

WHERE Canada

The logo for 'where' magazine, featuring the word 'where' in a bold, lowercase, sans-serif font. The letters are closely spaced and have a slightly textured or distressed appearance.

Dec 08, 2009 07:00 ET

Where magazine Honours Canada's Best New Restaurants of 2009

TORONTO, ONTARIO--(Marketwire - Dec. 8, 2009) - It's a tough job dining at hundreds of new restaurants across Canada, but someone's got to do it. After months of investigation and sampling scores of menus, the regional editors of *Where* magazine are thrilled to unveil their annual list of Canada's Best New Restaurants of 2009.

Where Canada's Best New Restaurants of 2009 are (in geographic order):

Veneto Tapa Lounge - Victoria, British Columbia
Cibo Trattoria - Vancouver, British Columbia
Parker House Grill & Wine Bar - Calgary, Alberta
Creations Dining Room & Lounge - Edmonton, Alberta
Rustica Steakhouse - Canmore, Alberta, Canadian Rockies
Hermanos - Winnipeg, Manitoba
Raw Aura - Mississauga, Ontario
Loire - Toronto, Ontario
Teca - Muskoka, Ontario
The Grand Pizzeria - Ottawa, Ontario
Pipa Restaurant & Bar - Halifax, Nova Scotia

Established in 2003, *Where Canada's* Best New Restaurants is an annual award program devoted to celebrating and raising awareness of Canada's top chefs and innovative restaurateurs. The list of selected restaurants is comprised of one new establishment chosen in each of the following *Where* magazine regions: Calgary, Canadian Rockies, Edmonton, Halifax, Mississauga, Muskoka/Parry Sound, Ottawa, Toronto, Vancouver, Victoria and Winnipeg.

Detailed information (including menu highlights, pictures and contact information) about *Where Canada's* Best New Restaurants of 2009 can be found online at www.where.ca/best-new-restaurants and in select January 2010 and winter issues of *Where Canada* magazines.

About Where

Where is the world's largest publisher of visitor magazines and can be found in more than 4,300 hotels worldwide. Since 1936, *Where* has provided travellers with timely, local information on current shopping trends, new stores, restaurants, cultural attractions and entertainment. *Where Canada* magazines are available at hotels, travel information centres, stores and attractions in the following locations: Calgary, Canadian Rockies, Edmonton, Halifax, Muskoka/Parry Sound, Ottawa, Toronto, Vancouver, Victoria and Winnipeg. *Where Canada* is a subsidiary of St. Joseph Media.

About St. Joseph Media

St. Joseph Media publishes *Toronto Life*, *Weddingbells*, *Mariage Quebec*, *FASHION*, *Where Canada* magazines, *Canadian Family*, *Quill & Quire* and *Ottawa Magazine*—a team of magazines that have won a total of 158 National Magazine Awards in the past 5 years. St. Joseph Media is a division of St. Joseph Communications, Canada's largest privately owned communications company, with four distinct business platforms: content, print, documents and media. St. Joseph Communications was named one of Canada's 50 Best Managed Companies in 2007.

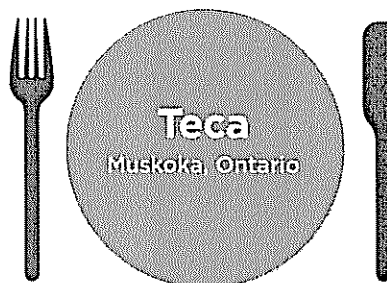
For more information, please contact

Where Canada
Lindsay Gavey
Central Marketing Coordinator
416-364-3333 x. 3145
lgavey@stjosephmedia.com

[Back](#)

[Privacy Statement](#) | [Terms of Service](#) | [Sitemap](#) | © 2010 Marketwire, Incorporated. All rights reserved.
Your newswire of choice for expert news release distribution.
1-800-774-9473 (US) | 1-800-299-0338 (Canada) | +44-20-7562-6550 (UK)

ONE OF CANADA'S TOP TEN
NEW RESTAURANTS of 2009



Chosen by the
editors of **where**

GROUND LEASE

104

This lease made as of the 13th day of February, 2009, in pursuance of the *Short Forms of Leases Act*, between:

WALLACE MARINE LIMITED
(hereinafter referred to as the "Landlord")

of the first part

- and -

THE ROSSEAU RESORT DEVELOPMENTS INC.
(hereinafter referred to as the "Tenant")

of the second part

Now therefore this lease witnesses that in consideration of the premises and the mutual covenants and agreements herein contained, the parties covenant and agree with each other as follows:

ARTICLE 1
DEFINITIONS, INTERPRETATION AND SCHEDULES

1.01 Definitions

In this Lease, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

"Access and Effluent Areas" means, collectively, those portions of the Landlord's Lands upon which are located, from time to time, (i) one or more access roads or routes and other means of ingress and egress to and from the Landlord's Lands; and (ii) a creek or other natural watercourse through which effluent from the Building may be released into.

"Arbitration" means arbitration in accordance with Article 20.

"Base Rent" means the rent payable pursuant to Section 6.01 of this Lease.

"Building" means the private sewage treatment plant together with all fixtures, equipment and other improvements to be constructed on the Lands by the Tenant in

accordance with this Lease, and includes any other improvements which may in the future be constructed on the Lands.

"Commencement Date" has the meaning ascribed to it in Section 3.06.

"Demised Premises" means the Lands and the Building and other improvements located thereon.

"Events of Default" has the meaning ascribed to it in Section 18.01.

"Force Majeure" means delay arising from strike, lockout, riot, insurrection, war, fire, tempest, flood, act of God, lack of material or supply of service which results notwithstanding the reasonable efforts of the Tenant or the Landlord with respect thereto, or any other event beyond the control of the party relying on same, but specifically excluding, from and after the construction of the Building, a lack of funds.

"Landlord's Lands" means the lands owned by the Landlord, excluding the Lands, as more particularly described in Schedule "A" annexed hereto.

"Lands" means those lands in the Township of Muskoka Lakes, District Municipality of Muskoka, designated as Parts 1 and 2 on the Plan of Survey and more particularly described in Schedule "B" annexed hereto.

"Lease" means this lease, including all of the Schedules which are annexed hereto, all subsequent amendments, if any, as evidenced by memoranda in writing duly executed by the Landlord and the Tenant, and all documents which are herein referred to and stipulated to form part of this Lease.

"Leasehold Mortgage" means a charge of the leasehold estate of the Tenant created hereby which conforms to the requirements of Section 16.01 hereof.

"Leasehold Mortgagee" means a chargee under a Leasehold Mortgage.

"Major Change" has the meaning ascribed to it in Section 11.01.

"Plan of Survey" means the plan of survey deposited against title to the Landlord's Lands and the Lands as Plan 35R-22417.

"Prime Rate" means the rate of interest that is declared by the Canadian Imperial Bank of Commerce, in Toronto, Ontario, to be the rate of interest used by that Bank as a basis for establishing the rate for its largest commercial borrowers of the highest credit standing for unsecured Canadian Dollars loans in Canada, payable on demand in effect at 12 o'clock noon (Toronto time) on the first banking day of each month and the declaration by the said Bank shall be final and conclusive.

"Replacement Cost" has the meaning ascribed to it in Subsection 9.03(c).

"Term" means the term of this Lease as established in Section 3.05 hereof.

1.02 Interpretation

This Lease shall be interpreted in accordance with the following provisions:

- (a) The headings of Sections and the table of contents are for convenience of reference only and in no way define, limit, enlarge or affect the scope of or intent of this Lease or its interpretation.
- (b) This Lease shall be governed by the laws of the Province of Ontario as an Ontario contract.
- (c) All of the provisions of this Lease shall be construed as covenants as though the words importing such covenants were used in each separate provision hereof.
- (d) Each provision or covenant of this Lease shall be deemed to be severable and shall not affect the validity of any other provision, except where the provision or covenant is expressed to be a condition.
- (e) This Lease constitutes the entire agreement between the parties and supersedes all prior agreements, understandings and negotiations, whether oral or written and there are no present warranties, representations or other agreements between the parties except as specifically set forth or referred to herein.
- (f) No supplement, modification or waiver of or under this Lease shall be binding unless executed in writing by the party to be bound thereby, and no waiver by a party of any provision of this Lease shall be deemed or shall constitute a waiver by such party of any other provision or a continuing waiver unless otherwise expressly provided.
- (g) All the terms and provisions of this Lease shall be binding upon the parties and their respective successors and assigns (but this shall not permit or imply any permission enabling any party to assign its rights under this Lease except pursuant to the express provisions of this Lease).
- (h) All references in this Lease to dollar amounts shall be deemed to be a reference to such amounts expressed in Canadian dollars.
- (i) In this Lease the singular or masculine includes the plural or feminine or body corporate or politic wherever the context or the parties hereto so require.

1.03 Schedules

The Schedules to this Lease comprise part hereof, and are identified as follows:

- Schedule "A" - Description of Landlord's Lands
- Schedule "B" - Description of Lands

1.04 Approvals

Whenever the provisions of this Lease require an approval or consent of, or to, any action, person, firm or corporation unless this Lease expressly states to the contrary, the following rules shall apply:

- (a) such approval or consent shall be in writing;
- (b) such approval or consent shall not be unreasonably withheld or unduly delayed;
- (c) the party whose approval or consent is required shall, within fifteen (15) days after the request for approval or consent is received, advise the party requesting such approval or consent in writing that it consents or approves, or that it wishes to withhold its consent or approval in which case such party shall set forth, in reasonable detail, its reasons for withholding its consent or approval;
- (d) if the party whose approval or consent is required does not advise the other party of its consent or approval or that it is withholding such consent or approval within fifteen (15) days after the request for consent or approval is received in accordance with paragraph (c) above, the party whose consent or approval has been requested shall be conclusively deemed to have given its consent or approval in writing; and
- (e) any dispute as to whether or not such consent or approval has been unreasonably withheld shall be resolved by arbitration in accordance with Article 20 of this Lease.

ARTICLE 2
BUILDINGS AND FIXTURES

2.01 Buildings and Fixtures

Notwithstanding any provision of law, the parties agree that as between the Landlord and the Tenant and for all purposes, the Building and all improvements constructed on or in the Lands shall remain the sole and absolute property of the Tenant until the final termination or determination of this Lease, at which time the same shall become the property of the Landlord without any payment or compensation to the Tenant.

ARTICLE 3
DEMISE, TERM AND POSSESSION

3.01 Demise

- (a) In consideration of the rents, covenants and agreements contained in this Lease, the Landlord hereby leases to the Tenant and the Tenant hereby leases from the Landlord during the Term, the Lands.

- (b) The Landlord and the Tenant, subject to the concurrence of the Leasehold Mortgagee, agree to co-operate with each other with respect to the granting of such additional rights and easements as may be necessary or desirable to properly use and enjoy their respective premises so long as such rights and easements do not unreasonably interfere with the transferor's use of its premises. In each case, the costs and expenses of giving such additional rights and easements shall be borne by the transferee of the rights or easements.

3.02 Access and Effluent Areas

The Landlord grants to the Tenant, its servants, agents, invitees, officers and representatives, for the benefit of the Lands, during the Term, a non-exclusive, uninterrupted and unobstructed right-of-way and easement at all times over, upon, along and through the Access and Effluent Areas, at no cost to the Tenant. The rights described in this Section constitute transfers of easements and rights in the nature of easements between the Landlord and Tenant and, accordingly, such rights and interests benefit and are appurtenant to the Lands and burden and run with and are binding against the Landlord's Lands.

3.03 Exercise of Rights

The Tenant shall be bound by the reasonable rules and regulations (including security requirements) stipulated, from time to time, by the Landlord with respect to the exercise of the rights granted in Section 3.02 and agrees to indemnify and save the Landlord harmless from any and all manner of actions, causes of action, suits, damages, losses, costs, claims and demands of any nature whatsoever relating to or arising out of the exercise of such rights, except where the same arise out of the negligence or wilful misconduct of the Landlord, its servants, agents, employees, licencees and others for whom it is responsible at law.

3.04 Temporary Suspension of Rights

During the course of any maintenance and the periodic repair by the Landlord of the access road(s) comprising the Access and Effluent Areas, the Landlord may upon at least forty-eight (48) hours prior written notice to the Tenant, temporarily suspend to the extent necessary the exercise of the Tenant's right to use such access road(s).

3.05 Term

The term of this Lease shall commence on February 13, 2009 (the "Commencement Date") and shall end on the date that is the earlier of: (i) twenty-one (21) years less one (1) day from the Commencement Date; and (ii) the date that the permanent sewage treatment plant is operational and is providing sewage treatment services to the lands that are, at that time, receiving sewage services from the Building, unless sooner terminated pursuant to an express provision hereof.

3.06 Vacant Possession

The Landlord shall provide the Tenant vacant possession of the Lands on the Commencement Date.

ARTICLE 4
USE

4.01 **Use of Demised Premises**

The Tenant shall use the Demised Premises solely for the following purposes:

- (a) (i) to demolish the existing improvements, if any, on the Lands; and
- (ii) to develop the Lands including the construction of the Building thereon, all in accordance with the provisions of this Lease; and
- (b) to use, operate, repair, replace and manage the Demised Premises as a private sewage treatment plant to service certain lands comprising the planned resort community to be known as "Red Leaves" and such additional lands as the Tenant may designate, from time to time, provided that all uses comply in all material respects with all applicable laws, by-laws, rules or regulations of any authority having jurisdiction or constitute legal non-conforming uses.

ARTICLE 5
CONSTRUCTION AND COMPLETION OF THE BUILDING

5.01 **Construction**

- (a) The Tenant shall, at its sole cost, construct and fully complete the Building on and within the boundaries of the Lands in accordance with all applicable zoning by-laws, rules, regulations and other laws of any authority having jurisdiction.
- (b) The Tenant shall be responsible for securing all by-law amendments, official plan amendments and any other permits or approvals necessary for the construction of the Building. The Landlord shall fully co-operate with the Tenant in obtaining any such amendments or approvals and shall promptly execute any applications, agreements or other instruments necessary in connection therewith so long as the Landlord if it incurs any liability with respect to same is fully indemnified by the Tenant.
- (c) Upon completion of construction of the Building, the Tenant shall, at the Landlord's request, deliver to the Landlord a complete set of "as built" drawings for the Building.

ARTICLE 6
RENT

6.01 **Base Rent**

The Tenant shall yield and pay therefor, yearly and every year during the Term, unto the Landlord, without any deduction, set off, defalcation or abatement whatsoever, a Base Rent of One Dollar (\$1.00) payable yearly in advance, the first such payment being made on the Commencement Date of the Lease and thereafter, on each anniversary date of the Commencement Date of the Lease during the Term.

6.02 **Additional Rent**

All payments required to be made by the Tenant pursuant to the provisions of this Lease in addition to the Base Rent shall be deemed to be rent and failure to make any such payments shall give the Landlord all of the same remedies as a failure to pay rent.

ARTICLE 7
ADDITIONAL RENT

7.01 **Net Rent to Landlord**

This Lease shall be a completely carefree net lease for the Landlord, and the Landlord shall not be responsible during the Term for any costs, charges, expenses or outlays of any nature whatsoever in respect of the Demised Premises (except for payments with respect to mortgages of the Landlord's fee simple interest in the Lands or as otherwise expressly provided for herein and except for the internal costs relating to the consideration of approvals and consents required by the Lease), and accordingly all costs, expenses, payments and outlays applicable to the Demised Premises (except as noted herein) shall be payable by the Tenant.

7.02 **Payment of Realty Taxes by Tenant**

- (a) The Tenant, during the Term, will pay and discharge as and when the same become due and payable any taxes, rates, levies, duties and assessments, general and special, ordinary or extraordinary, of every nature and kind whatsoever, including local improvement taxes, which shall during the Term be levied, assessed or imposed by any competent authority upon the Demised Premises and will, annually as the same are paid produce for inspection by the Landlord, receipts or other reasonable evidence of payment of the same.
- (b) If the Demised Premises are not separately assessed, the Landlord shall allocate to the Demised Premises, acting reasonably and in accordance with prevailing assessment principles, a portion of the aggregate realty taxes levied or assessed against the Lands and the Landlord's Lands. If the Tenant disputes the Landlord's allocation, the dispute shall be settled by Arbitration.

- (c) The Tenant, at its expense, shall have the right and privilege of contesting or appealing any assessment or of applying for a reduction or refund of the amount of any tax, rate, levy, duty or assessment, provided that:
- (i) the competent taxing authority is not, as a result of such act by the Tenant, able to take any action which would result in a forfeiture or sale of the estate of the Landlord in the Lands,
 - (ii) the Tenant shall continue to pay, when due, the amounts required to be paid hereunder, and
 - (iii) the Tenant prosecutes any appeal or proceeding with due diligence and dispatch.

7.03 Exception

Nothing in this Article 7 shall obligate the Tenant to pay any excise, business, estate, succession, capital levy or land transfer tax of the Landlord or any amount on account of taxes upon the income, profits or revenues of the Landlord, or amounts personal to the Landlord.

7.04 Change in Tax Structure

If there shall be any change in the basis upon which any of the taxes referred to in Section 7.02 hereof are calculated, levied or assessed, or in the event that new taxes of a nature similar to the present taxes are created by any federal, provincial or municipal authority, parliamentary or otherwise, then in either or both of such events all such taxes shall be paid by the Tenant. Any dispute arising in respect of the operation of this Section 7.04 shall be referred to Arbitration.

7.05 Utilities

The Tenant will, during the Term, pay and discharge when the same becomes due and payable, all rates and charges with respect to the installation and provision of all public and private utility services, including without limitation, and if applicable, the provision of hydro electric power and telephone services.

ARTICLE 8
COMPLIANCE WITH LAWS AND AGREEMENTS

8.01 The Tenant Shall Comply With Laws

The Tenant shall, at its own expense, comply in all material respects with all applicable provisions of law, if any, including without limitation, federal and provincial enactments, building by-laws, fire codes and any other governmental or municipal regulations and the requirements of the insurance underwriters, relating to the construction of the Building and to the making of any repairs, replacements, alterations, additions, changes or substitutes to or of the Demised Premises, and to the use of the Demised Premises.

