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")

SEVENTH REPORT OF THE MONITOR

ERNST & YOUNG INC.

May 3, 2010

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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 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. On December 14, 2009, the Receivership Order was amended and restated to, among other things, change the composition of and duties of the Management Committee (defined below).

6. 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.

7. 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.

8. The purpose of this seventh report (the "Seventh Report") of the Monitor is to provide this Honourable Court with:

   a) an update with respect to the Applicant's restructuring efforts;

   b) an update on the claims process (the "Claims Process");

   c) an overview of the plans of arrangement and reorganization of the Safeguard LP's (the "Plans"), the proposed liquidation by the Receiver of certain assets relating to the remaining Applicants and the Receiver's recommendations with respect to distributions to Related Entities (as defined in the Receivership Order);

   d) the Monitor's analysis of the Plans;

   e) convening meetings of certain of the limited partnerships;

   f) the Monitor's recommendations.

9. Capitalized terms not defined in this Seventh Report are as defined in the Initial Order, the Claims Process Order or the Plans. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

10. In preparing this Seventh Report, the Monitor has relied upon unaudited financial information, the Applicants records and discussions with the Management Committee 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

11. 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").

12. In accordance with the Receivership Order a management committee was formed (the "Management Committee") and has convened either in person or via conference call on several occasions. The responsibilities of the Management Committee are set-out in the Management Committee Charter ("MCC") (Schedule "B" to the Receivership Order) as amended and restated, the responsibilities include providing advisory advice in respect of material contracts and 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.

RESTRUCTURING EFFORTS

Investigation

13. The Alberta Securities Commission ("ASC") has contacted the Receiver with respect to the third report dated December 2, 2009 (the "Investigation Report") and the Receiver is in the process of fulfilling information requests as the ASC continues to review the report.

General

14. The Monitor and the Management Committee have continued to resolve the material claims filed against the Safeguard LP's which have allowed them to develop Plans. A more detailed update on the claims process is discussed below.

15. As noted in the fourth report of the Monitor dated February 23, 2010 (the "Fourth Report"), for the Concrete Entities other than the Safeguard LP's, the Monitor does not expect any Plan to be filed and these entities will be liquidated to the extent there are any assets remaining in them. A more detailed discussion of the distributions sought by the Receiver is discussed below.

16. Since the fifth report of the Monitor dated April 9, 2010 (the "Fifth Report"), the following steps have been taken by the Receiver and the Management Committee;

    a) Continued Re-financing efforts with respect to the Standard Life Mortgage on the SNC Lavalin building as described below;

    b) Continued negotiation of the disputed claims as received in the Claims Process;

    c) Discussions with the property managers of the general partners on a regular basis;

d) Dealing with various operational issues related to the Concrete projects;

e) Various meetings and consultations with the Management Committee and *ad hoc* steering committee (the "Steering Committee");

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

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

SNC Lavalin Building (LP II)

Installation of the chiller air conditioning system

17. The Receiver is in receipt of the Chiller DIP Financing as described in the Fifth Report. The Receiver is advised by Avenue Commercial that the retrofit of the existing cooling tower and the hiring of subcontractors as required for the installation of the new chiller is in progress.

18. The Receiver is advised by Avenue Commercial that the new chiller is scheduled to be installed by May 2, 2010 and will be operational by May 13, 2010.

Re-financing of the Standard Life Mortgage (the "SL Mortgage")

19. As described in the Order sought by The Standard Life Assurance Company of Canada ("Standard Life") granted by this Honourable Court on February 26, 2010 (the "Sale Order"), the property municipally located at 909 – 5th Avenue SW (the "SNC Lavalin Building") shall be offered for sale by Judicial Listing commencing on May 1, 2010. The Monitor understands that Standard Life has retained Cushman Wakefield LePage ("Cushman") as the listing agent and Cushman has listed the property at $17 million on May 3, 2010.

20. The Receiver and Management Committee representatives continue to communicate with prospective lenders with respect to assessing interest in re-financing the SL Mortgage.

21. To date in excess of 25 prospective financiers have been contacted and certain prospective financiers have received packages that include the following:

    a) A recent copy of the appraisal for the property;

    b) A copy of the current rent roll for the property; and

    c) A copy of the 2010 operating budget.

22. As previously disclosed to the Court, the re-financing efforts on the SNC Lavalin building have been difficult given the current real estate market in Calgary, coupled with the fact that it is a single tenancy building with the tenant's lease expiring in July 2012. These CCAA and Receivership proceedings also add complexity to the re-financing which acts as a deterrent to many potential financiers.

23. In addition, the current cash flows of the property can only support a payment of interest only (i.e. no principal payment) at a rate of 9% per annum. The Receiver and the Management Committee have proposed other arrangements which would increase the interest rate payable on the mortgage, but the additional interest would be deferred and none of the parties approached to date have been interested in re-financing agreements based on these terms.

24. On March 3, 2010, the Receiver entered into a conditional financing agreement with a third party (the "Initial Potential Funder") with respect to a potential re-financing, however it appears that this financing agreement will not be consummated, primarily due to the results of the Initial Potential Funder's due diligence surrounding the terms of SNC Lavalin lease and its expiry.

25. With the installation of the chiller unit, the settlement of certain claims against LP II and with the development of a CCAA Plan for LP II, the refinancing of the

Standard Life mortgage becomes less complicated and increases the possibility that a refinancing will occur.

26. The Receiver has been negotiating with another interested party (the "Second Potential Funder"). To date a commitment letter has not been executed. The Receiver notes that a term of the commitment letter with the Second Potential Funder will be a cross default and cross collateralization agreement with the other Safeguard LP's.

27. The Receiver notes that the existing Limited Partnership Agreements do not allow for cross default and cross collateralization provisions. The Receiver further notes that the Steering Committee requested that the Receiver approach potential lenders on this basis. The Receiver agreed to propose these terms to potential financing parties on the proviso that any such agreement would be contingent on approval of the individual limited partners ("ILPs") of the remaining Safeguard LP's and amendment of the respective limited partnership agreements.

28. The commitment letter will be conditional on approval of the ILPs approving an amendment to the respective Safeguard Limited Partnership agreements.

