Concrete Equities Inc. et. al
Town Hall Meeting

Telus Convention Centre

November 10, 2009

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Agenda

1. Introductions
2. Overall Objectives and Summary of Next Steps
3. Management Committee
4. Message from the Steering Committee
5. Message from the Go-forward Management Committee
5. Appointment of Ernst & Young Inc. as Receiver and the Receiver's mandate
6. Background to the Concrete Entities
7. Current Status of the Concrete Projects
8. Background to the Investigation
9. Summary of Key Findings from the Investigation
10. Next Steps
11. Other Matters
12. Questions

Disclaimer

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Disclaimer

In preparing this presentation, the Receiver has relied upon unaudited financial information, books and records of the Concrete Entities (as defined in this presentation), records provided by third parties and discussions with management of the Concrete Entities. 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 presentation.

Introductions

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Introductions

- The following individuals are in attendance this evening:
  - Neil Narfason, Senior Vice President with Ernst & Young Inc.
  - Michelle Grant, Vice President with Ernst & Young Inc.
  - Sean Collins, Partner with McCarthy Tetrault LLP (counsel for the Receiver)
  - Steven Butt, President, Avenue Commercial (member of the Management Committee)
  - Brian Newman, CA (member of the Management Committee)
  - Terry Town, President, Foothills Systems, Member of the Ad Hoc Steering Committee of Investors
  - Blair Yorke-Slader, Partner with Bennett Jones LLP, counsel to the Steering Committee
  - The Steering Committee members – in the front row

Overall Objectives and Summary of Next Steps

Overall Objectives

- **RETAIN OWNERSHIP IN THE PROPERTIES**
  - The solution that we are working towards would see the limited partners ("LPs") retain ownership in the original five Calgary properties (LP1 to LP5).
  - The Receiver is also considering the issues surrounding the Glenmore/Airways and Symcor/Otis properties to see what can be done.
- **DIRECT INVESTMENT APPROACH (i.e. NO POOLING)**
- **EXIT THE CCAA AND RECEIVERSHIP PROCEEDINGS**
  - The Receiver is working with the Management and Steering Committee's to exit the proceedings as quickly as possible. The estimated date is March 2010.
- **MOVE TO THE NEW GENERAL PARTNER STRUCTURE**
  - The Receiver in conjunction with the Steering Committee and the Management Committee are working on a solution to move to the new General Partner ("GP") structure as soon as possible.
- **OVERALL LITIGATION STRATEGY**
  - The Receiver's report on the Investigation will provide the factual information required to assess what litigation should be pursued.

Summary of Next Steps

- Formal Claims Process
- DIP Loan from individual limited partners (“ILPs”)
- Plan of Arrangement to Creditors
- Resolution - pre-filing inter-entity lending
- Exit CCAA/Receivership Proceedings

Management Committee

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Management Committee

- The mandate of the Management Committee is to:
  - Approve material contracts, budgets and business plans;
  - Give direction to the Applicants and the LPs;
  - Ancillary powers as may be necessary or appropriate.
- Over the past few months the Management Committee has provided assistance and directions to the Receiver in accordance with its mandate.
- Mr. Vincenzo De Palma and Mr. David Bulloch are not in attendance this evening at the request of the Receiver.
- The Receiver has also requested that Mr. De Palma and Mr. Bulloch resign from the Management Committee.
- Mr. De Palma and Mr. Bulloch have agreed to resign, subject to amending the Management Committee Charter.

Message from the Steering Committee

Message from the Steering Committee

- Introduction:
  - Terry Town

Message from the Go-forward Management Committee

Message from the Go-forward Management Committee

- Introduction:
  - Steven Butt

Appointment of Ernst & Young Inc.

Appointment of Ernst & Young Inc.

- Ernst & Young Inc. (“EYI”) is currently the Court-Appointed Receiver of various entities within the Concrete family of companies.
  - Receiver of the first five LPs and their respective GPs since June 9, 2009.
  - Receiver of additional entities since July 29, 2009.
  - EYI is not Receiver of all entities.

