

APPENDIX “A”

Glossary of Defined Terms for Receiver's Twenty-First Report

| <u>Term</u> | <u>Definition</u> |
|--|--|
| A&M | Alvarez & Marsal Canada ULC |
| Ad Hoc Committee | The Ad Hoc Committee of Unit Owners, consisting of certain Unit Owners who represent the 89 individual Unit Owners |
| Application Record | The Application Record dated May 19, 2009 pursuant to which the appointment of the Receiver was sought |
| Appointment Order | Amended and Restated Appointment Order issued June 2, 2009, as amended by Orders dated December 21, 2009, April 15, 2010 and November 12, 2010 |
| Assets | All of the property, assets and undertakings of The Rosseau Resort Developments Inc. |
| Association | Red Leaves Resort Association |
| August 18 Order | The Order of the Court dated August 18, 2009, as amended August 20, 2009 |
| Bid Analysis | A schedule summarizing and comparing the Canadian Niagara offer to the other three offers received, both in the first and second round |
| Blakes | Blake, Cassels & Graydon LLP |
| Canadian Niagara | Canadian Niagara Hotels Inc., or its affiliate |
| CBRE | CB Richard Ellis Limited |
| CIT | CIT Financial Ltd. |
| Closing | The date for closing the transaction with Canadian Niagara, established by the Purchase Agreement, which is the 31 st day following the granting of the Sale Approval Order. The outside Closing is October 10, 2011. |
| Commercial Space | The commercial elements of the Hotel, including meeting rooms and ballrooms, restaurants, and a spa and pool area |
| Common Expenses Subsidies | A form of incentive provided by RRDI prior to the receivership, promising to pay condominium fees and expenses in respect of certain Unit Owners' Units |
| Condominium Corporation | The Muskoka Standard Condominium Corporation No. 62 |
| Condominium Plan | The Muskoka Standard Condominium Plan No. 62 |
| Confirmation and Estoppel Agreement | A Confirmation and Estoppel Agreement dated March 18, 2011 by Wallace Marine in favour of RRDI, by its Receiver, and any purchaser of the Assets of RRDI |

| <u>Term</u> | <u>Definition</u> |
|---|---|
| Construction Lien Claims Process | The construction lien claims process provided for by the Construction Lien Claims Process Order |
| Construction Lien Claims Process Order | Order of the Court dated July 24, 2009, setting out the process for determining construction lien claims |
| Credit Agreement | A credit agreement dated as of February 1, 2007, as amended, by and among RRDI and the Syndicate |
| Development Lands | The undeveloped lands located adjacent to the Hotel on RRDI's property |
| Excluded Assets and Excluded Contracts | The Purchase Agreement contemplates the sale of substantially all of the Assets of RRDI to Canadian Niagara, other than certain excluded assets and contracts, as defined in the Purchase Agreement |
| FMC | Fraser Milner Casgrain LLP |
| Fortress | Fortress Credit Corp. |
| Fresh Start/RPMA Agreement | A settlement agreement with the Unit Owners and the Condominium Corporation with respect to a) the issues raised by the Set-Off Motion; and (b) the RPMA Dispute |
| Fresh Start Approach | The agreement reached between Unit Owners and the Receiver, which was approved by the Court and ratified in the vote of Unit Owners, whereby the parties agreed to "restart the clock" with respect to the obligation of Unit Owners to remit condominium fees to the Condominium Corporation, and Unit Owners who had previously paid condominium fees will be granted a credit against future condominium fees to be paid |
| Ground Lease Amending Agreement | An agreement dated March 18, 2011 pursuant to which Wallace Marine has consented to extend the terms of the STP Lease through four extension options of five years each |
| Hotel | The Rosseau, a J.W. Resort & Spa located on Lake Rosseau in Muskoka, Ontario |
| Hotel Management Agreement | Hotel management agreement between, RRDI, by its Receiver and Manager, and Marriott executed on January 22, 2010 |
| Incentives | Incentives and benefits granted to certain Unit Owners who had purchased their Units from RRDI prior to the receivership to entice them to purchase their Units |
| Independent Directors | The two independent directors of the Muskoka Standard Condominium Corporation No. 62 who are individual Unit Owners who have been appointed pursuant to section 42(11) of the Condominium Act |

