IN THE MATTERS OF THE INSOLVENCIES OF:

SAFEGUARD REAL ESTATE INVESTMENT FUND LIMITED PARTNERSHIP and its **GENERAL PARTNER WEALTHCRETE INVESTMENT CORPORATION; SAFEGUARD REAL ESTATE INVESTMENT FUND II LIMITED PARTNERSHIP** and its **GENERAL PARTNER CONCRETE ASSOCIATES INVESTMENT CORPORATION; SAFEGUARD REAL ESTATE INVESTMENT FUND III LIMITED PARTNERSHIP** and its **GENERAL PARTNER CONCRETE ASSOCIATES II INVESTMENT CORPORATION; SAFEGUARD REAL ESTATE INVESTMENT FUND IV LIMITED PARTNERSHIP** and its **GENERAL PARTNER CONCRETE ASSOCIATES III INVESTMENT CORPORATION; SAFEGUARD REAL ESTATE INVESTMENT FUND V LIMITED PARTNERSHIP** and its **GENERAL PARTNER CONCRETE ASSOCIATES IV INVESTMENT CORPORATION**

MINUTES OF THE FIRST MEETING OF THE MANAGEMENT COMMITTEE

Held at Ernst & Young Inc., Ernst & Young Tower
1000, 440 2nd Avenue S.W., Calgary, Alberta
on Tuesday, July 7, 2009 at
the hour of 9:00 in the morning

Attendance

Name	Company	Representing
Neil Narfason	Ernst & Young Inc.	Receiver, acting as Chairperson
Michelle Grant	Ernst & Young Inc.	Receiver
Alex Corbett	Ernst & Young Inc.	Receiver
Sean F. Collins	McCarthy Tetrault LLP	Counsel to the Receiver
Steven Butt	Avenue Commercial	LP Investors
Dave Bulloch	Strategic Group	
Vincenzo De Palma	Concrete Equities Inc.	
R. Ernst, CSR		Court Reporter

Mr. Don Davis was unable to attend the first meeting.

Call to Order

Mr. Narfason called the meeting to order at 9:12 a.m.

A copy of the agenda for the meeting is attached as Appendix "A".

1. Notice to the limited partners

Pursuant to the Interim Receivership Order, notice has to be sent to all of the limited partners in the five LP's to which the Interim Receivership Order applies.

A draft notice was provided to the attendees for their review and comment.

A discussion ensued with respect to the content of the notice and how it be could used as a vehicle to answer some of the typical questions that are being asked by the limited partners.

Action item – circulate a revised notice to the Management Committee later in the day that incorporates the comments from our discussion. Request comments from the Management Committee by early tomorrow morning.

2. Communication Strategy

A court reporter will transcribe the first few meetings. The committee agreed to condense the transcript from these meeting into minutes, which will be posted on the Receiver's web-site.

Key points from the discussion on the communication strategy:

- The Receiver asked Concrete to stop communicating with the LP investors and they have done that.
- The Receiver and/or the Management Committee will communicate with the LP investors going forward.
- The Receiver and Concrete Equities will have a link between the two web-sites to make it easier for people to find accurate information.
- There will be a link from the unofficial web-site maintained by the limited partners to the Receiver's web-site.
- The committee also discussed communication with the media. Mr. De Palma advised that several magazines have contacted him to get a story. Mr.

Narfason explained that in the Receiver's view that would not be beneficial to the limited partners. It was agreed that no comments would be provided to the media.

- The Receiver has a telephone hotline set-up to answer questions.

Action items – 1. Circulate the frequently asked questions document for review and comment. Request comments from the Management Committee by early tomorrow morning. 2. Draft minutes circulated to the Management Committee, as soon as possible.

3. Status of the Accounting Investigation

The Receiver provided an overview of its understanding of the work completed by Sean Hemens of Clark Evaluations Services. The Receiver explained that Mr. Hemens work only related to the five LP's under these proceedings. Mr. Hemens spent over 700 hours compiling financial statements from bank statements, property manager statements and other documentation their work was not focused on understanding the transactions.

Mr. Butt advised that he didn't understand why Mr. Hemens only focused on the five LP's when seven LP's are located in Calgary. Mr. De Palma explained that Mr. Hemens efforts were focused on the five LP's to get financials for the Annual General Meeting on June 20th.

Mr. Butt further advised that the shareholders are very concerned with the work prepared by Clark Valuations Services, because it was prepared for a different purpose. Mr. Narfason explained that the Receiver would have in our experience started from the same place that Mr. Hemens did.

The Receiver intends to lever off of the work completed by Mr. Hemens with a focus on understanding the inter-company transactions. Generally answering the following questions:

1. Why did funds flow from one entity to another?
2. What was the basis for these transactions?
    - In the Receiver's experience the transactions will be largely undocumented, but the Receiver should be able to see wire transfers or a cheque coming from one entity to another, so at least you can see the transfer.