- EYI is also the Court-Appointed Monitor of the same entities that are in Receivership with the exception of Concrete Place Properties Ltd. (and its LP).
  - Monitor since July 29, 2009.

- Mandate of EYI as Receiver includes among other things:
  - Powers to review and investigate the financial affairs of the Concrete entities in Receivership to determine if there has been any misconduct or financial mismanagement (the “Investigation”).
  - The Investigation extends to additional entities related to the Concrete Equities family of companies (the “Related Entities”).

Appointment of Ernst & Young Inc.

The following entities are subject to the Receivership Order:	The following entities are "Related Entities" :
Concrete Equities Inc.	Concrete Registered Investments Inc.
Wealthcrete Investment Corporation	Concrete RRSP Holdings Inc.
Concrete Associates Investment Corporation	Concrete Place Registered Corp.
Concrete Associates II Investment Corporation	First and Tenth RRSP Corp.
Concrete Associates III Investment Corporation	Glenway Registered Capital Corp.
Concrete Associates IV Investment Corporation	A.G. Registered Investments Corp.
Concrete Associates V Investment Corporation	Concrete Associates VI Investment Corporation
El Golfo Investment Corporation	Safeguard Real Estate Investment Fund VII LP
Costa Koraal Investment Corporation	Eleventh and Tenth Registered Capital Corp.
Luna Morada Investment Corporation	Symot Registered Investments Corp.
Concrete Equities Executive Club Inc.	Santa Clara Registered Corp.
1456775 Alberta Ltd.	Concrete Associates IX Corp.
Concrete Place Properties Ltd.	Concrete Foundation Fund Ltd.
Safeguard Real Estate Investment Fund LP	Concrete Foundation Fund Limited Partnership
Safeguard Real Estate Investment Fund II LP	Glenair Registered Corp.
Safeguard Real Estate Investment Fund III LP	Urban Registered Corp.
Safeguard Real Estate Investment Fund IV LP	Concor Pacific Inc.
Safeguard Real Estate Investment Fund V LP	1209063 Alberta Ltd.
Safeguard Real Estate Investment Fund VI LP	Concrete Equities Management Inc.
Safeguard Real Estate Investment Fund VIII LP	Concrete Equities Diversified Fund*
Santa Clara Real Estate Investment Funds LP	Concrete Deerfoot 17 Mutual Fund Trust*
Calle Mariposas Limited Partnership	
Concrete Properties Limited Partnership	
Concrete Associates VIII Corp.	

- **Collectively these entities are referred to as the “Concrete Entities”**

***These entities are not defined as “Related Entities” in the Receivership Order.**

Background to the Concrete Entities

Background to the Concrete Entities
General

- Concrete Equities Inc. (“CEI”) was incorporated in November 2005.
  - Founded by Mr. David Jones, Mr. Vinny Aurora and Mr. David Humenuik.
  - Currently owned 1/3 by Mr. Jones, 1/3 by Mr. Aurora, 1/3 by Mr. Humenuik.
  - Original directors and officers – Mr. Jones, Mr. Aurora and Mr. Humenuik

- CEI – overall management and direction for the Concrete projects.
  - Mainly a marketing vehicle, but also employed officers and staff to provide bookkeeping services and investor relation services for the Concrete projects.
  - Earned a commission based on service agreements with the GPs.
  - Commission ranged from 7-10% depending on the project.

Background to the Concrete Entities
General

- Roles and Responsibilities:
  - Mr. Jones – PR and marketing through Wealthstreet Inc.
  - Mr. Aurora – Sales and relationship building, second signing officer on bank accounts.
  - Mr. De Palma – Commissioned consultant until December 2008 when he became acting President of CEI.
  - Mr. Humenuik – General manager, oversaw day-to-day operations, accounting, employees, preparation of offering memorandums ("OMs").

