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")

THIRD REPORT OF THE MONITOR

ERNST & YOUNG INC.

December 10, 2009

TABLE OF CONTENTS TO THE THIRD REPORT OF THE MONITOR

LISTING OF APPENDICES TO THE THIRD REPORT OF THE MONITOR

Amended Town Hall Presentation	Appendix A
Proposed amended Management Committee Charter	Appendix B
Proposed Claims Process Order	Appendix C
Sample Offering Memorandum	Appendix D
Sample Limited Partnership unit certificate	Appendix E
Forecast to actual cash flow analysis for the Reporting Period	Appendix F
Cash flow projections to March 26, 2010	Appendix G
Proposed letter to individual limited partners re: Receiver's Borrowings	Appendix H

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 their respective 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.

[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 third report (the "Third Report") of the Monitor is to provide this Honourable Court with:

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

   (b) its recommendations as to the composition of the Management Committee;

   (c) the proposed claims process order and claims bar date (the "Claims Process");

   (d) the proposed treatment of the investors; pooling vs. direct investment approach;

   (e) the Applicants budget to actual variance analysis of its cash flows for the period from July 29, 2009 to November 20, 2009 (the "Reporting Period");

   (f) the cash flow projections for the period from November 21, 2009 to March 26, 2010 (the "Forecast Period");

   (g) Debtor-in-Possession ("DIP") loans required to fund cash shortfalls;

(h) the Receivers request for an extension to the stay of proceedings; and

(i) the Monitor’s recommendations.

8. Capitalized terms not defined in this Third 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 Third 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 Mr. Vincenzo De Palma dated May 26, 2009 and July 28, 2009 with respect to these proceedings (the “De Palma Affidavit”).

11. 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.

12. The Management Committee has convened either in person or via conference call on eleven occasions. The responsibilities of the Management Committee are set-

out in the Management Committee Charter ("MCC") (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.

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

RESTRUCTURING EFFORTS

Investigation

14. The Receiver has been focused over the past few months on completion of the Investigation. The Receiver filed its Third Report detailing its findings from the Investigation on December 2, 2009 (the "Investigation Report").

15. On page 35 (paragraph 79) of the Investigation Report the Receiver outlined in a table the payments made to directors and relatives during the Reconstruction Period. In this table approximately $1.1MM of payments were identified as being paid to Mr. Vincenzo De Palma. Paragraph 86 of the Investigation Report indicates that the payments to Mr. De Palma **do not** include commissions that Mr. De Palma earned prior to becoming a director. The Receiver notes that this statement is incorrect, as the payments identified **include** payments to Mr. De Palma prior to becoming a director. Mr. De Palma earned approximately $1MM in commissions prior to becoming a director.

16. As noted in the Investigation Report, the Receiver has retained McPherson Leslie & Tyerman LLP ("MLT") to review certain transactions between Concrete and Strategic. MLT has not yet completed its review due to the fact that the information requested from Strategic by the Receiver has not yet been provided. Copies of correspondence sent by MLT to Strategic's counsel were included as Appendix QQ to the Investigation Report. MLT and counsel for Strategic have

corresponded on this matter over the past few days. Strategic's counsel advised MLT on December 7, 2009 that the information requested would be provided shortly. On December 7, 2009 MLT advised Strategic's counsel that in the event the requested documents have not been received by Friday, December 11, 2009 the Receiver will seek advice and directions from the Court.

17. Prior to filing the Investigation Report, the Receiver held a town hall meeting for the investors on November 10, 2009 at the Telus Convention Centre to mainly discuss the following:

    a) Provide an update on each of the Concrete Projects (as defined in the Investigation Report);

    b) Provide a summary of the Receiver's findings; and

    c) Discuss next steps and a time line to exit these proceedings.

18. On December 8, 2009 Mr. Tiro Clark counsel for Mr. Milton Kiehlbauch sent a letter to the Receiver noting that the presentation to the investors contained inaccuracies on slide 39 with respect to payments made to Mr. Kiehlbauch.

19. The Receiver amended the presentation and posted the new version on its web-site on December 9, 2009. A notation was added to slide 39 to clarify that Mr. Kiehlbauch did not receive a monthly management fee. A copy of the Receiver's amended presentation to investors is attached as Appendix A.

