

TAB E

PAYMENT GUARANTY

THIS PAYMENT GUARANTY (this "**Guaranty**"), dated as of the 20th day of April, 2007, by **KEN FOWLER ENTERPRISES LIMITED**, a company incorporated under the laws of the Province of Ontario (the "**Guarantor**"), for the benefit of **WESTLB AG, TORONTO BRANCH**, a joint stock company organized and existing under the laws of Germany, acting through its Toronto Branch ("**WestLB**"), in its capacity as Administrative Agent (together with its successors and assigns, the "**Administrative Agent**") under that certain Credit Agreement dated as of the date hereof, among The Rosseau Resort Developments Inc., an Ontario corporation (the "**Borrower**"), WestLB, in its capacity as a Lender, the various financial institutions which may from time to time become a party thereto (each individually, including WestLB, a "**Lender**" and collectively, the "**Lenders**") and Administrative Agent (as such agreement may be amended, supplemented, amended and restated or otherwise modified from time to time, the "**Credit Agreement**").

WITNESSETH:

WHEREAS, as of the date hereof, the Guarantor owns, directly or indirectly, 73.5123% of the issued and outstanding shares of the Capital Stock of the Borrower; and

WHEREAS, the Borrower is the record legal title holder of that certain real property located in Muskoka, Ontario, Canada as more particularly described (i) on Exhibit A-1 to the Credit Agreement and (ii) on and after the date on which the Wedge Parcel is acquired by the Borrower in accordance with Section 6.4.1 of the Credit Agreement, the Wedge Parcel which, when acquired, shall then be described on Exhibit A-2 to be annexed to an amendment to the Credit Agreement, and in each case, including all Appurtenant Rights thereto (the "**Land**") upon which it will develop:

(a) a main upper hotel/condominium consisting of 178 Residential Condominium Units including an approximately 20,000 square foot conference facility, an approximately 13,500 square foot spa, food and beverage facility that will include a casual dining restaurant with a 60 seat outdoor terrace, a 40 seat lounge adjacent to the upper hotel, a 40 seat fine dining restaurant with a 20 seat outdoor terrace ("**Longview**") and certain common property together with related facilities and amenities;

(b) a lower hotel/condominium lodge consisting of 43 Residential Condominium Units resulting from the construction of a new building to be named "**Paignton House**" including a pool/bar restaurant ("**Paignton House**") and certain common property together with related facilities and amenities;

(c) up to 31 Residential Condominium Units between Longview and Lake Rosseau together with a boathouse (the "**Waterfront Residences**") and certain other common property together with related facilities and amenities;

(d) up to 6 "**Meadow**" residences, 21 "**Wedge**" golf villas, and 24 "**Bunker**" golf villas built along "**The Rock**" golf course (the "**Golf Residences**") and certain common property together with related facilities and amenities;

in each case, which shall, after registration as a Condominium Regime, have specified reciprocal easements and parking rights within the all seasons destination resort to be known as The J.W. Marriott Rosseau Resort (the "Resort"); and

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make Loan Commitments available to the Borrower in the aggregate principal amount of up to ONE HUNDRED THIRTEEN MILLION FIVE HUNDRED NINETEEN THOUSAND THREE HUNDRED ONE AND 00/100 DOLLARS (\$113,519,301) (the "Loans"); and

WHEREAS, the Loans are to be advanced by the Lenders to the Borrower pursuant to the terms of the Credit Agreement; and

WHEREAS, as a condition precedent to the effectiveness of the Credit Agreement, the Guarantor is required to execute and deliver this Guaranty; and

WHEREAS, the Guarantor has duly authorized the execution, delivery and performance of this Guaranty and such other Loan Documents; and

WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor will derive substantial benefits from the Loans to be made to the Borrower pursuant to the Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce the Lenders to make the Loans to the Borrower in accordance with the Credit Agreement, the Guarantor agrees, for the benefit of the Administrative Agent and the Secured Parties, as follows:

Section 1. Definitions. Capitalized terms used herein, including the preamble and the recitals above, and not separately defined herein shall have the definitions ascribed thereto in the Credit Agreement. The following terms (whether or not in bold) when used in this Guaranty, shall, except where the context otherwise requires, have the following meanings:

"Compliance Certificate" means a certificate duly completed and executed by an Authorized Representative of the Guarantor substantially in the form of Exhibit A hereto (or such other form which has been reasonably approved by the Administrative Agent and the Borrower).

