Concrete Equities Inc. et. al Town Hall Meeting
Tuesday, November 10, 2009
Summary of the Question and Answer Period

1. **Has there been an investigation to the relationship with Olympia Trust in regards to the management of the RRSP Investments? You would like to answer that question? Because Olympia Trust was holding our investments….**

   (Mrs. Grant)- we haven't specifically done any investigation of how Olympia Trust handled funds, as part of our investigation, we ask for records from Olympia Trust to confirm with investors, but in terms of looking into Olympia Trust and how they've specifically handled funds, that's really outside the scope of our investigation.

2. **Did Mr. DePalma give any indication to the committee that Luna Morada was in trouble?**

   (Mrs. Grant) - No

3. **What's the implication of the amendment proposed by Mr. DePalma in getting him off the committee?**

   (Mr. Narfason)-I think that refers to the amendment to the Management Committee Charter; the implication is that it puts the final decision making with respect to the decisions made in the Receivership and in the CCAA proceedings in the hands of the Receiver. The Management Committee construct was two and two – two parties representing Concrete and two parties representing the Investors, with the chairman being Ernst & Young Inc., with the casting vote, or the vote that would make the decision in the – and we ultimately also had quite enhanced powers, originally. So the amendment is, we think a cost effective way to allow us to achieve what we wanted to achieve ultimately we would've liked them to just step off and leave the charter as it was, they weren't willing to do that. We think this way it achieves the goal without having a fight and the cost of a court battle.

4. **What is the time frame we're looking at to getting our money returned to us from Deerfoot 17, the cancelled project, is there any hope on that?**

   (Mrs. Grant) yes, we asked that Concrete wait until our investigation was complete, because we weren't sure if there were inter-entity loans that might need to be dealt with, they wanted to return that money as soon as possible.

5. **Why Concrete Equities was still advertising on TV as late Feb.09 and stated on TV, saying they were profitable right up until the very end.**

   (Mr. Narfason) I think we can say that some of that would've been pre-paid advertising slots, but that statement is incorrect, yes.

6. **Is there any way for us to get our money out or to get out period, at this point?**

   (Mrs. Grant) At this point, it has been made very clear to us that the Investors want to retain ownership in the buildings. In order to do that, we have to continue on with the process that we're in. (Mr. Narfason) – to add to that, "Is there a way to break away or get away faster?", we've talked to the steering committee and management committee and counsel and unfortunately the answer is no. The only way out really is to sell your interest to another 3rd party, which will be the only way out in the short term.
   (Mr. Town) - On a note on that one, once our GP is in place, Steven you might want to answer this, but I would imagine that he'll have something put together so that if we want to sell our properties to another shareholder, we could do that through you, right? I think that was available before that went sideways.

7. **Glenmore Airways building – was there any pooling of funds?**

   (Mrs. Grant) – do you mean if the funds were co-mingled? There is inter-entity lending between all the projects including Glenmore Airways.

   (Mr. Town) – They want to know if any of the money went to Glenmore Airways fund as well?

   (Mrs. Grant) – yes, certainly, at the end of the day Glenmore Airways is a net borrower of money so money went to Glenmore Airways and it went to other projects .

8. **Is the El Golfo project is still a go?**

   (Mrs. Grant) - No

9. **What is the purpose of a new GP for the LP's?**

   (Mr. Narfason)- One, to put them into a GP that you trust but you also have these mortgages that we've talked about – the secured mortgages that you need to have continue and one of the first things that they want to know is who's the new GP. So that's a big important factor in the exit strategies – explain to them who the new GP is, are they experienced, have they kept proper books and records. They have to run a proper general partnership structure with reporting and get the necessary support of the secured lender.
   (Mr. Town) – We have to have a GP for our funds to operate right.
   (Mr. Narfason) – Correct, with the limited partnership structure, you need to have one entity acting on behalf of the limited partners and that's the structure these are under, yes.
   (Mr. Town) – probably that question came from somebody who didn't realize that we've already taken votes to replace the general partnership quite awhile ago.

10. **You seem to ignore the Glenmore (Otis) properties, what is happening to them? (Of course that's 6th and 7th).**

    (Mr. Narfason)- well, we're not ignoring the properties, I would say that, like we've said earlier, that it's a complicated transaction, for example, they've kind of overlapped between the two of them as to some of the payments that were made to close the transactions. On number 6, for example, Concrete's short approximately 2.2 million just to even close the transaction of which Strategic funded that, there's another million dollars in trade payables outstanding against the building that Strategic also paid those costs. So there is then a further onslaught of transactions and payments that we need further information from to properly report on those buildings and we are working to get that and are trying to get into these details in our investigation report.