| <u>Term</u> | <u>Definition</u> |
|--|---|
| Institutional Sales Process | The former sales and marketing process for all of the Assets of RRDI on an en bloc basis, authorized by the July 8 Order and terminated by the March 9 Order |
| Interim Receiver | Alvarez & Marsal Canada Inc. (formerly McIntosh & Morawetz Inc.) |
| Introduction Letter | Letter submitted by potential bidders in order to become Qualified Bidders, describing: (a) the potential bidder and its business and industry expertise; (b) the potential bidder's financial wherewithal or ability to obtain financing in order to complete the transaction being contemplated; and (c) whether the potential bidder contemplates any third party equity participation or any form of joint acquisition, and if so, to provide a description of such third party |
| Investment Overview | A brief investment overview letter that describes the opportunity and sets out key aspects of the Sales Process Protocol |
| Joint Undertaking | A joint undertaking executed by RRDI and McCarthys in favour of WestLB, Travelers and Fortress with respect to funds deducted from the proceeds of sale of Units prior to the Receivership. |
| July 8 Order | The Order of the Court dated July 8, 2009 |
| July 24 Order | The Order of the Court dated July 24, 2009 |
| KFE | Ken Fowler Enterprises Limited |
| Leases | New leases executed between the Sale/Leaseback Unit Owners and RRDI, by its Receiver, pursuant to settlement agreements between such Sale/Leaseback Unit Owners and the Receiver on behalf of RRDI |
| March 9 Order | The Order of the Court dated March 9, 2011 |
| Marketing and License Agreement | A marketing and license agreement between the Receiver and Marriott dated July 23, 2009, as amended by a letter agreement dated January 22, 2010 |
| Marriott | Marriott Hotels of Canada Ltd. |
| March 9 Order | The Order of the Court dated March 9, 2011 |
| May 6 Order | The Order of the Court dated May 6, 2011 |
| May 19 Order | The Order of the Court dated May 19, 2010 |
| May 30 Order | The Order of the Court dated May 30, 2011 |
| McCarthys | McCarthy Tetrault LLP |

| <u>Term</u> | <u>Definition</u> |
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| Neighbouring Properties | The Rock, Clevelands House Limited, Lakeside Lodge, and Wallace Marine, all of which neighbour the Hotel and are corporately related to RRDI and KFE |
| November 12 Order | The Order of the Court dated November 12, 2010 |
| Primary Marriott Charge and Secondary Marriott Charge | The Marriott charges which were established by the August 18 Order, to secure obligations of RRDI under the Hotel Management Agreement and Related Marriott Agreements, and which are limited in the aggregate of \$5 million |
| Prior Purchaser | A third party related to Maureen Fowler, the spouse of Ken Fowler |
| Prior Transaction | A proposed sale transaction of the Assets of RRDI to the Prior Purchaser which was terminated in accordance with its terms |
| Priority Construction Lien Claims | Certain construction lien claims which are determined to have priority over all mortgages registered on title to the real property of RRDI |
| Purchase Agreement | An agreement of purchase and sale with Canadian Niagara Hotels Inc. dated as of June 30, 2011 and executed by the Receiver on July 4, 2011 |
| Purchased Assets | Substantially all of the Assets of RRDI purchased by Canadian Niagara and defined in the Purchase Agreement |
| Purchaser | Canadian Niagara Hotels Inc. |
| Qualified Bidder | A potential bidder who was qualified by the Receiver, after having executed the Confidentiality Agreement and completed an Introduction Letter, or was otherwise pre-qualified to participate in the Sales Process |
| Qualified Operator | As defined in the RPMA as, "the Hotel Operator or another professional hotel operator of comparable managerial capacity and ability to that of the Hotel Operator...". "Hotel Operator" is defined as Marriott, or a replacement made pursuant to the RPMA |
| Receiver | Collectively, the Interim Receiver and the Receiver and Manager |
| Receiver and Manager | Alvarez & Marsal Canada ULC in its capacity as receiver and manager |
| Receiver's Borrowings | Collectively, those receiver's borrowings authorized by the Appointment Order as amended from time to time, including the First Tranche Receiver's Borrowings, Second Tranche Receiver's Borrowings and Third Tranche Receiver's Borrowings |

