Action No. 0901-11048

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

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

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

(COLLECTIVELY THE "APPLICANTS" OR "CONCRETE")

THIRD REPORT OF THE RECEIVER

DECEMBER 2, 2009

TABLE OF CONTENTS TO THE THIRD REPORT OF THE RECEIVER

LISTING OF APPENDICES TO THE THIRD REPORT OF THE RECEIVER

LISTING OF APPENDICES TO THE THIRD REPORT OF THE RECEIVER CONTINUED

El Golfo Project – known creditor listing	Appendix Y
Dave Aurora Promissory notes dated August 15, 2008 and December 11, 2008	Appendix Z
Sandhu Family Promissory note dated December 9, 2008	Appendix AA
Organizational Charts for the Luna Morada Project, Conchas Chinas Project, CPPV and CPI	Appendix BB
Luna Morada Project and Conchas Chinas Project – known creditor listings	Appendix CC
CPPV resolutions relating to Luna Morada	Appendix DD
CPPV resolution relating to Conchas Chinas	Appendix EE
Organizational Chart for the Glenmore Airways Project	Appendix FF
Glenmore Airways Project – known creditor listing	Appendix GG
Organizational Chart for the Symcor Otis Project	Appendix HH
Letter agreement dated September 23, 2009 with Trumpet Capital Corporation	Appendix II
Joint venture agreement among 1209063 Alberta Ltd., Urban Registered Corp. and 934608 Alberta Ltd.	Appendix JJ
Sandhu Family Promissory Note dated August 25, 2008	Appendix KK
Promissory note signed by Humenuik, Aurora, De Palma dated Sept 18, 2008	Appendix LL
Share Hypothecation Agreement	Appendix MM
General Security Agreement dated December 9, 2008	Appendix NN
Memorandum of Agreements dated February 11, 2009	Appendix OO
Joint Information Circular dated March 12, 2009	Appendix PP
Secured Grid Note dated April 14, 2009	Appendix QQ
Letters from MLT to counsel for Strategic dated December 1, 2009	Appendix RR
Summary of Non-Compliance issues with Offering Memorandums	Appendix SS
Town hall meeting presentation to investors – November 10, 2009	Appendix TT

INTRODUCTION

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

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

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

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

5. The Receivership Order provides the Receiver with powers to review and investigate the financial affairs of the Applicants and the Limited Partnerships to determine if there has

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

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. Collectively the Applicants the Limited Partnerships and the Related Entities are referred to as "Concrete".

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

7. The purpose of this third report (the "Third Report") of EYI in its capacity as Receiver of the Applicants is to provide this Honourable Court with comments and conclusions with respect to:

   a) a brief background to the Concrete companies;

   b) the requirement of the Receiver to complete a reconstruction of the financial records of Concrete and the results of those efforts;

   c) the Receiver's Investigation; and

   d) the Receiver's conclusions.

8. Capitalized terms not defined in this Third Report are as defined in the Receivership Order.

9. All references to dollars are in Canadian currency unless otherwise noted. 'MM' refers to million.

TERMS OF REFERENCE

10. In preparing this Third Report, the Receiver has relied upon unaudited financial information, Safeguard LP's records and discussions with management of the Applicants. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Receiver 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.

11. The Receiver cautions that the information presented in this report is based on the information available to Receiver as at the date of this report. Certain information requested by the Receiver remains outstanding and certain information could not be located by the Receiver at the time of writing this report. If this additional information is provided and/or the missing information is located the Receiver's findings and conclusions as noted in this report could change.

BACKGROUND OF THE CONCRETE COMPANIES

General

12. Concrete Equities Inc. ("CEI") was incorporated on November 23, 2005, CEI is an Alberta corporation.

13. CEI was founded by Mr. David Jones, Mr. Varun (Vinny) Aurora and Mr. David Humenuik. Mr. Jones originally owned 51% of CEI's class "A" shares and Mr. Aurora originally owned 49% of CEI's class "A" shares.

14. On April 5, 2007 Mr. Jones, Mr. Aurora and Mr. Humenuik entered into a partnership agreement and the ownership of CEI was amended. Mr. Jones ownership decreased to 33.4%, Mr. Aurora's ownership decreased to 33.3% and Mr. Humenuik became an owner with an interest of 33.3%.

15. Mr. Jones, Mr. Aurora and Mr. Humenuik were directors of CEI since its inception. The minute books for CEI include minutes from a special meeting of shareholders held on September 17, 2008 where it was resolved that Mr. Jones would resign from CEI effective immediately. A copy of the minutes is attached as Appendix A. The Receiver notes that the letter of resignation in the minutes is not signed and Mr. Jones indicated in discussions with the Receiver that he resigned in November 2008.

16. The CEI minute books include an unsigned resolution dated December 27, 2008 electing Mr. Vincenzo De Palma and Mr. Jones as directors of CEI and removing Mr. Humenuik as a director.

17. A summary of the directors of CEI is provided in the table below:

Name	Date became a Director	Current Status
Mr. David Jones	23-Nov-05	Director
Mr. Vinny Aurora	23-Nov-05	Director
Mr. David Humeniuk	23-Nov-05	Not a Director
Mr. Vincenzo De Palma	27-Dec-08	Director

Note:

1. David Jones resigned in September or November 2008 and was allegedly "reappointed" in December 2008.

18. The Receiver also notes that Mr. Milton Kiehlbauch was a director and officer of Concor Pacific Inc. ("CPI") a company that was incorporated in Alberta to mirror the ownership of Concor Pacific Puerto Vallarta S.A. De C.V. ("CPPV") a Mexican entity that owned the Luna Morada and Conchas Chinas lands. The Receiver understands from discussions with Management (defined below) that Mr. Kiehlbauch (through his company Corridor Pacific Corp.) was responsible for the development of the Luna Morada Project and Conchas Chinas Project.

19. The Receiver notes that the organizational chart ("Org Chart") included in the previous reports filed by EYI in its capacity as Monitor outlines the directors of each GP and the officers of each GP. A copy of the org chart is attached as Appendix B to this report. A summary of the corporate searches for each of the Concrete entities is attached as Appendix C. A summary org chart is presented in the table on the next page.

Project	Entity	Entity Name	Incorporation Date	Current S/H
DV Mill	GP	Wealthcrete Investment Corporation	December 2005	DJ (33.4%) VA (33.3%) DH (33.3%)
	LP	Safegaurd Real Estate Investment Fund LP	December 2005	
SNC Lavalin	GP	Concrete Associates Investment Corporation	March 2006	DJ (33.4%) VA (33.3%) DH (33.3%)
	LP	Safegaurd Real Estate Investment Fund II LP	March 2006	
	RRSP	Concrete Registered Investments Inc.	April 2006	DJ (33.4%) VA (33.3%) DH (33.3%)
Castle	GP	Concrete Assocaites II Investment Corporation	November 2006	DJ (33.4%) VA (33.3%) DH (33.3%)
	LP	Safegaurd Real Estate Investment Fund III LP	November 2006	
	RRSP	Concrete RRSP Holdings Inc.	September 2006	DJ (33.4%) VA (33.3%) DH (33.3%)
CE Plac	GP	Concrete Associates III Investment Corporation	April 2007	VA (51%) DH (49%)
	LP	Safegaurd Real Estate Investment Fund IV LP	April 2007	
	RRSP	Concrete Place Registered Corp.	April 2007	VA (51%) DH (49%)
MEG Place	GP	Concrete Associates IV Investment Corporation	November 2007	VA (50%) DH (50%)
	LP	Safegaurd Real Estate Investment Fund V LP	November 2007	
	RRSP	First and Tenth RRSP Corp.	November 2007	VA (50%) DH (50%)
Glenmore Airways	GP	Concrete Associates V Investment Corporation	April 2008	VA (34%) DH (33%) VDP (33%)
	LP	Safegaurd Real Estate Investment Fund VI LP	April 2008	
	RRSP (Bonds)	Glenmore Registered Capital Corp.	July 2008	ESI (60%) DH (40%)
	RRSP (Shares)	A.G. Registered Investment Corp.	July 2008	DH (100%)
	Other	Glenair Registered Corp.	April 2008	VA (34%) DH (33%) VDP (33%)
Symcor Otis	GP	Concrete Assocaites VI Investment Corporation	April 2008	VA (34%) DH (33%) VDP (33%)
	LP	Safegaurd Real Estate Investment Fund VII LP	April 2008	
	RRSP (Bonds)	Eleventh & Tenth Registered Capital Corp.	June 2008	ESI (60%) DH (40%)
	RRSP (Shares)	Symot Registered Investment Corp.	June 2008	DH (100%)
El Golfo	GP	El Golfo Investment Corporation	June 2007	VA (50%) DH (50%)
	LP	Santa Clara Real Estate Investment Fund LP	June 2007	
	RRSP	Santa Clara Registered Corp.	September 2007	VA (50%) DH (50%)
	Other	El Golfo Properties Canada Inc.	January 2007	CPI (100%)
Conch Chinas	GP	Costa Koraal Investment Corporation	August 2007	VA (50%) DH (50%)
	LP	Conchas Chinas Real Estate Investment Fund LP	August 2007	
	Other	Concor Pacific Inc.	January 2007	TII (33.3%) DMS (33.3%) CPC (33.3%)
Luna Morada	GP	Luna Morada Investment Corporation	September 2007	VA (50%) DH (50%)
	LP	Calle Mariposas LP	September 2007	
	Other	Concor Pacific Inc.	January 2007	TII (33.3%) DMS (33.3%) CPC (33.3%)
Deer 17	GP	Concrete Assocaites VIII Corp.	December 2008	VRA (50%) VDP (50%)
	LP	Concrete Equities Diversified Fund	December 2008	
Div	GP	Concrete Associates IX Corporation	December 2008	VRA (50%) VDP (50%)
	LP	Concrete Deerfoot 17 Mutual Fund Trust	December 2008	
CE 8& 13	GP	Concrete Place Properties Ltd.	November 2007	VA (50%) DH (50%)
	LP	Concrete Properties Limited Partnership	November 2007	
No Associated Project		1209063 Alberta Ltd.	December 2005	URC (90%) ABL (10%)
		1291696 Alberta Ltd.	January 2007	TII (33.3%) DMS (33.3%) CPC (33.3%)
		Concor Pacific Puerto Vallarta S.A. De C.V.	January 2007	unknown
		Concrete Equities Executive Club Inc.	May 2008	DH (34%) VA (33%) VDP (33%)
		Concrete Equities Inc.	November 2005	DJ (33.4%) VA (33.3%) DH (33.3%)
		Concrete Equities Management Inc.	October 2008	CEI (100%)
		Concrete Foundation Fund Ltd.	March 2009	unknown
		Concrete General Partner Inc.	September 2008	CEI (100%)
		Urban Registered Corp	April 2008	DH (34%) VA (33%) VDP (33%)

Legend:

DJ	Dave Jones	DMS	Denver Mick and Spark Inc.
DH	Dave Humeniuk	CPI	Corridor Pacific Inc.
VA	Vinny Aurora	VRA	Varun Aurora
VDP	Vinchenzo De Palma	URC	Urban Registered Corp.
ESI	Eyelogic Systems Inc.	ABL	934608 Alberta Ltd.
CP	Concor Pacific Inc.	CEI	Concrete Equities Inc.
TII	Tahiliani International Investments Inc.		

20. CEI was the marketing vehicle behind the Concrete real estate investment projects (the "Concrete Projects"). CEI raised funds through offering memorandums ("OM" or "OMs") specific to each Concrete Project and received a commission for its services. The corporate structure of each Concrete Project included a general partner ("GP") and a limited partner ("LP"). Each project had a separate GP/LP structure in place. The Receiver also notes that where RRSP investments were offered separate corporations were established for this purpose.

21. CEI also provided overall management and direction for the investments through employing officers and employees who managed the third party property managers as well as provided certain bookkeeping and investor relation services.

22. Based on discussions with Concrete Management (defined below) the Receiver understands that the directors had the following roles and responsibilities in the day-to-day management of Concrete:

    (i) Mr. Jones was originally president and eventually became both president and Chief Executive Officer of CEI. He was mainly responsible for marketing and public relations for CEI through Wealthstreet Inc. a financial services company that was owned by Mr. Jones;

    (ii) Mr. Aurora was vice-president and eventually became Chief Operating Oficer of CEI. He was mainly responsible for sales and relationship building. Mr. Aurora was the second signing officer on the Concrete bank accounts and executed documents on behalf of Concrete;

    (iii) Mr. Humenuik was the general manager and eventually became senior vice president and secretary of CEI. He was responsible for the day-to-day management of Concrete including overseeing the employees, overseeing the accounting and working with the law firms to prepare the OMs; and

(iv) Mr. De Palma was vice president – sales and business development (he was a commissioned consultant) until December 2008 at which point in time he became acting president of CEI, responsible for the day-to-day management.

Mr. Jones, Mr. Aurora, Mr. Humenuik and Mr. De Palma are collectively defined as "Management" for the purpose of this report.

Sources and Uses of Funds

23. A summary of the sources and uses of funds relating to CEI for the Reconstruction Period (defined below) is set out in the table below:

	in $000
Receipts	
Commission to CEI	10,108
Net Inter-entity Lending	4,909
Unclassified	417
Total Receipts	**15,434**
Disbursements	
Business Expenses	(5,077)
Payments to Directors/Relatives	(1,223)
Commissions Paid to Sales Agents	(6,461)
Unclassified	(2,655)
Total Disbursements	**(15,415)**
Total Cash on Hand	**19**

24. The Receiver prepared a list of the known creditors of CEI based on the Receiver's review of the payable listings in Concrete's books and records, Personal Property Registry search and other relevant documents including statements of claim. A summary of the known liabilities is presented in the table below; a complete list of known creditors of CEI is attached as Appendix D:

Secured Creditors	$	304,912
Preferred Creditors		-
Unsecured Creditors		8,531,308
Estimate of Known Creditors	**$**	**8,836,221**

Notes:

1. Includes 934608 Alberta Ltd. claim of $5.0MM. and the Dave Aurora claim of approximately $0.9MM. These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

Offering Memorandums ("OMs")

25. Concrete issued OMs for each Concrete Project (discussed in detail below). Individual investors purchased limited partnership units with cash or through a registered retirement savings plan ("RRSP") which was generally administered by Olympia Trust Company ("OTC"). Concrete issued separate OMs for cash investments and RRSP investments. Cash investors were issued limited partnership units and RRSP investors were issued bonds which paid interest at an annual rate of 4% and non-voting Class "B" shares. The individual investors in the LP's are referred to as the "ILP's".

26. The OM specifically indicated what property the GP was purchasing, the purchase price of the property, what the funds would be used for and if any additional financing would be required to purchase the property. A general summary of the OMs for each project is attached as Appendix E.

27. The OMs included a copy of the limited partnership agreement ("LP Agreement") between the GP and LP, which outlined among other things the following (a sample limited partnership agreement is attached as Appendix F):

    (i) GP manages, controls and operates the business of the partnership on behalf of the LP;

    (ii) Title to the assets is held in the name of the GP on behalf of the LP;

    (iii) Allocation of income and loss; and

    (iv) Distribution mechanism for excess cash.

28. The Receiver notes that until Mr. Humenuik resigned as a director he was the original limited partner for each LP Agreement between the GP and LP.

Flow of investment funds – how was it supposed to happen?

29. In general the OMs stated that investor subscription agreements should be returned to Concrete along with a cheque or bank draft payable to the GP to be held in trust or payable to the law firm that would be administering the trust funds on behalf of Concrete.

30. In accordance with the OM, Concrete was to hold investor funds for two days (the cooling period) and after that time Concrete was to deposit the investor's funds into a bank account for the GP in trust or the law firm would deposit the investor's funds into the respective trust account.

31. Concrete engaged law firms to assist with their real estate transactions. In general, the law firm would transfer investor funds to complete the purchase of the properties on behalf of the GP. The law firm would use the investor funds held in trust with respect to the particular project and Concrete would send any additional funds required from the account that Concrete maintained with respect to the particular Concrete Project to the law firm or the vendor directly to close the transaction.

32. Excess investor funds held in trust by the law firm would be remitted to the GP who in turn would pay commissions to CEI and fund other expenses relating to the particular Concrete Project in accordance with the OM and/or LP Agreement.

33. Concrete engaged the services of a third party property management company to manage the real estate properties if the Concrete Project had a building in it. In accordance with the property management agreement, the property management company would begin remitting distributable cash to the GP and the GP would in turn distribute these funds to the ILP's in accordance with the LP Agreement.

34. The Receiver's investigation has uncovered the following general irregularities with respect to how the investor funds were supposed to flow:

    (i) In some instances Concrete did not maintain a separate GP bank account for each Concrete Project. Concrete eventually opened a separate bank account for each GP, however, in the early operation of Concrete investor funds were co-mingled;

    (ii) In some instances Concrete deposited investor funds from one Concrete Project into the GP bank account for a completely different Concrete Project, even if a separate bank account had been established;

    (iii) For the SNC Lavalin Project and the Castleridge Project (both defined below), the OM stated that funds should be payable to Concrete Associates Investment Corporation (the GP for the SNC Lavalin Project), the end result is a substantial co-mingling of funds for these two projects;

    (iv) Concrete purchased properties for amounts that were less than the amounts stated in the OMs. The GP did not account to the LP for these differences and the OMs did not disclose that the purchase price for the properties was generating a "profit" for the GPs. A schedule summarizing the actual purchase price for the properties compared to the purchase price disclosed in the OMs is attached as Appendix G;

(v) The OMs included conflicting information with respect to the payment of commissions. Certain OMs specifically indicated that no commissions would be paid on investor funds raised, even though a service agreement was attached to the OM which stated that the GPs were paying a commission to CEI;

(vi) Distributions to ILP's were paid out based on the returns described in the marketing materials, not in accordance with the LP agreements and the distributable cash formulas;

(vii) In some instances distributions were paid out from the incorrect GP bank account to ILPs;

(viii) In most instances CEI received funds from the GPs in excess to the amount it was entitled to based on commissions earned for each project[2]; and

(ix) In some instances expenses were paid out of whichever bank account had cash on hand without considering which project the expenses related to.

[2] As discussed below for certain Concrete Projects CEI was not paid sufficient funds by the GP as the amount paid was less than the commission earned by CEI.

OVERVIEW OF THE INVESTIGATION

Background to the Investigation

35. As noted above, the Receivership Order empowered and authorized the Receiver to review and investigate the financial and business affairs of the Concrete Entities to determine whether there has been any misconduct or financial mismanagement on the part of the Concrete Entities or their principals and to report the results of such review and investigation to the Court.

36. The Receivership Order granted the Receiver the power to compel by delivering a request in writing to any person who is or was a director, receiver, receiver manager, officer, employee, banker, auditor or agent of the Concrete Entities to produce each accounting record and other records in the custody or control of such person.

Seizure of books and records

37. Upon the Receiver's appointment in June 2009 over the Safeguard LP's, the Receiver attended at Concrete's office to seize the records relating to the respective Safeguard LP's and the respective general partners. The Receiver also attended at the offices of the Strategic Group ("Strategic"), where certain Safeguard LP records were being stored and Strategic released these records to the Receiver.

38. In July 2009 the Receiver attended at the offices of Concrete again and seized the records related to the entities included in the July 2009 CCAA and Receivership applications. Due to the volume of records seized the Receiver wanted the opportunity to review the records that had been seized with respect to the entities in Receivership prior to seizing additional records with respect to the Related Entities (which were not part of the Receivership or CCAA) to ensure that these additional records were required as part of the Investigation. In August 2009 the Receiver attended at the offices of Concrete for a third time and seized the remaining records for the entities identified as "Related Entities" in the Receivership Order dated July 2009.

39. The Receiver reviewed the books and records maintained by Concrete and determined that certain information which was critical to the reconstruction of Concrete's financial records was not available including:

a) The books and records, including the complete trust account ledgers related to Concrete from Hoffman Dorchik LLP, Bishop & McKenzie LLP ("B&M"), Fraser Milner Casgrain LLP ("FMC") and Mr. Carlos Solorzano who acted as legal counsel for Concrete on certain projects;

b) Certain bank statements from the bank accounts maintained by Concrete along with supporting documentation; and

c) Various other documents.

40. In general Concrete did not maintain accurate and complete books and records, maintained no complete set of financial statements and, in the Receiver's opinion, generally operated the business without regard to observing corporate formalities and prudent governance practices.

