitor and Corporation or the UCC over whether a particular individual should be a Nominee, the Monitor will seek advice and direction from the Court as to whether a particular individual should be a Nominee. The identity of the Nominees will be provided to the Creditors at or prior to the time that the Proposed Plan is scheduled to be voted on and will be posted on the Monitor's web site by June 18, 2012, or such other date as may be determined by the Monitor or ordered by the Court, at www.ey.com/ca/foundationgroup .

Any individual, including any Creditor, who is not selected as a Nominee by the Monitor will still be eligible to be elected as a future director of the Corporation in accordance with the Proposed Plan, the ABCA and the Articles.

PRINCIPAL SHAREHOLDERS

Currently, the voting shares of the Corporation are held by Eyelogic Systems Inc., (which holds 60% of the voting shares) and Ronald J Aitkens, who holds 40% of the voting shares. Non-voting equity shares are held by Ronald J Aitkens (60%), and Dr. Bruce Jank (10%), and the subscribers for such shares, who are generally the same as the original subscribers for Bonds (30%).

Under the Plan, all the above shares would be cancelled and new Common Shares issued to the Bondholders. To the knowledge of the Corporation, this would result in no persons holding directly or indirectly, 10% or more of the outstanding voting shares of the Corporation.

CAPITALIZATION

(unaudited)	Before giving effect to the Plan	After giving effect to the Plan
	$	$
1st Mortgage	-	560,485
DIP Financing	560,485	-
Bonds	14,738,500	18,128,901
Bond interest	4,830,203	-
Accounts payable	60,198	-
Total debt and liabilities	$20,189,385	$18,689,386
Shareholders' Equity	$1,000	$1,500,000
Total capitalization	$20,190,385	$20,189,386

MANAGEMENT COMPENSATION

Pursuant to a Management Agreement dated September 6, 2006, Harvest Capital Management has managed the Corporation and has been paid a management fee of 1% of the aggregate sale price of the ACC Bonds annually. After the Implementation Date, the Interim Directors will arrange for management of the Corporation by such entity and on such terms as they consider appropriate.

INDEBTEDNESS OF INSIDERS

Certain entities affiliated with Ron Aitkens are indebted to the Corporation. See "Background" for details of this indebtedness.

RISK FACTORS

Investment in the Common Shares and Class A Bonds of ACC (collectively, the "Securities") is subject to many risks, some of which are described below. Creditors should analyse the risks set out below compared to the amount of realization expected on their Claims if the Plan is not approved, in determining how to vote on the Plan.

(a) **All real estate investment is subject to significant risk arising from rapidly changing market conditions.** Factors which could result in a change in conditions include regulatory matters, taxes, general economic conditions, local competition from other projects, competition from projects in other areas, and many other factors. Any of these could result in a significant decrease in the value of ACC's investments and in the ability of ACC to realize any return from holding its investments.

(b) **Property Value.** There are no assurances that the value of the ACC Lands will increase as intended.

(c) **Real estate development is subject to additional risks**. Resale of the ACC Lands, may require regulatory approvals, which is not assured. The prices which will be achievable on sale of the real estate may decrease over time, or may not have been accurately estimated by management. Costs may escalate over time, or may not have been accurately estimated by management. As a result, the development process may be less profitable than anticipated, or may result in a loss.

(d) **Refinancing uncertainty.** It will be necessary for ACC to refinance the Exit financing, and to obtain additional financing, in order to continue development of the ACC Lands. There are no assurances that this will be possible on attractive terms, or at all. Any additional financing is expected to require security which will rank prior to the security for the Class A Bonds.

(e) **There is no market for the Securities and no market is expected to develop. You may not be able to liquidate your investment**.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, special counsel to ACC **("Counsel")** the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") applicable to an individual (other than a trust) who (i) disposes of existing Class B Shares of ACC, disposes of existing ACC Bonds in exchange for Class A Bonds and Class B Bonds (collectively, "**New Bonds**"); and exchanges Class B Bonds for new ACC Common Shares, all in accordance with the Plan, and (ii) who, for all purposes of the Tax Act, is resident in Canada, deals at arm's length and is not affiliated with

ACC and holds any applicable securities as capital property for the purposes of the Tax Act. Generally, the Class B Shares the New Bonds and the new ACC Common Shares will be considered to be capital property to a person provided that such person (a) does not hold such securities in the course of carrying on a business, (b) has not acquired such securities in one or more transactions considered to be an adventure in the nature of trade, and (c) does not hold such securities as "mark-to-market property". Certain persons who might not otherwise be considered to hold securities as capital property may, in certain circumstances, be entitled to have such securities and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Except as otherwise expressly provided, this summary does not address the tax consequences to Creditors other than Bondholders or to any holders of Class A Shares, and such persons should consult their own tax advisors with respect to the tax consequences of the Arrangement in their particular circumstances.