| <u>Term</u> | <u>Definition</u> |
|-------------------------------------|--|
| Receiver's Borrowings Charge | The Receiver's Borrowings are secured by the Receiver's Borrowings Charge established by the Appointment Order |
| Red Leaves Development | The larger planned resort and community development called "Red Leaves" that was projected for completion in 2030, and was intended to consist of approximately 2,900 residential units when finished |
| Red Leaves Resort | A partnership of five corporate partners |
| Related Marriott Agreements | Agreements between RRDI, by its Receiver, and Marriott relating to the Hotel Management Agreement |
| Rental Pool Manager | Rental pool manager appointed under the RPMA, which is currently RRDI |
| RPMA(s) | Rental pool management agreement(s) between RRDI, by its Receiver, and Unit Owners |
| RPMA Dispute | A dispute commenced by certain Unit Owners with respect to the interpretation of the RPMA |
| RPMA Resolution | A settlement agreement with Unit Owners and the Condominium Corporation to resolve the RPMA Dispute by way of an amendment to the RPMA, and a corresponding amendment to the Declaration of the Condominium Corporation |
| RRDI | The Rosseau Resort Developments Inc. |
| RRMSI | The Rosseau Resort Management Services Inc. |
| Sale/Leaseback Unit Owners | Unit Owners with whom RRDI agreed to a lease of such Unit Owner's Unit, pursuant to which Unit Owners agreed to limit or forego use of the Unit and distributions from the rental pool in return for an annual rent payment and other Incentives |
| Sale Approval Order | The order sought from the Court approving the sale to Canadian Niagara and vesting the Purchased Assets in Canadian Niagara |
| Sales Process | The process the Receiver has conducted in respect of selling the remaining Assets of RRDI on an <i>en bloc</i> basis as authorized by the May 6 Order |
| Sales Process Protocol | The procedure governing the Sales Process as approved by the May 6 Order |
| Set-Off Motion | The motion brought by the Receiver to determine a dispute between RRDI and the two Independent Directors of the Condominium Corporation regarding condominium fees, as described in the Sixteenth Report |

| <u>Term</u> | <u>Definition</u> |
|-------------------------------|--|
| Side Letter | A letter agreement between the Receiver and Marriott dated January 22, 2010 |
| STP | Sewage treatment plant |
| STP Lease | A lease agreement dated February 13, 2009, between RRDI, as tenant and Wallace Marine, as landlord, for a term of 21 years less a day in respect of the lands on which the sewage treatment plant is situated |
| Syndicate | The lender syndicate being WestLB AG, New York Branch and CIT Financial Ltd. |
| The Rock | 1515511 Ontario Inc. o/a The Rock Golf Course |
| Township | The Township of Muskoka Lakes |
| Travelers | Travelers Guarantee Company of Canada |
| Unit Owners | The individual owners of 89 Units at the Hotel |
| Unit Owners' Charges | Court-ordered charges in favour of Unit Owners securing obligations under Settlement Agreements and Leases, which were established by the August 18 Order, and which are limited in the aggregate amount of \$5.3 million. |
| Units | The 221 condominium units of the Hotel |
| Wallace Marine | Wallace Marine Limited |
| Water Supply Agreement | The Water Supply Agreement between RRDI by its Receiver and The Rock dated March 18, 2011, approved by Order of the Court dated April 13, 2011. |
| WestLB | WestLB AG, New York Branch (formerly WestLB AG, Toronto Branch) |

APPENDIX “B”

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 7/11/2011
File Currency Date: 07/10/2011
Family(ies): 4
Page(s): 9

SEARCH : Business Debtor : THE ROSSEAU RESORT DEVELOPMENTS INC.