Steps taken to locate missing documentation

41. The Receiver undertook the following actions to locate the missing information

a) The Receiver contacted B&M and requested a copy of the B&M trust account ledgers and the books and records in the possession of B&M for the Concrete entities. B&M provided copies of trust account ledgers and 36 boxes of records;

b) The Receiver contacted FMC and requested a copy of the FMC trust account ledgers and the books and records in the possession of FMC for the Concrete entities. FMC provided copies of trust account ledgers and four (4) boxes of records;

c) The Receiver contacted Mr. Carlos Solorzano, formerly with FMC, and requested a copy of the books and records his possession relating to the Concrete entities. Mr. Solorzano provided one (1) box of records upon request and provided various other documents to the Receiver with respect to Luna Morada and Conchas Chinas after meeting with the Receiver on October 6, 2009;

d) The Receiver also sent letters and contacted other law firms that were described in the OMs prepared by Concrete and requested copies of books and records in their possession with respect to the Concrete entities. In the majority of instances the Receiver had a telephone discussion with the particular law firm, but ultimately additional records was not provided to the Receiver as the Receiver determined that the information would not be relevant to the Investigation;

e) The Receiver requested from Management a complete list of the bank accounts that Concrete had maintained with respect to the Concrete entities. The Receiver determined that the list provided was incomplete and therefore the Receiver sent out a letter to various financial institutions requesting copies of bank statements and supporting documentation if that financial institution maintained an account for any of the Concrete Entities during the Reconstruction Period (defined below). The Receiver was provided with copies of all bank statements that were requested. The Receiver is not aware of a bank account that was maintained by Concrete that is not included in the Investigation;

f) Concrete mainly banked with TD Canada Trust ("TD") and Bank of Nova Scotia ("Scotiabank") and therefore requests for additional banking information were mainly directly to TD and Scotiabank. The Receiver notes that all of the information requested from TD was received prior to finalizing this report. The Receiver also notes that certain information requests from Scotiabank and HSBC remained outstanding at the time this report was finalized;

g) The Receiver met with Mr. Jones, Mr. De Palma, Mr. Aurora, Mr. Humenuik and Ms. Barb Crawshaw (the former bookkeeper) to understand the flow of funds and accounting maintained by Concrete;

h) The Receiver spoke to Mr. Ron Bichel, who was retained by Concrete to prepare its tax returns for fiscal 2006. Mr. Bichel provided the Receiver with a copy of the 2006 tax return for CEI;

i) The Receiver contacted Maldner Watson and Crooks an accounting firm retained by Concrete to assist with the preparation of financial statements. The Receiver was not provided with any information by this firm;

j) The Receiver spoke to Mrs. Tracy Scott of Scott and Yip who was retained to assist Concrete with preparing financial statements. The Receiver was not provided with any information by this firm;

k) The Receiver met with Mr. Shawn Hemens of Clark Valuation Services, a firm that was retained by Strategic to compile financial statements for the Safeguard LP's. Mr. Hemens provided the Receiver with his working papers and electronic copies of the Simply Accounting work that his firm had completed;

l) The Receiver met with and requested documents from Strategic on September 30, 2009 and November 5, 2009. The Receiver is still waiting for information from Strategic including closing binders for the transactions relating to Glenmore Airways and Symcor Otis (defined below) and a detailed breakdown of funds advanced by Strategic on behalf of Concrete; and

m) The Receiver requested documents from the third party property managers. The Receiver received distribution schedules, copies of property management reports and financial statements from the third party property managers.

Source information used by the Receiver

42. As a result of the deficiencies in the records (noted above) the Receiver was required to complete a reconstruction of Concrete's accounting records for the period from November 23, 2005 (the inception of CEI) to the date of the Receivership (June 9 or July 29 depending on the entity) (the "Reconstruction Period"). The reconstruction consisted of identifying all receipts and disbursements ("R&D's") that occurred within the Concrete Entities. As these R&D's are identified they are classified into various categories (e.g. investor funds, mortgage advances, commissions, general and admin expenses etc.). For the bank and lawyers' trust accounts identified, the Receiver was able to fully reconstruct the R&D's for each account, however, certain amounts below a set threshold are still recorded as 'unclassfied' (see discussion below).

43. The Receiver reconstructed Concrete's accounting records from source documents retrieved from the following sources:

   a. The books and records contained in the 147 boxes seized from Concrete;

   b. The books and records contained in eight (8) boxes provided by Strategic Group;

   c. The books and records contained in 36 boxes provided by B&M;

   d. The books and records contained in four (4) boxes provided by FMC;

   e. The books and records contained in one (1) box of records from Mr. Solorzano and various other documents provided over the course of the Investigation;

   f. The computers seized from Concrete (including a back-up external hard drive of Dave Humenuik's computer and the Concrete servers). The Receiver understands based on discussions with Management that Mr. Humenuik's computer was disposed of several months prior to the Receivership as it was no longer functioning;

   g. Additional banking information request from and provided by TD, Scotiabank, HSBC Bank Canada ("HSBC") and Royal Bank of Canada ("RBC");

h. Binders prepared by Clark Valuation Services with respect to the Safeguard LP's;

i. Copies of the trust account ledgers from B&M and FMC;

j. Investor registries provided by Concrete;

k. Minute books for certain entities provided by Concrete and B&M. The Receiver notes that it is not in possession of all the minute books for the entities that are in Receivership, despite numerous requests to Management, B&M and Strategic;

l. Various incomplete financial statements, general ledger and trial balances for the Concrete Entities;

m. Concrete deposit books, cheque stubs and supporting documentation for cheques issued as available in the Concrete records;

n. Bank statements located in the Concrete records and copies of missing bank statements provided by various financial institutions. In total the Receiver has reviewed information with respect to 69 bank accounts for the Concrete Entities excluding law firm trust accounts, a summary of the bank accounts is attached as Appendix H;

o. Copies of cheques, deposits, wire transfers and electronic fund transfers for amounts in excess of $10,000 as requested by the Receiver from various financial institutions;

p. Copies of wire transfers and other supporting documents provided by Mr. Benjamin Aguiliera and Mr. David Letourneau with respect to the El Golfo Project (defined below);

q. Copies of documents provided by Mr. Milton Kiehlbauch and Mr. Solorzano with respect to the Luna Morada Project (defined below) and the Conchas Chinas Project (defined below);

r. Third party property manager statements for the properties, including owner distribution schedules;

s. Title searches and personal property registry searches; and

t. Concrete payable listings and third party property manager payable listings.

Status of the Receiver's efforts to reconstruct the records

44. The Receiver, working with the various financial institutions, was able to locate copies of all the bank statements for the bank accounts that the Receiver was able to identify. The Receiver was not able to locate supporting documentation for all of the transactions that occurred through these bank accounts. The Receiver, in consultation with the Court appointed management committee (the "Management Committee"), determined that it would be cost effective and timely to focus on transactions (both receipts and disbursements) that were in excess of $10,000 (the "Threshold"). The Receiver has requested supporting documentation (copies of cheques, wire transfers, deposit slips, etc.) for all transactions in excess of the Threshold, however, some of this information was not available or has not yet been provided to the Receiver at the date of this report and therefore, remains 'unclassified'.

45. The Receiver has not requested supporting documentation for transactions below the Threshold and, as a result, certain of these transactions have not been categorized by the Receiver and remain as 'unclassified'. In instances where the substance of a transaction below the Threshold is known, the Receiver classified it accordingly.

46. The Receiver notes that the Investigation included the review of in excess of 17,000 transactions.

47. The reconstruction of Concrete's accounting records is substantially complete, however, is subject to the limitations identified in this report and therefore is subject to change if the additional documentation is provided to and/or located by the Receiver.

SUMMARY OF KEY FINDINGS FROM THE INVESTIGATON

Summary of the Sources and Uses of Funds

48. The table below summarizes the consolidated statement of receipts and disbursements for the Concrete Projects over the Reconstruction Period:

	in $000
Receipts	
Investor Funds	117,618
Net Mortgage / Loan Proceeds	87,277
Disposition of Property	4,707
Payments From Property Manager	4,512
Unclassified	3,154
Misc Revenue / Deposits	797
Total Receipts	**218,064**
Disbursements	
Building Purchase/Deposits on Land	(176,243)
Property Improvements / Construction	(8,416)
Business Expenses	(8,307)
Payments to Directors/Relatives	(7,911)
Commissions Paid to Sales Agents	(6,510)
Unclassified	(5,393)
Investor Distributions	(4,932)
Total Disbursements	**(217,710)**
Total Cash on Hand	**354**

49. As discussed above, the Receiver's reconstruction set a Threshold for receipts and disbursements and as a result certain transactions remain 'Unclassified'. In addition, certain information requests for amounts over the Threshold remain outstanding and once this information is received the amounts will be reclassified.

50. The Receiver notes, based on the information reviewed to date, that 97.5% of the various funds disbursed for the Concrete Projects have been classified. While 2.5% of the disbursements (i.e. $5.4 million) remain unclassified, and the Receiver expects that a

large portion of this unclassified amount relates to general and administrative expenses that were below the Threshold. As a result, the above analysis does not indicate that a significant amount of funds received by the Concrete Entities were redirected to other accounts outside of the Concrete Entities.

Summary of the Concrete Projects

51. An overall summary of the investor funds raised with respect to the Concrete Projects is provided in the table below:

Project Name	**# of investors**	**Funds Raised per Concrete Registries**
Deer Valley/Millrise	150	$ 5,325,000
SNC Lavalin	218	12,250,000
Castleridge Plaza	248	13,600,000
CE Place	417	25,100,000
MEG Place	828	16,690,000
El Golfo	1,314	23,770,000
Conchas Chinas	30	1,750,000
Luna Morada	86	5,000,000
Glenmore Airways	139	8,245,000
Symcor Otis	127	5,450,000
Deerfoot 17	13	130,000
Diversified Fund	153	928,605
Total	**3,723**	**$ 118,238,605**

52. Concrete raised approximately $118 million from approximately 3,700 ILPs and other investors from 2006 to 2009. A time line of the Concrete Projects is included as Appendix I to this report, a summary time line is presented in the table below:

Significant Event	2005	2006				2007				2008				2009		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Incorporation of CEI, Wealthcrete, Safeguard LP and 1209063 Alberta Ltd.	x															
Incorporation of CAIC, Safeguard II LP		x														
Incorporation of CRII			x													
Incorporation of CRHI				x												
Incorporation of CAIC 2 and Safeguard III LP					x											
Incorporation of El Golfo Properties Canada Inc., 1291696 Alberta Ltd., CPI and CPPV						x										
Golfo and Santa LP							x									
Dave Jones resigns as a Director								x								
Incorporation of Costa Corp., Conchas LP, SCRP, Luna Corp. and Calle LP								x								
Incorporation of CAIC 4, Safeguard V LP, 1st and 10th, CPP Ltd. and CPP LP									x							
Incorporation of CAIC 5, Safeguard VI LP, GRC, CAIC 6, Safeguard VII LP, URC, CEEC, 11th & 10th, SRIC and GRCC											x					
Incorporation of A.G. Corp.												x				
Dave Humeniuk is removed as a Director													x			
Vinchenzo De Palma is appointed as a Director													x			
Incorporation of CA 8, CEDF, CA 9 and Deerfoot 17													x			
Dave Jones is re-appointed as a Director													x			
Concrete enters into Memorandum Agreements with Strategic														x		
Concrete Foundation Fund Ltd. is incorporated														x		
Joint information circular is released														x		
Special Meetings of the Safegaurd LP's were adjourned															x	
Glenmore Airways and Symcor Otis properties transfer to Strategic															x	
NOI's are filed by Safegaurd LP's															x	
Ernst & Young Inc. becomes the court-appointed Receiver of the Safegaurd LP's															x	
Ernst & Young Inc. becomes the court-appointed Receiver and Monitor of the Applicants																x

Note - Entity names are defined throughout this report.

Investor funds

53. A summary of the funds raised for the Concrete Projects compared to the Concrete Entities investor registries for each of the Concrete Projects is provided in the table below:

Project	Amount per Concrete Registry	Amount per Receiver's Cash Flow	Difference
DV/MR	$ 5,325,000	$ 5,317,000	$ (8,000)
SNC Lavalin	12,250,000	12,712,490	462,490
Castleridge	13,600,000	12,996,500	(603,500)
CE Place	25,100,000	25,000,090	(99,910)
MEG Place	16,690,000	16,460,000	(230,000)
Glenmore / Airways	8,245,000	8,050,600	(194,400)
Symcor / Otis	5,450,000	5,440,000	(10,000)
El Golfo	23,770,000	23,934,048	164,048
Conchas Chinas	1,750,000	6,845,550	5,095,550
Luna Morada	5,000,000		(5,000,000)
Deerfoot 17	130,000	130,000	-
Diversified	928,605	731,900	(196,705)
Total	$ 118,238,605	$ 117,618,178	$ (620,427)

54. The Receiver notes that the funds relating to the Luna Morada and Conchas Chinas projects were co-mingled and therefore the amounts raised for these projects could not be segregated by the Receiver.

55. The Receiver notes that OTC provided the Receiver with a list of RRSP investors in each Concrete Project and the amount of their respective investment. The Receiver reconciled these lists to the Concrete investor registries and there were no discrepancies.

56. Due to the costs associated with reconciling the investor registries to the cash flow prepared by the Receiver, the Receiver has not completed an investor reconciliation of this nature for the non-RRSP investors.

57. The Receiver is of the view that a complete investor reconciliation is not required given the reconciliation completed above, the OTC listings which were reconciled and the costs

would be considerable to have each investor prove their investment. The Management Committee is in agreement with the Receiver.

Purchase of properties

58. During the Reconstruction Period Concrete purchased several properties through a combination of investor funds, assumption of existing mortgages or arranging new financing. In total Concrete purchased or placed deposits on properties for approximately $176.2 million.

59. The table below provides a summary of the properties purchased:

Project	Property Purchased	Date Transaction Closed	Adjusted Purchase Price
Deer Valley / Millrise	13750 Bow Bottom Trail SE	12-Jun-06	$ 5,010,000
Deer Valley / Millrise	15 Millrise Boulevard SW	12-Jun-06	4,004,000
SNC Lavalin	909 5th Avenue SW	01-Jul-06	19,260,000
SNC Lavalin	Parking Lot	05-Jul-06	3,207,000
Castleridge	55 Castleridge Boulevard NE	15-Dec-06	21,011,000
CE Place	396 11th Avenue SW	11-Apr-08	38,900,000
MEG Place	1001 1st Street SE	31-Mar-08	25,841,000
Glenmore / Airways	1835 - 32nd Avenue NE, 2882 Glenmore Trail SE	31-Aug-08	25,199,000
Symcor / Otis	1216, 1240 and 1248 - 10th Avenue SW	31-Jul-08	19,122,000
El Golfo	Lots 1, 2, 3, 4 and 7A in Sonora Mexico	N/A	10,404,200
Conchas Chinas	Lot 4, Block 529, 154 and 154A Sagitario Street, Conchas Chinas, Puerto Vallarta, Jalisco, Mexico	27-Sep-07	2,039,000
Luna Morada	154A Paseo De Las Mariposas Y Calle Mariposas, faccionmiento El Tigre of Nuevo Vallarta, Nayarit	21-Feb-07	2,204,000
Total			$ 176,201,200

Notes:

1. The adjusted purchase price is based on the statement of adjustments for the applicable purchase. This amount may differ from the number in the Receiver's cash flow due to the timing of payments and the inclusion of additional amounts for closing costs (i.e. Concrete legal fees) which are not included in the statement of adjustments.

2. A statement of adjustments was not available for the following properties and therefore the amounts noted in the table above are based on the Receiver's cash flow:

a) The SNC Lavalin Building;

b) The deposits and other payments made with respect to the El Golfo Lots; and

c) The purchase of the Conchas Chinas and Luna Morada lands. The Receiver also notes that the purchase and sale agreements for these properties are in USD dollars, the above figures are in CDN dollars.

60. The table below provides a summary of the mortgages that remain outstanding on the properties purchased by Concrete:

Project	First Mortgagee	Mortgage Outstanding	Mortgage Expiry Date	Notes
Deer Valley / Millrise	Midland Loan Services	$ 2,309,300	July 1, 2014	1
Deer Valley / Millrise	Midland Loan Services	2,045,700	July 1, 2015	1
SNC Lavalin	Standard Life Assurance Company of Canada	8,662,000	Expired	2
Castleridge	Midland Loan Services	9,984,400	January 1, 2012	1
CE Place	Citizens Bank	17,808,200	May 1, 2013	3
MEG Place	CIBC Mortgages Inc	12,208,500	Sept. 1, 2013	1
Glenmore / Airways	N/A	N/A	N/A	
Symcor / Otis	N/A	N/A	N/A	
El Golfo	N/A	N/A	N/A	
Conchas Chinas	N/A	N/A	N/A	
Luna Morada	N/A	N/A	N/A	
Total		**$ 53,018,100**		

Notes:

1. Based on mortgage statements provided as at November 1, 2009;

2. Based on mortgage statement provided as at October 31, 2009; and

3. Based on mortgage statement provided as at November 30, 2009. The Receiver notes that there is a pre-payment penalty of approximately $2.6MM that would be payable as at November 30, 2009 if this mortgage was discharged. This amount is not included in the figure noted above.

Inter-entity loans

61. As discussed above, each GP and LP is a separate legal entity and had its own bank account[3], however, on many occasions funds were deposited into the incorrect GP account.

62. On a regular basis (almost daily) Concrete would transfer funds between Concrete Entities; the Receiver has reviewed in excess of 1,000 inter-entity transactions as part of the Investigation. The Receiver located copies of promissory notes supporting certain inter-entity transactions. Concrete was issuing promissory notes for as little as $15.00 with the largest amount documented being approximately $1.5 million.

63. The Receiver notes that promissory notes were generally issued when Concrete transferred funds electronically between accounts, but promissory notes were not issued when one Concrete entity paid expenditures directly that related to a different project. This latter type of transfer added significant difficulty to the reconstruction process.

64. Management advised the Receiver that the "profits" generated from each Concrete Project (defined below) were payable to the GP (the "GP Profits") and, in general, the GP did not take out the GP Profits, choosing instead to use the GP Profits for the next Concrete Project.

65. The Receiver understands that GP Profits were the aggregate of: Funds raised to purchase the property minus actual price paid minus commissions and other expenses.

---

[3] With the exception of Wealthcrete, which did not have a separate bank account in the beginning and funds were co-mingled with the Concrete Associates Investment Corporation account.

66. The Receiver notes that the OM did not disclose the concept of GP Profits and the offering memoranda generally disclosed an inflated purchase price for the Concrete properties.

67. The Receiver's counsel has reviewed the OMs, LP Agreements and other relevant documents and is of the view that there was no basis for Management to declare GP Profits as described above. As a result, the Receiver has concluded that there is no basis for the assertion the GPs were entitled to GP Profits.

68. Based on the Receiver's review of the LP documents, the inter-entity transactions were prohibited under the LP Agreements and were not approved by the ILPs by a separate vote. Without any credible basis for financial reporting to the ILPs, the ILPs were unaware that inter-entity transactions were occurring.

69. A summary of the inter-entity loans by project is attached as Appendix J to this report, a summary of the net receivable/(net payable) by project is presented in the table below. The Receiver cautions that the table below is a summary of inter-entity receivable/payable positions with a number of Concrete Entities and is not reflective of any 'value' that may exist for the respective Concrete Project. Generally, the summary is 'indicative' of a Concrete Project either being a net lender to (i.e. a receivable owing) or borrower from (i.e. payable) other Concrete Projects.

Project/Entity		**Net Receivable**	**Project/Entity**		**Net Payable**
El Golfo	$	10,741,236	Concrete Equities Inc.	$	(4,909,687)
MEG Place		4,264,776	Luna Morada, Conchas Chinas & Concor Pacific Inc.		(4,905,956)
Symcor Otis		1,359,689	CPP (8 & 13)		(3,307,386)
Castleridge		878,314	CE Place		(3,054,934)
SNC Lavalin		735,435	Glenmore Airways		(1,914,826)
Diversified Fund		610,715	DV Millrise		(394,801)
Total		**18,590,165**	CE Executive Club		(99,600)
			Urban Registered Corp.		(2,975)
			Total	**$**	**(18,590,165)**

Note – The above analysis is presented net of commissions earned by CEI (discussed below).

70. The Receiver notes that the reconciliation of the inter-entity loans was an extremely onerous task due to the following:

1. Concrete often issued payments relating to one Concrete Project from the GP account for a different Concrete Project;
2. Initially Concrete did not maintain separate GP accounts for the original GPs (i.e. the first three) and therefore, funds were co-mingled;
3. FMC maintained a trust account with the matter description "Real Estate Development in Mexico" it appears that this account was set-up for both the Luna Morada Project and Conchas Chinas Project (although some payments relating to El Golfo were also made from this account); and
4. B&M issued certain payments relating to one Concrete Project from a trust account belonging to a GP from another Concrete Project.

Distributions to Investors

71. Based on the Receiver's review of the Concrete books and records, investor distributions were paid out based on projected performance as outlined in the marketing materials provided by Concrete and were not based on actual cash distributions from the property managers.