29. The Receiver is currently working with the Management Committee and the Steering Committee to determine an appropriate guarantee fee to compensate the other Safeguard LP's for providing this form of collateral and will be providing further details surrounding this matter in its further reports to this Court as discussed below.

Safeguard LP's other than Safeguard II LP

30. The Receiver continues to have discussions with the property managers and leasing agents, as applicable, with respect to leasing opportunities in the various properties as described more fully in previous reports filed by the Monitor.

CLAIMS PROCESS UPDATE

31. The Monitor and Management Committee have continued to negotiate in good faith and with due diligence in order to consensually resolve the material claims filed against them.

32. A summary of the claims filed against the Applicants and the Limited Partnerships is included as Appendix A to this report.

33. The material disputed claims that have been resolved by the Monitor include:

a) The claims filed by Strategic Financial Corporation and related entities ("Strategic") against the Safeguard LP's (the settlement of these claims is discussed in further detail below); and

b) The claims filed by the mortgage holders against the Safeguard LP's. These creditors are being treated as Unaffected Creditors in the Plans.

34. The following material claims remain unresolved:

a) Claims filed by Strategic in the aggregate amount of $51.9 million against each of Concrete Equities Inc. and Concrete Associates V Investment Corporation;

b) Claims filed by debenture holders in the amount of $5.9 million against each of Concrete Equities Inc., Concrete Associates V Investment Corporation, Safeguard Real Estate Investment Fund VI LP and 1456775 Alberta Ltd.;

c) Claims filed by the trustee of the estates of Mr. Varun Aurora and Mr. David Humeniuk (discussed below) in the aggregate amount of $9.7 million against each of the Applicants, these claims are being treated as Unaffected Claims in the Plans;

d) Claims filed by Mr. Darcy Sandhu and by companies owned by Mr. Darcy Sandhu in the aggregate amount of $6.7 million against each of the Applicants. The Monitor remains in negotiations with Mr. Sandhu regarding the settlement of this claim. To date a settlement has not been reached and these claims are being treated as Unaffected Claims in the Plans. The Monitor notes that Mr. Sandhu filed a claim against El Golfo Investment Corporation ("El Golfo") in the amount of $566,129.00 which was accepted by the Monitor;

e) Claims filed by Mr. Dave Aurora in the amount of $1,169,254.63 against each of the Safeguard LP's. Mr. Aurora's claim is being treated as a disputed claim in the Plan and will not be eligible to receive a distribution until and unless it becomes a proven claim. The Monitor notes that Mr. Dave Aurora filed a claim against El Golfo in the amount of $1,169,254.63 which was accepted by the Monitor; and

f) Claim filed by Arizona Golfo Investments in the amount of $5,565,603.64 as against Concrete Equities Inc.

THE PLANS OF ARRANGEMENT AND REORGANIZATION AND THE LIQUIDATION OF CERTAIN APPLICANTS

Overview

35. The Safeguard LP's with the exception of Safeguard IV LP and Safeguard V LP will be presenting Plans to the Affected Creditors of the respective entities.

36. Safeguard IV LP has no Affected Creditors; therefore no Plan will be filed by this entity. An order will be sought releasing Safeguard IV LP from pre-CCAA claims and providing it with the same protections as if it filed a Plan. Safeguard IV LP will also be settling its pre-filing inter-entity debt through conversion to equity (discussed below).

37. Safeguard V LP has three Affected Creditors with aggregate claims of less than $5,000 as outlined in Appendix A. Since Safeguard V LP has sufficient cash on hand to payout these claims, the claims will be paid out in the week ended May 7, 2010 and no Plan will be filed by Safeguard V LP. An order will be sought releasing Safeguard V LP from its pre-CCAA claims and providing it with the same protections as if it filed a Plan. Safeguard V LP will also be settling its pre-filing inter-entity debt through conversion to equity (discussed below).

38. Based on the Monitor's liquidation analysis (which is presented below in the discussion of the Plans) El Golfo Investment Corporation will have assets available for distribution to creditors. The Receiver will be liquidating the El Golfo assets and a discussion with respect to the distribution to creditors and the order which the Receiver will be seeking in this regard is presented below.

39. The Monitor also notes that certain Related Entities will be receiving limited partnership units as part of the settlement of pre-filing inter-entity debt (discussed in detail below). Ernst & Young Inc. is not the Receiver of the Court-Appointed Monitor of these entities and these entities were not part of the Claims Process Order. A discussion with respect to this matter is presented below.

General

40. The discussion below is with respect to three separate Plans that will be presented to the Affected Creditors (defined below) of:

a) Wealthcrete Investment Corporation/Safeguard Real Estate Limited Partnership (Safeguard LP);

b) Concrete Associates Investment Corporation/Safeguard Real Estate II Limited Partnership (Safeguard II LP); and

c) Concrete Associates II Investment Corporation/Safeguard Real Estate III Limited Partnership (Safeguard III LP).

Collectively the "Restructured Entities".

41. A copy of the Plans are attached to the proposed Meeting Orders (defined below). In general the provisions included in each of the Plans are similar in nature, the discussion that follows relates to each of the Plans unless noted otherwise.

42. The purpose of the Plans is to provide for:

a) distributions of cash to Affected Creditors in compromise and settlement of their Affected Claims in the expectation that Affected Creditors will derive a greater benefit from the implementation of the Plan than would result from a bankruptcy of the Applicants;

b) equitization of inter-entity debt and DIP financing provided by the individual limited partners; and

c) implement a restructuring of the affairs and governance of the Restructured Entities including, inter alia, effecting the appointment of new general partners of the restructured Limited Partnership entities.

Affected Claims

43. One of the primary purposes of the Plans is to effect a compromise and settlement of all Affected Claims. Affected Claims are defined in the Plans as any Claims that are not an Unaffected Claim (as described and defined below).

Distributions to Affected Creditors

44. Affected Creditors are defined in the Plans as a Creditor with an Affected Claim, in respect of that Affected Claim.

45. Each Plan contemplates payments as follows:

   a) Each Affected Claim will receive a distribution up to a maximum of $2,000 (the "Convenience Amount") on the Distribution Date by the respective Restructured Entities;

   b) The balance of the Affected Claim (if any) will be paid in full (100%) over the course of a maximum of one year, payable in monthly instalments by the respective Restructured Entities.