20. The Receiver notes that Mr. Clark's letter also noted that the slide was inaccurate as it stated that Mr. Kiehlbauch received payments from Concrete in the amount of $508,798. The Receiver notes that Corridor Pacific Corporation a company owned by Mr. Kiehlbauch received payments from Concrete and that the Receiver classified payments to directors or companies owned by these directors into this category. The Receiver further notes that this figure was updated in the Investigation Report, such that the Receiver was able to confirm that

approximately $830,000[2] of payments were made to Corridor Pacific Corporation during the Reconstruction Period.

General

21. Since the Second Report, the following steps have been taken by the Receiver and the Management Committee:

a) Discussions with property managers and management of the general partners ("GP") on a regular basis;

b) Dealing with various operational issues related to the various Concrete Projects;

c) Four management committee meetings;

d) Provided various updates to the Management Committee and consulted with the Management Committee on various matters;

e) Posted various documents to the Receiver's web-site including consolidating the web-site;

f) Responded to messages left on the Receiver's hotline (403-206-5241) from creditors and investors;

g) Various discussions with all of the mortgage holders of the Safeguard LP's to provide updates on the proceedings;

h) Reviewed and acted upon various lease renewals and leasing opportunities for the Concrete Projects with the consent of the Management Committee;

i) Meetings with the Steering Committee;

[2] Approximately $225,000 in payments to Corridor Pacific Corporation were made in 2006 prior to the incorporation of Concor Pacific Inc. (the company that Mr. Kiehlbauch is a director of).

j) Meetings with the RCMP and the Alberta Securities Commission;

k) Preparation for and presenting at the town hall meeting for the investors held on November 10, 2009;

l) Meeting with the Strategic Group and counsel; and

m) Meeting with the Sandhu's and counsel.

Deer Valley Station and Millrise Plaza (LP I)

22. Millrise Plaza is fully leased. The property manager has successfully negotiated a renewal of a lease in Deer Valley Station, upon receipt of the signed renewal agreement there will be no vacancies at Deer Valley Station.

SNC Lavalin Building (LP II)

23. The Receiver has been advised by the property manager of the SNC Lavalin building that the main tenant moved approximately 350 people back into the building by December 1, 2009 and they are looking at moving 150 more people into the building early in the new year.

24. The property manager also advised the Receiver that they have been in discussions with the main tenant with respect to leasing the two vacant floors and extending the lease beyond 2012.

25. As described in the First Report and Second Report, the Receiver has had discussions with Standard Life regarding their willingness to allow Safeguard II LP 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.

26. The Receiver met with Standard Life on December 3, 2009 to discuss the possibility of entering into a forbearance agreement to allow for additional time before the property would have to be placed on the market if refinancing efforts could not successfully be completed, with Standard Life being repaid either through a refinancing or sale by late 2010. The Receiver and Standard Life also discussed the possibility of consensually agreeing to a deadline and timeframe for the refinancing and marketing process (i.e. a redemption period), to avoid incurring additional professional costs on this matter.

27. On December 3, 2009 Standard Life's counsel served motion materials seeking an order directing the Monitor to commence a solicitation process; including assembling a data room package, sending out solicitation letters to interested parties and placing an advertisement in the Globe and Mail and the Calgary Herald by December 31, 2009. The proposed deadline for submitting offers contained in the Standard Life application is February 26, 2010.

28. The Receiver notes that the time-line to implement a plan of arrangement ("Plan Implementation") contemplated in these proceedings is March 31, 2010. The Receiver is requesting an additional three and a half month period in the CCAA Proceedings to run a claims process in an attempt to resolve all claims against Safeguard II LP including, without limitation, the claims registered against the title to the SNC Lavalin building. During such additional time it is also contemplated that attempts will be made to enter into a lease extension agreement with SNC Lavalin and to fill the two vacant floors such that the prospects for refinancing would be vastly improved. The Receiver advised Standard Life of these facts during the meeting held on December 3, 2009.

29. If this Honourable Court is prepared to grant an Order requiring the Monitor to commence a solicitation process, then in the Monitor's view this process should be delayed until late in the first quarter of 2010. In the Monitor's view, based on the circumstances described above, absent a refinancing of the Standard Life

Mortgage, it would be preferable to commence a solicitation process in March 2010 with a deadline for offers in December 2010.

