

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE PROPOSAL OF
RETROCOM GROWTH FUND INC. PURSUANT
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**MOTION RECORD OF
RETROCOM GROWTH FUND INC.
(Motion Returnable August 30, 2006)**

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One First Canadian Place
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M5X 1A4

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**IN THE MATTER OF THE PROPOSAL OF
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TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

I N D E X

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Affidavit of Robert R. Blakely sworn August 25, 2006	2
Exhibit "A" Certificate of Filing of a Notice of Intention to Make a Proposal dated August 1, 2006 with attachments	A
Exhibit "B" First Report of RSM Richter Inc. dated August 24, 2006	B

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

**IN THE MATTER OF THE PROPOSAL OF
RETROCOM GROWTH FUND INC. PURSUANT
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

NOTICE OF MOTION

Retrocom Growth Fund Inc. ("Retrocom") will make a motion to a judge of the Superior Court of Justice – Commercial List, on Wednesday, August 30, 2006 (standby) at 10:00 a.m., or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order, if necessary, abridging the time for service of the Notice of Motion and Motion Record, validating the service of such motion material and dispensing with service of such motion material on any interested parties not served.
2. An Order extending the time for Retrocom to file a proposal for 45 days pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada).
3. Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THIS MOTION ARE:

1. Retrocom is insolvent and unable to meet its liabilities as they become due.
2. On August 1, 2006, Retrocom filed a notice of intention to make a proposal under section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) naming RSM Richter Inc. ("Richter") as the proposal trustee (the "Trustee").
3. Two of Retrocom's real estate properties are subject to purchase and sale agreements scheduled to close in September, 2006. A bankruptcy at this time could have negative implications for those sales.
4. Retrocom continues to examine restructuring initiatives, including potential merger transactions. Any such transaction will require a successful culmination of these proceedings.
5. Retrocom has acted and is acting in good faith and with due diligence.
6. If Retrocom is granted an extension to make a proposal, Retrocom is hopeful that it will be able to make a viable proposal to its creditors within the extension period being sought.
7. No group of creditors will be materially prejudiced by the requested extension.
8. Subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada).
9. Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*.

10. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The affidavit of Robert R. Blakely, sworn August 24, 2006 and the exhibits attached thereto;
2. The First Report of Richter as Trustee dated August 24, 2006; and
3. Such further and other material as counsel may advise and this Honourable Court may permit.

August 25, 2006

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

Rick Orzy (LSUC # 23181I)
Tel: 416.777.5737

Robyn M. Ryan Bell (LSUC # 28345F)
Tel: 416.777.4874
Fax: 416.863.1716

Solicitors for the Moving Party, Retrocom
Growth Fund Inc.

Court File No. 31-452496

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

NOTICE OF MOTION

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Solicitors for the Moving Party, Retrocom
Growth Fund Inc.

Court File No. 31-452496

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

**IN THE MATTER OF THE PROPOSAL OF
RETROCOM GROWTH FUND INC. PURSUANT
TO THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

**AFFIDAVIT OF ROBERT R. BLAKELY
(Sworn August 25, 2006)**

I, Robert R. Blakely, of the City of St. Albert, in the Province of Alberta, **MAKE OATH
AND SAY:**

1. I have been a member of the board of directors (the "Board") of Retrocom Growth Fund Inc. ("Retrocom") since September 2001, and have been the Chairman of the Board since February 2006. As such, I have knowledge of the matters set forth below. Where I have obtained information from third parties, I state the source of that information and believe it to be true.

2. This affidavit is filed in support of a motion for an extension of the time by Retrocom to file a proposal pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA").

3. Retrocom is a corporation amalgamated under the laws of Canada. Retrocom is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investments Funds Act* (Ontario) and a labour-sponsored venture capital corporation

under the *Income Tax Act* (Canada) and is a prescribed labour-sponsored venture capital corporation by regulation under the *New Brunswick Income Tax Act*.

4. Retrocom is insolvent and unable to meet its liabilities as they come due.

5. On August 1, 2006, Retrocom filed a notice of intention under section 50 of the *BIA* (the "NOI") to file a proposal, naming RSM Richter Inc. as the proposal trustee (the "Trustee"). Attached as Exhibit "A" to my affidavit is a copy of the certificate of filing with attachments.

