INFORMATION CIRCULAR

AIRDRIE CAPITAL CORPORATION

Meeting of Creditors to be held June 28, 2012

June 7, 2012

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INTRODUCTION

This Information Circular is being sent to creditors of Airdrie Capital Corporation ("ACC" or the "Corporation") in connection with the meeting of creditors to be held June 28, 2012 at 11:00 a.m. (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. Also enclosed with this Information Circular is the Sixth Report of the Monitor dated June 6, 2012 (the "Monitor's Report").

THE MEETING

The Meeting will take place at 3rd Floor, Centennial Place West Tower, 250 5th Ave. 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 the Plan. The Meeting shall be held in accordance with the 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, 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 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 the Plan and with respect to other matters that may properly come before the Meeting.

Confirmation of Plan

In the event that the 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 the 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 the 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 the Plan, then on Plan Implementation of the 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 the 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 the 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 the 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 the 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 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 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 the Plan;

(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.

One Business Day following the satisfaction of the above conditions, and the occurrence of the events to take place on the Plan Implementation Dates, the Monitor shall deliver to ACC a certificate stating that the Plan Implementation Dates have occurred. Following the Plan Implementation Dates, the Monitor shall file such certificate with the Court.

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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 Fortis Alberta. 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 REPLACEMENT 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 Class A 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. No other shares are outstanding.

Under the Plan, all the above shares would be cancelled and new Common Shares issued to the Creditors. 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

The following table shows the existing capitalization of ACC, and capitalization after giving effect to the Plan. Please refer to "Description of the Replacement Bonds" for information about the Class A Bonds, and to the Monitor's Report for additional information on the First Mortgage and the DIP Financing.

(unaudited)	Before giving effect to the Plan	After giving effect to the Plan
1st Mortgage	$ -	$560,485
DIP Financing	560,485	-
Class A 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 Inc. 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 Plan Implementation Dates, 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 may be indebted to the Corporation in respect of Management Fees overpaid. The amounts of any overpayments and the amounts which may be recoverable are uncertain at this time.

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. Please refer to the Monitor's Report for an analysis of the Plan and of a liquidation scenario.

(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 the ACC Lands and in the ability of ACC to realize any return from holding the ACC Lands.

(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**

11:18 AM
30/05/12
Accrual Basis

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**