72. A summary of the distributions to investors as identified by the Receiver compared to the amounts received by the Concrete Entities from the respective third party property management company is presented in the table below:

Project	Received from Property Manager	Investor Distributions	Excess / (Shortfall)
DV Millrise	$ 489,000	$ 785,611	$ 296,611
SNC Lavalin	1,484,867	1,657,629	172,762
Castleridge	887,000	1,264,006	377,006
CE Place	207,650	1,130,535	922,885
MEG Place	1,160,947	93,738	(1,067,209)
Glenmore Airways	-	-	-
Symcor Otis	282,500	-	(282,500)
El Golfo	-	-	-
Luna Morada	-	-	-
Conchas Chinas	-	-	-
Total	**$ 4,511,964**	**$ 4,931,519**	**$ 419,555**

73. The Receiver notes that distributions to cash investors were paid directly to the ILPs and distributions to RRSP investors were paid to OTC, which distributed the funds to the RRSP investors.

Payments to CEI

74. CEI's commissions for services rendered were governed by service agreements between CEI and the respective GP. In certain instances these service agreements were described in the OM under the material agreements section, in other instances they were not. A copy of a sample service agreement is attached as Appendix K. The Receiver was able to locate a copy of the service agreements between CEI and each GP with the exception of Luna Corp. and Costa Corp. (defined below).

75. A summary of the payments received by project compared to a calculation of the commission earned by CEI based on the investor registries provided by Concrete is presented in the table below:

	Funds Raised per Registries	%	Commission Entitled to	Commission Paid	Difference
DV/MR	$ 5,325,000	7%	$ 372,750	$ 272,239	$ (100,511.00)
SNC	12,250,000	7%	857,500	3,215,652	2,358,152
Castleridge	13,600,000	7%	952,000	(77,100)	(1,029,100)
CE Place	25,100,000	10%	2,510,000	2,785,498	275,498
MEG Place	16,690,000	10%	1,669,000	1,065,141	(603,859)
El Golfo	23,770,000	10%	2,377,000	5,081,740	2,704,740
Luna Morada/Conchas Chinas	6,750,000	0%	-	306,726	306,726
Glenmore Airways	8,245,000	10%	824,500	427,060	(397,440)
Symor/Otis	5,450,000	10%	545,000	1,311,981	766,981
Urban	-	0%	-	640,500	640,500
CPP Ltd.	-	0%	-	(12,000)	(12,000)
Deerfoot 17	130,000	0%	-	-	-
Diversified	928,605	0%	-	-	-
Total	**$ 118,238,605**		**$ 10,107,750**	**$ 15,017,437**	**$ 4,909,687**

76. The LP Agreements also stated that: "the Managing Partner is entitled to receive reimbursement [for] all salaries and benefits paid to persons employed in the Partnership Business (as defined in the LP Agreements) and management fees which may be incurred by the Managing Partner from its affiliates for services performed".

77. The Receiver notes that the Managing Partner is defined as the GP, but the Receiver also notes that the GP did not directly employ any employees and, based on discussions with Mr. Humenuik, the interpretation of this paragraph in the LP Agreements by CEI was that CEI was entitled to be reimbursed for these expenses. The above analysis does not reflect these amounts as they cannot be allocated to a particular Concrete Project. Based on the Receiver's investigation to date, CEI paid approximately $1.5 million in salaries, benefits and management fees over the Reconstruction Period.

78. The Receiver notes that the OMs included a provision for payment of estimated offering costs (these costs were described in the use of proceeds section of the OMs) and in some instances a syndication fee to the GP. The Receiver notes that the Service Agreements

which governed the payments between the GPs and CEI did not include provisions with respect to payments relating to offering costs and syndication fees therefore in the Receiver's view these amounts were not payable to CEI and are therefore not reflected in the analysis above.

Payments to Directors and Relatives

79. A summary of the payments to directors (while the person was actively serving as a director) and relatives is provided in the table below:

Net amount paid to directors	$CDN
Dave Humenuik	3,216,090
Vinny Aurora	2,728,524
David Jones	1,150,010
Milton Kielbauch	831,298
Vincenzo De Palma	1,061,942
Total	**8,987,864**
Net amount received from relatives	**$CDN**
Dave Aurora	1,076,857
Total	**1,076,857**

80. The Receiver had previously reported in the presentation to the investors on November 10, 2009 (attached as Appendix TT) that a payment to 934608 Alberta Ltd. was a payment to a director/relative. A corporate search for 934608 Alberta Ltd. did not identify Mr. Jaspreet Sandhu as a director or shareholder of this company and as such the Receiver reclassified this payment as a business expense.

81. The Receiver understands that payments to directors of Concrete can be classified into the following main categories: Management fees, commissions and bonus payments.

Management Fees

82. The Receiver understands that the directors of Concrete were paid a monthly management fee of $10,000 per person until November 2008 when this monthly fee increased to $30,000 per month. These amounts were paid to Mr. Humenuik, Mr. Jones and Mr. Aurora and Mr. De Palma (when he became a director).

83. The Receiver understands based on discussions with Management that there were no written agreements in place that governed the payment of these management fees.

Commissions

84. As discussed above Mr. De Palma was a commissioned sales agent for Concrete prior to becoming a director.

85. Mr. De Palma was entitled to receive a minimum commission of $8,000 per month, plus a 3.5% commission for each unit sold by the team of salespeople that he was overseeing. The Receiver has not been provided with a copy of the contract between CEI and Mr. De Palma, but these terms are consistent with the payments that were made to Bruin Investments Ltd. (Mr. De Palma's company).

86. Commissions paid to Mr. De Palma when he was not a director are not included in the above analysis, the Receiver notes that Mr. De Palma was paid approximately $1 million in commissions during the Reconstruction Period.

87. Wealthstreet Inc. was also paid a commission for selling LP units; according to Mr. Jones the commission payable was 7%, however, there was no written agreement in place with Concrete for these payments.

Bonus Payments

88. The Receiver notes that based on a review of the books and records of Concrete the directors were paid bonuses on several occasions. Mr. De Palma was also paid bonuses prior to becoming a director.

SUMMARY OF THE INVESTIGATION FINDINGS BY CONCRETE PROJECT

Wealthcrete Investment Corporation ("Wealthcrete") and Safeguard LP (collectively the "DV/MR Project")

General

89. An Org Chart for the DV/MR Project is presented in Appendix L.

90. This Org Chart shows the relationship between Wealthcrete, Safeguard LP and the respective owners of these companies.

91. The Receiver prepared a list of the known creditors of the DV/MR Project based on the Receiver's review of the following:

    (i) Property manager payable listings;

    (ii) Concrete payable listings;

    (iii) Personal Property Registry searches;

    (iv) Title searches; and

    (v) Other relevant documents including statements of claim.

92. A summary of the known liabilities is presented in the table below, a complete list of known creditors for the DV/MR Project is attached as Appendix M:

Secured Creditors	$	8,069,326
Preferred Creditors		-
Unsecured Creditors		5,967,378
Estimate of Known Creditors	**$**	**14,036,704**

Notes:

1. Includes Strategic Grid Note claim of approximately $3.7MM, 934608 Alberta Ltd. claim of $5.0MM and Dave Aurora claim of approximately $0.9MM. These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

93. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the Concrete entities. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

94. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the *Bankruptcy and Insolvency Act* with respect to Wealthcrete and Safeguard LP are noted and explained on the creditors listing attached as Appendix M.

Offering Memorandum

95. Safeguard LP issued an OM dated February 1, 2006 for the DV/MR Project. The OM indicated that a maximum of 212 LP units with a unit value of $25,000 were going to be issued for a maximum offering of $5.3 MM. The net proceeds were to be used as follows:

Acquistion of Land	$5,275,000
Estimate of offering costs	25,000
Total	**$5,300,000**

96. According to the OM the goal of the DV/MR Project is to purchase revenue generating commercial properties and commercial development projects. The OM went on to state that the DV/MR Project comprised the following properties:

(i) 13750 Bow Bottom Trail SE, Calgary, AB ("Deer Valley Station"); and

(ii) 15 Millrise Boulevard SW, Calgary, AB ("Millrise Plaza").

97. Deer Valley Station is a single story, multi-tenant retail strip plaza constructed in 1982, with a footprint and total building area of 16,243 square feet and currently has approximately nine commercial tenants leasing approximately 16,243 square feet of Deer Valley Station.

98. Millrise Plaza is a single story, multi-tenant retail strip plaza constructed in 1998, with a footprint and total building area of approximately 13,441 square feet and currently has approximately nine commercial tenants leasing approximately 7,229 square feet of Millrise Plaza.

99. According to the OM, the long-term objective of the project was to maintain a minimum hold of not less than five years.

100. The OM stated that the offering may not be sufficient to acquire the proposed real estate. In the event of a shortfall, alternative secondary financing would be obtained to assist with the acquisition.

101. The material agreements that were identified in the OM are:

(i) The GP's proposal to purchase Deer Valley Station and Millrise Plaza properties for a purchase price of $10.03MM[4].

(ii) LP Agreement between Wealthcrete and Safeguard LP – governed the management functions of Wealthcrete and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees; and

(b) payment of a syndication fee in the amount of $150,000.

(iii) Third party property management agreement between Wealthcrete and NewWest Enterprise Property Group (Western) Inc. ("NewWest").

102. The Receiver notes that NewWest was not the property management company selected for Deer Valley Station and Millrise Plaza. Kennington Properties manages these properties on behalf of Wealthcrete pursuant to a property management agreement date May 31, 2006.

---

[4] As noted below, the actual purchase price for these properties was approximately $9MM.

103. The OM stated that investors interested in subscribing for units in the DV/MR Project were to submit a completed subscription agreement to Hoffman Dorchik LLP along with a certified cheque or bank draft payable to Hoffman Dorchik LLP.

104. The Receiver notes that Hoffman Dorchik LLP did not receive any trust funds related to the Concrete projects. Funds with respect to the DV/MR Project were deposited into the Wealthcrete or the CAIC (defined below) bank account maintained by Concrete at TD.

Acquisition of Deer Valley Station and Millrise Plaza

105. On February 6, 2006, Wealthcrete entered into a purchase and sale agreement with 741267 Alberta Ltd. for Deer Valley Station (the agreement was amended on March 31, 2006 and May 15, 2006) and on June 12, 2006 this transaction closed.

106. On February 6, 2006, Wealthcrete entered into a purchase and sale agreement with 882364 Alberta Ltd. for Millrise Plaza (the agreement was amended on March 31, 2006 and May 15, 2006) and on June 12, 2006 this transaction closed.

107. As noted on the statement of adjustments the purchase price for these properties was approximately $5.0MM for Deer Valley Station and $4.0MM for Millrise Plaza.

108. The purchase of Deer Valley Station and Millrise Plaza appears to have been funded from:

(i) Cash received from the sale of LP units; and

(ii) Assumption of the mortgages with Midland Loan Services.

Sources and uses of funds related to the DV/MR Project

109. The sources and uses of funds relating to the DV/MR Project is set out in the table below:

	in $000
Receipts	
Investor Funds	5,317
Net Mortgage / Loan Proceeds	4,703
Payments From Property Manager	489
Net Inter-entity Lending	395
Unclassified	241
Total Receipts	**11,145**
Disbursements	
Building Purchase/Deposits on Land	(9,126)
Investor Distributions	(786)
Payments to Directors/Relatives	(444)
Commission to CEI	(373)
Unclassified	(264)
Business Expenses	(106)
Property Improvements / Construction	(47)
Total Disbursements	**(11,145)**
Total Cash on Hand	**-**

Note:

1. This analysis excludes revenue and expenses generated specifically by the Deer Valley Station and Millrise Plaza properties. An analysis of these amounts is discussed below (under distributions to investors).

Investor funds

110. The Receiver notes that per the investor registry, Concrete raised $5,325,000 from the sale of 213 LP units to 150 investors. There were no RRSP investors in the DV/MR Project.

111. As noted above, the Receiver has confirmed the receipt of $5,317,000 of investor funds into the GP account for the DV/MR Project.

Inter-entity analysis

112. An analysis of the inter-entity balances is presented below:

Project	***Cash In***	***Cash out***	***Net***
Castleridge	$ 175,000	$ (1,325)	$ 173,675
CE Place	3,000	(32,975)	(29,975)
El Golfo / Santa Clara	144,452	(21,137)	123,315
Glenmore Airways	91,000	(127,000)	(36,000)
Luna Morada, Conchas Chinas & Concor Pacific Inc.	-	(2,000)	(2,000)
SNC Lavalin	622,000	(575,000)	47,000
Symcor Otis	18,275	-	18,275
Total	*$ 1,053,727*	*$ (759,437)*	*$ 294,290*
Plus: Commission Outstanding to CEI			*100,511*
Grand Total			**$ 394,801**

113. The Receiver notes that in accordance with the Service Agreement between Wealthcrete and CEI, CEI was entitled to a commission of 7% on the funds raised with respect to the DV/MR project. The above analysis takes into consideration commission of $372,750 (calculated as 7% of the funds raised according to the registry maintained by Concrete) partially paid with approximately $100,000 outstanding as the Receiver has classified this amount as commissions earned by CEI.

Distributions to investors

114. The Receiver understands that Kennington Properties has managed DV/MR on behalf of Wealthcrete for the period July 2006 to May 2009. The Receiver notes that Kennington Properties continues to manage DV/MR throughout these proceedings. The following is a summary of the properties income and expenses over the period:

15 Millrise Blvd	Jan to May 31 2009	2008	2007	2006	Total
Revenue	$ 126,146	$ 255,448	$ 281,871	$ 157,532	$ 820,996
Operating Recoveries	64,662	137,043	130,016	71,826	403,548
Other Income	-	34,117	(2,837)	250	31,529
Total Income	$ 190,808	$ 426,608	$ 409,050	$ 229,608	$ 1,256,074
Expenses					
Operating Expenses	87,006	175,616	164,149	71,963	498,734
Non Recoverable Costs	122,227	187,771	149,716	63,522	523,235
Total Expense	$ 209,233	$ 363,387	$ 313,864	$ 135,485	$ 1,021,969
Other Income					
Amortize Recoverable Repairs	$ 3,976	$ 6,542	$ 6,542	$ 3,271	$ 20,332
Net Income	$ (14,449)	$ 69,763	$ 101,728	$ 97,395	$ 254,436

13750 Bow Bottom Trail SE	Jan to May 31 2009	2008	2007	2006	Total
Revenue	$ 159,480	$ 376,842	$ 370,038	$ 201,571	$ 1,107,930
Operating Recoveries	80,578	187,142	171,882	89,361	528,963
Other Income	2,626	1,275	9,615	-	13,516
Total Income	$ 242,684	$ 565,259	$ 551,534	$ 290,931	$ 1,650,409
Operating Expenses	81,675	194,963	181,577	101,385	559,600
Non Recoverable Costs	62,517	170,396	161,729	75,945	470,588
Total Expense	$ 144,192	$ 365,360	$ 343,306	$ 177,330	$ 1,030,188
Other Income					
Amortize Recoverable Repairs	$ 3,000	$ -	$ 7,200	$ 3,980	$ 14,180
Net Income	$ 101,492	$ 199,899	$ 215,428	$ 117,582	$ 634,401

115. During the Reconstruction Period Kennington Properties distributed $489,000[5] to Wealthcrete in owner distributions. In accordance with the LP Agreement these amounts were to be distributed to the investors in the DV/MR Project.

116. Based on the Receiver's review of the sources and uses of funds it appears that investors in the DV/MR Project received distributions of approximately $786,000 over the Reconstruction Period.

117. The Receiver notes that excess distributions of approximately $297,000 were paid to the investors in this project.

Payments to directors and relatives

118. Over the Reconstruction Period the DV/MR Project made the following payments to the directors and relatives:

Project	***Cash In***	***Cash out***	***Net***
Vinny Aurora	-	$ (140,696)	$ (140,696)
Vincenzo De Palma	-	(10,461)	(10,461)
Dave Humenuik	-	(100,000)	(100,000)
Dave Jones	-	(192,500)	(192,500)
Total	**-**	***$ (443,657)***	***$ (443,657)***

[5] According to the information provided by Kennington Properties distributions to Wealthcrete were $530,000. The Receiver has only been able to trace $489,000.

Concrete Associates Investment Corporation ("CAIC"), Safeguard II LP and Concrete Registered Investments Inc. ("CRII") (collectively the "SNC Lavalin Project")

General

119. An Org Chart for the SNC Lavalin Project is presented in Appendix N.

120. This Org Chart shows the relationship between CAIC, Safeguard II LP and CRII and the respective owners of these companies.

121. The Receiver prepared a list of the known creditors of the SNC Lavalin Project based on the Receiver's review of the following:

(i) Property manager payable listings;

(ii) Concrete payable listings;

(iii) Personal Property Registry searches;

(iv) Title searches; and

(v) Other relevant documents including statements of claim.

122. A summary of the known liabilities is presented in the table below, a complete list of known creditors for the SNC Lavalin Project is attached as Appendix O:

Secured Creditors	$ 12,529,222
Preferred Creditors	-
Unsecured Creditors	6,185,903
Estimate of Known Creditors	**$ 18,715,125**

<u>Notes:</u>

1. Includes Strategic Grid Note claim of approximately $3.7MM, 934608 Alberta Ltd. claim of $5.0MM and Dave Aurora claim of approximately $0.9MM. These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

123. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the Concrete entities. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

124. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the *Bankruptcy and Insolvency Act* with respect to CAIC and Safeguard II LP are noted and explained on the creditors listing attached as Appendix O.

Offering Memorandum

125. Safeguard II LP issued an OM dated March 24, 2006 for the SNC Lavalin Project. The OM indicated that a maximum of 245 LP units with a unit value of $50,000 were going to be issued for a maximum offering of $12.25MM. The net proceeds were to be used as follows:

Acquistion of Land	$12,100,000
Estimate of offering costs	150,000
Total	**$12,250,000**

126. CRII issued an OM dated May 31, 2006. The CRII OM was raising funds for 4.0% redeemable bonds and non-voting "Class B" shares. The OM stated that the funds raised were going to be used to purchase LP units in Safeguard II LP.

127. The Safeguard II LP OM stated that the funds raised were insufficient to purchase the property and additional financing required to complete the acquisition of the lands would be obtained by way of mortgage financing. The LP intended to assume the existing mortgage in the principal amount of $9.75MM with an interest rate of 4.97% per annum.

128. According to the OMs the goal of the SNC Lavalin Project is to purchase revenue generating commercial properties and commercial development projects, being the lands. The lands were identified as 909-5th Avenue SW, Calgary AB ("SNC Lavalin Building").

129. The SNC Lavalin Building is a ten storey professional office building complete with a ground floor retail area and a single level underground parking garage. The SNC Lavalin Building was constructed in approximately 1979 and has a footprint area of approximately 14,557 square feet and a reported rentable building area of 108,000 square feet. There are currently two tenants leasing approximately 85,201 square feet of the SNC Lavalin Building.

130. According to the OMs, the long-term objective of the project was to maintain a minimum hold of not less than five years.

131. The material agreements that were identified in the OM are:

(i) The GP's proposal to purchase the property for $22MM[6];

(ii) LP Agreement between CAIC and Safeguard II LP – governed the management functions of CAIC and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees;

(b) payment of a syndication fee in the amount of $250,000; and

(iii) Third party property management agreement between CAIC and 969801 Alberta Inc. O/A Avenue Commercial.

132. The OM stated that investors interested in subscribing for units in the SNC Lavalin Project were to submit a completed subscription agreement to CAIC along with a certified cheque or bank draft payable to CAIC or CRII in trust.

---

[6] As noted below, the actual purchase price for this property was $19MM.

Acquisition of SNC Lavalin Building

133. On March 9, 2006, CAIC entered into a purchase and sale agreement with 5th Avenue Syndication Ltd. for the SNC Lavalin Building and on July 5, 2006 this transaction closed.

134. The Receiver could not locate a statement of adjustments in the closing binder for this transaction. The Receiver understands from the sale agreement that the purchase price was $19MM.

135. The purchase of the SNC Lavalin Building appears to have been funded from:

(i) Cash received from investors;

(ii) Bridge financing from P3 Holdings ($5.5MM);

(iii) Bridge financing from Mr. Dave Aurora ($1.5MM); and

(iv) Assumption of the existing mortgage with Standard Life.

136. When this transaction was scheduled to close Concrete had not raised sufficient investor funds, therefore bridge financing from P3 Holdings and Mr. Dave Aurora was required to close the transaction. Mr. Aurora loaned $1.5MM and P3 Holdings loaned $5.5MM. These loans were eventually repaid with interest from investor funds.