Background to the Concrete Entities
Irregularities with the operations

- Through the Investigation the Receiver has uncovered the following general irregularities with how the Concrete entities were managed:
  - Concrete did not maintain a separate GP bank account for each of the respective GPs;
  - Concrete deposited LP funds from one project into the GP account for a completely different project;
  - Concrete purchased properties for amounts that were less than the amounts stated in the OMs;

Background to the Concrete Entities
Irregularities with the operations

- The OMs included conflicting information with respect to the payment of commissions;
- Distributions to individual LPs ("ILPs") were paid out based on the returns described in the marketing materials; and
- Distributions and other expenses were paid from whichever account had cash on hand, without taking into consideration which GP was responsible for payment of the expenses.

Current Status of the Concrete Projects

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Current Status of the Concrete Projects

- Safeguard LP 1 - Deer Valley/Millrise Plaza ("DV/MR")

Occupancy:

  - Deer Valley - 93% leased, one vacant space (in discussions with potential tenant)
  - Millrise Plaza - 100% leased.

- Safeguard LP 2 - SNC Lavalin ("SNC")

Occupancy:

  - 79% leased, two floors are currently vacant. Main tenant may have interest in leasing this additional space and extending lease beyond 2012.

Issues:

  - Mortgage term expired in late 2008. Need to negotiate new terms, refinance or repay this mortgage as part of the exit strategy.
  - Chiller unit needs to be replaced in this building prior to next summer.

Current Status of the Concrete Projects

- Safeguard LP 3 – Castleridge Plaza ("Castleridge")

Occupancy:

  - 80% leased, several units are vacant.
  - The Receiver retained CBRE as leasing agent.
  - Plans to demise unit 160 into three spaces.
  - There has been limited interest in the remainder of the vacant space (approximately 13,000 sq ft).

- Safeguard LP 4 – Concrete Equities Place ("CE Place")

Occupancy:

  - 86% leased, second floor and part of tenth floor remains vacant.
  - Approximately $200,000 was held back from the mortgage advance and is available for tenant improvements.
  - Avison Young is the leasing agent for this space. There has been some interest in the space, but to date the Receiver has not been presented with any offers to lease.

Current Status of the Concrete Projects

- Safeguard LP 5 – MEG Place ("MEG Place")

Occupancy:

  - 100% leased through mid-2010 (15,000 sq ft of main tenants space becomes available at that time).
  - The main tenant is looking to sub-lease their space on the second and third floor (approximately 48,000 sq/ft).
  - The Management Committee is reviewing an offer on the remaining space (lease expires mid-November 2010).

- Safeguard LP 6 (Glenmore/Airways), Safeguard 7 (Symcor/Otis)
  - These properties were transferred to the Concrete Foundation Fund and then subsequently transferred to entities owned by the Strategic Group in April 2009.
  - The Receiver is continuing to review these transactions with counsel.

Current Status of the Concrete Projects

- Concrete Equities Executive Club ("CEEC")
  - Funds relating to this entity were deposited into the Safeguard 7 account.
  - According to the investor registry for Safeguard 7, CEEC owns 72 LP units in Safeguard 7.

- Concrete Equities Diversified Fund
  - Not part of the Receivership.
  - The Receiver is advised by Concrete management that fund raising ceased in June 2009.
  - There are minimal funds on hand with respect to this project.

Current Status of the Concrete Projects

- Deerfoot 17
  - Not part of the Receivership
  - The Receiver is advised by Concrete management that fund raising ceased in June 2009.
  - The Receiver is advised by Concrete management that this transaction was cancelled.
  - Concrete management further advised that they intend to return the funds that are being held in trust to the investors, once the Investigation is complete.

- El Golfo
  - The Receiver did not fund the Pre-Closing Costs, as voted on by the investors who attended the September 15, 2009 town hall meeting.
    - Funds have been returned to investors who requested same.
    - The Court approved the priority charge and interest rate of 8% for those investors who chose to fund the “Estimated Costs”.
    - Recovery in El Golfo will rely solely on inter-entity investments/transfers.

