

COURT FILE NUMBER 1001-07852
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's Stamp

APPLICANTS

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD. (COLLECTIVELY, "THE MEDICAN GROUP OF COMPANIES")

DOCUMENT

SEVENTH REPORT TO THE COURT OF RSM RICHTER INC. AS CCAA MONITOR OF THE MEDICAN GROUP OF COMPANIES DATED NOVEMBER 29, 2010

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT


3700 Canterra Tower
400 Third Avenue SW
Calgary, Alberta T2P 4H2
Phone: 403-267-8222
Fax: 403-264-5973
Attention: Howard A. Gorman
File No. 267783

RSM Richter

**Seventh Report to Court of
RSM Richter Inc. as CCAA Monitor of
The Medican Group of Companies**

RSM Richter Inc.
Calgary, November 29, 2010

TABLE OF CONTENTS

INTRODUCTION.....	6
Purpose of this Report	6
Terms of Reference	7
Currency	8
BACKGROUND	8
COMPANY'S ACTIVITIES.....	9
KALEIDO, RIVERSTONE AND SONATA RIDGE SALES PROCESS	10
Kaleido	10
Riverstone and Sonata	12
DEVELOPMENT PROJECTS.....	14
Medican (Red Deer – Michener Hill) Developments Ltd.	14
Sanderson of Fish Creek (Calgary) Developments Ltd.	15
The Legend (Winnipeg) Developments Ltd.	18
Medican (Westbank) Land Ltd.	19
Riverstone (Medicine Hat) Developments Ltd.	20
Canvas (Calgary) Developments Ltd.	21
Cercle des Cantons and Kelowna Move Sales Center	22
Medican (Edmonton Terwillegar) Developments Ltd. (“Terwillegar”)	23
Medican Modular (Chartwell Medicine Hat) Developments Ltd. (“Chartwell”)	24
1144233 Alberta Ltd.	26
1090772 Alberta Ltd.	27
R7 Properties	27
PROVIDENCE AND MONTROSE LANDS.....	28
CHIEF RESTRUCTURING OFFICER	29
PLAN OF COMPROMISE OR ARRANGEMENT.....	31
Claims Review	31
CASH FLOW	32
COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS	34
MONITOR'S ACTIVITIES	34
CONCLUSION AND RECOMMENDATION	35

INDEX OF APPENDICES

Unit Sales Summary “A”

Cash Flow Variance Analysis..... “B”

Projected Statement of Cash Flow “C”

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED AND *THE JUDICATURE*
ACT, R.S.A. 2000, c. J-2, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS
LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772
ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755
QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS
(SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS
LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY
KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN
(EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE
PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS
LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD.,
MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN
(SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK)
DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN
CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT
SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES
MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD.,
MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS
2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON
OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX
CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA)
DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE
ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG)
DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS
LTD. (COLLECTIVELY, "THE MEDICAN GROUP OF COMPANIES")**

**SEVENTH REPORT OF RSM RICHTER INC.
AS CCAA MONITOR OF
THE MEDICAN GROUP OF COMPANIES**

November 29, 2010

INTRODUCTION

1. On May 26, 2010, the Court of Queen's Bench of Alberta ("Court") issued an order ("Initial Order") granting The Medican Group of Companies ("Medican Group" or the "Company") protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") (the "CCAA Proceedings"). RSM Richter Inc. was appointed monitor ("Monitor") under the Initial Order.
2. Pursuant to a Court order made on September 30, 2010, the stay of proceedings under the Initial Order was extended to December 2, 2010.
3. The primary purposes of the CCAA Proceedings are to protect Medican Group's business and operations, to allow Medican Group an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its credit facilities, all under a Court-supervised process.

Purpose of this Report

4. The purpose of this report ("Report") is to:
 - a) Provide an update on the Company's restructuring efforts;
 - b) Summarize the results of the sale processes carried out by the Company and the Monitor in respect of the "Kaleido" Phase 4-7 lands, the "Riverstone" Phase 2 and 3 lands and the "Sonata Ridge" lands;
 - c) Provide a status update on certain of the Company's development and construction projects, including proposed sale processes;
 - d) Support the Company's request for the appointment of 1539319 Alberta Ltd. as the Chief Restructuring Officer;
 - e) Support the Company's request for an extension of the CCAA Proceedings to January 31, 2011; and

- f) Respectfully recommend that this Honourable Court grant orders:
- Vesting in the Laurentian Bank of Canada (“Laurentian”), as of closing, title to the “Sonata Ridge Lands”, free and clear of all liens, charges, security interests and other encumbrances and directing the Registrar of British Columbia Land Titles to register title to the property in the name of Laurentian or in that of its nominee, as described in this Report;
 - Approving the Letter of Understanding (defined below) in connection with the Phase 3, Phase 4B and Church Lands of the Sanderson Project, as described in this Report;
 - Approving an Offer to Purchase from 592820 BC Ltd., for the Company’s property described as the Kelowna Move Sales Center, as described in this Report;
 - Vesting in Monarch Land Ltd. (“Monarch”), as of closing, title to the “Terwillegar Lands”, free and clear of all liens, charges, security interests and other encumbrances and directing the Registrar of Alberta Land Titles to register title to the property in the name of Monarch or in that of its nominee, as described in this Report;
 - Approving an Offer to Purchase from Carry Investments Ltd. (“Carry”), or its nominee, the lands described as Plan 641JK, Block s in Medicine Hat, Alberta owned by 1144233 Alberta Ltd., as described in this Report;
 - Approving an Offer to Purchase from Sylvie Surprenant for the land owned by 1090772 Alberta Ltd., as described in this Report;
 - Approving Offers for two properties (“R7 Offers”) owned by R7 Investments Ltd. (“R7”), as described in this Report;
 - Approving the extension of the DIP financing arrangement to February 28, 2011; and
 - Extending the stay of proceedings under the Initial Order to January 31, 2011.

Terms of Reference

5. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company’s management, the Company’s books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company’s financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been

performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

Currency

6. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

BACKGROUND

7. Medican Group is a private group of companies in the real estate construction and development business. The Company currently owns, operates and/or manages over 30 projects in British Columbia, Alberta, Manitoba and Quebec.
8. Medican Group comprises two divisions:
 - a) A residential development division ("Medican Projects") which develops condominium complexes mainly in western Canada; and
 - b) A construction division ("Medican Construction") operating as a general contractor for several customers, including Medican Projects.
9. Medican Projects operates two types of residential construction:
 - a) Development of residential real estate as the owner of the land and the assets being developed ("Development Project"); and
 - b) Construction of real estate projects under "Cost-Plus" contracts on behalf of third-party owners of the land on which the project is being built ("Cost-Plus Project").
10. A Development Project and a Cost-Plus Project are sometimes referred to individually as a "Project" and collectively as the "Projects".

11. Additional background information is included in previous materials filed with the Court in these CCAA Proceedings, including the previous reports filed by the Monitor. Materials filed with the Court can be found on the Monitor's website at www.rsmrichter.com.

COMPANY'S ACTIVITIES

12. A summary of the Company's progress since the Monitor's Sixth Report to Court dated September 27, 2010 ("Sixth Report") is provided below. Among other things, the Company:
 - a) Accepted offers, with the Monitor's approval, on 36 existing or under-construction residential condominium units ("Units"). A schedule identifying Unit sales from the date of the Initial Order is provided as Appendix "A" to this Report. In total, the Company has accepted 101 offers to date;
 - b) Completed the Court-approved transaction with Harvest Group Limited Partnership subject only to the transfer of the Development Project known as "Cimarron";
 - c) Completed the Court-approved transaction with Cypress College for the Company's property located at #3, 7th Street SE, Medicine Hat, Alberta;
 - d) Completed the Court-approved transaction with Lamont Land Inc. in respect of the Dipert lands near Sylvan Lake, Alberta;
 - e) Assisted the Monitor with the sales process in respect of the "Kaleido Project", the "Riverstone Project" and the "Sonata Ridge Lands";
 - f) Completed the Court-approved transaction with 1554670 Alberta Ltd. for construction financing related to the Development Project known as Edgewood Brooks;
 - g) Completed the Court-approved Fairmont Park Financing Agreement transaction with 1554670 Alberta Ltd.;
 - h) Negotiated and received an offer to purchase Phase 2 and 3 of the "Legends Project";
 - i) Received, negotiated and finalized a Letter of Understanding from Monarch in respect of Phase 3, Phase 4B and the Church lands of "Sanderson of Fish Creek";

- j) Reduced pricing of certain Units, with secured lender consent, in order to increase sales activity;
 - k) Participated in the investigation of the transaction between 933680 Alberta Ltd. and the “Chartwell” lands;
 - l) Advanced the development of a plan of compromise or arrangement for the benefit of its creditors and stakeholders;
 - m) Continued to meet with third parties respecting the development or sale of the Company’s interests in certain Development Projects; and
 - n) Continued to provide stakeholders with updates on its restructuring efforts.
13. The above activities are discussed in greater detail in the balance of this Report.

