



#100, 602 - 11 Avenue SW
Calgary, Alberta Canada T2R 1J8
T 403 298 5800
F 403 296 2988
www.alger.ca

May 28, 2007

Bonaventure Small Investors Group ("BSIG")

Attention: Rick Clark, Co-Chair
William Davis, Co-Chair
Linda Dixon, Appointed Representative

Re: Letter of Understanding – Unit Accounting – Units 1 to 195 of Bonaventure Court (the "Properties")

The purpose of this letter is to outline:

1. Our understanding of the material you will provide to us in relation to the BSIG Accounting, as defined below; and
2. The steps we will take as Judicial Trustee of the Properties to complete a final unit accounting to be presented to the Court of Queen's Bench of Alberta, and all beneficial owners and purported beneficial owners of the Properties (the "Unit Accounting").

The Order of the Court dated May 25, 2006 expanded the powers and duties of the Judicial Trustee to include *"the power and duty to undertake and complete, in the most cost-effective manner, the unit accounting with respect to the units within the Bonaventure Court complex"*. To be cost-effective to date, the Judicial Trustee has worked with BSIG and provided it with any requested information about the Properties. BSIG is compiling a global accounting for the Properties with that information and information from other sources. Once complete, the global accounting will be allocated to the various units within the Properties in order to arrive at BSIG's unit accounting (the "BSIG Accounting").

Materials to be Provided

The following is our understanding of the materials you will provide to the Judicial Trustee:

- A. The methodology and assumptions used for compiling the BSIG Accounting for the Properties for the years ended December 31, 1989 to December 31, 2006.
- B. CD containing the "Quickbooks" accounting data fulfilling this accounting, which accounting figures will be summarized within various Excel spreadsheets.
- C. Excel spreadsheets containing, on a year-by-year basis, the global accounting for the Properties, which will be broken down between the 20 unit block purchased by Joyce Kendall in 1989 as part of her compensation package from the Respondents for selling units in the Properties and the remaining 175 units in the Properties. The rationale for the separation of this 20 unit block is to be contained within this accounting methodology referred to above and we understand relates to differing terms of the Unit Purchase Agreements for the Properties relative to the remaining 175 units. As a starting point the

global accounting will use the annual accounting provided to the Respondents by the various property managers and will thereafter contain adjustments to these figures as outlined with the accounting methodology document, comprising adjustments for such items as:

1. Expenditures for other properties or business activities of the Respondents that were purportedly improperly charged to the Properties.
2. Expenditures charged to the Properties, which are purportedly to be borne by the Respondents based on the terms of clause 2.1 of the Financial Services Agreement within the Unit Purchase Agreement for the Properties, including such items as:
 - a. Financing, commitment, processing and appraisal costs as outlined;
 - b. Landscaping and cosmetic improvement costs as outlined;
 - c. Buy-down of interest on the mortgages as outlined.
3. Purported miscalculation of interest expense on the various mortgages on the Properties.
4. Other adjustments to be outlined within the methodology, including expenditures related to the Respondents' Second Mortgage.

Copies of the supporting documentation for all of the above items will be provided to us as part of these materials.

- D. This global accounting will then be broken down amongst the various units, based on the Proportionate Shares outlined in the Unit Purchase Agreements, in order to compile the BSIG Accounting. The BSIG Accounting will then form the basis, at first instance, for determining the amounts owed to beneficial owners from the operating results of the Properties.
- E. The determination of the "Due To/From" account for each unit in the Properties is outside the scope of the BSIG Accounting and will be the subject of a separate matter entailing the determination of amounts received by the beneficial owners from the Properties and additional amounts paid by beneficial owners to the Respondents during the course of the rental operations of the Properties for such items as refinancing costs, operating deficiencies etc. Similarly, the issue of the ownership of the units is outside the scope of the BSIG Accounting.

Specific Procedures

The steps we will take with these materials will be as follows:

- A. Review of accounting methodology and assumptions document in order to ensure our proper understanding of the above noted materials.