ARTICLE 9
INSURANCE

9.01 **Insurance on Building**

- (a) The Tenant shall insure and keep insured the Building on an "all risks" basis on a Replacement Cost basis and including loss or damage caused by earthquake or flood provided such coverage is available at reasonable rates.
- (b) The Tenant shall also obtain such other insurance coverage as may become available and which in the reasonable opinion of the Landlord offers prudent protection for the Demised Premises having regard for its costs.

9.02 **General Liability Insurance**

The Tenant shall obtain and maintain during the Term comprehensive general liability insurance against claims for personal injury, death or property damage or loss arising out of all operations of the Tenant indemnifying and protecting the Landlord and the Tenant, in an amount equal to not less than Five Million Dollars (\$5,000,000) in respect of any one accident or occurrence, and to be adjusted not more than once every 2 years to an amount acceptable to the Landlord, acting reasonably for which a prudent tenant would insure in the circumstances.

9.03 **General Provisions Respecting Insurance**

- (a) All policies of insurance taken out in accordance with this Article 9 shall be issued in the name of the Landlord, the Tenant and, in the case of insurance taken out under Section 9.01, the Leasehold Mortgagee as their interests may appear and shall provide for cross-liability among insureds.
- (b) All property policies shall be written either without a co-insurance clause or on a stated amount co-insurance basis and shall contain a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is in law responsible, whether any such damage is caused by the act, omission or negligence of the Landlord or those for whom the Landlord is in law responsible.
- (c) In this Article 9 and in Article 10 "**Replacement Cost**" means the cost of repairing, replacing, rebuilding and restoring the Building or reinstating any items of property with materials of like kind and quality on the Lands without deduction for any other depreciation.
- (d) All such insurance shall be on terms and for amounts from time to time herein specified or from time to time specified by the Tenant and approved by the Landlord and shall be placed with insurers selected by the Tenant and approved by the Landlord provided that the Landlord shall give notice of any objections to the said terms, amounts or insurers within 30 days of receipt of notice of the same from the Tenant, and failing such notice of objection, the terms, amounts or insurers in question shall be deemed to have been approved by the Landlord.

- (c) Each of the policies of insurance will contain an agreement by the insurer to the effect that it will not cancel or materially alter such policy or permit it to lapse except after thirty (30) days' prior written notice to the Landlord.
- (f) The Tenant shall duly and punctually pay all premiums and other sums of money payable for maintaining any of such insurance.
- (g) The Tenant will produce to the Landlord evidence of payment of all premiums and other sums of money payable for maintaining such insurance, not later than twenty (20) days after a written request therefor from the Landlord, and shall deposit promptly with the Landlord certificates confirming the existence of such insurance in form satisfactory to the Landlord acting reasonably.

9.04 **Insurance Proceeds**

For so long as there remains outstanding any Leasehold Mortgage and subject to the provisions of Article 12, the whole or any portion of any loss payable under any or all of the policies of insurance referred to in this Article 9 shall, at the request of the Leasehold Mortgagee, be paid to the Leasehold Mortgagee. The Landlord and the Tenant shall from time to time do, sign, execute and endorse all transfers, assignments, cheques, loss claims and other documents necessary or desirable for such purpose; provided that the Leasehold Mortgagee first agrees with the Landlord that such insurance money shall be, to the extent required by Article 12 of this Lease, applied to the restoration, reconstruction or replacement of the loss or damage in respect of which insurance monies were paid.

9.05 **Landlord May Insure**

If the Tenant fails to obtain the policies of insurance hereunder, the Landlord may itself obtain such policies and shall give the Tenant a notice setting out with reasonable particularity the default remedied and the amount and dates of payment of all costs and expenses incurred by the Landlord in connection therewith to the date of such notice. The Tenant covenants thereafter to pay the same to the Landlord together with interest at the Prime Rate plus 2% percent, calculated on the various amounts from the respective dates of payment thereof by the Landlord to the date of payment thereof by the Tenant to the Landlord, failing which payment, the amount thereof, together with interest as provided herein, shall be recoverable by the Landlord as if the same were, and in the same manner as, rent reserved and in arrears under this Lease.

9.06 **Release**

The Tenant hereby waives, releases and discharges the Landlord from all rights, claims, and demands whatsoever which the Tenant might have or acquire against the Landlord arising out of damage to or destruction of the Building or any part thereof, occasioned by any of the perils insured against by the Tenant or which the Tenant has agreed to insure against, unless such rights, claims and demands shall arise by reason of the wilful misconduct, negligence or other tortious act or omission of the Landlord or its servants, agents, contractors or those for whom it is responsible at law and the Tenant agrees to look solely to its insurer or insurers in the event of such loss whether or not the insurance coverage is sufficient to fully reimburse the

Tenant for such loss. It is understood and agreed that the aforementioned waiver, release and discharge shall not apply to any rights, claims or demands which the Tenant may have against any party other than the Landlord.

ARTICLE 10
REPAIR

10.01 Tenant to Repair

Throughout the Term, subject to Article 12, the Tenant covenants at its own cost and expense to keep the Demised Premises and all appurtenances thereto in such good order, condition and repair (reasonable wear and tear excepted) as would a careful and prudent owner, and the Tenant shall keep the Demised Premises fully usable for the purposes for which the Demised Premises were developed subject to any changes which are permitted hereunder or may have been agreed between the Landlord and the Tenant; and for such purposes but without limiting the foregoing covenant of the Tenant, the Tenant at its own cost and expense shall, throughout the Term, keep in good order and condition, or cause to be kept in good order and condition the Demised Premises, and properly make, or cause to be made, all needed repairs and replacements thereto, both inside and outside, including, but not limited to fixtures, walls, foundations, footings, pilings (if any), the roof, water, gas, and sewer pipes, connections, electric pipes and conduits, and all other fixtures in and appurtenances to the Building whether or not enumerated herein.

10.02 Inspection

The Tenant covenants with the Landlord:

- (a) where an emergency or apprehended emergency exists in the opinion of the Landlord, to permit the Landlord to enter and view the Demised Premises with a representative of the Tenant present if reasonably feasible in the circumstances; and
- (b) to permit the Landlord upon reasonable prior written notice and at reasonable times with a representative of the Tenant present to enter and view the state of repair of the Demised Premises.

10.03 Repairs by the Landlord

Throughout the Term, the Landlord shall keep and maintain the Landlord's Lands, including, without limitation, the Access and Effluent Areas, in a good state of repair as would a prudent owner.

ARTICLE 11
ALTERATIONS

11.01 Major Change

For the purpose of this Lease, the expression "Major Change" shall be limited to the demolition or partial demolition of the Building, or any part thereof, provided that restoration, or repair following destruction or damage shall not constitute a Major Change within the meaning of this Article 11.

11.02 Consent Required for Major Change

The Tenant shall not make nor permit to be made any Major Change without first obtaining the prior written approval of the Landlord. Before requesting the Landlord's approval, the Tenant shall submit to the Landlord detailed plans and specifications in duplicate of such proposed Major Change. Without prejudice to the right of the Landlord to approve as hereinbefore provided, any Major Change shall meet the requirement of the municipal, provincial and federal governments or other competent authorities having jurisdiction therein.

11.03 Plans and Specifications

For any Major Change, the Tenant shall cause to be prepared and submitted to the Landlord for its approval, not to be unreasonably withheld, plans and specifications prepared by an architect with respect thereto. Such plans and specifications shall be drawn with a degree of specificity appropriate to the type of work proposed, and may be submitted in stages where the Landlord is first asked for an approval based on preliminary plans and/or specifications, subject to its later approval of detailed plans and/or specifications.

11.04 Insurance

Before commencing any Major Change, the Tenant shall obtain at its own expense a builder's all risk policy, including the coverages set out in Section 9.01, and including comprehensive general liability coverage of the Landlord, the Tenant and any Leasehold Mortgagee, as joint insureds, up to Five Million Dollars (\$5,000,000) or any greater amount reasonably requested by the Landlord from any and all claims for damage or injury to persons or property or for loss of life arising out of such improvements or construction and from and against the cost of defending any action upon any such claims. The Landlord shall consider any request by the Tenant for a reduction in the maximum amount of insurance, where any Major Change is of a nature that does not require insurance in the amounts set out above. The Landlord shall act reasonably and promptly in considering any such request.

11.05 Workers' Compensation

The Tenant, at its own expense, shall also procure and carry or cause to be procured and carried and paid for, full workers' compensation coverage in respect of all workers, employees, servants and others engaged in or upon such work and shall pay all workers' compensation assessments when due.

ARTICLE 12
DAMAGE OR DESTRUCTION

12.01 Damage or Destruction Prior to Completion

In the event that prior to the initial completion of construction of the Building, there is damage to or destruction of the Building or any portion thereof by any cause whatsoever, the Tenant shall give the Landlord prompt written notice thereof and shall forthwith proceed at the Tenant's expense to repair, replace, restore, reconstruct and complete the Building or such damaged or destroyed parts thereof.

12.02 Damage or Destruction After Completion

Subject to Section 12.04, if on or after the initial completion of construction of the Building, there is damage to or destruction of the Building or any portion thereof by any cause whatsoever, and regardless whether such damage or destruction shall have partially, substantially or completely destroyed the Building, the Tenant shall give the Landlord prompt written notice thereof and shall forthwith proceed at its expense to repair, replace, restore or reconstruct the Building to substantially the same condition as that in which the Tenant was required to maintain the same pursuant to this Lease immediately prior to the occurrence of such damage or destruction, and the Tenant shall in so doing reconstruct the Building in accordance with this Lease.

12.03 Commencement and Completion

Subject to Section 12.04, the Tenant shall commence repairs, replacements, restoration, or reconstruction of the Building as provided in this Article 12 as expeditiously as possible under the circumstances, and the Tenant shall proceed continuously and expeditiously to complete such repairs, replacements, restoration or reconstruction in a good and workmanlike manner, as soon as reasonably possible.

12.04 Substantial Destruction

Subject to Article 16, if the damage to or destruction of the Building occurs during the last five (5) years of the Term, the Tenant shall have the option, exercisable within ninety (90) days following the happening of such damage or destruction to terminate this Lease by notice in writing to the Landlord. If the Tenant does not so elect, the provisions of Sections 12.02, 12.03 and 9.04 shall be operative.

12.05 No Abatement

In the event of damage to or destruction of the Building or any part thereof, there shall be no abatement or reduction of the rent (including additional rent). In the event of termination pursuant to Section 12.04, or otherwise, the Tenant shall not be entitled to any return of Base Rent and shall have no further obligation to pay rent or additional rent from and after the date of termination.

ARTICLE 13
GENERAL COVENANTS OF TENANT

13.01 Construction Liens

- (a) The Tenant shall not permit any construction liens to be, or to remain registered against the title to the Lands or the Building by any of its contractors or sub-contractors, and will take all steps necessary to cause such liens to be discharged or vacated, as the case may be, within sixty (60) days of receiving notice that such liens have been registered provided that the foregoing shall not prevent the Tenant from contesting such construction liens.
- (b) The Tenant acknowledges that the Landlord did not request the construction of the Building on the Lands and is not to be accountable as an "owner" (as that term is defined in the *Construction Lien Act*, R.S.O. 1990 (Ontario)) with respect to construction of the Building by the Tenant.
- (c) The Tenant agrees to indemnify and save harmless the Landlord from any claims, liabilities, damage or expenses incurred by the Landlord as a result of construction liens registered against the title to the Lands or the Building by or on behalf of any contractor, subcontractor, suppliers or workmen of the Tenant.
- (d) All the references in this Agreement to the *Construction Lien Act*, R.S.O. 1990 (Ontario) as amended, and to construction liens, shall be deemed to apply to any successor Act and any lien created by such Act.

13.02 Waste

The Tenant shall not permit any waste or injury to the Demised Premises and shall not use or occupy, or permit to be used or occupied the Demised Premises for any illegal or unlawful purpose, provided that reconstruction following damage or construction in accordance with the original plans or alterations specifically permitted hereunder shall not be considered waste to the Demised Premises.

13.03 Nuisance

The Tenant shall not do, nor omit, nor permit to be done or omitted, upon the Demised Premises anything which shall be, or result in a nuisance and where some act or omission occurs which was not in the control of the Tenant, the Tenant shall take such reasonable action as may be requisite in the circumstances to remove the nuisance, provided that for greater certainty, the use of the Demised Premises as set out in Article 4 shall not be considered to be a nuisance.

13.04 Future Development on Landlord's Lands

The Tenant acknowledges that the Landlord's Lands are subject to the exclusive control and management of the Landlord and the Landlord may construct additional improvements or alter, demolish, redevelop or relocate the existing improvements located

thereon so long as in doing so (a) the Landlord does not derogate from the rights and easements granted to the Tenant under this Lease relating to the Access and Effluent Areas; or (b) the Landlord provides alternative easements or rights (satisfactory to the Tenant). The Landlord agrees to use its best efforts to minimize any inconvenience or disturbance to the Tenant during the course of construction.

ARTICLE 14 **INDEMNITY**

14.01 Limitation of Liability

Unless resulting from the actual fault or negligence of the Landlord or those for whom the Landlord is in law responsible, the Tenant agrees that (a) the Landlord shall not be liable for any bodily injury to or death of, or loss of or damage to any property belonging to, the Tenant or its employees, tenants, or others for whom the Tenant is in law responsible, or any other person in, on or about the Demised Premises, (b) and the Landlord shall not be liable for any damage which is caused by steam, water, rain or snow which may issue or flow from any part of the Landlord Lands or from the pipes or plumbing works therein.

14.02 Indemnity by Tenant

The Tenant covenants with the Landlord that, except where the same arises out of the negligence or wilful misconduct of the Landlord, its servants, agents, employees, licensees, and others for whom it is responsible at law, the Tenant shall indemnify and save harmless the Landlord from any and all manner of actions, suits, damages, losses, costs, claims and demands of any nature whatsoever relating to or arising during the Term out of:

- (a) any injury to person or persons, including death, occurring in or about the Demised Premises, or
- (b) any damage to or loss of property occurring in or about the Demised Premises, or
- (c) any breach, violation or non-performance of any covenant, condition or agreement of this Lease, to be fulfilled, kept, observed and performed by the Tenant.

The obligations of the Tenant to indemnify the Landlord under the provisions of this Article 14, shall survive any termination of this Lease, anything in this Lease to the contrary notwithstanding. The Tenant shall, if the Landlord is made a party to any action, suit or proceeding, in respect of a claim to which the Tenant's obligation to indemnify the Landlord under the provisions of this Article 14 extends, if so requested by the Landlord, defend such action, suit or proceedings in the name of the Landlord, provided that the Tenant may, in any such event, elect to pay and satisfy any such claim. The Landlord shall not settle or compromise any such claim, and in each such event the Landlord shall inform the Tenant fully of such claims and shall afford the Tenant every co-operation in the defence of such action, suit or proceeding.

14.03 Indemnity by Landlord

The Landlord covenants with the Tenant that, except where the same arises out of the negligence or wilful misconduct of the Tenant, its servants, agents, employees, licencees and others for whom it is responsible at law and subject to the release contained in Section 9.06, the Landlord shall indemnify and save harmless the Tenant from any and all manner of actions, suits, damages, losses, costs, claims and demands of any nature whatsoever relating to or arising during the Term out of any breach, violation or non-performance of any covenant, condition or agreement of this Lease, to be fulfilled, kept, observed and performed by the Landlord. The obligations of the Landlord to indemnify the Tenant shall survive any termination of this Lease, anything in this Lease to the contrary notwithstanding.

ARTICLE 15
ASSIGNMENT AND SUBLETTING

15.01 Non-Assignment or Sublease

Except as specifically provided in this Lease, the Tenant shall not, by operation of law or otherwise, assign this Lease or sublease the whole or any part of the Demised Premises without the prior written consent of the Landlord, which consent may not be unreasonably or arbitrarily withheld by the Landlord.

15.02 Assumption by Assignee

- (a) In the event of an assignment of this Lease to which the Landlord shall have given its written consent, the Tenant shall secure from any assignee of this Lease, prior to or at the time of a permitted assignment hereof, and as a condition precedent thereto, a covenant by the assignee in writing under seal in favour of the Landlord whereby the assignee agrees to assume all covenants and agreements contained in this Lease by the Tenant to be kept, observed and performed and notwithstanding such assumption, it is understood and agreed that the Tenant shall remain liable for all covenants and obligations contained in this Lease notwithstanding such assignment. For greater certainty this Section 15.02(a) does not apply to an assignment to a Leasehold Mortgagee.
- (b) In the event of the bankruptcy of the assignee and a resultant election by the trustee in bankruptcy to terminate this Lease, or in the event that any other matter or thing shall occur or be permitted to occur or have been omitted which result in a termination of this Lease after a permitted assignment hereof, then the Tenant at the option of the Landlord, to be exercised by the Landlord by written notice to the Tenant, shall enter into a new lease with the Landlord upon the same terms and conditions herein, save and except that the term of such lease shall commence at the date that this Lease was terminated, and shall continue to the end of the Term.

ARTICLE 16
LEASEHOLD MORTGAGE

16.01 **Application of Article 16**

The provisions of this Article 16 shall apply notwithstanding any other provision of this Lease.