30. Colliers provided the Receiver with an appraisal with an effective date of July 31, 2009 for the SNC Lavalin Building which indicates that the appraised value of this property is estimated to be $17.2 million. The balance outstanding on the Standard Life Mortgage is approximately $8.7 million. Based on these values, the Receiver is of the view that it is reasonable under the circumstances to delay any formal solicitation process for the SNC Lavalin Building.

31. The Receiver is continuing to pay the principal and interest payments in accordance with the default provisions of the Standard Life mortgage and therefore, in the Monitor's view, Standard Life's position is not being materially prejudiced.

Castleridge (LP 3)

32. The Receiver has been negotiating the terms of a formal lease with a new tenant for unit 160 at Castleridge (1,800 sq ft). The Receiver anticipates executing a formal lease with the new tenant in the week of December 7, 2009.

33. The Receiver is also in negotiations with another potential tenant for approximately 1,800 sq ft of vacant space. The property manager is discussing expansion opportunities with an existing tenant and the leasing agent advised that an offer to lease is expected next week.

CE Place (LP 4)

34. The property manager and leasing agent for CE Place requested that the Management Committee consent to the removal of the Concrete Equities signage on the building. The Management Committee has agreed to this request provided that the aesthetic impact of such removal is minimized.

35. The Receiver has had discussions with Avison Young, the leasing agent for CE Place, with respect to potential tenants for the vacant space. To date Avision Young has not received a formal offer to lease for the second floor or the portion of the tenth floor, both of which are vacant. The Receiver, in conjunction with the Management Committee, is working with Avison Young to move this process forward with a view to entering into leases for the vacant space.

MEG Place (LP 5)

36. The Receiver, in conjunction with the Management Committee, is working with the main tenant to sub-lease their space.

37. An offer to lease for 15,000 sq ft of space (lease to expire in November 2010) was presented to the Receiver in late October 2009. The Receiver, in conjunction with the Management Committee, is in negotiations with this potential tenant.

El Golfo, Luna Morada and Conchas Chinas

38. As noted in the Investigation Report, the Concrete Entities do not own any land relating to these projects; therefore the recoveries for these projects will be limited to:

a) Inter-entity lending (if any); and

b) Litigation, if pursued by the investors in these projects.

COMPOSITON OF THE MANAGEMENT COMMITTEE

39. As noted in the Monitor’s first report dated August 26, 2009, the Management Committee was originally comprised of the following members:

    a) Representative of Ernst & Young Inc., acting as Chairperson;

    b) Steven Butt, representing the LP investors;

    c) Brian Newman, representing the LP investors;

    d) David Bulloch, representing the Applicants; and

    e) Vincenzo De Palma, representing the Applicants.

40. The Receiver has substantially completed the Investigation and the next steps in these proceedings are anticipated to include a claims process, assessment of litigation options, and developing a plan of compromise and arrangement. Given that Strategic and Mr. De Palma will likely be involved in contested matters in the Claims Process (defined below) and potentially involved in litigation with Concrete, the Receiver requested that both Mr. Bulloch and Mr. De Palma resign from the Management Committee.

41. Mr. Bulloch and Mr. De Palma have agreed to resign from the Management Committee provided that the MCC as provided for in the Receivership Order is amended as hereinafter described.

42. Attached as Appendix B is a copy of the proposed amended MCC. The substantive change is a clarification that the Management Committee reports to the Receiver and the Receiver has the final decision with respect to matters governed by the MCC. The Receiver’s counsel is also seeking an amendment to paragraph five of the Receivership Order, which further clarifies the Management Committee’s advisory role.

43. The Receiver notes that there are no plans to fill the vacant positions previously held by Mr. Bulloch and Mr. De Palma on the Management Committee.

PROPOSED PROOF OF CLAIM PROCESS

Proof of Investment Process

44. As discussed in the Investigation Report, Concrete maintained investor registries by Concrete Project. While the Receiver has not traced the funds from each individual investor noted on the investor registries to the Concrete Project bank accounts, on an overall basis, the funds received from the investors according to the cash flows prepared by the Receiver reconciles within 0.5% of the funds received according to the investor registries.