11. **Does CE Place cash flow at the present moment?**

    (Mrs. Grant)- It does – the issue that we have is, it just barely cash flows – so if you add on the additional costs of the proceedings, as well as out of the ordinary repair maintenance, it doesn't have sufficient funds, which is why there's a need for additional funding that I've mentioned as a DIP loan from the individual investors. Oh yes, and it does have a property tax arrears issue, the property taxes for 2009 and for 2008 were not fully paid from the funds taken in from the tenants. So there's a property tax arrears issue that we're working with the city to deal with.

12. **Can you also expand on floors 8 and 13, I think that's the two floors owned by Vinny and Humeniuk**

    (Mrs. Grant)- yes, so 8 and 13 are owned by Concrete Place Properties $3 million dollars of funds from other projects went into those floors they also got a mortgage from Trumpet capital – about 6 millions dollars Trumpet is foreclosing on those properties – they have an affidavit of value that said the properties are worth less than the mortgage and because there's no assets there for Concrete, we consented to Trumpet, moving forward with their foreclosure. At the end of the day if there are excess funds after the properties are sold, they will be paid into court and we will be able to make a claim against them. Unfortunately at the point in time, it's not looking promising.

    (Mr. Town) – That was money out of our account that they used to buy those 2 floors to themselves ?

    (Mrs. Grant) – correct.

13. **Is Olympia Trust in the clear? I think what they want to expand is that they are – are responsible because they held our certificates in trust?**

    (Mr. Narfason)- I don't know, we haven't investigated that issue, I'll have to defer to counsel about it – we'll have to look into that. My experience on previous files is no.

14. **Strategic shows a creditor on the property is around $3.3 million they also have a caveat filed on title, what do they claim this for and how can it be dealt with?**

    (Mr. Narfason) – There was a note taken in April, late April 2009 to secure some advances and a break fee of the transaction everyone saw in March. We are trying to resolve that claim with Strategic to try to see if we can reduce or if not, eliminate that claim against the entities.

15. **What is expected of the LP's as a commitment? Originally, it was expected to be 5 years? Will there be an option to exit if the option is favourable? And what would the commitment time be?**

    (Mr. Narfason)- I might want to ask Steve, what that's about.

    (Mr. Butt) – That's a difficult question but first thing is that, we like to get them back, and then move forward from. Clean up the debt, the debt on some of these buildings Mrs. Grant's talking terming of the debt, that could be 12 – 18 months for paying back trade payables that are owed money on these properties. We may not see anything positive for the next 12, 18, 24 months, at the end of that time, we hope to go back to our original distributions of dividends for the shareholders. I think you probably want to look at the end of the original time frame when 5 years is up from when you bought in, we would like to do an analysis of the property, to see where we're at, if it is positive at that time, and there is equity in it, we'll take a vote amongst the LP unit holders and see whether it's not a good time for disposition, if not, we'll take another look in a year or 18 months after that.

16. **Can we use the two hundred thousand dollars that's in the lease improvement fund to pay for the dip loan or can we use the $157 thousand that the Bishop law firm has in Trust to pay for the dip loan as well.**

    (Mrs. Grant)- With respect to the $200,000 no, it was held back specifically from the mortgage for tenant inducements and with respect to the $157,000 we are absolutely following up on that, to understand the Trust conditions that are being held under and if it is available, it will be used to offset the funding requirement in that project.

17. **Why is this issue not being discussed in the news? I was on the picket line and I know I made the news then**

    (Mr. Narfason) – I have an answer to that. That's probably coming from us – we've specially asked – one, we don't respond to the news, two is that we've asked early on in the proceedings, both the management committee members as well as the steering committee to not respond., We don't find it beneficial to have this discussed in the news because what happens is that information that you see in the news is generally skewed, it gets people's emotions up, it not going to help bring the assets back, and therefore, we thought until the investigation is completed, it wouldn't be in the best interest until the facts are out and, at that point, if people want to talk to the press, there is definitely some advantage in the size of the group to get certain regulatory agencies to make investments in investigating and we understand that but they would've been spinning until the investigation report was complete.

18. **Do we have an extension with the Court of Queen's Bench?**

    (Mrs. Grant) – currently the extension of the CCAA proceedings is until Dec.15th and we would be looking to extend that to deal with the timeline that we've talked about.

19. **Did the Alberta Securities Commission freeze the bank funds of $360,000 from the CEEC?**

    (Mrs. Grant) – I don't think so. At least not from what we've seen.