16.02 **Right to Mortgage**

- (a) The Tenant may, without the consent of the Landlord, assign and mortgage (by way of assignment or sublease) its leasehold estate to any mortgagee (the "Leasehold Mortgagee"), as security for a loan or as security for the obligations of the Landlord to provide sewage treatment services to any third party, including, without limitation, the resort condominium corporation to be created on those lands located immediately to the east of the Lands. The Tenant shall also be entitled to enter into any collateral instruments that the Leasehold Mortgagee or any insurer of the Leasehold Mortgagee may require for the purpose of securing the Tenant's obligations to it. The Tenant and the Leasehold Mortgagee may extend, modify, renew or replace the Leasehold Mortgage without the consent of the Landlord. The Leasehold Mortgagee may enforce the security of the Leasehold Mortgage and acquire title to the leasehold estate in any lawful way, and may take possession of and manage the leasehold estate and upon a foreclosure or sale pursuant to power of sale (whether private, court ordered or by a receiver) the Leasehold Mortgagee may assign the leasehold estate in accordance with the provisions of this Lease provided the Leasehold Mortgagee or the assignee of the Leasehold Mortgagee or such leasehold estate, as the case may be, shall be liable to perform the obligations imposed on the Lessee by this Lease but only after and so long as the Leasehold Mortgagee or such assignee, as the case may be, has ownership or possession of the leasehold estate.
- (b) If default under this Lease occurs, the Landlord agrees that it will give written notice to the Leasehold Mortgagee at the same time that the Landlord gives written notice to the Tenant of the applicable default and that the Leasehold Mortgagee shall have the same period of time, plus a further fifteen (15) days in the case of a monetary default and forty-five (45) days (or such longer period if possession of the leasehold estate is required in order to effect a remedy of the default and the Leasehold Mortgagee is diligently proceeding to obtain possession) in the case of a non-monetary default, after the written notice is given to the Tenant, as the case may be, within which to remedy the default or defaults specified in any such written notice. Notwithstanding the foregoing provisions of this Section 16.02(b), if a non-monetary default reasonably requires more time for the Leasehold Mortgagee to remedy than the period therein specified, the Landlord shall not terminate this Lease if the remedying of the default is commenced within a reasonable period of time after the giving of such written notice, and is thereafter expeditiously, diligently and continuously prosecuted to completion. So long as the Leasehold Mortgage is outstanding as a mortgage of

the leasehold estate, and so long as no other default under this Lease has occurred which is continuing, any default under this Lease which is not reasonably curable by the Leasehold Mortgagee, shall not be considered to be an event giving rise to a right as against the Leasehold Mortgagee to terminate this Lease and the Landlord shall not be entitled to exercise any remedies solely as a result of the occurrence of any such default.

- (c) If by reason of any default or for any other reason this Lease shall be terminated, repudiated or disclaimed before its stated expiration date, and if the Leasehold Mortgagee shall have complied with the provisions of Section 16.02(b) with respect to any such default, the Leasehold Mortgagee, or a nominee of the Leasehold Mortgagee, shall be entitled to enter into a new lease of the leasehold estate for a period that but for the termination of this Lease would have been the remainder of the Term, such new lease to be effective immediately upon such termination, at the rent and (subject as hereinafter provided) upon all of the terms, provisions, covenants and agreements contained in this Lease so long as the Leasehold Mortgagee or its nominee makes written request to the Landlord for such new lease within thirty (30) days next after the Leasehold Mortgagee is advised by written notice given by the Landlord of the termination of this Lease. Any such new lease and the leasehold estate thereby created shall retain the same priority as this Lease with respect to any mortgage of the freehold estate or other lien, charge or encumbrance thereof created by the Landlord. The failure of the Leasehold Mortgagee or its nominee to execute and deliver to the Landlord such new lease within thirty (30) days after it has been tendered by the Landlord to the Leasehold Mortgagee or its nominee, or to comply with any of the other provisions and conditions herein specified with respect to such new lease, shall conclusively, unless otherwise agreed to in writing between the Landlord and the Leasehold Mortgagee or its nominee, be deemed an abandonment and waiver on the part of the Leasehold Mortgagee of all rights to obtain such new lease. If there is more than one Leasehold Mortgagee of the leasehold estate that makes a request for a new lease, the Landlord shall enter into a new lease of the Land with whichever of such Leasehold Mortgagees making such request has the most senior encumbrance.
- (d) In the event that and only for so long as the Leasehold Mortgagee shall be in ownership, possession or control (whether directly or by way of a receiver or receiver and manager) of the Lands it shall perform all the covenants and obligations of the Tenant under this Lease and it will not convey, assign, mortgage or encumber the Lands or any part thereof other than in accordance with this Lease and then only upon obtaining from the transferee, assignee, mortgagee or encumbrancer any agreement contemplated by this Lease.

16.03 **Liability of Leasehold Mortgagee**

Notwithstanding the provisions hereof or of the Leasehold Mortgage or of the mortgage and charge of this Lease contained in the Leasehold Mortgage, unless and until the Leasehold Mortgagee has foreclosed or taken possession or control of the leasehold estate,

nothing herein or therein contained shall render the Leasehold Mortgagee liable to the Landlord under this Lease for the fulfillment or non-fulfillment of any of the obligations of the Tenant thereunder, for greater certainty, upon any sale by the Leasehold Mortgagee or the Leasehold Mortgagee ceasing to be in ownership, possession or control of the leasehold estate, the Leasehold Mortgagee shall cease to be liable for the fulfillment or non-fulfillment of the obligations of the Tenant under this Lease arising thereafter. The Leasehold Mortgagee hereby agrees that if the Leasehold Mortgagee forecloses or takes possession or control of the leasehold estate pursuant to the Leasehold Mortgage, then, so long as the Leasehold Mortgagee shall be the owner of or in possession or control of the leasehold estate the Leasehold Mortgagee shall observe and perform all the obligations of the Tenant under this Lease and that if the Leasehold Mortgagee exercises any power of sale under the Leasehold Mortgage, the Leasehold Mortgagee shall require the purchaser to agree with the Landlord to observe and perform all the obligations of the Tenant under this Lease.

16.04 **No Alterations or Modifications**

For the benefit of any Leasehold Mortgagee, the Landlord and Tenant agree that so long as there remains outstanding any Leasehold Mortgage, the Landlord will not agree with the Tenant to terminate, forfeit, cancel, alter, amend or modify this Lease or accept the surrender of the leasehold estate prior to the end of the Term, and the same shall not be effective, without the prior written consent of the Leasehold Mortgagee.

16.05 **Agreement with Leasehold Mortgagee**

The Landlord will, from time to time, enter into an agreement with a Leasehold Mortgagee to give effect to these provisions together with such reasonable amendments or other similar provisions as such Leasehold Mortgagee reasonably requires.

ARTICLE 17
LANDLORD'S COVENANTS

17.01 **Quiet Possession**

The Landlord hereby covenants with the Tenant that provided the Tenant pays the rent hereby reserved and performs the covenants herein on the Tenant's part contained, the Tenant shall and may peacefully possess and enjoy the Demised Premises for the Term, without any interruption or disturbance from the Landlord, or any other person or persons lawfully claiming by, from or under the Landlord, except as provided in this Lease.

17.02 **Representations and Warranties**

The Landlord hereby represents and warrants that it is authorized, and has full power and authority, to enter into this Lease.

ARTICLE 18
DEFAULT

18.01 **Default**

The following events shall constitute "Events of Default":

- (a) failure by the Tenant to pay rent or additional rent when due and such default continues for a period of forty-five (45) days after the Landlord has provided written notice of such default to the Tenant; or
- (b) failure by the Tenant to perform its covenants in this Lease and such default continues for sixty (60) days after the Landlord has provided written notice of such default to the Tenant unless: (i) the Landlord is satisfied, acting reasonably, that such default cannot reasonably be cured within such sixty (60) day period; and (ii) the Tenant has commenced, to the satisfaction of the Landlord, acting reasonably, curing such default within such sixty (60) day period and thereafter diligently pursues such cure to completion; or
- (c) if the term of this Lease or any of the fixtures, goods and chattels of the Tenant on the Demised Premises shall be at any time seized or taken in execution or attachment by any creditor of the Tenant unless the seizure is lifted within forty-five (45) days or such longer period as may be required provided the Tenant diligently proceeds to have same lifted; or
- (d) the Tenant making any assignment for the benefit of creditors generally or any bulk sale (except pursuant to a permitted assignment) or making an assignment in bankruptcy, or having a receiving order made against it which is not lifted within forty-five (45) days or such longer period as may be required provided the Tenant diligently commences to have same lifted, or taking the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors, or making a proposal; or
- (e) any order being made for the winding-up of the Tenant or the Tenant's taking any steps or proceedings to surrender its charter; or
- (f) the Demised Premises, or any part thereof, without the written consent of the Landlord, being used by any persons other than such as are entitled to use them under the terms of this Lease, or for any use not specifically permitted hereunder.

18.02 **Remedies Upon Default**

The remedies of the Landlord for an Event of Default are cumulative and may be implemented independently or in conjunction with one another. Such remedies are in addition to any remedies of the Landlord at law or in equity (save and except for distress, which is hereby waived by the Landlord). Such remedies include:

- (a) injunctive relief, including mandatory injunctive relief;

- 21 -

- (b) damages;
- (c) termination of this Lease by notice, re-entry, Court order or judicial proceeding, or any other means whereby this Lease may be terminated, or any remedy analogous to termination of this Lease;
- (d) re-entry into possession without termination of this Lease; and
- (e) curing of defaults of the Tenant by retaining a third party or by its own efforts, the cost of which, including all reasonable professional service fees, shall be payable by the Tenant and shall bear interest at 1% over the Prime Rate per annum on the amount outstanding until paid.

18.03 **Power Upon Re-entry**

The Landlord may, upon re-entry, re-let as agent for the Tenant the Demised Premises and collect the rent, applying the rent received to the Landlord's expenses incurred as a result of the re-entry, including legal expenses, commissions and charges paid. Any balance of rent remaining less the Landlord's expenses, shall be paid to the Tenant.

18.04 **Right to Cure Default**

Notwithstanding any rule of law or equity to the contrary, the Tenant shall be entitled to written notice from the Landlord and be entitled to cure any default of any kind or nature whatsoever as referred to elsewhere herein. In particular, without restricting the generality of the foregoing, if the Tenant commits any breach of this lease by making an assignment or a sublease, mortgage or other similar transaction not permitted by the terms hereof, then the Tenant shall be considered to have cured such default if it shall procure, within 60 days of receiving notice of the breach from the Landlord, a reconveyance, reassignment, release, surrender, discharge, cessation, or other appropriate instrument, or judicial declaration, whereby any rights granted or created in breach of this Lease shall cease to exist.

18.05 **Interest on Arrears**

All arrears of rent and additional rent under this Lease, shall bear interest at a rate equal to the Prime Rate plus 1% per annum compounded half-yearly; and in the event of arrears of rent, the Tenant shall pay such arrears, interest thereon as aforesaid, as well as the legal expenses incurred by the Landlord to effect collection of the arrears.

18.06 **Ability to Commit Tenant**

It is expressly agreed that, no particular subtenant or occupant of the Demised Premises shall have any authority to bind the Tenant, and no act by any such person shall be considered an act of the Tenant.

ARTICLE 19
ON EXPIRATION OF TERM

19.01 **Surrender**

The Tenant covenants with the Landlord that the Tenant shall, at the expiration of the Term or a lawful termination of this Lease, surrender and deliver up to the Landlord the Demised Premises in as good a condition and repair as the Tenant is required to maintain the Demised Premises under this Lease.

19.02 **Overholding**

If the Tenant remains in occupation of the Demised Premises after the expiration of the Term, without objection by the Landlord and without written agreement to the contrary, the Tenant shall be deemed to be a tenant from month to month at the rentals herein provided for (a pro rata yearly amount based upon the Base Rent divided by the number of years in the Term) and all the covenants and agreements hereof shall apply to such monthly tenancy, mutatis mutandis.

ARTICLE 20
ARBITRATION

20.01 **Submission to Arbitration**

Whenever any arbitration is expressly permitted or required under this Agreement, arbitration proceedings shall be commenced by the party desiring arbitration (the "Initiating Party") and the principals enumerated in this Article 20 shall apply. If arbitration is not applicable, either party may immediately seek recourse in such judicial tribunal or court as the circumstances may require.

20.02 **Arbitration Procedure**

Upon notice from the Initiating Party to the other party (the "Responding Party"), the parties shall meet and attempt to appoint a single arbitrator. If the parties are unable to agree on a single arbitrator, then, upon notice given by the other party within five (5) days of such notice, each party shall name an arbitrator and the two arbitrators so named shall promptly choose a third arbitrator. If either party shall fail to name an arbitrator within five (5) days of such notice, the second arbitrator shall be appointed by a judge pursuant to the *Arbitrations Act*. If the two arbitrators shall fail within five (5) days from their appointment to agree upon and appoint a third arbitrator, then, upon application of either party, such third arbitrator shall be appointed pursuant to the *Arbitrations Act*. The provisions of such act shall apply to any such court application.

20.03 **Leasehold Mortgagee's Rights**

The Initiating Party shall give simultaneous notice to the Leasehold Mortgagee of all arbitration proceedings initiated pursuant to this Article 20 and the Leasehold Mortgagee shall

be entitled to participate fully in the proceedings if in the reasonable opinion of the Leasehold Mortgagee the outcome may affect the security held by the Leasehold Mortgagee. For greater certainty, it shall be entitled to participate in the selection of the single arbitrator pursuant to Section 20.02 and if the parties are unable to agree upon such single arbitrator, the Leasehold Mortgagee shall be entitled to select the arbitrator to represent both the Tenant and the Leasehold Mortgagee on the arbitration panel.

20.04 Qualification of Arbitrators

The arbitrator or arbitrators selected to act hereunder shall be qualified by education and training to pass upon the particular question in dispute.

20.05 Hearing Procedure

The single arbitrator or the arbitrator so chosen shall proceed immediately to hear and determine the question or questions in dispute. The decision and reasons therefor shall be made within thirty (30) days after the appointment of the single arbitrator or arbitrators and in the event a decision is not made within such time, either party may elect to terminate the arbitration. The decision and reasons therefor of the arbitrator shall be drawn up in writing and signed by the arbitrator or a majority of them and shall be final and binding upon the parties hereto as to any question or questions so submitted to arbitration and the parties shall be bound by such decision and perform the terms and conditions thereof.

20.06 Other Matters

The compensation and expenses of the arbitrator or arbitrators (unless otherwise determined by the arbitrator or arbitrators) shall be paid in equal portions by the parties hereto. Where arbitration is required by this Lease, commencement and completion of arbitration in accordance with the Lease shall be a condition precedent to the commencement of an action at law or in equity in respect of the matter or matters required to be arbitrated.

ARTICLE 21
GENERAL PROVISIONS

21.01 Not Partnership or Joint Venture

It is understood and agreed that nothing contained in this Lease nor any acts of the parties hereto shall be deemed to constitute the Landlord or the Tenant partners or joint venturers or to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

21.02 Notices

Any notices required or permitted to be given in accordance with this Lease shall be in writing and shall be served either by personal delivery to the Landlord or Tenant, or by telegram or telex or registered mail, postage prepaid, to the following addresses:

- 24 -

To the Landlord: Wallace Marine Limited
c/o 1112 Juddhaven Road
P. O. Box 30
Minett, ON
P0B 1G0

To the Tenant: The Rosseau Resort Developments Inc.
c/o 1112 Juddhaven Road
P. O. Box 30
Minett, ON
P0B 1G0

Notices given pursuant to this Section shall be deemed to be received when delivered if by personal service, and shall be deemed if sent by registered mail (except in the event of a postal interruption, in which event, such notice shall be deemed to be received when received) to be received five (5) business days after posting in Canada. Any party may at any time give notice to the other parties hereto of any change of address of the party giving notice and from and after giving such notice, the address therein specified shall be deemed to be the address of such party for the giving of notices herein. Any party may specify up to two addresses for the giving of notices herein.

21.03 **Certificate**

The parties may from time to time, but with at least five (5) days prior notice to the other party, produce and deliver a written certificate stating that the Lease is unmodified and is in full force and effect, or that it is modified, stating the modifications, or that prior modifications are still in force and effect, also stating the date to which rents and other monies payable under this Lease have been paid in advance. Either party's certificate must state to the best knowledge of the signatory of the certificate, whether the other party has complied with the covenants and agreements in the Lease. Any defaults known to the signatory must be stated in the certificate. The certificate is intended to be relied upon by a prospective purchaser or mortgagee of the Landlord's or Tenant's interest. The Landlord shall also produce and deliver a written certificate stating that any mortgage or charge of the leasehold estate of the Tenant created by this Lease, conforms to the requirements of this Lease. It is intended that the certificate may be delivered to and relied upon by a Leasehold Mortgagee.

21.04 **Time of the Essence**

Time is of the essence in this Lease and all the provisions hereof.

21.05 **Amendment**

This Lease may not be modified or amended except by an instrument in writing signed by the parties hereto or by their successors or permitted assigns.

21.06 Planning Legislation

This Lease is entered into on the express condition that it is to be effective only if the provisions of Section 50 of the *Planning Act* (Ontario), as amended, or any legislation in substitution thereof or in addition thereto are complied with.

21.07 Further Assurances

The Tenant and the Landlord will execute such further assurances of the Demised Premises and the rights and benefits conferred in this Lease as may be reasonably required by the other party, in each case at the expense of the party requesting such further assurances.

21.08 Registration of Lease

The parties agree that this Lease or a notice thereof may be registered against the title to the Lands.

21.09 Expropriation

If all or any portion of the Lands is expropriated by any authority, any compensation payable with respect to the Tenant's interest in the Lands shall first be paid to repayment of the First Leasehold Mortgage.

[Remainder of page intentionally left blank, signature page follows]

- 26 -

IN WITNESS WHEREOF the parties have caused this Lease to be duly executed
under seal.

WALLACE MARINE LIMITEDPer: 

Name: PETER FOWLER
Title: SECRETARY - TREASURER

Per: _____

Name: _____
Title: _____

We have the authority to bind the Corporation

THE ROSSEAU RESORT DEVELOPMENTS INC.Per: 

Name: PETER FOWLER
Title: SECRETARY - TREASURER

Per: _____

Name: _____
Title: _____

We have the authority to bind the Corporation

SCHEDULE "A"

LANDLORD'S LANDS

PIN 48143-0518 (LT)

Firstly:

Part of Lot 24, Concession 11 Medora as in MT47346; together with as in MT47346; subject to as in MT47346

Secondly:

Part of Lot 25, Concession 11 Medora designated as Part 5, Plan 35R-21398

Township of Muskoka Lakes, District Municipality of Muskoka

save and except, Part of Lot 24, Concession 11 Medora, Township of Muskoka Lakes, District Municipality of Muskoka, designated as Parts 1 and 2, Plan 35R-22417.