45. The Receiver consulted with the Steering Committee with respect to the reconciliation of the investor registries and that the Receiver could rely on the registries, given the cost associated with a complete reconciliation. The Steering Committee is in agreement with the Receiver's recommendation to use the Concrete investor registries.

46. Therefore, at this time the Receiver is not recommending a proof of investment process which would require the investors to prove their investment in the Concrete Projects. In the event that a distribution to the investors is contemplated in these proceedings, the Receiver will then consider the advisability of commencing an application for approval of a proof of investment process.

Claims Process and Claims Bar Date

47. The Receiver's counsel has prepared a draft claims process order seeking approval for a claims process (the "Claims Process") by this Honourable Court (the "Claims Process Order"). A copy of the Claims Process Order is attached as Appendix C.

48. The proposed Claims Process as set out in the proposed Claims Process Order will establish the amount of claims against the Applicants and Limited Partnerships as at the respective filing date (the "Pre-Filing Claims") and claims arising against each Applicant and Limited Partnership since the filing date arising out of restructuring, repudiation or termination of any contract, lease or other agreements ("Subsequent Claims"). Pre-Filing Claims and Subsequent Claims are collectively referred to as "Claims".

Excluded Claims

49. The Claims Process will specifically exclude the pre-filing inter-entity lending claims, as these claims were outlined in the Investigation Report.

Notice to File Proof of Claims

50. It is proposed that the Claims Process will follow the timeline identified below:

Milestone	Date
Post forms on the Monitor's web-site	December 15, 2009
Mail to all known creditors a Proof of Claim Form ("POC")	December 18, 2009
Place advertisement in the Calgary Herald	December 22, 2009
Deadline for creditors to file a POC with the Monitor ("Claims Bar Date")	January 22, 2010
Deadline for the Monitor to review and either allow or disallow the POC	February 3, 2010
Deadline for the creditor to dispute the Notice of Revision or Disallowance and file materials with the Court	February 12, 2010

51. The Monitor intends to mail a Proof of Claim to all known creditors, other than inter-entity creditors (i.e. the Applicants, the Limited Partnerships and the Related Entities, all terms as defined in the Receivership Order) in the format attached to the proposed Claims Process Order.

52. The advertisement to be placed in the Calgary Herald will also serve as notice of the Proof of Claims Process, in the format attached to the proposed Claims Process Order.

Claims Bar Date

53. The Monitor proposes that any creditor asserting a Pre-Filing or a Subsequent Claim be required to file a proof of claim (the “Proof of Claim”) with the Monitor prior to 5:00 p.m. (Mountain Time) on January 22, 2010 (the “Claims Bar Date”).

Disputed Claims

54. In the event that the Monitor and the Receiver, in consultation with the Management Committee, disagrees with a Proof of Claim, the Monitor may issue a revision or disallowance of claim (the “Notice of Revision or Disallowance”).

55. Creditors who intend to dispute the amount of their Claim as set out in the Notice of Revision or Disallowance must deliver a Notice of Dispute to the Monitor by February 12, 2010 at 5:00 p.m. (Mountain Time). If no Notice of Dispute is received by the Monitor within the required time period, the Claim will be deemed accepted at the amount in the Notice of Revision or Disallowance. The form of Notice of Revision or Disallowance and Notice of Dispute is attached to the proposed Claims Process Order.

56. If a creditor delivers a Notice of Dispute to the Monitor the creditor must thereafter serve on the Monitor a Notice of Motion in the Court of Queen's Bench of Alberta Judicial District of Calgary, returnable within fifteen days after it delivered a Notice of Dispute for determination of the disputed claim.

Comments on the Proposed Claims Process

57. The Monitor and Receiver are of the view that an expedited time frame for the Claims Process is necessary to:

    a) Determine the valid claims against Concrete to allow for the preparation of a Plan as soon as possible;

    b) Begin discussions with lenders to refinance the Standard Life Mortgage; and

    c) Minimize the costs of these proceedings.

58. To work within a timeframe which would allow the Applicants and the Limited Partnership to exit these proceedings by the end of Q1 2010, the proof of claims process must be completed in February 2010.