This summary is based on the terms of the Arrangement, certain representations made by ACC, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and Counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as currently proposed, although no assurance can be given that such proposals will be enacted in that form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or administrative policy and assessing practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial or foreign tax legislation or considerations which may differ materially from those described herein. ACC has not applied and does not propose to apply for an advance income tax ruling from the CRA regarding any of the income tax considerations summarized below, so no assurance can be given that the tax consequences will be as described herein.

This summary is not applicable to security holders: (a) that are "financial institutions" or "specified financial institutions" (as defined in the Tax Act); (b) that are partnerships; (c) an interest in whom would be a "tax shelter investment" (as defined in the Tax Act); or (d) to which the functional currency reporting rules apply. The above-noted security holders should consult their own tax advisors with respect to the matters discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement and an investment in the New Bonds and the ACC Common Shares (collectively, the "**New Securities**"). Moreover, the income tax and other tax consequences of acquiring, holding or disposing of securities will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular investor. Holders of securities in ACC (including the Class B Shares, the ACC Bonds and the New Securities) should consult their own tax advisors with respect to the income tax and other tax consequences of the Arrangement and an investment in the New Securities based upon such security holder's particular circumstances.

Eligibility for Investment

Provided that ACC qualifies as a "public corporation" on and throughout the Second Plan Implementation Date and the transactions under the Plan of Arrangement occur in the manner and sequence contemplated herein, the New Securities will be qualified investments for registered retirement savings plans ("RRSP") registered education savings plans, registered retirement income funds ("RRIF"), deferred profit sharing plans, registered disability savings plans and tax-free savings ("TFSA") (collectively "Registered Plans") on the Second Plan Implementation Date.

In order for ACC to qualify as a "public corporation" on and throughout the Second Plan Implementation Date, (a) it must elect on the First Plan Implementation Date to be a "public corporation", (b) at the time of the election ACC must comply with certain conditions set forth in the regulations under the Tax Act relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares, and (c) ACC must not have ceased to be a "public corporation" because of an election or designation under the Tax Act. Counsel has been advised by ACC that ACC expects to satisfy all of these conditions and to qualify as a "public corporation" on and throughout the Second Plan Implementation Date.

Notwithstanding that the New Securities may be a qualified investment for Registered Plans, (a) the holder of a TFSA or an annuitant under a RRSP or RRIF will be subject to a penalty tax with respect to the New Securities held in the Registered Plan if such securities are a "prohibited investment" within the meaning ascribed thereto in the Tax Act, and (b) a holder of securities in ACC may, in certain circumstances as described in the Tax Act, be subject to a tax on any "advantage" (as defined in section 207.01 of the Tax Act) in relation to their Registered Plan. **Persons who intend to hold New Securities in a Registered Plan are urged to consult their own tax advisors in relation to these matters.**

Redemption of Existing Class B Shares

Under the Plan of Arrangement, ACC will redeem and cancel the existing Class B Shares for no consideration. Upon the redemption of the existing Class B Shares the shareholder will not be deemed to receive a dividend but will generally realize a capital loss to the extent of the adjusted cost base to the shareholder and any reasonable costs incurred by the shareholder in connection with the disposition.

Accrued Interest

Bondholders (other than Registered Plans) will be required to include all Accrued Interest in computing their taxable income. To the extent that such amount is doubtful of collection, a reserve may be allowed in accordance with the applicable rules in the Tax Act. A reserve for a doubtful debt claimed in one year generally must be included in income the following year. This deduction in one taxation year and re-inclusion in the following taxation year will generally last for as long as the debt remains doubtful. If a debt becomes a bad debt, Bondholders may be entitled to claim a deduction in respect thereof without a corresponding income inclusion. **Bondholders should consult their own tax advisors with respect to the treatment of Accrued Interest.**