KALEIDO, RIVERSTONE AND SONATA RIDGE SALES PROCESS

Kaleido

14. As referenced in prior reports to this Honourable Court, the Phase 4-7 lands (“Kaleido Lands”) owned by Medican (Westbank) Land Ltd. are financed by way of a secured lending facility with Zoltan and Margaret Majoros (“Majoros”) with an estimated balance owing of \$3.4 million. Subsequent registrations have been made by Monarch which total approximately \$4.5 million including accrued interest.
15. On a confidential basis, Monarch provided the Monitor with an appraisal on the Kaleido Lands (the appraisal comprised six phases of the Kaleido Project). The Monitor received a report on the determination of fair market value in this appraisal from an independent appraiser it engaged.
16. Pursuant to a Court order dated September 8, 2010 (“Bid Procedure Order”), the Monitor carried out the sales process (“Sales Process”) in respect of the Kaleido Lands. Under the Bid Procedure Order, among other things, Monarch has the right to credit bid for the properties at an amount equal to or higher than the appraised value, subject to

any prior encumbrances. Additionally, any sale is subject to a reserve for the priority charges under the Initial Order and subject to approval of this Honourable Court.

17. A summary of the results of the Sales Process is as follows:

- The marketing process commenced on September 20, 2010;
- The property was marketed on an as-is basis as bare lands for future development;
- An Interest Solicitation Letter (“ISL”) was prepared containing a description of the property, its attributes and potential development opportunities. The ISL was sent to approximately 145 potential purchasers;
- Advertisements were placed in the Vancouver Sun and the Globe and Mail on September 23 and 24, 2010, respectively, outlining the acquisition opportunity;
- Four prospective purchasers executed Confidentiality Agreements;
- The Monitor followed up with prospective purchasers and responded to requests for additional information;
- The Monitor advised parties of the October 18, 2010 bid deadline; and
- No bids were submitted to the Monitor for the property by October 18, 2010.

18. Monarch indicated to the Monitor that it would consider having the Kaleido Lands transferred to it, or its nominee, at the appraised value of approximately \$7.7 million subject to Monarch entering into an agreement with Majoros to address Majoros’ first secured position. The Monitor understands that Monarch and Majoros have been unable to reach a mutually satisfactory agreement.

19. The Sales Process employed for the Kaleido Lands was designed to market the Kaleido Lands in a timely fashion and to provide secured creditors with the opportunity to submit a credit bid at the appraised value. As Monarch is not in a position to have the lands transferred into its name, and because of the depressed state of the real estate market in British Columbia, the Monitor is of the view that a longer marketing process should be undertaken to sell the Kaleido Lands. The Monitor proposes that it call for

proposals from three realtors to list the Kaleido Lands for sale. The Monitor and the Company would consult with Majoros and Monarch in selecting the appropriate realtor upon receipt of the proposals.

Riverstone and Sonata

20. As referenced in prior reports to this Honourable Court, the Phase 2 and 3 lands (the “Riverstone Lands”) owned by Riverstone (Medicine Hat) Developments Ltd. are financed by way of secured lending facilities with CIBC with an estimated balance of \$750,000 (and a blanket mortgage registered against the Riverstone Lands and several other of the Company’s Development Projects) plus accrued interest, and Carry in the amount of \$4.7 million as a second charge against the Riverstone Lands.
21. The “Sonata Ridge Lands” are owned by Sonata Ridge (Kelowna) Developments Ltd. (“Sonata Ridge”) and are financed by way of a first charge in favour of Laurentian with an estimated balance of approximately \$3.8 million, plus accrued interest, and a second charge in favour of Carry with an estimated balance of \$4.7 million, plus accrued interest.
22. Pursuant to the Court order dated September 30, 2010 (“Bid Procedure Orders”) the Monitor, with the assistance of Medican, carried out sales processes (“Riverstone and Sonata Sales Processes”) in respect of the “Riverstone Lands” and the “Sonata Ridge Lands”. Under the Bid Procedure Orders, among other things, the secured creditors have the right to credit bid for the properties in an amount equal to or higher than the appraised value (there was no appraisal obtained on the “Sonata Ridge Lands”). Additionally, any sale is subject to a reserve for the priority charges under the Initial Order and subject to approval of this Honourable Court.

23. A summary of the results of the Riverstone and Sonata Sales Processes is as follows:
- The marketing process commenced on October 8, 2010;
 - The properties were marketed on an “as-is” basis as bare lands for future development;
 - An ISL was prepared containing a description of the properties, their attributes and potential development opportunities. The ISL was sent to approximately 246 potential purchasers, 140 for the Sonata Ridge Lands and 106 for the Riverstone Lands;
 - Advertisements were placed in the Globe and Mail and the Vancouver Sun on October 13 in respect of the Sonata Ridge Lands and in the Calgary Herald on October 14 in respect of the Riverstone Lands, outlining the acquisition opportunity;
 - Seven prospective purchasers executed Confidentiality Agreements;
 - The Monitor followed up with prospective purchasers and responded to requests for additional information;
 - The Monitor advised parties of the November 5, 2010 bid deadline;
 - Laurentian submitted an offer for \$3,875,000 for the Sonata Ridge Lands; and
 - No bids were submitted to the Monitor for the Riverstone Lands.
24. The Monitor understands that Laurentian and Carry entered into negotiations in respect of the Sonata Ridge Lands. The Monitor understands that Carry and Laurentian could not reach an agreement.
25. Laurentian engaged Kent-Macpherson, a real estate appraisal firm located in Kelowna, British Columbia to provide a market value appraisal on the Sonata Ridge Lands (the “Laurentian Appraisal”). Based on the Laurentian Appraisal it appears that the offer received from Laurentian is a reasonable offer in the circumstances.
26. The Monitor respectfully recommends that this Honourable Court approve the sale of the Sonata Ridge Lands to Laurentian subject to the Priority Charges under the Initial Order.

27. Further steps in respect of the Riverstone Lands are discussed in paragraph 56 of this Report.

DEVELOPMENT PROJECTS

28. An update on the status of certain of the Development Projects is provided below. More detailed descriptions of the Development Projects are provided in reports previously filed by the Monitor.
29. Overall, the activity levels in the geographic markets where the Company owns Units or single-family dwellings continues to be depressed. The Company, in conjunction with real estate agents that represent it, monitors sales trends, site traffic and other market conditions. The Company has and may continue to have to adjust pricing downwards on certain Units, with secured lender consent, in order to accelerate sales.

Medican (Red Deer – Michener Hill) Developments Ltd.

30. The Development Project known as “Sierras Michener Hill” (“Michener Project”) is located in Red Deer, Alberta, which will comprise 148 Units and 38 duplexes upon completion of construction.
31. Pursuant to a Court order dated September 8, 2010, the Company completed a financing transaction with T&E Ventures for construction of the Michener Project.
32. Construction on the project is progressing and Phase 1 is approximately 34% complete. The Company is on budget and believes Phase 1 of the Michener Project will be completed by June 2011.
33. The Company is actively marketing the remaining Units in Phase 1 and just commenced marketing the Units in Phase 2.

Sanderson of Fish Creek (Calgary) Developments Ltd.

34. The project known as “Sanderson of Fish Creek” is a residential Development Project located in Calgary, Alberta, which consists of five phases with a total of 352 Units (“Sanderson Project”). The Sanderson Project was established in multiple phases referred to as Phase 1, 2, 3, 4A and 4B. The Company also owns certain adjacent lands (“Church Lands”).
35. As previously reported, more than five different lenders hold various forms of security against the Sanderson Project and unsold Units, along with amounts owed to Canada Revenue Agency, unsecured lenders and trade suppliers (some of which have registered liens).

Phase 1 and 2

36. On August 6, 2010, the Company terminated its onsite sales team. A new sales team with Re/Max First has been in place since August 20, 2010. Among other things, a new Unit pricing structure has been implemented along with other new marketing initiatives. The Company has recently lowered the Unit prices again. Sales are now materializing and 5 Units were sold in November 2010. The Company continues to work with the secured lenders under protocols developed earlier in these proceedings.

