El Golfo Townhall Meeting
Held on September 15, 2009 at the University of Calgary, MacEwan Ballroom
Start Time: 7:15 p.m.
Summary of Question and Answer Session

A copy of the presentation to the investors is attached as Appendix A to this summary.

Question & Answer Session

1. Q (Ms. Sonya Norman): When these payments were being advanced to you (advancement of pre-closing costs), we asked if the payments would be returned if it did not go ahead. We were told that it would be returned to us. How is it that less than 20% (who participated) would fund the appraisal and the other costs? The money should not have been advanced anywhere; it was given in trust for the extension fees only.

    - A: (Michelle Grant): The letter specifically stated that the Pre-Closing Costs were to fund the extension fees, an appraisal, and commissions. We engaged an appraiser, and the estimated costs were indicated in the letter. The letter did not mention that some of the funds were going to fund the due diligence. We plan to go to court to request that the Receiver can apply to have these amounts funded out of the pre-closing costs.

    - A: (Neil Narfason): The letter also stated that for the Pre-Closing Costs, we would go to court to seek appropriate order to allow for those who funded these costs to recover them first with a rate of return. So for example, if 20% participated, the first thing that would be paid back would be appraisal fees and due diligence money with a rate of return.

2. Q (Sonya Norman): If $750/unit was paid, then the entire amount would come back to the participants? Or is the due diligence not the responsibility of the whole body, not just the 20% who participated?

    - A (Neil Narfason): The responsibility is of entire group of investors in El Golfo. However, since only 20% funded the fees, in order to treat them fairly those 20% will get those funds back as priority payment before any money goes to other investors in the El Golfo Project. There is no other place to cover costs from. The only people trying to recover the remaining 20% are the investors (ie. you guys). We are trying to minimize costs to get us to this point to make this decision, but there is very little money left. We will use whatever cash was left in El Golfo bank accounts to fund what we can, the remaining due diligence the $12K USD appraisal fees, Mexican legal fees (no exact amount). There is a need for money to pay for these third party costs. Any recovery that comes out will be paid to those who funded these costs first. We are working with the Management Committee and legal counsel to investigate avenues for lawsuits and recoveries to recover amounts from those that are responsible.

3. Q (Unnamed individual): What's going on with the people in Arizona? It seems as though these individuals are able to walk free, taking their profits upfront. Concrete Equities were able to take their profits and screw the rest of us. What about their properties, or caveats against them, or their companies?

    - A (Neil Narfason): Yes there will be an investigation of Ben and Dave, and how they fund themselves. Vinny Aurora and Dave Hunmeuik are also party to the structure created in Arizona. The investors paid $2 million to Ben and Dave and they want to know what is going on. They are a middle man in the process to flip properties and we want to investigate how they were able to get these great deals. This will be difficult to investigate due to their location and they have the records with them and they are not subject to any Canadian aspect.

4. Q (Unnamed Individual): When will we be able to proceed with a civil suit? I was told that we could not proceed due to CCAA.

    - A (Neil Narfason): We cannot give you timing for that, we are working with Bennett Jones LLP to move forward on that front. We would like some issues to be through before we proceed. Once the investigation is finalized in late October, at that time we hope to put materials together to launch actions. We are looking, today, to protect assets that people have. We are aware that some have attempted to transfer assets to family members; however, we are dealing with lawyers to ensure that assets are tied up by us until we can get through the lawsuits.

5. Q (Brody Wilkinson): Recommending option #1, please expand. What is the legal liabilities we might be taking on with respect to Arizona parties? Who are these parties? What are the costs? Can this eat up the 20% recovery? Should we walk away completely?

- A (Michelle Grant): With respect to Arizona Investment Corp ie. Ben and Dave. They are the parties that Concrete Equities had assignment agreements with for lots 1& 2 these agreements are fully executed. If you do not fulfill a contract, then it's a breach and it's a claim that they can file. As part of the investigation, we are going to look at the validity of the transaction and how we got here today. If they go down that road, we are also looking at to the option of putting the claim to them.

6. Q (Brody Wilkinson): Seems as though contracts should be null and void between us and them (Arizona Investment Corporation) since they misrepresented themselves with respect to lot 5. which doesn't exist.

   - A (Michelle Grant): Concrete Equities entered into assignments for Lot 1&2 that were fully executed. Three, Four, and Seven A were never fully executed but they were still sending payments on them.

7. Q (Sharon Kelly): I was involved in conference calls (re: $750/unit fees) and my understanding is that if sufficient funds were not collected to do the due diligence, appraisal, and postponement fees and that nothing would be done. If there was no participation by a sufficient number of people that no more would be done on that basis. I thought the funds were being held in trust and think this is a breach.

   - A (Neil Narfason): Fees of the Receiver and counsel have priority charges built-in to the Court Orders and we can get future recovery down the road. Costs such as appraisal and Mexican legal fees $30-$40K, who pays for this? No money in El Golfo. Maybe we can return money to those who felt that it was not clear, and we can find enough people to fund $30-40K and they will get 8% until we get some realizations from the intercompanies to pay that back.

8. Q (Sharon Kelley): Can we have that in writing?
   - A (Neil Narfason): We will find the necessary people to leave their money on that basis and get a rate of return of 8% and the rest to get their money back.

