Action No. 0901-11048

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENTS ACT*, R.S.C. 1985, c. C-36, SECTION 13(2) OF THE *JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED AND SECTION 99(a) OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF CONCRETE EQUITIES INC., WEALTHCRETE INVESTMENT CORPORATION, CONCRETE ASSOCIATES INVESTMENT CORPORATION, CONCRETE ASSOCIATES II INVESTMENT CORPORATION, CONCRETE ASSOCIATES III INVESTMENT CORPORATION, CONCRETE ASSOCIATES IV INVESTMENT CORPORATION, CONCRETE ASSOCIATES V INVESTMENT CORPORATION, EL GOLFO INVESTMENT CORPORATION, COSTA KORAAL INVESTMENT CORPORATION, LUNA MORADA INVESTMENT CORPORATION, CONCRETE ASSOCIATES VIII CORP., CONCRETE EQUITIES EXECUTIVE CLUB INC., 1456775 ALBERTA LTD. AND CONCRETE PLACE PROPERTIES LTD.

(COLLECTIVELY THE "APPLICANTS" OR "CONCRETE")

FIRST REPORT OF THE MONITOR

ERNST & YOUNG INC.

August 26, 2009

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INTRODUCTION

1. On May 26, 2009, Safeguard Real Estate Investment Fund Limited Partnership ("Safeguard LP"), Safeguard Real Estate Investment II Fund Limited Partnership ("Safeguard II LP"), Safeguard Real Estate Investment Fund III Limited Partnership ("Safeguard III LP"), Safeguard Real Estate Investment Fund IV Limited Partnership ("Safeguard IV LP") and Safeguard Real Estate Investment Fund V Limited Partnership ("Safeguard V LP") (collectively the "Safeguard LP's") sought and obtained protection from their creditors through the filing of a Notice of Intention to Make a Proposal under Section 50.4(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3, as amended (the "NOI's"). Ernst & Young Inc. ("EYI") was named as Trustee under the NOI's.

2. On June 9, 2009, EYI was appointed as Interim Receiver (the "Receiver") by an order of this Court (the "Interim Receivership Order") pursuant to s. 47.1 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA") and s.13(2) of the Judicature Act, R.S.A. 2000, c.J-2, as amended (the "JA").

3. On July 29, 2009 the Applicants[1] sought and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order"). Certain relief provided for in the Initial Order extends to the Safeguard LP's and several additional limited partnerships (collectively the "Limited Partnerships") as noted at paragraph 14(b) of the Initial Order.

4. On July 29, 2009 by an order of this Court the Interim Receivership Orders were amended, restated and consolidated into a Receivership Order (the "Receivership Order") and the NOI proceedings were terminated. The Receivership Order includes the Applicants and the Limited Partnerships.

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[1] Concrete Place Properties Ltd. is not an Applicant of the CCAA proceedings. Concrete Place Properties Ltd. is in Receivership.

5. The Receivership Order provides the Receiver with powers to review and investigate the financial affairs of the Applicants and the Limited Partnerships to determine if there has been any misconduct or financial mismanagement (the "Investigation"). This Investigation extends to additional entities related to the Concrete Equities family of companies (the "Related Entities"). Schedule "A" to the Receivership Order includes the list of Related Entities.

6. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Applicants and the Limited Partnerships (the "Monitor"). As a result, Ernst & Young Inc. has two roles, Monitor under these CCAA Proceedings and Receiver under the BIA and JA.

7. The purpose of this first report (the "First Report") of the Monitor is to provide this Honourable Court with:

    (a) a brief update as to the Applicants' restructuring efforts;

    (b) an update as to the CCAA Notice;

    (c) an update of the Applicants budget to actual variance analysis of its cash flows for the period from July 29, 2009 to August 14, 2009 (the "Reporting Period");

    (d) the cash flow projections for the period from August 15, 2009 to October 30, 2009 (the "Forecast Period");

    (e) the Applicants request for an extension to the stay of proceedings; and

    (f) the Monitor's recommendations.

8. Capitalized terms not defined in this First Report are as defined in the Initial Order. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

9. In preparing this First Report, the Monitor has relied upon unaudited financial information, the Applicants records and discussions with management of the Applicants. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Report. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

BACKGROUND

10. A detailed background with respect to the Applicants is outlined in the affidavits of Vincenzo De Palma dated May 26, 2009 and July 28, 2009 with respect to these proceedings (the "De Palma Affidavit").