SCHEDULE "B"

LANDS

Part of PIN 48143-0518 (LT)

Part of Lot 24, Concession 11 Medora, Township of Muskoka Lakes, District Municipality of Muskoka, designated as Parts 1 and 2, Plan 35R-22417.

FINAL — January 23, 2009

DEVELOPER'S RESPONSIBILITY AGREEMENT

BETWEEN:

THE ROSSEAU RESORT DEVELOPMENTS INC.
(being the present registered owner of the lands comprising the proposed condominiums)

hereinafter referred to as "Developer No. 1"

and

WALLACE MARINE LIMITED
(being the present registered owner of the lands on which the
private sewage treatment plant is located)

hereinafter referred to as "Developer No. 2"

and

2027588 ONTARIO INC., WALLACE MARINE LIMITED,
2027587 ONTARIO INC. and 2162262 ONTARIO INC.
(being the present registered owner of lands on which linear works (pipelines) connecting the
sewage treatment plant and water treatment plant with the proposed condominiums are located)

hereinafter referred to as "Developer No. 3"

and

THE DISTRICT MUNICIPALITY OF MUSKOKA

hereinafter referred to as "Muskoka"

WHEREAS Developer No. 1 has constructed two commercial resort buildings intended to provide temporary lodging, accommodation and recreational facilities for the vacationing public on a portion of the lands described in Schedule "A";

AND WHEREAS Developer No. 1 has applied under the Condominium Act, 1998 for approval of condominium descriptions with respect to portions of the said buildings (Application Nos. C-2008-1 and C-2008-2);

AND WHEREAS the Council of The District Municipality of Muskoka has granted approval of the proposed condominiums subject to certain conditions;

AND WHEREAS Developer No. 2 has applied for a consent (consent file B/20-24/08/M/L) and this Agreement is a condition of approval of such consent;

AND WHEREAS the lands described in Schedule "A" are not serviced by public or municipal water and sanitary sewer systems;

AND WHEREAS water supply and sanitary sewage disposal systems are necessary for the proper functioning of the units within the proposed condominiums;

AND WHEREAS the proposed condominiums must be self sufficient and self reliant over time with respect to such systems in accordance with the provisions of the Condominium Act, 1998, the Safe Drinking Water Act, 2002 and other legislation;

AND WHEREAS any water and sanitary sewage systems supplying water to and collecting and disposing of sanitary sewage from the said units in the proposed condominiums must continue to service the units in accordance with the laws of the Province of Ontario, regardless of the future circumstances of Developers No. 1, 2 and 3;

AND WHEREAS the Developer No. 1 has constructed certain water and sanitary sewage works, the use of which is to be shared between the proposed condominiums and other buildings;

AND WHEREAS it is intended that the said water and sanitary sewage facilities are private, remain private and are operated, maintained and financially provided for on a private basis;

AND WHEREAS, pursuant to the provisions of the District Official Plan, private multi-unit servicing is only permitted where lands are being registered as a condominium description under the Condominium Act, 1998 and an enforceable agreement is registered against title to each unit within the proposed condominium ensuring that, as a minimum, the requirements of sections H.28.1 and H.28.2 have been and will continue to be met;

AND WHEREAS sections H.28.1 and H.28.2 of the Muskoka District Official Plan pre-dated the Condominium Act, 1998 and the Safe Drinking Water Act, 2002;

THEREFORE, in consideration of the sum of \$1.00, the receipt of which is hereby acknowledged and the mutual covenants and conditions herein, this agreement WITNESSETH AS FOLLOWS:

SECTION A - INTERPRETATION

1. In this Agreement:
 - a) "the proposed condominiums" means the cluster known as "the Rousseau" comprised of the buildings known as the Longview and Paignon House recently constructed by Developer No. 1 on the lands described in Schedule "A" hereto as illustrated on Condominium Applications No. C-2008-1 and C-2008-2.
 - b) "proposed condominium corporations" means the corporations that arise at law under the Condominium Act, 1998 on registration of the descriptions for the proposed condominiums.
 - c) "District Engineer" means the person appointed as Commissioner of Engineering and Public Works from time to time by District Council, or his designate.
 - d) "District Solicitor" means the person appointed as such from time to time by District Council, or his designate.
 - e) "District Treasurer" means the person appointed as Commissioner of Finance and Administration from time to time by District Council, or his designate.
 - f) "lands" means the lands described in Schedule "A" hereto;
 - g) "reserve fund administrator" means the person administering the reserve fund described in section F (Reserve Fund).
 - h) "owner" means the owners of the lands and premises described in Schedule "A" hereto from time to time, as described in section 51 (25) of the Planning Act, R.S.O. 1990, c.P.13, as amended.
 - i) "shared facilities" means the water and sanitary sewage works serving the proposed condominiums as described in Schedules "B" and "C" hereto.
2. In this agreement, a reference to the Ministry of the Environment means the Ontario Ministry of the Environment and any other ministry or government department that may, from time to time, have jurisdiction with respect to the construction, operation, repair or maintenance of the shared facilities.
3. It is hereby acknowledged and agreed that the provisions of section H.28.1 and H.28.2 of the Muskoka District Official Plan are intended to support the requirements of the Condominium Act, 1998 as successor to the Condominium Act, R.S.O. 1990, c. 25 as amended with respect to condominium units, the provisions of the Safe Drinking Water Act, 2002 with respect to the supply of drinking water, various Ministry of the Environment instruments related to private sanitary sewage systems and other applicable legislation and are not in lieu of any requirements found in the said instruments. In the event of a conflict between the Muskoka District Official Plan, this Agreement and the said instruments, the more restrictive shall govern.
4. It is hereby acknowledged and agreed that this Agreement reflects Muskoka's requirements in respect of the shared facilities as of November, 2008 and that such requirements may change in the future and that such changes may be more or less onerous. In the event that any person applies for amendments to this Agreement, the requirements in existence at the time the application is considered by Muskoka shall apply.

- 4
5. 1) In this Agreement, a reference to a statute, statutory provision or other instrument is a reference to the provisions in existence at the time this Agreement is registered. In the event that such instrument is amended or replaced, the reference shall be to the amending or replacement instrument.
 - 2) It is hereby acknowledged that certain provisions of this Agreement are for the benefit of the Developer No. 1 (e.g. disposition of reserve fund on abandonment and decommissioning) and other provisions are for the benefit of the proposed condominium corporations (e.g. all provisions facilitating the control, operation, maintenance, repair and management of the shared facilities).
 - 3) It is hereby acknowledged and agreed that any and all disputes with respect to the shared facilities that are not resolved by agreement between Developers No. 1 and 2 and the proposed condominium corporations may be resolved by any means available or mandated by law.
 - 4) Developers No. 1 and 2 and/or the proposed condominium corporations may avail themselves of the provisions of this Agreement at any time for the purpose of resolving issues between themselves with respect to the shared facilities at any time.

SECTION B - REGISTRATION OF THIS AGREEMENT

6. It is hereby acknowledged and agreed that sections H.28.1 and H.28.2 of the Muskoka District Official Plan require this Agreement to be registered and enforceable against the title of each unit within the proposed condominiums.
7. It is hereby acknowledged and agreed that this Agreement is and shall be binding on the Developer No. 1, Developer No. 2, Developer No. 3 and all subsequent owners of the lands described in Schedule "A" in accordance with section 51 (26) of the Planning Act including, without limiting the generality of the foregoing, purchasers of the proposed condominium units and mortgagees of the lands described in Schedule "A".

SECTION C - QUALITY OF CONSTRUCTION OF SHARED FACILITIES

8. It is hereby acknowledged and agreed that sections H.28.1 (a) and H.28.2 (a) of the Muskoka District Official Plan require that the shared facilities have been built or upgraded to a standard satisfactory to the Ministry of the Environment and Muskoka.
9. Developer No. 1 warrants and represents that the shared facilities have been built or upgraded to a standard satisfactory to the Ministry of the Environment. Muskoka or the proposed condominium corporations may make a request to Developer No. 1 to provide evidence that the shared facilities have been built to a standard satisfactory to the Ministry of the Environment. Developer No. 1 shall, within thirty (30) days of a request, furnish such evidence to the requestor in a form satisfactory to Muskoka.
10. Developer No. 1 and Muskoka acknowledge that Developer No. 1 has been advised that the standards applied to private works and the standards applied to works eligible for assumption by Muskoka are different. Developer No. 1 and Muskoka acknowledge and agree that the shared facilities meet only the lesser standards applicable to private works and that the shared facilities are not, in any way, eligible for assumption by Muskoka.
11. No person shall, under any circumstances, request Muskoka to assume the shared facilities or apply for or request an order under any legislation requiring Muskoka to assume the shared facilities.

SECTION D - DESCRIPTION AND USE OF PREMISES

12. Developer No. 1 represents, warrants and undertakes that it has constructed the proposed condominiums and shared facilities in accordance with the plans and drawings dated provided to Muskoka pursuant to section 22 of this Agreement, copies of which are on file at the Muskoka Administration Office, 70 Pine Street, Bracebridge, Ontario.
13. (1) It is acknowledged and agreed that no material alterations to the buildings or structures described in section 12 shall be permitted without the consent in writing of Muskoka first being obtained.

5

- (2) An application for consent under section 13 (1) shall include the following:
- (i) description of the proposed buildings;
 - (ii) an undertaking that the buildings have and will not be used for residential purposes, including without limiting the generality of the foregoing, use as cottages or homes;
 - (iii) duration of time in months that the proposed buildings will be required to be serviced by the shared facilities; and
 - (iv) such other information Muskoka may, in its sole discretion, require.
- (3) Notwithstanding anything to the contrary, Muskoka is not and shall not be obliged to grant any consent under section 13 (1).
14. For the purposes of section 13, a material alteration includes an increase in the number of condominium units, buildings or structures or a re-location of any buildings or structures if such increase or re-location would affect the capacity, repair or replacement of the shared facilities.
15. (1) It is hereby acknowledged that the use of any and all buildings or structures on the lands described in Schedule "A" as residential is prohibited. Without limiting the generality of the foregoing, it is acknowledged and agreed that connection of residential buildings or structures to the shared facilities is prohibited.
- (2) For the purposes of section 15 (1), it is acknowledged and agreed that any and all such buildings and structures shall, at all times, be used and operated for commercial purposes and not residential purposes.
- (3) For the purposes of sections 15 (1) of 15 (2), resort commercial use, being the provision of a combination of hotel accommodations and related amenities such as spas, retail shops and restaurants, to the traveling or visiting public for temporary periods, is a commercial use. Under no circumstances shall any building or structure serviced by the shared facilities be used as a private residence as defined in Regulation 171/03 to the Safe Drinking Water Act or similar successor legislation.
- (4) Without limiting the generality of the foregoing, the classification of or the re-classification of any of the proposed condominium units as residential under the Assessment Act shall be deemed a breach of this Agreement.
16. No person shall, at any time, represent, imply or suggest that the shared facilities are a public (municipal) system or that there is any intent that the shared facilities become a public (municipal) system.

SECTION E - OPERATION AND MODIFICATION OF SHARED FACILITIES

General

17. (1) The parties acknowledge that the shared facilities have been constructed.
- (2) (a) It is hereby acknowledged and agreed that subject to section 18, the following buildings as illustrated on the site plan by Planscape dated February 3, 2008 and updated to September 5, 2008 regarding project 15201 a copy of which is available at Muskoka's offices, may be connected to the shared facilities
- (i) the Paignton House building (Building No. 2);
 - (ii) the Longview building (Building No. 1);
 - (iii) Cabana (Building No. 4);
 - (iv) Butson Boats building (Building No. 7);
 - (v) water treatment plant (Building No. 6);
 - (vi) washroom trailer (Building No. 8); and
 - (vii) Construction Office (Building No. 12).
- (b) In the event of any conflict between the notations on the said site plan and this Agreement, the provisions of this Agreement govern.
18. Notwithstanding any of the provisions herein, but subject to sections 53, 54, 55 and 56 herein the shared facilities shall, at all times, remain private.

19. (1) Developer No. 1 shall on or before execution of this Agreement by Muskoka, provide Muskoka with an undertaking by the Professional Engineer preparing the drawings described in Schedules "B" and "C" hereto to provide Muskoka with the following documentation, certified by the Professional Engineer to represent the as-constructed status of the shared facilities at no cost to Muskoka. The undertaking shall be to the satisfaction of the District Engineer.
- (2) The documentation required pursuant to section 19 (1) is as follows:
- (i) a complete set of plans marked-up (red lined) to indicate deviations of the as-constructed condition of the shared facilities as well as tie-backs and all other information necessary to locate appurtenances such as curb stops, valves, etc. in the field;
 - (ii) the digital (e.g. Autocad) files for the As Built drawings (Autocad 2000 or more current versions);
 - (iii) a single Acrobat PDF file containing the set of As Built drawings for the project (one page per drawing) plus an index page at the start of the file. The index page should include details of the drawing number, title, digital file name and page number in the PDF file. The reference to the drawing on the index page should be linked to the corresponding page using Acrobat's Link Tool; and
 - (iv) a licence as described in section 20.
20. Without limiting section 19, on delivery of the documentation, Developer No. 1 shall deliver to Muskoka an irrevocable, unlimited licence permitting Muskoka to use, reproduce distribute and/or update the documentation as it deems appropriate.

Security for Construction of Shared Facilities

21. It is hereby acknowledged that the shared facilities are private works and are not eligible to be assumed by Muskoka or operated as a public or municipal system.
22. It is further acknowledged and agreed that since the shared facilities are private works and intended to remain so in perpetuity, Muskoka has not required any securities for the construction, operation or maintenance of the shared facilities. No person shall, at any time, have any claims against Muskoka for any loss, cost, damages, compensation, directly or indirectly attributable to the decision by Muskoka not to require such securities.

Operation of the Shared Facilities

23. 1) It is hereby acknowledged and agreed that sections H.28.1 (b)(iii) and (iv) and H. 28.2 (b)(iii) and (iv) require the following:
- (i) an operation and maintenance program manual accepted by the Ministry of the Environment and District which includes, but is not limited to, a description of normal operating procedures, sampling procedures including frequency of sampling and the requirement of an annual operation and maintenance inspection by the District; and
 - (ii) requires operation of the private works by a qualified operator certified under a provincial certification program.
- 2) The parties acknowledge that the requirements detailed in section 23 (1) pre-date the Safe Drinking Water Act, 2002 and the requirements of this section may be satisfied by full compliance with the Safe Drinking Water Act, 2002 and other provincial legislation applicable to private water and sanitary sewage works.
24. 1) It is hereby acknowledged that the requirements of these sections are intended to implement the requirements described in section 23 and the Safe Drinking Water Act, 2002. It is hereby acknowledged and agreed that ownership and/or operation of the shared facilities may over time change and that the requirements of this Agreement are binding upon such owners.
- 2) (a) The shared facilities shall, at all times, be operated in accordance with the applicable legislation, the applicable certificates of approval and this agreement at no cost or expense to Muskoka.

- 7
- (b) Notwithstanding anything to the contrary, the engagement of one or more contractors to operate the shared facilities or any portions thereof shall not, under any circumstances, relieve any person of their obligations under section 51(25) of the Planning Act.
 - (c) The distribution of costs between the various users of the shared facilities shall be determined by agreement between the owners of the shared facilities and the users of the shared facilities.
- 3) The shared facilities shall, at all times, be maintained and operated by operators qualified under the applicable Provincial certification programs.
 - 4) An Operation and Maintenance Program Manual applicable to the shared facilities, acceptable to the Ministry of the Environment and Muskoka shall be prepared and submitted to Muskoka on or before February 28, 2009.
 - 5) The manual described in section 24 (4) shall include but shall not be limited to:
 - (i) a description of normal operating procedures; and
 - (ii) a description of sampling procedures, including frequency of sampling.
 - 6) The Operation and Maintenance Program Manual shall be updated, modified and/or replaced as circumstances require. All such updates, modifications or replacements shall be done in a pro-active manner and shall be acceptable to the Ministry of the Environment and Muskoka. All such updates shall be filed with Muskoka within thirty days of completion.
 - 7) All operations shall be carried out in accordance with the Operation and Maintenance Program manual.
 - 8) The owners acknowledge and accept their obligations to exercise due diligence at all times with respect to the shared facilities.
 - 9) It is further acknowledged and agreed that Muskoka is under no obligation to any person to operate the shared facilities, assume the shared facilities or remedy any defaults.
 - 10) In the event that Muskoka is ordered to remedy the shared facilities or any portion thereof under the provisions of any legislation, Muskoka may, in its sole discretion, shut the shared facilities down for such period or periods of time as may, in the sole discretion of Muskoka, be necessary or expedient to satisfy the terms of any such order.

Annual Engineering Report on the Shared Facilities

25. 1) Developer No. 1 and/or the proposed condominium corporations shall, at their sole expense, on or before January 31st of each year, provide Muskoka and the Ministry of the Environment with a report prepared by a licensed Professional Engineer outlining the condition of the shared facilities, the operating performance, any and all incidents occurring with respect to the shared facilities and such other information as Muskoka may, from time to time require for the preceding year.
- 2) The report described in section 25 (1) shall include, but shall not be limited to, the following:
 - (i) a description of any deficiencies in the shared facilities;
 - (ii) a description of outstanding maintenance and repair items;
 - (iii) an estimate of the remaining life of the shared facilities;
 - (iv) recommendations for capital and operating improvements; and
 - (v) any and all spills, work orders, formal complaints or other incidents that may have occurred with respect to the shared facilities.

- 3) Developer No. 1, Developer No. 2 and Developer No. 3 hereby grant to Muskoka an irrevocable licence to enter onto the lands described in Schedule "A" at any time for the purposes of carrying out inspections of the shared facilities.
- 4) The parties acknowledge and agree that a reserve fund study prepared in accordance with section 94 (1) of the Condominium Act, 1998, together with reporting in accordance with the Safe Drinking Water Act, 2002 and other applicable legislation, shall be sufficient for the purposes of section 25 (1).