6. As stated in Note 1 to the Trustee's report on Cash-Flow Statement dated August 1, 2006, attached to the NOI, the underlying assumption of the projection is that "the Fund will attempt to realize on its remaining investments via a sale process. The investments will be closely monitored to ensure that further deterioration does not occur."

7. A copy of the Trustee's First Report as proposal trustee on the within motion for an extension of time to file a proposal is attached as Exhibit "B" to my affidavit. An updated projected statement of cash flow is attached as an exhibit to the Trustee's First Report.

8. Two of Retrocom's real estate properties are subject to purchase and sale agreements, scheduled to close in September, 2006. I am concerned that a bankruptcy at this time could have negative implications for those sales. In addition, Retrocom continues to examine restructuring initiatives, including potential merger transactions as set out in the Trustee's Report. Any such transactions almost certainly will be rendered unlikely to succeed by bankruptcy and will, in fact, require a successful culmination of these proceedings.

9. I believe therefore that it is important to continue these proceedings in order to give Retrocom a sufficient opportunity to determine whether additional value can be obtained for the creditors by way of such a transaction.

10. Retrocom has acted and is acting in good faith and with due diligence.

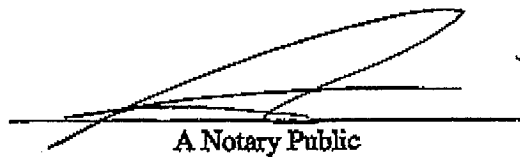
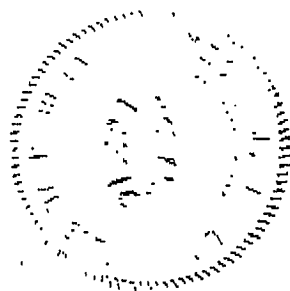
11. Retrocom requires an extension of time to file its proposal in order to complete the transactions subject to purchase and sale agreements and to permit continued examination of possible merger transactions. If Retrocom is granted the extension, I am hopeful that Retrocom will be able to make a viable proposal to its creditors within the extension period being sought.

12. If this Honourable Court does not grant an extension to file a proposal, then Retrocom will be a bankrupt and the unsecured creditors are likely to incur substantial losses on their claims, which losses could be significantly reduced with a successful proposal.

278
Edmonton
SWORN BEFORE ME at the City of)
Vancouver, in the Province of British)
Columbia, this 25th day of August, 2006)
Alberta)
A Notary Public)
MICAH J. FIELD)
Barrister & Solicitor)
For the Province of Alberta)

Robert R. Blakely

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF ROBERT R. BLAKELY
SWORN THE 25TH DAY OF AUGUST, 2006



A stylized, handwritten signature in black ink, written over a horizontal line.

A Notary Public

MICAH J. FIELD
Barrister & Solicitor

Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'Industrie Canada

District of ONTARIO
Division No. 09 - Toronto
Court No. 31-452496
Estate No. 31-452496

In the Matter of the Notice of Intention
to make a proposal of

RETROCOM GROWTH FUND INC.

Insolvent Person

RSM RICHTER INC.

Trustee

Date of the Notice of Intention: August 1, 2006

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.



ANDY THADANI

Official Receiver

25 St. Clair Avenue East, 6th floor, Toronto, ONTARIO, M4T 1M2, 416/973-6486

Canada

FORM 33

Notice of Intention to Make a Proposal
[Subsection 50.4(1)]IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND
INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

TAKE NOTICE THAT:

1. RETROCOM GROWTH FUND INC., an insolvent person, pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a proposal to its creditors.
2. RSM RICHTER INC. of 200 King Street West, Suite 1100, Toronto, Ontario, a licensed trustee, has consented to act as trustee under the proposal and a copy of the consent is attached hereto.
3. A list of the names of the known creditors with claims amounting to \$250 or more and the amounts of their claims is attached.
4. Pursuant to Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against Retrocom Growth Fund Inc. are stayed as of the date of filing this notice with the Official Receiver in its locality.

DATED at Toronto, Ontario this 31st day of July, 2006

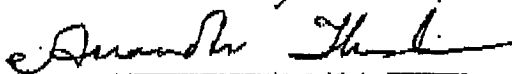
RETROCOM GROWTH FUND INC.