11. Attached as Appendix A is an organization chart prepared by management which includes all of the known entities in the Concrete corporate family and certain entities owned by directors or former directors of Concrete.

12. The Limited Partnerships were formed to hold commercial real estate investments and each have separate general partners. The general partners are affiliates of Concrete Equities Inc. Concrete Equities Inc. is the brand that was used to promote and market investment products to investors. Concrete Equities Inc. also provided overall management and direction for the investments of the Limited Partnerships.

13. Investors subscribed for limited partnership units, which could be purchased within an RRSP or outside of an RRSP.

14. The following table summarizes the Limited Partnerships, their respective general partners and the commercial real estate or other asset associated with the Limited Partnership:

Limited Partnership	General Partner	Commercial Real Estate or Other Asset
Safeguard LP	Wealthcrete Investment Corporation	13750 Bow Bottom Trail SE, Calgary ("Deer Valley Station") 15 Millrise Boulevard SW, Calgary ("Millrise Plaza")
Safeguard LP II	Concrete Associates Investment Corporation	909, 5th Avenue SW, Calgary ("SNC Lavalin Building")
Safeguard LP III	Concrete Associates II Investment Corporation	55 Castleridge Boulevard NE, Calgary ("Castleridge Plaza")
Safeguard LP IV	Concrete Associates III Investment Corporation	396, 11th Avenue SW, Calgary ("Concrete Equities Place")
Safeguard LP V	Concrete Associates IV Investment Corporation	1001, 1st Street SE, Calgary ("MEG Place")
Safeguard LP VI	Concrete Associates V Investment Corporation	Own units in the Concrete Foundation Fund Ltd., which in turn owns units in an entity that owns the Symcor/Otis and Glenmore Commerce Court and Airways Business Plaza properties.
Safeguard LP VII	Concrete Associates VI Investment Corporation	Own units in the Concrete Foundation Fund Ltd., which in turn owns units in an entity that owns the Symcor/Otis and Glenmore Commerce Court and Airways Business Plaza properties.
Santa Clara Real Estate Investment Fund LP	El Golfo Investment Corporation	Deposits paid on five undeveloped lots in Sonora, Mexico
Conchas Chinas Real Estate Investment Fund LP	Costa Koraal Investment Corporation	Plots of undeveloped land in Conchas Chinas, Puerto Vallarta, Jalisco, Mexico
Calle Mariposas Limited Partnership	Luna Morada Investment Corporation	Partially constructed luxury condominium project in Nuevo Vallarta, Nayarit, Mexico

15. The general partners manage the operations of the Limited Partnerships. For the Limited Partnerships that hold commercial real estate this management function is performed by professional real estate management companies (collectively the "Property Managers") under written and pursuant to property management agreements between the general partners (and in the case of Concrete Equities Place between the limited partnership) and the Property Managers.

16. In accordance with the Receivership Order a management committee was formed (the "Management Committee"). The purpose of the Management Committee is to oversee certain aspects of the management of the Applicants and the Limited Partnerships. The Receiver acts as chairperson of the Management Committee and four additional individuals sit on the Management Committee being:

a) Steven Butt, President of Avenue Commercial (selected by the ad hoc Limited Partner Steering Committee counsel);

b) Brian Newman, CA (selected by ad hoc Limited Partner Steering Committee counsel);

c) David Bulloch, Strategic Group (selected by the Applicants); and

d) Vincenzo De Palma, Concrete Equities Inc. (selected by the Applicants).

17. The Management Committee has convened either in person or via conference call on five occasions. The responsibilities of the Management Committee are set-out in the Management Committee Charter (Schedule "B" to the Receivership Order), the responsibilities include approving material contracts and approving budgets and business plans. The minutes from the Management Committee meetings are posted on the Receiver's web-site: www.ey.com/ca/concrete (the "Web-Site"), once they have been approved by the Management Committee.

18. Effectively, the Applicants are being managed by the Receiver and the Management Committee in these CCAA Proceedings.

RESTRUCTURING EFFORTS

General

19. As discussed above, the Receiver and the Management Committee have been working to restructure the Applicants which include taking a number of actions with regard to the ongoing operations of the Limited Partnerships and the Concrete entities.