Exchange of ACC Bonds for New Bonds

Pursuant to the Arrangement, a portion of the ACC Bonds will be exchanged for Class A Bonds and a portion of the ACC Bonds will be exchanged for Class B Bonds, all in accordance with the terms of the Old Bonds (the "Bond Exchange"). Provided that the principal amount of the ACC Bonds exchanged for Class A Bonds or Class B Bonds, as the case may be, is equal to the principal amount of the Class A Bonds or Class B Bonds, respectively received for such ACC

Bonds, the disposition of such ACC Bonds by the Bondholders will be deemed to have taken place at an amount equal to the adjusted cost base of such ACC Bonds immediately before the Bond Exchange, and the Bondholders will be deemed to have acquired such Class A Bonds and Class B Bonds, respectively at a cost equal to such adjusted cost base. Accordingly, no capital gain (or capital loss) should arise as a result of the Bond Exchange.

Exchange of Class B Bonds for ACC Common Shares

Pursuant to the Arrangement, the Class B Bonds will be exchanged for ACC Common Shares and no other consideration in accordance with their terms (the "Share Exchange"). The exchange of Class B Bonds for ACC Common Shares will generally be deemed not to be a disposition of property, and accordingly should not give rise to any capital gain (or capital loss).

The aggregate cost to a holder of the ACC Common Shares received on the Share Exchange will be deemed to be equal to the holder's aggregate adjusted cost base of the Class B Bonds exchanged for such ACC Common Shares immediately before the Share Exchange. The adjusted cost base of ACC Common Shares at a particular time will generally be the average cost of all ACC Common Shares held by such holder as capital property at the particular time.

Dividends on ACC Common Shares

Dividends received or deemed to be received by a holder of ACC Common Shares will be included in computing the holder's income for the purposes of the Tax Act. The gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations will apply to dividends received by an individual, including the enhanced gross-up and dividend tax credit provisions where the Corporation provides notice designating the dividend as an "eligible dividend". Dividends received on the ACC Common Shares by a corporation will normally be deductible in computing such corporation's taxable income.

A holder of ACC Common Shares that is a corporation which is a "private corporation" or a "subject corporation" for the purposes of the Tax Act may be liable to pay a refundable tax of $33^{1/3}$% on dividends received or deemed to be received on the ACC Common Shares to the extent that such dividends are deductible in computing the corporation's taxable income. **Holders of ACC Common Shares to whom these rules may be relevant should consult their own tax advisors.**

Dispositions of ACC Common Shares

A disposition or deemed disposition of a ACC Common Share (other than a disposition of a ACC Common Share to ACC) will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. See the discussion regarding "*Capital Gains and Capital Losses*" below.

Capital Gains and Capital Losses

Generally, one half of a capital gain ("**taxable capital gain**") realized by a holder of securities of ACC must be included in income for the taxation year of disposition and one half of any capital loss ("**allowable capital loss**") may normally be deducted by such holder against any taxable capital gains realized in the same taxation year. Any excess of allowable capital losses over taxable capital gains for the year of disposition is generally deductible against net taxable capital gains realized in any of the three prior taxation years or in any subsequent taxation year in the circumstances and to the extent described in the Tax Act.

If a holder of ACC Common Shares is a corporation, any capital loss arising on the disposition of a ACC Common Share may, in certain circumstances, be reduced by the amount of any dividends which have been received or deemed to be received by such corporation on the ACC Common Share. Analogous rules may apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns ACC Common Shares.

A taxpayer that is throughout a year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to an additional refundable tax of $6^{2/3}$% in respect of its "aggregate investment income" (which is defined in the Tax Act to include an amount in respect of taxable capital gains).

Alternative Minimum Tax

Taxable capital gains realized and dividends received by a holder of securities of ACC that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

AUDITORS

The Corporation currently does not have an auditor. The Interim Directors will have the authority to appoint and fix the remuneration of an auditor of the Corporation after the Implementation Date of the Plan.

FINANCIAL INFORMATION

The following financial statements have been prepared for internal purposes by the Corporation without audit and are included herein for completeness purposes only. The financial statements do not include any notes and in addition may not have been prepared in accordance with generally accepted accounting principles in other respects.

The Monitor has prepared statements of Cash Flow for the Corporation for the period commencing with the start of the CCAA Proceedings, which are included in the Monitor's Reports and may be found on the Monitor's website at www.ey.com/ca/foundationgroup .