Per:

Name: Robert Blakely

Title: Director

Filing Date: Aug 1, 2006



OFFICIAL RECEIVER

**CERTIFIED COPY OF A RESOLUTION OF THE DIRECTORS OF
RETROCOM GROWTH FUND INC.**

"WHEREAS the Corporation is insolvent and is no longer able to meet its obligations generally as they fall due and, for this reason, it would be in the best interest of the Corporation that it file a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada).

BE IT RESOLVED THAT:

The Corporation file a Notice of Intention to Make a Proposal and such ancillary documentation thereto as may be or become necessary, with RSM Richter Inc. as Trustee thereunder, to file, if appropriate for an extension and to file, if appropriate, a Proposal to the creditors of the Corporation and for all the foregoing purposes does hereby authorize Robert Blakely or such other person as he may direct to sign all documents necessary to give effect to the foregoing, all in accordance with arrangements to be finalized by Robert Blakely in consultation with Henneft Jones LLP and RSM Richter Inc."

I, Robert Blakely, Director of the Corporation, do hereby certify that the foregoing resolution is an extract from the minutes of a meeting of the board of directors of the Corporation, at which I acted as Chairman of the meeting, held on July 26th 2006, which resolution was passed at such meeting and remains in full force and effect, unamended as of the date hereof.

DATED this 28th day of July, 2006.



Robert Blakely,
Director of Retrocom Growth Fund Inc.

**IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND
INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

CONSENT

RSM RICHTER INC. hereby consents to act as Trustee under the Notice of Intention
to Make a Proposal and/or Proposal to be filed by Retrocom Growth Fund Inc.

DATED at Toronto, Ontario this 26th day of July, 2006.

RSM RICHTER INC.