Modification of the Shared Facilities

26. 1) It is hereby acknowledged and agreed that modifications to the shared facilities are required to be constructed in accordance with standards satisfactory to the Ministry of the Environment and Muskoka.
- 2) Prior to making any such modifications, Muskoka and the Ministry of the Environment shall be provided with all details of all proposed modifications.
- 3) At the time an application is submitted to Muskoka under this section, the applicant shall provide Muskoka with evidence satisfactory to Muskoka that the proposed modifications meet Ministry of the Environment standards.
- 4) Muskoka shall review the request and advise as to whether or not the proposed modifications meet Muskoka's standards for private works.
- 5) Connecting additional buildings other than those described in section 17 (2) to the shared facilities shall be a modification of the shared facilities for the purposes of this section.
- 6) Connecting additional buildings other than those described in section 17 (2) shall not be made without written notice to the proposed condominium corporations with an opportunity for them to comment.
- 7) Notwithstanding anything to the contrary, connecting residential buildings of any kind, as described in section 15, to the shared facilities is prohibited.

SECTION F - RESERVE FUND

General

27. (1) It is hereby acknowledged and agreed that sections H.28.1 (b)(i) and H.28.2 (b)(i) of the Muskoka District Official Plan require:

"the establishment and administration of a reserve fund to ensure that adequate revenue is available to repair, maintain, replace and upgrade the works as required. The reserve fund for capital replacement shall provide for one hundred (100) percent value of the works plus the cost of inflation within a period not greater than ten (10) years."
- (2) It is further acknowledged that the provisions described in section 27 (1) predate the Condominium Act, 1998.
28. It is hereby acknowledged that, subject to section 63 (2), the only time Muskoka would require access to the reserve fund would be in the event that Muskoka is ordered to remediate or assume the shared facilities or a portion thereof under applicable legislation, which event the proposed condominium corporations and owners of lands on which shared facilities are located except those lands described in Part "C" of Schedule "A", shall take any and all steps, at their expense, to ensure will not occur.
29. It is acknowledged and agreed that subject to the provisions of the Condominium Act, 1998 the purpose of the reserve fund is for the repair, maintenance, replacement and upgrading including, without limiting the generality of the foregoing, the major repair and replacement of the shared facilities.

Obligation to create Reserve Fund

30. 1) Developer No. 1 and/or the proposed condominium corporations shall establish a reserve fund to ensure that adequate funds are available for the repair, maintenance, replacement and upgrading including, without limiting the generality of the foregoing, major repair and replacement of the shared facilities.
- 2) The said reserve fund shall initially be in an amount equal to one hundred percent (100%) of the capital value of the shared facilities.
- 3) For the purposes of section 30 (2), the amount required shall be one million, seven hundred thousand dollars (\$1,700,000.00).
- 4) The amounts required for reserve fund shall be established in accordance with the provisions of the Condominium Act, 1998 or similar legislation provided that for the first ten (10) years commencing on the date of registration of this Agreement, the amount shall not be less than the amount in section 30 (3).
- 5) Sufficient funds shall be deposited in the reserve fund on or before March 31st of each and every year to ensure that the fund meets the minimum amounts described in section 30 (4).
- 6) (a) The parties acknowledge that the reserve fund described in section 30 may initially be established by posting a letter of credit satisfactory to the reserve fund administrator in the amount described in section 30 (3).
- (b) Notwithstanding anything to the contrary, if any or all of the reserve fund is in existence on the tenth (10th) anniversary date of the date of registration of this Agreement, and any portion thereof has not already been invested in accordance with the requirements of the Condominium Act, 1998 or similar successor legislation, any such portion shall, within thirty (30) days of such anniversary date, be realized in full and converted to investments authorized by the Condominium Act, 1998 or similar successor legislation.
- 7) All funds in the reserve fund shall be held in trust for the benefit of those lands and premises serviced by the shared facilities. Developer No. 1 shall have no rights to the reserve fund or any portion thereof except in accordance with this agreement. It is hereby acknowledged and agreed that in the event of a dispute as to the use of the reserve fund, the interests of the owners of the units in the proposed condominiums shall, subject to section 52 of this Agreement, take precedence.
- 8) Any person shall have the right to, at any time, make contributions to the reserve fund in excess of the amounts set out in section 30 (4).

Reserve Fund Administrator

31. 1) A reserve fund administrator to hold and manage the reserve fund in accordance with section 115 (1) of the Condominium Act, 1998 shall be engaged by Developer No. 1 and/or the proposed condominium corporations.
- 2) The reserve fund administrator shall administer the reserve fund in accordance with this agreement, the Condominium Act, 1998 and generally accepted accounting principles.
- 3) Developer No. 1 and/or the proposed condominium corporations shall provide Muskoka and the Ministry of the Environment with annual financial statements on or before January 31st of each year detailing, amongst other matters, the status of the fund, the nature of the investments and any proposed withdrawals from the fund. When the financial statements are prepared by Developer No. 1, Developer No. 1 shall provide the proposed condominium corporations with copies of the said financial statements.
- 4) Subject to section 30 (6), the reserve fund administrator shall be permitted to accept, invest or hold the reserve funds in a form as may be authorized by the Condominium Act, 1998 from time to time.

- 5) This agreement shall be an integral part of the any document appointing the reserve fund administrator and shall take precedence in the event of any conflicts.

Use of Reserve of Funds

32. Subject to sections 33 and 35, use of the reserve fund may be made at any time for repair, maintenance, replacement and upgrading, including the major repair and replacement of the shared facilities, subject to the following:
- (i) during the ten (10) year period described in section 30 (4), withdrawals that would reduce the amount of the reserve fund to amounts less than the amount required under section 30 shall require the consent of Muskoka; and
 - (ii) after the said ten (10) year period described in section 32 (i), withdrawals greater than 25% require the consent of Muskoka.

Transfer of Reserve Fund

33. In the event that the Ministry of the Environment or Muskoka requests that funds be paid to it to comply with an Order issued under the Safe Drinking Water Act, 2002 or similar legislation, the reserve fund administrator shall forthwith pay to the Ministry of the Environment the requested funds.
34. No person shall, at any time, object to the transfer of funds described in sections 33 or 35 or make any claim for any loss, costs, damages or compensation directly or indirectly related to such transfer.
35. In the event the Ministry of the Environment makes an order under section 114 of the Safe Drinking Water Act, 2002 or similar legislation requiring Muskoka to assume the shared facilities, the reserve fund administrator shall transfer the proceeds of the reserve fund to Muskoka forthwith on request.
36. Where Muskoka requires the transfer of the reserve fund to comply with an Order described in sections 33 or 35, no person shall have any claim against Muskoka in accordance with section 114 (5) of the Safe Drinking Water Act, 2002 or similar legislation.
37. It is acknowledged and agreed that the rights of Developer No. 1 with respect to the reserve fund shall be as detailed in this Agreement.
38. Subject to sections 33 or 35, the reserve fund shall remain to the benefit of the proposed condominiums notwithstanding any transfer of ownership of any lands.

Expenses of the Reserve Fund Administrator

39. The expenses of the reserve fund administrator during the ten (10) year period described in section 30 (4) unless otherwise agreed between the Developer No. 1 and the proposed condominium corporations, shall be paid by Developer No. 1 from funds outside of the reserve fund.
40. After the period described in section 39 has expired, the expenses of the reserve fund administrator in administering the reserve fund may be paid from the income from investments in the reserve fund PROVIDED THAT the reserve fund shall not in any event, be reduced to an amount less than the amount described in section 30.
41. In the event that income from the investments in the reserve fund is not sufficient to pay the expenses of the reserve fund administrator at any time after the establishment period, such expenses shall be paid from funds outside the reserve fund.

Restoration of Reserve Fund

42. In the event that the amount of the reserve fund becomes less than the amount required pursuant to section 30, the reserve fund shall be restored by Developer No. 1 and/or condominium corporations to its previous level forthwith.

43. Without limiting the generality of this agreement, it is acknowledged and agreed that restoring the reserve fund shall be the responsibility of the Developer No. 1, the proposed condominium corporation, and any and all successors in title to the lands on which the shared facilities are located, except those lands described in Part "C" of Schedule "A".
44. The obligation to restore the reserve fund shall be joint and several.
45. In the event that the reserve fund is not restored forthwith, Muskoka may in addition to any other remedies available herein or at law impose all such levies, charges, taxes and/or user fees against any portion of or all of the lands described in section 43 as are in its sole discretion necessary to restore the reserve fund.

Annual Reserve Fund Report required

46. Developer No. 1 and/or the proposed condominium corporations shall, on or before January 31st of each and every year, provide Muskoka and the Ministry of the Environment with an annual report from a Chartered Accountant detailing the status of the reserve fund as of December 31st of the previous year.
47. (1) It is hereby acknowledged that sections H.28.1 (b)(vi) and H.28.2 (b)(vi) of the Muskoka District Official Plan pre-date sections 67 and 94 (1) of the Condominium Act, 1998.
- (2) The parties acknowledge and agree that an auditor's report prepared in accordance with section 67 of the Condominium Act, 1998 shall be sufficient for the purposes of section 46.

SECTION G - ABANDONMENT OF SHARED FACILITIES

48. The parties acknowledge that municipal water and sanitary sewage services may, at a future undetermined date, may but will not necessarily be available to provide water and sanitary sewage services to the proposed condominiums.
49. In the event that municipal water and sanitary sewage services do become available, the owners of the buildings or structures for which such service is available may, at their sole expense, subject to the applicable laws and by-laws of Muskoka, hook up to the said systems.
50. (1) Subject to section 50 (2), in the event that the proposed condominiums become hooked up to municipal water and sanitary sewage systems and the shared facilities are no longer required for the proper functioning of the proposed condominiums or the proposed public system, the shared facilities may at the sole expense of the owners of the shared facilities, be abandoned and decommissioned.
- (2) In the event that a portion or portions of the shared facilities are, at the sole discretion of Muskoka, acceptable for assumption into the proposed public system, such works shall be transferred to Muskoka, together with any property interests necessary to accommodate, repair, maintain and replace such works for the sum of \$1.00 on request.
51. It is acknowledged and agreed that in the event that the shared facilities are abandoned and decommissioned in accordance with section 50, the reserve fund described in section F will not longer be required.
52. 1) Subject to any legislation and/or order of a court of competent jurisdiction to the contrary, on abandonment and decommissioning of the shared facilities the reserve fund shall be divided as follows:
 - (i) in the event that the reserve fund at the time of decommissioning consists solely of contributions made by Developer No. 1 and interest on such funds, the proceeds of the reserve fund shall be forwarded to Developer No. 1;

- (ii) in the event that the reserve fund consists of contributions from both Developer No. 1 and any other person, the proceeds shall be apportioned in accordance with an agreement between the Developer No. 1 and such other persons. If necessary, the matter shall be submitted to arbitration in accordance with the Condominium Act, 1958.
- 2) On confirmation that the shared facilities have been abandoned and decommissioned in accordance with section 50, this Agreement shall automatically terminate and may be removed from title by Muskoka on notice that abandonment and decommissioning has been completed.

SECTION H - PROPERTY

53. 1) It is hereby acknowledged and agreed that sections H.28.1 (b)(v) and H.28.2 (b)(v) of the Muskoka District Official Plan require that certain property interests be conveyed to Muskoka on request.
- 2) It is acknowledged and agreed that the following property interests may be required:
- (i) if necessary to provide access to Muskoka for inspections in accordance with section 25 (3), an access easement in a form and of a quality acceptable to the District Solicitor;
 - (ii) if necessary to comply with an Order of the Ministry of the Environment under Provincial legislation; or
 - (iii) fee simple and easements in favour of the proposed condominium corporations to ensure the ongoing operation and maintenance of the shared facilities.
- 3) Requests for conveyances pursuant to section 53 (2)(i) shall only be made in the event they are necessary to implement an Order and shall be in favour of the obligee under the Order.
- 4) The proposed condominium corporations may, at any time, request Muskoka to facilitate a conveyance in accordance with section 53 (2)(i). Any such request shall be accompanied by any and all such evidence and documentation as Muskoka deems necessary.
- 5) Muskoka shall not be under any obligation to grant a request described in section 53 (4). In the event that Muskoka grants a request under section 53 (4), Muskoka shall acquire such lands and interests in trust for the benefit of the proposed condominium corporations and immediately re-convey the property interests to the proposed condominium corporations.
- 6) In addition to the property interests to be conveyed to Muskoka described section 53 (2) of this Agreement, each of Developer No. 1, Developer No. 2 and Developer No. 3 hereby agree to convey to Muskoka on request, for the sum of \$1.00, all such interests in the property then owned by such Developer, including easements and fee simple interests, as may be necessary to start, construct, operate or maintain the proposed municipal water and sewage services contemplated by section D.55 of the Muskoka District Official Plan. All such conveyances shall be of a quality and in a form satisfactory to the District Solicitor.
54. Where Muskoka requires access to the shared facilities to meet a statutory or legislated or ordered obligation, the Owner shall convey to Muskoka upon demand, free and clear of encumbrances, any and all such property interests, including easements and fee simple interests, as may be necessary to maintain, operate, repair and or decommission the shared facilities for the sum of \$1.00. All such conveyances shall be of a quality and in a form satisfactory to the District Solicitor. Without limiting the generality of the foregoing, as a minimum, such easements must extend at least five (5) metres on either side of the centreline of all watermain and sewer pipes and five (5) metres beyond the perimeter of all structures. The Owner acknowledges that Muskoka's rights under this paragraph may be exercised at any time after Muskoka is ordered to repair, maintain, remedy, improve or decommission the shared facilities or any portion thereof. In the event that any person fails to comply with this paragraph, the non-compliant person shall

13

be liable to Muskoka for all loss including economic and consequential loss arising as a result of any such default.

55. The rights described in section 54 are in addition to the property rights described in legislation such as section 114 (6) of the Safe Drinking Water Act, 2002 or similar legislation and not in lieu of each other.
56. In the event that Muskoka is ordered to undertake remedial action with respect to the shared facilities by the Ministry of the Environment, Muskoka may require the Owner of such facilities to transfer ownership of the shared facilities or any portion thereof to Muskoka or another entity designated by Muskoka for the sum of \$1.00. Upon service of such a notice in accordance herewith, ownership of the shared facilities shall pass to the designated entity without need for a bill of sale or other documentation. No consideration shall be payable to any person in respect of such transfer except the said \$1.00 which shall be paid forthwith.
57. Developers No. 1 and 2 shall, on or before registration of the condominium description, grant to Muskoka, easements in a form and of a quality satisfactory to the District Solicitor, that provide full and complete access to the shared facilities for inspection purposes.

SECTION I - DEFAULTS & REMEDIES

(a) General

58. In the event that any person fails to meet their obligations under this Agreement, in addition to other remedies available at law, Muskoka may, but is not obliged to, exercise powers in accordance with sections 442, 444, 445 or 446 of the Municipal Act, 2001.
59. The parties further acknowledge and agree that paragraphs 4 and 5 of sections 435 (1) and 435 (2) of the Municipal Act, 2001, shall not apply to any entry Muskoka may make.
60. In the event that Muskoka undertakes any work on the lands described in Schedule "A" with respect to the shared facilities and Developer No. 1 and/or the proposed condominium corporations fail to reimburse Muskoka for all costs, then Muskoka may, in addition to exercising any other remedies it may have, collect the sums owing as taxes pursuant to section 446 of the Municipal Act, 2001.
61. Without limiting the generality of the foregoing, Muskoka may, in the event of a failure to maintain the shared facilities:
 - 1) access property serving the lands and/or buildings in question and perform the required maintenance and/or repair; and
 - 2) impose such special rating area rates, fees or charges as Muskoka in its sole discretion deems appropriate.

(b) Indemnification of Muskoka

62. Developer No. 1, the owners of all lands on which the shared facilities are located, except those lands described in Part "C" of Schedule "A", and the owners of all units within the proposed condominiums covenant and agree to indemnify Muskoka from and against any and all loss, costs, expenses that arises as the direct or indirect result of this Agreement, any action that Muskoka may take pursuant to this Agreement and/or the shared facilities and all loss, costs or damages Muskoka may incur with respect to any claim related to the shared facilities of any kind.

Defaults

63. 1) In the event that any person fails to comply with the terms and conditions herein, Muskoka may, in addition to the remedies set forth in sections 58, 59, 60 and 66 of this Agreement, notify the owner and the owner shall forthwith remedy the default at its sole expense.
- 2) In the event that the default is not remedied within thirty (30) calendar days or within such extended time period as Muskoka may agree to under section 64 (2), Muskoka may, but is not obligated to, seize the reserve fund hereinafter described herein and use the proceeds to remedy the default.

- 3) It is acknowledged and agreed that there shall be no obligation whatsoever on Muskoka to exercise any rights that it may have under section 63 (1). No person shall, at any time, have any claims against Muskoka for any loss, cost, damages, compensation, directly or indirectly attributable to a decision by Muskoka to exercise or not to exercise any rights under section 63 (1).
- 4) Where any person fails to meet any of its obligations pursuant to this Agreement, there shall be no obligation on Muskoka to complete, maintain, operate, repair or decommission any of the shared facilities.
- 5) It is acknowledged and agreed that a breach of any of the representations and warranties herein by Developer No. 1 or any person on whom this Agreement is binding is a default of this Agreement.