Pre-filing Inter-entity Debt

46. Each Plan contemplates the settlement of pre-filing inter-entity debt at an estimate of current market values through the distribution of additional limited partnership units.

47. The Monitor notes that in order to make a cash payment to the individual limited partners that funded some of the costs associated with the El Golfo matters, a portion of the inter-entity settlement for the El Golfo pre-filing receivables will be paid in cash to satisfy and discharge the El Golfo Charge. The cash payment was allocated amongst four of the Safeguard LP's with receivables to El Golfo on a pro-rata basis, based on the total receivables owed by these entities to El Golfo. The allocation is as follows:

Entity	%	Allocation
LP 1	5%	$ 1,599.23
LP 2	3%	$ 863.66
LP 3	11%	$ 3,482.11
LP 4	81%	$25,982.88
		$31,927.89

48. Attached as Appendix B is schedule showing the receipt of funds by the Receiver (individual names have not been disclosed) and the Monitor's calculation of the total amount payable to the individuals who funded the El Golfo Charge, including interest at a rate of 8% from the date the Receiver cashed the cheque until June 7, 2010 (to allow for sufficient time for the Plans to be sanctioned).

49. The Applicants, the Limited Partnerships and the Related Entities were not required to file claims in accordance with the claims procedure outlined in the Claims Process Order.

50. The analysis of the inter-entity claims as described in detail in the Investigation Report will be the basis for determining the inter-entity receivables and payables owed to/from each of the Restructured Entities.

51. The analysis in the Investigation Report has been updated to reflect the following:

a) Assignment of certain claims against the former directors to Safeguard V LP as identified in the following table:

Entity assigning claim	Amount
Concrete Associates Investment Corporation	$ 74,789
Concrete Associates II Investment Corporation	93,453
Concrete Associates III Investment Corporation	1,089,727
Concrete Associates V Investment Corporation	146,153
El Golfo Investment Corporation	697,598
Luna Morada Investment Corporation	264,400
Total	**$ 2,366,119**

b) Reduction of the receivable owed to El Golfo Investment Corporation ("El Golfo") by the Safeguard LPs (with the exception of Safeguard V

LP) to reflect a cash payment by the Safeguard LPs (excluding Safeguard V LP) to El Golfo to enable El Golfo to repay the El Golfo Charge (as described in the Monitor's second report dated October 26, 2009). The receivable is reduced on a pro-rata basis as follows:

Entity	%	Allocation	Net Claim
LP 1	5%	$ 1,599.23	$ 121,715.77
LP 2	3%	$ 863.66	65,732.34
LP 3	11%	$ 3,482.11	265,019.89
LP 4	81%	$25,982.88	1,977,529.12
		$31,927.89	$ 2,429,997.11

c) The inter-entity receivable and payable between Safeguard II LP and Safeguard III LP was reviewed by the Receiver. The Receiver determined that a portion of the amount owed by Safeguard II LP to Safeguard III LP likely relates to the fact that Safeguard II LP paid the commissions owed by Safeguard III LP to Concrete Equities Inc. The Receiver notes that Safeguard II LP has a significant receivable from Concrete Equities Inc. while Safeguard III LP has a significant payable and since the bank accounts for these two entities were co-mingled in the beginning, in the Receiver's view it is reasonable to assume that Safeguard II LP paid the commission relating to the units in Safeguard III LP to Concrete Equities Inc. Therefore the Receiver reduced the payable owed by Safeguard II LP to Safeguard III LP by $1,029,100 representing the commission payable to Concrete Equities Inc. relating to the sale of Safeguard III LP units;

d) The inter-entity payables to Concrete Equities Inc. were eliminated as between the Safeguard LP's as the Safeguard LP's will have set-off claims for damages relating to these proceedings which are in excess of the amounts owed to Concrete Equities Inc.;

e) The inter-entity payable to Luna Morada Investment Corporation/ Costa Koraal Investment Corporation ("Luna/Costa") from Safeguard

II LP and Safeguard IV LP was assigned to El Golfo in partial settlement of the claim between Luna/Costa and El Golfo. El Golfo is the largest inter-entity creditor of Luna/Costa with its claim being in excess of $5 million while the remaining inter-entity claims total less than $100,000;

f) The inter-entity payable to Concrete Associates V Investment Corporation ("Concrete V") from El Golfo and Safeguard III LP was assigned to Safeguard V LP and the payable from Concrete V to Safeguard V LP was reduced accordingly;

g) The inter-entity payables to Urban Registered Corporation from Safeguard III LP and Safeguard V LP were assigned to Safeguard II LP in partial settlement of the claim between Urban Registered Corporation and Safeguard II LP. Safeguard II LP is the only inter-entity creditor of Urban Registered Corporation; and

h) After allocation of professional fees to a maximum of $50,000 (equivalent to the Receiver's Charge) to the other Applicants and their respective LP's the inter-entity payable of $15,000 to Concrete Equities Executive Club from Safeguard III LP was reduced to $nil.

52. Attached as Appendix C is an updated inter-entity matrix reflecting the above noted changes.

Distribution of LP units in settlement of pre-filing inter-entity debt

53. As noted above, the Plans contemplate that the Safeguard LP's will be issuing new units to settle their pre-filing inter-entity claims. The Plans contemplate issuing these new units based on an estimate current fair market value of the units in the respective Safeguard LP's. The basic formula applied by the Monitor to estimate the current fair market value is as follows:

		Comments
A	Appraised value of properties	Based on appraisals provided by Colliers International prepared as at July 1, 2009.
B	Inter-entity receivables	Valued at an estimate of fair market value.
C	Professional fees recovered	The Monitor allocated a portion of the professional fees incurred in these proceedings to the other entities (assets permitting). The fees recovered (if any) were allocated pro-rata amongst the Safeguard LP's.
	Less:	
D	Mortgage claims	Proven claims per Claims Process Order
E	DIP Loans	DIP Loans provided by the ILPs and the Chiller DIP
F	Other proven secured claims	Proven claims per Claims Process Order
G	Unsecured claims	Proven claims per Claims Process Order
H	Estimate of settled claims	Monitor's best estimate of settled amounts for claims that remain in dispute in accordance with the Claims Process Order.
I	**Estimate of current fair market value**	**A + B + C - D - E - F - G - H = I**

Professional Fees Recovered

54. The Safeguard LP's have funded these proceedings to date. In the Monitor's view it is appropriate to allocate costs of these proceedings to the other Applicants and Related Entities. The total professional fees in these proceedings (before taxes) are approximately \$2.35 million to March 31, 2010. The Monitor notes that additional fees will be incurred for the period April 1, 2010 to Plan implementation. The Monitor will allocate these additional fees on the same basis as the actual fees incurred to date.