Current Status of the Concrete Projects

- Luna Morada – Calle Mariposas LP ("Calle LP")
  - Concrete raised $5MM to purchase the lands and move forward with construction of 34 condominium units at Paradise Village in Nuevo Vallarta, Mexico.
  - Rights to this land were purchased by Concor Pacific Puerto Vallarta S.A. De C.V. ("CPPV") a Mexican company incorporated with the assistance of Mr. Carlos Solorzano. CPPV was owned by Mr. Milton Kiehlbauch, Mr. Humenuik and Mr. Aurora (1/3 each).
  - The Receiver understands from discussions with various parties that Calle LP did not have a direct ownership interest in CPPV.
  - The Receiver understands that construction on this project was approximately 50% completed.
  - The project ran into financial difficulty, trade creditors in Mexico were owed approximately US$1.2MM.

Current Status of the Concrete Projects

- Luna Morada – Calle Mariposas LP ("Calle LP")
  - The Receiver was advised by Mr. Kiehlbauch and Mr. Carlos Solorzano that in late September 2009 the following occurred:
    - A developer of Paradise Village paid the trade debts owing on the Luna Morada project;
    - The rights owned by CPPV were transferred back to the developer.
      - The Receiver understands that the purchase rights were conditional and that the master developer would have been entitled to reclaim these lands as CPPV had not fulfilled its obligations under the purchase contract.
  - The Receiver's due diligence of this matter is not complete.

Current Status of the Concrete Projects

- Conchas Chinas – Conchas Chinas LP ("Conchas LP")
  - The purpose of this project was to purchase land in Puerto Vallarta, Mexico, hold the land and then build-out or sell the land.
  - The land was purchased with Conchas LP funds, but the land was owned by CPPV (same entity involved in the Luna Morada project).
    - $1.75MM was raised under the OM for this project, purchase price was approximately US$1.9MM.
  - The Receiver understands from discussions with various parties that Conchas LP did not have a direct ownership interest in CPPV.

Current Status of the Concrete Projects

- Conchas Chinas – Conchas Chinas LP
  - Mr. Aurora and Mr. De Palma provided the Receiver with a copy of a resolution that was passed by CPPV in March 2009 which describes transferring the Conchas Chinas property out of CPPV to a new entity called Conchas Koral SA de C.V. ("Conchas Koral").
  - Mr. Aurora and Mr. De Palma advised the Receiver that the property was being transferred to protect the interest of the investors.
  - Mr. Kiehlbauch and Mr. Solorzano advised the Receiver that the Conchas Chinas lands were transferred to Mr. Luis Sainz in April 2009 in lieu of a debt claim with respect to the Luna Morada project of approximately US$2MM.
  - The Receiver's counsel in Mexico has confirmed that the Conchas Chinas lands were transferred from CPPV to Conchas Koral in April 2009 a company controlled by Mr. Luis Sainz.

Background to the Investigation

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Background to the Investigation

- Attended at Concrete's premises three separate times to seize records, 157 boxes of records were seized.
- Records were deficient, did not include all bank statements, cheque stubs, deposit books, trust account ledgers etc.
- Receiver requested and received records from various parties including:
  - Bishop & McKenzie LLP ("B&M");
  - Fraser Milner Casgrain LLP;
  - Toronto Dominion Bank ("TD"), Bank of Nova Scotia ("BNS"), HSBC and Royal Bank ("RBC").
  - Strategic Group; and
  - Third Party Property Managers.
- Due to the deficiencies in Concrete records, the Receiver was required to complete a full reconstruction of the financial records of the Concrete entities from source documents provided by various parties.
- The Receiver reviewed in excess of 17,000 transaction as part of the Investigation.