Phase 4A

37. CIBC advanced \$1 million to the Company to complete construction of Phase 4A of the Sanderson Project pursuant to a Court Order obtained by the Company on July 29, 2010. The funds were deposited with Fraser Milner Casgrain LLP (“FMC”), the Company’s legal counsel.

38. Construction of Phase 4A is approximately 85% complete and is expected to be completed in the next few weeks. Construction costs are under budget. Six Units have closed or are in the process of closing. The amounts realized on the closing of Units will be paid to CIBC firstly to reimburse CIBC for the amounts advanced to complete construction and the remainder to CIBC in connection with its specific mortgage security against the Units. The Company and CIBC continue to work together under protocols established earlier in these proceedings.

Phase 3, 4B and Church Lands

39. The Company has continued to explore opportunities and options to develop Phase 3 and 4B and the sale of the Church Lands. The Company and Monarch entered into negotiations which culminated in a Letter of Understanding (“LOU”) dated November 29, 2010. A copy of the LOU is appended to the affidavit of Tyrone Schneider sworn November 29, 2010 (the “Schneider Affidavit”).
40. The LOU provides for Monarch or its nominee to:
- Purchase the Church Lands for \$3.2 million inclusive of a 5% allocation for the Priority Charges under the Initial Order;
 - Purchase Phase 3 and 4B in exchange for \$5.9 million owing to Monarch by the Company on these two phases plus a cash payment of \$295,000 which is equal to a 5% allocation for the Priority Charges under the Initial Order;
 - Discharge Monarch’s security against Axxess (Sylvan Lake) Developments Ltd., Medican (Edmonton Terwillegar) Developments Ltd., and Sanderson of Fish Creek (Calgary) Developments Ltd.;
 - Fund and complete the deficiencies in respect of the common property up to a maximum of \$600,000;
 - Fund all arrears owing to the Sanderson Condominium Corporation as well as ongoing condominium fees payable in respect of unsold Units in Phase 1 and 2;

- Develop each of Phase 3 and 4B under normal commercial terms within 90 days of when Unit pre-sales in each phase reach the greater of:
 - 65%; or
 - the amount required by the financial institution in the event construction financing is provided by a third party financial institution;
 - Share net profits with the Company on the build out of Phase 3 and 4B on a 50%-50% basis after Monarch has recovered all its costs associated therewith and has recovered its deficiency on its outstanding loans with the Company in respect of the Sylvan Lake, Terwillegar and Sanderson Development Payouts; and
 - Pay a management fee for providing services in connection with the agreement to Monarch and the Company and such fee will be deducted from the net profits generated by the development of Phase 3 and 4B. The fee is fixed at \$65,000 each per month.
41. The LOU provides for a definitive agreement which is being finalized.
42. The LOU provides that with respect to the deposits relating to Unit pre-sales in Phase 3, Monarch will review such pre-sales and determine whether it is prepared to accept same and whether it is prepared to accept the deposits associated therewith.
43. The Monitor respectfully recommends that this Honourable Court approve the LOU for the following reasons:
- It provides for an immediate cash injection of \$3.2 million which will be used to address the Priority Charges under the Initial Order and to augment the Company's cash flows;
 - Completion of Phase 3 and 4B is in the interest of the existing Unit owners and certain of the Phase 3 Unit purchasers as it will allow them to close and occupy their units;
 - The common area deficiencies will be rectified which is in the interests of the existing Unit owners, the condominium corporation, and for the overall aesthetics of the Sanderson Project;
 - Arrears of condominium fees for the unoccupied Units in Phase 1 and 2 will be brought current. Future condominium fees will be funded which will stabilize the financial position of the condominium corporation; and

- The Company estimates that, subject to certain assumptions, its share of the net profits will be in the range of \$4 million to \$10 million. These profits are expected to fund part of the Company's CCAA plan of compromise or arrangement, which is currently being developed.

The Legend (Winnipeg) Developments Ltd.

44. The Company is developing a condominium real estate project ("Legend Project") located in Winnipeg, Manitoba, which consists of three phases. The Company completed and sold all Units in Phase 1 in 2008.
45. The Company has construction and development approvals for two additional phases of the Legend Project consisting of 56 Units each. A total of 45 Units in Phase 2 and 9 Units in Phase 3 have been sold or pre-sold.
46. Pursuant to a Court order granted on June 25, 2010 ("Legend Order"), MCAP Financial Corporation ("MCAP"), Legend's first ranking secured creditor, was given a senior Court-ordered charge for all further funding of up to \$1.853 million provided to Legend to complete construction of Phase 2. MCAP has advanced approximately \$1.8 million since the date of the Legend Order. Carry has an equitable mortgage registered against title to the Legend Project, postponed to MCAP.
47. Of the 43 Unit sales in Phase 2, 29 have closed and the balance are in the process of closing. MCAP has been paid a total of approximately \$6.0 million from the 29 closed Units representing a reduction in MCAP's loans from approximately \$9.5 million in October 2010 to approximately \$3.5 million as at the date of this Report.

48. The Company has revised its projections for the Legend Project. The revised projections indicate additional cost overruns of approximately \$650,000 which will result in a shortfall to the secured creditors ranking subordinate to MCAP and Carry, which principally includes trade suppliers with registered security interests. The Company does not have the financial resources to complete construction of Phase 2 and 3 of the Legend Project. As a result of the foregoing, the Company commenced negotiations with 6020658 Manitoba Ltd. ("6020658") for a sale of the Legend Project. The Monitor understands that the negotiations are ongoing.

Medican (Westbank) Land Ltd.

49. The Company's Development Project known as "Kaleido at Westbank" ("Kaleido Project") is a condominium development project located in Westbank, British Columbia. The Company planned to develop a seven-phase, 717 Unit condominium complex on the subject lands.
50. Construction of Phase 1 of the Kaleido Project comprising 82 units was completed in September, 2008. There are 53 units remaining for sale ("Kaleido Units"). Phase 1, 2 and 3 are financed by way of a secured facility with MCAP.
51. The Kaleido Units could not be listed for sale until such time as the Company filed an amended disclosure statement with the Superintendent of Real Estate in British Columbia and fulfilled the requirements of the Real Estate Development Marketing Act (British Columbia) ("REDMA"). The Company filed the required disclosure statement and met all REDMA requirements on October 21, 2010. With the approval of MCAP a listing agent has been engaged and listing prices have been established. Marketing commenced immediately once the REDMA requirements were met. There have been no sales since marketing of the Kaleido Units recommenced.

52. Discussions are currently underway with MCAP's lenders regarding the disposition of the Kaleido Project. The Company is amenable to any one of a number of alternatives to limit MCAP's exposure under this facility.

Riverstone (Medicine Hat) Developments Ltd.

53. Riverstone developed a Development Project located in Medicine Hat, Alberta. The Company had planned to complete a three-phase, 136 Unit condominium complex ("Riverstone Project") restricted to residents over 30 years of age.
54. The Company completed construction of Phase 1 and has five remaining unsold Units. The Units in Phase 1 are listed for sale with Royal LePage Community Realty. The five Units are financed by CIBC. The Medicine Hat real estate market for condominiums is depressed. No offers have been received on the five Units since the date of the Initial Order. The Company is reviewing the marketing strategy and Unit pricing to determine if steps can be taken to facilitate the sale of the five Units.
55. Phase 2 and 3 of the Riverstone Project are bare land. Phase 2 and 3 are financed by way of a secured lending facility from Carry. Carry is owed approximately \$4.5 million (this loan is cross-collateralized with the Sonata Ridge lands); however, Carry's loan for the Riverstone Project is subordinate to a loan in favour of CIBC.
56. CIBC has advised the Monitor that it will not release its security over the Phase 2 and 3 lands until such time as sales of the five Units have closed and it becomes clear that CIBC will recover fully on its loans (on the Riverstone Project as well as all other Development Projects pursuant to CIBC's blanket mortgage). Accordingly, no additional steps are planned by the Company at this time in respect of the Phase 2 and 3 lands on the Riverstone Project.

Canvas (Calgary) Developments Ltd.

57. The project known as “Canvas at Millrise” is a condominium Development Project located in Calgary, Alberta. It is comprised of a four-phase, 318 unit condominium complex (the “Canvas Project”).

Phase 1 and 2

58. Construction by the Company continues to repair the fire damage that occurred in March, 2010 on Phase 1 and 2 of the Canvas Project. The reconstruction is expected to be completed in May 2011. The Company plans to commence a sales process on the 11 unsold Units on December 7, 2010.