POOLING INVESTMENT APPROACH VS. DIRECT INVESTMENT APPROACH

59. The Receiver and its counsel performed an analysis of the documentation supporting the investments in the Concrete Projects to determine whether the Concrete Projects were stand-alone projects ("Direct Investment Approach") or if they more closely resembled a pool of projects ("Pooled Investment Approach") where the investors would be grouped together and substantively consolidated.

60. The Receiver summarizes the two approaches as follows:

    a. Direct Investment Approach – This approach would involve the individual limited partners ("ILPs") claiming against the specific project that they invested in; and

    b. Pooling Investment Approach – This approach would involve the ILPs claiming into a general pool comprised of all the Concrete Projects.

Considerations for a Direct Investment Approach

61. Investors were typically provided with an offering memorandum ("OM") which generally included among other things the following[3] (a sample OM is included as Appendix D to this report):

    a) Legal description of the land being purchased;

    b) Form of Partnership Agreement between the GP and the Limited Partnership ("LP") for the particular project; and

    c) Form of Subscription Agreement for Partnership units which included:

    - Form 45-106F4 and F5 - Risk Acknowledgement;
    - Power of Attorney; and

[3] The Receiver notes that the OM for the RRSP holders was slightly different and may have included some additional forms, etc.

- Representation Letter.

62. The Receiver notes that the OM indicated that the ILP was investing in a specific Concrete Project.

63. If the ILP was interested in participating they would complete the subscription agreement and send the forms back to Concrete with a cheque or draft payable to the GP or to the lawyer in trust.

64. Upon acceptance of the subscription agreement by the GP, the ILP would be issued an LP unit certificate which indicated a specific LP (which would have been related to a particular Concrete Project). Attached as Appendix E to this report is a sample LP unit certificate.

65. Concrete maintained records for each Concrete Project which included copies of the signed subscription agreements. Concrete also maintained an investor registry for each project and these registries formed the basis of quarterly distributions (if applicable) to each project.

66. As noted above, the Receiver did not trace all of the ILP amounts to the investor registries, but on an aggregate basis the amounts appear to be consistent.

67. The funds raised for Safeguard LP 1 through 7, Conchas Chinas and Luna Morada were generally applied against the purchase of the property (identified in the offering memorandum) with the notable exception of El Golfo. The Receiver was able, however, to trace the vast majority of such funds, therefore the investors in the El Golfo Project will be deemed to have an investment in other Concrete Projects.

68. The recoveries for each of the Concrete Projects vary significantly. Certain projects do not have an underlying asset at this point in time and will rely on recoveries from litigation (if any) and inter-entity lending.

Considerations for a Pooled Investment Approach

69. Concrete co-mingled funds, depositing investor funds from several Concrete Projects into a single bank account and paying disbursements out of whichever bank account had cash on hand at the time the payment was due.

70. Since Concrete did not maintain proper financial statements it is difficult to trace disbursements to a particular project and a complete reconciliation of these amounts is not contemplated by the Receiver at this time.

71. However, as noted in the Investigation Report over the Reconstruction Period (as defined in the Investigation Report) the Receiver was able to identify 97.5% of the disbursed funds.

Receiver's Conclusion

72. The Receiver is of the view that the documentation supports recoveries based on a Direct Investment Approach given the following:

    a) Offering Memorandums identified specific projects;

    b) The LP units identified a specific LP which invested in a specific project; and

    c) The Receiver could trace certain funds from ILPs to legal counsels' trust accounts or to accounts maintained by Concrete.

FINANCIAL PERFORMANCE DURING THE REPORTING PERIOD

Budget to Actual Variance

73. 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 Second Report (the "Second Report Forecast") is set out in the table below. A breakdown of this analysis by entity is attached as Appendix F.

	Forecast	Actual	Variance
Net Cash Receipts	$ 2,235,364	$ 2,580,305	$ 344,942
Mortgage Payments	1,446,575	1,446,575	0
Capital and Leasing Costs	45,822	15,822	30,000
Restructuring Expenses	1,382,707	940,738	441,968
Other Operating Expenses	144,091	144,521	(430)
Contingency	50,000	-	50,000
	3,069,195	2,547,656	521,538
Draw on Retainer	100,000	100,000	-
Inter-entity Lending	(67,130)	-	67,130
Change in Cash	**(800,961)**	**132,649**	**933,610**
Opening Cash	1,038,634	1,038,634	-
Closing Cash	**$ 237,673**	**$ 1,171,283**	**$ 933,610**
Restricted Funds	(195,984)	(251,034)	(55,050)
Net Closing Cash	**$ 41,689**	**$ 920,249**	**$ 878,560**