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PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 7/11/2011
File Currency Date: 07/10/2011
Family(ies): 4
Page(s): 9

SEARCH : Business Debtor : THE ROSSEAU RESORT DEVELOPMENTS INC.

FAMILY : 1 OF 4 ENQUIRY PAGE : 1 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

00 FILE NUMBER : 631573794 EXPIRY DATE : 20DEC 2016 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20061220 1017 1862 6529 REG TYP: P PPSA REG PERIOD: 10
02 IND DOB : IND NAME:
03 BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

OCN :
04 ADDRESS : 110 HANOVER DRIVE, SUITE 203B
CITY : ST. CATHARINES PROV: ON POSTAL CODE: L2R 7P7
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
ST. PAUL GUARANTEE INSURANCE COMPANY
09 ADDRESS : 77 KING STREET WEST, 34TH FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1K2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION
13 SECURITY INTEREST IN DEPOSITS AS SET OUT IN DEPOSIT TRUST AGREEMENT
14 DATED OCTOBER 25, 2004 WITH RESPECT TO THE NORTH SHORE OF LAKE
15 ROSSEAU, MINETT, ONTARIO
16 AGENT: BAKER SCHNEIDER RUGGIERO LLP (LARRY GINSLER)
17 ADDRESS : SUITE 1000, 120 ADELAIDE STREET WEST
CITY : TORONTO PROV: ON POSTAL CODE: M5H 3V1

FAMILY : 1 OF 4 ENQUIRY PAGE : 2 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

FILE NUMBER 631573794

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20070117 1441 1862 8120

21 REFERENCE FILE NUMBER : 631573794

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

25 OTHER CHANGE:

26 REASON: AMEND SECURED PARTY ON PAGE 1, LINE 8 OF REGISTRATION NUMBER

27 /DESCR: 20061220 1017 1862 6529

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03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

TRAVELERS GUARANTEE COMPANY OF CANADA

09 ADDRESS : 77 KING STREET WEST, 34TH FLOOR

CITY : TORONTO

PROV : ON

POSTAL CODE : M5K 1K2

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16 NAME : BAKER SCHNEIDER RUGGIERO LLP - LARRY GINSLER

17 ADDRESS : 120 ADELAIDE STREET W., STE. 1000

CITY : TORONTO

PROV : ONT

POSTAL CODE : M5H 3V1

FAMILY : 2 OF 4 ENQUIRY PAGE : 3 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

00 FILE NUMBER : 632492487 EXPIRY DATE : 31JAN 2015 STATUS :
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REG NUM : 20070131 0852 1862 8897 REG TYP: P PPSA REG PERIOD: 8

02 IND DOB : IND NAME:
03 BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

OCN :
04 ADDRESS : P.O. BOX 24091, 110 HANNOVER DRIVE,
CITY : ST. CATHARINES PROV: ON POSTAL CODE: L2R 7P7
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
WESTLB AG, TORONTO BRANCH, AS ADMINISTRATIVE AGENT FOR THE SECURED
09 ADDRESS : SUITE 2301, BOX 41, ROYAL BANK PLAZA,
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2J1
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16 AGENT: BLAKE, CASSELS & GRAYDON LLP (S.D'ALIMONTE/MRO)
17 ADDRESS : BOX 25, COMMERCE COURT WEST
CITY : TORONTO PROV: ON POSTAL CODE: M5L 1A9

FAMILY : 2 OF 4 ENQUIRY PAGE : 4 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

00 FILE NUMBER : 632492487 EXPIRY DATE : 31JAN 2015 STATUS :
01 CAUTION FILING : PAGE : 002 OF 002 MV SCHEDULE ATTACHED :
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02 IND DOB : IND NAME:
03 BUS NAME:

OCN :
04 ADDRESS : SUITE 203B
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
PARTIES

09 ADDRESS : NORTH TOWER, 200 BAY STREET
CITY : PROV: POSTAL CODE:
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

FAMILY : 2 OF 4 ENQUIRY PAGE : 5 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

FILE NUMBER 632492487
PAGE TOT REGISTRATION NUM REG TYPE
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23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE: RED LEAVES DEVELOPMENTS INC.