Summary of Key Findings

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Summary of Key Findings
Overall Summary

- A consolidated statement of receipts and disbursements for the Concrete Entities for the period Nov 2005 to June/July 2009 (the "Reconstruction Period") is provided below:

	CDN in $000
Receipts	
Investor Funds	118,118
Net Mortgage / Loan Proceeds	86,691
CEI Commissions	10,398
Disposition of Property	4,707
Payments From Property Manager	4,512
Unclassifed - note 1	3,283
Misc Revenue / Deposits	787
Total Receipts	**228,496**
Disbursements	
Building Purchase	(176,438)
Commission Paid to Concrete Equities	(10,398)
Business Expenses	(9,603)
Commissions Paid to Sales Agents	(7,490)
Property Improvements / Construction	(7,051)
Net Payments to Directors and Relatives	(6,525)
Unclassified - note 1	(5,706)
Investor Distributions	(4,932)
Total Disbursements	**(228,142)**
Total Cash on Hand	**354**

- Cash on hand includes approximately $157,000 held in trust at B&M relating to the CE Place project.

Note 1 – The summary of key findings is based on information available as at November 6, 2009. The Receiver is still waiting for additional information and this additional information will change the classification of the "unclassified" amounts.

Summary of Key Findings
Investor Funds

- Concrete maintained investor registries for each project.
  - According to the investor registries that Concrete maintained, Concrete raised approximately $118MM from investors (ILPs and trust fund units).
  - The cash flow analysis prepared by the Receiver indicates that Concrete raised approximately $118MM.
  - The Receiver has not reconciled the receipt of funds from each individual investor to the registries.

Summary of Key Findings
Investor Funds

- Concrete received payments from the third party property managers and paid distributions to investors. The table below summarizes the amounts (in $CDN):

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**

- For the majority of projects the GP paid excess distributions to investors.
- Concrete paid distributions to investors in CE Place starting in December 2007, four months before the transaction to purchase CE Place closed.

Summary of Key Findings
Payments to Directors and Relatives

- Payments to directors and relatives:
  - The table below shows the total amount paid to each director while they were a director and relative from November 2005 to June/July 2009.
  - The directors[1] each received a monthly management fee of $10,000 until late in 2008 when the monthly amount increased to $30,000.

Net amount paid to directors	$CDN
Dave Humenuik	3,215,785
Vinny Aurora	2,489,299
David Jones	1,150,010
Milton Kielbauch	508,798
Vincenzo De Palma	97,741
934608 Alberta Ltd. (Sandhu)	15,750
Total	**7,477,383**

Net amount received from relatives	$CDN
Dave Aurora	952,360
Total	**952,360**

Note 1 – Mr. De Palma did not receive a monthly fee until he became a director in late 2008. Mr. Kiehlbauch and Mr. Sandhu did not receive a monthly management fee.

Summary of Key Findings
Payments to Directors and Relatives

- The analysis on the previous slide includes:
  - Payments relating to the Mexican Condo (approximately $1MM); and
  - Payments relating to the 8th and 13th floors of CE Place purchased by Concrete Place Properties (approximately $3MM).
- The payments to Mr. Jones (Wealthstreet Inc.) do not include amounts that the Receiver could specifically identify as commissions.
- The Receiver understands that Mr. Dave Aurora has a loan outstanding with respect to a deposit made on one of the El Golfo lots in the amount of approximately $0.8MM plus interest. The Receiver understands that all other loans were repaid, but the Receiver has not found documentation to confirm the repayment of one additional loan.

Summary of Key Findings
Pre-filing Inter-entity lending

- Pre-filing Inter-entity lending
  - The analysis below shows the net receivable or (payable) from each of the Concrete projects and other entities.
  - The analysis is presented net of the Receiver's calculation of commissions earned by CEI based on the service agreements between CEI and the GPs.

Project	Net Receivable
El Golfo	9,241,135
MEG Place	5,299,777
Symcor Otis	1,359,689
Castleridge	895,314
SNC Lavalin	735,435
Diversified Fund	610,715
Total	**18,142,065**

Project	Net Payable
Concrete Equities Inc.	(5,386,187)
Luna Morada, Conchas Chinas & Concor Pacific Inc.	(3,505,956)
CPP (8 & 13)	(3,307,386)
CE Place	(3,054,934)
Glenmore Airways	(2,390,226)
DV Millrise	(394,801)
CE Executive Club	(99,600)
Urban Registered Corp.	(2,975)
Total	**(18,142,065)**

Next Steps

Next Steps

- **GOALS:**
  - **Retain ownership of the buildings in Safeguard LP 1 through 5.**
  - **Consensual resolution to issues with respect to Safeguard LP 6 and 7.**
  - **Allow new GP to operate the properties as soon as possible.**
  - **Exit proceedings as soon as possible. Estimated to be March 2010.**

Next Steps

► WHAT IS REQUIRED TO ACHIEVE THESE GOALS?