74. The Applicants' net cash receipts (operating income net of operating expenses) during the Reporting Period totaled approximately $2,580,000 as compared to approximately $2,235,000 as set out in the Second Report Forecast. Expenses totaled approximately $2,548,000 as compared to approximately $3,069,000 as set out in the Second Report Forecast. The significant variances are discussed below:

a) A positive variance of approximately $345,000 in net cash receipts is mainly due to the timing of certain operating disbursements.

b) A positive variance of approximately $521,000 in non-recoverable expense is mainly due to the following:

- Capital and leasing costs were lower than forecast due to the timing of payments;

- Restructuring expenses were lower than forecast due to the timing of payments. The payments anticipated in the last week of October for fees of the Receiver, counsel to the Receiver and counsel for the Applicants were not paid as of November 20, 2009; and

- There were no unanticipated expenses and therefore the contingency of $50,000 was not required. The result is a positive variance of $50,000.

75. The inter-entity loans that were outstanding as at November 20, 2009 were paid in the week ended November 27, 2009. There are currently no inter-entity loans outstanding.

CASH FLOW PROJECTIONS TO MARCH 26, 2010

76. 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 “Third Report Forecast”). The Third Report Forecast was prepared based on the most current information available, taking into consideration operating budget information provided by the Property Managers and discussions with management. The Third Report Forecast incorporates actual figures for the period July 29, 2009 to November 20, 2009.

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

	Balance of November	December	January	February	March	Total
Net Cash Receipts	$ (142,000)	$ 858,450	$ (100,000)	$ 459,975	$ 461,475	$ 1,537,899
Mortgage Payments	-	712,538	-	356,269	356,269	1,425,076
Capital and Leasing Costs	-	65,800	55,000	50,000	-	170,800
Restructuring Expenses	-	692,657	150,000	200,000	430,000	1,472,657
Other Operating Expenses	-	-	-	-	-	-
Contingency	30,000	150,000	120,000	120,000	120,000	540,000
	30,000	1,620,995	325,000	726,269	906,269	3,608,533
Change in Cash	**$ (172,000)**	**$ (762,545)**	**$ (425,000)**	**$ (266,294)**	**$ (444,794)**	**$ (2,070,634)**
Opening Cash	1,171,283	999,283	236,738	(188,262)	(454,557)	1,171,283
Closing Cash	**$ 999,283**	**$ 236,738**	**$ (188,262)**	**$ (454,557)**	**$ (899,351)**	**$ (899,351)**
Restricted Funds	(251,034)	(251,034)	(181,034)	(181,034)	(181,034)	(181,034)
Net Closing Cash	**$ 748,249**	**$ (14,296)**	**$ (369,296)**	**$ (635,591)**	**$ (1,080,385)**	**$ (1,080,385)**

78. During the Forecast Period the net cash receipts are anticipated to be approximately $1,538,000 and the non-recoverable expenses are anticipated to be approximately $3,609,000, after drawing down the cash on hand there is an estimated cash deficiency of approximately $1,080,000 at the end of the Forecast Period.

79. The main reason for the significant non-recoverable expenses during the Forecast Period is due to the timing of payments relating to restructuring expenses.

80. The Third Report Forecast was prepared based on the assumption that no further post-filing inter-entity loans are made between the Applicants, as the Applicants prepare to exit from these proceedings in Q1 2010. Receiver borrowings will be required to fund the cash shortfalls (the "Receiver Borrowings") in each entity (as applicable).

81. As noted in the First Report the Receiver has not been successful in securing financing to date, as the Receiver's Borrowing Charge (as defined in the Initial Order) does not rank in priority to the first mortgage holders. The Receiver discussed the requirements for each Concrete Project at the town hall meeting on November 10, 2009 with the ILPs and that the ILP's would need to fund the Applicants. This funding need is discussed in detail below.

82. In the event that the ILPs are not prepared to fund the cash shortfalls, the Receiver will immediately advise the Court.