OCN:
04/07 ADDRESS: P.O. BOX 24091
CITY: ST. CATHARINES PROV: ON POSTAL CODE: L2R 7P7
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
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GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : BLAKE, CASSELS & GRAYDON LLP (SMDA/MRO)
17 ADDRESS : BOX 25, COMMERCE COURT WEST
CITY : TORONTO PROV : ON POSTAL CODE : M5L 1A9

FAMILY : 2 OF 4 ENQUIRY PAGE : 6 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

FILE NUMBER 632492487
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23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

25 OTHER CHANGE:

26 REASON: TO AMEND THE NAME AND ADDRESS OF THE SECURED PARTY

27 /DESCR:

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02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

WESTLB AG

09 ADDRESS : 1211 AVENUE OF THE AMERICAS, 24TH FLOOR

CITY : NEW YORK

PROV : NY

POSTAL CODE : 10036

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16 NAME : BLAKE, CASSELS & GRAYDON LLP (M.FLYNN/MRO)

17 ADDRESS : BOX 25, COMMERCE COURT WEST

CITY : TORONTO

PROV : ON

POSTAL CODE : M5L 1A9

FAMILY : 2 OF 4 ENQUIRY PAGE : 7 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

FILE NUMBER 632492487

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20100601 1029 1862 3881

21 REFERENCE FILE NUMBER : 632492487

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

25 OTHER CHANGE:

26 REASON: TO CORRECT THE NAME OF THE SECURED PARTY

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28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

WESTLB AG, AS ADMINISTRATIVE AGENT FOR THE SECURED PARTIES

09 ADDRESS :

CITY :

PROV :

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16 NAME : BLAKE, CASSELS & GRAYDON LLP (M.FLYNN/MRO)

17 ADDRESS : BOX 25, COMMERCE COURT WEST

CITY : TORONTO

PROV : ON

POSTAL CODE : M5L 1A9

FAMILY : 3 OF 4 ENQUIRY PAGE : 8 OF 9
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03 BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

OCN :
04 ADDRESS : PO BOX 24091
CITY : ST. CATHARINES PROV: ON POSTAL CODE: L2R 7P7
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
FORTRESS CREDIT CORP., AS ADMINISTRATIVE AGENT
09 ADDRESS : 1345 AVENUE OF THE AMERICAS, 46TH FLOOR
CITY : NEW YORK PROV: NY POSTAL CODE: 10105
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GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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13 GENERAL COLLATERAL DESCRIPTION

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16 AGENT: GOODMAN'S LLP (JC/MB)
17 ADDRESS : 2400 250 YONGE STREET
CITY : TORONTO PROV: ON POSTAL CODE: M5B 2M6

FAMILY : 4 OF 4 ENQUIRY PAGE : 9 OF 9
SEARCH : BD : THE ROSSEAU RESORT DEVELOPMENTS INC.

00 FILE NUMBER : 640920924 EXPIRY DATE : 23NOV 2015 STATUS :
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03 BUS NAME: THE ROSSEAU RESORT DEVELOPMENTS INC.

OCN :

04 ADDRESS : 1112 JUDD HAVEN ROAD
CITY : MINETT PROV: ON POSTAL CODE: P0B 1G0
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
SPARLING'S PROPANE CO. LTD.