55. The Receiver currently has a priority charge of \$50,000 over each Applicant; therefore the Monitor allocated a minimum of \$50,000 to each Applicant and Related Entity provided that the Applicant and/or Related Entity had sufficient recoveries to pay these amounts. For example Concrete Equities Executive Club Inc. was going to receive \$15,000 in LP units, therefore the Monitor reduced its recovery to \$nil and the \$15,000 was recovered for fees paid by the Safeguard LP's.

56. The Monitor notes that approximately \$150,000 of professional fees related directly to the Receiver dealing with the El Golfo matters (including preparation for a town hall meeting in September 2009).

57. The balance of the professional fees relates to the Investigation, the Claims Process and preparation to emerge from CCAA protection and Receivership proceedings.

58. The balance of the professional fees $2.20 million was allocated pro-rata based on the Monitor's estimated fair market value of recoveries for each Applicant and Related Entities.

59. A summary of the Monitor's allocation of professional fees is provided in Appendix D to this report.

Issuing units to Related Entities

60. The Monitor notes that Concrete Associates VI Investment Corporation ("Concrete VI") has a net receivable from the Safeguard LP's. The Monitor recognizes that Concrete VI is not part of the CCAA Proceedings or the Receivership Proceedings.

61. The Monitor also notes that other Related Entities through distributions from Applicants and Concrete VI would be the eventual recipient of Safeguard LP units, these include:

a) Concrete Associates XI Corp.; and

b) Urban Registered Corp.

62. The Monitor remains of the view that the best resolution for settlement of the pre-filing inter-entity debt amongst the Applicants, Limited Partnership and Related Entities in through conversion to equity. The Monitor is recommending that this Honourable Court authorize the issuance of units into escrow pending determination and acceptance of such claims, while allowing for the possibility that Concrete VI could still have a claim against the Safeguard LP's if Concrete VI does not accept the limited partnership units as consideration for its claims against the Safeguard LP's.

Summary of LP units to be issued in settlement of the pre-filing inter-entity debt

63. Attached as Appendix E to this report is a schedule which summarizes the units that the Applicants will be issuing/receiving through the conversion of the pre-filing inter-entity debt to equity.

64. The Monitor notes that this analysis will be updated to reflect a reduction in units issued by the Safeguard LP's to account for the recovery of professional fees. The Monitor will update this analysis and post the updated schedules on its web-site.

Dilution effect of issuing new LP units

65. The Monitor has prepared an analysis of the effect the issuance of new units will have on each of the Safeguard LP's. A summary of the dilution effect is provided in the table below, a detailed analysis for each entity is attached as Appendix F:

Entity	% Dilution
Safeguard LP	8.45%
Safeguard II LP	19.99%
Safeguard III LP	4.21%
Safeguard IV LP	33.30%
Safeguard V LP	0%

Monitor's recommendation

66. In order for the Safeguard LP's to emerge from CCAA protection the pre-filing inter-entity claims need to be addressed.

67. The Monitor has had many discussions with the Management Committee and the Steering Committee regarding the settlement of these claims. The Monitor, the Management Committee and the Steering Committee are all of the view that it is appropriate, fair and reasonable to settle the pre-filing inter-entity claims by converting the debt to equity at an estimate of current fair market values.

Repayment of DIP Loans

68. Upon implementation of the Plans for Safeguard II LP and Safeguard III LP and upon order of this Honourable Court confirming that Safeguard IV LP can emerge from CCAA protection the convertible debentures issued to the ILPs who funded the DIP loans will be converted to equity at the same value as the pre-filing inter-entity debt (as described above).

69. In the event the Plans are approved, but the SNC Lavalin Building is sold the Monitor is of the view that the DIP Loans in Safeguard II LP should not convert to equity. The Monitor recommends that if the SNC Lavalin Building is sold that the DIP Loans should remain as a debt ranking in priority as set-out in the Order authorizing the charge.

70. The Chiller DIP will be repaid from the re-financing of the SL Mortgage or from the sale of the building.

Unaffected Claims

71. Unaffected Claims under the Plans include:

a) All claims arising against the Restructured Entities after the date of the Initial Order;

b) the Disputed Sandhu Claims;

c) the Disputed Former Director Claims;

d) the Mortgagee's Claims;

e) Claims on account of Administration Costs;

f) Claims referred to in Section 6(3) of the CCAA; and

g) the Strategic Claims.

72. The Unaffected Claims are described below.

73. The Monitor does not anticipate any claims arising against the Restructured Entities after the date of the Initial Order provided that the mortgage on the SL Mortgage is refinanced.

74. The Monitor notes that Safeguard IV LP is not on the monthly payment program with the City of Calgary for payment of property taxes ("TIPPS") because Safeguard IV LP was in arrears at the date of the Receivership. The 2009 property taxes and all arrears will be paid by June 1, 2010. The 2010 property tax bill for Safeguard IV LP will be due on June 30, 2010. Should Safeguard IV LP emerge from CCAA Protection (which would likely occur prior to June 30, 2010) Safeguard IV LP should be in a position to reapply for the TIPPS program allowing them to pay the 2010 property tax bill in monthly installments starting on July 1, 2010 and ending on December 31, 2010. Without the TIPPS program Safeguard IV LP would not be able to pay its property tax bill on June 30, 2010.

75. The Disputed Sandhu Claims are defined in the Plans. The Monitor notes that discussions continue with respect to settlement of these claims.