9. Q (Barb) (Involved in a few projects with El Golfo): Regarding the validity and breach of contracts. From what I understand, some contracts were not signed. Does that not negate any contracts and then we can get our deposits back on any of the properties? If we go with option 1, how does that affect our other investments? I invested in a small fund called diversified fund, what would happen with that?
   - A (Kevin Keys): Some are signed others are not. The question is, if fully signed agreements do not resurface then does this raise the possibility that we can walk away from agreement and get money back? The problem is money was paid to this LLC (Limited Liability Corporation) in Mexico and then went to a third party (original seller) and doubt that they would give the money back. If you take option 1 (ie. orphan agreements), then some of them are probably good and enforceable agreements. They are going to have to come here to sue Concrete Equities to get their commissions which in our view is exorbitant. The issue is that if you go ahead and try and pick and choose which lots to proceed with and which ones to not proceed then you will have a fight on your hands. If some Arizona contracts are not enforceable, there may be some remedies

against the Arizona parties that proceeded with the face of unsigned agreements to take money that may be recoverable. We are looking at remedies and costs. From what we've seen they have disclosed to the Concrete Equities parties what they are in the business of doing, i.e. buying properties at whole sale and flipping for retail. So even if contract is not binding then it does not mean money is coming back, we are still investigating.

10. Q (Barb): If we go with option 1 how does that affect our other investments because then you will have to take money from other investments to fund El Golfo. I prefer that we walk away from El Golfo and keep other investments in Calgary and get money for these investments.

    - A (Kevin Keys): Ultimately, up to the Receiver under court order. They are trying to get a consensus of investors present at this meeting and go forward with options. The focus tonight is on go forward options, and if you proceed with them then you would write new cheques, no ability to take money from elsewhere. Current market is slow but even if they were active, numbers require significant investments to take down lands so it would take time to see a recovery.

    - A (Michelle Grant): Intercompany accounts, regardless of what options are pursued, are there and they have to be dealt with accordingly.   Just because you go with option 3, there is still potential recovery from Interco advances as that will ultimately come out of investigations.

    - A (Kevin Keys): This group would have to decide unanimously on how to proceed with Interco amounts and this would have to be supported with order of the court. Keep in mind, that not only El Golfo inter company advances are involved. Solution to Interco advances is a big part of overall solution. Abandoning them is not an easy solution.

11. Q (Unnamed Individual): How many people are involved in El Golfo (ie. investors)?

    - A (Michelle Grant) :Approximately 1300

12. Q (Unnamed Individual): Current appraisal of $40,000, if 1,000 were willing to put in money to cover that, then would that be a fair commitment. What would it cost on a per person basis?

    - A (Michelle Grant): If 1000 people participate, then $400/person (later corrected $40/person).

13. Q (Unnamed Individual): I am willing to contribute $400 b/c I think it's fair if everyone is involved.

    - A (Neil Narfason): There is no mechanism to force people to contribute. Yes, in terms of fairness it would be great if everyone contributed. The only way to make it fair is to allow those that do decide to contribute a charge against everyone else to get paid first. Some may say that because those who choose to fund will also get an 8% return on interest that those who did not contribute will suffer for paying that interest. We do not know of what other mechanism to use.

14. Q (Tony Tholm): Are all investments going to be pooled together or treated as separate entities? If someone has a $10,000 unit in El Golfo and it looks like we will get .20 on the dollar before fees. Are you able to answer if that money is going to be pooled together with Calgary properties?

    - A (Michelle Grant): No decision has to be made if it should be a pooled or direct investment approach. The recoveries we are discussing today are solely with respect to Inter-company amounts not with respect to pooling. The Receiver will be making a recommendation to court on which approach is supported by the documents, but ultimately the court decides which method the documents support.

15. Q (Tony Tholm): If someone recovers $2,000 of their $10,000 investment, that is before costs associated with courts, mgmt fees, EY, etc.

    - A (Michelle Grant): Yes

16. Q (Tony Tholm): Is there precedents on how much is expected to be received after these costs based on other cases?

    - A (Michelle Grant): We are hoping to have the accounting investigation done by the next town hall meeting and inform you of costs up to that point and estimates of costs to come.

17. Q (Unnamed Individual): Because El Golfo was an RRSP eligible investment there were people that used proceeds from RRSP. Is money registered going to be treated differently from those that were not?

    - A (Michelle Grant): Recoveries will not differ between RRSP and non RRSP, the only thing that will differ is that recoveries will end up going to your RRSP if you are and RRSP investor versus a non RRSP investor.

18. Q (Shirley Silverneihl): Of each $10,000 invested, $500 allocated to share and $9,500 issued in trust to Olympia. Is $9,500 safe?

- A (Michelle Grant): It is all part of the EL Golfo investment, of the roughly $24 million that was raised, roughly $11.5 million was flowing from Olympia trust. So it forms part of pool of funds we are dealing with.

19. Q (Sharon): 1) Who would have been paying appraisal fees if not a single investor contributed $750/unit asked for? 2) Why ask that we pay $750/unit before and then recommend that we don't pay it tonight.

    - A (Michelle Grant): We were appointed on July 29, 2009 as the Receiver of El Golfo Investment Corporation and General Partner of Santa Clara Real Estate Investment Fund LP. We knew there was a deadline to fund these costs and limited information was known at time. We brought theses issues forward to Management Committee, as a Management Committee we agreed to bring it to the attention of the investors and give them an opportunity to fund these costs if they want to save the investments. We had only two weeks and there was not enough time to do an appraisal and we needed to provide enough time to turnaround and fund extension fees if money was raised. This was at the point that letter one went out. Letter two went out August 17, 2009 and there still was no appraisal. We started due diligence but did not get far into it. Up until this last Friday you and I were in the same boat, and were not aware of current fair market value. There was no indication prior to this point that the value would come where it did. Until we had this value we were not prepared to recommend how to proceed.

