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

AIRDRIE CAPITAL CORPORATION

PURSUANT TO
THE COMPANIES' CREDITORS ARRANGEMENT ACT
JUNE 7, 2012

- THIS PLAN SHOULD BE READ TOGETHER WITH THE INFORMATION CIRCULAR DATED JUNE 7, 2012 PREPARED BY AIRDRIE CAPITAL CORPORATION AND THE MONITOR'S REPORT TO CREDITORS DATED JUNE 6, 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