20. In addition, the Receiver has been working on the Investigation which will greatly assist in understanding the stakeholders involved in each Applicant entity and the restructuring options available to those entities (the "Restructuring Options"). At this time the Receiver anticipates that a majority of the Investigation will be

completed by mid October, 2009.[2] The length of time to complete the Investigation has increased due to the number of:

a) entities involved (there are approximately 44 entities subject to the Investigation);

b) transactions to review;

c) bank accounts (currently the Receiver is aware of the existence of 72 bank accounts).

21. The Receiver anticipates that once the majority of the Investigation has been completed the Receiver and the Management Committee will be able to consider the restructuring options available to the Applicants and make recommendations to the individual limited partners (the ILP's") and this Court. In order to obtain the ongoing input from the ILP's the Receiver has been working with the ad hoc Limited Partner Steering Committee, represented by Bennett Jones LLP.

22. The Receiver and the Management Committee expect to hold a general session for all ILP's (the "ILP General Session") in mid October in order to provide an update on the:

a) Investigation;

b) Restructuring Options available for the Applicants; and

c) Receiver's and Management Committee's recommendations as to which restructuring option(s) to pursue.

[2] The timeline to complete the Investigation will be impacted by the timely receipt of information from third parties, including chartered banks and law firms. To date these parties have cooperated fully with the Receiver's requests for information. Given the magnitude of transactions to review, the Receiver will require additional information from these parties and the timeframe to receive this information is unknown, as the Receiver will need to prioritize information requests to maintain a cost-effective process.

23. Since the granting of the Initial Order, the following steps have been taken by the Receiver and the Management Committee:

a) Completed the renewal of certain leases for tenants at Millrise Plaza;

b) Repudiation of the real property lease for Concrete Equities Inc. These premises will be vacated effective August 31, 2009;

c) Repudiation of the equipment leases for Concrete Equities Inc.;

d) Concrete Equities Inc. terminated all of its staff effective August 31, 2009, including Vincenzo De Palma and Vinny Aurora;

e) Providing various updates to the mortgage holders;

f) Various discussions with the leasing agents of the properties with respect to potential tenants;

g) Discussions with potential lenders with respect to funding the Receiver's borrowings. To date the Receiver has not been successful in securing funding due to the structure of the Receiver's Borrowing Charge;

h) Responding to creditor and ILP's queries in a timely fashion; and

i) Dealing with miscellaneous operating issues in conjunction with the Property Managers, including insurance matters and dealing with the City of Calgary with respect to property tax arrears.

SNC Lavalin Building (LP II)

24. As noted above the Receiver has had discussions with the mortgage holders with respect to these proceedings. In particular with regard to LP II, the Receiver has had discussions with Standard Life regarding their willingness to allow LP II the additional time to restructure as their mortgage term expired prior to the commencement of these proceedings and Standard Life had formally appointed a

receiver of Rents and Profits. The Receiver requested that Standard Life consider a short-term extension of the mortgage (one-year) to allow the Receiver sufficient time to re-finance the building or failing a re-financing to provide the Receiver with time to market the property. In addition, the Receiver has asked Standard Life to consider the terms on which it would be willing to re-finance the LP II property. Standard Life has made without prejudice proposals to the Receiver and the Receiver will be providing this information to the Management Committee to consider and will advise Standard Life of the Management Committee's decision as soon as practicable.

25. Standard Life advised the Receiver that they were concerned about the current vacancies of two floors (floors 8 & 9) and that the main tenants' lease expires in 2012. The Receiver in conjunction with the Management Committee has been working with the property manager of this building to secure tenants for the vacant floors and two potential tenants have been identified who would take a whole floor. The Receiver has also approached the main tenant to determine if they would consider an extension of their lease beyond 2012 at this time. The main tenant indicated that they would consider an extension of the term. The Receiver and Steven Butt (a member of the Management Committee) will be following up with the main tenant with respect to this matter prior to the hearing date.

26. The Receiver is of the view that significant progress has been made to date, but additional time is required to complete the Investigation and present the restructuring options to the ILP's.

27. The Receiver will continue to provide regular updates to Standard Life with respect to leasing opportunities for the vacant floors and extension of the lease for the main tenants beyond 2012.

