IN THE MATTER OF THE BANKRUPTCY OF

LL DEVELOPMENTS LTD.

OF THE CITY OF CALGARY,
IN THE PROVINCE OF ALBERTA

REPORT ON THE TRUSTEE'S PRELIMINARY ADMINISTRATION

ESTATE NO. 25-1388968

On July 30, 2010, LL Developments Ltd. ("LLD") filed an assignment pursuant to the provisions of the *Bankruptcy and Insolvency Act* ("BIA") and Ernst & Young Inc., was appointed as trustee of the estate of the bankrupt by the official receiver.

Background

LLD is a non-operating Alberta Corporation (wholly-owned subsidiary of Fairmont Resort Properties Ltd. ("FRP")) that had a 72.83% undivided ownership interest in a future development site (approx. 300 acres) near Fairmont Hot Springs, British Columbia (the "LLD Lands").

The title to the LLD Lands was originally registered in the name of Lyttle Lake Co-Ownership Holding Corporation (the "Trustee") and the Trustee held the LLD Lands beneficially for all the co-owners of the LLD Lands, pursuant to a Trust Declaration dated October 28, 2005. An Order was granted by the court (defined below) transferring the title of the LLD Lands to LLD's secured creditor.

The Fairmont Group's (which consist of the following entities: LLD, Fairmont Resort Properties Ltd. ("FRP"), Lake Okanagan Resort (2001) Ltd. ("LOR") and Lake Okanagan Resort Vacation (2001) Ltd. ("LORV")) financial deterioration started on or around December 2008 when it could not meet its current interest and principle payments when they became due to its secured creditors.

The Fairmont Group entered into a forbearance agreement (including amendments thereto) with its secured creditors that required the Fairmont Group to achieve certain financial results and/or requirements up until March 30, 2009. The Fairmont Group was unsuccessful in improving its financial position and, as a result, breached the terms of the forbearance agreement.

As a result, the Fairmont Group's two main secured creditors applied to the Alberta Court of Queen's Bench (the "Court"), with the consent of the Fairmont Group, to seek and obtain creditor protection for the Fairmont Group under *the Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA") pursuant to a court order dated March 30, 2009 (the “Initial Order”). Ernst & Young Inc., was appointed monitor of the Fairmont Group during these CCAA proceedings (the “Monitor”).

On July 23, 2010, a Notice of Enforcement was issued by LLD’s secured creditor to allow its secured creditor to enact on its security it holds against the LLD Lands.

On June 29, 2010, an order (the “Order”) from the court was granted acknowledging the Notice of Enforcement and declaring LLD’s secured creditor as the new owner of the LLD Lands.

On July 29, 2010, the CCAA was terminated and all that remained within LLD were certain significant secured creditor deficiency claims and pre-CCAA unsecured claims.

Preliminary Evaluation of Property, Assets and Undertakings

Pursuant to the Order discussed above, there are presently no assets available to the Trustee for realization as all of the assets have been transferred and vested to Northwynd LP.

Conservatory & Protective Measures

As of July 30, 2010, LLD did not have any operations, employees, premises and assets. The only items in possession of LLD were books and records located in Northwynd LP’s offices. As a result, the Trustee arranged for Northwynd LP to maintain the books and records in a secure location to allow the Trustee access when needed. Northwynd LP is not charging the Estate for the storage costs associated with holding the books and records.

Books and records

As discussed above, the books and records of LLD that are required for the Trustee's review are located at the former premises of LLD in Calgary, Alberta.

Provable Claims and Secured Claims

The only liabilities the Trustee is aware of are significant deficiency claims owed to LLD’s secured creditors and unsecured liabilities as listed on the Statement of Affairs.

Legal Proceedings

No legal proceedings have been instituted by the Trustee to date.

The Trustee is not aware of any legal proceedings for or against the Company.

Reviewable Transactions and Preference Payments

A preliminary review of the book and records for the last 12 months did not reveal any transactions which could be considered preferences or reviewable transactions.

Trustee's intention to act

The Trustee has no intention act for secured creditors, as set out in subsection 13.4(1.1) of the BIA.

Possible Conflict of Interest

Ernst & Young Inc. acted as monitor in LLD's CCAA proceedings referred to above which is not considered to be a conflict of interest.

Third Party Deposits

The Trustee received a $5,000 deposit from Northwynd LP to pay the Trustee's administration fees and disbursements in the bankrupt estate.

Anticipated Realization and Projected Distribution

All of the assets of LLD have been foreclosed upon by the secured creditors and transferred out of LLD. The Trustee does not anticipate a distribution to any creditors.

ERNST & YOUNG INC.
Trustee for the Estate of
LL Developments Ltd.

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

August 18, 2010