"Contributed Surplus" means, on any date, all amounts that would, in conformity with Canadian GAAP, be set forth opposite the caption "contributed surplus" (or any like caption) on the balance sheet of the Guarantor at such date.

"Guarantor Capital Stock" means, on any date, all amounts that would, in conformity with Canadian GAAP, be set forth opposite the caption "capital stock" (or any like caption) on the balance sheet of the Guarantor at such date.

"Guarantor Indebtedness" means, on any date, indebtedness of the Guarantor owing to Kenneth Alfred Fowler.

"KF Investments" means, on any date, the aggregate amount of Investments received by the Guarantor from Kenneth Alfred Fowler in the Guarantor Capital Stock and/or Guarantor Indebtedness.

"Meridian Subordination Agreement" means the Subordination Agreement dated as of January 24, 2007 by and among the Guarantor, Meridian Credit Union Limited and Kenneth Alfred Fowler, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Net Worth" means, on any date, the sum of Total Shareholder Equity and KF Investments.

"Restricted Payments" is defined in Section 3.10.

"Retained Earnings" means, on any date, all amounts that would, in conformity with Canadian GAAP, be set forth opposite the caption "retained earnings" (or any like caption) on the balance sheet of the Guarantor at such date.

"Subordinate Debt" is defined in the Subordination Agreement.

"Subordinate Security" is defined in the Subordination Agreement.

"Subordination Agreement" means the Subordination Agreement of even date by and among the Guarantor, the Administrative Agent and Kenneth Alfred Fowler, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Total Shareholder Equity" means, on any date, the sum of Guarantor Capital Stock, Contributed Surplus and Retained Earnings.

Section 2. The Guaranty.

2.01 Guaranteed Obligations. (a) Subject to the limitation set forth in clause (b) of this Section 2.01 below, the Guarantor hereby, unconditionally, absolutely and irrevocably, as a primary obligor and not merely as a surety, guarantees to the Administrative Agent, for its benefit and for the benefit of the Secured Parties, the punctual and complete payment when due in Dollars, whether at or after maturity, upon acceleration or otherwise, of all present and future Indebtedness and the Obligations of the Borrower to the Secured Parties under any and all of the Loan Documents, in each case, as such Indebtedness and Obligations may from time to time be supplemented, increased, modified, amended, renewed and extended, whether evidenced by amendments, supplements, amendments and restatements or new or additional documents, including, without limitation, (i) the outstanding principal amount of any Loans, (ii) all interest payable under the Loan Documents, including, without limitation, interest accruing after the Stated Maturity Date or the realization of any Project Security or interest that would otherwise have been owed by the Borrower under the Loan Documents but the payment of which is unenforceable or not allowable due to the existence of a bankruptcy, liquidation, reorganization or similar proceeding involving the Borrower, and any late charges, fees or other amounts due by reason of any later payment of interest, and (iii) all other sums, fees, costs, expenses and payments due to the Administrative Agent or the Secured Parties (including attorneys' fees)

pursuant to the Credit Agreement (including Section 11.3 thereof) or one or more of the Loan Documents (the obligations set forth in this clause (a) and in clause (c) of this Section 2.01 are hereinafter collectively referred to as the "**Guaranteed Obligations**").

(b) Notwithstanding anything contained herein or in the definition of "Payment Guaranty" in the Credit Agreement to the contrary, the liability of the Guarantor hereunder shall not exceed the sum of (i) \$11,351,930, plus, (ii) interest on the amount set forth in clause (i) at the rate set forth in Section 3.2.2 of the Credit Agreement from the date of demand, plus (iii) the Enforcement Costs.

(c) In the event the Administrative Agent retains counsel (i) to enforce any of the Administrative Agent's rights and remedies hereunder, to prosecute or defend any action or proceeding or other litigation affecting or relating to this Guaranty or an Event of Default hereunder, or to collect amounts due from the Guarantor hereunder or (ii) to represent the Administrative Agent in any other proceeding whatsoever arising out of, from, or in connection with this Guaranty or an Event of Default hereunder including, without limitation, in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights related to a filing by or against the Guarantor, the Guarantor covenants and agrees to pay all reasonable fees and reasonable out-of-pocket costs and expenses of such counsel, court costs and filing fees (all of which costs, expenses and fees are referred to as "**Enforcement Costs**") in addition to all other amounts due hereunder whether or not such Enforcement Costs are incurred in one or more proceedings involving the Administrative Agent. All such Enforcement Costs shall be paid within five (5) days after delivery of an invoice therefor after which time interest shall accrue on the amount thereof at the interest rate set forth in Section 3.3.2 of the Credit Agreement until all such Enforcement Costs have been indefeasibly paid in full.

