

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

WESTLB AG, TORONTO BRANCH

Applicant

and

THE ROSSEAU RESORT DEVELOPMENTS INC.

Respondent

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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990 C. C. 30, AS AMENDED

**SECOND SUPPLEMENTARY REPORT TO THE FOURTH REPORT OF
ALVAREZ & MARSAL CANADA ULC,
AS RECEIVER AND MANAGER AND CONSTRUCTION LIEN ACT TRUSTEE AND
MCINTOSH & MORAWETZ INC., AS INTERIM RECEIVER
OF THE ASSETS OF THE ROSSEAU RESORT DEVELOPMENTS INC.**

AUGUST 19, 2009

Listing of Appendices

- Appendix A** - Glossary of Defined Terms
- Appendix B** - The Disclosure Documentation

1.0 The Disclosure Documentation

- 1.1 On May 22, 2009, the Ontario Superior Court of Justice (the “Court”) issued an order appointing Alvarez & Marsal Canada ULC (“A&M”) and McIntosh & Morawetz Inc. as trustee and interim receiver, respectively (collectively the “Interim Receiver”), pursuant to Section 68 of the *Construction Lien Act* (Ontario) (“CLA”) and Section 47(1) of the *Bankruptcy and Insolvency Act* (Canada) (“BIA”) of all the property, assets and undertakings (the “Assets”) of The Rosseau Resort Developments Inc. (“RRDI” or the “Company”). On June 2, 2009, the Court issued an Amended and Restated Appointment Order (the “Appointment Order”) continuing the appointment of the Interim Receiver and appointing A&M as receiver and manager (the “Receiver and Manager”) pursuant to Section 101 of the *Courts of Justice Act* (Ontario) (“CJA”) and pursuant to the CLA of the Assets of RRDI (the Interim Receiver and the Receiver and Manager collectively defined as the “Receiver”).¹
- 1.2 On August 12, 2009, the Receiver filed its Fourth Report, which, among other things, described: (a) the steps that the Receiver proposes to take to restructure the Rental Pool and put in place a new form of Rental Pool management Agreement and enable it to be financially viable; and (b) the terms on which the Receiver proposes to complete new bilateral arrangements with Marriott Hotels.

¹ Capitalized terms in this Second Supplementary Report to the Fourth Report shall have the meanings ascribed to them in the Glossary of Defined Terms attached as Appendix “A”, unless otherwise defined herein.

- 1.3 On August 14, 2009, the Receiver filed a supplementary report to the Fourth Report (the “Supplementary Report to the Fourth Report”) which, among other things, advised the Court that the Disclosure Documentation was still in preparation, that it would be finalized once the outcome of the motion in respect of the matters described in the Fourth Report was determined and that approval of the Court would be sought thereafter, but in advance of the date of the One-Day Only Sale.
- 1.4 This purpose of this report (the “Second Supplementary Report to the Fourth Report”) is to: (a) provide the Court with the Disclosure Documentation and seek the Court’s approval thereof; and (b) as described in the Fourth Report, request that the Court authorize the Receiver to execute the certificate contained in the Disclosure Documentation on behalf of the chief financial officer and chief executive officer of the declarant, RRDI, without any personal liability on their part or on the part of the Receiver or its officers and directors.
- 1.5 Attached as Appendix “B” is a copy of the Disclosure Documentation. The Disclosure Documentation is required to be provided to prospective New Unit Purchasers pursuant to the Exemption Ruling and the *Condominium Act, 1998* (Ontario). The contents of the Disclosure Documentation have been reviewed by the Receiver, the Receiver’s legal counsel and Marriott Hotels.
- 1.6 The Receiver has been advised by legal counsel to RRDI that neither a chief financial officer nor a chief executive officer are currently appointed for RRDI.
- 1.7 The Receiver believes that the Disclosure Documentation contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or

that is necessary to prevent a statement that is made from being false or misleading in the circumstances which it was made.

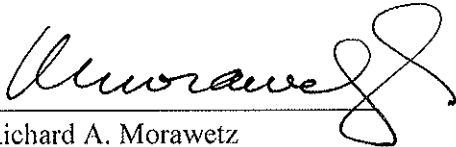
- 1.8 The Receiver recommends that this Honourable Court approve the Disclosure Documentation and authorize the Receiver to execute the certificate contained therein on behalf of the chief financial officer and chief executive officer of RRDI, without any personal liability on their part or on the part of the Receiver or its officers and directors.

* * *

All of which is respectfully submitted, this 19th day of August, 2009

**ALVAREZ & MARSAL CANADA ULC &
McINTOSH & MORAWETZ INC. IN THEIR CAPACITIES AS
CONSTRUCTION LIEN ACT TRUSTEE AND RECEIVER AND MANAGER,
AND INTERIM RECEIVER, RESPECTIVELY, OF THE ASSETS OF
THE ROSSEAU RESORT DEVELOPMENTS INC.**

Per:


Richard A. Morawetz