Acquisition of Parking Lot adjacent to SNC Lavalin Building

137. On March 9, 2006, Wealthcrete entered into a purchase and sale agreement with Avenue Capital Partners Ltd. for the parking lot adjacent (the "Parking Lot") to the SNC Lavalin Building (919-5th Avenue SW) and on July 5, 2006 this transaction closed.

138. As noted in the statement of adjustments for this transaction the adjusted purchase price was approximately $3.2MM.

139. The purchase of the Parking Lot appears to have been funded from:

(i) Cash received from investors; and

(ii) Bridge financing from Paragon Capital ($1.5MM).

140. CAIC sold the Parking Lot to Kanwal Development Inc. pursuant to a purchase and sale agreement dated August 1, 2006. The purchase price was $4.71MM. This transaction closed on September 30, 2006.

141. The proceeds from the sale of the Parking Lot were used to pay:

(i) A portion of the P3 Holdings bridge loan relating to the purchase of the SNC Lavalin Building - $2.2MM;

(ii) Paragon Capital Corporation - $1.5MM (plus interest);

(iii) Commissions to Real Estate Agent - $0.2MM; and

(iv) Fees to B&M with the balance of the sale proceeds retained by CAIC.

142. The Receiver notes that the OM for the SNC Lavalin Project did not disclose the purchase of the Parking Lot which was at least partially purchased with funds from investors in this project.

Sources and uses of funds related to the SNC Lavalin Project

143. The sources and uses of funds relating to the SNC Lavalin Project is set out in the table below:

	in $000
Receipts	
Investor Funds	12,712
Net Mortgage / Loan Proceeds	9,838
Disposition of Property	4,707
Payments From Property Manager	1,485
Unclassified	105
Total Receipts	**28,847**
Disbursements	
Building Purchase/Deposits on Land	(22,467)
Payments to Directors/Relatives	(1,792)
Investor Distributions	(1,658)
Business Expenses	(1,077)
Commission to CEI	(858)
Net Inter-entity Lending	(735)
Unclassified	(209)
Commissions Paid to Sales Agents	(49)
Total Disbursements	**(28,846)**
Total Cash on Hand	**1**

Notes:

1. This analysis excludes revenue and expenses generated specifically by the SNC Lavalin Building. An analysis of these amounts is discussed below (under distributions to investors).

2. This analysis includes the purchase and sale of the Parking Lot as these amounts could not be segregated from the purchase and sale of the SNC Lavalin Building.

Investor funds

144. The Receiver notes that per the investor registry, Concrete raised $12,250,000 from the sale of 245 LP units to 218 investors.

145. The Receiver notes that due to the co-mingling of funds for the DV/MR Project, the SNC Lavalin Project and the Castlerige Project (defined below) it was extremely difficult to confirm the amounts received from investors relating to these three projects.

146. As noted above the Receiver has confirmed the receipt of approximately $12.7MM of investor funds into the GP account for the SNC Lavalin Project.

147. The Receiver notes that OTC provided the Receiver with a list of investors for each project. The Receiver has confirmed the list of investors provide by OTC for the SNC Lavalin Project to the Concrete registry and notes that there were no discrepancies.

Inter-entity Analysis

148. An analysis of the inter-entity balances is presented below:

	Cash In	Cash out	Net
Castleridge	$ 10,666,149	$ (8,443,955)	$ 2,222,194
CE Place	9,500	(30,000)	(20,500)
Concrete Equities	89,698	(2,447,850)	(2,358,152)
DV Millrise	575,000	(622,000)	(47,000)
El Golfo / Santa Clara	34,975	(10,000)	24,975
Glenmore Airways	76,738	(192,000)	(115,262)
Luna Morada, Conchas Chinas & Concor Pacific Inc.	100,000	(58,379)	41,621
MEG Place	78,789	-	78,789
Symcor Otis	162,400	-	162,400
Urban	5,500	(730,000)	(724,500)
Total	$ 11,798,749	$ (12,534,184)	$ (735,436)

149. The Receiver notes that in accordance with the service agreement between CAIC and CEI, CEI was entitled to a commission of 7% on the funds raised with respect to the SNC Lavalin project. The above analysis excludes $857,500 (calculated as 7% of the funds

raised according to the registry maintained by Concrete) paid to CEI by CAIC as the Receiver has classified this amount as commissions paid to CEI.

Distributions to Investors

150. The Receiver understands that Avenue Commercial has been managing the SNC Lavalin Building on behalf of CAIC for the period July 2006 to May 2009. The Receiver notes that Avenue Commercial continues to manage the SNC Lavalin Building throughout these proceedings. The following is a summary of the properties income and expenses over the period:

SNC Lavalin	**Jan to May 31, 2009**	**2008**	**2007**	**2006**	**Total**
Income	$ 900,963	$ 2,434,295	$ 2,673,713	$ 1,236,445	$ 7,245,417
Other Income	1,051	709	-	-	1,760
Total Income	$ 902,014	$ 2,435,005	$ 2,673,713	$ 1,236,445	$ 7,247,176
Operating Expenses	512,824	1,427,196	1,104,193	492,855	3,537,067
Non Recoverable Costs	278,812	481,565	456,966	238,567	1,455,910
Total Expense	$ 791,635	$ 1,908,761	$ 1,561,159	$ 731,422	$ 4,992,977
Net Income	$ 110,379	$ 526,243	$ 1,112,554	$ 505,023	$ 2,254,199

151. During the Reconstruction Period Avenue Commercial distributed approximately $1,485,000 to CAIC in owner distributions. In accordance with the LP Agreement these amounts were to be distributed to the investors in the SNC Lavalin Project.

152. Based on the Receiver’s review of the sources and uses of funds it appears that investors in the SNC Lavalin Project received distributions of approximately $1,657,000 over the Reconstruction Period.

153. The Receiver notes that excess distributions of approximately $173,000 were paid to the investors in this project.

Payments to directors and relatives

154. Over the Reconstruction Period the SNC Lavalin Project made the following payments to the directors and relatives:

	Cash In	***Cash Out***	***Net***
Dave Aurora	$ 1,500,000	$ (1,445,829)	$ 54,171
Vinny Aurora	50,000	(403,304)	(353,304)
Vincenzo De Palma	-	(100,000)	(100,000)
Dave Humenuik	-	(101,619)	(101,619)
Dave Jones	-	(850,000)	(850,000)
Milton Kiehlbauch	-	(441,500)	(441,500)
Total	**$ 1,550,000**	**$ (3,342,252)**	**$ (1,792,252)**

Concrete Associates II Investment Corporation ("CAIC 2"), Safeguard III LP and Concrete RRSP Holdings Inc. ("CRHI") (collectively the "Castleridge Project")

General

155. An Org Chart for the Castleridge Project is presented in Appendix P.

156. This Org Chart shows the relationship between CAIC 2, Safeguard III LP, CRHI and the respective owners of these companies.

157. The Receiver prepared a list of the known creditors of the Castleridge Project based on the Receiver's review of the following:

   (i) Property manager payable listings;

   (ii) Concrete payable listings;

   (iii) Personal Property Registry searches;

   (iv) Title searches; and

   (v) Other relevant documents including statements of claim.

158. A summary of the known liabilities is presented in the table below, a complete list of known creditors for the Castleridge Project is attached as Appendix Q:

Secured Creditors	$ 13,719,227
Preferred Creditors	-
Unsecured Creditors	5,908,902
Estimate of Known Creditors	**$ 19,628,129**

<u>Notes:</u>

1. Includes Strategic Grid Note claim of approximately $3.7MM, 934608 Alberta Ltd. claim of $5.0MM and Dave Aurora claim of approximately $0.9MM. These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

159. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the Concrete entities. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

160. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the *Bankruptcy and Insolvency Act* with respect to CAIC 2 and Safeguard III LP are noted and explained on the creditors listing attached as Appendix Q.

Offering Memorandum

161. Safeguard III LP issued OM dated August 24, 2006 for the Castleridge Project. The OMs indicated that a maximum of 272 LP units with a unit value of $50,000 were going to be issued for a maximum offering of $13.6MM. The net proceeds were to be used as follows:

Acquistion of Land	$13,450,000
Estimate of offering costs	150,000
Total	**$13,600,000**

162. CRHI issued an OM dated October 26, 2006. The CRHI OM was raising funds for 4.0% redeemable bonds and non-voting "Class B" shares. The OM stated that the funds raised were going to be used to purchase limited partnership units in Safeguard III LP.

163. The Safeguard III LP OM stated that the funds raised would not be sufficient to purchase the property and additional funds required to complete the acquisition of the lands would be obtained by way of mortgage financing. The LP intended to assume the existing mortgage in the principal amount of $10.6MM with an interest rate of 6.00% per annum.

164. According to the OMs the goal of the Castleridge Project is to purchase revenue generating commercial properties and commercial development projects, being the lands. The lands were defined as Castleridge Plaza - 55 Castleridge Boulevard NE, Calgary, AB ("Castleridge Plaza").

165. Castleridge Plaza is comprised of a one-storey, multi-tenant, commercial building, two single tenant restaurant pads and a retail fuel outlet with a total area of approximately 10.26 acres. There are currently approximately 23 tenants leasing approximately 53,000 square feet of Castleridge Plaza.

166. According to the OMs, the long-term objective of the project was to maintain a minimum hold of not less than five years.

167. The material agreements that were identified in the OM are:

(i) The GP's proposal to purchase the property for $24.2MM[7];

(ii) LP Agreement between CAIC 2 and Safeguard III LP – governed the management functions of CAIC 2 and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees;

(b) payment of a syndication fee in the amount of $250,000; and

(iii) Third party property management agreement between CAIC 2 and Kennington Properties Ltd.

168. The OM stated that investors interested in subscribing for units in the Castleridge Project were to submit a completed subscription agreement to CAIC along with a certified cheque or bank draft payable to CAIC or CRHI in trust.

169. The Receiver notes that the OM did not state that funds should be sent to CAIC 2 (the GP for this project), but instead stated that funds should be sent to CAIC the GP for the SNC Lavalin Project.

[7] As noted below, the actual purchase price for this property was approximately $21MM.

Acquisition of Castleridge Plaza

170. On August 16, 2006, CAIC (the GP for the SNC Lavalin Project) entered into a purchase and sale agreement with Castleridge G.P. Ltd for Castleridge Plaza and on December 15, 2006 this transaction closed.

171. As noted on the statement of adjustments the purchase price for this property was approximately $21MM.

172. The purchase of Castleridge Plaza appears to have been funded from:

(i) Cash received from investors;

(ii) Mortgage with Computershare Trust Company of Canada; and

(iii) Bridge financing from Mr. Dave Aurora ($300,000).

173. The Receiver notes that Safeguard III LP and CRHI had not raised sufficient funds from investors on the closing date to pay the balance of the purchase price, therefore CAIC entered into a short-term loan with Dave Aurora for $300,000 to close the purchase. This loan was eventually repaid with interest.

Sources and uses of funds related to the Castleridge Project

174. The sources and uses of funds relating to the Castleridge Project is set out in the table below:

	in $000
Receipts	
Investor Funds	12,997
Net Mortgage / Loan Proceeds	10,600
Payments From Property Manager	887
Unclassified	13
Total Receipts	**24,497**
Disbursements	
Building Purchase/Deposits on Land	(21,113)
Investor Distributions	(1,264)
Commission to CEI	(952)
Net Inter-entity Lending	(878)
Payments to Directors/Relatives	(85)
Business Expenses	(73)
Unclassified	(70)
Property Improvements / Construction	(60)
Total Disbursements	**(24,495)**
Total Cash on Hand	**1**

Note:

1. This analysis excludes revenue and expenses generated specifically by the Castleridge Plaza. An analysis of these amounts is discussed below (under distributions to investors).

Investor funds

175. The Receiver notes that per the investor registry, Concrete raised $13.6MM from the sale of 272 LP units to 248 investors.

176. As noted above, due to the co-mingling of funds for the DV/MR Project, the SNC Lavalin Project and the Castlerige Project it was extremely difficult to confirm the amounts received from investors relating to these three projects.

177. As noted above the Receiver has confirmed the receipt of $13MM of investor funds relating to the Castleridge Project.

178. The Receiver notes that OTC provided the Receiver with a list of RRSP investors for each project. The Receiver has confirmed the list of investors provide by OTC for the Castlerdige Project to the Concrete registry and notes that there were not discrepancies.

Inter-entity analysis

179. An analysis of the inter-company balances is presented below:

Project	***Cash In***	***Cash out***	***Net***
CE Place	$ 54,500	$ -	$ 54,500
Concrete Equities	77,100	-	77,100
Concrete Executive Club	15,000	-	15,000
DV Millrise	1,325	(175,000)	(173,675)
El Golfo / Santa Clara	268,502	-	268,502
Glenmore Airways	24,200	-	24,200
MEG Place	69,253	-	69,253
SNC Lavalin	8,443,955	(10,666,149)	(2,222,194)
Symcor Otis	55,000	-	55,000
Urban	2,000	-	2,000
Total	$ 9,010,836	$ (10,841,149)	$ (1,830,313)
Plus: Commission Outstanding to CEI			952,000
Grand Total			**$ (878,313)**

180. The Receiver notes that in accordance with the service agreement between CAIC 2 and CEI, CEI was entitled to a commission of 7% on the funds raised with respect to the Castleridge Project. The above analysis takes into consideration $952,000 (calculated as

7% of the funds raised according to the registry maintained by Concrete) owed to CEI by CAIC 2 as the Receiver has classified this amount as commissions earned by CEI.

Distributions to investors

181. The Receiver understands that Kennington Properties has been managing Castleridge Plaza on behalf of CAIC 2 for the period November 2006 to May 2009. The Receiver notes that Kennington Properties continues to manage Castleridge Plaza throughout these proceedings. The following is a summary of the properties income and expenses over the period:

Castleridge	**Jan to May 31, 2009**	**2008**	**2007**	**2006**	**Total**
Rental Income	$ 516,308	$ 1,235,053	$ 1,342,878	$ 58,434	$ 3,152,673
Operating Recoveries	222,387	490,316	558,897	26,846	1,298,447
Other Income	13,687	15,708	2,334	-	31,730
Total Income	$ 752,383	$ 1,741,077	$ 1,904,109	$ 85,280	$ 4,482,849
Expenses					
Operating Expenses	268,996	612,384	602,000	25,215	1,508,595
Non Recoverable Costs	248,021	669,271	585,074	144,448	1,646,813
Total Expense	$ 517,016	$ 1,281,654	$ 1,187,074	$ 169,663	$ 3,155,407
Other Income/Expenses					
Expenses - Prior Year	$ -	$ -	$ -	$ 1,357	$ 1,357
Net Income	**$ 235,367**	**$ 459,423**	**$ 717,036**	**$ (85,741)**	**$ 1,326,085**

182. During the Reconstruction Period Kennington Properties distributed approximately $0.9MM to CAIC 2 in owner distributions. These amounts were to be distributed to the investors in this project.

183. Based on the Receiver's review of the sources and uses of funds it appears that investors in the Castleridge Project received distributions of approximately $1.3MM over the Reconstruction Period.

184. The Receiver notes that excess distributions of approximately $0.4MM were paid to the investors in this project.

Payments to directors and relatives

185. Over the Reconstruction Period the Castleridge Project made the following payments to the directors and relatives:

Project	***Cash In***	***Cash Out***	***Net***
Dave Aurora	*$ 300,000*	$ (385,171)	$ (85,171)
Total	***$ 300,000***	***$ (385,171)***	***$ (85,171)***

Concrete Associates III Investment Corporation ("CAIC 3"), Safeguard IV LP and Concrete Place Registered Corp. ("CPRC") (collectively the "CE Place Project")

General

186. An Org Chart for the CE Place Project is presented in Appendix R.

187. This Org Chart shows the relationship between CAIC 3, Safeguard IV LP, CPRC and the respective owners of these companies.

188. The Receiver prepared a list of the known creditors of the CE Place Project based on the Receiver's review of the following:

(i) Property manager payable listings;

(ii) Concrete payable listings;

(iii) Personal Property Registry searches;

(iv) Title searches; and

(v) Other relevant documents including statements of claim.

189. A summary of the known liabilities is presented in the table below. A complete list of known creditors for the CE Place Project is attached as Appendix S:

Secured Creditors	$ 21,734,005
Preferred Creditors	-
Unsecured Creditors	6,062,305
Estimate of Known Creditors	**$ 27,796,310**

Notes:

1. Includes Strategic Grid Note claim of approximately $3.7MM, 934608 Alberta Ltd. claim of $5.0MM and the Dave Aurora claim of approximately $0.9MM. These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

190. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the Concrete entities. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

191. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the *Bankruptcy and Insolvency Act* with respect to CAIC 3 and Safeguard IV LP are noted and explained on the creditors listing attached as Appendix S.

Offering Memorandum

192. Safeguard IV LP issued an OM dated April 13, 2007 for the CE Place Project. The OM indicated that a maximum of 500 LP units with a unit value of $50,000 were going to be issued for a maximum offering of $25MM. The net proceeds were to be used as follows:

Acquistion of Land	$24,850,000
Estimate of offering costs	150,000
Total	**$25,000,000**

193. CPRC issued an OM dated April 13, 2007. The CPRC OM was raising funds for 4.0% redeemable bonds and non-voting "Class B" shares. The OM stated that the funds raised were going to be used to purchase limited partnership units in Safeguard IV LP.

194. The Safeguard IV LP OM stated that funds raised would not be sufficient to purchase the property and additional funds required to complete the acquisition of the lands would be obtained by way of mortgage financing. The LP intends to obtain a new first mortgage in the principal amount of $18MM with an interest rate of 5.25% per annum.

195. According to the OMs the goal of the CE Place Project is to purchase revenue generating commercial properties and commercial development projects, being the lands. The lands were defined as 396, 11th Avenue SW, Calgary, AB ("CE Place").

196. CE Place is a fourteen storey, multi-tenant office building, complete with a two level underground parking garage. The substructure was constructed in the late 1980's with a

footprint of approximately 15,390 square feet and the tower was constructed in 2008. Concrete Equities Place is reported to be a "Class A", commercial condominium. There are currently approximately 5 tenants leasing approximately 60,487 square feet of CE Place.

197. According to the OMs, the long-term objective of the project was to maintain a minimum hold of not less than five years.

198. The material agreements that were identified in the OM are:

(i) The GP's proposal to purchase the property for $43MM[8];

(ii) LP Agreement between CAIC 3 and Safeguard IV LP – governed the management functions of CAIC 3 and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees;

(b) payment of a syndication fee in the amount of $250,000; and

(iii) Third party property management agreement between CAIC 3 and NewWest.

199. The OM stated that investors interested in subscribing for units in the CE Place Project were to submit a completed subscription agreement to CAIC along with a certified cheque or bank draft payable to B&M in trust.

200. The Receive notes that the GP for the CE Place Project is CAIC 3, not CAIC.

---

[8] As noted below, the actual purchase price for this property was $38.9MM.

Acquisition of CE Place

201. On April 20, 2007, CAIC 3 entered into a purchase and sale agreement with Beltline Ventures Ltd. for CE Place this transaction closed in April 2008.

202. As noted on the statement of adjustments the purchase price for this property was $38.9MM.

203. The purchase of CE Place appears to have been funded from:

(i) Cash received from investors; and

(ii) New mortgage financing from Citizens Bank.

Sources and uses of funds related to the CE Place Project

204. The sources and uses of funds relating to the CE Place Project is summarized in the table below:

	in $000
Receipts	
Investor Funds	25,000
Net Mortgage / Loan Proceeds	17,117
Net Inter-entity Lending	3,055
Unclassified	595
Misc Revenue / Deposits	410
Payments From Property Manager	208
Total Receipts	**46,385**
Disbursements	
Building Purchase/Deposits on Land	(38,811)
Property Improvements / Construction	(3,192)
Commission to CEI	(2,510)
Investor Distributions	(1,131)
Business Expenses	(263)
Unclassified	(165)
Payments to Directors/Relatives	(157)
Total Disbursements	**(46,227)**
Total Cash on Hand	**158**

Note:

1. This analysis excludes revenue and expenses generated specifically by CE Place. An analysis of these amounts is discussed below (under distributions to investors).

205. The Receiver notes that approximately $157,000 is currently held in trust at B&M with respect to this project. The Receiver understands that these funds are held in trust as a condition to the purchase and sale agreement. The Receiver's counsel is following up to determine if these funds can be released.

Investor funds

206. The Receiver notes that per the investor registry, Concrete raised $25.1MM from the sale of 502 LP units to 417 investors.

207. As noted above the Receiver has confirmed the receipt of $25MM of investor funds relating to the CE Place Project.

208. The Receiver notes that OTC provided the Receiver with a list of RRSP investors for each project. The Receiver has confirmed the list of investors provide by OTC for the CE Place Project to the Concrete registry and notes that there were not discrepancies.