If the Borrower shall fail to pay or perform in full when due (whether at the Stated Maturity Date, by acceleration or otherwise) any Obligation, beyond any applicable notice and cure period, under the Loan Documents which constitutes a Guaranteed Obligation or if the Guarantor otherwise becomes obligated to pay or perform any Guaranteed Obligation in accordance with the terms of this Guaranty, the Guarantor will promptly pay same, within five (5) Business Days after demand therefor by the Administrative Agent.

2.02 Guaranty Absolute. The obligation of the Guarantor hereunder is a present and continuing obligation and is primary and independent of any obligation of the Borrower to perform the Obligations under the Loan Documents. The Guarantor shall be obligated to pay and perform the Guaranteed Obligations whether or not the Loan Documents are in effect, whether or not the Borrower has been relieved, released or discharged thereunder and whether or not the Administrative Agent is prohibited from enforcing some or all of the Borrower's obligations thereunder until the Guaranteed Obligations have been indefeasibly paid and performed. At the option of the Administrative Agent, all amounts advanced by the Administrative Agent hereunder may be treated as a protective advance made to or on behalf of the Borrower under the Loan Documents and, in such event, the Guarantor shall be obligated to reimburse the Administrative Agent for such advance in accordance with this Guaranty together with interest thereon from the date of any such advance at the interest rate set forth in Section 3.2.2 of the Credit Agreement. This Guaranty shall be reinstated if at any time after the payment

and performance of the Guaranteed Obligations a court of competent jurisdiction requires the Administrative Agent to return or refund to any Person for any reason whatsoever all or any portion of any payment made by the Borrower to the Administrative Agent.

2.03 Obligations Unconditional. The obligations of the Guarantor under this Guaranty hereof are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Credit Agreement or any other agreement or instrument referred to herein or therein, including, without limitation, the Environmental Indemnity, the Completion Guaranty, the Non-Recourse Carve Out Guaranty, the Non-Recourse Pledge Guaranty and this Guaranty (collectively, the "**Guaranty Agreements**"), or any substitution, release, settlement or exchange of any of the other Guaranty Agreements or any other guaranty of or security for the Loans or the Borrower's obligations under the Loan Documents, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantor hereunder, which shall remain absolute and unconditional as described above:

- (i) at any time or from time to time, without notice to the Guarantor, the time for any performance of or compliance with any obligations of the Borrower or the Guarantor to the Administrative Agent shall be extended, or such performance or compliance shall be waived or any consent or indulgence shall be granted or withheld in connection therewith;
- (ii) any of the acts mentioned in any of the provisions of the Credit Agreement or any other agreement or instrument referred to herein or therein, including, without limitation, any of the Guaranty Agreements, shall be performed, in whole or in part;
- (iii) the maturity of any Obligations shall be accelerated, or any such Obligation shall be modified, supplemented or amended in any respect, or any right under the Credit Agreement, the Guaranty Agreements, or any other agreement or instrument referred to herein or therein, shall be waived or any of the other Guaranty Agreements or any other guaranty of any obligation of the Borrower to the Administrative Agent or any security therefor shall be modified, released or exchanged in whole or in part or otherwise dealt with;
- (iv) any lien or security interest granted to, or in favor of, the Administrative Agent as security for any obligation of the Borrower to the Administrative Agent shall be released or shall fail to be perfected or shall fail to have priority over any other lien or security interest; or
- (v) all or any part of the Land or any other Project Security for any obligation of the Borrower to the Administrative Agent shall be sold, released, assigned or otherwise transferred, whether in connection with a foreclosure, deed in lieu of foreclosure, settlement, restructuring or otherwise.

The Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices (other than notices that are expressly required by this Guaranty) whatsoever, and any requirement that the Administrative Agent exhaust any right, power or remedy or proceed against the Borrower under the Credit Agreement or any other agreement or instrument referred to herein or therein, or against any other Person under any other guaranty of, or security for, any obligation of the Borrower to the Administrative Agent.