SECTION J - TERMINATION

64. (1) In addition to any of the other remedies available to Muskoka either at law or under this Agreement, in the event that any person fails to comply with any of the terms of this agreement, and such default continues for a period of thirty (30) days after notification in accordance with section 75, Muskoka may, in its sole discretion, terminate this agreement.
- (2) Any person in default under this Agreement may request an extension of the time for remedying a default under section 64 (1). Any such request shall include a plan for remedying the default with fixed timelines for completing the remedy to the satisfaction of Muskoka. Muskoka is not under any obligation to approve such request or plan.
65. In the event that this Agreement is terminated for any reason other than in accordance with section 52 (2), operation of the shared facilities shall immediately cease and any and all buildings or structures serviced by the shared facilities shall be vacated until such time as replacement facilities are available.
66. In the event of such termination, Muskoka shall notify the Ministry of the Environment of the termination and shall negotiate with Developer No. 1, the reserve fund administrator, the proposed condominium corporations and any other interested party as to the disposition of any securities in the possession of Muskoka at the time of such termination.
67. Notwithstanding section 66, Muskoka may, at any time after termination, pay the amount of securities on hand at termination into Court and the Court shall determine the entitlements to such securities.
68. Upon payment into Court in accordance with section 67, Muskoka's obligations with respect to the securities shall be satisfied and no person shall, at any time, make any claim or have any claim against Muskoka for any loss, costs, damages, expenses, directly or indirectly related to the said securities.

SECTION K - GENERAL PROVISIONS

69. This Agreement shall run with the land and all covenants and provisions herein shall be binding upon the parties hereto and their respective successors and assigns.
70. The provisions of this Agreement shall not be amended except by mutual agreement of Developer No. 1, Developer No. 2, Developer No. 3 and the proposed condominium corporations and Muskoka in writing.
71. This Agreement shall be registered against the title to the lands described in Schedule "A" and shall come into force and take effect on the date of such registration.
72. No person shall make any application or permit or authorize any person to make application, to remove this Agreement from the title of the lands described in Schedule "A". Muskoka may upon termination of this agreement, in its sole discretion, remove the agreement from the title to the lands described in Schedule "A" at any time.

73. This Agreement comprises the whole of the understanding with respect to the shared facilities and is not subject to, or in addition to, any promises, representations or other agreements whether written, oral or implied.
74. (1) No person shall dispose of or transfer the whole or any part of the lands on which the shared facilities are situated or any lands on which the proposed municipal water and sanitary sewage system may be located without the consent in writing of Muskoka first being obtained. PROVIDED that this obligation shall not extend to:
- i) the transfer of units within a registered condominium description (other than a condominium unit on which a component of the shared facilities is situated);
 - ii) the transfer of lands on which the shared facilities are located, or any portion thereof, to either or both of the proposed condominium corporations; and
 - iii) the transfer by a secured creditor or by a receiver or receiver/manager of any part of the lands charged pursuant to the provisions of a registered charge/mortgage, which transfer does not include a transfer of the lands on which the shared facilities or the proposed municipal water and sanitary sewage systems may be located.
- (2) In exercising its discretion under subsection 74(1), Muskoka shall grant consent, without undue delay, upon being satisfied that:
- (a) after the proposed transfer, the owner of the shared facilities, whether by itself or through properly qualified contractors, has the capacity and all necessary qualifications and certifications to operate the shared facilities in accordance with all applicable law and the terms of this Agreement;
 - (b) service to all units within the proposed condominium corporations described in the recitals to this Agreement will continue without interruption or reduction in quality of service, which shall be demonstrated by a written acknowledgment by the proposed purchaser that:
 - (i) it has notice of this Agreement and, on closing, will be bound by its terms; and
 - (ii) that the proposed purchaser has no record of contravention of Provincial law or regulation, or The District Municipality of Muskoka by-laws or permits, relating to the operation of sewage or water supply facilities; and
 - (c) (i) a conveyance under section 53(5) of this agreement is not required at the time; or
 - (ii) if a conveyance under section 53 (5) of this Agreement is required at the time, and the lands proposed to be transferred include lands Muskoka may require, arrangements have been made to comply with section 53 (5) of this Agreement.
- (3) Nothing in this section shall limit, or be deemed to limit, the ability of Muskoka or any other person to request an order under subsection 18(2) of the Environmental Protection Act, R.S.O., 1990, c.E.19, or similar legislation at any time.
- (4) A mortgagee with a registered charge/mortgage against all or part of the lands may give notice to Muskoka of its interest, including its address for the purposes of notices or other communications. In the event that Muskoka receives such notice, and Muskoka issues a notice of default under the Agreement while such charge/mortgage is registered, Muskoka shall simultaneously deliver to any such mortgagee a copy of any such notices of default delivered by Muskoka hereunder, PROVIDED THAT Muskoka shall not be liable to such mortgagee nor shall Muskoka lose any of its rights hereunder if Muskoka fails to do so.
- (5) The provisions of section 74 shall enure to the benefit of and be binding on all existing and future mortgagees with a registered charge/mortgage against all or part of the lands.

75. For the purposes of this Agreement, any notice required to be served shall be sufficiently served if forwarded by prepaid ordinary mail to the address of the addressee according to the most recent revised assessment roll. Any such notice shall be deemed to have been received on the second business day after the date of mailing.

IN WITNESS WHEREOF the parties hereto have set their corporate seals under the hands of their duly authorized officers.

DATED at *Minett* this *28th* day of *January*, 200*9*.

THE ROSSEAU RESORT DEVELOPMENTS INC.
Per:



Name: *Peter Fowler*
Title: *Secretary - Treasurer*
I have authority to bind the corporation

DATED at *Minett* this *28th* day of *January*, 200*9*.

WALLACE MARINE LIMITED
Per:



Name: *Peter Fowler*
Title: *Secretary - Treasurer*
I have authority to bind the corporation

DATED at *Minett* this *28th* day of *January*, 200*9*.

2027568 ONTARIO INC.
Per:



Name: *Peter Fowler*
Title: *Secretary - Treasurer*
I have authority to bind the corporation

DATED at *Minett* this *28th* day of *January*, 200*9*.

2027567 ONTARIO INC.
Per:



Name: *Peter Fowler*
Title: *Secretary - Treasurer*
I have authority to bind the corporation

DATED at *Minett* this *28th* day of *January*, 200*9*.

2162262 ONTARIO INC.
Per:



Name: *Peter Fowler*
Title: *Secretary - Treasurer*
I have authority to bind the corporation

17

DATED at Bracebridge this 4TH

day of FEBRUARY, 2008

THE DISTRICT MUNICIPALITY OF MUSKOKA
Per:
G. Adams - Clerk
S. Yeaman - DEPUTY CLERK

ds

SCHEDULE "A"

Legal Description of Land

PART A. PROPOSED CONDOMINIUM LANDS

1. PIN 48143-0266LT – (owner being The Rosseau Resort Developments Inc.)

Firstly

Pt of Lot 25, Concession 11, Pt Rdal bin Lots 25 and 26, Concession 11 (closed by By-law 72-34, #DM105704) [part 2, 35R21398]; part of Lot 25, Concession 11, pt Rdal bin Lots 25 and 26, Concession 11 (closed by By-law 72-34, #DM105704) [pt 3, 35R21398] S/T easement in ME5721; part of Lot 25, Concession 11, pt Rdal bin Lots 25 and 26, Concession 11 (closed by By-law 72-34, #DM105704); part of Lot 25, Concession 10, pt of Rdal bin Concessions 10 and 11 in front of Lot 25 (closed by By-law 190, #ME1289) pt Rdal bin Concessions 10 and 11 in front of Lot 24 (closed by By-law 744, #DM12512) [pt 4, 35R21398]; pt Lot 25, Concession 11, pt Lot 25, Concession 10, Pt Rdal bin Concessions 10 and 11 in front of Lot 25 (closed by By-law 190 #ME1289) pt Rdal bin Concessions 10 and 11 in front of Lot 24 (closed by By-law 744 #DM12512) [pt 10, 35R21398], Medora

Secondly

Pt Lot 24, Concession 11, Medora, [pt 8, 35R20257]

Thirdly

Pt Lot 24, Concession 11, Medora, [pt 7, 35R20257] T/W easement over pt Lot 24, Concession 11 being pt 5, 35R7006 as in LT103789

Fourthly

Pt Lot 24, Concession 11, Medora [pt 5 and 6, 35R20257], T/W easement over pt Lot 24, Concession 11, Medora as in LT22475

Fifthly

Pt Lot 24, Concession 11, Medora [pt 2, 35R3373]

now Township of Muskoka Lakes in The District Municipality of Muskoka

PART B. PRIVATE SEWAGE TREATMENT PLANT LANDS

2. PIN 48143-0518 – (owner being Wallace Marine Limited)

Firstly

Pt Lot 24, Concession 11, Medora as in MT47346 T/W as in MT47346, S/T as in MT47346

Secondly

Pt Lot 25, Concession 11, Medora designated as pt 5, 35R21398

now Township of Muskoka Lakes in The District Municipality of Muskoka

PART C. UNDERGROUND LINEAR WORKS LANDS

3. PIN 48143-0257 – (owner being 2027588 Ontario Inc.)

Firstly

Pt Lot 24, Concession 11, Medora designated as pt 1, 35R3373

Secondly

Pt Rdal b/n Concessions 10 and 11, Madora in front of Lot 24 (closed by By-law #744, DM12512 designated as pts 8 and 9, 35R21398

Thirdly

Pt Lot 25, Concession 11, Madora designated as pts 6 and 7, 35R21398

now Township of Muskoka Lakes in The District Municipality of Muskoka

4. PIN 48143-0243 – (owner being Wallace Marine Limited)

Pt Lot 24, Concession 11, Madora designated as pts 1, 2, 3, 4, 6 & 7, BR131 except pts 5 and 6, 35R20257 T/W easement over pt Lot 24, Concession 11, Madora as in LT22475 S/T easement over pt 3 and 4, BR131 as in LT33974 now Township of Muskoka Lakes in The District Municipality of Muskoka

5. PIN 48143-0245 – (owner being 2027587 Ontario Inc.)

Pt Lot 24, Concession 11, Madora designated as pts 1, 2 and 3, 35R7006 except pt 7, 35R20257; S/T easement over pt 2, 35R7006 as in LT21248, T/W easement over Pt Lot 24, Concession 11, pt 5, 35R7006 as in LT103789 now Township of Muskoka Lakes in The District Municipality of Muskoka

6. PIN 48143-0247 – (owner being 2162262 Ontario Inc.)

Pt Lot 24, Concession 11, Madora designated as pts 4, 5 and 6, 35R7006, except pt 8, 35R20257; S/T easement over pt 5, 35R7006 as in LT103788 now Township of Muskoka Lakes in The District Municipality of Muskoka

END February 9, 2009

20

210

SCHEDULE "B"

Shared Facilities - Waterworks

The shared facilities (waterworks) are the following works as illustrated on drawing 1 of 2 prepared by Finestone Engineering Ltd. dated September, 2008 with respect to Project No. 05-10603.3:

- (i) the temporary water treatment plant located on the lands now described as pt Lot 25, Concession 11, Medora now in Township of Muskoka Lakes in The District Municipality of Muskoka described as part 2B, 35R-22417;
- (ii) approximately 60 metres of 200 mm watermain from the temporary water treatment plant to the intersection of the Access Road and Cottage Road;
- (iii) approximately 300 metres of 250 mm watermain along Cottage Road from the intersection of the Access Road and Cottage Road to the southerly limit of Cottage Road;
- (iv) approximately 250 metres of 250 mm watermain from the southerly limit of Cottage Road to the south westerly limit of the proposed condominium;
- (v) approximately 235 metres of 400 mm watermain along the Access Road from the intersection of the Access Road and Cottage Road, westerly;
- (vi) related valves and other appurtenances but not including fire hydrants and/or service connections.

SCHEDULE "C"

Shared Facilities - Sanitary Sewage Works

The shared facilities (sanitary sewage works) are the following works as illustrated on drawing 2 of 2 prepared by Finestone Engineering Ltd. dated September, 2008 with respect to Project 05-10603.3:

- (i) the temporary wastewater treatment plant located on the lands now described as pt Lot 24, Concession 11, Medora now in Township of Muskoka Lakes in The District Municipality of Muskoka described as part 2, 35R-22417;
- (ii) approximately 110 metres of 100 mm sanitary sewage forcemain from the temporary wastewater treatment plant to the temporary water treatment plant;
- (iii) approximately 310 metres of 100 mm sanitary sewage forcemain along Cottage Road from the intersection of the Access Road and Cottage Road to the southerly limit of Cottage Road (SANMH #14);
- (iv) approximately 104 metres of 100 mm sanitary sewage forcemain from SANMH #14 to the sanitary sewage pumping station;
- (v) approximately 60 metres of 200 mm gravity sanitary sewer from the sanitary sewage pumping station to SANMH #7;
- (vi) approximately 320 mm of 38 mm sanitary sewage forcemain along the Access Road from the temporary waste water treatment plant, westerly;
- (vii) related manholes and other appurtenances but not including service connections.

END November 17, 2008

211

APPENDIX "T"

MCEACHERN, KATHERINE

From: MCEACHERN, KATHERINE
Sent: Friday, March 12, 2010 5:21 PM
To: 'Simon Romano'
Cc: HUFF, PAM; D'ALIMONTE, SILVANA; FISHLOCK, ROBERT; 'Morawetz, Richard'; 'Zalev, Adam'
Attachments: TOR_2528-#21974215-v3-RRDI_Water_Supply_Agreement.DOC

Simon,

Further to your meeting with the Receiver at our offices on February 18th regarding the water supply permit, attached is a draft water supply agreement that has been prepared based on those discussions.

In connection with this agreement, we would also like to address the lease of the sewage treatment plant. As you know, there has been a suggestion that such lease is in default, which the Receiver disputes. This draft agreement is being presented in the spirit of cooperation between our clients. As you know, our client is currently in the midst of a process to sell the Hotel to an institutional purchaser, who will also be purchasing RRDl's interest in the sewage treatment plant. A purchaser may want, in addition to the rights under the perpetual easements related to the plant, an assignment of the ground lease from Wallace Marine. While the Receiver and WestLB have numerous remedies and legal rights at their disposal to cause the assignment of the lease, we are proposing that a consent from Wallace Marine of the assignment of the lease to a purchaser approved by the Court, and a concurrent waiver of any alleged defaults under the lease be provided by Wallace Marine, in order to co-operate with and facilitate the sale process.

We look forward to hearing from you in respect of the foregoing.

Katherine McEachern
katherine.mceachern@blakes.com
Dir: 416-863-2566

5/11/2010

The Rosseau Resort Developments Inc. ("RRDI")
by its Receiver and Manager and Trustee of its Assets,
Alvarez & Marsal Canada ULC
Receipts and Disbursements for the period - May 22, 2009 to April 30, 2010
Unaudited (\$)

	May 22, 2009 to November 30, 2009	December 1, 2009 to April 30, 2010	TOTAL May 22, 2009 to April 30, 2010
Receipts:			
Receiver's Borrowings	\$ 15,000,000	\$ 7,500,000	\$ 22,500,000
Condo Retail Sale Proceeds, Gross	-	4,536,601	4,536,601
Funds distributed from McCarthys	-	730,380	730,380
Interest	2,014	1,050	3,064
GST collected	497	12,257	12,754
PST collected	92,806	-	92,806
Pre-Receiver's bank account transfers	91,060	-	91,060
Miscellaneous	32,328	24,644	56,972
Marriott GST collected [1]	48,003	-	48,003
Total Receipts	15,266,708	12,804,932	28,071,640
Disbursements:			
RRDI payroll costs incl. source deductions	575,978	153,626	729,604
Independent contractors	397,422	76,595	474,017
Construction costs	2,463,098	334,881	2,797,979
Railing remediation	-	192,613	192,613
Furniture, fixtures & equipment	333,416	17,515	350,931
Red Leaves Resort Association	36,454	-	36,454
Construction consultants/contractors	380,993	103,923	484,916
Marriott working capital funding	1,925,000	750,000	2,675,000
Marketing & advertising	740,279	4,230	744,509
Real estate commissions on retail sales	-	113,660	113,660
Utilities, resort operating costs & realty taxes	112,568	148,833	261,401
GST paid	471,142	184,501	655,643
PST Paid	103,705	18,578	122,283
Marriott GST repayment [1]	48,003	-	48,003
Insurance	53,513	70,191	123,704
Office expenses	29,209	5,211	34,420
Loan paydown and fees on First Tranche Receiver's Borrowings	-	4,182,766	4,182,766
Interest and fees on Second Tranche Receiver's Borrowings	-	427,346	427,346
Security	21,410	-	21,410
Professional fees and costs [2]	5,160,793	2,891,810	8,052,603
Miscellaneous	6,752	2,861	9,613
Holdback trust account [3]	47,333	(29,039)	18,294
Total Disbursements	12,907,068	9,650,101	22,557,169
Excess Receipts over Disbursements	\$ 2,359,640	\$ 3,154,831	\$ 5,514,471

NOTES:

[1] GST related to Marriott's operation of the Hotel. GST is remitted by Marriott, however, the GST number is through RRDI's corporate account. GST refunds are collected by RRDI and then flowed back to Marriott.

[2] Approximately \$1.015 million of the professional fees and costs of \$2.892 million paid in the period December 1, 2009 to April 30, 2010 related to fees incurred in the period prior to November 30, 2009. Professional fees and costs include payments to the Receiver, the Receiver's legal counsel, the Receiver's independent legal counsel, Representative Counsel to the Ad Hoc Committee, and the Receiver's construction cost consultant.

[3] The Receiver maintains a segregated trust account which holds funds related to construction holdback amounts for post-receivership contracts. These funds will be released to trade contractors pursuant to the provisions of the Construction Lien Act (Ontario). Once released, the disbursement is recorded in "construction costs".

2



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 2800, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Pamela L. J. Huff
Dir: 416-863-2958
pamela.huff@blakes.com

Reference: 75334/00002

May 6, 2010

VIA E-MAIL

Mr. Vern W. DaRe
Fogler, Rubino LLP
Barristers & Solicitors
95 Wellington Street West
Suite 1200, Toronto-Dominion Centre
Toronto, Ontario M5J 2Z9

Dear Mr. DaRe:

**Re: The Receivership of The Rosseau Resort Developments Inc. ("RRDI") –
Non- Closed Unit Purchasers**

Thank you for your letter dated May 4, 2010, seeking the position of the Receiver with respect to the agreements of purchase and sale ("APSS") between RRDI and purchasers of condominium units ("Existing Unit Purchasers"), which APSSs have not closed. We wish to advise you that the Receiver has scheduled an appointment before Madam Justice Pepall on May 19, 2010 for advice and directions on various matters in the receivership. Given delays in the Institutional Sales Process (defined below), the Receiver has determined that it will seek authority at that time to repudiate all APSSs with Existing Unit Purchasers.