Airdrie Capital Corporation

#4, 4002 - 9 Ave. North
Lethbridge. AB. T1H 6T8

Balance Sheet

July 2009

5/30/2012
9:45:56 AM

Assets				
Current Assets				
Cash On Hand				
RBC Royal Bank	$83.34			
Total Cash On Hand		$83.34		
Due From 1252064 AB.		$648,500.00		
Total Current Assets			$648,583.34	
Non-Current Assets				
Loans - ACE		$12,445,000.00		
Interest Receivable - ACE		$2,342,253.00		
Total Assets				$15,435,836.34
Liabilities				
Current Liabilities				
Due to Airdrie Country Estates		$32,000.00		
Due to Harvest Capital Mgt.		$5,000.00		
Total Current Liabilities			$37,000.00	
Long Term Liabilities				
Bonds Payable		$14,738,500.00		
Interest Payable - Bonds		$2,363,811.00		
Total Long Term Liabilities			$17,102,311.00	
Total Liabilities				$17,139,311.00
Equity				
Owner's/Shareholder's Equity				
Class A Shares		$1,000.00		
Total Owner's/Shareholder's Equity			$1,000.00	
Retained Earnings			($1,703,785.11)	
Current Year Earnings			($689.55)	
Total Equity				($1,703,474.66)
Total Liability & Equity				$15,435,836.34

Airdrie Capital Corporation

#4, 4002 - 9 Ave. North
Lethbridge. AB. T1H 6T8

Profit & Loss Statement

8/1/2008 through 7/31/2009

4/3/2012
8:15:32 AM

Income			
Interest - ACE Loans		$1,057,825.00	
Total Income			$1,057,825.00
Cost of Sales			
Gross Profit			$1,057,825.00
Expenses			
General & Administrative Exp			
Bank Charges & Interest	$89.75		
Borrowing Costs - Olympia	$957.15		
Borrowing Costs - Eyelogic	$23,407.65		
Interest - Bonds	$1,033,060.00		
Total General & Administrative Exp		$1,057,514.55	
Selling Expenses			
Commissions	$1,000.00		
Total Selling Expenses		$1,000.00	
Total Expenses			$1,058,514.55
Operating Profit			($689.55)
Other Income			
Other Expenses			
Net Profit / (Loss)			($689.55)

Airdrie Capital Corporation

#4, 4002 - 9 Ave. North
Lethbridge. AB. T1H 6T8

Balance Sheet

July 2010

5/30/2012
10:30:17 AM

Assets			
Current Assets			
Cash On Hand			
RBC Royal Bank	$289.03		
Total Cash On Hand		$289.03	
Due From 1252064 AB.		$648,500.00	
Total Current Assets			$648,789.03
Non-Current Assets			
Loans - ACE		$13,689,500.00	
Interest Receivable - ACE		$3,505,861.00	
Total Assets			$17,844,150.03
Liabilities			
Current Liabilities			
Due to Harvest Group LP		$23,407.65	
Due to Airdrie Country Estates		$31,579.31	
Due to Harvest Capital Mgt.		$5,000.00	
Due to 1379599 AB. Ltd.		$1,100.00	
Total Current Liabilities			$61,086.96
Long Term Liabilities			
Bonds Payable		$14,738,500.00	
Interest Payable - Bonds		$3,396,906.00	
Total Long Term Liabilities			$18,135,406.00
Total Liabilities			$18,196,492.96
Equity			
Owner's/Shareholder's Equity			
Class A Shares		$1,000.00	
Total Owner's/Shareholder's Equity			$1,000.00
Retained Earnings			($1,704,474.66)
Current Year Earnings			$1,351,131.73
Total Equity			($352,342.93)
Total Liability & Equity			$17,844,150.03

Airdrie Capital Corporation

#4, 4002 - 9 Ave. North
Lethbridge. AB. T1H 6T8

Profit & Loss Statement

8/1/2009 through 7/31/2010

5/29/2012
11:14:34 AM

Income		
Interest - ACE Loans	$1,163,608.00	
Commitment Fee	$1,244,500.00	
Total Income		$2,408,108.00
Cost of Sales		
Gross Profit		$2,408,108.00
Expenses		
General & Administrative Exp		
Bank Charges & Interest	$82.17	
Borrowing Costs - Olympia	$391.45	
Borrowing Costs - Eyelogic	$23,407.65	
Interest - Bonds	$1,033,095.00	
Total General & Administrative Exp	$1,056,976.27	
Total Expenses		$1,056,976.27
Operating Profit		$1,351,131.73
Other Income		
Other Expenses		
Net Profit / (Loss)		$1,351,131.73

