



Sixth Reporting Letter of the Trustee – December 21, 2006

Payment Procedures for all Portus Registered Plan Investors

Certain individuals invested in Portus did so by way of deferred income plans sponsored by Portus (the “Portus Registered Plans”).

On December 15, 2006, the Ontario Superior Court of Justice approved procedures governing the administration of payments made to registered plans (“Payment Procedures for Registered Plans”). These Payment Procedures govern distributions by the Trustee to Portus Registered Plans and any payments arising from the sale of a provable claim that is held in a Portus Registered Plan.

The Payment Procedures for all Portus Registered Plans applies to all Portus Creditors with registered products such as RRSPs, LRSPs, LIRAs, RIFs, LIFs, LRIFs, (“Registered Plan Investors”). More than 13,426 Portus Creditors invested, in total, \$244,919,426. in Portus Registered Plans.

These Procedures provide methods for Registered Plan Investors to maintain the tax deferred status of their investment by transferring any payments received to another deferred income plan, in respect of which the Registered Plan Investor is the beneficiary.

Registered Plan Investors will be contacted by the Trustee by mail, by the end of January 2007, prior to any distribution by the Trustee. Prior to a distribution, Registered Plan Investors must have arranged for and have in place a tax deferred registered plan with another financial institution. Registered Plan Investors must provide all relevant details of the plan to the Trustee before any distribution can take place. Any PAAM distribution must be transferred directly from the Portus Registered Plan into this new plan.

Given these developments, Registered Plan Investors are encouraged to start the process of selecting and securing a suitable, tax deferred registered plan with another financial institution of their choice.

Similarly, Registered Plan Investors who wish to sell a provable claim held in a Portus Registered Plan must have arranged for a suitable, tax deferred registered plan before any sale. Investors must provide evidence of their selection and securing of a suitable, tax deferred plan before any sale can take place. The sale price must be transferred directly from a Portus Registered Plan to another plan.

Future Reporting Letters will provide additional details regarding this process as well as information on the nature and timing of any possible future distributions.

(Note: The Trustee cannot advise Creditors on the merits of transferring or selling their PAAM claims to third parties, as giving such advice is not within the mandate of or an approved role for the Trustee. Creditors and their advisors must make their own decisions as to retaining, selling or otherwise dealing with their registered PAAM claims.)

Background

Certain individuals who invested through Portus did so by way of deferred income plans sponsored by Portus (the “Portus Registered Plans”). Concentra Trust is the Trustee for the Portus Registered Plans. A registered plan is a trust where investors establish a trust with a third party trustee under the terms of the *Income Tax Act* (Canada) (the “ITA”). In this case, Concentra Trust is the third party Trustee.

Concentra Trust, as the Trustee of the Portus Registered Plans, is the legal owner of the property in the Portus Registered Plans. The relevant Investor for each Portus Registered Plan is the beneficial owner of the property in that Portus Registered Plan. Currently, the Portus Registered Plans hold provable claims in the PAAM estate.

In view of the fact that Concentra is the “legal owner” and holds legal title to the assets of the payable claims held by the Portus Registered Plans, all distributions from the PAAM estate must be made to Concentra. If distributions were made directly to Investors, the distribution would be treated as income to the Investors. Tax would be payable in those circumstances.

The Payment Procedures establish a code for the appropriate party to direct Concentra to transfer distributions from the PAAM estate and the sale price of provable claims sold by Portus Registered Plans into a new deferred income plan or to the beneficiary of the existing Portus Registered Plan.

The Order of the Court, dated December 15, 2006, approved an agreement between Concentra and the Trustee under which the Trustee will administer the process described above as agent for Concentra and/or the Portus Registered Plan Investor as the case may be.

Frequently Asked Questions

Who does this process apply to?

This process applies to all Portus investors with “Portus Registered Plans”.

What is the relevant timing of these Procedures?

For all Registered Plan Investors holding provable claims in the Portus estate, the Payment Procedures for Registered Plans apply and must be followed prior to any distribution.

For Registered Plan Investors who want to sell their registered plan investments to third parties these Payment Procedures must be followed. Please refer to the Trustee’s Third and Fourth Reporting Letters for relevant information provided previously.

What Portus investment products are involved?

The “Portus Registered Plans” are comprised of Registered Retirement Savings Plans and Registered Retirement Income Funds. They include the following “locked in” plans:

- “Portus LRSPs” in the case of retirement plans,
- “Portus LIRAs” in the case of retirement accounts,
- “Portus LIFs” in case of an income fund,
- “Portus LRIFs” in the case of a retirement income fund.

What do I need to know or do?

Now that the Court has approved this process, there are several steps which will take place over the next months.

The Trustee in Bankruptcy, KPMG Inc., by January 31, 2007 will send a notice by mail only to Registered Plan Investors. The notice will explain the Portus Payment Procedures for Registered Plans and will include forms to be completed by the Registered Plan Investor and returned to KPMG. The forms are to be used to instruct KPMG as to the wishes of the Registered Plan Investor in respect of distributions to a Portus Registered Plan or the sale price of a proved claim by a Portus Registered Plan.

Due to the differences in the Laws of each Province different forms are being developed by KPMG and will be delivered to Registered Plan Investors in each Province. We expect that the notices and forms will be delivered to Registered Plan Investors by January 31, 2007.

In order to continue the tax deferred status of your investment, Registered Plan Investors must have arranged for and have in place a tax deferred registered plan with another financial institution. Registered Plan Investors must provide all relevant details of the plan to the Trustee before any distribution can take place.

Any PAAM distribution or the sale price of a provable claim sold by a Portus Registered Plan must be transferred directly into this new plan.

You must inform KPMG Inc. of all details of your new registered plan with another financial institution before any distribution can take place or distribution made. A distribution form will be provided in the notice for this purpose. At the appropriate time an identical notice package including a distribution form will be available from the Trustee's website at www.portusgroup.ca/bankruptcy.html

Creditors with registered plans are encouraged to start the process of selecting and securing a suitable, tax deferred registered plan with another financial institution of their choice.

What happens if a Portus Registered Plan Investor is deceased?

Where a Portus Registered Plan Investor is deceased, his or her spouse or his or her designated beneficiary or his or her legal representative will direct the process for the deceased individual's Portus Registered Plan.

Why is this important and what effect will it have on any planned distribution?

For now, it is most important that Registered Plan Investors move forward with selecting and securing a suitable, tax deferred registered plan with another financial institution of their choice. This process must be in place and completed in advance of any distribution. It is the essential first step in the process.

As for the timing and size of any distribution, the Trustee continues to work with the Inspectors to advance the Bankruptcy process. However, we have advised all stakeholders previously that unresolved issues remain. 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 realizations.

The Inspectors and the Trustee are working diligently to implement the most efficient method of realizing value for and distributing funds to all Portus Investors.

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