20. **Will Ernst & Young remove from the Receivership the Luna Morada and Conchas Chinas investments so that those people can begin litigation?**

    (Mr. Narfason) – that is part of the litigation strategy discussions with both Sean Collins and Blair Yorke-Slader, when the investigation report comes out, the litigation can proceed and would not be impeded by the Receivership. We just have to work on how that litigation coupled with the other litigations works together to minimize costs.

21. Blair, do you want to talk a little bit on the litigation strategy?

(Mr. Yorke-Sladder) – yes, you'll recall when, .close to when we started, we thought the battle was to change the general partner and as Terry indicated earlier, if we can just get Steven into the chair, that everything would be fine and of course it turned out to be a much more elaborate problem than that. I think we recognized fairly early in the process that it was becoming more elaborate and so what we've attempted to do is not to get me (Blair) as your representative, involved in all the stuff that goes on in the Interim. We've really been waiting for Ernst & Young to deliver its report as Mr. Narfason describes, it's really going to be the roadmap for us, for purposes in any litigation against Concrete and more importantly, Concrete's principles because presumably Concrete itself is insolvent. The exact form of that litigation and exactly who would be defendants in it probably shouldn't be discussed in such a large forum, but I think in general terms, I would say to you is that the expectation is, that the plaintiffs in that litigation would be the limited partnerships, you can see, and I forget which slide it is but millions of dollars of the limited partnerships' money has gone out to the principles of Concrete, it may be that some of that is defensible, it seems likely that a fair bit of it is not defensible. They're obvious defendants in that. There are other potential defendants that go to other entities they control or family members, potentially Strategic, there are any number of other defendants. Technically, our ability to advance those actions depends on our ability to receive instructions from the limited partnerships. At the moment those limited partnerships are all in CCAA, or at least the general partners who control, who direct them are in CCAA. I have to say that Ernst & Young has been very helpful in attempting to create the runway, if you will, for the return of the control of these limited partnerships from Concrete at the commencement of this process, essentially to the receiver in the middle of the process and ultimately through you through your selection of your general partner at the end of the process. We couldn't, I don't think, commence those proceedings today, we don't want to be proceeding with them today until we know the details of the report that will come in a matter of weeks. I expect with the cooperating that we've received with Ernst & Young that we'll be able to launch that litigation reasonably promptly after receiving the report. It will simply be a matter of getting the appropriate legal authority from someone who can speak for the limited partnerships, potentially before the actual transition to Steven as General partner occurs.

22. **What's the projected bill for the Ernst & Young investigation?**

    (Mr. Narfason) – our fees, including the fees of our counsel to get us through and exit the proceedings and I'll include all the other legal counsel fees that we had to incur was going to be in the range of 1.5 to 2 million dollars.

    (Mr. Town) – Basically, we got to pay that bill before we exit the proceedings and that's what that dip financing is all about. Properties are basically in the black, but we've got a pretty big bill, the good news is this guys, if we hadn't gone through this process, you know, Strategic wants $3.3 million, Sandhu's want $6 million, we had the creditors lined up to take everything we had, our entire investments, so you weigh that against what we've got this big bill and we can round it up to 2 million if you want, we paid a chunk of it already.

    (Mr. Narfason) – oh yes, about approximately one million has been paid already.

    (Mr. Town) – yes, so we need to raise the difference and that's what we're going to be talking about in the days ahead and we got to plan for that. We think we can, raise some more money from all of the Shareholders, more equity from our buildings, and basically cover it off that way but we'll get details to you on that so that's what that DIP financing is all about, so you know.

23. **There are several questions here on the status of the Mexican properties in general, will I get anything back?**

    (Mr. Narfason) The recoveries of the Mexican properties will rely solely on the inter-entities lending, which, El Golfo has some and the Luna and the Conchas have really minimal inter-entity recovery. And then you look at your litigation. Without litigation recovery you could be looking at close to zero on 35 million direct investor money plus another approximately 3 to 4 million of inter-entity loans from other entities going to zero so rounding out of 118 million of Investor money, 40 million related to Mexico and it could be zero or very minimal recovery.

    (Mr. Town) – I've wrote my shares off already this year, I've figured its zero so it's sad news but that's the way it is.