20. Q (Sharon): can we ask for assurance in the form of a letter from receiver with regards to $750/unit paid by some of us, that says we have the option to get the money back or leave it in and 8% interest rate return.

    - A (Michelle Grant): Neil mentioned that is what we are going to do, give the investor the option to leave the money to help fund the costs and receive 8% return or get it back.

21. Q (Sharon): Comments from Concrete Equities?

    - A (Neil Narfason): Tonight is not the appropriate forum to have them make comments. Today was to make a distinct decision regarding El Golfo. There are big decisions to be made. Perhaps October meeting is a better time for such a forum if decided by the Management Committee.

22. Q (Glenn Tiller): Is there someone I can speak with regards to other investments. Luna Morada?

    - A (Michelle Grant): As Receiver, we are completing our investigation with regard to the various projects. The Luna Morada project, we can discuss this at later time. It will be a part of October presentation where we will discuss all projects. The town hall meeting in October will be for all projects.

23. Q (Glenn Tiller): What credibility does Vincenzo have to be on Management Committee?

    - A (Michelle Grant): The Management Committee construct was set out by court order and specifically says that two members must be from the adhoc steering committee on behalf of limited partners and those individuals are Steven Butt and Brian Newman. Then there are two parties that represent the applicants Vincenzo represents Concrete Equities and Dave Bullock with Strategic Group. The Receiver acts as chair of Management Committee.

24. Q (Glenn Tiller): Is Vincenzo's word taken as fact when making reports and other decisions as a Management Committee?

    - A (Michelle Grant): As a Management Committee, we discuss various matters and post minutes from our meetings so you can get a sense of what is discussed and who says what. If an issue deals specifically with Vincenzo, such as compensation he does not get a chance to vote on that issue.

25. Q (John Legar): Is $40K final fixed costs or an estimate?

    - A (Michelle Grant): That is our best estimate of what costs are, there is a fixed fee that we have engaged as an appraisal for which may vary slightly depending on expenses. Legal counsel in Mexico has not billed us for their fees.

26. Q (John Legar): If 1,000 people participate then it's just $40 per person to cover costs of $40,000. Is it possible to distribute the information to collective group in this form? Being asked to cover $750/unit paints a different perception.

    - A (Management Committee): What happens then if only 20% or 40% contribute $40 then what about the shortfall?

27. Q (John Legar): It's possible that some people are feeling mistrust in the process.

    - A (Michelle Grant): You incur costs to be able to canvass people. Our concern is what is the cost of going back to everyone to do this? We don't want to incur unnecessary costs.

28. Q (John Legar): Is info presented today going to be up on website?

- Yes, web-site address: www.ey.com/ca/concrete

29. Q (Debbie Young): I took money out of RRSP to invest in El Golfo. Was this a legitimate investment? Can government say that this was not an eligible RRSP investment and tax us. Who can we contact?

    - A (Michelle Grant): We cannot answer that tax question. Try contacting CRA, not sure who can provide you with that information.

30. Q (Gary Lavery): If we put in $750/unit guarantee a return of 8%. If I have 4 units, can I buy 8 units worth?

    - A (Neil Narfason): This could result if we are short. The 8% return is not guaranteed, the $40K would be in priority to any other recoveries to El Golfo LP. We thought we would offer it to everyone to fund. It is clear that everyone was not happy with this, so we are hoping that some people will step up and indicate they are willing to contribute.

31. Q (Clarence Venhail): Lot 5 in El Golfo statement says I bought interest in lot 5 and now you are saying lot 5 does not exist. My agreement says I have 180 days to fight anything that is incorrect in my agreement. How can I go about doing this? Also what does Ernst & Young Inc. plan on doing with regards to the memorandum agreement that I signed that is not valid.

    - A (Michelle Grant): It is not that lot 5 doesn't exist, it's that lot 5 is not part of this project. This parcel of land does exist, but no deposits were paid on this parcel of land.

    - A (Kevin Keys): The whole investigation, inquiry and remedy on that has not yet been done. The Receiver has followed up on the issues with sense of immediacy. The whole issue of what investors were promised and whether security laws were breached, lawsuits, and criminal proceedings have yet to be done. That will cost money and part of this will be determined by order of the court and recommendation of the Receiver on whether this should be pursued.

32. Q (Clarence Venhail): Should we hire our own lawyers to represent us?

    - A (Renee Rochelle): I cannot advise you as the Receiver's Counsel as to each of the investors. The Monitor and Receiver are acting on behalf of all creditors. You are covered in some sense in that way. I cannot speak as to what legal proceedings will go underway, as there is not enough information at this time. The Receiver cannot control what RCMP and securities commission does but will report the findings to them.

33. Q (Clarence Venhail): Should I get my own legal counsel with regards to my agreement and if I had been fraudulently dealt with?

    - A (Neil Narfason): You have those options. We are working with the steering committee, and Bennett Jones LLP. Once the information from the investigation is complete, you are then armed to be able to go and take action. It is more efficient to gather good information first. We are trying to coordinate with your steering committee.

34. Q(Clarence Venhail): My concern is that it is180 days from the time that I know of problem to act? When will this be ready?

    - A (Neil Narfason): Due to the stay of proceedings that is in place, there is not much you will be pursuing. As a collective, we fully expect to pursue security violations and fraudulent movements of monies for the benefit of investors. I cannot give you legal advice regarding your 180 days clause, but I think that your damage for misrepresentation of offering memorandum will be a cause of action that the Receiver will be pursing. Any assets that are collected will have to be allocated to the investors.