A key issue that will come up if trust funds are co-mingled and moved out of trust to another entity is the treatment of these funds. Depending on the situation the funds in the new entity could be treated as equity (i.e. an investment in the new entity) or they could be treated as a creditor (i.e. a loan to the new entity).

If the Receiver determines that there was a breach of trust, then there is a corporate governance issue, which would mean that the Receiver would look to all of the officers and directors of Concrete Equities, even those individuals that didn't sign the cheques or wire transfers.

Mr. Butt advised two big concerns of the shareholders are as follows:

1. How is their money being treated, if it's been transferred inter-company and what rights do they have for their monies?
2. That they invested in a particular building because they believed in it and now their money may be in three buildings and they didn't want to invest in the other buildings.

Mr. Narfason explained that generally there are two ways to handle situations like these, but that until we have a better understanding of how often (if any) funds were moved out of trust and the magnitude of the dollars, we will not be in a position to recommend which approach to take. The two approaches are as follows:

1. Pooling concept – where all the creditors and investors are in one pool and dividends are paid out pro-rata between all of the entities.

2. Direct Investment concept – where the creditors and investors recover directly from the asset pool from the LP that they are a creditor or investor in.

Mr. Narfason also explained that the Receiver's focus will be on the unsecured creditors in the LP's, how they got in the LP, why they aren't at the property manager or GP level.

The Receiver will come back to the Management Committee at various points in the investigation to advise of the cost/benefits of digging deeper into certain aspects of the investigation. When you get into trust tracing it can be very costly.

The Receiver will not be focused on the day-to-day operations of the LP's, the Receiver is going to rely on the property manager statements for these amounts, it is the balance of the activities that the Receiver needs to go through.

There was a discussion with respect to timing of the investigation and costs. Mr. Bulloch's view was that everyone would want this completed as quickly as possible and at the lowest cost. Mr. Butt advised that the shareholders preference is to spend more money to get the truth and they are willing to wait a little longer to get the correct information. The expectation is that this will take several months.

4. Building Issues

The Receiver is relying on the property managers with respect to the day-to-day aspects of the building operations.

Vacancies

General issue for all building is vacancies. The Receiver is trying to work with the property managers to get the vacant space into the market. The Management Committee needs to deal with offers quickly and fill the holes to stop the cash bleed. The Receiver needs to confirm leasing agents in place for the properties; Castleridge does not have an agent.

Action Item – Receiver will provide the leasing agent details for the buildings and copies of the outstanding offers to the Committee.

CAPEX

- SNC Lavalin Building requires a new chiller unit. There is a leasing company that is interested in leasing a unit to us at $5,000 per month. They need a financial statement to move forward with the lease. We also discussed how the leasing company can get security for the chiller (i.e. a PMSI registration). There was also a discussion around the fact that the chiller was decommissioned and that it needs to be replaced ASAP.

Action Item - Receiver to provide 12-month op statement to Mr. Butt for discussion with leasing company. Need to move forward with leasing a new chiller ASAP.

5. Cash Flows

There was a general discussion on the funding of standard operating expenses by the property managers. The Court Order requires the Receiver to be in control of the receipts and disbursements and we are required to set-up our own bank accounts. To make this process as efficient as possible, the Receiver will work with the property managers to issue payments for the day-to-day operating expenses. The Receiver will wire funds to the property managers for these payments and then the property managers will issue the payments directly, for pre-approved goods and services.

The Receiver presented updated cash flows to the Management Committee for each LP. There was a discussion with respect to each statement and the allowable borrowings for each LP based on the Court Orders and the required cash flow based on the projections.

There was a discussion with respect to the occupancy of certain buildings and the fact that they are cash flow positive, yet they still require borrowing. This is due to required repairs and maintenance and restructuring expenses which are below the op line.

Action Item - Receiver to circulate revised cash flows updated to reflect chiller lease at $5,000/month starting in August and removal of the TI's in LP 4 as well as a reconciliation of this cash flow to the cash flow presented in the Trustee's first report.

6. Receiver's Borrowings

There was a discussion with respect to who the Receiver should approach to lend.

Potential sources include:

1. Royal Bank of Canada (or similar institution) – usually at BA plus 4.5%
2. Distressed Lending Entities – range from 12% to 24%.
3. LP's could fund the borrowing.
4. Strategic

The lender has a priority charge on the first $50,000 they lend and the second $50,000 is behind the first mortgage.

The Receiver will go to a few institutions to make this a competitive process. It is likely too complicated to have the LP's fund the borrowings, unless there was an ad hoc group that could fund the borrowings. Strategic views themselves as a last resort given the dynamics and would match the rate of the last party that turned the Receiver down.

Action Item - Receiver to provide proposals for funding to the Committee for review.

7. Standard Life Mortgage

The Receiver has a meeting scheduled with Brad Little of Standard Life on July 9 at 9:00 a.m. The purpose of the meeting is to provide Mr. Little with an update and to see if we can get a term sheet from them for six to twelve months.

