Seventh Reporting Letter of the Trustee – February 15, 2007

Information and directions specific to Portus Registered Plan Investors

The Trustee plans to make an interim cash distribution to all Portus Investors within the next 6 to 12 months. In order to facilitate an interim distribution, the Trustee, KPMG Inc., is mailing information and directions specific to Portus Registered Plan Investors on February 15, 2007. In return, most Portus Registered Plan Investors will need to provide direction and instructions back to the Trustee.

This information mailing is being sent to Investors holding Portus Registered Plans, specifically:

- Investors holding Registered Retirement Savings Plans (RRSPs, SRSPs, LRSP and LIRA), which is a group of approximately 12,000 Investors representing 90% of all Registered Plan Investors.

- People who are related or connected to someone who made such a Registered Plan investment who is now deceased or incapable; this would include a spouse or beneficiary of a deceased, the personal representative (Executor, Estate Trustee, Trustee) of a deceased Registered Plan Investor's estate, a Court appointed guardian of an incapable person's property, an Attorney for the Property managing another Investor's property, and others as appropriate.

- Investors holding Registered Retirement Income Funds (RRIFs) including a Portus RRIF, SRIF, LIF, LRIF or PRIF comprising approximately 1,600 investors or about 10% of Registered Plan Investors.

Depending on the type of Portus Registered Plan investment that you held or are responsible for, you will be asked to provide KPMG Inc. with certain information. **In all cases, you will be required to respond with the requested information by March 30, 2007.**

The requested information is clearly described in the mailing that you receive. The requirements to provide information to and/or to contact the Trustee vary based on the specifics of the three categories of investors listed above. It is important to read the information package carefully and to respond accordingly. The Trustee encourages you to discuss matters relating to the mailed documents with your legal or financial advisor.

It is very important that all Portus Registered Plan Investors provide the requested information back to the Trustee in a timely and accurate manner in order to:

a) **maintain the tax protected status of their investment and,**

b) **as an essential first step to qualify for interim or subsequent distributions of money.**

<u>Frequently Asked Questions and Answers (FAQs)</u>

When will I get some money?

The Trustee is planning an interim cash distribution within 6 to 12 months. An essential first step is to return any required information or to follow up by March 30. Interim distributions to all classes of Investors will be made at the same time and it is important for all Registered Plan Investors to return the completed documents by March 30, 2007.

How many distributions might I get?

At this time it is not possible to determine the number of distributions. Ultimately, the number of distributions will depend on the availability and timing of cash coming from the Portus estate.

How do you decide how much money is in each distribution? Is there a formula?

The amount of the cash distribution will be a proportionate share of the total money available for distribution in the Estate, divided by the total book value of claims admitted in the Estate. The percentage generated by this calculation multiplied by the book value of the Investor's Claim will equal the Investor's dividend entitlement on this distribution.

Previous Letters and Reports from the Trustee, including the Report of the Trustee's Preliminary Administration and the Fifth Reporting Letter have indicated a preliminary estimate of realization. The Trustee is working diligently to implement the most efficient method of realizing value for and distributing funds to all Portus Investors.

Why is this mailing going only to Registered Plan Investors? What about all the other Portus Investors?

The Trustee is planning for an interim distribution to <u>all</u> Portus Investors within 6 to 12 months. It is not necessary at this time to communicate with non-registered Investors. The current mailing reflects the need to deal with and resolve Investor- related tax matters prior to a distribution to the Registered Plan Investors.

Why did I get two different mailings?

You have received two different mailings because you may have more than one account that falls within one of the Investor categories listed above. For example,. you may have both a RRSP and you are related or are connected to someone who made such an investment and who is now deceased or incapable or you may also have a RRIF. Each mailing contains information specific to each account.

I have an RRIF. Why have I not received a Direction and Release Form and been asked to open an Alternative Registered Plan Designation Form?

In the case of Portus Investors holding RRIFs the Trustee is required to take several important steps to maintain the tax protected status of your plan. In recognition of the Trustee's understanding with the Canada Revenue Agency, the Trustee must retroactively catch up outstanding minimum RRIF payments, if any. As appropriate, the resulting minimum payments will be sent by the Trustee directly to Investors. If your entitlement under this interim distribution exceeds your minimum payment, we will send you additional documents asking you to open an Alternative Registered Plan with another financial institution.

I fall into one of the Investor categories listed in the Trustee's Letter. What am I going to be asked to do? Can I begin to do something now or get organized in advance?

Requirements differ based on which one or more of the three categories you fall into. The very first and most important step is to read the package carefully and completely and determine what applies to you.

Full details are in the package but as a general high level answer, Investors with:

- RRSPs - Investors will be asked to 1) complete the enclosed *Direction and Release* and 2) designate an Alternative Registered Plan by completing three copies of the enclosed *Alternative Registered Plan Designation Form.*

- If you are related or connected to someone who made such an investment and is now deceased or incapable; this would include a spouse or beneficiary of a deceased, the personal representative (Executor, Estate Trustee, Trustee) of a deceased Registered Plan Investor's estate, a Court appointed guardian of an incapable person's property, an Attorney for the Property managing another Investor's property, and others as appropriate. In this case you will be asked to complete ONLY the enclosed *Deceased or Incapable Person's Registered Plan Form.* Once the completed form has been received, the Trustee will contact you regarding your entitlement, if any, to participate in the distribution.

- RRIFs – No response or information is required back by the Trustee at this time. The mailing is for your information and to prepare for the next steps. Your next contact will come from the Trustee around your entitlement at which time you may have to complete and return back to the Trustee some additional documents. In some cases the Trustee may also require that you establish a new alternative RRIF with a third party financial institution.

The Trustee encourages you to discuss matters relating to the mailed documents with your legal or financial advisor.

Will I be asked to open an Alternative Plan with another financial institution each time there is a distribution?

No. Subsequent distributions will be made to your Designated Alternative Plan unless you advise us otherwise in writing.

I already have another plan with another financial institution that is similar to my Portus Plan. Can I designate that plan as my Alternative Plan?

Yes. However, prior to you designating the other plan as your alternative plan, please confirm with the financial institution that manages your other plan that they will accept additional money into that plan. Note as well that the completion of the relevant forms is still required.

What happens if I miss the March 30 deadline?

The distribution of monies due to you in accordance with the interim distribution will be delayed if you do not return the enclosed documents or do not complete the necessary steps by the March 30, 2007 deadline.

Where can I get additional forms?

Additional copies of the documents in the mailing are available at the Portus web site at www.portusgroup.ca and then click on the section titled “Bankruptcy of Portus Alternative Asset Management Inc.” You can also call the Portus call centre at 1-866-260-5439. Finally your financial advisor may be able to download the forms for you if you do not have access to the website.

Where can I get more information?

First, please wait until you receive and read the information package. Then, if you have questions please call the KPMG Portus Call Centre at 1-866-260-5439. Second, the Trustee’s Fifth and Sixth Letter also have useful background information for Portus Registered Investors.

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(In Receivership / In Bankruptcy)

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