Inter-entity analysis

209. An analysis of the inter-entity balances is presented below:

Project	***Cash In***	***Cash out***	***Net***
Castleridge	$ -	$ (54,500)	$ (54,500)
CE Place 8 & 13		(23,000)	(23,000)
Concrete Equities	*51,000*	(326,498)	(275,498)
Concrete Executive Club	-	(12,000)	(12,000)
DV Millrise	*32,975*	*(3,000)*	29,975
El Golfo / Santa Clara	*2,007,277*	(299,765)	1,707,512
Glenmore Airways	*80,500*	(265,000)	(184,500)
Luna Morada, Conchas Chinas & Concor Pacific Inc.	*300,000*	(4,000)	296,000
MEG Place	*1,092,527*	(2,800)	1,089,727
SNC Lavalin	*30,000*	(9,500)	20,500
Symcor Otis	*510,718*	(50,000)	460,718
Urban	-		-
Total	*$ 4,104,997*	*$ (1,050,063)*	*$ 3,054,934*

210. The Receiver notes that in accordance with the service agreement between CAIC 3 and CEI, CEI was entitled to a commission of 10% on the funds raised with respect to the CE Place Project. The above analysis excludes $2.51MM (calculated based on 10% of the funds raised according to the registry maintained by Concrete) which has been classified as commissions paid to CEI.

Distributions to investors

211. The Receiver understands that NewWest has been managing CE Place on behalf of CAIC 3 for the period April 2008 to May 2009. The Receiver notes that NewWest continues to manage CE Place throughout these proceedings. The following is a summary of the properties income and expenses over the period:

CE Place		Jan to May 31, 2009		2008		Total
Revenue	$	363,191	$	1,187,604	$	1,550,794
Operating Recoveries		134,090		487,406		621,495
Other Income		-		1,807		1,807
Total Income	$	497,280	$	1,676,816	$	2,174,096
Expenses						
Operating Expenses		64,751		176,174		240,925
Non Recoverable Costs		408,847		1,074,949		1,483,796
Total Expense	$	473,598	$	1,251,123	$	1,724,720
Net Income	$	23,682	$	425,694	$	449,376

212. During the Reconstruction Period NewWest distributed approximately $0.2MM to CAIC 4 in owner distributions. These amounts were to be distributed to the investors in this project.

213. Based on the Receiver's review of the sources and uses of funds it appears that investors in the CE Place Project received distributions of approximately $1.1MM over the Reconstruction Period.

214. The Receiver notes that excess distributions of approximately $0.9MM were paid to the investors in this project and distributions commenced in December 2007, approximately four months prior to the purchase of CE Place.

Payments to directors and relatives

215. Over the Reconstruction Period the CE Place Project made the following payments to the directors and relatives:

	Cash In	Cash Out	Net
Vinny Aurora	$ -	$ (50,000)	$ (50,000)
Dave Humenuik	-	(50,000)	(50,000)
Dave Jones	-	(56,500)	(56,500)
Total	*$ -*	*$ (156,500)*	*$ (156,500)*

Concrete Associates IV Investment Corporation ("CAIC 4"), Safeguard V LP and First and Tenth RRSP Corp. ("1st and 10th") (collectively the "MEG Place Project")

General

216. An Org Chart for the MEG Project is presented in Appendix T.

217. This Org Chart shows the relationship between CAIC 4, Safeguard V LP, 1st and 10th and the respective owners of these companies.

218. The Receiver prepared a list of the known creditors of the MEG Place Project based on the Receiver's review of the following:

(i) Property manager payable listings;

(ii) Concrete payable listings;

(iii) Personal Property Registry searches;

(iv) Title searches; and

(v) Other relevant documents including statements of claim.

219. A summary of the known liabilities is presented in the table below. A complete list of known creditors for the MEG Place Project is attached as Appendix U:

Secured Creditors	$ 15,921,518
Preferred Creditors	-
Unsecured Creditors	5,924,505
Estimate of Known Creditors	**$ 21,846,023**

Note:

1. Includes Strategic Grid Note claim of approximately $3.7MM, 934608 Alberta Ltd. claim of $5.0MM and Dave Aurora claim of approximately $0.9MM. These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

220. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the Concrete entities. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

221. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the *Bankruptcy and Insolvency Act* with respect to CAIC 4 and Safeguard V LP are noted and explained on the creditors listing attached as Appendix U.

Offering Memorandum

222. Safeguard V LP issued an original OM dated November 29, 2007 and an amended OM dated June 1, 2008 for the MEG Place Project. The OMs indicated that a maximum of 1,670 LP units with a unit value of $10,000 were going to be issued for a maximum offering of $16.7MM. The net proceeds were to be used as follows:

Acquistion of Land	$16,600,000
Estimate of offering costs	100,000
Total	**$16,700,000**

223. 1st and 10th issued an OM dated November 29, 2007. The 1st and 10th OM was raising funds for 4.0% redeemable bonds and non-voting "Class B" shares. The OM stated that the funds raised were going to be used to purchase limited partnership units in Safeguard V LP.

224. The Safeguard V LP OM stated that the net proceeds from this offering were not sufficient to meet all of the proposed short-term objectives. The General Partner obtained a first mortgage from CIBC in the amount of $12.5MM at a five year Canada Bond Fund rate plus 2%. The rate will be fixed when the mortgage closes.

225. According to the OMs the goal of the MEG Place Project is to purchase revenue generating commercial properties and commercial development projects, being the lands. The lands were defined as 1001, 1st Street SE, Calgary, AB ("MEG Place").

226. MEG Place is a commercial centre occupied by a three storey, single tenant office building and a single-storey, single tenant building office / warehouse. The single tenant office building was constructed in 1986 with a footprint area of approximately 16,350 square feet and a reported net leaseable building area of approximately 48,352 square feet. The single-storey, single tenant building office / warehouse was constructed in approximately 1951 and has a footprint and total building area of approximately 14,440 square feet. There are currently approximately two tenants leasing approximately 62,782 square feet of MEG Place.

227. According to the OMs, the long-term objective of the project was to maintain a minimum hold of not less than five years.

228. The material agreements that were identified in the OM are:

(i) The GP's proposal to purchase the property for $29.2MM[9];

(ii) LP Agreement between CAIC 4 and Safeguard V LP – governed the management functions of CAIC 4 and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees;

(b) there was no provision for the payment of a syndication fee; and

(iii) Service Agreement between CAIC 4 and CEI – governed payment of commissions and reimbursement of reasonable expenses to CEI. Commission rate of 10%.

(iv) Third party property management agreement will be tendered through a bid system. The Receiver notes that the third party property manager for this project is Colliers Macaulay & Nicolls Inc. ("Colliers").

[9] As noted below, the actual purchase price for this property was approximately $25.8MM.

229. The OM stated that investors interested in subscribing for units in the MEG Place Project were to submit a completed subscription agreement to CAIC 4 along with a certified cheque or bank draft payable to B&M in trust.

Acquisition of MEG Place

230. On November 16, 2007, CAIC 4 entered into a purchase and sale agreement with M.E.G. Place Ltd. for MEG Place on April 28, 2008 this transaction closed.

231. As noted on the statement of adjustments the adjusted purchase price for this property was $25.8 MM.

232. The purchase of MEG Place appears to have been funded from:

(i) Cash received from investors;

(ii) Bridge financing from P3 Holdings ($5.0MM); and

(iii) Bridge financing from Paragon Capital ($12.5MM).

233. The Receiver notes that the P3 Holdings bridge loan was repaid from investor funds and from approximately $4.3MM received from the Sandhu family. A copy of the documents supporting the payments from the Sandhu family to P3 Holdings is attached as Appendix V. The Paragon Capital bridge loan was paid out from the proceeds of the CIBC mortgage funds that were advanced directly to Paragon Capital in April 30, 2008.

Sources and uses of funds related to the MEG Place Project

234. The sources and uses of funds relating to the MEG Place is summarized in the table below:

	in $000
Receipts	
Investor Funds	16,460
Net Mortgage / Loan Proceeds	14,428
Payments From Property Manager	1,161
Misc Revenue / Deposits	303
Unclassified	4
Total Receipts	**32,356**
Disbursements	
Building Purchase/Deposits on Land	(25,801)
Net Inter-entity Lending	(4,265)
Commission to CEI	(1,669)
Unclassified	(373)
Business Expenses	(153)
Investor Distributions	(94)
Total Disbursements	**(32,355)**
Total Cash on Hand	**1**

<u>Note</u>

1. This analysis excludes revenue and expenses generated specifically by MEG Place. An analysis of these amounts is discussed below (under distributions to investors).

Investor funds

235. The Receiver notes that per the investor registry, Concrete raised $16.7MM from the sale of 1,669 LP units to 828 investors.

236. As noted above the Receiver has confirmed the receipt of $16.5MM of investor funds relating to the MEG Place Project.

237. The Receiver also notes that OTC provided the Receiver with a list of investors for each project. The Receiver has confirmed the list of investors provide by OTC for the MEG Place Project to the Concrete registry and notes that there were no discrepancies.

Inter-entity analysis

238. An analysis of the inter-company balances is presented below:

Project	***Cash In***	***Cash out***	***Net***
Castleridge	$ -	$ (69,253)	$ (69,253)
CE Place	2,800	(1,092,527)	(1,089,727)
CE Place 8 & 13	-	(1,749,436)	(1,749,436)
Concrete Equities	1,005,000	(401,141)	603,859
El Golfo / Santa Clara	1,260,260	(1,301,255)	(40,995)
Glenmore Airways	383,363	(1,945,005)	(1,561,642)
Luna Morada, Conchas Chinas & Concor Pacific Inc.	600	(265,000)	(264,400)
SNC Lavalin	-	(78,789)	(78,789)
Symcor Otis	30,200	(48,594)	(18,394)
Urban	5,500	(1,500)	4,000
Total	$ 2,687,723	$ (6,952,500)	$ (4,264,776)

239. The Receiver notes that in accordance with the service agreement between CAIC 4 and CEI, CEI was entitled to a commission of 10% on the funds raised with respect to the MEG Place Project. The above analysis excludes $1.67MM (calculated based on 10% of the funds raised according to the registry maintained by Concrete) which has been classified as commissions paid to CEI.

Distributions to investors

240. The Receiver understands that Colliers has been managing MEG Place on behalf of CAIC 4 for the period May 2008 to May 2009. The Receiver notes that Colliers continues to manage MEG Place throughout these proceedings. The following is a summary of the properties income and expenses over the period:

MEG Place	**Jan to May 31, 2009**	**2008**	**Total**
Revenue	$ 1,074,743	$ 1,544,608	$ 2,619,351
Operating Recoveries	-	-	-
Other Income	229	2,558	2,787
Total Income	$ 1,074,972	$ 1,547,166	$ 2,622,138
Expenses			
Operating Expenses	275,853	531,299	807,152
Non Recoverable Costs	377,914	224,615	602,529
Total Expense	$ 653,767	$ 755,914	$ 1,409,681
Net Income	$ 421,205	$ 791,252	$ 1,212,457

241. During the Reconstruction Period Colliers distributed approximately $1.2MM to CAIC 4 in owner distributions. These amounts were to be distributed to the investors in this project.

242. Based on the Receiver's review of the sources and uses of funds it appears that investors in the MEG Place Project received distributions of approximately $0.1MM over the Reconstruction Period.

243. The Receiver notes that approximately $1.1MM of funds received from the property manager were not distributed to the investors in this project.

Payments to directors and relatives

244. Over the Reconstruction Period the MEG Place Project did not make any payments to directors and relatives.

El Golfo Investment Corporation ("El Golfo"), Santa Clara Real Estate Investment Fund LP ("Santa LP") and Santa Clara Registered Corp. ("SCRC") (collectively the "El Golfo Project")

General

245. The Receiver's second report dated July 29, 2009 (the "Second Report") provides an overview of the El Golfo Project and the critical issues that the Receiver had to attend to regarding this project upon its appointment including:

    (i) Whether to fund the extension fees required to extend the deadline to close the purchase of the El Golfo Lots;

    (ii) Whether to fund a commission fee payment owed to the parties who were "brokering" this transaction;

    (iii) How to communicate with the investors to determine if they wanted to fund these costs; and

    (iv) Performing due diligence on the transactions.

246. After consultation with the Management Committee on August 7, 2009 the Receiver sent a letter to the investors in the El Golfo Project which set a deadline of August 13, 2009 for investors to participate in funding the Pre-Closing Costs (extension fees, commission fees and appraisal fees), as the extension fees were due on August 15, 2009.

247. The deadline to fund the extension fees was further extended to September 30, 2009 and the Receiver sent a follow-up letter to the investors on August 17, 2009 extending the deadline to send funds to the Receiver to September 15, 2009.

248. As the situation was complex, the Receiver, in consultation with the Management Committee, determined it would be appropriate to hold a town hall meeting for the investors in the El Golfo Project to provide them with information gathered from the due diligence performed by the Receiver and its counsel to allow the investors to make an informed decision with respect to funding the Pre-Closing Costs.

249. The Receiver engaged an appraiser to provide a preliminary estimate of value for the El Golfo Lots and the Receiver engaged counsel in Mexico to review certain documents provided to the Receiver with respect to the transactions in question.

250. The Receiver in conjunction with the Management Committee held a town hall meeting of the investors in the El Golfo Project on September 15, 2009. A copy of the Receiver's presentation to the investors is attached as Appendix W to this report. Key findings from the presentation include:

- Organizational structure for the El Golfo Project was complex, a copy of the Org Chart is attached as Appendix X to this report.
- The preliminary estimate of value for the El Golfo Lots was US$6.3MM.
- To complete the purchase of the El Golfo Lots the investors would be required to fund an additional US$16MM (approximately $24MM has already been raised by CEI for this project).
- It appeared based on the Receiver's preliminary analysis of the bank accounts associated with the El Golfo Project that approximately $10MM was paid to other Concrete entities from the El Golfo bank accounts.
- The investors voted on 3 options:

  (a) Do not fund the extension fees;

  (b) Fund a portion of the extension fees; and

  (c) Fund all of the extension fees.

- The investors voted overwhelmingly in favour of option 1 – do not fund the extension fees.

251. The Receiver prepared a list of the known creditors of the El Golfo Project based on the Receiver's review of the following:

(i) Concrete payable listings;

(ii) Personal Property Registry searches; and

(iii) Other relevant documents including statements of claim.

252. A summary of the known liabilities is presented in the table below, a complete list of known creditors for the El Golfo Project is attached as Appendix Y:

Secured Creditors	$ 500,000
Preferred Creditors	-
Unsecured Creditors	6,921,382
Estimate of Known Creditors	**$ 7,421,382**

Notes:

1. Includes 934608 Alberta Ltd. claim of $5.0MM and the Dave Aurora claim of approximately $0.9MM. These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

253. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the El Golfo Project. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

254. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the Bankruptcy and Insolvency Act with respect to El Golfo and Santa LP are noted and explained on the creditors listing attached as Appendix Y.

Offering Memorandum

255. Santa LP issued an original OM dated June 4, 2007 and an amended OM dated May 26, 2008 with respect to the El Golfo Project. The OMs indicated that a maximum of 2,500 LP units with a unit value of $10,000 were going to be issued for a maximum offering of $25MM. The net proceeds were to be used as follows:

Acquistion of Land	$24,900,000
Estimate of offering costs	100,000
Total	**$25,000,000**

256. SCRC issued an OM dated September 20, 2007. The SCRC OM was raising funds for 4.0% redeemable bonds and non-voting "Class B" shares. The OM stated that the funds raised were going to be used to purchase limited partnership units in Santa LP.

257. According to the Santa LP OM the goal of the El Golfo Project is to purchase land, hold, develop and sell the land. The lands were defined as Lot 5 in the original OM and then Lot 1 and 2 (collectively Lot 5) in the amended OM in Sonora, Mexico ("El Golfo Lands").

258. According to the OMs, the long-term objective of the project was to hold the land for not less than two years to allow the GP time for master planning of the El Golfo Lands.

259. The material agreements that were identified in the original OM are:

(i) The GP's proposal to purchase the property for $25MM[10]; and

(ii) LP Agreement between El Golfo and Santa LP – governed the management functions of El Golfo and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees; and

(b) there was no provision for the payment of a syndication fee.

[10] The Receiver notes that the purchase price for Lots 1 and 2 was approximately US$8MM.

260. The original OM did not disclose the service agreement between El Golfo and CEI with respect to commissions earned for the sale of the Santa LP units. The amended OM, issued almost one year later after CEI had raised approximately 80% of the funds related to this project, included a copy of the service agreement.

261. The OM stated that investors interested in subscribing for units in the El Golfo Project were to submit a completed subscription agreement to El Golfo along with a certified cheque or bank draft payable to B&M in trust.

262. The Receiver notes that B&M did not have a trust account established for the El Golfo Project. Funds relating to the El Golfo Project were deposited directly into the El Golfo account at Scotiabank. The Receiver also notes that FMC maintained several trust accounts with the matter description “El Golfo”. Based on the Receiver’s review of the amounts deposited and disbursed from these accounts, it appears that one of the accounts did not relate to the El Golfo Project, instead it related to the Luna Morada and Conchas Chinas projects.

Sources and uses of funds related to the El Golfo Project

263. As noted above the Receiver presented a preliminary estimate of the sources and uses of funds relating to the El Golfo Project at the town hall meeting. Since that time the Receiver has continued to refine this analysis, the table below summarizes the Receiver's current understanding of the sources and uses of funds for the El Golfo Project:

	in $000
Receipts	
Investor Funds	23,934
Net Mortgage / Loan Proceeds	500
Unclassified	219
Total Receipts	**24,653**
Disbursements	
Net Inter-entity Lending	(10,741)
Building Purchase/Deposits on Land	(10,404)
Commission to CEI	(2,377)
Payments to Directors/Relatives	(493)
Unclassified	(419)
Business Expenses	(217)
Total Disbursements	**(24,651)**
Total Cash on Hand	**3**

264. The main differences between the analysis presented at the town hall meeting in September 2009 and the analysis presented above is the Receiver's discovery that a trust account maintained by FMC with the description matter "El Golfo" did not actually relate to the El Golfo project. This account was included in the previous analysis, but was excluded from the analysis presented in this report. As noted above and as discussed in further detail below, this account related to the Luna Morada and Conchas Chinas projects.

Deposits on El Golfo Lots

265. CEI entered into assignment and assumption agreements with Arizona Golfo Investments on February 1, 2007 and November 1, 2007 (collectively the "Assignment and Assumption Agreements") with respect to offers to purchase that had been entered into by Mr. Aguilera and Mr. Letourneau (or companies owned by Mr. Aguilera and Mr. Letourneau) for lots 1, 2, 3, 4 and 7A in Sonora Mexico (collectively the "El Golfo Lots").

266. Pursuant to the Assignment and Assumption Agreements and to the purchase and sale agreements payments were remitted to the vendors of the El Golfo Lots, the brokers and to Mr. Aguilera and Mr. Letourneau (for assignment fees).

267. In total El Golfo paid approximately $10.4 million with respect to the purchase of the El Golfo Lots. Including approximately $881,000 from Dave Aurora, as evidenced by two promissory notes dated August 15, 2008 and December 11, 2008 attached as Appendix Z, which the Receiver understands has not been repaid to date and $500,000 from Mr. Darcy Sandhu which loan remains outstanding and was loaned pursuant to a promissory note dated December 9, 2008 ("the Sandhu P-Note"). A copy of the Sandhu P-Note is attached as Appendix AA to this report.

268. As noted above CEI did not complete the purchase of the El Golfo Lots. The El Golfo investors do not own any land in Sonora, Mexico.

Investor funds

269. The Receiver notes that per the investor registry, Concrete raised $23.8MM from the sale of 2,377 LP units to 1,314 investors.

270. As noted above the Receiver has confirmed the receipt of $23.9MM of investor funds relating to the El Golfo Project.

271. The Receiver also notes that OTC provided the Receiver with a list of RRSP investors for each project. The Receiver has confirmed the list of investors provide by OTC for the El Golfo Project to the Concrete registry and notes that there were no discrepancies.

Inter-entity analysis

272. An analysis of the inter-entity balances is presented below:

Project		***Cash In***		***Cash out***		***Net***
Castleridge	$	-	$	(268,502)	$	(268,502)
CE Place		299,765		(2,007,277)		(1,707,512)
CE Place 8 & 13		-		(670,390)		(670,390)
Concrete Equities		206,137		(2,910,877)		(2,704,740)
Concrete Executive Club		-		(70,800)		(70,800)
Diversified		124,715		-		124,715
DV Millrise		21,137		(144,452)		(123,315)
Glenmore Airways		1,731,160		(1,074,557)		656,603
Luna Morada, Conchas Chinas & Concor Pacific Inc.		1,261,250		(7,101,153)		(5,839,903)
MEG Place		1,301,255		(1,260,260)		40,995
SNC Lavalin		10,000		(34,975)		(24,975)
Symcor Otis		152,000		(305,411)		(153,411)
Total	*$*	*5,107,418*	*$*	*(15,848,654)*	*$*	*(10,741,236)*

273. The Receiver notes that in accordance with the service agreement between El Golfo and CEI, CEI was entitled to a commission of 10% on the funds raised with respect to the El Golfo Project. The above analysis excludes commissions paid to CEI of $2.377MM (calculated as 10% of the funds raised according to the investor registry maintained by Concrete).