El Golfo Project

28. As described in the Receiver's second report dated July 29, 2009 (the "Second Report"), extension fees of US$649,000 were due on August 15, 2009 to extend the time to close the purchase of certain lots of undeveloped land in Sonora, Mexico (the "El Golfo Lands") relating to the El Golfo Project. The Receiver brought this issue to the Management Committee on August 5, 2009 and the Management Committee determined that a letter should go out to the known ILP's in the El Golfo Project requesting that they consider funding the extension fees along with other pre-closing costs (collectively the "Pre-Closing Costs") in the approximate amount of $1.3 million. A copy of the letter sent by the Receiver on August 7, 2009 is attached as Appendix B.

29. During the period August 7, 2009 to August 14, 2009 the Receiver fielded hundreds of calls and e-mails from ILP's requesting additional information and further clarification with respect to the August 7, 2009 letter. The Receiver coordinated three conference calls to efficiently answer the El Golfo ILP's questions.

30. On August 13, 2009, the Receiver spoke with Messrs. Aguleria and Letourneau (who are the parties who have been the primary negotiators of the El Golfo Project and who were negotiating the deposit extensions) and provided them with an update on the funds received by the Receiver with respect to the Pre-Closing Costs. Mr. Aguleria and Mr. Letourneau advised the Receiver that they thought a further extension could be granted if the Receiver provided a letter advising of the fund raising progress to date (the "Progress Letter"). On August 14, 2009 the Receiver provided the Progress Letter to Messrs. Letourneau and Aguleria.

31. On August 13, 2009 the Management Committee convened on this matter and decided that Messrs. Letourneau and Aguleria should attend in Mexico and request a further extension of the deposit deadline to September 30, 2009.

32. On August 17, 2009 Messrs. Letourneau and Aguleria advised that the sellers of the El Golfo Lands had agreed to an extension of September 30, 2009. The Receiver notes that this extension is an oral agreement and no formal documents will be executed until such time as the extension fees are paid.

33. The Management Committee determined that it would be cost-effective for the ad Hoc Limited Partner Steering Committee to assist in contacting the El Golfo Project ILP's to determine if they wanted to participate in funding the Pre-Closing Costs by September 15, 2009.

34. The Receiver sent out an update letter on August 17, 2009 to the El Golfo ILP's which indicated that the Receiver was in receipt of approximately $320,000 from 15% of the El Golfo ILP's and that the deadline to fund the Pre-Closing Costs was extended to September 15, 2009. A copy of the August 17, 2009 letter is attached as Appendix C.

35. The Receiver with the assistance of its counsel is continuing with its due diligence with respect to the documents received to date in respect of these transactions. The Receiver is also endeavouring to have an appraisal of the lands completed prior to September 30, 2009.

Mexican Condominium

36. The Receiver through its Investigation and specifically with the assistance of Mr. Vincenzo De Palma discovered that a condominium in Mexico (the "Mexican Condominium) was purchased by Mr. David Humeniuk and Mrs. Elizabeth Humeniuk (the "Humeniuks") with funds from the El Golfo Project. Mr. De Palma filed an affidavit which included evidence showing that the purchase price of US$1,050,000 including the initial deposit and the remaining funds to close the transaction for the Mexican Condominium were paid to the vendor directly from funds held in the El Golfo Investment Corporation trust account.

37. On August 21, 2009 the Court granted a Mareva injunction order with respect to the Mexican Condominium. The Mareva injunction order prohibits the

Humenuiks from selling, transferring, assigning, mortgaging, hypothecating, pledging, granting a security interest in, the Mexican Condominium. The Receiver has retained counsel in Mexico to assist with the enforcement of the Mareva injunction order in Mexico.

38. A copy of the Mareva injunction order, the statement of claim and the affidavit filed by Mr. De Palma with respect to this matter are posted on the Web-Site.

Concrete Place Properties Ltd.

39. As indicated in footnote 1 to paragraph 3, Concrete Place Properties Ltd. (CPP Ltd.") is not an Applicant in these CCAA Proceedings. However, CPP Ltd. Is effectively intertwined with the Applicants through a number of transactions and, as a result, the Monitor believes that an update with respect to this entity should be provided.