76. The Disputed Former Director Claims are defined in the Plans. The Monitor notes that by virtue of BIA section 38 actions commenced by Sandhu in the bankruptcies of Mr. Varun Aurora and Mr. David Humenuik and through the assignment of Mr. Vincenzo De Palma's claim to Sandhu (which claim was lodged after the Claims Bar Date and for which the Monitor has reserved all rights) the Disputed Former Director Claims are directly related to the Disputed Sandhu Claims. The Monitor further notes that the Disputed Former Director Claims are contingent in nature and presently have no liquidated value.

77. The Mortgagee's Claims are detailed in Appendix A. With the exception of the SL Mortgage, the Safeguard LP's will continue to pay monthly mortgage payments in accordance with the existing mortgage agreements. The Standard Life Mortgage will be repaid upon refinancing or through a sale of the SNC Lavalin Building.

78. The Monitor does not anticipate any claims on account of Administration Costs or with respect to section 6(3) of the CCAA, provided that the mortgage on the SNC Lavalin Building is re-financed.

Strategic Claims

79. A summary of the claims filed by Strategic in these proceedings is as follows:

a) Strategic Financial Corp. filed a secured claim against each of the Safeguard LP’s in the amount of $3,666,200;

b) Strategic Financial Corp. filed a secured claim against Safeguard V LP and its general partner in the amount of $753,059.25;

c) Each of Airways Business Plaza Capital Corp., Symcor-Otis Capital Corp. and Glenmore Commerce Court Capital Corp. filed secured claims against each of the Safeguard LP’s in the amount of $17,304,504.30; and

d) Each of Airways Business, Symcor-Otis and Glenmore Commerce filed secured claims against Safeguard V LP and its general partner in the amount of $14,391,363.55.

80. The Receiver disputed the claims as filed by Strategic and Notices of Disallowance were issued by the Monitor, Strategic filed Notices of Dispute and in accordance with the Claims Process Order in the event a settlement of the Strategic claims could not be reached the matter would have been brought before the Court for adjudication.

81. In the Notices of Disallowance issued by the Receiver the Receiver accepted Strategic’s secured claims against each of the Safeguard LP’s in the aggregate amount of $2,563,007.77, with the security limited to receivables owing to the General Partners of the Safeguard LPs.

82. The Receiver has negotiated a settlement of the Strategic claims (the "Strategic Settlement Agreement") which has been approved by the Management Committee and the Steering Committee. A summary of the main terms of the settlement agreement is provided below.

a) Strategic will have a secured claim against each of the Safeguard LP's as follows:

Safeguard LP	$ 297,500.22
Safeguard II LP	433,502.49
Safeguard III LP	457,321.70
Safeguard IV LP	665,218.59
Safeguard V LP	512,377.93
	$ 2,365,920.93

b) The Safeguard LP's will begin paying interest at a rate of 9% to Strategic on August 1, 2010;

c) The principal is due upon the sale of the properties associated with each of the Safeguard LP's; and

d) Security granted in the form of a mortgage against the respective property for the principal and interest.

83. A copy of the Strategic Settlement Agreement is attached as Appendix G to this report.

84. The Monitor notes that Strategic filed claims against other Applicants and the Strategic Settlement Agreement does not address these claims or any claims filed by 550 Capital Corporation (a company related to Strategic) against the Safeguard LP's.

85. In the Monitor's view the only alternative to the Strategic Settlement Agreement would be an adjudication of the Strategic claims by the Court. The Monitor is of the view that this will be a costly process and the Monitor, the Management Committee and the Steering Committee were of the view that it was appropriate

to settle this matter on the terms negotiated and set out in the Strategic Settlement Agreement.

Classes

86. The only class for the purpose of considering and voting on the Plan is the unsecured creditors who hold the Affected Claims.

Voting

87. The only persons entitled to vote on the Plans are:

a) Affected Creditors with a Proven Claim (a claim finally determined or accepted for voting purposes in accordance with the Claims Process Order);

b) On May 28, 2010, Affected Creditors with Disputed Claims are entitled to vote only the portion of the Claim that has been accepted for voting purposes. Affected Creditors with Disputed Claims shall have their voting intentions with respect to the disputed amounts recorded by the Monitor and reported to the Court; and

c) The Plans require voting approval of a majority in number of creditors voting representing 66 2/3 percent in value (the "Required Majority").

88. For the purposes of calculating the majority component of the Required Majority, each Affected Creditor who actually votes (in person or by proxy) shall be entitled to one vote. For purposes of calculating the value component of the Required Majority, each Affected Creditor who is entitled to vote shall be entitled to one vote at the Creditors' Meeting for each $1.00 of such Creditors' Proven Claim as determined in accordance with the Claims Process.

The Proposed Creditors Meeting Order

89. The Monitor understands that the proposed Creditors' Meeting Order proposes, *inter alia*:

a) The Creditors' Meetings shall be held on the mezzanine level at the offices of Ernst & Young Inc., 1000, 440 2nd Avenue SW, Calgary, Alberta, on May 28, 2010 at 2:00 p.m. (Calgary Time). The Creditors' Meetings will be held concurrently with three separate votes;

b) The Monitor shall act as the Chair of the Creditors' meetings, and shall decide all matters relating to the conduct of the Creditors' Meetings;

c) The Monitor shall send to all Affected Creditors who are eligible to vote at the Meetings the following documents: (i) the Plan; (ii) a Proxy; (iii) a copy of the Monitor's Report on the Plan; and (iv) a copy of the Creditor's Meeting Order (collectively, the "Meeting Materials"); and

d) In the event the CCAA Plans are approved by the Required Majority of the Affected Creditors and the ILPs vote in favour of the resolutions to allow the inter-entity debt to be converted to equity and the issuance of fractional units, the Receiver will bring an application to this Court seeking an order sanctioning the Plans.

Conditions Precedent to Implementation of the Plan

90. The implementation of the Plans is subject to the following main conditions precedent:

a) The ILPs approving a resolution to convert the pre-filing inter-entity claims to equity and amendments to the limited partnership agreements to allow the issuance of fractional units (the "Plan Resolutions");

b) The Plans are approved by the Required Majority of Affected Creditors; and

c) The Sanction Order has been granted and has not been stayed.