09 ADDRESS : 82948 LONDON ROAD, P.O. BOX 423
CITY : BLYTH PROV: ON POSTAL CODE: N0M 1H0
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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YEAR MAKE MODEL V.I.N.

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13 GENERAL COLLATERAL DESCRIPTION
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16 AGENT: CAREY & OTTEWELL
17 ADDRESS : 22 NELSON STREET EAST
CITY : GODERICH PROV: ON POSTAL CODE: N7A 1R6

APPENDIX “C”

From: Gordon Jacobs [gordon@gljacobs.com]
Sent: Saturday, July 09, 2011 9:15 AM
To: Morawetz, Richard
Cc: Christian_Ruehmer@westlb.com; Stone, Bill @ Toronto DT; Zalev, Adam; Levin_Jon
Subject: Sale to Canadian Niagara - Certain Preliminary Issues to Consider
Follow Up Flag: Follow up
Flag Status: Flagged

Richard

It would also be helpful if you would consider including in your Report some discussion on how the proposed transaction with Canadian Niagara will comply with Sections 2.2 and 2.11 of the RPMA. Since we assume that the Receiver will be assigning its interest in all of the RPMA's to Canadian Niagara in accordance with Section 2.11(1) of the RPMA as part of the Court Approved Sale Protocol, that makes Canadian Niagara the Rental Pool Manager under the RPMA.

As you know, Section 2.2 of the RPMA requires that the Rental Pool Manager appoint a Hotel Operator to perform a substantial portion of the obligations of the Rental Pool Manager under the RPMA with all unit owners. The present Hotel Operator is Marriott Hotels of Canada, Ltd. ("Marriott") under the existing HMA between the Rental Pool Manager and Marriott. You already have our views on the Rental Pool Manager retaining Marriott post-closing given the fact that there is essentially a one-time opportunity to terminate Marriott under the receivership (and otherwise a potential sixty-five year lock in with Marriott) and in particular the letter agreement between the Receiver and Marriott dated January 22, 2010. We will oppose any transaction that retains Marriott under the present HMA.

On the other hand, if you, as current Rental Pool Manager, at or prior to closing, intend to give notice of termination to Marriott as part of the sale transaction and to appoint a replacement Hotel Operator under Section 2.11(2) of the RPMA (or if part of the sale transaction or other understanding is for Canadian Niagara to exercise the right to replace Marriott as Hotel Operator post-closing under that same provision), then we will want written assurances prior to the Court date that any such replacement is a Qualified Operator under the RPMA as required by Section 2.11(2) of the RPMA and that the replacement Hotel Operator is independent of Canadian Niagara who will be the Rental Pool Manager as required by Section 2.2 of the RPMA.

As you know, Section 2.11(1) of the RPMA requires that Canadian Niagara, as assignee of the RPMA's assume the obligations of the Rental Pool Manager under the RPMA which of course includes the obligation to appoint an independent Hotel Operator under Section 2.2.

Since these are fundamental core principles of the Court Approved RPMA's and to which the Receiver and all unit owners are a party, we will need full details of compliance with these provisions well in advance of the Court date in order to ensure that the interests of the 89 unit owners as stakeholders in the receivership have been properly considered by you in making your recommendation to the Court.

I can certainly appreciate that you may not want to include all of these very specific particulars in your Report to the Court because of the contractual complexity, but to the extent that those full details are not included in your Report we will require that specific information from you in some form well in advance of the Court date so that we can prepare and serve responding materials if we view those arrangements to be adverse to the interests of the unit owners as stakeholders in the receivership.

So we will await your Report to the Court but wanted to give you the courtesy or early notice of what we will need from you with respect to these specific issues. We will undoubtedly have other issues to discuss with you once we see your Report and hopefully all such issues can be resolved among the various parties

prior to the Court date.

We understand that from your perspective time is short, but the Court has ordered a Sale Process that is not determined necessarily by the sale price alone and the Sale Protocol states that you are entitled to recommend to the Court a transaction that maximizes value for all stakeholders. You can assist us in reaching that common objective by prompt and complete disclosure of all relevant factors that affect the interests of the unit owners as part of your recommended sale to Canadian Niagara :

We look forward to a fruitful dialogue with you and the principals of Canadian Niagara to get this across the finish line.