Phase 3 and 4

59. Pursuant to a Court order dated July 29, 2010 (“Macdonald Canvas Order”), a priority charge was granted to Macdonald Canvas Properties Ltd. (“Macdonald Canvas”), the first ranking secured creditor in respect of Phase 3 and 4 of the Canvas Project, to fund up to \$500,000 for marketing costs, ongoing condominium association fees and other expenses to complete the sale of remaining Units.

60. All but one Unit in Phase 3 and 4 have now been sold. Closings will occur over the next several months. The Monitor has requested that Macdonald Canvas provide it with an accounting of the funds advanced pursuant to the Macdonald Canvas Order.

61. The Monitor will provide a further update regarding the sales process in respect of the 11 unsold Units in Phase 1 and 2 and the Macdonald Canvas accounting in a subsequent report to this Court.

Cercle des Cantons and Kelowna Move Sales Center

62. Cercle des Cantons is a 480-unit condominium Development Project, located on the slopes of Bromont Ski Resort in Bromont, Quebec (the “Bromont Project”). There were eight planned phases; Phase 1 and 2 are essentially complete. The Company does not own the lands for the remaining phases.
63. Since the date of the Initial Order, the Company accepted offers on an “as is” basis for 10 of the Units; 8 Units remain unsold.
64. The Bromont Project is financed by a secured lending facility with Harbour Mortgage Corp. (“Harbour”), with a balance owing of approximately \$984,000. The loan is cross-collateralized with a single story retail building located in Kelowna, British Columbia known as the “Kelowna Move Sales Center”, which is owned by Medican (Kelowna Move) Developments Ltd. and used as a sales center for Medican Projects in the area.
65. With Harbour’s approval, the Company listed the Kelowna Move Sales Center for sale with Coldwell Banker Horizon (Westbank) (“Coldwell”) with a list price of \$1.68 million. There were no offers received at the list price and the list price was subsequently reduced to \$1.3 million with Harbour’s approval. Several offers were received and approved by Harbour; however, those offers did not proceed as the prospective purchasers failed to remove their purchase conditions.
66. The Company has accepted an offer of \$1.15 million from 592820 BC Ltd (“592”) for the Kelowna Move Sales Center. It has been approved by Harbour. All conditions have been removed and a \$20,000 deposit has been received. A further deposit in the amount of \$80,000 will be provided on December 8, 2010. Closing is set for December 31, 2010. The Monitor is of the view that the sale price is reasonable and represents fair market

value in the circumstances. Accordingly, the Monitor respectfully recommends that this Honourable Court approve the sale of the Kelowna Move Sales Center to 592.

67. Receipt of the net proceeds from the sale to 592 is expected to payout the Harbour loan in full. The 10 remaining Units at Bromont are valued at approximately \$2.0 million. There is substantial equity value in Bromont. The Company believes this value will assist the Company's CCAA plan of compromise or arrangement, which is currently being developed.

Medican (Edmonton Terwillegar) Developments Ltd. ("Terwillegar")

68. As referenced in prior reports to this Honourable Court, the Phase 2 and 3 lands (the "Terwillegar Lands") are financed by way of secured lending facilities with Monarch with an estimated balance of \$5.2 million plus accrued interest. Monarch's loans are secured in first priority against the Terwillegar Lands. MCAP has a second secured charge against the Terwillegar Lands.
69. Pursuant to the July 29 Bid Procedure Order, the Monitor carried out sale processes ("Sale Processes") in respect of the Terwillegar Lands. Under the Bid Procedure Order, among other things, Monarch has the right to credit bid for the properties at an amount equal to or higher than the appraised value. Additionally, any sale is subject to a reserve for the Priority Charges under the Initial Order and subject to approval of this Honourable Court.
70. An offer was submitted subsequent to the September 7, 2010 bid deadline. The purchase price of the offer was consistent with the appraised value. The offer was conditional and contemplated a closing date of January 31, 2011. The Company accepted the conditional offer. The prospective purchaser was unable to waive its conditions.

71. Monarch has agreed to the Terwillegar Lands being transferred to it or its nominee, at the appraised value in return for a reduction of its loan balance. The transfer is subject to a reserve for the charges under the Initial Order equal to 5% of the appraised value (\$172,000). Accordingly, the Monitor respectfully recommends that this Honourable Court make an order substantially in the form attached to the Company's November 29, 2010 motion materials.

Medican Modular (Chartwell Medicine Hat) Developments Ltd. ("Chartwell")

72. Chartwell is a Development Project located in Medicine Hat, Alberta. It is a manufactured housing park. It is to comprise 104 prefabricated homes.
73. On June 22, 2006 the Company entered into an Option to Purchase agreement ("Option") with Chartwell Landing Inc. ("CLI") in respect of the Chartwell Lands. Pursuant to the Option, the Company was to construct all deep utilities including water, sanitary and storm sewers and electricity plus roads, curbs, gutters and sidewalks (the "Services"). The Company incurred costs of approximately \$1.5 million in respect of installation of the Services.
74. The Option also provided that the Company could purchase the lands from CLI for \$1.5 million plus interest. There were two amendments to the Option extending the completion date for the Services. On July 18, 2008 title to the Chartwell Lands was transferred to the Company for \$1.73 million.
75. The Company also installed 5 prefabricated homes on the Chartwell Lands at a cost of approximately \$1.06 million.

76. The Company invested a total of approximately \$4.3 million into the Chartwell Lands comprising the price of the land, installation of the Services and installation of the prefabricated homes.
77. As previously reported to this Honourable Court, 933680 Alberta Ltd. (“933”) provided five different credit facilities to the Company since April 24, 2007. The fourth credit facility was a \$1.5 million stand-alone mortgage executed on May 21, 2008. On June 7, 2008 this facility was increased to \$1.75 million which was used by the Company to purchase the Chartwell Lands.
78. Effective May 1, 2009 the Chartwell Lands were sold to 933 for a purchase price of \$2.15 million (the “Chartwell Transaction”). Pursuant to the sale, 933 agreed to “assume” the fourth credit facility. The Monitor was concerned about the nature and validity of this sale transaction and whether the sale was at fair market value.
79. The Monitor has been investigating the sale of the Chartwell Lands to 933 for purposes of determining whether the Monitor would challenge the Chartwell Transaction. The Monitor has undertaken several interviews, among other things, in that regard. Additional investigation work is ongoing.
80. In correspondence to counsel for 933 in September 2010, counsel to the Company suggested that if the Monitor did not advise 933 by November 15, 2010 that it did not intend to challenge the Chartwell Transaction, the Monitor would be deemed to have agreed not to challenge the Chartwell Transaction. The Monitor’s counsel was not copied. Counsel for 933 is taking a position that the Monitor has waived its rights to challenge the Chartwell Transaction. The Monitor disagrees with such position.

81. It is the Monitor's view that it is not bound by the correspondence from the Company's counsel to 933's counsel, nor is there any reason to stop the investigation of the Chartwell Transaction.
82. The Monitor intends to challenge the Chartwell Transaction. Based on its review to date it appears that 933 obtained the Chartwell Lands for an amount significantly less than the fair market value for its own benefit. Accordingly, it is the Monitor's view that challenging the Chartwell Transaction is in the best interests of the Company's creditors and stakeholders.

1144233 Alberta Ltd.

83. 1144233 Alberta Ltd. ("114") owns two separately titled properties located in Medicine Hat, Alberta. The property described as Plan 641JK, Block s (the "Block S Property") comprises approximately 9.54 acres of bare land. Secured debt registered against the Block S Property by Carry totals approximately \$275,000 plus accrued interest. There are no other secured creditors registered against the property.
84. Carry has agreed to purchase the Block S Property for an amount equal to its debt of approximately \$275,000. The Monitor's counsel has reviewed the Carry security documents and advised the Monitor, subject to standard assumptions and qualifications, the security interest of Carry against 114 is valid and enforceable.
85. The Company's legal counsel obtained an appraisal on the Block S Property. The Carry purchase price is consistent with the appraisal. The Monitor therefore respectively recommends that this Honourable Court approve the sale of the Block S Property to Carry. The sale is subject to a reserve of 5% for the Priority Charges under the Initial Order.

1090772 Alberta Ltd.

86. 1090772 Alberta Ltd. (“109”) owns property in the Province of Quebec in the same vicinity as the Bromont Project (the “109 Property”). 109 received an offer on the 109 Property from Sylvie Surprenant in the amount of \$90,000 a copy of which is attached to the Schneider Affidavit. There is no mortgage registered against the 109 Property. The 109 Property was listed for sale with Groupe Mackay on November 8, 2010 at a listing price of \$94,000.
87. The Monitor has reviewed the offer and is of the view that the sale price is reasonable in the circumstances considering comparable sales reviewed. The Monitor respectfully recommends that the offer for the 109 Property be approved by this Honourable Court as the consideration thereunder appears to be reasonable.