274. The Receiver notes that an executed service agreement between CEI and El Golfo with a commission rate of 25% was found in the Concrete books and records. Since the service agreements were consistently at a rate of 7% or 10% the Receiver is of the view that this agreement is not valid and, therefore, the above analysis reflects a 10% commission rate.

Distributions to investors

275. The Receiver notes that the El Golfo Project was not set-up to generate quarterly returns to investors, as the El Golfo Lands were not generating income. The El Golfo Project was a land hold concept where investors would see a return on their investment when the El

Golfo Lands were ultimately sold; therefore the El Golfo Project did not pay out any distributions to investors.

Payments to directors and relatives

276. Over the Reconstruction Period the El Golfo Project made the following payments to the directors and relatives:

		Cash In		***Cash Out***		***Net***
Dave Aurora	$	881,921	$	(20,000)	$	861,921
Vinny Aurora		-		(130,000)		(130,000)
Vincenzo De Palma		-		(50,000)		(50,000)
Dave Humenuik		15,084		(1,159,944)		(1,144,860)
Dave Jones		-		(30,000)		(30,000)
Total	$	897,005	$	(1,389,944)	$	(492,939)

Note – includes purchase of Mexican Condominium discussed below.

<u>David Humenuik</u>

277. As discussed in the Monitor's first report dated August 26, 2009, The Receiver through its Investigation and specifically with the assistance of Mr. Vincenzo De Palma discovered that a condominium in Mexico (the "Mexican Condominium) was purchased by Mr. David Humeniuk and Mrs. Elizabeth Humeniuk (the "Humeniuks") with funds from the El Golfo Project.

278. On August 21, 2009 the Court granted a Mareva injunction order with respect to the Mexican Condominium. The Mareva injunction order prohibits the Humenuiks from selling, transferring, assigning, mortgaging, hypothecating, pledging, granting a security interest in, the Mexican Condominium.

279. Mr. Humenuik was adjudged bankrupt on September 15, 2009. The Receiver has been working with the trustee of Mr. Humenuik's estate to determine the appropriate course of action to deal with the Mexican Condominium.

Luna Morada Investment Corporation ("Luna Corp.") and Calle Maiposa Limited Partnership ("Calle LP") (collectively the "Luna Morada Project")

Costa Koraal Investment Corporation ("Costa Corp.") and Conchas Chinas Real Estate Investment Fund Limited Partnership ("Conchas LP") (collectively the "Conchas Chinas Project")

Concor Pacific Inc. ("CPI") and Concor Pacific Puerto Vallarta S.A. De C.V. ("CPPV")

General

280. An analysis of the Luna Morada Project and Conchas Chinas Project is described in the sections below.

281. The Receiver also notes that an analysis of these two projects would not be complete without a discussion with respect to CPPV and CPI as CPPV is the Mexican entity that purchased the Luna Morada and Conchas Chinas lands and CPI is the Canadian equivalent company to CPPV and funds associated with the Luna Morada and Conchas Chinas projects flowed through the CPI bank accounts.

282. An Org Chart for the Luna Morada Project, the Conchas Chinas Project, CPI and CPPV is attached as Appendix BB to this report.

283. The Receiver notes that based on the information reviewed by the Receiver to date Luna Corp., Calle LP, Costa Corp. and Conchas LP did not have a direct ownership interest in CPI or CPPV.

284. The Receiver prepared a list of the known creditors of the Luna Morada Project and the Conchas Chinas Project based on the Receiver's review of the following:

    (i) Concrete payable listings;

    (ii) Personal Property Registry searches;

    (iii) Title searches; and

(iv) Other relevant documents including statements of claim.

285. A summary of the known liabilities is presented in the table below, a complete list of known creditors for the Luna Morada Project and the Conchas Chinas Project is attached as Appendix CC:

Secured Creditors	$ -
Preferred Creditors	-
Unsecured Creditors	10,022,291
Estimate of Known Creditors	**$ 10,022,291**

Notes:

1. Includes 934608 Alberta Ltd. claim of $5.0MM for each project (i.e. $10MM in total). These claims are disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

286. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the Luna Morada Project and Conchas Chinas Project. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

287. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the *Bankruptcy and Insolvency Act* with respect to Luna Corp., Calle LP, Costa Corp. and Conchas LP are noted and explained on the creditors listing attached as Appendix CC.

Offering Memorandum – Luna Morada Project

288. Calle LP issued an OM dated September 24, 2007 with respect to the Luna Morada Project. The OM indicated that a maximum of 100 LP units with a unit value of $50,000 were going to be issued for a maximum offering of $5MM. The net proceeds were to be used as follows:

Acquistion of Land	$4,950,000
Estimate of offering costs	50,000
Total	**$5,000,000**

289. The Receiver notes that the OM also indicates that the net proceeds would be used for construction financing.

290. According to the OM the goal of the Luna Morada Project is to purchase Land, hold develop and sell the land. The lands were defined as Lot 154A, 2.045 acres in the gated resort of Paradise Village in Nuevo Vallerta ("Luna Morada").

291. According to the OM , the long-term objective of the project was to complete construction of 34 condo units within one year, with the units pre-sold as the project is completed.

292. The material agreements that were identified in the OM are:

(i) The GP owns the land free and clear. The OM identified the purchase price as approximately $2.2MM; and

(ii) LP Agreement between Luna Corp. and Calle LP – governed the management functions of Luna Corp. and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees; and

(b) there was no provision for the payment of a syndication fee.

293. The OM did not disclose the service agreement between Luna Corp. and CEI with respect to commissions earned for the sale of the Calle LP units.

294. The OM stated that investors interested in subscribing for units in the Luna Morada Project were to submit a completed subscription agreement to Luna Corp. along with a certified cheque or bank draft payable to FMC in trust.

Offering Memorandum – Conchas Chinas Project

295. Conchas LP issued an OM dated August 27, 2007 with respect to the Conchas Chinas Project. The OM indicated that a maximum of 35 LP units with a unit value of $50,000 were going to be issued for a maximum offering of $1.75MM. The net proceeds were to be used as follows:

Acquistion of Land	$1,700,000
Estimate of offering costs	50,000
Total	**$1,750,000**

296. According to the OM the goal of the Conchas Chinas Project is to purchase Land, hold develop and sell the land. The lands were defined as Lot 4, Block 29, located at 154 and 154A Sagitario Street, Conchas Chinas, Puerto Vallarta, Jalisco, Mexico ("Conchas Chinas").

297. According to the OM, the long-term objective of the project was to complete construction of 5 condo units when construction financing is available, but the intention is to complete construction within one year to 18 months.

298. The material agreements that were identified in the OM are:

(i) The GP is purchasing the land for $2MM; and

(ii) LP Agreement between Costa Corp. and Conchas LP – governed the management functions of Costa Corp. and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees; and

(b) there was no provision for the payment of a syndication fee.

299. The OM did not disclose the service agreement between Costa Corp. and CEI with respect to commissions earned for the sale of the Conchas LP units.

300. The OM stated that investors interested in subscribing for units in the Conchas Chinas Project were to submit a completed subscription agreement to Costa Corp. along with a certified cheque or bank draft payable to FMC in trust.

Acquisition of Luna Morada

301. On November 9, 2006 Mr. Kiehlbauch on behalf of Corridor Pacific Corp. and Mr. Jorge Humberto Serrano entered into an offer to formalize an irrevocable transfer of domain contract for Luna Morada. The purchase price was USD$2,156,692. The transaction was scheduled to close on January 18, 2007.

302. The purchase of Luna Morada was funded from:

(i) Bridge loan from Dave Aurora (US$0.2MM); and

(ii) Bridge loan from P3 Holdings (US$1.9MM).

303. The Receiver understands that both of these bridge loans were eventually repaid with interest. It appears that CEI issued a payment to Mr. Vinny Aurora as a repayment of the bridge loan from Dave Aurora in May 2007. The P3 Holdings Inc. bridge loan was repaid from investor funds directly from the FMC account in October 2007.

Acquisition of Conchas Chinas

304. On May 22, 2007 CPPV and Sra. Olivia Zamaro Ibarra entered into a promissory agreement for Conchas Chinas. The purchase price was USD$1.95MM.

305. The initial deposit of USD$220,000 was paid by TD Bank draft dated April 25, 2007.

306. The balance of USD$1,730,000 was payable to First American Title Insurance Company as Escrow Agent by July 27, 2007. The balance appears to have been funded from the cash raised from investors in the Conchas Chinas Project.

Sources and uses of funds related to the Luna Morada Project and the Conchas Chinas Project

307. The sources and uses of funds with respect to these two projects were combined as these funds were generally co-mingled in an account maintained by FMC with the matter description "Real Estate Development in Mexico". The analysis also includes sources and uses of funds from the CPI bank accounts, as CPI is an entity related to these two projects. A summary is presented in the table below:

	in $000
Receipts	
Investor Funds	6,846
Net Inter-entity Lending	4,906
Unclassified	106
Misc Revenue / Deposits	72
Total Receipts	**11,930**
Disbursements	
Property Improvements / Construction	(5,117)
Building Purchase/Deposits on Land	(4,243)
Net Bridge Financing Payments	(1,149)
Unclassified	(710)
Payments to Directors/Relatives	(386)
Business Expenses	(323)
Total Disbursements	**(11,929)**
Total Cash on Hand	**1**

308. The Receiver notes that Concrete maintained several accounts for the Luna Morada Project and the Conchas Chinas Project including accounts identified as CPI – Luna Morada and CPI- Conchas Chinas. Due to the apparent co-mingling of funds between these projects the Receiver has not attempted to segregate the sources and uses of funds

by project as in the Receiver's view this would take a significant amount of time and effort.

Investor funds

309. The Receiver notes that per the investor registry, Concrete raised $5MM from the sale of 100 LP units to 86 investors in the Luna Morada Project and Concrete raised $1.75MM from the sale of 35 LP units to 30 investors in the Conchas Chinas Project.

310. As noted above the Receiver has confirmed the receipt of $6.8MM of investor funds relating to the Luna Morada and Conchas Chinas Projects on an aggregate basis.

Inter-entity Analysis

311. An analysis of the inter-company balances is presented below:

Project		***Cash In***		***Cash out***		***Net***
CE Place	$	4,000	$	(300,000)	$	(296,000)
CE Place 8 & 13		-		(600,000)		(600,000)
Concrete Equities		11,424		(318,150)		(306,726)
DV Millrise		2,000				2,000
El Golfo / Santa Clara		7,101,153		(1,261,250)		5,839,903
Glenmore Airways		14,000		(9,000)		5,000
MEG Place		265,000		(600)		264,400
SNC Lavalin		58,379		(100,000)		(41,621)
Symcor Otis		14,000				14,000
Urban		25,000				25,000
Total	$	7,494,956	$	(2,589,000)	$	4,905,956

312. As noted above the Receiver could not locate a service agreement between Luna Corp. and CEI or Costa Corp. and CEI, therefore the Receiver is of the view the CEI was not entitled to a commission with respect to the sale of units for these two projects.

Distributions to investors

313. The Receiver notes that the Luna Morada Project and the Conchas Chinas Project was not set-up to generate quarterly returns to investors, as Luna Morada and Conchas Chinas were not generating income. The projects were land hold concepts where investors would

see a return on their investment when the lands were ultimately sold; therefore the investors in these two projects did not receive any distributions.

Payments to directors and relatives

314. Over the Reconstruction Period the Luna Morada Project and the Conchas Chinas Project made the following payments to the directors and relatives:

	Cash In	Cash Out	Net
Dave Aurora	$ 245,936	$ -	$ 245,936
Vinny Aurora	-	238,920	(238,920)
Dave Humenuik	-	15,036	(15,036)
Milton Kiehlbauch	-	377,546	(377,546)
Total	$ 245,936	$ 631,501	$ (385,566)

Meetings with Mr. Milton Kiehlbauch and Mr. Carlos Solorzano

315. After reviewing the books and records provided by Concrete with respect to the Luna Morada Project and the Conchas Chinas Project the Receiver determined that the records provided by Concrete were incomplete. The Receiver was not able to locate a copy of the title search for the property. The Receiver was not able to determine the ownership structure for this project, the current status of the project and the Receiver was not certain if the Receiver was in possession of the final purchase and sale agreements and other relevant documents.

316. The Receiver contacted Mr. Milton Kiehlbauch, Mr. Carlos Solorazano and Mr. Jose Luis Saniz parties who were involved in this project, according to the directors of Concrete and the Receiver's review of the books and records.

317. The Receiver and counsel met with Mr. Kiehlbauch and Mr. Solorzano on October 6, 2009 to discuss the Luna Morada Project and the Conchas Chinas Project to determine the following:

(i) Current status of the projects;

(ii) Ownership structure for the projects;

(iii) Assets and liabilities of the projects; and

(iv) Other relevant information to assist the Receiver with the investigation.

318. The following paragraphs provide a summary of the information provided by Mr. Kiehlbauch and Mr. Solorzano with respect to the Luna Morada Project and the Conchas Chinas Project.

Luna Morada

319. Mr. Kiehlbauch, Mr. Humenuik and Mr. Aurora were the sole shareholders and directors of CPPV. This company was incorporated for the purpose of purchasing Luna Morada.

(i) Mr. Kiehlbauch owns 34% of this company;

(ii) Mr. Humenuik owns 33% of this company; and

(iii) Mr. Aurora owns 33% of this company.

320. According to Mr. Kiehlbauch, Mr. Humenuik and Mr. Aurora were responsible for raising the capital necessary to build the 34 condominium units for the Luna Morada Project and Mr. Kiehlbauch was responsible for the development of the plans to build the condominium units.

321. The Receiver understands from discussions with Mr. Kiehlbauch and Mr. Solorzano that due to lack of funds the Luna Morada Project was in financial difficulty. Due to the nature of the project, meeting the construction timelines was very important as the ownership interest in Luna Morada was subject to a master trust agreement with the developer of Paradise Village, such that the developer may have had the right to take back the interest if the construction timeline was not met.

322. The Receiver understands that the project was approximately 50% completed by fall 2008, but the trades were owed approximately US$1.2MM.

323. A series of resolutions were passed in March 2009 with respect to the Luna Morada project. A copy of the resolutions are attached as Appendix DD to this report.

324. The resolutions generally dealt with the following:

(i) Meeting the financial requirements of the project was the primary concern;

(ii) Protect the capital already invested in the project;

(iii) Avoid litigation from the trade creditors; and

(iv) Protection of the investors in the Luna Morada project.

325. On September 30, 2009 CPPV and the developer of Paradise Village entered into an agreement, whereby the developer paid US$1.2MM to the trade creditors and US$600,000 to CPPV and CPPV transferred its rights in Luna Morada back to the developer.

326. As noted above, CPPV received compensation in the amount of US$600,000 as part of the agreement to transfer the rights in Luna Morada back to the developer. The Receiver was provided with documentation to support the disbursements paid from the US$600,000 on November 30, 2009. A summary of the funds disbursed is provided in the table below:

Payee		**Amount**	**Description**	**Notes**
Solorzano Corporation	$	66,512	Professional Fees	
Galicia Y Robles S.C.		1,340	Professional Fees	
Arias & Munoz		468	Professional Fees	
Grupo Admipacific S.A. DE C.V		123,280	Commission	
Milton Kiehlbauch		353,095		1
San Angel Closers		20,000	Financing Fee	
Unknown		78,506		2
Total	**$**	**643,200**		3

<u>Notes:</u>

3. Various expenses including repayment of personal mortgage from Empire Mortgage Corporation (approximately $272,000), travel costs and other miscellaneous expenses.

4. The supporting documents provided by Mr. Solorzano did not equal the full amount received; approximately $78,000 is not accounted for at this time.

5. Converted to CDN dollars based on the Bank of Canada noon spot rate on September 30, 2009 (the date the transaction closed).

Conchas Chinas

327. Mr. Kiehlbauch and Mr. Solorzano advised the Receiver that Conchas Chinas was owned free and clear by CPPV until April 2009. Mr. Kiehlbauch and Mr. Solorzano advised the Receiver that a resolution was passed by CPPV to transfer ownership of Conchas Chinas to Mr. Jose Luis Sainz (architect for the Luna Morada project) in settlement of the amounts owing to Mr. Sainz in the approximate amount of US$1.9MM.

328. Mr. Aurora and Mr. De Palma provided the Receiver with a copy of a resolution from March 2009 which resolved to separate the Conchas Chinas property and transfer title to Conchas Koral S.A. de C.V. ("Conchas Koral"). According to the resolution the ownership structure of Conchas Koral was going to be:

(i) 51% Mr. Luis Sainz;

(ii) 49% Mr. De Palma on behalf of the investors in Costa Corp.

329. A copy of the resolution is attached as Appendix EE.

330. Mr. Solorzano and Mr. Kiehlbauch provided the Receiver with a copy of the document transferring ownership of the Conchas Chinas property to Conchas Koral.

331. The Receiver's counsel in Mexico searched the public registry to confirm the ownership of Conchas Koral and advised that Conchas Koral is currently owned:

(i) 51% by Mr. Luis Sainz; and

(ii) 49% by Bertha Isabel Silva Galindo.

Meetings with Mr. Humenuik

332. The Receiver met with Mr. Humenuik on October 8, 2009 to discuss among other things the Luna Morada Project and the Conchas Chinas Project to determine the following:

(i) Current status of the project;

(ii) Ownership structure for the project;

(iii) Assets and liabilities of the project; and

(iv) Other relevant information to assist the Receiver with the investigation.

Luna Morada

333. Mr. Humeniuk advised the Receiver that the ownership structure for CPPV was amended to include the investors in the Luna Morada Project as partial owners. The Receiver requested that Mr. Humenuik provide this documentation to the Receiver, to date this information has not been provided and the Receiver has not been able to locate any such document in the Concrete books and records.

334. Mr. Humenuik advised the Receiver that based on an appraisal that he commissioned in September 2008 with respect to the Luna Morada Project approximately 58% of the funds for the project had been advanced but only 41% of the construction had been completed; therefore Mr. Humenuik would not transfer additional funds until this was resolved.

335. Mr. Humenuik indicated that the project sat in a state of semi-construction for a period of time and then all of the parties involved in the project met in January or February 2009 to give Mr. Solorzano authority to negotiate with the trade creditors to try and move this project forward.

336. Mr. Humenuik advised that the last time he spoke with Mr. Kiehlbauch or Mr. Solorzano with respect to the Luna Morada Project was in January or February 2009.

<u>Conchas Chinas</u>

337. Mr. Humenuik advised the Receiver that CPPV purchased Conchas Chinas. To his knowledge this project had not progressed since construction financing was not available due to the economic downturn.

338. Mr. Humenuik indicated that he had not spoken with Mr. Kiehlbauch or Mr. Solorzano regarding Conchas Chinas since August 2008.

Meetings with Mr. Aurora

339. The Receiver has met with or had conversations with Mr. Aurora on several occasions throughout this engagement. On September 17, 2009 the Receiver met with Mr. Aurora to specifically discuss the Luna Morada Project and the Conchas Chinas Project to determine the following:

(i) Current status of the project;

(ii) Ownership structure for the project;

(iii) Assets and liabilities of the project; and

(iv) Other relevant information to assist the Receiver with the investigation.

340. Mr. Aurora was not able to provide any information with respect to the ownership structure of the projects, the current status of the projects or the assets or liabilities. Mr. Aurora indicated that Mr. Kiehlbach was involved in these projects and that the Receiver should contact him to discuss.

341. The Receiver has had several discussions with Mr. Aurora since the meeting in September 2009 and Mr. Aurora provided copies of the resolutions described above.

Status of the Luna Morada Project and the Conchas Chinas Project

342. As noted above, it appears that the Luna Morada lands were transferred back to the developer of Paradise Village in September 2009.

343. As noted above, it appears that the Conchas Chinas lands were transferred to Mr. Jose Luis Sainz in April 2009.

344. Based on the information provided to the Receiver it appears that the investors in Calle LP never had a direct ownership interest in the Luna Morada lands.

345. Based on the information provided to the Receiver it appears that the investors in Conchas LP never had a direct ownership interest in the Conchas Chinas lands.

