INFORMATION CIRCULAR

LEGACY COMMUNITIES INC.

Meeting of Creditors to be Held June 28, 2012

June 7, 2012

TABLE OF CONTENTS

Introduction 1

The Meeting 1

Background 2

Plan of Arrangement 5

Business Plan and Description of Assets 7

Description of the Replacement Bonds 10

Directors of the Corporation 11

Principal Shareholders 13

Capitalization 13

Management Compensation 14

Indebtedness of Insiders 14

Risk Factors 14

Certain Canadian Federal Income Tax Considerations 15

Auditors 19

Financial Information 19

INTRODUCTION

This Information Circular is being sent to creditors of Legacy Communities Inc. ("Legacy" or the "Corporation") in connection with the meeting of creditors to be held June 28, 2012 at 9:30 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 9:30 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 Legacy, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

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

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

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

Procedure

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

Proxies

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

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

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

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

The accompanying Instrument of Proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in 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, Legacy shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Section 8.3 of 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

Legacy is a single-purpose corporation incorporated to raise funds for the acquisition and development of four adjoining parcels of land totalling approximately 500 acres located four miles west of the Calgary city limits on Highway 8, in close proximity to the Glencoe Golf and Country Club and Elbow Valley Estates (the “Legacy Lands”). The main strategy to realize value contemplated by

Legacy at the time the land was first purchased was to sell it to a developer, either as-is or with some degree of rezoning and development completed. A second alternative was for Legacy to service and/or develop the lands itself, or to enter into a joint venture with a party prepared to develop the lands. It was expected that the Legacy Lands could be sold within a period of approximately five years following the acquisition of the property. Between July of 2005 and late December of 2007 a total $35,418,346 was raised from a total number of 1476 investors through the sale of bonds issued pursuant to three offering memoranda. Of the total bonds sold approximately 68% are believed to be held in individual RRSPs. The bonds came due for repayment on December 31, 2011. Bondholders also acquired shares in Legacy in proportion to their bond holdings.

Legacy acquired a 105 acre parcel of the Legacy Lands in 2005 for $5.6 million, as well as the shares of 1109211 Alberta Ltd. and 1109211's rights under an option agreement to purchase the remaining Legacy Lands at a later date, for which Legacy paid a total amount of $7.9 million. Legacy later paid $3.5 million to exercise a portion of the option to acquire title to a further 100 acres of the Legacy Lands, as required by the option agreement. Exercising the option to purchase the remaining Legacy Lands (which expires July 31, 2017) will cost Legacy $9 million. Following the payment of all sales and other costs associated with raising funds and making the payments described above, Legacy held funds totalling $9.6 million, intended to fund ongoing management and other costs and to be available to exercise the option to acquire the remaining Legacy Lands.