91. The Plan for Safeguard II LP is also conditional on refinancing the mortgage on the SNC Lavalin Building within 120 days. Standard Life is currently marketing the property pursuant to a judicial listing approved by this Court and in the event that a sale closes prior to this date the Safeguard II LP Plan will not be implemented. Since Safeguard II LP has limited cash resources, the Monitor is of the view a time period of 120 days to find refinancing is reasonable. Safeguard II LP will be borrowing approximately $130,000 from the other Safeguard LP's through the Inter-Entity Advance Charge to fund its operating shortfall for the period to June 11, 2010. The shortfall from June 11, 2010 to September 30, 2010 will be funded from a refund of the deposit from the Initial Potential Financier.

92. As discussed below limited partnership meetings will be held to vote on various matters including the Plan Resolutions. Provided that the limited partners approve the Plan Resolutions in accordance with the limited partnership agreements this condition precedent will be met. **The results of the vote relating to other matters including specifically the refinancing of the Standard Life Mortgage <u>do not</u> impact the proposed Plans.** The Plans will be presented to the Affected Creditors for approval provided that the ILPs vote in favour of the Plan Resolutions.

Plan Implementation

93. Based on the timing of the Creditors' Meetings the Monitor expects that the Plans will be implemented by mid June, 2010.

THE MONITOR'S ANALYSIS OF THE PLANS

94. The Monitor in consultation with the Management Committee and the Steering Committee have reviewed the options available to the Applicants and concluded that there are no other viable options available to restructure other than that proposed in the Plans and that the only other alternative would be a formal liquidation under the Bankruptcy and Insolvency Act (the "BIA") or otherwise. The Monitor in consultation with the Management Committee has estimated a best case and a worst case in a liquidation scenario and believes the Plans, as presented, are better than the alternative, liquidation.

95. A condition of the Plans is the Affected Creditors must approve the Plans by the Required Majorities (as defined in the Plans) of the creditors present either by proxy or by person, and the Plan must be accepted and approved by the Court. If each Plan is not accepted by the Affected Creditors, the likely result would be bankruptcy proceedings under the BIA.

Liquidation Analysis

96. The Monitor has prepared an analysis of the liquidation values for each of the Applicants. The Monitor notes that with the exception of the Safeguard LP's and El Golfo none of the other Applicants have any assets available for distribution to creditors. The Monitor notes that through conversion of the pre-filing inter-entity debt to equity certain Related Entities including Safeguard VII LP will be receiving units. These units will be held in trust by the new general partner (as discussed below).

97. A summary of the liquidation analysis is presented below, a more detailed analysis is included as Appendix H to this report.

	LP 1		LP 2		LP 3	
	High	**Low**	**High**	**Low**	**High**	**Low**
Cash on Hand	141,450	141,450	108,853	108,853	322,825	322,825
Change in Cash	(56,000)	(108,000)	(207,000)	(273,000)	(240,000)	(306,000)
Accounts Receivable	10,975	7,747	1,110	784	4,220	2,979
Inter-entity Receivables	1,880	-	48,286	-	1,344,569	-
Deposits			90,000	75,000		
Net Condo Proceeds						
Fixed Assets	7,862,500	6,475,000	14,620,000	12,040,000	15,725,000	12,950,000
Total Assets	**7,960,805**	**6,516,197**	**14,661,249**	**11,951,637**	**17,156,613**	**12,969,803**
Less:						
Liquidation Costs	393,125	323,750	731,000	602,000	786,250	647,500
Proceeds Available for Distribution	**7,567,680**	**6,192,447**	**13,930,249**	**11,349,637**	**16,370,363**	**12,322,303**
Mortgage Claims and Priority Charges	4,892,241	5,092,241	9,503,435	9,503,435	11,132,202	11,282,202
Proceeds for Other Secured Creditors	**2,675,439**	**1,100,206**	**4,426,814**	**1,846,201**	**5,238,162**	**1,040,102**
Other Secured Creditors	285,964	840,991	626,920	1,458,647	689,246	930,137
Percentage Recovery	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
Proceeds for Unsecured Creditors	**2,389,475**	**259,216**	**3,799,893**	**387,554**	**4,548,916**	**109,964**
Unsecured Creditors	572,924	755,163	1,640,849	1,823,087	401,272	401,272
Percentage Recovery	*100%*	*34%*	*100%*	*21%*	*100%*	*27%*
Proceeds Available for ILPs	**1,816,551**	**-**	**2,159,044**	**-**	**4,147,645**	**-**

	LP 4		LP 5		El Golfo	
	High	Low	High	Low	High	Low
Cash on Hand	221,268	221,268	405,403	405,403	2,400	2,400
Change in Cash	(178,000)	(255,000)	(121,000)	(187,000)		
Accounts Receivable	20,540	14,499	26,543	18,736		
Inter-entity Receivables	34,880	-	-	-	571,120	126,743
Deposits						
Net Condo Proceeds					875,500	669500
Fixed Assets	22,100,000	18,200,000	17,501,500	14,413,000		
Total Assets	**22,198,688**	**18,180,767**	**17,812,446**	**14,650,139**	**1,449,020**	**798,643**
Less:						
Liquidation Costs	1,105,000	910,000	875,075	720,650	-	-
Proceeds Available for Distribution	**21,093,688**	**17,270,767**	**16,937,371**	**13,929,489**	**1,449,020**	**798,643**
Mortgage Claims and Priority Charges	19,709,438	19,859,438	13,243,751	13,493,751	180,000	180,000
Proceeds for Other Secured Creditors	**1,384,250**	**-**	**3,693,620**	**435,739**	**1,269,020**	**618,643**
Other Secured Creditors	1,228,177	1,228,177	835,894	835,894	-	-
Percentage Recovery	*100%*	*0%*	*100%*	*52%*		
Proceeds for Unsecured Creditors	**156,073**	**-**	**2,857,727**	**-**	**1,269,020**	**618,643**
Unsecured Creditors	2,488,722	2,488,722	1,132,075	6,148,758	1,860,099	1,860,099
Percentage Recovery	*6%*	*0%*	*100%*	*0%*	*33%*	*68%*
Proceeds Available for ILPs	**-**	**-**	**1,725,652**	**-**	**-**	**-**

98. The market for commercial real estate in downtown Calgary, Alberta is currently depressed given the amount of current and expected vacant space on or coming into the market and if the Receiver was required to liquidate the buildings associated with the Safeguard LP's in this environment, the liquidation values are anticipated to be quite low as compared to fair market values.