2.04 Reinstatement. The obligations of the Guarantor under this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of any Guaranteed Obligation is rescinded or must be otherwise restored by the Administrative Agent, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantor agrees that it will indemnify the Administrative Agent on demand for all reasonable costs and expenses (including, without limitation, reasonable fees and costs and expenses of counsel) incurred by the Administrative Agent in connection with such rescission or restoration, including any such reasonable out-of-pocket costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

2.05 Subrogation. The Guarantor hereby agrees that it shall not be subrogated to any of the rights of the Administrative Agent until indefeasible payment of the Obligations has been made by or on behalf of the Borrower.

2.06 Remedies. The Guarantor agrees that, as between the Guarantor and the Administrative Agent, the Obligations of the Borrower under the Credit Agreement may be declared to be forthwith due and payable pursuant to the terms thereof (and shall be deemed to have become automatically due and payable in the circumstances provided therein) for purposes of Section 2.01 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or such Obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such Obligations being deemed to have become automatically due and payable), such Obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantor for purposes of said Section 2.01.

2.07 Continuing Guaranty. The guaranty in this Section 2 is a continuing guaranty, and shall apply to all Guaranteed Obligations hereof whenever arising.

2.08 Payments. All payments under this Guaranty shall be made in Dollars without set-off or counterclaim at the place and in the manner specified for payments under the Credit Agreement.

Section 3. Representations and Warranties; Covenants. The Guarantor represents and warrants to the Administrative Agent, for its benefit and the benefit of the Secured Parties, that:

3.01 Corporate Existence. The Guarantor is duly organized and validly existing and in good standing under the laws of the state or jurisdiction of its organization, is duly qualified to do business and is in good standing in each jurisdiction where the nature of its business requires

such qualification and has full power and authority and holds all requisite governmental licenses, Permits and other approvals to enter into and perform its obligations under this Guaranty and the other Loan Documents to which it is a party and to own, hold and, if applicable, lease its property and to conduct its business substantially as currently conducted by it.

3.02 No Breach. None of the execution and delivery of this Guaranty, the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of the Guarantor, any Legal Requirement binding on or affecting the Guarantor, or any agreement or instrument to which the Guarantor is a party or by which it is bound or to which it is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of the Guarantor pursuant to the terms of any such agreement or instrument.

3.03 Corporate Action. The Guarantor has all necessary corporate power and authority to execute, deliver and perform its obligations under this Guaranty; the execution, delivery and performance by the Guarantor of this Guaranty have been duly authorized by all necessary corporate action on its part; and this Guaranty has been duly and validly executed and delivered by the Guarantor and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

3.04 Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Instrumentality are necessary for the execution, delivery or performance by the Guarantor of this Guaranty or for the validity or enforceability hereof.

3.05 Solvency. After giving effect to the Transaction, as of the date of this Guaranty:

(i) the Guarantor will not for any reason be unable to meet its obligations as they generally become due;

(ii) the Guarantor will not have ceased paying its current obligations in the ordinary course of business as they generally become due; and

(iii) the aggregate of the Guarantor's property is not, at a fair valuation, insufficient, or, if disposed of at a fairly conducted sale under legal process would not be insufficient to enable payment of all its obligations, due and accruing due.

3.06 Ownership of Interests. The Guarantor is the owner, directly or indirectly, of 73.51% of the issued and outstanding shares of the Capital Stock of the Borrower.

3.07 Financial Information. The Guarantor shall furnish, or cause to be furnished, to the Administrative Agent copies of the following financial statements, reports, notices and information:

(i) as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, a balance sheet of the Guarantor, and a statement of earnings and cash flow of the Guarantor, in each case, as of the end of such fiscal quarter as well as for the period commencing at the end of the previous Fiscal Year and ending with the

end of such fiscal quarter, certified as complete and correct by the chief financial or accounting Authorized Representative of the Guarantor;

(ii) as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, a quarterly operating statement of the Guarantor, certified as complete and correct by the chief financial or accounting Authorized Representative of the Guarantor;

(iii) as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year, a copy of the annual audited financial statements for such Fiscal Year for the Guarantor and a statement of earnings and cash flow of the Guarantor for such Fiscal Year, in each case as audited (without any Impermissible Qualification) by independent public accountants reasonably acceptable to the Administrative Agent;

(iv) as soon as available and in any event within forty-five (45) days after the end of each of the first eleven calendar months of each Fiscal Year and within one hundred twenty (120) days after the end of the Fiscal Year, a Compliance Certificate, executed by the chief financial or accounting Authorized Representative of the Guarantor, showing (in reasonable detail and with appropriate calculations and computations in all respects reasonably satisfactory to the Administrative Agent) that the daily average Net Worth of the Guarantor at all times during the month for which such Compliance Certificate is being delivered was no less than \$95.00 million (currently and on a pro forma basis after giving effect to the payments to be made in respect of all federal, state, national, Provincial and local income taxes of the Guarantor);

