

May 26, 2009

VIA E-MAIL OR REGULAR MAIL

**TO THE CREDITORS OF THE ROSSEAU RESORT DEVELOPMENTS INC. ("RRDI")
AND TO THE CONSTRUCTION LIEN CLAIMANTS AGAINST RRDI'S PROPERTY**

We are writing to advise you of some important and positive changes at **The Rosseau Resort Developments Inc. – RRDI**.

On May 22, 2009, the agent for the senior secured lenders to RRDI (the "Lenders") asked for, and was granted, an order from the Ontario Superior Court of Justice appointing Alvarez & Marsal Canada ULC and one of its affiliates (collectively the "Receiver") as Construction Lien Act trustee and as interim receiver respectively of the assets of RRDI (the "Receivership Order"). A hearing to appoint the Receiver as receiver and manager under the Courts of Justice Act and the Construction Lien Act (Ontario), in addition to its interim appointment, is scheduled for Monday, June 1, 2009 in Toronto at 330 University Avenue, 8th Floor.

The Lenders have also been granted approval to provide an additional \$15 million of funding to the Receiver, on a priority basis, to be used to:

- complete construction of *The Rosseau, A JW Marriott Resort and Spa* and to engage construction specialists and consultants to assist in its completion;
- maintain Marriott Hotels of Canada Ltd. as the hotel operator;
- develop and implement a sales and marketing plan to sell the remaining hotel condominium units, sell the undeveloped waterfront and golf course lands around the Hotel owned by RRDI, and ultimately the residual interest in the Hotel;
- maintain certain of RRDI's employees who are working on completion of construction and site supervision;
- make arrangements to pay the construction and other trades for their services rendered subsequent to May 22, 2009, and supervise the process for identifying and determining any pre-receivership claims and their respective priorities to any proceeds of realization of RRDI's property; and
- take any other actions that are necessary to preserve the property and assets of RRDI.

The \$15 million of financing to be provided by the Lenders to the Receiver has been granted first priority over the claims of all other creditors under paragraph 20 of the Receivership Order.

Paragraph 36 of the Receivership Order provides that any motion by any person with respect to the amount that may be borrowed by the Receiver or the priority status granted to the financing **must be brought no later than June 1, 2009**. Prior to June 1, 2009, the amount that the Receiver may borrow is limited to \$1,500,000.

If no motion is brought prior to June 1, 2009, the Receivership Order provides that no order may be made varying, rescinding or otherwise affecting the \$15 million financing authorized by the Court, or the first priority for this borrowing provided by the Receivership Order.

This letter is delivered to you in accordance with paragraph 35 of the Receivership Order in order to provide notice to you of the Receivership Order and of the deadline provided for by paragraph 36 of the Receivership Order.

A formal plan to complete the construction of the Hotel will be finalized this week. This plan will include, among other things, completing construction of Paignton House, the cabana and outdoor bathrooms, general landscaping and the docks. It is expected that all of this work will be substantially completed by early July. With the \$15 million in financing that we expect will be available as of June 1, 2009, there will be sufficient funding to pay creditors for services approved by the Receiver and rendered after May 22, 2009.

In the meantime, the Receiver intends to formulate a plan to realize on the assets of RRDI in an orderly manner intended to maximize value and recovery for creditors.

The Receiver will be requesting the approval of the Court to conduct a process to determine all claims made against RRDI or its property for services rendered on or before May 22, 2009. The Receiver will advise of the process to be followed in order to identify such claims and determine their priorities to any proceeds of realization. In the interim, the Order permits those creditors with the entitlement to assert construction lien claims to file such claims against the property in order to comply with time limits imposed by the Construction Lien Act.

Information about this Court supervised process and a copy of the Receivership Order will be available on and can be obtained from the website of the Receiver at www.alvarezandmarsal.com/rosseau. If you have questions or require clarification, or if you are unable to retrieve a copy of the Receivership Order from the website, you may contact the Receiver at the number provided below and request a copy.

Yours very truly,

**ALVAREZ & MARSAL CANADA ULC
IN ITS CAPACITY AS CONSTRUCT LIEN ACT TRUSTEE
OF THE ASSETS OF THE ROSSEAU RESORT DEVELOPMENTS INC.
AND NOT IN ITS PERSONAL CAPACITY**



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