99. The following significant risks are associated with achieving the liquidation valuation presented above:

a) The lease rates for commercial real estate in downtown Calgary are significantly below recent highs and a substantial sub-lease market is driving prices down even further. Since there have not been many significant commercial real estate transactions in the past two years, it is difficult to estimate the recovery that will be achieved;

b) Time value of money as the liquidation could take longer than a year depending on the appetite for purchase of certain properties; and

c) Potential lose of tenants during the marketing process and lease expires in the near-term (i.e. within 2 years) could further depress the value of the properties.

100. The proposed distribution to Affected Creditors under the Plans allow the Affected Creditors to receive a cash payment in monthly instalments payable in full within one year. In the event the Restructured Entities have sufficient cash on hand payments are to be made forthwith to the Affected Creditors. The Monitor estimates that Affected Creditors will receive payments based on the following timing, with some creditors being paid on Plan Implementation out of the Convenience Amount:

a) LP 1 – payout within six to ten months of Plan Implementation;

b) LP 2 – payout within six to ten months of Plan Implementation; and

c) LP 3 – payout within two to four months of Plan Implementation.

Creditor Analysis

101. A detailed analysis of the creditor claims is presented in Appendix G.

102. The Plans provide for a recovery to Affected Creditors of 100% of the Proven Claims by no later than twelve months following implementation of the Plans. The liquidation analysis above indicates that the claims of the Affected Creditors will be paid in full, but the timing of payments is uncertain and the actual recovery could differ from the liquidation analysis due to the risk factors described above.

Recovery to the ILPs

103. The ILPs have funded the restructuring process including providing a DIP loan in the aggregate amount of $1.3 million. The ILPs have provided this funding to allow them the opportunity to retain ownership of the buildings, install a new

general partner and work towards the eventual sale of these properties when the market for commercial real estate has recovered.

104. The ILPs are not an Affected Creditor and therefore they are not eligible to vote on the Plans.

105. While it is likely that the Affected Creditors will be repaid in full under each Plan and in a liquidation scenario the timing for recovering of their payment is considered to be better under the Plans. In addition, the recovery to the ILPs will be significantly reduced if the Plans are not approved.

Classes

106. The Monitor considers the creation of a single Affected Creditors' Class under the Plan to be reasonable.

Conclusion

107. The Monitor considers the Plans to be fair and reasonable as the Affected Creditors would receive a certain recovery. The Monitor also estimates that the recovery to Affected Creditors will occur prior to a recovery in a liquidation scenario.

108. The Monitor also notes that in the event the properties are liquidated the ILPs recovery will be significantly reduced and while the ILPs are not creditors they have funded the restructuring process with the goal of retaining ownership of the buildings.

LIQUIDATION OF CERTAIN APPLICANTS AND DISTRIBUTION OF ASSETS

109. The Safeguard LP's will either file Plans as described above or will be seeking orders allowing them to emerge from CCAA protection after payment in full to unsecured creditors (if any). For the remaining Applicants the Stay Period will expire on June 11, 2010.

110. As outlined in the liquidation analysis presented in Appendix G, for the remaining Applicants with the exception of El Golfo there are no assets to monetize and there will be no funds available for distribution to the creditors of these entities. The entities that fall into this category include:

a) Concrete Equities Inc.;

b) Concrete Associates V Investment Corporation;

c) Luna Morada Investment Corporation;

d) Costa Koraal Investment Corporation;

e) Concrete Equities Executive Club Inc.;

f) Concrete Place Properties Ltd.;

g) Concrete Associates VII Corp.; and

h) 1456775 Alberta Ltd.

El Golfo

111. El Golfo will receive units from the Safeguard LP's and the Receiver anticipates some recovery to El Golfo from the Mexican Condo (as described in the Monitor's first report dated August 26, 2009), as the Receiver is asserting a trust claim in the bankruptcy of Mr. David Humenuik with respect to the Mexican Condo.

112. El Golfo's liabilities are summarized below:

Third Party Liabilities (Proven Claims)

a) Mr. Dave Aurora - $1,169,254.63;

b) Mr. Darcy Sandhu - $566,129.00; and

c) Bishop & McKenzie LLP - $94.36.

Total third party liabilities of $1,735,477.09.

Inter-entity Debts

d) Concrete Associates XI Corp. (Diversified Project) - $124,715.

113. If the Safeguard LP's implement Plans and El Golfo receives units in exchange for the pre-filing inter-entity debt there could be funds available for distribution to the ILPs in El Golfo. In a liquidation scenario the Monitor does not anticipate any funds available to the ILPs in El Golfo.

114. In the Receiver's Investigation Report the Receiver noted that based on the investor registries maintained by El Golfo approximately $23.8 million was invested in this project. The Receiver also noted that based on its review of the books and records approximately $23.9 million in investor funds was received by El Golfo.

115. Olympia Trust Company ("OTC") administered the RRSP accounts for the El Golfo project. OTC provided the Receiver with a list of investors and the Receiver was able to confirm the list of investors provided by OTC in the El Golfo project to the investor registry maintained by El Golfo.

116. The Receiver did not complete a full reconciliation of the cash received by El Golfo compared to the investor registry maintained by El Golfo as the Receiver did not deem this necessary as the investor funds received according to the books and records as compared to the investor registries differed by less than 1% and the

Receiver was able to confirm the RRSP investor list provided by OTC with respect to the El Golfo project.

117. As noted in the Monitor's third report dated December 14, 2009 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 costs associated with a complete reconciliation. The Monitor noted further that 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.