(v) as soon as available and in any event within five (5) Business Days after any change in the Authorized Representatives of the Guarantor, a certified specimen signature of such new Authorized Representative so appointed together with evidence of the authority of such new Authorized Representative;

(vi) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge of the occurrence of a Default, any Event of Loss or any act, event or condition which could reasonably be expected to have a Material Adverse Effect, a statement of the chief executive, financial or accounting Authorized Representative of the Guarantor setting forth details thereof and the action which the Guarantor has taken and proposes to take with respect thereto;

(vii) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge of (x) the occurrence of any material adverse development with respect to any litigation, action, proceeding or labor controversy of the type and materiality described in Item 7.13 of the Disclosure Schedule, or (y) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Item 7.13 of the Disclosure Schedule, a copy of all relevant documentation relating thereto;

(viii) promptly after the sending or filing thereof, copies of all reports required to be filed by the Guarantor with any Governmental Instrumentality, including any reports with respect to Environmental Matters and the Permits;

(ix) as soon as possible and in any event within five (5) Business Days after the Guarantor receives notice or obtains knowledge of the occurrence or existence of any Environmental Matter requiring notice to a Governmental Instrumentality or with respect to which notice is received from a Governmental Instrumentality, a copy of all relevant documentation relating thereto; and

(x) such other information and reports respecting the condition or operations, financial or otherwise, of the Borrower, the Guarantor or the Environmental Indemnitor and the Premises as required under the Loan Documents, the Project Documents and the Condominium Documents, and such other information and reports respecting the construction of the Improvements as the Administrative Agent or Consulting Engineer may reasonably request from time to time.

By accepting delivery of any of the aforementioned items, the Administrative Agent shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance of delivery thereof shall not be or constitute any consent or affirmation with respect thereto or estoppel by the Administrative Agent.

3.08 General Limitation on Guaranteed Obligations. In any action or proceeding involving any corporate law, or any other bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of the Guarantor hereunder would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability hereunder, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by the Guarantor, the Administrative Agent or any other Person, be automatically limited and reduced to the higher of (i) the net worth of the Guarantor on the date hereof or (ii) the net worth of the Guarantor on the date of payment by the Guarantor in respect of its obligations hereunder, including the Guaranteed Obligations.

3.09 Recognition of Substantial Benefit. The Guarantor recognizes that it shall derive substantial benefits from the Loans to be made to the Borrower by reason of its ownership of the Capital Stock of the Borrower.

3.10 Restricted Payments, etc. On and at all times after the date hereof:

(a) the Guarantor will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any Capital Stock (now or hereafter outstanding) or on any warrants, options or other rights with respect to any Capital Stock (now or hereafter outstanding) of the Guarantor (other than dividends or distributions payable on its Capital Stock or reclassifications of its Capital Stock into additional or other shares of its Capital Stock) or apply any of its funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree to purchase or redeem, any

shares of any Capital Stock (now or hereafter outstanding), or warrants, options or other rights with respect to any Capital Stock (now or hereafter outstanding);

(b) the Guarantor will not,

(i) make any payment or prepayment of principal of, or make any payment of interest on, the Subordinate Debt or Subordinate Security;

(ii) make any payment or prepayment of principal of, or make any payment of interest on, any other Indebtedness, including Guarantor Indebtedness, on any day other than the stated, scheduled date for such payment or prepayment set forth in the documents and instruments memorializing such Indebtedness, or which would violate the provisions of such instruments; or

(iii) redeem, purchase or defease, any Indebtedness or make any payment for purposes of funding any of the foregoing

(the foregoing prohibited acts referred to in clauses (a) and (b) being herein collectively referred to as "**Restricted Payments**"); provided, however, that notwithstanding the provisions of clauses (a) and (b), so long as no Default has occurred and is continuing or would result therefrom, the Guarantor may make Restricted Payments (x) that are expressly permitted under the Subordination Agreement and the Meridian Subordination Agreement, (y) to repay Indebtedness (other than Guarantor Indebtedness or Indebtedness held by an Affiliate of the Guarantor) which by its terms is payable upon demand, it being understood that this proviso shall not apply to Indebtedness for which the stated, scheduled date for payment or prepayment has been accelerated or (z) so long as after giving effect thereto, the Net Worth of the Guarantor will not be less than \$95.00 million.