Per: 
Name: Robert Harlang
Title: Authorized Signing Officer

**Recreational Growth Real Estate
Creditors Listing
As at August 1, 2006**

Company	Contact	Address	Telephone Number	Amount Owed
Secured:				
Parkson Martineau DuMoulin LLP	Anil Aggarwal	66 Wellington St. W., Ste. 4500 Toronto, ON M5G 1N6	Ph: 416-564-8381 Fax: 416-564-7813	50,000
Picco Bettea	Frank Picco	4370 Steeles Ave. W., Ste. 201 Woodbridge, ON L4L 4Y4	Ph: 905-850-0355 Fax: 905-850-0498	2,725,305
Prim Capital Mortgage Fund Inc.		c/o Prim Capital Mortgage Corp. 1244 Calabrovia Road Toronto, ON M6A 2X8	Ph: 416-533-0221 Fax: 416-533-0783	1,500,000
Total Secured				4,275,305
Unsecured:				
Avicore LLP	Timothy Whiffen	P.O. Box 24, 28th Fl., 222 Bay St. Toronto, ON M5G 1B1	Ph: 416-777-0101 Fax: 416-866-1258	11,754
Chigroup Fund Services Canada Inc.	Jon Lacqua	Suite 500, 2220 Matheson Blvd. E. Mississauga, ON L4W 5J4	Ph: 905-834-9889 Fax: 905-834-8100	107,628
Cole Valuation Partners Limited	Scott Davidson	80 Richmond St. W., Ste. 3000 Toronto, ON M5H 2A4	Ph: 416-564-9700 Fax: 416-564-9707	7,237
Commerce Capital Inc.	Gerald W. Ruzarski	910-094 Portman Ave. Windsor, ON N9A 2C9	Ph: 224-923-5500 Fax: 224-923-5505	26,997
Parkson Martineau DuMoulin LLP	Anil Aggarwal	66 Wellington St. W., Ste. 4500 Toronto, ON M5G 1N6	Ph: 416-564-8381 Fax: 416-564-7813	145,598
ProServ Inc.	Pam Taggart	130 King St. W., 17th Fl. Toronto, ON M5X 1E5	Ph: 416-590-2330 Fax: 416-590-2325	2,379
TEW Local 253	Joe Padison	1377 Lawrence Ave. E. Toronto, ON M3A 3C8	Ph: 416-310-2130 Fax: 416-310-1418	1,045,573
Loopstar Nham LLP	John C. Frydho	235 Queens Plate Drive, Ste. 600 Toronto, ON M9W 6V7	Ph: 416-746-4730 Fax: 416-746-8234	4,606
Province of Nova Scotia Dept. of Finance	Krista Madden	P.O. Box 87 Halifax, NS B3J 2N3	Ph: 902-424-7379 Fax: 902-424-7590	305,610
RBC Desk Investor Services	Marlene Di Fonzo	220 King St. West, 3rd Floor Toronto, ON M5H 1K4	Ph: 416-595-6806	902
Smith, Nixon & Co. LLP	Kath Malden	390 Bay St., Ste. 1900 Toronto, ON M5H 2T2	Ph: 416-363-1222 Fax: 416-367-2228	32,514
Stewart MacIntyre Strickland Smith	Mark S. Suresy	P.O. Box 977 Halifax, NS B3J 2K2	Ph: 902-420-3200 Fax: 902-420-1417	1,933
Taylor & Co.	Blair Taylor	23 Bannockburn Richmond, ON M6A 3T1	Ph: 416-334-0994	21,400
Paul F. Black	Paul F. Black	235 Queens Plate Drive, Ste. 600 Toronto, ON M9W 6V1	Ph: 416-746-5775	1,000
Victory Vestabank		East & Young Town, 2nd Bay Street Suite 900, Toronto ON M5G 1H5	Ph: 416-360-6117 Fax: 416-360-6482	912
QNW Group	Andrea Colton	40 Bay Street, Suite 1500 Toronto, ON M5H 2N8	Ph: 416-863-5780 Fax: 416-863-1214	1,366
Total Unsecured				4,779,207
Guarantees:				
Picco Morris Davidson and Solidow (Re: Laurentian Centre)	Frank Picco	c/o Picco Bettea 4370 Steeles Ave. W., Ste. 201	Ph: 905-850-0155 Fax: 905-850-0498	2,700,000
CEC Mortgage Inc. (Re: Rushview)	Maria Accomando	P.O. Box 118 Commercial Court Postal Station Toronto, ON M5L 1E5	Ph: 416-588-0411, Ext. 5249	7500,000
IF Thopos (Re: Ira Gardens)	Eugene Foster	82 Churchill Avenue East P.O. Box 487, Campbellville, ON, L0P 1B0	Ph: 905-854-4783 Fax: 905-854-4593	2,000,000
RBC (Re: Bowdoin Equipment Loan - Curran)	Mrs. Han c/o Kenneth L. Kallish	c/o Maiden Gittel Garfinkel & Greenstock LLP 221 Richmond Street West, Suite 700 Toronto, ON M5H 2R5	Ph: 800-675-0752, X3.3 Tel: (416) 369-4224 Fax: (416) 364-2223	550,000
Total Guarantees				23,950,000

RSM Richter

August 1, 2006

RSM Richter Inc.
200 King St. W., P.O. Box 48
Toronto, ON M5H 3T4
Tel: 416.592.8000 Fax: 416.592.6200
www.rsmrichter.com

Trustee's Report on Cash-flow Statement (Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

The attached statement of projected cash flow of Retrocom Growth Fund Inc., as of the 1st day of August, 2006, consisting of a Cash Flow Statement for the period August 1, 2006 to November 3, 2006, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 8.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

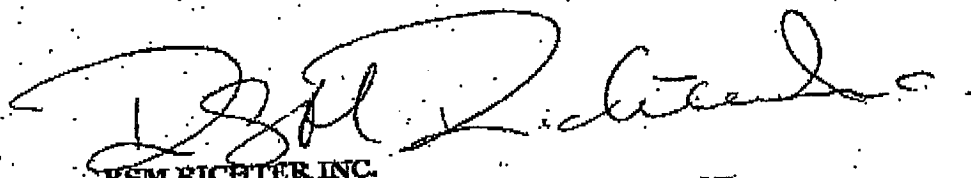
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

Page 2

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated this 1st day of August, 2006.