DIP LOAN FROM THE INVIDIUAL LIMITED PARTNERSHIPS

83. As noted above, the Receiver requires borrowings over the Forecast period in order to fund cash shortfalls to provide sufficient time for the Applicants to implement a Plan. It is proposed that the ILPs fund the Receiver's Borrowings and be granted a secured charge in respect of such advances that will rank behind the Receiver's Charge and the first mortgage holders (the "ILP DIP").

84. The Receiver provided an estimate of the borrowings required for each Concrete Project to the investors at the town hall meeting on November 10, 2009. The Receiver has refined the numbers and notes that the estimated borrowing requirement by Applicant is as follows:

Entity	Amount	Notes
Safeguard LP	$nil	1
Safeguard II LP	400,000	
Safeguard III LP	550,000	
Safeguard IV LP	350,000	2
Safeguard V LP	nil	1
Total	**$ 1,300,000**	**3**

<u>Notes</u>

1. Safeguard LP and Safeguard V LP should have sufficient cash flow from operations to fund their allocation of non-recoverable expenses.

2. There is approximately $157,000 of cash on hand currently held in trust at Bishop & McKenzie LLP with respect to the CE Place project. The Receiver understands these funds relate to the purchase of CE Place, in the event that these funds can be released to the Receiver, the funding requirement would decrease by this amount.

3. The above estimates do not include, any additional funds that may be required for litigation, or any additional landlord work or tenant improvements. The estimates are based on the cash flow presented in Appendix G rounded up to the nearest $50,000 increment.

85. The Receivership Order empowers the Receiver to borrow:

a) $450,000 in relation to Concrete Associates Investment Corporation ("CAIC") and Safeguard II LP; and

b) $100,000 in relation to all other Applicants and related Limited Partnerships.

86. As noted above the Receiver requires borrowings of approximately $400,000 in relation to CAIC and Safeguard II LP, $550,000 in relation to Safeguard III LP and $350,000 in relation to Safeguard IV LP. The required borrowings exceed the amounts currently provided for in the Receivership Order. The Receiver is requesting that this Honourable Court increase the Receiver's Borrowing Charge (the "Increased Borrowing Charge") to accommodate the required borrowings as noted in the table below:

Entity	Authorized Borrowing	Increase to Authorized Borrowing	Revised Authorized Borrowing	Note
Safeguard LP	$ 100,000	$ -	$ 100,000	
Safeguard II LP	450,000	$ -	450,000	1
Safeguard III LP	100,000	$ 450,000	550,000	
Safeguard IV LP	100,000	$ 250,000	350,000	
Safeguard V LP	100,000	-	100,000	
Total	**$ 850,000**	**$ 700,000**	**$ 1,550,000**	

Note 1 – Required borrowings for Safeguard II LP are estimated to be approximately $400,000; therefore an increase is not required.

87. The Receiver, in conjunction with the Management Committee and the Steering Committee, will be delivering a letter to the investors in Safeguard II LP, Safeguard III LP and Safeguard IV LP requesting that the investor consider participating in funding the required borrowings. A sample letter is attached as Appendix H to this report.

88. The Receiver is unable to estimate the level of participation, however based on past experience, participation rates could be less than 50%. Since the participation is not certain the letter will request that ILPs over contribute on a per unit basis, to attempt to ensure that sufficient funds are raised.

89. The main terms of the ILP DIP are summarized as follows (the "DIP Terms"):

a) Interest will accrue at 8%; and

b) ILP DIP will automatically convert to equity on Plan Implementation at a 95% conversion rate.

90. As noted above the ILP DIP will be converted to equity upon Plan Implementation. The conversion will be based on a current appraisal of the underlying building, with an April 1, 2010 valuation date. A sample calculation of the dilution effect that this conversion will have on the Limited Partnership equity in the SNC Lavalin Project is illustrated below:

	Pre-Conversion	Post Conversion		Notes
Estimate of Appraised Value of Property - April 1, 2010	$ 17,000,000	$ 17,000,000		1
Less:				
Outstanding mortgage	(8,700,000)	(8,700,000)		2
Estimate of trade creditor claims	(470,000)	(470,000)		3
ILP DIP of $400,000 and $8,000 of interest	(408,000)			4
Estimate of fair market value of equity	**$ 7,422,000**	**$ 7,830,000**	**A**	
# of Partnership units issued	245	245		
Plus: Partnership Units issued on conversion	-	15		5
# of Partnership units issued	**245**	**260**	**B**	
Value per unit	**$ 30,294**	**$ 30,115**	**C =A/B**	
Dilution		**1%**		**6**
ILP DIP - rate of return		**12.9%**		**7**

Notes:

1. Estimate of appraised value as at April 1, 2010 based on actual appraisal as of July 31, 2009. This is solely for illustrative purposes.