35. Q(Clarence Venhail): Is the Receiver looking after the interests of all the people?

    - A (Kevin Keys): Secured lenders, creditors (Interco movements, and another claims against LPs). These creditors will argue that they are ahead of the equity investors. We are moving on various parties to make sure they are not selling or dissipating assets.

36. Q (Wayne Shalloworth): How involved is Alberta Securities Commission? Are they involved at all?

    - A (Michelle Grant): They are aware but they are not involved to the extent of other projects we are working on such as Shire.

37. Q (Wayne Shalloworth): What if you are short in funding? Then is there liability to the rest of the group for the shortfall once people start asking for their money back.

    - A (Neil Narfason): If we are short then that's our problem, then I would pay the costs since I engaged them. Ernst & Young Inc. is not in the lending business and if we have to pay it out of our head office, it will accrue interest.

38. Q (Wayne Shalloworth): So much money changed hands. Now we're left with $40,000 in costs.

- A (Neil Narfason): It's absurd that so much money was raised and through the changing of hands of the money that none was left. We are trying to avoid incurring added costs in professional fees to help raise the $40,000. El Golfo had no money and there were no other channels, so we are trying to address this matter now.

39. Q (Stuart Mackinnon): I put money in as long term investment, what is the projection of future value in the property? We are all here and concerned about the current value. Is there someone willing to finish this deal and whatever is left to be paid, for an opportunity to have a future share of this investment?

    - A (Kevin Keys): People doing investigation did not know that appraisal was going to come in at what it did. Appraisal results were just presented. Appraisal is done by taking a snapshot of current market since it's a slow market, the amount is conservative. The appraisal says if you owned it today and had to sell it and expose it for a year what you would be able to recover, which is different from funding it and seeing the future value. Ernst & Young Inc. is not in this business nor is the appraiser. My personal view is that there is a bunch of money spent, $25 million piecemealed out on deposits, it is going to fall off the table. Yes you continue to invest in it, but you would have to raise another $15 million and then have the value increase to $40 million to get recoveries. There are opportunity costs and implicit costs involved. Right now if you raised more money and invested in property next door would be cheaper than closing on these lots. The difference is that no due diligence would be done on these next door properties. So these lands are further advanced in that process than these properties next door. The issue is that no one knows what will happen in the future.

40. Q (Unnamed Individual): How can we make Concrete Equities accountable for what it did? They misrepresented the investment. The money was supposed to be invested in trusts, yet Concrete Equities took a portion of that to invest in other projects which is a breach. It is clear that accounting practices are horrible, because you have to work so hard to get this information when it should be readily available. It is clear from your experts here, that they (ie. Concrete Equities) did not do the due diligence in these investments that were worth $6 million. To me this represents incompetence in the whole asset.

    - A (Michelle Grant): As part of the investigation, we will be looking at the roles different people played such as David Humeniuk, Vinny Aurora, David Letourneau, and Ben Aguilera with respect to this project and others. Once we are further along with our investigation we can decide how best to pursue those parties, but we are not at that stage yet.

- A (Neil Narfason): People that took money out of trust and were supposed to oversee corporate governance. People that are responsible will not be left with any personal assets for breach of trust or any other allegation we can prove against them.

- A (Michelle Grant): We want to come prepared and build a good case. It is a situation where we were not handed with financial records that were complete with supporting evidence. We had to go to the banks and ask for statements, track wire transfers etc. Yes you would expect an organization to keep track of financial records and supporting documentation, but in this situation we do not have that. We have found over 80 bank accounts with respect to the Concrete Equities projects. Some of which were readily identified and others that we had to uncover through investigation, so it was not a straight forward process.

41. Q (Unnamed Individual): I have a copy of the offering memorandum for Lot 5, page 8 states that "proceeds of offerings will be sufficient to acquire lands without mortgage or other financing". They clearly raised the funds they intended, yet they did not obtain the stated objectives of investment to acquire the lands.
    - A (Michelle Grant): I agree that clearly did not happen.

An Informal vote was held during the question and answer session to ask the attendees which option they wanted to move forward with. The results are as follows:

- Option 3: Fund all pre closing costs if enough money raised, and close transaction in March 2010. Who supports this option?

    - Results: One person interested

- Option 2: Lots 1&2 or some combo of funding for a portion of the lots.
    - Results: 6 or 7, maybe 10

- Option 1
    - Results: Overwhelming majority

APPENDIX A

El Golfo Project Town Hall Meeting

University of Calgary, MacEwan Ballroom

September 15, 2009

Ernst & Young
Quality In Everything We Do

Agenda

1. Introductions
2. Background
3. Preliminary update on accounting investigation
4. Very preliminary analysis of potential inter-company recoveries
5. Pre-Closing Costs - Funds received to date
6. Due diligence completed to date
7. Preliminary estimate of value
8. Options available to the Investors
9. Questions
10. Informal Vote

Introductions

Introductions

- The following individuals are in attendance this evening:
  - Neil Narfason, Senior Vice President with Ernst & Young Inc.
  - Michelle Grant, Vice President with Ernst & Young Inc.
  - Renee Reichelt, Partner with McCarthy Tetrault LLP (counsel for the Receiver)
  - Kevin Keyes, Partner with McCarthy Tetrault LLP (counsel for the Receiver)
  - Vincenzo De Palma, President, Concrete Equities Inc. (member of the Management Committee)
  - David Bulloch, Vice President, Strategic Group (member of the Management Committee)
  - Steven Butt, President, Avenue Commercial (member of the Management Committee)
  - Brian Newman, CA (member of the Management Committee)