**RSM RICHTER INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
RETROCOM GROWTH FUND INC.
AND NOT IN ITS PERSONAL CAPACITY**

Exhibit "A"

Retrocom Growth Fund Inc.
Projected Statement of Cash Flow
 For the Period August 1, 2006 through November 3, 2006
 Unaudited
 (\$)

	Notes	Amount
CASH INFLOWS		
Retrocom Mid-Market REIT share sale	2	1,615,000
Retrocom Mid-Market REIT distribution	3	13,660
Sale of Real Estate Interests	4	3,582,500
TOTAL CASH INFLOWS		<u>5,211,160</u>
CASH OUTFLOWS		
Interest payments	5	47,473
Secured Debt Repayment	6	2,862,533
Professional Fees - Trustee	7	174,750
Professional Fees - Legal	7	150,000
Miscellaneous	8	5,533
TOTAL CASH OUTFLOWS		<u>3,240,289</u>
NET CASH FLOW		<u>1,970,871</u>
OPENING CASH BALANCE		693,709
NET CASH FLOW		<u>1,970,871</u>
ENDING CASH BALANCE		<u>2,664,580</u>

The above financial projections are based on management's assumptions detailed in Exhibit "A-1".
 The note references correspond to the assumption numbers shown in Exhibit "A-1".

RETROCOM GROWTH FUND INC.

Per

Date

RSM RICHTER INC.

Per

Date

August 2, 2006

Exhibit "A-c"

Retrocom Growth Fund Inc.
Notes to Projected Statement of Cash Flow
For the Period August 1, 2006 through November 3, 2006
Unaudited
(3)

Forecast and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Retrocom Growth Fund Inc. (the "Fund") for the period August 1, 2006 to November 3, 2006 (the "Period") in regard to its proposed proceedings under the Bankruptcy and Insolvency Act. The projected cash flow reflects the Fund's planned course of action during the Period. The underlying assumption is that the Fund will attempt to realize on its remaining investments via a sale process. The investments will be closely monitored to ensure that further deterioration does not occur.

The projected cash flow statement has been prepared based on assumptions developed and prepared by the Fund which are normally categorized into two groups:

- Hypothetical assumptions; and
- Most probable assumptions.

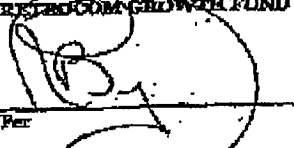
Hypothetical Assumptions


2. The sale of the Retrocom Mid-Market REIT ("RMMR-LIN") shares is based on the assumption that the shares will sell for net proceeds of \$6.46 per share which is expected to remain materially consistent through to the time of the sale.
3. Income distributions from RMMR-LIN shares are based on the scheduled sale dates and current income distribution levels which are expected to remain materially consistent through to the time of the share sale.

Most Probable Assumptions

4. Amount reflects the net proceeds of the sale of three RCR real estate properties, two of which are subject to purchase and sale agreements.
5. Interest payments are estimated based on the schedule of repayments of secured debt. The dates of these repayments are subject to minor changes based on negotiations between the Fund and the Purchaser of the investments.
6. Secured debt will be repaid as the proceeds from the sale of the investments become available.
7. Professional fees include the fees of the Proposal Trustee, and legal fees associated with the Fund's restructuring proceedings.
8. Miscellaneous costs are based on historical results.


RETROCOM GROWTH FUND INC.



Per


Date

REM KICHTER RSC



Per
August 2, 2006

Date

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF ROBERT R. BLAKELY
SWORN THE 25TH DAY OF AUGUST, 2006



MICAH J. FIELD
Barrister & Solicitor

A Notary Public

RSM Richter

**First Report of RSM Richter Inc.
In its capacity as the Proposal Trustee
Re: Retrocom Growth Fund Inc.**

RSM Richter Inc.
Toronto, August 24, 2008

RSM Richter is an independent member firm of RSM International,
an affiliation of independent accounting and consulting firms.

Court File No. 31-452496

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF
PROPOSAL OF
RETROCOM GROWTH FUND INC.**

**FIRST REPORT OF
RSM RICHTER INC.
AS PROPOSAL TRUSTEE**

AUGUST 24, 2006

1. INTRODUCTION

This report is filed by RSM Richter Inc. ("Richter") in its capacity as Proposal Trustee ("Trustee") of Retrocom Growth Fund Inc. (the "Company"), pursuant to a Notice of Intention to Make a Proposal ("NOI") filed by the Company with the Ontario Superior Court of Justice (the "Court") on August 1, 2006 ("Filing Date") under the *Bankruptcy and Insolvency Act*.