40. On May 5, 2008 Concrete Place Properties Ltd. a company owned 50% by Mr. David Humeniuk and 50% by Mr. Vinny Aurora purchased units on the eighth and thirteenth floor (the "Property") of Concrete Equities Place (396-11th Avenue SW, Calgary, AB). The Property was purchased for the adjusted purchase price of $8,307,110 with the purchase price being satisfied by a cash payment in the amount of $2,474,706 and mortgage financing from Trumpet Capital Corporation ("Trumpet") in the amount of $5,832,404.

41. As CPP Ltd. had defaulted on the mortgage, Trumpet commenced an action against CPP Ltd. On August 5, 2009 the Court of Queen's Bench of Alberta Judicial Centre of Calgary granted an Order Nisi/Order for Sale in favour of Trumpet.

42. On August 10, 2009 the Receiver specifically notified counsel for Trumpet that the Receiver had been appointed July 29, 2009 and that the Order Nisi/Order for Sale was stayed. On August 12, 2009 counsel for Trumpet responded to the Receiver's notification and specifically requested the Receiver's position with respect to allowing the sale of the property on the terms of the Order Nisi/Order

for Sale, as the appraised value of the Property being approximately $6.1 million is approximately $0.6 million lower than the amount outstanding on the mortgage being approximately $5.9 million. A copy of the letter from counsel is attached as Appendix D.

43. The Receiver's counsel has reviewed and provided its opinion on the validity, enforceability and perfection of the security granted by CPP Ltd. to Trumpet. The Receiver's counsel opined that the security was valid and enforceable and properly perfected.

44. The Receiver's counsel advised the Management Committee of the Receiver's opinion with respect to the security granted in favour of Trumpet and further advised that the Receiver intends to consent to Trumpet continuing with the Order Nisi/Order for Sale action, subject to certain conditions. The Management Committee did not object to this approach.

45. The Receiver's counsel will discuss this matter with counsel for Trumpet to determine the best approach to dealing with this matter, including allowing Trumpet to continue its foreclosure action subject to the Receiver's Charge in the amount of $50,000 on the Property (as provided for in the Receivership Order dated July 29, 2009), and the Receiver obtaining direction from the Court that the Receiver is entitled to disclaim any possession or responsibility for the Property.

Alberta Environment

46. In accordance with the Initial Order, specifically paragraph 16, the Applicants were entitled to continue operation of the chiller unit at the SNC Lavalin building beyond July 31, 2009. Paragraph 16 (the "Chiller Provision") provides that

"Nothwithstanding the foregoing, the Applicants shall not be required to discontinue the use of, replace or otherwise repair or modify the chiller units located at the building known municipally as the SNC Lavalin Building, 909 5th Avenue SW, Calgary, Alberta, and owned by the Applicant Concrete Associates Investment Corporation as general partners of the Safeguard Real Estate Investment Fund II Limited Partnership".

47. On July 30, 2009 the Receiver provided Alberta Environment with a copy of the Initial Order and specifically advised Alberta Environment to review the Chiller Provision.

48. On August 18, 2009 the Receiver's counsel received correspondence from Alberta Environment, which indicated that Alberta Environment was not seeking a review of this paragraph, but reserved its right to do so. The correspondence further advised that Alberta Environment would be continuing its investigation into the matter and specifically noted that "….each day or part of a day, that the chiller is operated in contravention of the Act or its regulations is considered to be an offense of the legislation, which may result in the laying of charges, the issuance of an Administrative Penalty, or any of the other enforcement responses available to the Director". A copy of the August 18, 2009 correspondence is attached as Appendix E.

49. The Receiver and the Monitor have relied upon the Chiller Provision. Notwithstanding the Chiller Provision, Alberta Environment takes the position that the continued operation of the chiller is considered to be an "offence of the legislation" [sic] and Alberta Environment has indicated that the Director has reserved the right to lay charges, issue an administrative penalty, or pursue any other enforcement options available to it. The position of Alberta Environment as articulated by Alberta Justice creates an untenable situation for the Receiver and

the Monitor. The Receiver and the Monitor will be seeking advice and direction from the Court as to whether the Chiller Provision applies to it unless and until it is otherwise reviewed by the Court on application by Alberta Environment.

50. The Receiver understands based on a discussion with the property manager on August 26, 2009 that the chiller unit at the SNC Lavalin Building is not operational and has been shut-down since prior to April 2009. As confirmed by the property manager the chiller unit has not been in operation in contravention of the Act.