1. Formal Claims Process (early Dec 09 – early Feb 10)

2. DIP Loan from individual limited partners (late Dec – early Jan 10)

- Operating cost shortfalls.
- Post-filing inter-entity lending.
- Restructuring expenses.

3. Plan of Arrangement to Creditors (Feb 10)

- Repayment over time based on projected cash flows.

4. Resolution - pre-filing inter-entity lending (Feb 10)

5. Exit CCAA/Receivership Proceedings (Mar 10)

Next Steps

Claims Process

- Due to the state of Concrete's books and records a formal process sanctioned by the Court will be required.

- Timeline for a condensed claims process is approximately 60 days once we receive Court approval, milestones include:
  - File report with Court outlining process.
  - Send out notices to creditors
  - Provide 30 days to file claim with the Monitor
  - Two weeks to dispute claims (if required).
  - Additional two weeks to file materials with Court (if matter cannot be resolved consensually).

Next Steps

- Debtor-in-Possession ("DIP") Loan from individual limited partners
  - Priority charge (behind first mortgage holders) which is convertible to equity upon exit of these proceedings.
  - Required to fund operating cash shortfalls, post-filing inter-entity lending and restructuring expenses to exit these proceedings. Funding required in late December 2009, early January 2010.
  - Estimate of funding requirement through March 2010 (Exit timeline).
    - LP 1 - no funds required, properties should generate sufficient cash.
    - LP 2 – estimate of $400,000
    - LP 3 – estimate of $450,000
    - LP 4 – estimate of $300,000
    - LP 5 - no funds required, property should generate sufficient cash.
    - Total estimate of funds required $1.15MM.
  - The estimate does not include any additional funds that may be required to fund litigation.

Next Steps

▶ Plan of arrangement to creditors

- Keep secured creditors on-side.
- Convert DIP Loan to equity to exit proceedings.
- Repayment of unsecured “trade” creditors over time.
- Claims confirmed as part of the Claims Process (described on a previous slide).
  - The Receiver is preparing projections for calendar 2010 and beyond to assist with developing this time repayment line.
- Convert pre-filing “net” inter-entity lending to equity.
- Exit proceedings by the end of Q1 in 2010.

Other Matters

Other Matters

- Litigation
  - The Receiver met with the Steering Committee on November 4, 2009. The Receiver and the Steering Committee discussed the parties that could be involved in litigation and the general mechanics of how the litigation will be handled.
  - Some claims will be for the benefit of the entire group while other claims will only benefit a specific project and therefore funds from the broader investor group would not be available to pursue those claims.
  - The Receiver's report on the Investigation will provide the factual basis to begin the litigation process.

- Alberta Securities Commission ("ASC")
  - The Receiver will be arranging to meet with the ASC in the coming weeks to review the Receiver's report on the Investigation.
  - The Receiver's counsel has reviewed the OMs and has noted potential breaches of the *Securities Act.*

Other Matters

- RCMP Investigation
  - The Receiver met with the RCMP on November 5, 2009 to discuss Concrete.
  - Follow-up meetings will be scheduled once the Receiver has filed its report on the Investigation.
- Discussions with the Strategic Group
  - The Receiver, counsel for the Receiver and counsel for the Steering Committee met with representatives of the Strategic Group on November 5, 2009 to discuss the possibility of settling the Strategic claims. Discussions are expected to continue in the coming weeks.
- Sandhu claims
  - The Receiver will deal with the Sandhu claims in the Claims Process.

Questions

Questions

- The Steering Committee will collect your questions.
  - Review for duplicate questions; and
  - Questions that too specific in nature

- Q&A session will last for 30 minutes.

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