1.1 Purpose of this Report

This report is filed in support of the Company's motion for an extension of the time required to file its proposal to October 16, 2006. This report outlines the background information of the Company, the activities of the Company since the Filing Date and the anticipated transactions of the Company.

2. BACKGROUND OF THE COMPANY

The Company was established to invest in small and medium-sized companies involved in innovative building technologies and construction and real estate development. The Company is amalgamated under the laws of Canada and is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario), and as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada).

In lieu of hiring its own employees, the Company has relied on third parties to manage its affairs. As such, the Company previously entered into a management agreement with Retrocom Investment Management Inc. (the "Manager" or "RIMI"), under which the Manager was engaged to manage the Company and to provide, among other things, investment and project advisory services and monitoring and promotional services to the Company.

3. ACTIVITIES OF THE COMPANY SINCE THE FILING DATE

Since the Filing Date, the Company has worked towards realizing on its various investments. Efforts have been made to secure purchasers for the Company's real estate interests. The Company has also been in the process of updating its records to determine the quantum of its non-capital tax losses and to restore the operating status of one of its wholly-owned subsidiaries to facilitate the sale of one of its real estate interests.

4. PENDING REAL ESTATE DISPOSITIONS

The Company has negotiated the sale of two of its real estate interests, the sales of which are scheduled to close in late September, 2006.

The first property in question, owned by Newton Building Corporation (a wholly-owned subsidiary of the Company), is located in Midland, Ontario. An agreement of purchase and sale has been executed with a purchase price of \$1,900,000. The closing has been delayed as a result

RSM Richter

of corporate filings that need to be made with respect to the subsidiary company. The process of updating the financial statements is underway, after which the tax returns will be filed and the subsidiary company's status as an operating company will be reinstated with the appropriate regulatory authority. The purchaser and the Company have previously agreed to extend the closing to the end of September, 2006. The net proceeds from the sale would be paid to the mortgagee.

The second property, which is owned by a wholly-owned subsidiary jointly with another party, is a mall located in Belleville, Ontario. An agreement of purchase and sale has been executed with a purchase price of \$13,300,000. The closing of the sale is scheduled to take place at the end of September, 2006, after the purchaser's due diligence proceedings are completed. Upon completion of this sale, the Company expects to receive approximately \$1 million, after discharging encumbrances on the Property.

The Company's board of directors ("Board") have approved the above two sales. Prior to the Filing Date, Richter acted as financial advisor to the Board and in that capacity, concurred with the Board's decision.

Negotiations for the sale of two additional real estate interests are ongoing. It is anticipated that these sales may close during November, 2006. The first property is the Bowling Palace of Cornwall ("Cornwall"). A Letter of Intent to Purchase the Cornwall property has been submitted and approved by the Company's Board of Directors. The second property in question is located at 220 Dundurn Street South, Hamilton, Ontario. Two offers have been received for this property and the Company is still in the process of analysing each of the offers.

RSM Richter

5. TAX LOSSES

During the time immediately preceding the Filing Date and since that time, the Trustee has held several discussions with six parties that have expressed interest in acquiring the Company's remaining investments and tax losses via a merger or amalgamation with the Company. Discussions are ongoing with these parties and it is believed that discussions will continue past August 31, 2006. An assignment in bankruptcy may negatively impact the progress of negotiations with these interested parties. In addition, RIMI has provided to us an analysis of the Company's tax losses. The analysis shows that the Company has approximately \$63 million in accumulated non-capital tax losses. These losses are scheduled to expire in the years 2010 to 2014 with 82% of the losses to expire in the year 2014. If the Company is able to realize value with respect to the tax losses, that is likely to be a significant portion of value ultimately available to creditors; the realization of such value would likely depend upon a successful proposal being made.

6. CASH FLOW

The Company has updated its projected cash flow to November 3, 2006 to coincide with the motion for an extension. The updated cash flow is attached as Exhibit "A".

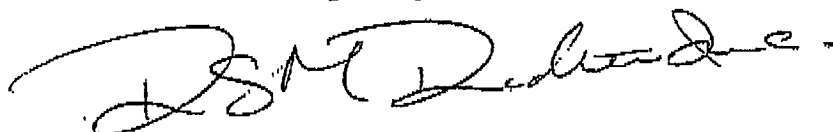
7. CONCLUSION AND RECOMMENDATION

The Company is acting in good faith and with due diligence in taking steps to reorganize and put together a viable proposal to its creditors. It is the Trustee's view that an extension will not adversely affect any group of creditors.