Gordon

APPENDIX “D”

SALES PROCESS PROTOCOL

Background to the Receivership

On May 22, 2009, on the Application of WestLB AG, Toronto Branch (now New York Branch) (“**WestLB**”) in its capacity as agent for a syndicate of senior secured lenders (the “**Syndicate**”), the Ontario Superior Court of Justice (the “**Court**”) issued an order appointing Alvarez & Marsal Canada ULC (“**A&M**”) and Alvarez & Marsal Canada Inc. (formerly McIntosh & Morawetz Inc.) as trustee and interim receiver, respectively (the “**Trustee**” and the “**Interim Receiver**”), pursuant to Section 68 of the *Construction Lien Act* (Ontario) (“**CLA**”) and Section 47(1) of the *Bankruptcy and Insolvency Act* (Canada) of all the property, assets and undertakings (the “**Assets**”) of The Rosseau Resort Developments Inc. (“**RRDI**”). On June 2, 2009, the Court issued an Amended and Restated Appointment Order continuing the appointment of the Trustee and Interim Receiver and appointing A&M as receiver and manager of the Assets of RRDI (the “**Receiver and Manager**”) pursuant to Section 101 of the *Courts of Justice Act* (Ontario) and pursuant to the CLA (the Trustee, Interim Receiver and the Receiver and Manager collectively defined as the “**Receiver**”).

Sales Process

The Receiver will undertake a process for the purposes of selling the right, title and interest of RRDI, if any, in the Assets, including the commercial assets, and 132 condominium units and the development lands adjoining The Rosseau at Red Leaves, on an en bloc basis (the “**Sales Process**”).

In connection with the Sales Process, the Receiver has appointed CB Richard Ellis Limited (“**CBRE**”), subject to Court approval, as broker to assist with the Sales Process. CBRE has identified, and will continue to identify, parties interested in purchasing the Assets through its network and database of contacts, referrals, and those parties that have expressed an interest in the previous institutional sales process authorized by the Court.

The Receiver has worked with CBRE to develop and prepare all relevant sales materials and to establish a data room for due diligence by prospective purchasers.

Supervision and Reporting

- The Sales Process will be undertaken by the Receiver, with the assistance of CBRE, and subject to the Court’s supervision.
- The Receiver will consult with and provide updates to WestLB AG, New York Branch (“**WestLB**”) on a regular basis as agreed to by the Receiver and WestLB on the progress and status of the Sales Process (including any material information related to any offers in connection therewith, subject to confidentiality restrictions) and with respect to any proposed transaction relating to the Assets.

- The Receiver will report to the Court on the outcome of the Sales Process and seek Court approval of any final sale agreement or agreements arising out of the Sales Process.

Outline of the Protocol

- The Sales Process will be conducted in accordance with this Sales Process Protocol (the “**Protocol**”).

Sales Materials

- The Receiver, with the assistance of CBRE, is finalizing (a) a brief investment overview letter (the “**Investment Overview**”) that will describe the acquisition opportunity and set out key aspects of the Protocol; (b) a form of confidentiality agreement (the “**Confidentiality Agreement**”); (c) an electronic data room for due diligence purposes; and (d) a template form of agreement of purchase and sale (the “**Template APA**”).
- CBRE will continue to develop its list of prospects by advertising the opportunity by way of press releases and through the distribution of the Investment Overview to its international network of offices and affiliates.