Background

Background

- The El Golfo project began in 2005 with Mr. Benjamin Aguilera and Mr. David Letourneau (land promoters based in Arizona) obtaining options to purchase several plots of land in Sonora, Mexico.
- In early 2006 Mr. Aguilera, Mr. Letourneau and Mr. Milton Kiehlbauch negotiated with Mr. David Humeniuk and Mr. Vinny Aurora to purchase lot # 5 and lot # 2 in Sonora, Mexico.
- The offer to purchase lot # 5 did not go through and Concrete Equities decided to move forward with obtaining the options (the "Options") to purchase lots 1, 2, 3, 4 and 7A (the "El Golfo Lots") from Mr. Aguilera and Mr. Letourneau.
- In February and November 2007 Mr. Aguilera and Mr. Letourneau assigned the Options to purchase the El Golfo Lots to Concrete Equities Inc. for the following consideration:
  - Assignment fee for Lots 1 and 2 - US$2.7MM
  - Assignment fee for Lots 3, 4 and 7A – US$4.8MM
  - For a total "Assignment Fee" of $7.5MM
  - Payable over a period of time (in accordance with an agreed upon payment schedule)

Background

- In November and December 2007 purchase and sale agreements were executed by GCD Golfo Concrete Development ("GCD") with respect to the El Golfo Lots. GCD is a Mexican entity that is 99% owned by Golfo Properties LLC and 1% owned by Iscar Properties LLC (a company owned by Mr. Aguilera). GCD was set-up for the specific purpose of purchasing land in Mexico.
  - The purchase and sale agreements specified a purchase price for each lot in the approximate price of:
    - Lot 1 – purchase price US$2.6MM
    - Lot 2 – purchase price US$2.75MM
    - Lot 3 – purchase price US$3.1MM
    - Lot 4 – purchase price US$2.9MM
    - Lot 7A – purchase price US$2.0MM
    - Total purchase price for the El Golfo Lots – US$13.35MM
- The purchase price was not payable on closing, but was payable over a period of time.
- **Purchase price plus assignment fees for the El Golfo Lots = US$20.85MM (before closing costs and broker commissions).**

Background

- The Receiver is advised that the following payment schedule reflects the scheduled payments for 2007 and 2008 with respect to the El Golfo Lots (in US funds):

	Lot 1	Lot 2	Lot 3	Lot 4	Lot 7A	Total
Purchase Price	$ 725,000.00	$ 2,087,500.00	$ 1,140,805.61	$ 1,088,348.38	$ 684,805.00	**$ 5,726,458.99**
Interest	$ -	$ -	$ 256,231.35	$ 244,449.16	$ 69,568.80	**$ 570,249.31**
Closing Costs	$ 111,700.00	$ 27,375.00	$ 123,286.05	$ 119,824.20	$ 96,735.89	**$ 478,921.14**
Broker Commissions	$ 117,000.00	$ 165,000.00	$ 138,280.50	$ 175,896.00	$ 89,514.90	**$ 685,691.40**
Assignment Fee	$ 289,600.00	$ 846,966.00	$ 237,922.00	$ 362,738.00	$ 273,925.16	**$ 2,011,151.16**
Additional Fee	$ -	$ -	$ -	$ 100,000.00		**$ 100,000.00**
Total	**$ 1,243,300.00**	**$ 3,126,841.00**	**$ 1,896,525.51**	**$ 2,091,255.74**	**$ 1,214,549.75**	**$ 9,572,472.00**

- The Receiver is advised by Mr. Letourneau and Mr. Aguilera that all of these payments have been made. Mr. Letourneau and Mr. Aguilera have provided the Receiver with documentation to support the majority of these payments. The Receiver is still in the progress of verifying the remaining payments.

Background

► The Receiver is further advised that the following payment schedule reflects the remaining payments that are required to close the transaction to purchase El Golfo Lots (in US funds):

	Lot 1	Lot 2	Lot 3	Lot 4	Lot 7A	Total
Purchase Price	$ 1,875,000.00	$ 662,500.00	$ 1,932,094.39	$ 1,843,251.62	$ 1,304,415.00	**$ 7,617,261.01**
Interest	$ 231,562.00	$ 87,579.00	$ 508,232.53	$ 498,686.46	$ 271,386.20	**$ 1,597,446.19**
Closing Costs	$ -	$ -	$ -	$ -	$ -	**$ -**
Broker Commissions	$ 39,000.00	$ -	$ 46,093.50	$ -	$ 29,838.30	**$ 114,931.80**
Assignment Fee	$ 1,177,325.00	$ 370,134.00	$ 1,632,721.53	$ 1,374,192.90	$ 834,475.94	**$ 5,388,849.38**
Additional Fee (in lieu of interest)	$ 310,000.00	$ 300,000.00	$ 10,000.00		$ 10,000.00	**$ 630,000.00**
Extension Fees	$ 291,333.33	$ 291,333.33	$ 250,000.00	$ 250,000.00	$ 516,333.33	**$ 1,599,000.00**
	$ 3,924,220.33	**$ 1,711,546.33**	**$ 4,379,141.95**	**$ 3,966,130.98**	**$ 2,966,448.78**	**$ 16,947,488.38**

► The Extension Fees include the US$649,000 payable on September 30, 2009.