Section 4. Events of Default. Each of the following events or occurrences described in this Section 4 shall constitute an "Event of Default" under this Guaranty:

(a) The Guarantor shall default in the due performance and observance of its obligations under this Guaranty and such default shall continue unremedied for a period of five (5) days (or such other period of time during which performance of the applicable obligations is required under this Guaranty) after written notice, shall have been given to the Guarantor by the Administrative Agent;

(b) Any representation or warranty of the Guarantor made or deemed to be made under any Loan Document, Project Document or Condominium Document executed by it or any other writing or certificate furnished by or on behalf of the Guarantor to the Administrative Agent, the Issuer or any Secured Party for the purposes of or in connection with any Loan Document is or shall be incorrect when made or deemed to have been made in any material respect;

(c) The Guarantor shall

(i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(ii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian for a substantial part of its property, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian for a substantial part of its property, and such trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian shall not be discharged within sixty (60) days; provided, however, that the Guarantor hereby expressly authorizes the Administrative Agent and each Secured Party to appear in any court conducting any relevant proceeding during such sixty-day period to preserve, protect and defend their rights under this Guaranty and the other Loan Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement, readjustment composition or similar relief or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Guarantor, such case or proceeding shall be consented to or acquiesced in by the Guarantor or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed; provided, however, that the Guarantor hereby expressly authorizes the Administrative Agent and each Secured Party to appear in any court conducting any such case or proceeding during such sixty-day period to preserve, protect and defend their rights under this Guaranty and the other Loan Documents; or

(v) take any action authorizing, or in furtherance of, any of the foregoing;

(d) The existence of an "Event of Default" as such term is defined in the Credit Agreement and the other Guaranty Agreements; or

(e) The daily average Net Worth of the Guarantor at any time during the term of this Guaranty is less than \$95.00 million.

Upon the occurrence of an Event of Default hereunder, the Administrative Agent, without any notice to the Guarantor, shall be entitled to exercise all rights and remedies available hereunder and at law and equity (including, without limitation, exercising all rights, remedies and options under the Subordination Agreement) and, at the option of the Administrative Agent, an "Event of Default" (as defined in the Credit Agreement) shall exist under the Credit Agreement and the other Loan Documents in which case the Administrative Agent, without any further notice to the Guarantor or any other Person, shall be entitled to exercise all rights and remedies available thereunder and under the other Loan Documents; provided, however, the Administrative Agent may, at its option, commence enforcement proceedings against the Guarantor without declaring an "Event of Default" (as defined in the Credit Agreement) under the Credit Agreement.

Section 5. Payments Free and Clear of Taxes, etc. The Guarantor agrees that:

(a) All payments by the Guarantor to the Administrative Agent or any Secured Party shall be made free and clear of and without withholding or deduction for any present or future income, excise, stamp or franchise taxes or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by the Administrative Agent's or any Secured Party's net income or receipts (each such non-excluded item being called "Taxes"). In the event that any withholding or deduction from any payment to be made by the Guarantor hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Guarantor will

- (i) pay directly to the relevant taxing authority the full amount required to be so withheld or deducted;
- (ii) promptly forward to the Administrative Agent an official receipt or other documentation satisfactory to the Administrative Agent evidencing such payment to such authority; and
- (iii) pay to the Administrative Agent for its benefit or for the benefit of the applicable Secured Party, such additional amount or amounts as are necessary to ensure that the net amount actually received by the Administrative Agent or the applicable Secured Party after giving effect to such withholding or deduction will equal the full amount the Administrative Agent or such Secured Party would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Administrative Agent or any Secured Party with respect to any payment received by the Administrative Agent or a Secured Party hereunder, the Administrative Agent may pay such Taxes and the Guarantor will promptly pay such additional amounts (including any penalties, interest or expenses) as are necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amounts) shall equal the amount the Administrative Agent or such Secured Party or such Person would have received had not such Taxes been asserted.

(b) If the Guarantor fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Guarantor shall indemnify the Administrative Agent and the Secured Parties for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or any Secured Party as a result of any such failure.