R7 Properties

88. R7 owns completed residential properties located in Medicine Hat and Canmore, Alberta; six unencumbered single-family sized lots in Medicine Hat and a commercial property in Medicine Hat which is the Company’s head office. The majority of R7’s properties are listed for sale.
89. The Company received the R7 Offers which are described below:
- An offer from Joan and Hans Skinstad in the amount of \$347,000 to purchase the property located at 119-175 Crossbow Place, Canmore (“119 Crossbow”). 119 Crossbow is subject to a mortgage with Bank of Nova Scotia with an original principal balance of approximately \$287,250. 119 Crossbow was listed for sale with Century 21 Nordic Realty at a listing price of \$389,000.
 - An offer from Robert and Sharon Lampard in the amount of \$390,000 to purchase the property located at 305-175 Crossbow Place, Canmore (“305 Crossbow”). 305 Crossbow is subject to a first mortgage with TD Canada Trust with a balance of approximately \$166,000 and a second mortgage with Paragon Capital Corp. with a balance of approximately \$163,000. 305 Crossbow was listed for sale with Century 21 Nordic Realty at a listing price of \$399,000.

90. Copies of the R7 Offers are appended to the Schneider Affidavit.
91. The Monitor has reviewed the R7 Offers in the context of the depressed Canmore, Alberta condominium market. The Monitor respectfully recommends that the R7 Offers be approved by this Honourable Court as the consideration thereunder appears to be reasonable and reflects fair market value in the circumstances. The proceeds, net of closing costs and the mortgages noted above, will be held by FMC pending either agreement among affected secured parties or further Order of the Court.

PROVIDENCE AND MONTROSE LANDS

92. The Company and Dundee Realty Corporation (“Dundee”) entered into discussions in August 2007 in respect of certain lands located in both Calgary and High River, Alberta.
93. On August 8, 2007 Dundee provided correspondence to the Company indicating Dundee’s intent to sell 6 acres of land adjacent to the Tsu Tina First Nation (the “Providence Lands”) to the Company for development and the Company would acquire land located in High River (the “Montrose Lands”). The Company takes the position that it and Dundee had agreed that in exchange for Medican’s involvement in the development of the Montrose Lands, the Company would be entitled to participate as a Unit developer in a more lucrative contract involving the development of the Providence Lands.
94. On or about August 10, 2007 the Company and Dundee executed a Contract entitled “Agreement for Purchase and Sale” (the “Contract”) relating to the Montrose Lands whereby the Company was to purchase the Montrose Lands for \$3.72 million. The Company paid a \$558,000 deposit in accordance with the Contract. The Company registered a caveat re: Purchaser’s interest against title to the Montrose Lands.

95. The Contract has been varied from time to time through correspondence between the Company and Dundee. The date on which the balance of the sale price was to be paid by the Company to Dundee was amended to September 23, 2009 by correspondence dated June 18, 2009, and countersigned by the Company on September 23, 2009. The Company has not paid the balance of the purchase price.
96. The Monitor is advised that the Providence Lands could not be subdivided as contemplated. The problems and delays associated with the subdivision were the subject of correspondence from Dundee to the Company dated September 11, 2007 and April 25, 2008. The City of Calgary would not complete an Area Structure Plan and, therefore, the development could not proceed. The Company's position is that as the purchase of the Providence Lands could not be completed, the Contract has been frustrated and the Company is entitled to a return of its deposit paid pursuant to the Contract.
97. Dundee has filed a Notice of Motion seeking a discharge of the caveat registered by the Company against the Montrose Lands on the grounds that the Company has failed to complete the Contract. The Company opposes the application claiming it is entitled to a return of the \$558,000 deposit due to the Contract being frustrated. In the alternative, the Company takes the position that the Contract is an Agreement for Sale and a sale of the lands must ensue in a manner analogous to the procedure set out in the Law of Property Act c. L-7, R.S.A. 2000.

CHIEF RESTRUCTURING OFFICER

98. As previously reported to this Honourable Court, the Company terminated certain members of its management team and engaged a new team under the direction of Tyrone Schneider the principal of 1539319 Alberta Ltd. ("1539319") (the "Consultant").

99. Over the course of the CCAA proceedings the Consultant has directed the management team. The Company has made significant progress in respect of assessing the viability of several of its Development Projects, obtaining financing to continue the development of certain of its Development Projects and to dispose of those assets and Development Projects that are uneconomic mainly due to the direction of the Consultant. The steps taken to date have been much more difficult and time consuming than was initially thought.
100. There are a significant number of difficult steps and decisions that must be made in order for the Company to address the concerns of its various stakeholders and advance a plan of compromise or arrangement to its creditors. To carry on, manage, operate, control and to make those decisions necessary to reorganize the Company's financial affairs, the Consultant's powers need to be elevated to that of a Chief Restructuring Officer ("CRO") so that it has the necessary powers to complete such a reorganization.
101. The Consultant has become fully versed in all of the Company's activities and has been instrumental in: i) establishing transparency for, and credibility with, many of the lending groups; ii) reducing and controlling costs; and iii) addressing various personnel issues.
102. It is the Monitor's view that retaining the Consultant as the CRO is necessary and is appropriate in the circumstances given its familiarity with the Company's operations and the accomplishments achieved to date. The Monitor recommends that the CRO's compensation be set at \$30,000 per month (an increase from \$20,000 per month) plus expenses and an indemnity, and that such obligation be secured by the Priority Charges granted in the Initial Order.

PLAN OF COMPROMISE OR ARRANGEMENT

103. The Company continues to review the viability of several of its Development Projects. The Company believes that, in particular, the Michener Project, the “Cimarron Project” and the completion of Phase 3, 4A, 4B and the Church Lands of the Sanderson Project will be integral components of a plan of compromise or arrangement for consideration by its creditors.
104. The Michener Project is expected to produce significant equity once completed and all Units are sold. The “Cimarron Project”, which has been detailed in prior reports of the Monitor, is also projected to provide the Company with an ongoing revenue stream once development is under way in the next 12 to 18 months.
105. The transaction with Monarch in respect of the Sanderson Project and the Church Lands will result in an immediate cash injection to the Company and this project is expected to produce significant equity once completed and all Units sold.
106. The Company is identifying possible Cost-Plus projects some of which it expects will commence in mid-2011. The Cost-Plus projects will augment the Company’s cash flows.

Claims Review

107. To advance a plan of compromise or arrangement to its creditors, a review of the various creditor claims against the Medican Group will have to be undertaken. The Claims Procedure Order made by this Honourable Court required the Affected Creditors (as defined in the Claims Procedure Order) to submit proofs of claim by July 30, 2010 (“Bar Date”). The Monitor has received 615 claims, including 52 late claims, but excluding intercompany claims.

108. The Monitor has reviewed both the secured and unsecured claims. The unsecured claims filed against the Medican Group are significantly greater than amounts reflected in the Company's accounts payable system. The Company is now reviewing the discrepancies in the claims. The Monitor expects to report on the results of the Company's review of the claims in a subsequent report to this Honourable Court.
109. 52 creditors filed claims totalling \$7.25 million with the Monitor subsequent to the Bar Date. Empire Drywall Ltd. ("Empire"), one of those creditors, contacted the Monitor and the Company's legal counsel seeking relief from the Bar Date.
110. Empire is claiming damages of approximately \$351,000. The Monitor is of the view that providing relief from the Bar Date for Empire is appropriate, subject to determination of the final validity and amount of its claim.
111. The Monitor will review the additional late-filed claims and will be making a recommendation thereon to this Honourable Court in a subsequent report.

CASH FLOW

112. Medican Concrete Inc. ("Concrete") is engaged in building sidewalks, curbs and other commercial cement applications. It is a seasonal business typically operating for eight months of the year and is weather dependent. Concrete has historically been profitable and generated positive cash flow.
113. TD Bank is the principal operating lender of Concrete. As at the date of the Initial Order Concrete had fully drawn its \$1 million operating line. Pursuant to discussions among the Company, the Monitor and TD Bank, TD Bank entered into a protocol with Concrete, the effect of which has been uninterrupted continuation of the banking facilities.