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

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

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

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

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

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

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

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

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

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

PLAN OF ARRANGEMENT

Overview

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

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

Details of the Plan

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

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

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

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

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

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

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

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

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

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

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

Conditions to Implementation of the Plan

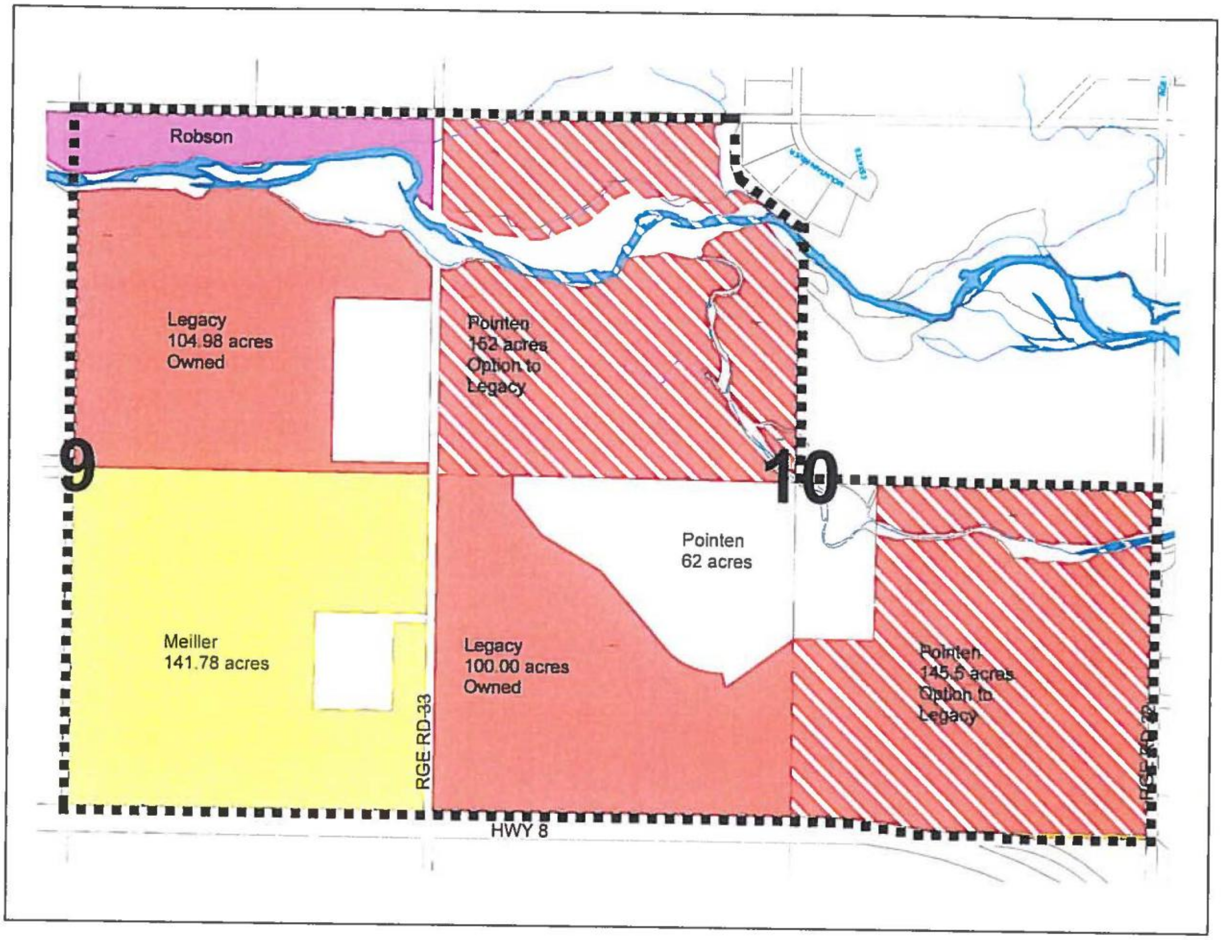
If the Plan is approved by Creditors and the Court, certain additional conditions must be met before Plan Implementation can take place.

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

> The Exit Financing Agreement and the Exit Financing Security shall have been duly executed and registered or otherwise perfected;
>
> The Plan shall have been approved by the Required Majority of Creditors with Eligible Voting Claims;
>
> The Final Sanction Order shall have been granted in substantially the form described in the Plan;
>
> All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable by Legacy shall have been obtained; and,
>
> The Exit Financing Net Proceeds along with the Class “A” Bonds and the New Legacy Shares attributable to each Creditor with a Proven Claim shall have been deposited with the Monitor.

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

BUSINESS PLAN AND DESCRIPTION OF ASSETS



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

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

- NE-9: 104.98 Acres
- NW-10: 152.00 Acres
- SW-10: 100.00 Acres
- SE-10: 145.50 Acres
- Total: 502.48 Acres

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

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

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

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

Title

The Legacy Land consists of four separate titles:

NE-9

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

NW-10

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

SW-10

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

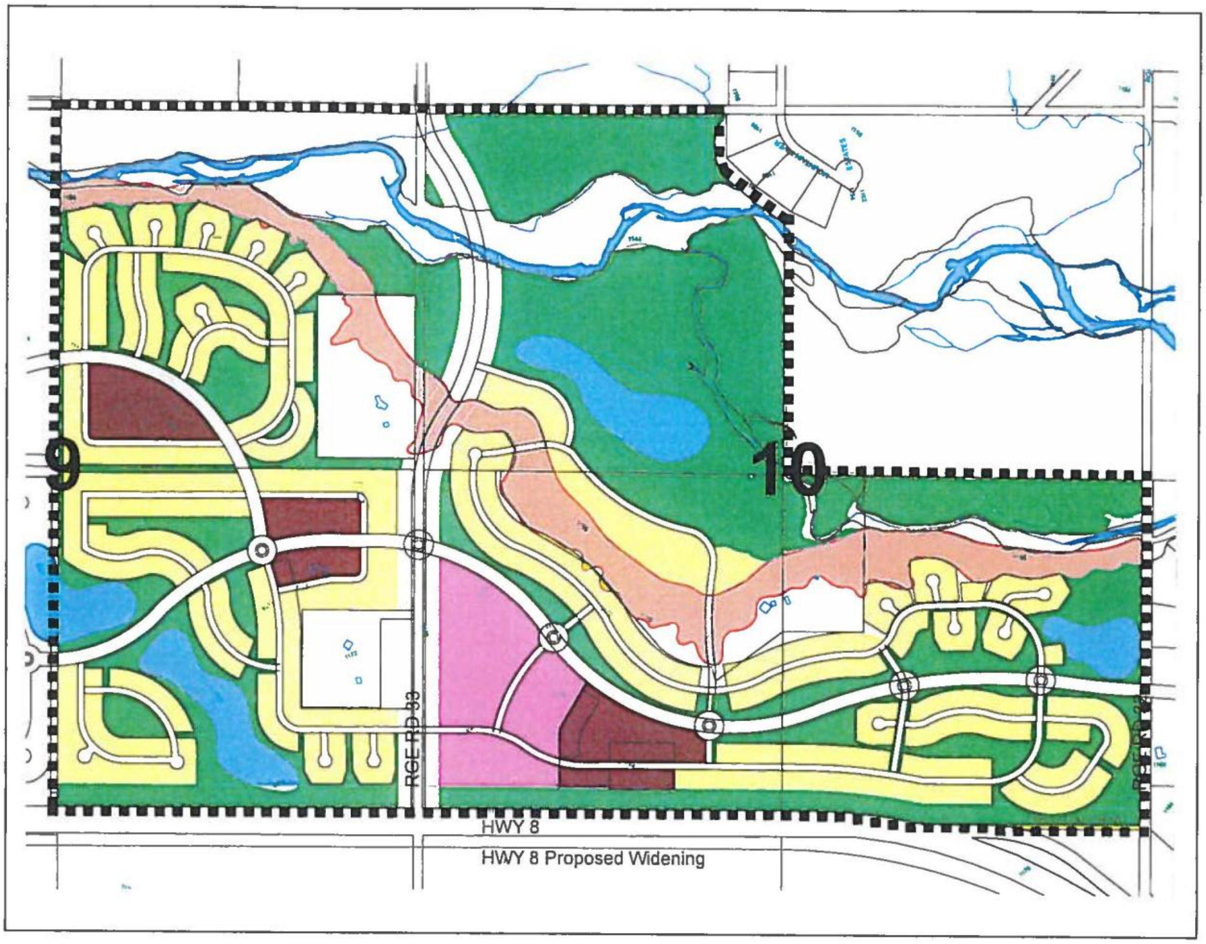
SE-10

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

Development

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

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



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

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

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

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

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

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

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

PRINCIPAL SHAREHOLDERS

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

Under the Plan, all the above shares would be cancelled and new Common Shares issued to the 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 Legacy, 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
First Mortgage	$ -	$822,280
DIP Financing	822,280	-
Option	9,000,000	9,000,000
Class A Bonds	35,326,438	43,024,144
Bond interest	9,560,345	-
Accounts payable	137,366	-
Total debt and liabilities	$54,846,429	$52,846,424
Shareholders' Equity	$49,113	$2,000,005
Total capitalization	$54,895,542	$54,846,429

MANAGEMENT COMPENSATION

Pursuant to a series of Management Agreements, Harvest Capital Management Inc. has managed the Corporation and has been paid a management fee of 1% annually, of the amount of Legacy Bonds sold. 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 are indebted to the Corporation. See “Background” for details of this indebtedness. In addition, 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 Legacy (collectively, the "Securities") is subject to many risks, some of which are described below. Creditors should analyze 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 Legacy's investments and in the ability of Legacy to realize any return from holding its investments.

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

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

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

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

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

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

Eligibility for Investment

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

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

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

Redemption of Existing Class B Shares

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

Accrued Interest

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

Exchange of Legacy Bonds for New Bonds

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

Exchange of Class B Bonds for Legacy Common Shares

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

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

Dividends on Legacy Common Shares

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

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

Dispositions of Legacy Common Shares

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

Capital Gains and Capital Losses

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

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

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

Alternative Minimum Tax

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

AUDITORS

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

FINANCIAL INFORMATION

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

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

Legacy Communities Inc.
Balance Sheet
July 2009

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

Legacy Communities Inc.
Balance Sheet
July 2010

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

Legacy Communities Inc.
Balance Sheet
July 2011

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

Legacy Communities Inc.

Balance Sheet
April 2012

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