► The Receiver understands that the remaining extension fees and additional fees are negotiable.

Background

- The original offering memorandum dated June 4, 2007 with respect to the El Golfo Project sought to raise $25,000,000 for the purchase of Lot # 5.
  - Approximately 80% of the funds raised in the El Golfo Project were raised based on this offering memorandum.

- In May 2008 Concrete Equities Inc. amended the offering memorandum for the El Golfo Project. The amended offering memorandum sought to raise $25,000,000 for the purchase of Lots 1 and 2, which were collectively referred to as “Lot # 5” in the offering memorandum.
  - This offering memorandum did not refer to the purchase of Lots 3, 4 and 7A.

- According to the Concrete Equities limited partner registry for the El Golfo Project 2,377 units were sold at $10,000 per unit in the El Golfo Project, which corresponds to $23,770,000 of total funds raised.

Preliminary Update – El Golfo Investigation

Preliminary Update – El Golfo Investigation

- The Receiver has completed a preliminary investigation of the receipts and disbursements related to the El Golfo Project. A summary is provided below:

	in CDN ($000)
Receipts	
Purchase of LP Units	$23,975
Unknown	1,485
Total	**$25,460**
Disbursements	
Deposits on El Golfo Lots*	$9,693
Net Inter-company Advances	9,408
Repayment of P3 Loan	2,500
Commission to Concrete Equities	2,377
Purchase of Mexican Condo	1,012
Payments to Officers	350
Legal and RRSP Fees	120
Total	**$25,460**
Ending Cash	**$0**

- The Receiver is still reconciling the cash received for LP units to the Concrete Equities Inc. registry.
- *The Receiver is still verifying to source documents approximately $6.5MM of disbursements that are currently categorized as Deposits on El Golfo Lots.

Preliminary Update – El Golfo Investigation

- The Receiver has the following preliminary comments with respect to the receipts and disbursements:
  - The Receiver is still waiting for additional supporting documentation to classify the unknown amounts.
  - To date the Receiver has only been able to specifically identify $3.2MM of deposits made towards the purchase of the El Golfo Lots from the bank accounts that were either in the name of El Golfo Investment Corporation, Santa Clara Real Estate Investment Fund Limited Partnership or the lawyer's trust accounts.
    - As noted on the previous slide, the Receiver expects that several of the payments classified as "unknown" will be reclassified to "Deposits on El Golfo Lots" once the supporting documentation is received.
    - Deposits for the El Golfo Lots may have been made from bank accounts that were in the name of other Concrete entities.
  - The Receiver was provided with documentation from Mr. Aguilera and Mr. Letourneau which confirmed that the purchase price instalments, closing costs and broker commissions were paid through November 2008 with respect to the El Golfo Lots (this represents approximately US$7.5MM of the US$9.5MM paid towards the purchase of the El Golfo Lots). The Receiver has not yet reconciled this supporting documentation.
  - Mr. Aguilera and Mr. Letourneau advised the Receiver that the assignment fees (which were payable to Mr. Aguilera and Mr. Letourneau) through November 2008 were paid (approximately US$2MM).

Preliminary Update – El Golfo Investigation

- The net inter-company advances are summarized by project below:

	(in CDN $000)
Concor Pacific	$2,355
Concrete Equities Inc.	2,092
CE Place	1,984
MEG Place	1,063
Luna Morada	599
Concrete Place Properties	587
Glemore Airways	360
Castleridge Plaza	269
All other	99
Total	**$9,408**

Potential Inter-company Recoveries

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Potential Inter-company Recoveries

- Very preliminary comments with respect to the inter-company advances:

Inter-company	Advance	Preliminary Comments
Concor Pacific Inc.	$ 2,355	Potential recovery unknown - this company is not associated with a specific project.
Concrete Equities Inc.	2,092	Potential recovery from receivables in other projects. Recovery on this amount is likely minimal.
Inter-company Advance to CE Place	1,984	Potential recovery from CE Place project (office building in Calgary). Actual recovery will depend on treatment of this advance, is the advance considered a loan or an equity investment?
Inter-company Advance to MEG Place	1,063	Potential recovery from MEG project (office building in Calgary). Actual recovery will depend on treatment of this advance, is the advance considered a loan or an equity investment?
Luna Morado	599	Potential recovery from Luna Morado project (partial development in Mexico).
Concrete Place Properties	587	No funds will be recovered from this advance, the first mortgage holder is expected to suffer a shortfall.
All others	728	$360,000 - Glenmore Airways, $269 - Castleridge Plaza, $99 - various other entities.
Total	**$ 9,408**	

- The potential recoveries from these inter-company advances cannot be estimated with any degree of certainty at this time, but the Receiver notes that the majority of the funds did not flow to projects with a cash generating underlying asset (such as MEG Place).
- Concor Pacific Inc. is owned by companies that are owned by David Humeniuk, Vinny Aurora and Milton Kiehlbauch. The Receiver is still investigating Concor Pacific Inc. and more information is required to understand the potential recovery associated with this inter-company advance.

Potential Inter-company Recoveries

- The potential recoveries from inter-company advances will be impacted by how these advances are treated:
  - Creditor
    - Advance would be considered a loan.
    - This would rank ahead of the equity investment in the particular project.
  - Equity
    - Advance would be considered an equity investment in the project and/or company.
    - This would rank equally with the other equity investors in the particular project and/or company.
- The creditors and investors in a particular project are generally treated based one of the following approaches:
  - Direct Investment Approach
    - Claim against the specific asset underlying a particular project.
  - Pooled Investment Approach
    - Claim against a general pool of assets, comprised of all the underlying assets in the Concrete projects.