- B. Review of the Excel spreadsheets and related Quickbooks accounting in order to ensure proper mathematical calculations contained therein, as well as:
1. Agreeing the property managers' operating results used as a starting point to the property managers' operating results provided to us by the Respondents or by the property managers themselves.
 2. Comparison of the expenditures referred to in paragraph C(1) above, to the supporting documentation and opining whether or not, in our view, these expenditures appear to relate to the Properties.
 3. Comparison of the expenditures referred to in paragraph C(2) above to the supporting documentation and opining whether or not, in our view these expenditures appear to fall within the definition of expenditures for the account of the Respondents as outlined within the terms of clause 2.1 of the Financial Services Agreement. This opinion is not meant to represent a legal opinion as to whether this clause intends for these expenditures to be covered by the Financial Services Agreement, as the provision of a legal opinion is beyond the scope of our role as Judicial Trustee.
 4. Verification of the purported miscalculation of the interest expense referred to in paragraph C(3) above, based upon the parameters or basis provided to us. This verification is not meant to represent our position as to whether the basis upon which this miscalculation is based is justified, as this is beyond the scope of our role as Judicial Trustee.
 5. Other steps, as necessary, based upon information provided to us for any amounts provided pursuant to paragraph C(4) above.
 6. Agreeing the Proportionate Shares of each unit to the Unit Purchase Agreements.
 7. Reporting to the Court, beneficial owners and purported beneficial owners on the reasonableness of the assumptions used and the results of the above noted verification procedures, including a listing of the limitations on the scope of these procedures and the use of the results.

Staffing

Colin Christie will have overall responsibility for this matter, assisted by Michael Costello and me. Copies of the applicable curriculum vitae are available at www.alger.ca.

The firm has established hourly billing rates for each professional, which are subject to change from time to time and are subject to GST. Fees billed will be calculated based on these rates, time expended and the value of the work performed. The current hourly billing rates for Colin, Michael and me are \$350, \$350 and \$400 respectively. Please note that all time expended on interviews, telephone calls, document preparation, review of correspondence sent or received by us, meetings, research and other services performed will be subject to the fees, the payment of which will continue under the terms of the Court Order dated January 22, 2003, as amended.

Timing

Based upon the parameters outlined above, we anticipate that we should be able to complete the verification steps outlined and report to the Court on the results of these verification procedures within 30-45 days of receiving the materials from you, subject to these materials being complete and containing appropriate audit trails and supporting documentation.

If you are in agreement with our understanding outlined above, please sign below and return it to our offices at your earliest convenience.

We will be providing a copy of this Letter of Understanding to Kendax Investments Inc. and Donald Carmichael. We will also provide a copy of this Letter of Understanding to any beneficial owners or purported beneficial owners who request it. Please let us know if you would like a copy of this Letter of Understanding posted on the Bonaventure Court website.

Yours very truly,
Alger & Associates Inc.


Per: Bruce E. Alger

Email: balger@alger.ca
Direct Line: (403) 296-2970

BEA/nmd

cc: Colin Christie, Alger & Associates Inc.
cc: Michael Costello, Alger & Associates Inc.
cc: Carla Murray, Burnet, Duckworth & Palmer LLP
cc: David LeGeyt, Fraser Milner Casgrain LLP

We are in agreement with the understanding of the Judicial Trustee, as outlined above:

Per: Rick Clark
Co-Chair, Bonaventure Small Investors Group

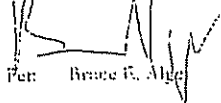
Per: William Davis
Co-Chair, Bonaventure Small Investors Group

Per: Linda Dixon
Appointed Representative, Bonaventure Small Investors Group

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Yours very truly,
Alger & Associates Inc.



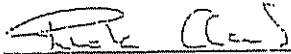
Per: Bruce K. Alger

Email: b.alger@alger.ca
Direct Line: (603) 296-2970

WFA Good

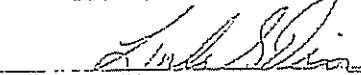
cc: Cath Murray, Burnet, Durlworth & Palmer LLP
cc: David LeGuer, Fraser Milner Casgrain LLP

We are in agreement with the understanding of the Judicial Trustee, as outlined above:



Per: Rick Clark
Co-Chair, Banaventure Small Investors Group

Per: Williams Davis
Co-Chair, Banaventure Small Investors Group
(not necessary per Steering Committee)



Per: Linda Dixon
Appointed Representative, Banaventure Small Investors Group