24. **There's been a few questions along this line, the 2008 T5013 partnership income statements, Revenue Canada's coming back to people saying you've made X money even though we didn't on some of these shares, what should we be doing about that or is EY going to prepare something that we can send to the tax man as shareholders saying hey, that's not going on, we have an investigation running.**

    (Mr. Narfason) – yes, we definitely have to communicate out to people for tax-reporting purposes , clearly part of the claims process, one of the claimants to deal with is Canada Revenue Agency, both on payroll, tax, audits, GST, income tax, as you can imagine, maybe some returns were filed - GST returns but for most of the 45 entities, no tax returns were filed, nothing's filed. They did send T5013's out, I believe the T5013's are not accurate and we'll have to work with Revenue Canada through the claims process to figure out how we're going to get them the information so they know what claims they have – we don't think they have any claims, it'll be the other way around whether or not we have any chances of recovery from them. However, to get a dollar out of Revenue Canada , they will make us do quite an amount of work. We'll have to work with them.

    (Terry) – We asked Mr. Narfason the other night if we can get a million dollars out of Revenue Canada, we can pay the dip fund.

25. **What's the Sandhu claim for?**

    (Mrs. Grant) – We're seeing $5 million dollars come in through this process through Sandhu's, they have a promissory note that says it's signed by the Concrete group of companies. As part of the claims process, we'll be dealing with that validity of the claim and whether or not it's actually a loan or whether or not it was an equity investment. But we are seeing $5 million dollars come in.

26. **Will there be some formal paperwork sent to the El Golfo investors so they can use to file with their income tax? I suppose that's true with all the properties that we think will be flushed, is there something that we can use to say that we've lost our money?**

    (Mr. Narfason) – It's within our exit timeline of March 2010, we hope to have the necessary plan of arrangement or court orders that people could use before the April 30th deadline to indicate they could take the necessary write offs, that was how it was done in the past but until we get our final reports, there's really nothing Ernst & Young issues to say that you could write off your investments but I know people look for that and we work with Revenue Canada to make sure that whatever we do in the first part of next year to get that piece of paper, if you will, so you could attach to support your tax filing position

27. **Is Wealthstreet of any interest to the Receivers investigation particularly the building they had such as trying to secure it?**

    (Mrs. Grant) – money was paid to Jones as I've mentioned during this presentation but if anything, Wealthstreet is likely a creditor of the Concrete entities and not Concrete isn't owed money by Wealthstreet. So in terms of moving forward and taking action against Wealthstreet, at this point, I don't think that's possible. That's all I can say about that.

28. **There's a lawsuit being brought forward by the Shareholders of one of the Safeguards, I think it's number VI against Mamdani, Strategic and the GP Partners, is that going forward, if so, what is the status of this litigation or can you even comment on it? $6.5 million.**

    (Mrs. Grant)-we're aware of the litigation some of the Concrete entities are parties to that litigation so because of the stay, I think that litigation isn't going forward at this point in time and we have been in communications with council at Burstall Winger who is representing those debenture holders and they've requested some information from us and we're working through their requests to get them the information that they're looking for.

29. **Have all the Concrete director's assets been frozen, or at least until this has been resolved and have we stopped paying them for sitting on the committee at this point?**

    (Mr. Narfason)-we've paid Vincenzo and Vinny some amount of money relating to employment type monies to give us information until the end of August, so they do not have any more payments coming from the Concrete entities. In terms of assets being frozen, Dave Humeniuk has filed personal bankruptcy, the trustee now has his assets. You've seen the action that we took regarding the Mexican condos which we're going to argue that the El Golfo Investors have a claim. The other principles at this time , their assets have not been frozen. However, the Sandhu's have launched litigation against Vincenzo and Vinny and are trying to petition them into bankruptcy which those parties are defending and again, because of those petitions, the scrutiny over where their assets are personally right now are being monitored and as Blair had indicated, the other parties will be reviewed and considered as the litigation strategy.

30. **What is the current status of Wealthstreet?**

    (Mr. Narfason) It would be hearsay for me to talk about that.

31. **They've closed our doors right, that's all we know, we don't know anything else?**

    (Mr. Narfason) No comment

32. This keeps coming up, have there been any investigation on the relationship with Olympia Trust in regards to the management of the RRSP investments?

(Mr. Narfason) No there hasn't. I think we might want to talk with the steering committee for more information from the Investors, there may be an expectation gap on what they expect Olympia Trust to do in their capacity as the Trustee for those funds. They take direction from the Investor as to where to put those funds, they don't do investigation as to where they're investing those funds so our experience with Olympia Trust in the past is that they're just a conduit, taking direction from the Investors so they don't have a positive obligation to review Concrete and make sure it was a quality company to invest in it, if that's what that question is referring to.