Identification of Potential Purchasers and Qualified Bidders

- Commencing upon Court approval of this Protocol, potential purchasers identified by CBRE and/or the Receiver will be contacted and provided with a copy of the Investment Overview and the form of Confidentiality Agreement.
- In order to be qualified by the Receiver as a bidder (a “**Qualified Bidder**”) and to obtain access to the electronic data room, potential bidders will be required to execute the Confidentiality Agreement and to submit a completed letter of introduction (the “**Introduction Letter**”) to the Receiver that describes: (a) the potential bidder and its business and industry expertise; (b) the potential bidder’s financial wherewithal or ability to obtain financing in order to complete the transaction being contemplated; and (c) whether the potential bidder contemplates any third party equity participation or any form of joint acquisition, and if so, to provide a description of such third party. The information contained in the Introduction Letter must be acceptable to the Receiver in its sole discretion prior to a potential purchaser being qualified by the Receiver as a Qualified Bidder. An Introduction Letter may not be submitted by a person acting as agent for an undisclosed principal.
- Upon a review of the Introduction Letters submitted to the Receiver, in consultation with WestLB the Receiver will identify those who have demonstrated an interest and ability to consummate a transaction, based on the

information submitted by the potential bidders and such other selection criteria as the Receiver may develop, in its discretion, who will be invited to participate in the next phase of due diligence.

Due Diligence Period

- The Qualified Bidders will be provided with access to the electronic data room for due diligence purposes, together with the Template APA that the Receiver requires to be submitted in connection with any offer to purchase. The Receiver will arrange site visits and schedule buyer information presentations, along with CBRE, to the Qualified Bidders regarding the acquisition opportunity as determined to be appropriate by the Receiver.

Submissions of Binding Offers by Bid Deadline

- The submission of binding offers from Qualified Bidders, based on the Template APA, will be required by 5:00 p.m. EST on June 21, 2011, along with a deposit representing 10% of the purchase price, or such other deposit amount as the Receiver, in its sole discretion after consultation with WestLB, may agree in writing to accept.

Negotiations with Qualified Bidders & Selection of Winning Bid

- The Receiver will review binding offers submitted with WestLB. From the binding offers submitted, the Receiver, in consultation with WestLB, will identify a shortlist of Qualified Bidders with whom it will enter into negotiations and ultimately select the successful bidder, in consultation with WestLB and subject to Court approval.

Court Approval of Asset Purchase Agreement & Closing of Transaction

- Court approval of the sale is anticipated to occur on or about July 14, 2011 with closing to occur as soon as practical thereafter.

Miscellaneous

- The Receiver reserves the right to seek to clarify any offer received and the right to reject any or all of the offers received and to extend, abridge or suspend any of the timelines described herein, in consultation with WestLB. The Receiver will be entitled to seek advice and directions from the Court in respect of this Protocol and any steps taken hereunder.
- Court approval will be required in respect of any offer accepted and/or any proposed agreement or agreements completed. The Receiver shall not be required to accept the highest and/or best offers, or any offer, in respect of the Assets, but

shall be entitled to recommend to the Court a transaction that maximizes value for all stakeholders and minimizes closing risk.

Sales Process Protocol Outline and Timelines

Following are the anticipated timelines for the process described above.

| Activity | Date |
|---|--|
| <i>Contact Potential Purchasers</i> | From and after Court Approval of Sales Process on or about May 6, 2011 |
| Activity | Date |
| <i>Identify Qualified Bidders with Immediate Access to Data Room thereafter</i> | Week of May 9-13, 2011 |
| Activity | Date |
| <i>Site Visits to be Arranged with Receiver/CBRE</i> | May 16-18, 24-26, 2011 |
| Activity | Date |
| <i>Buyer Information Sessions</i> | June 1-2, 2011 |
| Activity | Date |
| <i>Completion of Due Diligence and Submission of Binding Offers</i> | On or before 5:00 p.m. EST June 21, 2011 |
| Activity | Date |
| <i>Determine Shortlist of Interested Parties for further Negotiation</i> | On or before June 24, 2011 |
| Activity | Date |
| <i>Confirm Purchaser</i> | On or about June 30, 2011 |
| Activity | Date |
| <i>Court Approval of Sale to Purchaser</i> | On or about July 14, 2011 |