Concrete Associates V Investment Corporation ("CAIC 5"), Safeguard Real Estate VI Investment Fund Limited Partnership ("Safeguard VI LP"), Glenway Registered Capital Corp ("GRCC"), A.G. Registered Investments Corp. ("AG Corp") and Glenair Registered Corp. ("GRC") (collectively the "Glenmore Airways Project")

General

346. An Org Chart for the Glenmore Airways Project is presented in Appendix FF.

347. This Org Chart shows the relationship between CAIC 5, Safeguard VI LP, GRCC, AG Corp. and GRC and the respective owners of these companies.

348. The Receiver prepared a list of the known creditors of the Glenmore Airways Project based on the Receiver's review of the following:

(i) Property manager payable listings;

(ii) Concrete payable listings;

(iii) Personal Property Registry searches;

(iv) Other relevant documents including statements of claim.

349. A summary of the known liabilities is presented in the table below. A complete list of known creditors for the Glenmore Airways Place Project is attached as Appendix GG:

Secured Creditors	$ 6,015,000
Preferred Creditors	-
Unsecured Creditors	7,042,052
Estimate of Known Creditors	**$ 13,057,052**

<u>Notes:</u>

1. Includes 934608 Alberta Ltd. claim of $5.0MM. This claim is disputed.

2. The creditor listing excludes inter-entity lending, see Appendix J.

350. The Receiver notes that due to the state of Concrete's books and records a formal claims process will be required to confirm the liabilities with respect to the Concrete entities. The Receiver and Monitor will be filing a separate report with this Honourable Court with a proposed claims process.

351. Any differences between the creditor list included in the Receiver's notice and statement issued pursuant to section 246(1) and 246(1) of the *Bankruptcy and Insolvency Act* with respect to CAIC 5 and Safeguard VI LP are noted and explained on the creditors listing attached as Appendix GG.

Offering Memorandum

352. Safeguard VI LP issued an original OM dated May 26, 2008 and an amended OM dated September 2008 for the Glenmore Airways Project. The amended OM indicated that a maximum of 1,855 LP units with a unit value of $10,000 were going to be issued for a maximum offering of $18.55MM. The net proceeds were to be used as follows:

Acquistion of Land	$18,450,000
Estimate of offering costs	100,000
Total	**$18,550,000**

353. GRCC issued an OM dated July 17, 2008. The GRCC OM was raising funds for 4.0% redeemable bonds, $100/bond with a minimum subscription of $500,000 (500 Bonds). The funds raised were loaned to AG Corp. to purchase limited partnership units in Safeguard VI LP.

354. AG Corp. issued an OM dated July 17, 2008. The AG Corp. OM was raising funds for class "B" common shares, $0.10 per class "B" share with a minimum subscription of $50 (500 class "B" shares). The funds raised were to be used to purchase limited partnership units in Safeguard VI LP.

355. The Safeguard VI LP OM stated that the net proceeds from this offering were not sufficient to meet all of the proposed short-term objectives. The General Partner indicated an intention to obtain the necessary working capital to finance the acquisition of the

Lands through alternative sources which may include utilization of debt or additional equity investments.

356. According to the Safeguard VI LP OMs the goal of the Glenmore Airways Project is to purchase revenue generating commercial properties and commercial development projects, being the lands. The lands were defined as Glenmore Commerce Court, 2880 Glenmore Trail SE, Calgary, AB ("Glenmore") and Airways Business Plaza, 1935 – 32 Avenue NE, Calgary, AB ("Airways").

357. Glenmore is a commercial centre occupied by a multi-tenant office building and a surface parking lot with 85 stalls. The total site area is approximately 2.08 acres. The office building was constructed in 1977 with a reported net leaseable building area of approximately 59,378 square feet. The basement level of the office building provides one level of underground parking with 91 stalls.

358. Airways is a commercial centre occupied by two one-storey retail/office developments with a gross leaseable area of 63,944 square feet. The office buildings were constructed in 1979. The building has 37 covered parking spots. The total site area is approximately 3.23 acres including the parking lot site with 180 surface stalls.

359. According to the OM, the long-term objective of the project was to maintain a minimum hold of not less than five years.

360. The material agreements that were identified in the Safeguard VI LP OM are:

(i) The GP's proposal to purchase the property for $31MM[11]. The OM included a copy of an offer to purchase which supported this amount. The Receiver notes that the offer to purchase included in the closing binder with respect to this transaction shows that the purchase price offered was $24.9MM;

(ii) LP Agreement between CAIC 5 and Safeguard VI LP – governed the management functions of CAIC 5 and included provisions for:

---

[11] As noted below, the actual purchase price for this property was approximately $24.9MM.

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees;

(b) there was no provision for the payment of a syndication fee;

(iii) Service Agreement between CAIC 5 and CEI – governed payment of commissions and reimbursement of reasonable expenses to CEI. Commission rate of 10%; and

(iv) Third party property management agreement will be tendered through a bid system.

361. The Safeguard VI LP OM stated that investors interested in subscribing for units in the Glenmore Airways Project were to submit a completed subscription agreement to CAIC 5 along with a certified cheque or bank draft payable to B&M in trust. The GRCC and AG Corp. OM stated that investors interested in subscribing for RRSP units in the Glenmore Airways Projects were to submit a completed subscription agreement to CEI along with a certified cheque or bank draft payable to GRCC or AG Corp. respectively.

362. The Receiver notes that by mid-September 2008 Concrete had only raised approximately $2MM from investors for the Glenmore Airways Project.

363. In September 2008 Concrete began marketing debentures in the Glenmore Airways Project; these debentures were issued by GRC through several private placement offerings. The general terms of the debentures were as follows:

(i) 15% to 22% principal amount debenture (equivalent to 30% to 59.19% annualized interest);

(ii) Interest on any overdue and unpaid amounts were stated to be at the interest rate of 21% per annum; and

(iii) Short-term maturity dates (less than six months).

364. According to the trust account information provided by FMC, GRC raised $5.7MM from 58 investors through the sale of debentures with maturity dates ranging from December 23, 2008 to March 30, 2009.

Acquisition of Glenmore and Airways

365. On April 9, 2008, CAIC 5 entered into a purchase and sale agreement with Westfield Airways Ltd. and Artis Glenmore Court Ltd. for the purchase of Airways and Glenmore and on March 31, 2009 these transactions closed.

366. By January 31, 2009 Concrete had paid $10MM in deposits to purchase the properties and had the funds to close these transactions. In February 2009 Concrete paid an additional $0.5MM deposit and the transaction closed on March 31, 2009.

367. As noted on the statement of adjustments the adjusted purchase price for this property was $25.2 MM.

368. The purchase of Airways and Glenmore appears to have been funded from:

(i) Cash received from investors;

(ii) Cash received from debenture holders;

(iii) Cash paid by the Strategic Group (approximately $2.2MM);

(iv) Assumption of Manulife Financial and CIBC Mortgages (approximately $10MM); and

(v) Vendor Take Back Mortgage ($1.8MM).

369. The Receiver also notes that Strategic paid approximately $1.1MM relating to a mortgage on the Glenmore Airways property by Outlook Communications Ltd. (“Outlook”) as part of this transaction.

Sources and uses of funds related to the Glenmore Airways Project

370. The sources and uses of funds relating to the Glenmore Airways Project is summarized in the table below:

	in $000
Receipts	
Net Mortgage / Loan Proceeds	15,654
Investor Funds	8,051
Net Inter-entity Lending	1,915
Unclassified	628
Misc Revenue / Deposits	1
Total Receipts	**26,249**
Disbursements	
Building Purchase/Deposits on Land	(25,091)
Commission to CEI	(825)
Business Expenses	(242)
Unclassified	(90)
Total Disbursements	**(26,248)**
Total Cash on Hand	**0**

Investor funds

371. The Receiver notes that per the investor registry, Concrete raised $2.23MM from the sale of 223 LP units to 80 investors.

372. The Receiver notes that per the investor registries for the GRC debentures Concrete raised $6.015MM from the sale of debentures.

373. As noted above, the Receiver has confirmed the receipt of $8.1MM of investor and debenture funds relating to the Glenmore Airways Project.

374. The Receiver also notes that OTC provided the Receiver with a list of RRSP investors for each project. The Receiver has confirmed the list of investors provide by OTC for the Glenmore Airways Project to the Concrete registry and notes that there were no discrepancies.

Inter-entity analysis

375. An analysis of the inter-company balances is presented below:

Project	***Cash In***	***Cash out***	***Net***
Castleridge	$ -	$ (24,200)	$ (24,200)
CE Place	265,000	(80,500)	184,500
CE Place 8 & 13	-	(97,435)	(97,435)
Concrete Equities	390,000	-	390,000
Concrete Executive Club	-	(100)	(100)
DV Millrise	127,000	*(91,000)*	36,000
El Golfo / Santa Clara	1,074,557	(1,731,160)	(656,603)
Luna Morada, Conchas Chinas & Concor Pacific Inc.	9,000	(14,000)	(5,000)
MEG Place	1,945,005	(383,363)	1,561,642
SNC Lavalin	192,000	(76,738)	115,262
Symcor Otis	792,600	(389,280)	403,320
Total	$ 4,795,162	$ (2,887,777)	$ 1,907,386
Plus: Outstanding Commission to CEI			7,440
Grand Total			**$ 1,914,826**

376. The Receiver notes that in accordance with the service agreement between CAIC 5 and CEI, CEI was entitled to a commission of 10% on the funds raised with respect to the LP units for the Glenmore Airways Project. It is not clear if CEI was entitled to a commission with respect to the debentures, as the service agreement specifically refers to the raising of funds for LP units. The above analysis excludes commissions paid to CEI of $824,500 calculated based on 10% commission on the funds raised including the debentures according to the investor registries maintained by Concrete for this project.

Distributions to investors

377. The Receiver's analysis of the sources and uses of funds with respect to the Glenmore Airways Project did not identify any amounts received from third party property managers with respect to this project.

378. Based on the Receiver's review of the books and records of Concrete, no distributions were paid to investors in this project.

Payments to directors and relatives

379. Over the Reconstruction Period the Glenmore Airways Project did not make any payments to the directors and relatives.

Payments to Strategic Group

380. The Receiver did not identify any payments to Strategic from the Glenmore Airways Project bank accounts.

381. The relationship between Strategic and Concrete is discussed in detail below, including the transactions with the Concrete Foundation Fund Ltd.

Concrete Associates VI Investment Corporation ("CAIC 6"), Safeguard Real Estate VII Investment Fund Limited Partnership ("Safeguard VII LP"), Eleventh and Tenth Registered Capital Corp ("11th and 10th") and Symot Registered Investments Corp. ("SRIC") (collectively the "Symcor Otis Project")

General

382. An Org Chart for the Symcor Otis Project is presented in Appendix HH.

383. This Org Chart shows the relationship between CAIC 6, Safeguard VII LP, 11th and 10th and SRIC and the respective owners of these companies.

Offering Memorandum

384. Safeguard VII LP issued an original OM dated May 26, 2008 and an amended OM dated July 30, 2009 for the Symcor Otis Project. The OMs indicated that a maximum of 620 LP units with a unit value of $25,000 were going to be issued for a maximum offering of $15.5MM. The amended OM indicated the net proceeds were to be used as follows:

Acquistion of Land	$15,350,000
Estimate of offering costs	150,000
Total	**$15,500,000**

385. The amended OM indicated that $1,550,000 would be used for selling and commission expenses therefore $13.8MM would be used to acquire the land.

386. 11th and 10th issued an OM dated June 27, 2008. The 11th and 10th OM was raising funds for 4.0% redeemable bonds, $100/bond with a minimum subscription of $500,000 (500 Bonds). The funds raised were loaned to in SRIC to purchase limited partnership units in Safeguard VII LP.

387. SRIC issued an OM dated June 27, 2008. The SRIC OM was raising funds for class "B" common shares, $0.10 per class "B" share with a minimum subscription of $50 (500 class "B" shares). The funds raised were to be used to purchase limited partnership units in Safeguard VII LP.

388. The Safeguard VII LP OM stated that the net proceeds from this offering were not sufficient to meet all of the proposed short-term objectives. The General Partner intended to obtain the necessary working capital to finance the acquisition of the Lands through alternative sources which was stated to include utilization of debt or additional equity investments.

389. According to the OMs the goal of the Symcor Otis Project is to purchase revenue generating commercial properties and commercial development projects, being the lands. The lands were defined as the Symcor and Otis buildings located at 1216-10th Avenue SW, 1240-10th Avenue SW and 1248-10th Avenue SW, Calgary, AB ("Symcor and Otis").

390. Symcor is a commercial centre occupied by a three storey, multi-tenant office building. The office building was constructed in 1976 with a reported net leaseable building area of approximately 61,152 square feet.

391. Otis is a flex office/industrial building. The office building was constructed in 1930 and the warehouse was constructed in 1970. The total footprint area is approximately 11,434 square feet.

392. There is a surface parking lot between these properties that is approximately 16,718 square feet.

393. According to the OMs, the long-term objectives of the project were to:

(i) maintain the Symcor property as it is with any surplus income being held in trust; and

(ii) determine and implement the most appropriate way to generate the maximum amount of income from the Otis property and the parking lot.

394. The material agreements that were identified in the OM are:

(i) The GP's proposal to purchase the property for $25MM[12];

(ii) Service Agreement between CAIC 6 and CEI – governed payment of commissions and reimbursement of reasonable expenses to CEI. Commission rate of 10%;

(iii) LP Agreement between CAIC 6 and Safeguard VII LP – governed the management functions of CAIC 6 and included provisions for:

(a) reimbursement for reasonable costs and expenses on behalf of the LP which included salaries and benefits and management fees;

(b) there was no provision for the payment of a syndication fee; and

(iv) Third party property management agreement will be tendered through a bid system. The Receiver notes that the third party property manager for this project was NewWest.

395. The Safeguard VI LP OM stated that investors interested in subscribing for units in the Symcor Otis Project were to submit a completed subscription agreement to CAIC 6 along with a certified cheque or bank draft payable to B&M in trust. The 10th and 11th and SRIC OMs stated that investors interested in subscribing for RRSP units in the Symcor Otis Project were to submit a completed subscription agreement to CEI along with a certified cheque or bank draft payable to 11th and 10th or SRIC respectively.

[12] As noted below, the actual purchase price for this property was $19.0MM.

Acquisition of Symcor and Otis

396. On April 14, 2008, CAIC 6 entered into a purchase and sale agreement with Bank of Montreal for Symcor and Otis and on July 31, 2008 these transactions closed.

397. As noted on the statement of adjustments the adjusted purchase price for this property was approximately $19.1 MM.

398. The purchase of Symcor and Otis appears to have been funded from:

(i) Mortgage financing from Trez Capital Corporation ("Trez"); and

(ii) Cash received from investors.

399. CAIC 6 secured a first mortgage with Trez for $9.5MM at a rate of 9.25% per annum. Since Concrete ran into difficulties raising funds to close this transaction, Concrete also secured second mortgage financing from Trez in the amount of $8.1MM at a rate of 32.65% for the first six months and 40% per annum thereafter.

400. The cash flows generated by the Symcor and Otis properties were not sufficient to support the first and second mortgage payments to Trez.

Sources and uses of funds related to the Symcor Otis Project

401. The sources and uses of funds relating to the Symcor Otis Project is summarized in the table below:

	in $000
Receipts	
Net Mortgage / Loan Proceeds	15,587
Investor Funds	5,440
Unclassified	408
Payments From Property Manager	283
Misc Revenue / Deposits	10
Total Receipts	**21,728**
Disbursements	
Building Purchase/Deposits on Land	(19,185)
Net Inter-entity Lending	(1,360)
Business Expenses	(556)
Commission to CEI	(545)
Unclassified	(82)
Total Disbursements	**(21,727)**
Total Cash on Hand	**1**

Note

1. This analysis excludes revenue and expenses generated specifically by Symor & Otis. An analysis of these amounts is discussed below (under distributions to investors).

Investor funds

402. The Receiver notes that per the investor registry, Concrete raised $5.5MM from the sale of 218 LP units to 127 investors.

403. As noted above the Receiver has confirmed of $5.4 million of investor funds relating to the Symcor Otis Project.

404. The Receiver also notes that OTC provided the Receiver with a list of RRSP investors for each project. The Receiver has confirmed the list of investors provide by OTC for the Symcor Otis Project to the Concrete registry and notes that there were no discrepancies.

Inter-entity analysis

405. An analysis of the inter-company balances is presented below:

Project	***Cash In***	***Cash out***	***Net***
Castleridge	$ -	$ (55,000)	$ (55,000)
CE Place	50,000	(510,718)	(460,718)
CE Place 8 & 13	-	(155,100)	(155,100)
Concrete Equities	-	(766,981)	(766,981)
Concrete Executive Club	-	(16,700)	(16,700)
Diversified	486,000	-	486,000
DV Millrise	-	(18,275)	(18,275)
El Golfo / Santa Clara	305,411	(152,000)	153,411
Glenmore Airways	389,280	(792,600)	(403,320)
Luna Morada, Conchas Chinas & Concor Pacific Inc.	-	(14,000)	(14,000)
MEG Place	48,594	(30,200)	18,394
SNC Lavalin	-	(162,400)	(162,400)
Urban	35,000	-	35,000
Total	$ 1,314,285	$ (2,673,974)	$ (1,359,689)

406. The Receiver notes that in accordance with the service agreement between CAIC 6 and CEI, CEI was entitled to a commission of 10% on the funds raised with respect to the CE Place Project. The above analysis excludes commissions of $545,000 (calculated based on 10% commission on the funds raised according to the registries maintained by Concrete) paid to CEI with respect to the Symcor Otis Project.

Distributions to investors

407. The Receiver understands that NewWest was managing Symcor & Otis on behalf of CAIC 6 for the period August 2008 to April 2009. Strategic became the property manager for the Symcor & Otis buildings effective mid-April 2009.

408. For the period August 2008 to March 2009 NewWest distributed approximately $282,500 to CAIC 6 in owner distributions. These amounts were to be distributed to the investors in this project.

409. Based on the Receiver's review of Concrete's books and records to date the Receiver has determined that Concrete did not distribute any funds to investors in the Symcor Otis Project.

410. The Receiver notes on April 12, 2009 NewWest transferred approximately $160,000 to Symcor Otis Capital Corp. (a Strategic entity), as new owners of the Symcor & Otis properties.

411. The Receiver also notes that on August 28, 2008 NewWest transferred $85,000 directly to CEI.

Payments to directors and relatives

412. Over the Reconstruction Period the Symcor Otis Project did not make any payments to the directors and relatives.

Payments to Strategic

413. Over the Reconstruction Period the Symcor Otis Project made the following payments to Strategic:

(i) On April 12, 2009 NewWest paid $160,000 directly to Symcor Otis Captial Corp;

(ii) On June 11, 2009 B&M paid $85,300 directly to Symcor Otis Capital Corp.

414. The relationship between Strategic and Concrete is discussed in detail below, including the transactions with the Concrete Foundation Fund Ltd.

SUMMARY OF THE INVESTIGATION FINDINGS – OTHER RELATED ENTITIES

Concrete Equities Executive Club ("CEEC")

415. CEEC was incorporated in May 2008. CEEC solicited investments from investors without issuing an offering memorandum.

416. Concrete used the proceeds from the funds raised with respect to CEEC to purchase units in Safeguard VII LP. According to the Concrete Equities registry for CEEC, Concrete Equities raised $1.86MM for this project, 31 units were issued to 19 investors. According to the registry for Safeguard LP 7 CEEC owns 72 units in Safeguard LP 7. The Receiver has not been able to account for the difference of $60,000.

417. As noted above the Receiver has confirmed that $5,440,000 of investor funds were raised with respect to the Symcor Otis project which means that the discrepancy between funds raised per the registry and funds received is only $10,000 in total.

418. The Receiver notes that on June 4, 2007 B&M issued a payment to Burnett Duckworth & Palmer LLP in the amount of $1.8MM from the Safeguard LP 7 account as a second deposit towards the purchase of Symcor/Otis. This payment occurred just after the funds from CEEC were deposited into this B&M trust account.

419. As noted above, CEEC solicited investments without a proper offering memorandum, as such the Alberta Securities Commission commenced an investigation into CEEC. On or around December 1, 2008 CEEC entered into a settlement agreement and undertaking with the Alberta Securities Commission ("ASC") to pay $82,000 in settlement and investigation costs and to make an offer of rescission to the investors who were not accredited investors – 13 investors in total. The Receiver notes that CEEC did not make an offer of rescission to the investors as required by the settlement agreement and undertaking.

Sources and Uses of Funds

420. The Receiver notes that Concrete maintained one bank account for CEEC and that minimal activity occurred in this account. A summary of the sources and uses of funds is presented in the table below:

	in $000
Receipts	
Net Inter-entity Lending	99.6
Total Receipts	**100**
Disbursements	
Business Expenses	(99.3)
Unclassified	(0.3)
Total Disbursements	**(99.6)**
Total Cash on Hand	**-**

Concrete Place Properties Ltd. ("CPP Ltd.") and Concrete Properties Limited Partnership ("CP Ltd.")