114. Concrete expects to fully repay its operating line with TD Bank by mid-December, 2010. The Company has advanced approximately \$465,000 towards Concrete's operations using the DIP Facility (defined below). As at the date of this Report, Concrete has accounts receivable of approximately \$1.4 million which are projected to be collected by March 2011. Funds collected will first be used to reimburse the \$465,000 to the Company and to assist the Company with its cash flow requirements.
115. Medican Group previously filed a 17-week cash flow projection for the period ending December 10, 2010. A comparison of the budget to actual results for the period ending November 19, 2010 is provided as Appendix "B".
116. An updated projected statement of cash flow to the week ending February 25, 2011 ("Projection") is provided as Appendix "C". The notes to the Projection should be read in conjunction with the Projection.
117. The Monitor assisted Medican Group with the preparation of the Projection. The Projection is predicated on Medican Group continuing to operate in the normal course in the context of the CCAA Proceedings. The Monitor reviewed the Projection and its underlying assumptions and concluded that it is reasonable in the circumstances.
118. The Company has drawn on \$3.451 million of the \$3.5 million advanced under the debtor-in-possession ("DIP") financing facility approved by this Honourable Court to continue to operate and fund expenses associated with its restructuring. The DIP facility is projected to be fully drawn to \$3.5 million by the week ending December 3, 2010. Furthermore, because of certain Concrete projects being delayed or cancelled due to inclement weather, the Company required proceeds from the sale of the Dipert Lands, a portion of the proceeds from the sale of the 7th Street Property, and the Fairmont Park Financing Agreement to remain cash flow positive.

119. As previously reported, Paragon agreed to extend the repayment date from September 30, 2010 to December 31, 2010 (“Maturity Date”) provided it obtained a 2% fee (\$70,000) on the total amount of the DIP financing facility which is due on December 31, 2010. The Company is not in a position to repay the DIP financing by the Maturity Date. Paragon has advised that it is prepared to extend the Maturity Date to February 28, 2011 provided it is paid the \$70,000 fee on December 31, 2010 and provided with an additional fee of \$25,000 payable on February 28, 2011. The Company and the Monitor believe the fee is reasonable in the circumstances. Accordingly, the Company intends, subject to approval of this Court, to execute an amending agreement with Paragon to that effect.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

120. The Monitor supports the Company's request for an extension of the stay of proceedings from December 2, 2010 to January 31, 2011 for the following reasons:

- a) The Company is acting in good faith and with due diligence in its restructuring efforts;
- b) The Company continues to make progress in: i) selling Units in the ordinary course; ii) identifying non-core assets and arranging for their disposition; and iii) advancing or completing transactions intended to form part of a strategy to emerge from the CCAA Proceedings pursuant to a plan of compromise or arrangement; and
- c) The Monitor does not believe that an extension of the stay will adversely affect or prejudice any group of creditors.

MONITOR'S ACTIVITIES

121. In addition to the activities referenced in this Report, the Monitor's activities since the date of the Sixth Report include:

- Continuing to attend at the Company's head office premises on a near daily basis to carry out its duties under the Initial Order and subsequent orders;
- Reviewing the Company's cash flow;

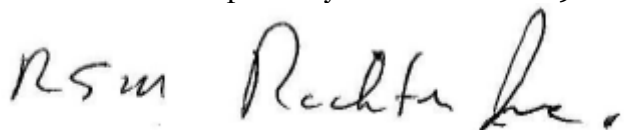
- Reviewing claims resulting from the Court-approved claims process;
- Participating in meetings with the Company and certain senior lenders;
- Reviewing and approving offers for the sale of Units;
- Reviewing and assessing offers received in respect of certain of the Company's Development Projects;
- Reviewing of the Chartwell Transaction between 933 and the Company;
- Discussing the valuation of certain properties owned or previously owned by the Company with appraisers engaged by the Monitor;
- Assisting the Company with the development of its plan of compromise or arrangement;
- Continuing to communicate with creditors;
- Corresponding with certain real estate agents representing the Company; and
- Drafting this Report.

CONCLUSION AND RECOMMENDATION

122. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make orders granting the relief detailed in Section 4 f) of this Report.

* * *

All of which is respectfully submitted this 29th day of November, 2010.



**RSM RICHTER INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE MEDICAN GROUP OF COMPANIES
AND NOT IN ITS PERSONAL CAPACITY**

Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at November 29, 2010
(Unaudited, \$C)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
5/28/2010	Axxess Terwillegar	1	6/18/2010	304	230,000.00	222,869.00
5/28/2010	Axxess Terwillegar	1	6/25/2010	104	225,000.00	217,776.00
5/29/2010	Canvas @ Millrise	4	7/9/2010	2127	224,900.00	214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2129	224,900.00	209,677.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2121	224,900.00	214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2125	224,900.00	214,900.00
6/1/2010	Canvas @ Millrise	4	7/23/2010	2122	179,900.00	169,900.00
6/1/2010	Legend @ Creekbend	2	6/30/2010	315	256,000.00	254,000.00
6/2/2010	Axxess Terwillegar	1	7/15/2010	102	249,000.00	240,311.00
6/2/2010	Canvas @ Millrise	3	7/21/2010	2108	179,900.00	169,900.00
6/2/2010	Canvas @ Millrise	4	7/25/2010	2134	184,900.00	174,900.00
6/2/2010	Canvas @ Millrise	4	7/16/2010	2124	179,900.00	169,900.00
6/2/2010	Canvas @ Millrise	4	6/30/2010	2139	204,900.00	194,900.00
6/4/2010	Legend @ Creekbend	2	9/1/2010	431	171,491.00	172,491.00
6/8/2010	Axxess Terwillegar	1	7/5/2010	228	225,000.00	218,024.00
6/10/2010	Canvas @ Millrise	4	7/19/2010	2231	259,900.00	249,900.00
6/14/2010	Canvas @ Millrise	3	8/1/2010	2217	249,000.00	234,496.00
5/29/2010	Sanderson Ridge	4A	10/1/2010	F140	560,300.00	504,300.00
6/7/2010	Sanderson Ridge	3	pre sale	A013	471,900.00	419,805.00
6/14/2010	Sanderson Ridge	2	9/3/2010	B308	393,830.00	356,850.00
6/19/2010	Canvas @ Millrise	4	7/30/2010	2126	259,622.00	254,400.00
6/19/2010	Canvas @ Millrise	3	7/30/2010	2412	279,900.00	264,900.00
6/19/2010	Canvas @ Millrise	4	9/30/2010	2128	256,622.00	241,350.00
6/21/2010	Canvas @ Millrise	3	7/2/2010	2135	249,900.00	239,900.00
6/22/2010	Legend @ Creekbend	2	7/28/2010	219	198,000.00	204,000.00
6/23/2010	Legend @ Creekbend	3	pre sale	143	199,000.00	189,000.00
6/23/2010	Sanderson Ridge	3	pre sale	A202	499,900.00	438,650.00
6/24/2010	Axxess @ Terwillegar	1	7/23/2010	106	173,000.00	164,000.00
6/24/2010	Legend @ Creekbend	3	pre sale	338	289,900.00	279,000.00
6/25/2010	Axxess @ Terwillegar	1	7/5/2010	314	213,000.00	203,489.00
6/26/2010	Canvas @ Millrise	4	7/21/2010	2410	224,900.00	214,900.00
6/29/2010	Canvas @ Millrise	4	8/25/2010	2137	239,900.00	229,900.00
6/30/2010	Canvas @ Millrise	3	8/16/2010	2131	224,900.00	214,900.00
7/5/2010	Cercle des Cantons	2	7/10/2010	105	210,000.00	170,000.00
7/7/2010	Canvas @ Millrise	4	9/30/2010	2423	269,900.00	257,000.00
7/8/2010	Legend @ Creekbend	3	pre sale	243	201,000.00	191,000.00
7/14/2010	Sanderson Ridge	3	pre sale	A317	699,900.00	641,155.00
7/15/2010	Canvas @ Millrise	3	8/3/2010	2130	199,900.00	189,900.00
7/15/2010	Canvas @ Millrise	4	8/18/2010	2325	259,900.00	242,000.00
7/17/2010	Axxess @ Terwillegar	1	8/23/2010	414	210,000.00	198,644.00
7/21/2010	Canvas @ Millrise	3	8/4/2010	2230	209,900.00	199,900.00
7/22/2010	Cercle des Cantons	2	8/6/2010	100	295,000.00	250,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	307	390,000.00	325,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	204	270,000.00	230,000.00
7/31/2010	Axxess @ Terwillegar	1	9/1/2010	113	154,070.00	153,570.00
8/1/2010	Cercle des Cantons	2	9/15/2010	201	295,000.00	241,000.00

Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at November 29, 2010
(Unaudited, \$C)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
8/3/2010	Axxess @ Terwillegar	1	8/27/2010	327	249,000.00	237,404.00
8/3/2010	Cercle des Cantons	2	9/1/2010	110	293,802.00	259,802.00
8/4/2010	Legend @ Creekbend	2	11/1/2010	226	257,000.00	253,000.00
8/9/2010	Axxess @ Terwillegar	1	9/10/2010	323	167,000.00	162,000.00
8/9/2010	Axxess @ Terwillegar	1	9/10/2010	223	166,000.00	162,000.00
8/12/2010	Cercle des Cantons	2	8/23/2010	101	295,000.00	245,000.00
8/21/2010	Axxess @ Terwillegar	1	9/17/2010	119	154,070.00	154,070.00
8/22/2010	Axxess @ Terwillegar	1	10/18/2010	123	162,000.00	154,070.00
8/23/2010	Axxess @ Terwillegar	1	9/17/2010	128	223,000.00	215,601.00
8/23/2010	Canvas @ Millrise	3	9/23/2010	2408	224,900.00	214,900.00
8/26/2010	Canvas @ Millrise	4	10/1/2010	2335	269,900.00	259,900.00
8/28/2010	Axxess @ Terwillegar	1	9/15/2010	121	185,000.00	171,550.00
8/31/2010	Canvas @ Millrise	3	9/20/2010	2209	264,900.00	250,900.00
9/4/2010	Legend @ Creekbend	2	10/1/2010	421	252,000.00	252,000.00
9/8/2010	Legend @ Creekbend	3	5/18/2012	237	290,000.00	280,000.00
9/10/2010	Cercle des Cantons	2	9/20/2010	113	199,000.00	185,000.00
9/10/2010	Canvas @ Millrise	4	10/1/2010	2433	279,900.00	263,900.00
9/17/2010	Axxess @ Terwillegar	1	10/28/2010	219	166,000.00	157,946.00
9/23/2010	Cercle des Cantons	2	10/3/2010	300	367,000.00	304,675.00
9/25/2010	Canvas @ Millrise	4	12/1/2010	2226	254,900.00	244,900.00
9/26/2010	Canvas @ Millrise	3	2/1/2011	2137	239,900.00	229,900.00
9/28/2010	Canvas @ Millrise	4	11/26/2010	2228	254,900.00	244,900.00
10/2/2010	Axxess @ Terwillegar	1	10/25/2010	215	239,342.00	237,342.00
10/4/2010	Canvas @ Millrise	3	11/5/2010	2210	219,900.46	209,900.46
10/8/2010	Canvas @ Millrise	4	10/22/2010	2329	249,000.00	237,900.00
10/10/2010	Axxess @ Terwillegar	1	10/29/2010	103	163,760.00	155,039.00
10/13/2010	Axxess @ Terwillegar	1	11/16/2010	227	251,000.00	218,869.00
10/13/2010	Axxess @ Terwillegar	1	11/30/2010	203	192,830.00	188,954.00
10/14/2010	Canvas @ Millrise	4	11/5/2010	2429	264,900.00	247,093.00
10/17/2010	Canvas @ Millrise	4	11/26/2010	2226	254,900.00	239,900.00
10/18/2010	Canvas @ Millrise	4	11/26/2010	2425	264,900.00	251,937.00
10/18/2010	Canvas @ Millrise	4	12/1/2010	2435	254,900.00	244,900.00
10/20/2010	Axxess @ Terwillegar	1	11/26/2010	127	221,898.00	218,023.25
10/21/2010	Canvas @ Millrise	4	11/16/2010	2437	259,900.00	244,900.00
10/21/2010	Axxess @ Terwillegar	1	11/18/2010	230	227,712.00	222,869.00
10/25/2010	Canvas @ Millrise	3	12/1/2010	2212	259,900.00	244,900.00
10/26/2010	Axxess @ Terwillegar	1	11/12/2010	202	252,000.00	242,250.00
10/26/2010	Axxess @ Terwillegar	1	12/15/2010	227	229,650.36	222,868.22
11/4/2010	Cercle des Cantons	2	11/9/2010	118	333,000.00	333,000.00
11/4/2010	Sanderson Ridge	1	1/17/2011	F309	253,000.00	240,000.00
11/4/2010	Canvas @ Millrise	3	3/1/2011	2102	249,900.00	230,620.00
11/6/2010	Canvas @ Millrise	3	12/31/2010	2119	219,900.00	209,900.00
11/9/2010	Axxess @ Terwillegar	1	2/15/2011	318	212,210.00	208,000.00
11/10/2010	Axxess @ Terwillegar	1	12/1/2010	208	156,977.00	156,008.00
11/12/2010	Canvas @ Millrise	3	12/1/2010	2442	269,900.00	259,900.00
11/13/2010	Sanderson Ridge	1	3/1/2011	B104	339,000.00	336,965.00

Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at November 29, 2010
(Unaudited, \$C)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
11/13/2010	Sanderson Ridge	1	4/1/2010	B206	354,000.00	354,000.00
11/16/2010	Sanderson Ridge	2	5/1/2010	F134	242,000.00	230,000.00
11/16/2010	Axxess @ Terwillegar	1	11/30/2010	306	173,450.00	170,543.00
11/21/2010	Axxess @ Terwillegar	1	12/1/2010	330	231,588.00	228,000.00
11/21/2010	Sanderson Ridge	1	4/30/2010	C407	575,000.00	550,000.00
11/24/2010	Axxess @ Terwillegar	1	12/10/2010	430	250,968.00	242,249.00
11/25/2010	Axxess @ Terwillegar	1	2/16/2011	323	167,000.00	167,000.00
11/29/2010	Axxess @ Terwillegar	1	1/14/2011	405	179,263.00	174,420.00
11/29/2010	Axxess @ Terwillegar	1	1/19/2011	427	247,092.00	242,249.00
Total				101	25,569,547.82	24,116,173.93

Medican Group of Companies
Cash Flow Variance - Cumulative Results
26 Weeks Ending November 19, 2010
(Unaudited, C\$)

	Notes	Budget	Actual	Variance
Receipts				
Income from Medican Concrete Ltd.	1	1,453,655	1,483,264	29,609
Millrise	2	1,398,013	1,156,795	(241,218)
Haven	3	195,137	101,137	(94,000)
Brenda Strafford Foundation/Okotoks	4	348,000	184,000	(164,000)
Profits from Extendicare projects	1	789,598	587,598	(202,000)
Estevan	5	154,495	54,495	(100,000)
Sanderson Phases 1 and 2	1	61,799	54,405	(7,394)
Michener Hill Proceeds	6	1,754,764	1,744,764	(10,000)
Proceeds from 7th Street Property		175,000	175,000	-
Sale of Diepert Land		250,000	250,000	-
Funding for Lethbridge Fairmont Park	7	-	90,606	90,606
Proceeds from Sale of Cottonwood		-	50,000	50,000
Miscellaneous	8	363,449	523,973	160,525
DIP Financing	1	3,500,000	3,451,000	(49,000)
Total Receipts		10,443,909	9,907,038	(536,871)
Disbursements				
Utilities and Supplies	1	635,582	591,324	44,259
Preauthorized Payments	9	481,864	420,676	61,187
Preauthorized Payments - Concrete		57,057	57,057	-
Payroll - Hourly	10	854,554	986,319	(131,765)
Payroll - Salary	10	1,154,504	1,328,800	(174,296)
Payroll - Quebec	11	3,544	23,560	(20,016)
Payroll and Other Costs - Concrete	12	1,570,953	1,656,980	(86,026)
Payroll - Subcontractors	1	498,420	445,160	53,260
Payroll - Remittances	13	913,666	850,732	62,934
WCB	1	148,818	117,418	31,400
Benefits - GWL/LL	1	260,421	236,882	23,539
GST	14	56,238	56,508	(270)
Professional Fees	15	1,320,507	720,507	600,000
Accounting Fees	16	138,322	159,727	(21,405)
Service Charges	17	30,992	13,307	17,685
Paragon Fees	18	200,811	210,124	(9,312)
Sanderson Trades	19	61,799	77,138	(15,339)
Michener Hill Expenses	1	1,454,864	1,396,364	58,500
Contingency	12	438,923	462,473	(23,549)
Total Disbursements		10,281,840	9,811,054	470,786
Total Cash In/(Out)		162,069	95,983	(66,086)
Opening Cash Position		211,033	211,033	-
Closing Cash Position		373,102	307,016	(66,086)

Medican Group of Companies
Notes to the Cash Flow Variance - Cumulative Results
26 Weeks Ending November 19, 2010
(Unaudited, C\$)

