4207106 MANITOBA LTD.

February 7, 2006

His Worship Mayor Sam Katz
Office of the Mayor
2nd Floor, Council Building
510 Main Street
Winnipeg, MB R3B 1B9

Dear Mayor Katz:

Thank you for taking the time to meet with the Honourable Mr. Gary Filmon and myself to discuss the future plans for the Union Tower Building. I am pleased to hear that you would consider a two (2) year extension to our agreement with the City of Winnipeg. As per your staff's request, following is our submission of how we plan to proceed with the development of this building.

1. Over the last two years, we have worked together with Parks Canada to qualify the Union Bank Tower for their Commercial Heritage Property Incentive Fund. Our proposal has been accepted in principle. We need to respond to a few of their comments and would be in a position to have a signed agreement by the end of March, 2006. To this end, we have hired Prairie Architects Inc. for a total price of $75.000.00 plus taxes. We plan to start the restoration work by spring 2006. We expect the exterior restoration only to cover over $1,300,000.00 which we are prepared to finance.

2. We are now actually marketing the building with Stevenson Le Page. We have at least two prospective tenants interested in leasing the space. One would require 10,000 square feet. The other would require 20,000 square feet. Either of these two tenants or both can be accommodated in the existing building. This in itself may not be the optimum development since it might preclude the full development of this site.

.....2

240 River Avenue, Winnipeg, R3L 0B4
Telephone 204 477-6950 Fax 204 452-7534

3. At the moment, we are entertaining a proposal for a hotel – spa development that would utilize the entire site. Over the next 3 months we will be looking at a business plan that would hopefully prove the case for such an enterprise.

4. Lastly, we are working in a plan to build a mixed use residential and commercial development.

In conclusion, we hope to have a signed agreement with Parks Canada by March 31, 2006. We would commence restoration work by this spring. Most importantly, we would hope to be in for a building permit for one or another of the above development projects either the fall of 2006 or spring of 2007.

Hopeful that this would meet with your approval.

We are sincerely yours,

Guy Hobman
PACE-GREENTREE BUILDERS

Joe Bova
MAN-SHIELD CONSTRUCTION INC.

ON BEHALF OF 420710 MANITOBA LTD.

c.c.: Mr. Peter DeSmedt
Mr. H. Finnigan
Ms. C. Boryskavich
Mr. B. Gray