Pursuant to an order of the Court dated July 8, 2009, the Receiver was authorized to, among other things, commence an institutional sales and marketing process in respect of RRDI's assets (the "Institutional Sales Process") and retain Colliers Macaulay Nicolls (Ontario) Inc. ("Colliers") as its broker in respect of the Institutional Sales Process.

Pursuant to an order of the Court dated December 21, 2009, the Court approved the Institutional Sales Process Protocol (the "Protocol") setting out the key terms, conditions and timelines in connection with the Institutional Sales Process. The Protocol expressly reserved the Receiver's right to extend or abridge any of the timelines described therein.

As set out in the Protocol, the deadline for the submission of non-binding indicative offers ("Offers") by Pre-Qualified Bidders (as defined in the Protocol) was 5:00 p.m. EST on March 31, 2010. On March 26, 2010, at the direction of the Receiver, Colliers advised Pre-Qualified Bidders that the deadline for submission of Offers was extended to May 17, 2010.

The Receiver determined that an extension was appropriate to, among other things, provide Pre-Qualified Bidders with a longer period of time to conduct due diligence and allow the Receiver and Pre-Qualified Bidders an opportunity to assess the recent dispute raised by certain of the existing owners of condominium units (the "Unit Owners") with respect to the interpretation of the flow of funds pursuant to the Rental Pool Management Agreement ("RPMA").

21991921.1



The dispute with Unit Owners in connection with the RPMA and certain other unresolved matters created some uncertainty in the ability of Pre-Qualified Bidders to formulate an Offer, even by the extended deadline of May 17, 2010. In order to be fair to the Pre-Qualified Bidders, maintain the integrity of the Institutional Sales Process and achieve the best result for all stakeholders, the Receiver concluded, in consultation with its legal counsel and Colliers, that it was appropriate to suspend the Institutional Sales Process until further notice. Pre-Qualified Bidders were notified on April 30, 2010 that they were not required to submit Offers by May 17, 2010.

In the Receiver's Eighth Report dated December 14, 2009, passages from which are quoted in your correspondence, the Receiver advised the Court that it was not proposing to tender on the Existing Unit Purchasers or pursue litigation with them, but rather, the Receiver recommended that consideration of the APSS be deferred until March, the original deadline for Offers, to assess the interest of Pre-Qualified Bidders in the APSS. At the end of March, I advised Michael Slan that the original deadline of March 31, 2010 had been extended until May 17, 2010, and we would communicate with him at that time. Given the recent decision to suspend the Institutional Sales Process, and the lack of interest expressed to date by Pre-Qualified Bidders to seek to consummate any of the APSS, the Receiver intends to proceed to repudiate upon Court direction.

Representatives of the Receiver and its counsel will meet with you to discuss what reasonable assistance can be provided so that Existing Unit Purchasers are able to recover deposits from Travelers and/or Baker Schneider.

In your letter, you suggest claims against the Receiver for the return of deposits. I confirm that the Receiver is not holding any deposits in connection with the APSS. You also suggest a claims process to assist in the return of deposits. Upon repudiation of the APSS, the Receiver has no interest in the deposits and therefore, no authority and no resources to administer a claims process.

Yours truly,

Pamela L. J. Huff

PLJH:na

c: Richard Morawetz, *Alvarez & Marsal ULC*
Adam Zalev, *Alvarez & Marsal ULC*
Michael J. MacNaughton, *Travelers Guarantee Company of Canada*
Irene Swain, Claim Contractual Analyst, *Tarion Warranty Corporation*
Bernard Schneider, *Baker, Schneider LLP*
Silvana D'Alimonte, *Blake, Cassels & Graydon LLP*
Katherine McEachern, *Blake, Cassels & Graydon LLP*

21991921.1



Royal Bank Plaza, South Tower
200 Bay Street, Suite 2000, P.O. Box 22
Toronto, ON M5J 2J1
Phone: (416) 847-5200 Fax: (416) 847-5201
www.alvarezandmarsal.com

215

DELIVERED BY EMAIL

May 5, 2010

Colliers Macaulay Nicolls (Ontario) Inc.
One Queen Street East
Suite 2200
Toronto, Ontario
M5C 2Z2

Attention: Messrs. David Bowden and Mark Lang

Dear Sirs:

Re: The Rosseau, a JW Marriott Resort & Spa, Muskoka, Ontario

As you may know, the Receiver has recently suspended the institutional sales process for The Rosseau. I attach a copy of a letter sent by the Receiver to potential bidders on Friday, April 30, 2010.

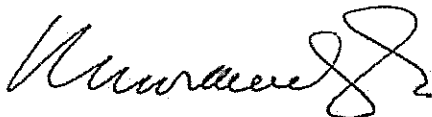
The decision was motivated by the dispute raised by certain of the existing Unit Owners with respect to the interpretation of the flow of funds pursuant to the rental pool management agreement, and by other unresolved property issues involving Fowler-controlled adjoining properties or companies. The Receiver anticipates being in Court on May 19, 2010 to seek directions, including confirmation of the suspension of the Institutional Sales Process while the Receiver embarks upon discussions with the Unit Owners to attempt to resolve the rental pool dispute. Those discussions may result in the acquisition of the commercial space at The Rosseau by the resort condominium corporation, with an accompanying simplified rental pool structure.

In contemplation of the Institutional Sales Process, the Receiver had obtained a confidentiality and nondisclosure agreement (the "NDA") from Colliers Macaulay Nicolls (Ontario) Inc. ("Colliers"), and had subsequently entered into an exclusive authority to sell agreement made July 8, 2009 with Colliers (the "Listing Agreement"), which Listing Agreement expires on May 8, 2010. We now understand that the Colliers team that was managing The Rosseau mandate (Bill Stone, Deborah Borotsik and Mark Sparrow) has left Colliers. In the circumstances, we would suggest that the Receiver and Colliers mutually agree to terminate the NDA (but for the provisions that expressly survive termination) and the Listing Agreement (including the holdover period provision), and that Colliers return to the Receiver the confidential information provided to Colliers in connection with The Rosseau. While the Listing Agreement does contain a 180-day holdover period, it is unlikely that an en bloc sale of the assets will occur within that timeframe, particularly if the unit owner proposal is able to be consummated.

We appreciate your cooperation and can discuss this matter with you at your earliest convenience.

Yours very truly,

**ALVAREZ & MARSAL CANADA ULC
IN ITS CAPACITY AS RECEIVER AND MANAGER
OF THE ASSETS OF THE ROSSEAU RESORT DEVELOPMENTS INC.,
AND NOT IN ITS PERSONAL CAPACITY**



Per: Richard A. Morawetz
Managing Director

c.c.: Bill Stone - CBRE
Deborah Borotsik - CBRE
Mark Sparrow - CBRE
Pam Huff - Blakes
Silvana D'Alimonte - Blakes
Adam Zalev - A&M
Greg Karpel - A&M

April 30, 2010

TO THOSE PARTIES THAT HAVE EXPRESSED INTEREST IN ACQUIRING CERTAIN OF THE ASSETS OF THE ROSSEAU RESORT DEVELOPMENTS INC. ("RRDI")

As you are aware, pursuant to an order of the Ontario Superior Court of Justice (the "Court") dated June 2, 2009, as amended, Alvarez & Marsal Canada ULC was appointed Receiver and Manager (the "Receiver") of all of the assets of RRDI.

Pursuant to an order of the Court dated July 8, 2009, the Receiver was authorized to, among other things, commence an institutional sales and marketing process in respect of RRDI's assets (the "Institutional Sales Process") and retain Colliers Macaulay Nicolls (Ontario) Inc. ("Colliers") as its broker in respect of the Institutional Sales Process.

Pursuant to an order of the Court dated December 21, 2009, the Court approved the Institutional Sales Process Protocol (the "Protocol") setting out the key terms, conditions and timelines in connection with the Institutional Sales Process. The Protocol expressly reserved the Receiver's right to extend or abridge any of the timelines described therein. All capitalized terms not defined herein shall have the meanings ascribed to them in the Protocol, a copy of which is attached for ease of reference.

As set out in the Protocol, the deadline for the submission of non-binding indicative offers by Pre-Qualified Bidders was 5:00 p.m. EST on March 31, 2010. On March 26, 2010, at the direction of the Receiver, Colliers advised Pre-Qualified Bidders that the deadline for submission of non-binding indicative offers was extended to May 17, 2010.

The Receiver determined that an extension was appropriate to, among other things, provide Pre-Qualified Bidders with a longer period of time to conduct due diligence and allow the Receiver and Pre-Qualified Bidders an opportunity to assess the dispute raised by certain of the existing owners of condominium units (the "Unit Owners") with respect to the interpretation of the flow of funds pursuant to the Rental Pool Management Agreement ("RPMA").

Information was provided in the electronic data room with respect to notices of dispute (the "Notices of Dispute") delivered to the Receiver by 63 of the Unit Owners in connection with the interpretation of the RPMA. The Receiver has responded to these Unit Owners, advising of its view that the language contained in the RPMA is clear and unambiguous. If the Unit Owners were ultimately successful in establishing their interpretation of the RPMA, there would be a negative impact on the expected cash flows available to the bidder that acquires the assets of RRDI, which in turn, could have an impact on the valuation ascribed to RRDI by Pre-Qualified Bidders when formulating their bids.

The Notices of Dispute and certain other unresolved matters have created some uncertainty in the ability of Pre-Qualified Bidders to formulate a bid, even by the extended deadline of May 17, 2010. As well, the Receiver has commenced discussions with the Ad Hoc Committee of Unit Owners, which may result in a settlement of the Notices of Dispute and the implementation of a modified rental pool management structure, the financial impact of which would need to be assessed by Pre-Qualified Bidders.

In order to be fair to the Pre-Qualified Bidders, maintain the integrity of the Institutional Sales Process and achieve the best result for all stakeholders, the Receiver has concluded, in consultation with its legal counsel and Colliers, that it is appropriate to suspend the Institutional Sales Process until further notice. Accordingly, Pre-Qualified Bidders are not required to submit non-binding indicative offers by May 17, 2010. In the circumstances, the Receiver will be suspending access by Pre-Qualified Bidders to the Electronic Data Room effective immediately.

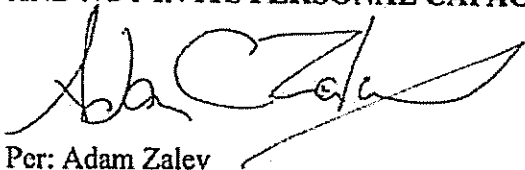
The Receiver intends to attend at Court as soon as possible, to seek advice and directions with respect to the suspension of the Institutional Sales Process, and the resolution of issues that would permit a sales process to continue in the future. A copy of the Receiver's Report to the Court in this regard will be available on the Receiver's website (www.alvarezandmarsal.com/rosseau) on or about May 13, 2010.

We appreciate the continued patience and perseverance of all Pre-Qualified Bidders. The Receiver will continue to respond to queries, as appropriate, and intends to be in contact with each Pre-Qualified Bidder over the course of the next several days.

In the interim, should you have any questions with respect to this matter, please contact the undersigned.

Yours very truly,

**ALVAREZ & MARSAL CANADA ULC
IN ITS CAPACITY AS RECEIVER AND MANAGER
OF THE ASSETS OF THE ROSSEAU RESORT DEVELOPMENTS INC.,
AND NOT IN ITS PERSONAL CAPACITY**

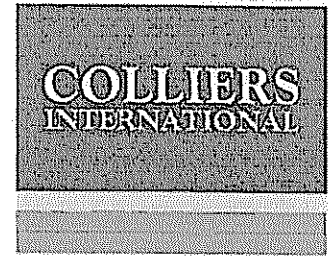


Per: Adam Zalev

Director

Tel. No. 416-847-5154

Email: azalev@alvarezandmarsal.com



VIA E-MAIL

May 11, 2010

Mr. Adam Zalev
 Director
 Alvarez & Marsal Canada ULC
 Royal Bank Plaza, Suite 2900
 Toronto, Ontario
 M5J 2J1

One Queen Street East
 Suite 2200
 Toronto, Ontario
 Canada M5C 2Z2
 Telephone: 416.777.2200
 Facsimile: 416.777.2277
www.colliers.com

Adam:

Re: The Rosseau Resort Developments Inc. – Muskoka, Ontario Canada

We hereby agree to terminate the nondisclosure agreement and resign our listing agreement dated July 8, 2009 related to the Rosseau Resort Developments Inc. as per your request dated May 5, 2010.

A courier of confidential information provided to Colliers by Alvarez & Marsal will be sent to your attention.

Yours very truly,

COLLIERS INTERNATIONAL

A handwritten signature in dark ink, appearing to read "David Bowden".

David Bowden
 Chief Executive Officer | Canada
 Colliers International

cc: Mark Lang

UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

Chapter 11
Case No. 09-10133 (PJC)
Debtor: JARVIS ADAM PAPER

OFFICE OF PUBLIC AUCTION AND BIDDING

Notice of Public Auction and Bidding. Pursuant to the terms of the Debtor's Chapter 11 Plan, the Debtor is conducting a public auction and bidding process for the sale of certain assets of the Debtor. The assets to be sold are the "Assets" as defined in the Plan. The sale will be conducted by the Office of Public Auction and Bidding, which is a division of the Debtor's Chapter 11 Trust. The sale will be held on the date and at the location specified in the Notice of Public Auction and Bidding. The Debtor is soliciting bids from interested parties. The sale will be conducted in accordance with the terms of the Plan and the applicable laws of the State of Delaware. The Debtor is not responsible for the accuracy of the information provided in this notice. The Debtor is not making any representation or warranty regarding the assets to be sold. The Debtor is not responsible for the accuracy of the information provided in this notice. The Debtor is not making any representation or warranty regarding the assets to be sold.

ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LISTNOTICE TO COMMISSION CREDITORS
of THE ROSSEAU RESORT DEVELOPMENTS INC. ("RRDI")

PLEASE TAKE NOTICE that this Notice is being published pursuant to an Order of the Ontario Superior Court of Justice made December 21, 2009 (the "Commission Claims Process Order"). Defined terms not defined within this Notice have the meaning ascribed therein in the Commission Claims Process Order.

By the Commission Claims Process Order, the Receiver has been authorized to conduct a claims procedure to determine the Commission Claims of Commission Creditors.

These Persons with claims against RRDI for unpaid real estate or brokerage commissions (a "Commission Claim") may obtain the Commission Claims Process Order and a Proof of Commission Claim package from the website of the Receiver at www.alvarezandmarsal.com/roseau or by contacting the Receiver at the contact information noted below.

Proofs of Commission Claims must be submitted to the Receiver for any Commission Claim against RRDI, in each case where the Commission Claim arose on or prior to May 22, 2009. Please consult the Proof of Commission Claim package for more details.

If you have any questions regarding the Commission Claims Process, please consult the website of the Receiver, or contact the Receiver at the address provided below.

If you believe that you have a Commission Claim against RRDI, you will have to file a Proof of Commission Claim with the Receiver. The Proof of Commission Claim must be received by the Receiver at its office, by 4:00 p.m. (Toronto Time) on March 1, 2010, the Claims Bar Date.

CLAIMS WHICH ARE NOT RECEIVED BY THE COMMISSION CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

All notices and enquiries with respect to the Commission Claims Process should be addressed to:

Alvarez & Marsal Canada ULC as
Court-Appointed Receiver of
The Rosseau Resort Developments Inc.
Attention: Greg Karpel
Royal Bank Plaza, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1
Tel: 416-847-5170
Fax: 416-847-5201
Email: gkarpel@alvarezandmarsal.com

DATED at Toronto this 14th day of January, 2010.

ALVAREZ & MARSAL CANADA ULC

In its capacity as Receiver and Manager of The Rosseau Resort Developments Inc., and not in its personal capacity.

NOTICE OF BANKRUPTCY
AND FIRST MEETING
OF CREDITORS

IN THE MATTER OF THE
BANKRUPTCY OF
ALLAN DAVID HARTLEY ERLICK
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO

Notice is hereby given that the bankruptcy of Allan David Hartley Erlick of the City of Toronto, ON, occurred on the 11th day of January, 2010 and that the first meeting of creditors will be held on the 27th day of January, 2010 at 10:00 am at the office of the Trustee, at the address noted below.

Dated at Concord, ON this 14th day of January, 2010.

Ira
Smith
167 Applewood Cres., Suite 6,
Concord, ON L4K 4K7
Tel: (905) 738-4167
Fax: (905) 738-9848

MEETINGS

Ausnoram Holdings Limited gives notice of its annual and special meeting of shareholders to be held on February 23, 2010 and a record date of January 21, 2010. The meeting will be held at 11:00 a.m. EST at Suite 2700, 130 Adelaide Street West, Toronto, Ontario.