NOTICE TO CREDITORS

51. Pursuant to the terms of the Initial Order, the Monitor mailed a notice to every known creditor of Concrete having a claim of more than $1,000 against the Applicants[3], notifying the creditor of the making of the Initial Order and advising that a copy of this Order is available on the Monitor's website. The notice also advised that if a creditor was unable to obtain a copy of the Order from the Web-Site, it could request a hard copy from the Monitor.

FINANCIAL PERFORMANCE SINCE THE INITIAL ORDER

Budget to Actual Variance

52. A variance analysis of the Applicants actual receipts and disbursements for the Reporting Period as against the cash flow projections which were annexed to the De Palma Affidavit (the "Initial Order Forecast") is set out in the table below. A breakdown of this analysis by entity is attached as Appendix G.

[3] The mailing did not include creditors of Concrete Place Properties Ltd. as they are not an Applicant in the CCAA proceedings.

	Forecast	Actual	Variance
Net Cash Receipts	$ 331,442	$ 805,172	$ 473,730
Mortgage payments	356,269	356,269	-
Capital and leasing costs	108,630	-	(108,630)
Repair and maintenance costs	117,319	-	(117,319)
Restructuring expenses	200,000	-	(200,000)
Other operating expenses	67,482	-	(67,482)
Contingency	30,000	3,203	(26,797)
	879,700	359,472	(520,228)
Change in cash	(548,258)	445,700	993,958
Opening cash	1,032,139	1,038,634	6,495
Closing cash	**$ 483,881**	**$ 1,484,334**	**$ 1,000,453**

53. The Applicants' net cash receipts (operating income net of operating expenses) during the Reporting Period totalled approximately $805,000 as compared to $331,000 as set out in the Initial Order Forecast. Expenses totalled approximately $359,000 as compared to $880,000 as set out in the Initial Order Forecast. The significant variances are discussed below:

a) A positive variance of approximately $474,000 in net cash receipts is partially due to timing of certain operating disbursements and partially due to lower than anticipated operating costs which are recovered from the tenants;

b) Capital and Leasing costs were zero which is a permanent positive variances as there were less vacancies than anticipated;

c) Repair and maintenance expenditures outside of the ordinary course did not occur during the Reporting Period. This variance is partially a timing and permanent as it is anticipated that certain of the repair and maintenance expenditures previously forecast will not occur during the Forecast Period (defined below)[4]; and

d) Restructuring expenses and other operating expenses accrued over the Reporting Period but were not paid resulting in a positive timing variance. These payments are expected to be made during the Forecast Period.

54. During the Reporting Period there were no inter-company loans advanced by the Applicants or the Limited Partnerships.

[4] The Receiver is reviewing these expenditures with the Management Committee to determine which expenditures are required and which expenditures can be deferred.

CASH FLOW PROJECTIONS TO OCTOBER 30, 2009

55. Attached as Appendix G is a copy of the cash flow projections for the Forecast Period, as prepared by Ernst & Young Inc. in its capacity as Receiver of the Applicants with the assistance of the Property Managers and Concrete management (the "First Report Forecast"). The First Report Forecast was prepared based on the most current information available, taking into consideration operating budget information provided by the Property Managers, repair and maintenance expenditures outlined in the preliminary building assessment report prepared by Pinchin Environmental Ltd. and discussions with management. Accordingly, the First Report Forecast has been updated for amounts originally reflected in the Initial Order Forecast.

56. The table below summarizes the consolidated First Report Forecast over the Forecast Period; Appendix G includes a breakdown of the First Report Forecast by Applicant (excluding Applicants that are non-operating).

	Balance of August	September	October	Total
Net cash receipts	**$ (441,808)**	**$ 468,264**	**$ 468,598**	**$ 495,054**
Mortgage payments	-	356,269	356,269	712,538
Captial and leasing costs	-	25,000	-	25,000
Repair and maintenance costs	-	109,333	124,167	233,500
Restructuring expenses	504,505	-	500,000	1,004,505
Other operating expenses	176,211	-	-	176,211
Contingency	20,000	40,000	50,000	110,000
Change in cash	**$ (1,142,524)**	**$ (62,339)**	**$ (561,838)**	**$ (1,766,700)**
Opening cash	$ 1,484,334	$ 291,811	$ 229,472	$ 1,484,334
Draw on retainer	100,000			100,000
Inter-entity borrowings	-	-	-	-
Closing cash	**$ 441,811**	**$ 229,472**	**$ (332,366)**	**$ (182,366)**
Restricted funds	(150,000)	-		(150,000)
Net closing cash	**$ 291,811**	**$ 229,472**	**$ (332,366)**	**$ (332,366)**