11:23 AM

04/06/12

Accrual Basis

Airdrie Capital Corporation
Balance Sheet
As of 31 July 2011

	31 Jul 11
ASSETS	
Current Assets	
Chequing/Savings	
RBC Bank Account	4,189.61
Total Chequing/Savings	4,189.61
Total Current Assets	4,189.61
Other Assets	
AirdrieCountryEstates-Interest	4,666,778.00
AirdrieCountryEstates-Loans	13,658,120.69
Total Other Assets	18,324,898.69
TOTAL ASSETS	18,329,088.30
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	189.16
Total Accounts Payable	189.16
Other Current Liabilities	
Due to 1379599 Alberta Ltd.	1,100.00
Due to Foundation Capital Corp	23,853.00
Due to Harvest Capital Mgmt	5,000.00
Due to Harvest Group LP	23,407.65
Total Other Current Liabilities	53,360.65
Total Current Liabilities	53,549.81
Long Term Liabilities	
Investor Bond Interest Payable	4,430,001.00
Investor Bonds Payable	14,738,500.00
Total Long Term Liabilities	19,168,501.00
Total Liabilities	19,222,050.81
Equity	
Class A Shares	1,000.00
Opening Balance R/E	-353,342.93
Net Income	-540,619.58
Total Equity	-892,962.51
TOTAL LIABILITIES & EQUITY	18,329,088.30

11:25 AM

04/06/12

Accrual Basis

Airdrie Capital Corporation
Profit & Loss
August 2010 through July 2011

	Aug '10 - Jul 11
Ordinary Income/Expense	
Income	
Interest -Airdrie Country Estat	1,160,917.00
Total Income	1,160,917.00
Gross Profit	1,160,917.00
Expense	
Bank Service Charges	83.27
Commissions	47,554.00
Interest Expense	1,033,095.00
Management Fees- FCC	619,799.00
Olympia Trust Fees	1,005.31
Total Expense	1,701,536.58
Net Ordinary Income	-540,619.58
Net Income	-540,619.58

11:18 AM

30/05/12

Accrual Basis

Airdrie Capital Corporation
Balance Sheet
As of 30 April 2012

	30 Apr 12
ASSETS	
Current Assets	
Chequing/Savings	
RBC Bank Account	3,640.14
Total Chequing/Savings	3,640.14
Other Current Assets	
CCAA Expenses	87,592.58
E&Y Trust	25,000.00
McCarthy Tetrault Trust	25,000.00
Total Other Current Assets	137,592.58
Total Current Assets	141,232.72
Other Assets	
AirdrieCountryEstates-Interest	5,053,750.00
AirdrieCountryEstates-Loans	13,658,120.69
Total Other Assets	18,711,870.69
TOTAL ASSETS	**18,853,103.41**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	22,120.53
Total Accounts Payable	22,120.53
Other Current Liabilities	
DIP due to Harvest Capital Mgmt	116,829.66
Due to 1379599 Alberta Ltd.	1,100.00
Due to Foundation Capital Corp	23,853.00
Due to Harvest Capital Mgmt	5,000.00
Due to Harvest Group LP	23,407.65
GST/HST Payable	-1,038.14
Total Other Current Liabilities	169,152.17
Total Current Liabilities	191,272.70
Long Term Liabilities	
Investor Bond Interest Payable	4,774,366.00
Investor Bonds Payable	14,738,500.00
Total Long Term Liabilities	19,512,866.00
Total Liabilities	19,704,138.70
Equity	
Class A Shares	1,000.00
Opening Balance R/E	-353,342.93
Retained Earnings	-540,619.58
Net Income	41,927.22
Total Equity	-851,035.29
TOTAL LIABILITIES & EQUITY	**18,853,103.41**

Airdrie Capital Corporation
Profit & Loss
August 2011 through April 2012

	Aug '11 - Apr 12
Ordinary Income/Expense	
Income	
Interest -Airdrie Country Estat	386,972.00
Total Income	386,972.00
Gross Profit	386,972.00
Expense	
Bank Service Charges	48.00
Interest Expense	344,365.00
Olympia Trust Fees	631.78
Total Expense	345,044.78
Net Ordinary Income	41,927.22
Net Income	**41,927.22**