421. CPP Ltd. was incorporated in November 2007. CPP Ltd. is owned 50% by Mr. Humenuik and 50% by Mr. Aurora.

422. CPP LP did not solicit investments from ILPs. The Receiver understands based on discussions with Management that CPP Ltd. was established to purchase the 8th and 13th floor of CE Place.

423. On May 5, 2008 CPP Ltd. purchased units on the eighth and thirteenth floor of CE Place The Property was purchased for the adjusted purchase price of $8,307,110 with the purchase price being satisfied by a cash payment in the amount of $2,474,706 and mortgage financing from Trumpet Capital Corporation ("Trumpet") in the amount of $5,832,404.

424. The Receiver notes that the cash payment of approximately $2.5 million was funded from the MEG Place Project and the El Golfo Project.

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

426. Trumpet filed an affidavit in support of the Order Nisi/Order for Sale which indicated that the appraised value of the property was approximately $5,530,000 which was approximately $600,000 lower than Trumpets outstanding mortgage.

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

428. The Receiver's counsel has been in discussions with counsel for Trumpet and the Receiver agreed to allow Trumpet to proceed with its action. The Receiver and Trumpet

reached an agreement, such terms are outlined in the letter attached as Appendix II to this report under which the Receiver consented to Trumpet continuing with its action.

429. On September 28, 2009 the Court granted an Order for the sale of a portion of the condominium units that comprise the property held by CPP Ltd. On November 27, 2009 the Court granted an Order for the sale of the 13th floor condominium units held by CPP Ltd.

430. The Receiver notes that the inter-entity analysis presented above for the various Concrete projects shows that certain funds relating to other projects were transferred to CPP Ltd and CP Ltd. The Receiver also notes that due to the estimated current market value of the 8th and 13th floors of CE Place it is unlikely that there will be any recovery of these funds as Trumpet will likely suffer a shortfall.

Concrete Associates VIII Corp. ("CA 8") and Concrete Deerfoot 17 Mutual Fund Trust ("CD 17") (collectively the "Deerfoot 17 Project")

431. A summary of the sources and uses of funds with respect to the Deerfoot 17 Project is presented in the table below:

	in $000
Receipts	
Investor Funds	130
Total Receipts	**130**
Disbursements	
Unclassified	(10)
Total Disbursements	**(10)**
Total Cash on Hand	**120**

432. Based on the Receiver's review of the registries for the Deerfoot 17 Project, Concrete raised $130,000 with respect to this project. As noted above the Receiver's analysis of sources and uses of funds has identified $130,000 received from investors relating to the Deerfoot 17 Project.

433. The Receiver did not identify any inter-entity lending with the Deerfoot 17 Project.

434. The Receiver understands based on discussions with Management that this project is no longer going forward. The Receiver further understands that the funds raised from investors for this project were held in trust at an HSBC bank account in the name of CD 17 and that Management is in the process of refunding the remaining funds to the investors.

Concrete Associates XI Corp. ("CA 9") and Concrete Equities Diversified Fund ("CEDF") (collectively the "Diversified Project")

435. The purpose of the Diversified Project was to raise funds for other Concrete projects.

436. A summary of the sources and uses of funds with respect to the Diversified Project is presented in the table below:

	in $000
Receipts	
Investor Funds	732
Unclassified	415
Total Receipts	**1,147**
Disbursements	
Net Inter-entity Lending	(611)
Business Expenses	(121)
Unclassified	(343)
Total Disbursements	**(1,139)**
Total Cash on Hand	**8**

437. Based on the Receiver's review of the registries for the Diversified Project, Concrete raised approximately $928,000 with respect to this project. As noted above the Receiver analysis of sources and uses of funds has identified approximately $730,000 received from investors relating to the Diversified Project.

438. An analysis of the inter-entity lending with respect to the Diversified Project is presented in the table below:

	Cash In	***Cash out***	***Net***
El Golfo / Santa Clara	$ -	$ (124,715)	$ (124,715)
Symcor Otis	-	(486,000)	(486,000)
Total	*$ -*	*$ (610,715)*	*$ (610,715)*

Urban Registered Corp. ("URC") and 1209036 Alberta Ltd. ("12 Alberta Ltd.")

439. URC is owned 34% by Mr. Humenuik, 33% by Mr. Aurora and 33% by Mr. De Palma. 12 Alberta Ltd. is owned 90% by URC and 10% by 934608 Alberta Ltd. (which the Receiver understands is a company owned by the Sandhu family).

440. According to the Concrete books and records, the officers and directors of URC are Mr. Humenuik, Mr. Auora and Mr. De Palma and the officers and directors of 12 Alberta Ltd. are Mr. De Palma and Mr. Jaspreet Sandhu.

441. The Receiver was provided with a copy of a Joint Venture Agreement between 12 Alberta Ltd., URC and 934608 Alberta Ltd. dated September 18, 2008. A copy of the Joint Venture Agreement is attached as Appendix JJ to this report.

442. The Receiver notes that the Sandhu family advanced $5MM to Concrete as follows:

(i) Two payments of $500,000 each directly to P3 Holdings in August 25, 2008; and

(ii) $4,000,000 paid to B&M into the trust account for CAIC.

443. A copy of the statement of adjustments confirming the disbursement of funds from CAIC is attached as part of Appendix V. The Receiver notes that approximately $4.3MM was paid to P3 Holdings out of the $5MM advanced. The Receiver further notes that P3 Holdings had provided a bridge loan to close the purchase of MEG Place in the amount of $5.0MM which was evidenced by a promissory note dated March 26, 2008[13].

444. The Sandhu family has a promissory note in support of the $5MM advance signed by Mr. Humenuik on behalf of the Concrete Group. A copy of this promissory note is attached as Appendix KK to this report.

445. In addition Mr. De Palma, Mr. Aurora and Mr. Humenuik personally signed a promissory note for the $5MM advance, attached as Appendix LL is a copy of this promissory note.

[13] The Receiver could not locate a signed copy of this promissory note.

Mr. De Palma, Mr. Aurora and Mr. Humenuik also pledged shares in the Concrete entities to 934608 Alberta Ltd. (a company owned by the Sandhu family), a copy of the Share Hypothetic Agreement is attached as Appendix MM.

446. There were also various general security agreements and guarantees signed by Mr. De Palma and Mr. Aurora with respect to the funds advanced by the Sandhu family. As an example, a copy of the general security agreement with Mr. De Palma is attached as Appendix NN.

447. The Receiver notes that in total the Sandhu family advanced $5.5 million to Concrete, $500,000 payable to El Goflo and $5 million as described above.

448. The Sandhu family commenced proceedings on September 1, 2009 to petition Mr. Humenuik, Mr. Aurora and Mr. De Palma into bankruptcy. On September 15, 2009 a Bankruptcy Order was granted against Mr. Humeniuk. On November 25, 2009 Mr. Aurora consented to a Bankruptcy Order against him. The Sandhu family continues their petition against Mr. De Palma.

449. The Receiver and counsel met with the Sandhu family and their counsel on November 18, 2009 to gain a better understanding of the relationship between the Sandhus and Concrete.

RELATIONSHIP BETWEEN CONCRETE AND STRATEGIC

450. Based on the Receiver's discussions with Management and members of Strategic the Receiver understands that Concrete approached Strategic in August 2008 to discuss potential synergies between their portfolio and Strategic's portfolio.

451. The Receiver understands that these discussions continued over the course of several months and culminated in Memorandum of Agreements dated February 11, 2009 between Strategic and Concrete, a copy of the Memorandum of Agreements are attached as Appendix OO. The Memorandum of Agreements evolved into a joint information circular dated March 12, 2009 which was issued in support of a special meeting to be held on April 15, 2009.

452. A summary of the main points discussed in the joint information circular is provided below; a copy of the Joint Information Circular is attached as Appendix PP to this report:

(i) Provided notice of a special meeting for each LP for the purpose of approving the sale of the real estate property owned by each LP to the Concrete Foundation Fund Limited Partnership ("CFF LP");

(ii) In exchange for the sale of the real estate property CFF LP will issue units in CFF LP to the ILPs;

(iii) CFF LP has entered into purchase and sale agreements with LPs affiliated with Strategic to purchase the real estate assets in exchange for debentures and preferred share units in the Strategic LPs;

(iv) Discussion with respect to the calculation of the purchase price and consideration to be provided by Strategic LPs for the real estate assets; and

(v) Termination fee of 2% of the original price paid by the LP for the real estate asset, plus costs in the event that a party fails to complete the purchase and sale agreement of any of the properties.

453. The Receiver notes that the special meetings for the Safeguard LPs were adjourned as Concrete became aware that the ILPs in the Safeguard LPs were going to vote against the resolutions proposed in the joint information circular.

454. The resolutions for the sale of Glenmore Airways and Symcor & Otis passed as Concrete controlled the votes for these LPs through 1456775 Alberta Ltd. ("145 Alberta Ltd.").

455. 145 Alberta Ltd. owns 1,632 shares in Safeguard 6 LP 88% of the total shares issued and 402 shares in Safeguard 7 LP 65% of the total shares issued. The Receiver understands that 145 Alberta Ltd. paid no consideration for these shares.

456. On April 22, 2009 title to Glenmore Airways and Symcor Otis transferred to 1445122 Alberta Ltd. and Symcor Otis Capital Corp. respectively. The Receiver understands that these companies are owned by Strategic.

457. On October 30, 2009 the Receiver retained McPherson Leslie & Tyerman LLP ("MLT") to review the following:

(i) Memorandum of Agreement dated February 11, 2009 with respect to CAIC 5 and CAIC 6 and the Strategic Group; and

(ii) The transactions involving the transfer of title from CAIC 5 and CAIC 6 to CFF LP and from CFF LP to 1445122 Alberta Ltd. and Symcor Otis Capital Corp.

458. MLT has not yet completed its review of these transactions, due to the fact that the information requested from Strategic by the Receiver has not yet been provided. The Receiver has requested documents from Strategic on several occasions, attached as Appendix QQ to this report are two letters from MLT to counsel for Strategic which outline these requests. The Receiver will file a separate report on MLT's findings once the transaction review is complete.

Strategic Claims

459. Currently Strategic has a registration on title against DV/MR, SNC Lavalin, Castleridge, CE Place and MEG Place with respect to a claim for $3.7MM, referred to as the "Grid-Note". A copy of the Grid Note is attached as Appendix RR.

460. Summary of the main terms of the Grid Note:

(i) It is dated April 14, 2009;

(ii) Acknowledges that the Debtors will not be able to deliver the lands as outlined in the Memorandum Agreements and as such further acknowledges that the termination fee as described in the Joint Information circular is due and payable;

(iii) Secures any further funds advanced by Strategic for costs and expenses of the Debtor relating to obligations of the Debtor; and

(iv) Interest rate of 9% per annum.

461. The claim of $3.7MM is broken down as follows:

(i) $2.6MM termination fee allocated as follows:

Project	**Amount**	
DV/MR Project	$	200,600
SNC Lavalin Project		440,000
Castleridge Project		484,000
CE Place Project		860,000
MEG Place Project		584,000
Total	**$**	**2,568,600**

(ii) $1.1MM advances for costs and expenses of the Debtor paid directly by Strategic. The Receiver has not yet received supporting documentation from Strategic with respect to these costs and expenses.

462. The Receiver notes that the Grid Note is cross-collateralized against the Safeguard LPs which is prohibited under the LP Agreements as specifically outlined in the code of conduct which states:

"The Partnership shall not make any loans to, nor guarantee the obligations of any Partner, any associate or affiliate (each as defined in the Alberta Business Corporations Act) of any Partner or any of their respective officers, directors or shareholders."

463. If the transactions with respect to the transfer of title to Glenmore Airways and Symcor Otis are overturned, Strategic could also have a claim for the amounts paid specifically with respect to the purchase of these properties, including the following 'known' payments made by Strategic:

(i) $2.2.MM cash to close on Glenmore Airways; and

(ii) $1.1MM cash paid to Outlook Communications Ltd. (to discharge the mortgage on Glenmore Airways).

464. The Receiver, its counsel, counsel for the Steering Committee and counsel for the debenture holders in Glenmore Airways are in discussions with Strategic with respect to attempting to arrive at a global resolution to the Strategic claims.

465. Any global settlement of the Strategic claims would be brought before the Court for approval.

CORPORATE GOVERANCE ISSUES

Availability and organization of books and records

466. As noted above, the Receiver does not have a complete set of minute books for the Concrete Entities. The Receiver queried the directors of Concrete and former employees of the Concrete Entities as to the whereabouts of the missing minute books, but they have not been located to date.

467. While the Receiver was provided with 147 boxes of records from Concrete the records did not contain certain critical information as described above and the Receiver was required to spend considerable time and effort requesting additional documentation and records from third parties.

Non-Compliance with Limited Partnership Agreements (the "LP Agreements")

468. In accordance with the LP Agreements the GP was required to:

    a. Forward to the LP upon request within six months after the end of each fiscal year, financial statements for the preceding fiscal period. Each statement was to be accompanied by a report of the Accountants as well as the necessary income tax information**;** and

    b. Maintain adequate books and records of the business of the LP and the LP had the right to inspect the books and records.

469. The GP did not comply with the requirements set-out in the LP Agreements as noted above. The GP did not prepare proper financial statements, the GP did not hire an independent accountant to provide a report on the financial statements, tax returns for 2007 were not filed for the Concrete Entities and in the Receiver's view adequate books and records were not maintained by the GP.

470. In accordance with the LP Agreements the Managing Partner (as defined in the LP Agreements) agreed to conduct the Partnership Business in the following manner:

a. The funds of the Partnership will not be commingled with any other funds of the Managing Partner or any other person;

b. Title to the assets of the Partnership shall be held in the name of the Partnership or the Managing Partner, title shall be held under a declaration of trust in favour of the Partnership;

c. The Managing Partner shall not take any action with respect to the property of the Partnership which is not for the benefit of the Partnership; and

d. The Partnership shall not make any loans to, nor guarantee the obligations of any Partner, any associate or affiliate of any Partner or any of their respective officers, directors or shareholders.

471. Based on the Receiver's Investigation the Receiver notes that the Managing Partner did not conduct business in accordance with the LP Agreements in as much as:

a. Concrete generally maintained separate bank accounts for each entity, but funds were commingled;

b. Title to the assets of the Partnership were held in the name of the Managing Partner, but the Receiver could not find any declarations of trust in favour of the Partnership;

c. The Managing Partner took many actions that in the Receiver's view were not for the benefit of the Partnership. For example failing to close the purchase of the El Golfo Lots even though sufficient funds had been raised by the investors in that project; and

d. The Partnership on a regular basis loaned funds to companies associated and affiliated with the Partnership.

Non-Compliance with the Alberta *Securities Act*

472. As part of the Receiver's investigation, the Receiver provided copies of the OMs located in the Concrete records to counsel for review. Specifically the Receiver requested that counsel review the OMs to determine if there were any breaches of the *Securities Act.* The Receiver notes that the analysis prepared by its counsel is subject to limitations as some of the OMs located in the Concrete records may not have been the final version circulated to investors.

473. The Receiver's counsel has reviewed the offering memorandum's prepared by Concrete to confirm compliance with 45-106 *Prospectus and Registration Exemptions* ("45-106") and Alberta Securities Commission Rule 45-109 *Offering Memoranda for Real Estate Securities* ("45-109") and has noted the following:

(i) If the issuer (i.e. Concrete) is relying upon 45-106 a copy of the OM must be filed within 10 days of after the distribution or update of the OM. Based on the information contained in the Concrete books and records, the Receiver was not able to confirm whether or not Concrete complied with this provision;

(ii) If the issuer is relying upon 45-106 certain requirements must be met including: OM to be delivered in required form; each purchaser must deliver a risk acknowledgement form; and in certain provinces if the cost is greater than $10,000 then the purchaser must qualify as an eligible investor. Due to the costs associated with this undertaking the Receiver has not reviewed the subscription agreement packages provided by each investor to confirm whether Concrete complied with this provision;

(iii) It is arguable that the securities being issued are real estate securities as such in Alberta Form 45-509F must be used. The OMs for the first four projects, the Luna Morada project and the Conchas Chinas projects did not incorporate the additional disclosures required by Form 45-109F;

(iv) The certificate included in each OM stating that there were no misrepresentations must be signed by the CEO, CFO or officers acting in those capacities of the issuer, two directors of the issuer and any promoter of the partnership. Based on the information reviewed to date, counsel has not been able to determine if CEI and/or Wealthstreet Inc. were also required to sign these certificates to comply with this provision; and

(v) Counsel identified various items that could be considered non-compliant with the form requirements under 45-106F and/or 45-509F. A copy of the Receiver’s counsels summary of these findings is attached as Appendix SS.

474. The Receiver will be setting up a meeting to discuss the contents of this report with the ASC. The Receiver will also be following up with counsel regarding some of the recommendations noted above, to determine the appropriate course of action.

OTHER MATTERS

Meetings with the RCMP and the Alberta Securities Commission

475. The Receiver has had preliminary meetings with the RCMP with respect to Concrete.

476. The Receiver will be arranging follow-up meeting with the RCMP to discuss the contents of this report.

TOWN HALL MEETING – NOVEMBER 10, 2009

477. As noted in previous reports filed by the Monitor and the Receiver, the Receiver held a town hall meeting for the investors in the Concrete projects on November 10, 2009 at the Telus Convention Centre.

478. Prior to the town hall meeting the Receiver met with the steering committee representing the investors in the Safeguard LP’s (the “Steering Committee”) on November 4, 2009 to review the Receiver’s presentation to the investors. The Receiver incorporated several suggestions from the committee into its presentation.

479. The Receiver also met with the Management Committee on two occasions to review its findings with respect to the Investigation and to review the presentation to the investors. The Management Committee also provided several suggestions to the Receiver which were incorporated into the final presentation.

480. The purpose of the town hall meeting was to provide the investors with an update on the following:

(i) Background to the proceedings;

(ii) Investigation completed to date:

(a) Statement of Receipts and Disbursements;

(b) Inter-company advances;

(c) Payments to officers;

(d) Known creditors; and

(e) Distributions to investors;

(iii) Restructuring Options available for the Applicants; and

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

481. A copy of the Receiver's presentation to the investors is attached as Appendix TT to this report.

482. The Receiver requested that Mr. David Bulloch and Mr. Vincenzo De Palma not attend the meeting based on feedback the Receiver had from the Steering Committee and other investors. Mr. Bulloch and Mr. De Palma did not attend the meeting.

483. The town hall meeting was approximately 2.5 hours including a 30 minute question and answer period. The Receiver also responded to individual questions after the town hall

meeting had been adjourned. The Receiver estimates that approximately 1,200 to 1,700 individuals attended the town hall meeting.

484. At the town hall meeting the Receiver described the "next steps" required to achieve the investor goals which are:

(i) Retaining ownership in the five Calgary properties;

(ii) Consensual resolution to Glenmore Airways and Symcor Otis;

(iii) Allow the new GP to operate as soon as possible; and

(iv) Exit the CCAA and Receivership Proceedings as soon as possible.

485. The Receiver summarized the next steps as follows:

(i) Formal Claims Process;

(ii) DIP Loan from the ILPs;

(iii) Preparation of the Plan of Arrangement;

(iv) Resolution of the pre-filing inter-entity lending; and

(v) Exit the CCAA and Receivership Proceedings.

486. The Receiver and Monitor will be filing a report very shortly on the proposed claims process and the DIP Loan required from the ILPs in the near future.

CONCLUSIONS

487. Based on the information presented in this report it is clear that the directors of Concrete mismanaged the affairs of Concrete in material respects.

488. The price of this mismanagement goes well beyond the cost of these proceedings and the requirement of the investors to fund same in lieu of further distributions from the properties.

489. The Steering Committee for the investors has retained counsel to move forward with litigation. The Receiver and its counsel are working with the Steering Committee and counsel for certain creditors to determine the most cost-effective manner to approach the litigation that will be pursued as a result of the mismanagement of Concrete.

490. The Receiver will be meeting with the ASC and the RCMP to discuss the contents of this report and the status of their investigations (if any).

491. Now that the Investigation is generally complete, the Receiver, in conjunction with the Management Committee, will focus on completing the action items required to emerge from these insolvency proceedings. These action items will be fully described in the third report of the Monitor which is expected to be filed shortly with a Court application to be set in mid-December 2009.

All of which is respectfully submitted this 2nd day of December 2009.

ERNST & YOUNG INC.
in its capacity as Receiver of Concrete Equities Inc. et. al

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

Michelle Grant, CIRP
Vice-President

ERNST & YOUNG