57. During the Forecast Period the net cash receipts are anticipated to be approximately $495,000 while the non-recoverable expenses are anticipated to be

approximately $1.77 million resulting in a cash deficiency of approximately $333,000 at the end of the Forecast Period. The main reason for the significant non-recoverable expenses during the Forecast Period is due to the timing of payments relating to restructuring expenses, repairs and maintenance and overhead expenses. During the Reporting Period there was a significant positive variance with respect to these expenses as no payments were made with respect to these expenses.

58. During the Forecast Period inter-company loans from Safeguard LP 5 and to a much lesser extent Safeguard LP will be required to fund cash shortfalls in Safeguard LP 2, Safeguard LP 3 and Safeguard LP4 (each of these properties have vacancies which is negatively impacting the cash flow). The inter-company loans are detailed in Appendix G.

59. A summary of the inter-company loans is provided below:

	Balance of August	September	October	Total
Loan from Safeguard LP 5				
to Safeguard LP 2	(51,879)	(58,445)	(70,237)	(180,561)
to Safeguard LP 3	-	-	(22,709)	(22,709)
to Safeguard LP 4	(11,967)	-	-	(11,967)
	(63,846)	(58,445)	(92,946)	(215,237)
Loan from Safeguard LP 1				
to Safeguard LP 2	-	-	(9,222)	(9,222)
to Safeguard LP 3	-	-	(6,167)	(6,167)
to Safeguard LP 4	-	-	(511)	(511)
to Safeguard LP 5	-	-	(24,825)	(24,825)
	-	-	(40,725)	(40,725)

60. The Receiver notes that during the period June to August 2009, operating expenses for the MEG Place building (LP V) were significantly lower than forecast. The Receiver has prepared a preliminary estimate which indicates that approximately $150,000 of surplus funds have been collected by the Receiver.

The Receiver will discuss its analysis with the Property Manager and determine the actual surplus funds collected. The Receiver has identified this estimate of surplus funds as restricted cash in the First Report Forecast.

61. Although inter-company loans will assist with the cash shortfalls through September, the Receiver will require additional funds to pay restructuring expenses and other non-recoverable expenses over the balance of the Forecast Period and to maintain the restricted cash reserve for the MEG Place property.

62. As noted above the Receiver has not been successful in securing financing to date, as the Receiver's Borrowing Charge does not rank in priority to the first mortgage holders. The Receiver understands that Strategic Group is still prepared to fund the required borrowings, in the event that an alternative lender is not found (including the possibility of back-stopping a rights offering to the ILP's, should the ILP's be afforded an opportunity to participate in this lending opportunity).

63. The Receiver is not optimistic that an alternative lender will be found. The Management Committee discussed this funding issue at the fifth Management Committee meeting held on August 24, 2009 and the committee decided to move forward with presenting the financing opportunity to the ILP's. The Receiver is working with the Management Committee on an appropriate communication to the ILP's with respect to financing the Receiver's Borrowings.

64. In the event that additional financing cannot be secured in sufficient time, the Monitor will immediately advise the Court.

APPLICANTS'S REQUEST FOR AN EXTENSION TO THE STAY PERIOD

65. Pursuant to the Initial Order, the Applicants' Stay Period continues until and including August 28, 2009. Concrete is seeking an extension of the Stay Period until, and including, October 30, 2009.

66. An extension to the Stay Period is necessary to allow the Receiver additional time to complete the Investigation, hold the ILP General Session and allow for a the pursuit of a Restructuring Option(s).

RECOMMENDATION

67. In the Monitor's view, the Applicants are acting in good faith and with due diligence. The Monitor is of the view that the extension of the Stay Period is appropriate in the circumstances and therefore recommends that the Applicant's request for an extension of the Stay Period be granted to, and including, October 30, 2009.

All of which is respectfully submitted this 26th day of August, 2009

ERNST & YOUNG INC.
in its capacity as Court Appointed Monitor
of Concrete Equities Inc. et. al

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Michelle Grant, CIRP
Vice-President