118. The Receiver has reviewed the matter of commencing a proof of investment process and remains of the view that it is cost prohibitive and not necessary in the circumstances. The Receiver will rely on the investor registry for El Golfo provided by Concrete for the purpose of effecting a distribution to the ILPs in El Golfo in the event that there are sufficient proceeds to do so.

119. The Mexican Condo is an asset of the Humenuik estate, subject to the trust claim asserted by the Receiver. Once the Mexican Condo has been monetized the Receiver will assert its trust claim over the proceeds. If the Receiver's claim is successful, then the net proceeds after deducting the costs of realization will be paid to the Receiver and the Receiver will distribute these proceeds first to the creditors of El Golfo. Any remaining proceeds, including the LP units which the Receiver will receive in settlement of the El Golfo pre-filing inter-entity receivables will be distributed to the ILPs in El Golfo based on the registry in Concrete's books and records.

Related Entities

120. As noted previously certain Related Entities will be receiving a distribution of LP units:

a) Concrete Associates VI Investment Corporation (Symcor Otis project); and

b) Concrete Associates XI Corp. (Diversified project).

121. These entities were not parties to the Claims Process Order (as they were Related Entities) and Ernst & Young Inc. does not have the capacity to distribute the LP units to be received by these entities.

122. The Monitor is proposing that the New General Partner maintain custody as trustee of the LP units that are designated to flow to Concrete Associates VI Investment Corporation and Concrete Associates XI Corp. until such time as someone asserts a claim to these units.

REQUISITE VOTE OF THE INDIVIDUAL LIMITED PARTNERS

123. As discussed above, certain aspects of the Plans and the likely terms of the proposed re-financing of the SNC Lavalin Mortgage will require amendment to the individual Limited Partnership Agreements of the Safeguard LP's.

124. In accordance with the limited partnership agreements the general partner is required to provide 21 days notice of a meeting, effective 5 days after the materials have been mailed. Since the Plans are conditional on the ILPs approving the conversion of pre-filing inter-entity debt to equity the Monitor is of the view that from a logistical perspective the limited partnership meetings should be held prior to the meeting of creditors. The Receiver is planning to hold the limited partner meetings on May 28, 2010 concurrently at 10:00 a.m. The Monitor notes that holding the meeting on May 28, 2010 does not conform to the notice provisions in the limited partnership agreements, but the Monitor notes that the Steering Committee will be assisting the Receiver in disseminating information to the individual limited partners and that the Steering Committee has already advised the individual limited partners that there will be a meeting at the end of the month and that materials are being mailed out this week by the Monitor. The Monitor is of the view that sufficient notice will be provided to the individual limited partners of the limited partnership meetings.

125. The Receiver with the assistance of the Steering Committee will send out the following documents to the ILPs on or before May 7, 2010 (no later than 21 days before the meeting date): (i) the Plan; (ii) a Proxy; (iii) a copy of the Monitor's Report on the Plan; and (iv) supplementary materials to assist the ILPs in reviewing the documents (collectively, the "ILP Materials").

126. The Steering Committee has advised the Receiver that they will assist in answering queries of the ILPs with respect to the ILP Materials.

127. The following matters will be presented at each of the limited partner meetings;

   a) Approving a resolution to convert the pre-filing inter-entity claims to equity;

   b) Approving a resolution to issue fractional units or increase the number of units to eliminate fractional units; and

   c) Electing and affirming the election of a new General Partner.

128. The limited partners in each of the Safeguard LP's excluding Safeguard II LP will also vote on a resolution to authorize the cross-guarantee of the mortgage on the SNC Lavalin Building in the event that this is required to secure refinancing.

129. As noted above in the discussion with respect to the Plans, a condition precedent to the Plans is the approval of the Plan Resolutions if the limited partners approve these resolutions the Plans will be presented to the Affected Creditors for approval. If the ILPs do not approve the Plan Resolutions, the Receiver will proceed to liquidate the assets of the Safeguard LPs.

130. **The Plans are not conditional on the ILPs approving the cross-guarantee of the mortgage on the SNC Lavalin Building.**

131. If the SNC Lavalin Building is sold the Safeguard II LP Plan is still operative and can be implemented. The ILPs would get the funds remaining after payment to all Proven Creditors.

132. Certain claims in the Safeguard LPs remain in dispute; negotiations remain with respect to certain claims that may be settled through issuance of limited partnership units. In the event the Monitor negotiates a settlement of this nature, the settlement will be conditional on approval of the ILPs and this will be included in the resolutions to be voted on at the limited partnership meetings.

UPCOMING REPORTS OF THE MONITOR AND/OR RECEIVER

133. The Monitor intends on filing with this Honourable Court additional reports dealing with the following;

a) Updated professional fee allocation to include an accrual to Plan Implementation, update on the number of units to be issued by the Safeguard LP's taking into consideration a reduction in units based on the professional fee allocation;

b) Results of the meeting of creditors and meetings of the limited partnerships;

c) The Receiver and Monitor's intended application for discharge on all entities with the exception of the El Golfo, including approval of the Monitor/Receiver and its counsels fees and disbursements in these proceedings; and

d) The Receiver's recommendations with respect to continued custody of the books and records of the Applicants, the Limited Partnerships and the Related Entities.

RECOMMENDATIONS

134. The Monitor recommends that this Honourable Court approve the following:

a) The set-off of certain pre-filing inter-entity debts and the settlement of the revised pre-filing inter-entity debt figures through the issuance of new limited partnership units in the Safeguard LP's at a value which equals the Monitor's estimate of fair market value after allocated professional fees as described in this report;

b) the Strategic Settlement Agreement;

c) the circulation of the Plans and Meeting Materials to its Affected Creditors for the purposes of allowing the Affected Creditors to vote on the Plan;

d) the proposed distribution of assets to the creditors of El Golfo once the Mexican Condo has been monetize. In the event that there are sufficient funds on hand to distribute to the ILPs in El Golfo the Receiver is at liberty to rely on the El Golfo registries maintained by Concrete for the purposes of effecting said distribution; and

e) the Receiver calling a meeting of the ILPs for each of the Safeguard LP's to vote on the matters described above and as detailed in the ILP Materials.

All of which is respectfully submitted this 3rd day of May, 2010.

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