2. Estimate of outstanding mortgage (rounded value based on October 31, 2009 statement provided by Standard Life).

3. Estimate based on known creditor list included in the Investigation Report as Appendix O.

4. Receiver Borrowings for Safeguard II LP, including 8% interest accrued for three months.

5. Calculated as follows:

   $408,000 / $30,294 * 95% = 14.18, rounded up to 15 partnership units

6. Calculated as:

   $30,294 - $30,115 / $30,294 = 1%

7. Calculated as:

   ((15 units * $30,115) - $400,000) / $400,000 = 13%

91. The Receiver sought input with respect to the proposed terms of the DIP Loan described above from the Steering Committee and the Management Committee. The Receiver notes that the Steering Committee and the Management Committee support the conversion to equity upon Plan Implementation.

92. In the event a Plan cannot be implemented and the buildings/properties are sold the ILP DIP will not convert to equity, rather it will be paid from proceeds of realization according to its priority.

93. The Receiver notes that in the event the ILPs are not prepared to fund the Receiver Borrowings the following options are available:

a) Apply to amend the Initial Order to allow the Receiver's Borrowing Charge to rank ahead of the first mortgage holders and seek financing from a traditional DIP lender; or

b) An application by the Receiver to initiate a sales process for the properties where there are anticipated cash shortfalls.

94. The Receiver notes that based on feedback from the first mortgage holders to date, it will be extremely difficult for the Receiver to successfully change the priority ranking of the Receiver's Borrowing Charge. The Receiver is of the view that it is highly unlikely that the priority charge of the Receiver's Borrowings will be amended.

95. The Receiver also notes that based on feedback from the Steering Committee the ILPs do not want to sell the properties at this time. While the Receiver understands the position of the investors, the Receiver notes that certain properties do not generate sufficient cash to pay the non-recoverable expenses required to exit these proceedings.

96. The Receiver is targeting to send the letters out to the ILPs by December 18, 2009, with a funding deadline of January 25, 2010. The Steering Committee will assist the Receiver in communicating with the ILPs to minimize the costs of this undertaking.

97. **In the event that the ILPs do not fund the required borrowings by the deadline the Receiver will immediately file a report with this Court advising same and will prepare materials to commence a marketing process for the properties that do not generate sufficient cash flow.**

APPLICANTS'S REQUEST FOR AN EXTENSION TO THE STAY PERIOD

98. The Applicants' Stay Period continues until and including December 15, 2009. The Receiver is seeking an extension of the Stay Period until, and including, February 26, 2010.

99. An extension to the Stay Period is necessary to allow the Monitor sufficient time to run the proposed claims process, assist the Receiver in preparation of a Plan for the Applicants and the Limited Partnerships creditors.

RECOMMENDATIONS

100. The Monitor recommends that this Honourable Court approve:

a) The proposed amended MCC;

b) The proposed Claims Process;

c) The Direct Investment Approach for treatment of the ILPs;

d) The Increased Borrowing Charge; and

e) The ILP DIP Terms;

101. 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 Receiver's request for an extension of the Stay Period be granted to, and including, February 26, 2010.

All of which is respectfully submitted this 10th day of December, 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

Action No. 0901-11048

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTERS OF THE *COMPANIES' CREDITORS ARRANGEMENT 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 EQUITIES EXECUTIVE CLUB INC., 1456775 ALBERTA LTD. AND CONCRETE PLACE PROPERTIES LTD.

THIRD REPORT OF THE MONITOR

McCARTHY TÉTRAULT LLP
Barristers & Solicitors
Suite 3300, 421 – 7th Avenue S.W.
Calgary, Alberta
T2P 4K9

Sean F. Collins
Phone: (403) 260-3531
Fax: (403) 260-3501
File No.: 125264-414327