Pre-Closing Costs

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Pre-Closing Costs

- The Receiver sent out three letters to the known investors in the El Golfo Project
  - Letter dated August 7, 2009
  - Letter dated August 17, 2009
  - Letter dated September 2, 2009
- The letters indicated that there are approximately CDN$1.3MM of costs associated with the El Golfo Lots that require funding on or before September 30, 2009 (the original deadline was July 31, 2009).
  - Extension Fees – USD$649,000
  - Commission Fees – USD$500,000
  - Appraisal Fees – USD$50,000

Pre-Closing Costs

- Extension Fees – additional payments required to extend the deadline to complete the transaction for purchase of the El Golfo Lots.
  - Extension fees relate to lots 1, 2 and 7A. There are no extension fees due for Lots 3 and 4 at this time.
  - Extension of deadline to close these transactions to March 2010.

- Commission Fees – partial payment of the assignment fees associated with the purchase of the El Golfo Lots.
  - Approximately $2MM in assignment fees have been paid to date.
  - Approximately $5.3MM in assignment fees remain outstanding.

- Appraisal Fees – estimate of cost for a complete appraisal of the El Golfo Lots. The Receiver engaged an appraiser and the fee will be approximately US$12,000.

- Funds raised with respect to the Pre-Closing Costs will also be allocated to pay the retainer and fees of counsel in Mexico and professional fees specifically associated with the due diligence on this matter.
  - The Receiver will be sending out an e-mail and/or letter to the investors who participated in funding the Pre-Closing costs to provide these Investors with an opportunity to elect to fund these costs.
  - The Receiver will be seeking Court approval to have the funds advanced granted a priority charge against the assets of El Golfo.

- To date the Receiver is in receipt of $422,000 from approximately 247 investors in the El Golfo Project.

El Golfo Due Diligence

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El Golfo Due Diligence

- The Receiver initially requested the following information to perform its due diligence:
  1. Executed copies of the purchase and sale agreements for all the El Golfo lots;
  2. All previously executed extension agreements;
  3. Confirmation of the corporate structure being used to acquire these lands;
  4. Copies of the assignment agreements;
  5. Details on the “commission payments” said to be owed in September 2009;
  6. Confirmation that no other payments are due after the extension payment and commission payments until March 1, 2010;
  7. All previous appraisals commissioned on the lands;
  8. All environmental assessments that have been performed on the lands; and
  9. Advice as to any zoning or regulatory issues that impact these lands.

- Mr. Aguilera and Mr. Letourneau have provided the Receiver with various documents to assist with the Receiver’s due diligence.
- The Receiver could not locate a copy of the November 12, 2007 appraisal which is mentioned as the basis for the valuation of the lands in the amended offering memorandum.

El Golfo Due Diligence

- The Receiver is in receipt of the following documents (some of which are not fully executed) to assist with its due diligence:
  - GCD Golfo Concrete Developments – Articles of Incorporation document
  - Purchase Deed for Lot 1, Lot 2, Lot 3, Lot 4 and Lot 7A
  - Title Policy for Lot 1, Lot 2, Lot 3, Lot 4 and Lot 7A
  - Offer to Purchase Lot 1, Lot 2, Lot 3, Lot 4 and Lot 7A
  - Assignment Agreement for Lots 1 and 2
  - Assignment Agreement for Lots 3, 4 and 7A
  - Articles of Incorporation for Golfo Properties LLC and various amendments
  - Purchase and Sale Agreement for LLC % ownership
  - Payment schedules
  - Confidential Offering Memorandum for the El Golfo Project (original and amended)
  - Satellite images of the El Golfo Lots
  - Various other miscellaneous documents

- In addition the Receiver has reviewed the records retained by Concrete Equities Inc. and the records provided by Bishop & McKenzie LLP and Fraser Milner Casgrain LLP with respect to the El Golfo Project.

El Golfo Due Diligence

- The Receiver engaged Gonzalez Calvillo S.C. counsel in Mexico to assist with reviewing certain documents.
  - Counsel in Mexico reviewed the title deeds, title insurance policies and title reports.
- The Receiver also engaged Jorge I. Angulo, P.E., E.V. based out of El Paso, Texas (with credentials in Mexico) to provide an appraisal of the El Golfo Lots.
  - A preliminary appraisal was provided to the Receiver on September 11, 2009.
  - The final report will be available on September 21, 2009.

El Golfo Due Diligence

- The Receiver has identified the following main issues with respect to the documents supporting the transaction:
  - There are no formal extension agreements currently in place to confirm the verbal extensions.
  - Purchase deeds are in the name of GCD (not in the name El Golfo Investment Corporation).
  - Current ownership structure of GCD and Golfo Properties LLC
    - GCD is owned 99% by Golfo Properties LLC and 1% by Iscar Properties LLC (a company owned by Mr. Aguilera)
    - The current ownership structure of Golfo Properties LLC is:
      - 50% El Golfo Investment Corporation
      - 10% owned by each of David Humeniuk, Vinny Aurora, Corridor Pacific Corp., Mr. Aguilera and Mr. Letourneau. Total ownership – 50%.
  - The name of the insured on the Title Insurance for the El Golfo Lots is Golfo Properties LLC, while the purchase deeds are in the name of GCD.
    - The Receiver has spoken with Mr. Aguilera with respect to this issue and Mr. Aguilera has requested that First American Title Insurance amend the policies.