RSM Richter

Accordingly, the Trustee supports the Company's motion for an extension of the time required to file its proposal.

All of which is respectfully submitted,

A handwritten signature in dark ink, appearing to read "RSM Richter", is written over a horizontal line.

RSM RICHTER INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
RETROCOM GROWTH FUND INC.
AND NOT IN ITS PERSONAL CAPACITY

RSM Richter

EXHIBIT
"A"

Exhibit "A"

Retrocom Growth Fund Inc.
Projected Statement of Cash Flow
 For the Period August 21, 2006 through November 3, 2006
 Unaudited
 (\$)

	Notes	Amount
CASH INFLOWS		
Retrocom Mid-Market REIT share sale	2	1,650,000
Retrocom Mid-Market REIT distribution	3	14,000
Sale of real estate interests	4	3,582,500
TOTAL CASH INFLOWS		<u>5,246,500</u>
CASH OUTFLOWS		
Interest payments	5	47,500
Secured debt repayment	6	2,817,500
Professional fees - trustee	7	275,000
Professional fees - legal	7	200,000
Miscellaneous	8	6,000
TOTAL CASH OUTFLOWS		<u>3,346,000</u>
NET CASH FLOW		<u>1,900,500</u>
OPENING CASH BALANCE	9	785,100
NET CASH FLOW		1,900,500
ENDING CASH BALANCE		<u>2,685,600</u>

The above financial projections are based on management's assumptions detailed in Exhibit "A-1"
 The note references correspond to the assumption numbers shown in Exhibit "A-1"

RETROCOM GROWTH FUND INC.

RSM RICHTER INC.

"Robert Blakely"

Per

August 24, 2006

Date

"Robert Harlang"

Per

August 24, 2006

Date

Exhibit "A-1"

Retrocom Growth Fund Inc.
Notes to Projected Statement of Cash Flow
 For the Period August 21, 2006 through November 3, 2006
 Unaudited
 (\$)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Retrocom Growth Fund Inc. (the "Fund or RGF") for the period August 21, 2006 to November 3, 2006 (the "Period") in regard to its proposal proceedings under the *Bankruptcy and Insolvency Act*. The projected cash flow reflects the Fund's planned course of action during the Period. The underlying assumption is that the Fund will attempt to realize on its remaining investments via a sale process. The investments will be closely monitored to ensure that further deterioration does not occur.

The projected cash flow statement has been prepared based on assumptions developed and prepared by the Fund which are normally categorized into two groups:

- Hypothetical assumptions; and
- Most probable assumptions.

Hypothetical Assumptions

2. The sale of the Retrocom Mid-Market REIT ("RMMR.UN") shares is based on the assumption that the shares will sell for net proceeds of \$6.45 per share which is expected to remain materially consistent through to the time of the sale.

3. Income distributions from RMMR.UN shares are based on the scheduled sale dates and current income distribution levels which are expected to remain materially consistent through to the time of the share sale.

Most Probable Assumptions

4. Amount reflects the net proceeds of the sale of three RGF real estate properties, two of which are subject to purchase and sale agreements.

5. Interest payments are estimated based on the schedule of repayments of secured debt. The dates of these repayments are subject to minor changes based on negotiations between the Fund and the purchaser of the investments.

6. Secured debt will be repaid as the proceeds from the sale of the investments become available.

7. Professional fees include the fees of the Proposal Trustee, and legal fees associated with the Fund's restructuring proceedings.

8. Miscellaneous costs are based on historical results.

9. Approximately \$620,000 of the opening cash balance is pledged to support a guarantee and is not available for general corporate purposes.

RETROCOM GROWTH FUND INC.

RSM RICHTER INC.

"Robert Blakely"

Per

August 24, 2006

Date

"Robert Harlang"

Per

August 24, 2006

Date

Court File No. 31-452496

ONTARIO
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(Commercial List)

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ONTARIO
SUPERIOR COURT OF JUSTICE
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**MOTION RECORD OF
RETROCOM GROWTH FUND INC.**
(Motion Returnable August 30, 2006)

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Solicitors for the Moving Party, Retrocom
Growth Fund Inc.