1. Timing difference.
2. Decrease resulting from the customer's decision to reduce labour provided by Medican.
3. Timing difference due to the customer's delay in providing drawings at the start of the project.
4. Timing difference as a result of unfavourable weather conditions in September and October
5. Project has been terminated.
6. Timing difference. Related disbursements are recorded below as Michener Hill expenses.
7. Funds received in accordance with the 1554670/Fairmont Park Financing Agreement.
8. Consists of refunds received from WCB, certain utilities, and intercompany bank transactions relating to those accounts where cheques cannot be issued.
9. Decrease is a result of expired insurance policies and leases.
10. Additional employees were hired to meet work requirements
11. Timing difference with respect to the payment of professional fees.
12. Includes sales commissions.
13. One time payments which are mainly related to note 5 above in connection with intercompany accounts.
14. Fluctuations in concrete payroll are expected, and dependent on the amount of work and on the weather.
15. One time payments which are mainly related to note 8 above in connection with intercompany accounts.
16. Remittances related to Concrete operations are recorded in the Payroll - Concrete and materials line above.
17. Construction is reimbursed by related companies that are unable to issue cheques.
18. Timing difference with respect to the payment of professional fees.
19. Relates to the preparation of Corporate tax returns.
20. Service charges are less than projected.
21. Fees were previously netted against DIP Financing. This has been adjusted to reflect actual amounts received and paid to Paragon.
22. Timing difference. CIBC and Imor are advancing funds to complete certain units. Receipts are expected to equal expenses.

Medican Group of Companies
Projected Statement of Cash Flow to the Week Ending February 25, 2011
(Unaudited, C\$)

	Notes	Actual Cumulative to															Total
		19-Nov	26-Nov	3-Dec	10-Dec	17-Dec	24-Dec	31-Dec	7-Jan	14-Jan	21-Jan	28-Jan	4-Feb	11-Feb	18-Feb	25-Feb	
Receipts																	
Income from Medican Concrete Ltd.	1	1,483,264	167,033	20,000	-	-	-	-	-	400,000	-	-	-	-	-	2,070,297	
Millrise	2	1,156,795			95,000		95,000			83,500	113,000			113,000		1,656,295	
Haven	3	101,137		40,000			75,000				75,000			75,000		366,137	
Brenda Strafford Foundation/Okotoks	4	184,000		145,000			65,800		82,000			82,000			98,000	656,800	
Profits from Extensicare Projects	5	587,598		264,000			230,000				140,000			140,000		1,361,598	
Estevan	6	54,495														54,495	
Sanderson Phases 1 and 2	7	54,405			61,458											115,863	
Michener Hill - Phase 1	8	1,744,764	45,000				150,000				288,000			229,000		2,456,764	
Proceeds from 7th Street Property	9	175,000														175,000	
Sale of Diepert Land	9	250,000														250,000	
Funding for Lethbridge Fairmont Park	10	90,606														90,606	
Proceeds from Sale of Cottonwood	9	50,000														50,000	
Legend at Creekbend - Winnipeg	11	-						273,000								273,000	
Sanderson Phases 3 and 4B	12	-			3,040,000		80,000				80,000			80,000		3,280,000	
Miscellaneous	13	523,973	90,426	3,000					3,000			3,000				623,399	
DIP Financing	14	3,451,000		49,000												3,500,000	
Total Receipts		9,907,038	302,459	521,000	3,196,458	-	695,800	273,000	85,000	483,500	696,000	82,000	3,000	-	637,000	16,980,254	
Disbursements																	
Utilities and Supplies	15	591,324	19,063	20,250	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000	25,000	25,000	905,637	
Preauthorized Payments	16	420,676	7,083	14,433	4,141	19,096	12,138	38,657	1,527	8,323	25,525	7,445	31,213	4,141	26,859	625,632	
Preauthorized Payments - Concrete	16	57,057	-	11,412	-	3,765		11,412	-	3,765	-	-	11,412	-	3,765	102,587	
Payroll - Hourly	17	986,319	15,226	70,081	-	40,000		40,000		45,000		45,000		45,000		1,331,626	
Payroll - Salary	17	1,328,800		106,339		115,500		115,500		115,500			115,500		115,500	2,012,639	
Payroll - Quebec	17	23,560														23,560	
Payroll - Concrete and Expenses	17	1,656,980	24,506	7,382	30,000	5,000	40,000	5,000		3,500		3,500		3,500	3,500	1,782,867	
Payroll - Subcontractors	17	445,160		13,357		45,000		45,000		54,000		16,000	38,000	16,000	38,000	726,517	
Payroll - Remittances	17	850,732	47,117	37,800	15,000	37,800	15,000	37,800	51,500		51,500		54,300	11,500	40,000	1,250,049	
WCB	17	117,418	1,119		5,780			34,000								158,318	
Benefits - GWL/LL	18	236,882	22,184		26,000			26,000		20,000				20,000		351,066	
GST	19	56,508	87,426													143,934	
Professional Fees	20	720,507		300,000	100,000		100,000	600,000				300,000				2,120,507	
Accounting Fees	21	159,727														159,727	
Service Charges		13,307		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	26,307	
Paragon Fees		210,124		49,000				70,000	20,000			20,000				369,124	
Paragon Loan Repayment		-						1,500,000								1,500,000	
Sanderson Trades	7	77,138		38,725												115,863	
Michener Hill Expenses	8	1,396,364	46,615													1,442,979	
Contingency	22	462,473	33,235	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	755,708	
Total Disbursements		9,811,054	303,575	689,779	221,921	307,161	234,138	2,538,369	114,027	296,088	123,025	117,945	616,424	114,641	261,624	154,875	15,904,645
Total Cash In/(Out)		95,983	(1,116)	(168,779)	2,974,537	(307,161)	461,662	(2,265,369)	(29,027)	187,412	572,975	(35,945)	(613,424)	(114,641)	375,376	(56,875)	1,075,609
Opening Cash Position		211,033	307,016	305,900	137,121	3,111,658	2,804,497	3,266,160	1,000,790	971,764	1,159,176	1,732,151	1,696,206	1,082,782	968,141	1,343,517	211,033
Closing Cash Position		307,016	305,900	137,121	3,111,658	2,804,497	3,266,160	1,000,790	971,764	1,159,176	1,732,151	1,696,206	1,082,782	968,141	1,343,517	1,286,642	1,286,642

Medican Group of Companies**Notes to the Projected Statement of Cash Flow to the Week Ending February 25, 2011**

(Unaudited, C\$)

-
1. Estimated based on collection of accounts receivable. Medican has assumed that \$700,000 will remain in Concrete as security to support outstanding letter of credits totaling approximately \$700,000.
 2. Estimated draws in connection with the rebuild of the fire damaged project.
 3. Estimated draws on the Haven project.
 4. Estimated draws on the Okotoks project.
 5. The Extencare funds relate to the Red Deer, Lethbridge, and Edmonton Cost Plus projects. The Red Deer project is complete, the Lethbridge Project is expected to be completed by November 30, 2010, and the Edmonton Project is expected to be completed by August 2011.
 6. The Estevan Project is a Cost Plus project that has been terminated. Upon review, the project is not economical.
 7. CIBC and Imor are advancing funds to complete certain units. Receipts are expected to equal expenses.
 8. Funds received from T&E Ventures in connection with its financing arrangements on the Michener Hill project.
 9. Proceeds received from the sale of the respective properties.
 10. Funds received in accordance with the 1554670/Fairmont Park Financing Agreement.
 11. Funds to be received are pursuant to the offer to purchase from 6020658 for the Legend Project.
 12. Pursuant to the Letter of Understanding between the Company and Monarch Land Ltd.
 13. Consists of refunds provided from WCB, certain utilities, and funds from related companies to pay disbursements incurred by Medican Construction on behalf of related companies.
 14. DIP financing provided by Paragon.
 15. Estimated utilities and other Construction expenses including marketing of certain condos. Certain suppliers are paid in advance if credit is not extended.
 16. Preauthorized payments include insurance, vehicle leases and equipment leases. Concrete preauthorized payments are shown separately as Concrete reimburses Medican Construction for such payments.
 17. Estimated payroll based on current employee/subcontractor compliment.
 18. Ongoing monthly employee benefit payments to Great Western Life and London Life.
 19. GST is paid by the respective development companies through the Medican Construction account.
 20. Fees of the Company's legal counsel, the Monitor and it's legal counsel. The amounts will vary depending on the nature of the complexities that arise during the CCAA process. Payment of a portion of the fees and disbursements have been deferred because of cash flow constraints.
 21. Meyers Norris Penny LLP's accounting fees for preparation of fiscal 2010 financial information and corporate tax returns.
 22. Funds paid on behalf of related companies in connection with amounts received as described in note 13 above.