(c) In the event that any additional amount is paid by the Guarantor for the account of the Administrative Agent or the Secured Parties and the Administrative Agent or a Secured Party is entitled to a refund of the Tax (a "Tax Refund") to which such payment is attributable, then the Administrative Agent or the applicable Secured Party shall take all reasonable steps which are necessary to obtain such Tax Refund, including filing such forms, certificates, documents, applications or returns as may be required to

obtain such Tax Refund. If the Administrative Agent or any Secured Party subsequently receives such a Tax Refund, and the Administrative Agent or the applicable Secured Party is readily able to identify the Tax Refund as being attributable to the Tax with respect to which an additional amount was made, then the Administrative Agent or the applicable Secured Party shall reimburse the Guarantor such amount as the Administrative Agent or such Secured Party shall determine acting in good faith to be the proportion of the Tax Refund, together with any interest received thereon, attributable to such additional amount as will leave such Secured Party after the reimbursement (including such interest) in no better or worse position than it would have been if such additional amount had not been required.

(d) Without prejudice to the survival of any other agreement of the Guarantor hereunder, the agreements and obligations of the Guarantor contained in this Section 5 shall survive expiration or earlier termination of this Guaranty.

(e) If the Guarantor becomes obligated under this Section 5 to make payments to the Administrative Agent or any Secured Party solely due to the failure of the Administrative Agent or such Secured Party to perform its delivery or notification obligations hereunder, the Guarantor shall not be obligated to make such payments to the Administrative Agent or the applicable Secured Party until such time as the Administrative Agent or such Secured Party has performed its delivery and notification obligations hereunder in all material respects in which case the Guarantor shall only be obligated to make payments pursuant to this Section 5 which arise from and after the date that such notification and delivery requirements have been performed by the Administrative Agent or such Secured Party in all material respects.

Section 6. Subordination of Debt. If, for any reason whatsoever and whether or not permitted under the Loan Documents, the Borrower is or becomes indebted to the Guarantor:

(a) such indebtedness and all interest thereon and all liens, security interests and rights now or hereafter existing with respect of property of the Borrower securing same shall, at all times, be subordinate in all respects to the Guaranteed Obligations and to all liens, security interests and rights now or hereafter existing to secure the Guaranteed Obligations;

(b) the Guarantor shall not be entitled to enforce or receive payment, directly or indirectly, of any such indebtedness of the Borrower to the Guarantor until the Guaranteed Obligations have been fully and finally paid and performed;

(c) the Guarantor hereby collaterally assigns and grants to the Administrative Agent, for its benefit and the benefit of the Secured Parties, a security interest in all such indebtedness and security therefor, if any, of the Borrower to the Guarantor now existing or hereafter arising, including any dividends and payments pursuant to debtor relief or insolvency or liquidation proceedings referred to below. In the event of receivership, bankruptcy, reorganization, arrangement or other debtor relief or insolvency proceeding involving the Borrower, as debtor, the Administrative Agent shall have the right to provide its claim in any such proceeding so as to establish its rights hereunder and shall

have the right to receive directly from the receiver, trustee or other custodian, dividends and payments that are payable upon any obligation of the Borrower to the Guarantor now existing or hereafter arising, and to have all benefits of any security therefor, until the Guaranteed Obligations have been indefeasibly repaid and performed. If, notwithstanding the foregoing provisions, the Guarantor should receive any payment, claim or distribution that is prohibited as provided above in this Section 6, the Guarantor shall pay the same to the Administrative Agent immediately, the Guarantor hereby agreeing that it shall receive any such payment, claim or distribution in trust for the Secured Parties and shall have absolutely no dominion over the same except to pay it immediately to the Administrative Agent; and

(d) the Guarantor shall promptly upon request of the Administrative Agent from time to time execute such documents and perform such acts as the Administrative Agent may require to evidence and perfect its interest and to permit or facilitate exercise of its rights under this Section 6, including, but not limited to, execution and delivery of financing statements, PPSA financing statements or similar Instruments, proofs of claim, further assignments and security agreements, and delivery to the Administrative Agent of any promissory notes or other instruments evidencing indebtedness of the Borrower to the Guarantor. All promissory notes, accounts receivable ledgers or other evidences, now or hereafter held by the Guarantor, of obligations of the Borrower to the Guarantor shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under and is subject to the terms of this Guaranty and the other Guaranty Agreements.

Section 7. Miscellaneous.

7.01 No Waiver. No failure on the part of the Administrative Agent or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Administrative Agent or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

7.02 Cumulative Remedies. No right or remedy conferred upon the Administrative Agent, the Secured Parties or the Issuer in this Guaranty is intended to be exclusive of any other right or remedy contained in the other Loan Documents or at law and equity and every such right and remedy shall be cumulative and shall be in addition to every other right or remedy contained in the other Loan Documents and as now or hereafter available to the Administrative Agent, the Secured Parties or the Issuer at law or in equity, by statute or otherwise.