8. Affiliated Concrete Entities

How does the Receiver expand its investigation to deal with the other entities?

The Receiver has discussed this with Vinny and Vincenzo, the other entities don't have any cash, and they require certain management services and other payments to be made to maintain status, therefore just expanding the Receiver's powers to investigate these entities may not be enough.

There was a discussion with respect to the Mexican entities and the information available with respect to the cash needs and whether the investors in those projects would fund the cash burn.

Mr. Narfason discussed the potential options to expand the investigation:

1. Court appointed Inspector of those entities by Court Order. This allows us to have access to the books and records and thoroughly investigate these entities. We can create a mirror management committee under the Inspectors Order; or

2. Expand the Interim Receivership Orders over those entities. To expand the Interim Receivership Order you need another proceeding in place for the other eight entities.

The current proceeding for the five LP's requires that a proposal be filed within six months of the Notice of Intention date (May 26, 2009) or the LP's will be deemed bankrupt. There was a further discussion with respect to a common proceeding for all 13 entities, by converting the current proceedings (for the five LP's) to a proceeding under the *Companies Creditors Arrangement Act* ("CCAA") and including the other eight entities in that proceeding. The Interim Receivership and Management Committee would then be over all 13 entities.

There was a discussion with respect to the fees of Ernst & Young Inc. and the need for transparency and an understanding of the fees. Mr. Narfason advised that the Receiver's fees are transparent and taxable by the Court. The Receiver will consider bringing in outside resources to assist where it makes sense. There was also a discussion about how it will also be more cost-effective to have all of the entities in one process.

The Receiver also offered to attend a townhall meeting to have an open forum for the LP investors to ask questions of the Receiver.

9. Concrete Equities costs

Concrete Equities has been allocating costs across the 13 entities for management fees, overhead etc. Concrete put forward a proposed monthly spend of $111,000 for management fees and overhead. This proposed monthly spend included fees of $40,000 per month for each of Vinny Aurora and Vincenzo De Palma. The Receiver challenged Mr. Aurora and Mr. De Palma on their proposed fee of $40,000 each per month allocated over the 13 entities.

The Receiver is of the view that the fees for Jackie and Barb are supportable through June and July as they are assisting the Receiver. Mr. Aurora and Mr. De Palma submitted a revised proposal of $71,000 per month including management fees for Mr. Aurora and Mr. De Palma of $20,000 each per month. The Receiver challenged these amounts as well.

The Receiver asked that the Management Committee think about the proposal for payment of $20,000 per month for each of Vinny and Vincenzo on a month-to-month basis for their assistance with these proceedings.

Action Item - Steve Butt to advise Management Committee of the LP's position on the proposed payments to Mr. Aurora and Mr. De Palma.

10. CE Place

Mr. Butt brought up an issue with respect to two floors (8th and 13th) that are currently for sale at CE Place. It is the Management Committee's understanding that these floors are owned by Vinny Aurora and Dave Humeniuk.

Mr. De Palma indicated that he wanted the Management Committee to understand the transactions surrounding those floors, considering that one of the principals is a former director and one is a current director. Mr. De Palma indicated that Mr. Aurora has not provided authorization to Mr. Humeniuk to sell his interest in the floors.

The committee discussed whether a caveat could be placed on the floors to protect the potential interest of the LP's in the sale proceeds.

Mr. Corbett advised that the property manager was remitting payments for certain expenses relating to the eighth and thirteenth floors.

Mr. Collins suggested that we request that Mr. Aurora authorize the Receiver to place a caveat on the property to protect the Receiver's interest if any. Mr. De Palma indicated that he did not think that Mr. Aurora would oppose this.

Action Item – Request Mr. Aurora's approval to place a caveat on the property to protect the Receiver's interest if any. Document that the property managers were making payments from LP cash for the 8th and 13th floors.

Adjournment

Mr. Narfason asked if there was anything else to be discussed at this meeting. The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Neil Narfason, Chairman

Michelle Grant, Secretary

July 14, 2009
Date

Appendix A

Safeguard Limited Partnerships Management Committee
First Meeting
July 7, 2009 at 9:00 a.m.
at the Offices of Ernst & Young Inc., Calgary, Alberta

AGENDA

1. Notice to Limited Partners per the Interim Receivership Order

    - Review and discuss draft Notice

2. Communication strategy

    - Minutes of the Management Committee Meetings
    - Web sites
    - FAQ's
    - links to phone recordings

3. Accounting status

    - Clark Valuation work and EY's plans to lever off that work

4. Building Issues (if any)

    Deervalley Station
    Millrise Plaza
    Castleridge Plaza
    SNC Lavalin Building
    Concrete Equities Place
    MEG Place

5. Cash flows per LP

6. Receiver certificates

    - funding needs
    - who should lend? (e.g. RBC, LP's?)

7. Standard Life mortgage

    - Receiver is working to obtain short term deal. Meeting scheduled for Thursday.

8. Affiliated Concrete entities - how do we investigate?