THE GLOBE AND MAIL
TO SUBSCRIBE
CALL 1-866-36GLOBE

IN THE HIGH COURT
OF THE REPUBLIC OF SINGAPORE

Originating Summons No. 1037 of 2009/A

In the Matter of Section 210 of the Companies Act (Cap. 50)

AND

In the Matter of
WESTECH ELECTRONICS LIMITED (RC No. 1986004450)

AND

WESTECH ELECTRONICS LIMITED (RC No. 1986004450)

Applicant

NOTICE OF MEETING OF SCHEME CREDITORS

1. NOTICE IS HEREBY GIVEN that by an Order of Court dated 28 September 2009 (the "Order") the Court has directed that WESTECH ELECTRONICS LIMITED (the "Company") do convene a meeting (the "Meeting") of the Scheme Creditors (as defined in the Scheme) at 8 Cross Street #12-00 PWC Building Singapore 048424, on Tuesday 2 February 2010 at 3:00pm for the purpose of considering and, if thought fit, approving (with or without modifications) the Scheme of Arrangement (the "Scheme") proposed by the Company to be made between the Company and its Scheme Creditors, and any other incidental matters, at which place and time the Scheme Creditors are requested to attend.
2. By the Order, the Court has appointed Messrs Goh Thien Phang and Chan Kheng Tek, both of PricewaterhouseCoopers LLP ("PwC") of 8 Cross Street #17-00 PWC Building Singapore 048424 to act as Chairman of the Meeting (the "Chairman") and has directed the Chairman to report the results of the Meeting to the Court.
3. The Scheme of Arrangement, the Explanatory Statement (as required to be furnished pursuant to section 211 of the Act), the form of proxy and the Proof of Debt Form are incorporated in the printed document (the "Scheme Documents"), of which this Notice forms part. Any creditor or person entitled to attend the said Meeting may obtain copies of the Scheme Documents from the offices of PwC at 8 Cross Street #17-00 PWC Building Singapore 048424 at any time between 9:00am and 5:00pm, from Mondays to Fridays (excluding Public Holidays) prior to the date appointed for the said Meeting. Persons who wish to obtain such Scheme Documents are requested to call Ms Lu Lei Fun at +65 6236 3388 before attending at the said offices of PwC to collect the Scheme Documents.
4. The Scheme Creditors may vote in person at the said Meeting or they may appoint another person, whether a Scheme Creditor of the Company or not, as their proxy to attend and vote in their stead.
5. The Company requests that forms appointing proxies be lodged with the Company c/o PwC at 8 Cross Street #17-00 PWC Building Singapore 048424 not less than 48 hours before the time appointed for the Meeting, i.e. by 3:00pm on Sunday 31 January 2010. If forms are not so lodged, they must be handed to the Chairman of the Meeting at which they are to be used.
6. Every Unsecured Scheme Creditor as defined in the Scheme of the Company shall submit a Proof of Debt to the Company c/o PwC at 8 Cross Street #17-00 PWC Building Singapore 048424 by at least 7 clear days before the date appointed for the Meeting, i.e. by no later than Noon on 25 January 2010 (the "Proof of Debt Submission Date"), for the purposes of voting at the Meeting on the Scheme. The Proofs of Debt shall be reviewed by the Company and adjudicated by the Chairman, in consultation with the Scheme Manager, for the purposes of receiving any distribution or payment under the Scheme. Such Proofs of Debt shall be denominated in United States Dollars (US\$) at the Relevant Currency Conversion Rate (as defined in the Scheme) as of the Ascertainment Date, i.e. 25 January 2010.
7. Any Unsecured Scheme Creditor who fails to lodge his Proof of Debt by the Proof of Debt Submission Date shall not (save as expressly provided for in the Scheme) have his claim admitted by the Scheme Manager for the purposes of voting for the Scheme and shall not be entitled to receive any distribution or payment under the Scheme. The claim of any such creditor shall be waived, released, discharged and forever extinguished and that creditor shall not have any rights, interests and claims whatsoever to such claim against the Company.
8. Every Secured Scheme Creditor shall not be required to submit any Proof of Debt to the Company and shall be entitled to vote at the Meeting with respect to the amount of its Outstandings as stated in Schedule A to the Scheme.
9. If a majority in number representing three-fourths in value of each class of Scheme Creditors present and voting either in person or by proxy at the Meeting (or any adjourned Meeting) agrees to the said Scheme, with or without modification, such Scheme shall be binding on all creditors of the Company if approved by a subsequent Order of Court.
10. The solicitors for the Company are Rajah and Tann LLP whose address is at No. 4 Battery Road #15-01 Bank of China Building Singapore 049908.

Dated this 8th day of January 2010

Rajah and Tann LLP
Solicitors for Westech Electronics Limited

One Networks Inc.

est for Proposal

One Networks Inc. invites qualified to submit a proposal for the supply of 70 cover mounted bushing unit type station service transformers of 150kVA to 1200kVA, in 44kV, 13.8kV voltage classes, totalling over delivered over the years 2010 to an additional forecasted requirement of its, totalling 12MVA in same range and sizes, all in accordance with Hydro One's Request for Proposal (RFP).

To submit a proposal, a representative must attend a mandatory briefing on an authorized Hydro One representative. Such a meeting is on Wednesday, January 27, 2010.

A copy of the RFP, please email rmation@hydroone.com, using the "RFP# 100009883 - Design, and Supply of Station Service transformers rated 150 kVA to 1200 kVA". To receive your complete counter mailing, contact name, telephone number and e-mail, and the RFP will be e-mailed to you.

Interested parties are to request proposal package on Monday, January 25, 2010 at 10:00 a.m. Eastern Time. Proposal closes on Tuesday, February 16, 2010 at 4:00:00 p.m. EST.

hydro
one

It's not just news.



It's a wakeup call from the other side of the world.

THE GLOBE AND MAIL



Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: 416.847.5200 Fax: 416.847.5201
www.alvarezandmarsal.com

221

January 25, 2010

Mr. Stephen Fahner
Director of Planning
The Township of Muskoka Lakes
P.O. Box 129, 1 Bailey Street
Port Carling, Ontario
P0B 1J0

Dear Mr. Fahner:

Re: The Rosseau - Gross Floor Area calculation under Zoning By-law 87-87, as amended

The zoning amendment which controls the lands of this resort development created areas with site specific zones. The development to date has occurred within Zones C1CA1 and C1CA2. The aggregate gross floor area permitted within these two zones under the zoning by-law, as it has been amended by amending By-law 2003-101, is stated to be 309,200 square feet.

As you know, we have been attempting to quantify and confirm the precise amount of gross floor area which has been constructed on these lands in order to establish the permissible remaining gross floor area within Zones C1CA1 and C1CA2, as this is critical information to persons who may bid on the property and need to rely upon that information for that purpose. To that end, we have had discussions with you and your staff, and our architect, Mr. John McAlpine, has now prepared drawings and provided calculations of the floor areas of the built structures within these zones reflecting the overall floor area and the portions of that floor area which are treated as exempt from inclusion as gross floor area as that term is defined in the Zoning By-law. Those calculations disclose that the structures on the lands today represent 269,079 square feet of gross floor area as that term is defined in the Zoning By-law. The consequence of that determination is then that there remains 40,121 square feet of gross floor area which can be constructed on the referenced lands.

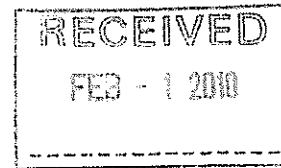
We are enclosing herein the drawings and calculations prepared by Mr. McAlpine and would request, after your review of the material, your written confirmation that we have accurately stated the status of the gross floor area for these lands as expressed above. Thank you for your co-operation.

Yours very truly,

ALVAREZ & MARSAL CANADA ULC
IN ITS CAPACITY AS COURT APPOINTED
RECEIVER AND MANAGER and TRUSTEE OF
THE ASSETS OF THE ROSSEAU RESORT DEVELOPMENTS INC.
and not in its personal capacity

Per: Richard Morawetz
Managing Director

21959618.1



266

P.O. Box 129, 1 Bailey Street, Port Carling, Ontario, P0B 1J0
Website: www.muskokalakes.ca
Phone: 705-765-3156
Fax: 705-765-6755

OUR FILE 4-14-070

January 28th 2010

Alvarez & Marsal
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, Ontario
M5J 2J1

Attention: Richard Morawetz

Dear Mr. Morawetz:

Re: Red Leaves, Gross Floor Area, Part of Lots 24 & 25, Concessions 10 & 11, (Medora), Parts 1, 4, & 5, Plan 35R-19775, Parts 1 & 4 to 8, Plan 35R-20257, Roll # 4-14-070

We offer the following comments in response to your correspondence received January 25th 2010.

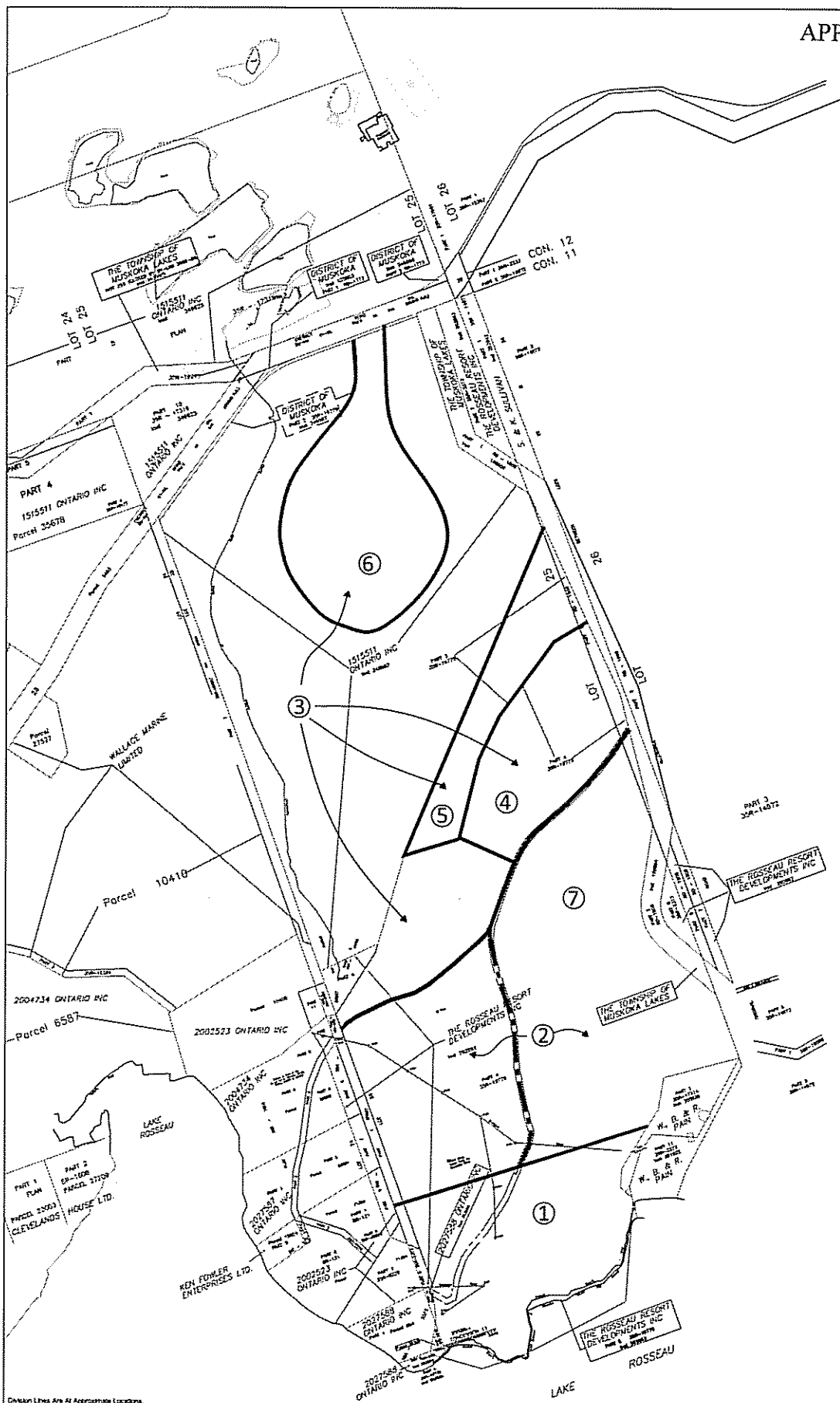
By-law 2003-101 permits a total gross floor area in the Community Commercial (C1CA1 and C1CA2) zones of the above referenced property of 309,200 square feet. Based upon the drawings and calculations you have provided from your architect, Mr. John McAlpine, we would concur that the gross floor area present on the lands today amount to 269,079 square feet. The remaining gross floor area which can be constructed is, therefore, 40,121 square feet.

If you have any further questions, please do not hesitate to contact this office.

Yours truly,

Stephen Fahner, B.A. (Hon.), A.M.C.T., C.M.M.III, M.C.I.P., R.P.P.
Director of Planning

DP



ATTACHMENT 2

- 1 - C1CA1
2 - C1CA2
3 - C1CA3
4 - GOLF COTTAGES
5 - THE WEDGE
6 - HOLE IN DONUT OR BUNKER
7 - THE MEADOW

© This Plan Is Protected By Copyright



SCALE	PROJECT NO.	DATE INITIATED	BY
NOT TO SCALE	015221	NOVEMBER 4, 2009	JT

BASE MAP SOURCE
T.A. BUNKER SURVEYING LTD.
FILE 2592 - JUNE 12, 2004

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MADAM)	WEDNESDAY, THE 19 TH DAY
)	
JUSTICE PEPALL)	OF MAY, 2010

IN THE MATTER OF SECTION 47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

BETWEEN:

WESTLB AG, TORONTO BRANCH

Applicant

- and -

THE ROSSEAU RESORT DEVELOPMENTS INC.

Respondent

ORDER

THIS MOTION, made by Alvarez & Marsal Canada ULC, in its capacity as Court-appointed receiver and manager pursuant to section 101 of the *Courts of Justice Act* (Ontario) and trustee and receiver and manager under the *Construction Lien Act* (Ontario), and Alvarez & Marsal Canada Inc., in its capacity as interim receiver pursuant to section 47(1) of the *Bankruptcy and Insolvency Act* (jointly and collectively, the “**Receiver**”), of the undertaking, property and assets (the “**Assets**”) of The Rosseau Resort Developments Inc. (“**RRDI**”), for an Order:

- (a) abridging the time for service of this Notice of Motion and Motion Record, if necessary, validating service of the Notice of Motion and Motion Record, and dispensing with further service thereof;
- (b) authorizing and approving the continued suspension by the Receiver of the Institutional Sales Process (all capitalized terms not defined herein are defined in the Eleventh Report of the Receiver dated May 12, 2010, the "Eleventh Report"), pending further recommendations from the Receiver;
- (c) authorizing and directing the Receiver to continue to negotiate the terms of the Unit Owner Proposal with the Ad Hoc Committee and the Independent Directors;
- (d) authorizing the Receiver on behalf of RRDI to repudiate outstanding APSs with Existing Unit Purchasers;
- (e) approving the Eleventh Report and the conduct and activities described therein; and
- (f) such further and other relief as counsel may request and this Honourable Court deems just,

was heard this day, at 330 University Avenue, Toronto, Ontario.

ON READING the Eleventh Report of the Receiver, the affidavits of service filed, and on hearing the submissions of counsel for WestLB AG and the Receiver, and independent counsel for the Receiver, no one else appearing,

1. **THIS COURT ORDERS** that service of the Notice of Motion and the Motion Record shall be and is hereby abridged and validated, if necessary, so that this Motion is properly returnable today and any further service thereof upon any interested party other than the persons served with the Motion Record is hereby dispensed with.

2. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to suspend the Institutional Sale Process, pending further recommendations by the Receiver to this Honourable Court.

3. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to continue negotiations with the Ad Hoc Committee and the Independent Directors in respect of the Unit Owner Proposal.
 4. **THIS COURT ORDERS** that the Receiver be and is hereby authorized on behalf of RRDI to repudiate outstanding APSs with Existing Unit Purchasers.
 5. **THIS COURT ORDERS** that the Eleventh Report, and the conduct and activities of the Receiver to date described therein, be and are hereby approved.
-

IN THE MATTER of Section 47(1) of the *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43, AS AMENDED, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED
WESTLB AG, TORONTO BRANCH V. THE ROSSEAU RESORT DEVELOPMENTS INC.

Applicant

Respondent

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

BLAKE, CASSELS & GRAYDON LLP
P.O. Box 25, Commerce Court West
199 Bay Street, Suite 2800
Toronto, Ontario M5L 1A9

Pamela L.J. Huff - LSUC#: 27344V
Tel: 416-863-2958
Fax: 416-863-2653

Katherine McEachern - LSUC#: 38345M
Tel: 416-863-2566
Fax: 416-863-2653

Lawyers for WestLB, AG and Alvarez & Marsal Canada ULC,
and Alvarez & Marsal Canada Inc., in their respective
capacities as Court-appointed Receiver and Manager, Trustee,
and Interim Receiver

FRASER MILNER CASGRAIN LLP
1 First Canadian Place
39th Floor, 100 King Street West
Toronto, Ontario M5X 1B2

R. Shayne Kukulowicz LSUC#: 30729S
Jane Dietrich LSUC # 49302U
Tel: 416-863 4467
Fax: 416-863 4592

Independent Lawyers for Alvarez & Marsal Canada ULC, and
Alvarez & Marsal Canada Inc., in their respective capacities
as Court-appointed Receiver and Manager, Trustee, and
Interim Receiver

IN THE MATTER of Section 47(1) of the *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O 1990, C. C. 43, AS AMENDED, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

WESTLB AG, TORONTO BRANCH
Applicant

THE ROSSEAU RESORT DEVELOPMENTS INC.
Respondent

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD
(Returnable May 19, 2010)**

BLAKE, CASSELS & GRAYDON LLP
P.O. Box 25, Commerce Court West
199 Bay Street, Suite 2800
Toronto, Ontario M5L 1A9

Pamela L.J. Huff - LSUC#: 27344V
Tel: 416-863-2958
Fax: 416-863-2653

Katharine McEachern - LSUC#: 38345M
Tel: 416-863-2566
Fax: 416-863-2653

Lawyers for WestLB, AG and Alvarez & Marsal Canada ULC,
and Alvarez & Marsal Canada Inc., in their respective capacities
as Court-appointed Receiver and Manager, Trustee, and Interim
Receiver

FRASER MILNER CASGRAIN LLP
1 First Canadian Place
39th Floor, 100 King Street West
Toronto, Ontario M5X 1B2

R. Shayne Kukulowicz LSUC#: 30729S
Jane Dietrich LSUC # 49302U
Tel: 416-863 4467
Fax: 416-863 4592

Independent Lawyers for Alvarez & Marsal Canada ULC, and
Alvarez & Marsal Canada Inc., in their respective capacities as
Court-appointed Receiver and Manager, Trustee, and Interim
Receiver