El Golfo Due Diligence

- The Receiver has identified the following main issues with respect to the documents supporting the transaction:
  - The Receiver's counsel in Mexico identified chain of title issues with respect to lots 3, 4 and 7A.
    - Additional due diligence is required to confirm these issues.
  - Potential Ejido claims to the lands.
    - The title insurance purchased with respect to the El Golfo Lots has Ejido claim coverage, but the exact nature of such coverage is not clear and could be subject to interpretation.
    - An Ejido claim would impact the ownership of the lands as it represents a prior ownership interest.
  - Federal Maritime Concession has not been granted for the El Golfo Lots.
    - The government owns the first 20 meters of beachfront in Mexico, to obtain control of the beach a Federal Maritime Concession is required.
    - A third party could obtain a Federal Maritime Concession for the El Golfo Lots which could constrain the use of the lots and consequently negatively impact the value of the lots.
  - There is a stream running through certain of the El Golfo Lots
    - The stream could be considered National property and would therefore impact ownership rights to the El Golfo Lots.
  - There is no infrastructure in place to support development or servicing of the lots.

Preliminary Estimate of Value

Preliminary Estimate of Value

- The Receiver engaged Jorge I. Angulo P.E. to provide an appraisal of the El Golfo Lots on the following basis:
  - Conduct an appraisal of five lots, on an "as is" market value basis.
    - There are six basic procedures for valuing property of this nature:
      - Sales Comparison Approach,
      - Allocation Method,
      - Extraction Method,
      - Subdivision Development Method,
      - Land Residual Method, and
      - the Ground Rent Capitalization Method.
    - Of these six methods, the Sales Comparison Approach is generally preferred when sufficient sales data is available for analysis.
  - Appraisal based on Lots 1-4 treated as one parcel and lot 7A independent.
  - No consideration for environmental, legal, INEGI, Ejido claims and Federal Marine Zone issues.
  - Property is assumed to be free and clear of encumbrances.

Preliminary Estimate of Value

- A preliminary estimate of value was provided on September 11, 2009. A final report will be available to the Receiver on September 21, 2009.
  - Mr. Angulo used the Sales Comparison Approach for the purpose of his analysis.
  - Mr. Angulo confirmed that the "Highest and Best Use" for the lands vacant and improved is a tourist resort.
  - Mr. Angulo visited the site on September 2, 2009.
  - Mr. Angulo indicated that the sales market is relatively inactive at present.
- Estimate of value based on Lots 1 – 4 merged and Lot 7A independent:
    - US$2.56/ sq meter
    - Total sq meters 2,477,225
    - **<u>Total Estimated value - US$6.3MM</u>**
  - Breakdown of value by lot in $USD:

Lot #	sq meters	Appraised Value
1	520,085	$ 1,329,038.65
2	558,550	$ 1,427,333.10
3	512,150	$ 1,308,761.34
4	488,600	$ 1,248,581.07
7A	397,840	$ 1,016,650.63
Total	**2,477,225**	**$ 6,330,364.79**

  - Based on discussions with Mr. Angulo the Receiver understands that if the valuation was completed on a per lot basis there would likely be a 10% premium for each of lots 1-4 (i.e. the appraised value of Lot 1 would be $1,461,942.52).

Options

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Options

- Option 1 – Status Quo
  - Do not fund the Pre-Closing Costs
  - Wait for the investigation to be completed to determine what recovery (if any) will flow back to the El Golfo project from inter-company advances.
  - Result: No potential recovery from the El Golfo Lots, potential recovery (if any) from inter-company advances to other Concrete LP's.
  - Potential exposure for breach of contract with Arizona Investment Corporation which may create an unsecured claim being filed.

- Option 2 – Pursue a portion of the El Golfo Lots
  - Fund the extension fees for certain lots (not all). Look at two adjacent lots.
    - Example – fund extension fees for lots 1 and 2.
      - Extension Fees payable September 30, 2009 – approximately US$433,000 (compared to US$649,000).
      - Remaining cash required to close these transactions – approximately US$5.6MM. Appraised value of these lots is approximately US$3.0MM (including 10% adjustment on a per lot basis).
  - Less cash required to close the transactions.
    - US$5.6MM required to close transaction for Lots 1 and 2 compared to US$16.9MM to close on all of the El Golfo Lots (after payment of Extension Fees).
  - Result: Potential recovery from the El Golfo Lots that are pursued (longer term) as well as the potential recovery (if any) from inter-company advances to other Concrete LP's.
  - Potential exposure for breach of contract with Arizona Investment Corporation with respect to the additional lots, which may create an unsecured claim being filed.

Options

- Option 3 – Pursue all of the El Golfo Lots
  - Fund all of the Pre-Closing Costs
  - Additional time to assess these transactions and raise the remaining cash to close.
  - Result: Potential recovery from the El Golfo Lots (longer term) as well as the potential recovery (if any) from inter-company advances to other Concrete LP's.

- **Based on the current market value of the El Golfo Lots and the additional information available at this time, <u>the Management Committee recommends option 1.</u>**

Questions

Questions

Informal Vote

Informal Vote

- Request for a show of hands from the floor as to what option the El Golfo individual limited partners want to pursue.
  - Option 1 – received approximately 379 votes
  - Option 2 – received approximately 10 votes
  - Option 3 – received 1 vote

- Approximately 390 investors attended the town hall meeting. The informal vote was held and approximately 97% of the investors voted for Option 1.

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