7.03 Governing Law; Entire Agreement. THIS GUARANTY SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any and all prior

agreements, written or oral, with respect thereto including that certain Indicative Term Sheet dated March 27, 2006 and revised April 24, 2006.

7.04 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT AND THE GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT OR THE GUARANTOR IN CONNECTION HERewith OR THEREWITH. THE GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT ACCEPTING THIS GUARANTY AND THE ADMINISTRATIVE AGENT, THE SECURED PARTIES AND EACH ISSUER ENTERING INTO THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS.

7.05 Notices. All notices and other communications provided to any party hereto under this Guaranty shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below or at such other address or facsimile number as may be designated by such party in a notice to the other parties. All such notices and communications shall be deemed to have been properly given if (x) hand delivered with receipt acknowledged by the recipient; (y) if mailed, upon the fifth Business Day after the date on which it is deposited in registered or certified mail, postage prepaid, return receipt requested or (z) if by Federal Express or other nationally-recognized express courier service with instructions to deliver on the following Business Day, on the next Business Day after delivery to such express courier service. Notices and other communications may also be properly given by facsimile but shall be deemed to be received upon automatic facsimile confirmation of receipt thereof by the intended recipient machine therefor with the original of such notice or communication to be given in the manner provided in the second sentence of this Section; provided, however, that the failure to deliver a copy in accordance with the second sentence of this Section shall not invalidate the effectiveness of such facsimile notice. Notices shall be addressed as follows:

To Guarantor:

Ken Fowler Enterprises Limited
P.O. Box 24091
110 Hannover Drive, Suite 203B
St. Catharines, Ontario, Canada
L2R 7P7
Attention: Ken Fowler
Facsimile No.: (905) 688-3060

With a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Attention: John R. Dow, Esq.
Facsimile: (416) 947-0866

**To the Administrative
Agent:**

WestLB AG, Toronto Branch
200 Bay Street
Suite 2301, Box 41
Toronto, Ontario M5J 2J1
Attention: Robert Dyck
Facsimile: (416) 216-5020

With a copy to:

Mayer, Brown, Rowe & Maw LLP
1675 Broadway
New York, New York 10019
Attention: Douglas L. Wisner, Esq.
Facsimile: (212) 849-5665

7.06 Modification; Waiver. No modification, waiver, amendment, discharge or change of this Guaranty shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

7.07 Successors and Assigns. This Guaranty shall be binding upon and inure to the benefit of the parties and their respective successors and assigns (provided, however, that the Guarantor shall not assign or transfer any rights it has hereunder).

7.08 Partial Invalidity. If any of the provisions of this Guaranty, or the application thereof to any Person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Guaranty, or the application of such provision or provisions to Persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

7.09 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE SECURED PARTIES, THE ISSUER OR THE GUARANTOR IN CONNECTION HERewith SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (UNLESS SUCH COURT DOES NOT HAVE JURISDICTION IN WHICH CASE SUCH LITIGATION SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK). THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE

SOUTHERN DISTRICT OF NEW YORK OR, IF APPLICABLE, THE COURTS OF THE STATE OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION, SUBJECT TO THE GUARANTOR'S RIGHT TO CONTEST SUCH JUDGMENT BY MOTION OR APPEAL ON ANY GROUNDS NOT EXPRESSLY WAIVED IN THIS SECTION 7.09. THE GUARANTOR HEREBY IRREVOCABLY APPOINTS CT CORPORATION SYSTEM (THE "**PROCESS AGENT**"), WITH AN OFFICE ON THE DATE HEREOF AT 111 EIGHTH AVENUE, NEW YORK, NEW YORK 10011 AS ITS AGENT TO RECEIVE, ON THE GUARANTOR'S BEHALF AND ON BEHALF OF THE GUARANTOR'S PROPERTY, SERVICE OF COPIES OF THE SUMMONS AND COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO THE GUARANTOR IN CARE OF THE PROCESS AGENT AT THE PROCESS AGENT'S ABOVE ADDRESS, AND THE GUARANTOR HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE PROCESS AGENT TO ACCEPT SUCH SERVICE ON ITS BEHALF. AS AN ALTERNATIVE METHOD OF SERVICE, THE GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR OUTSIDE THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 7.05. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE OTHER LOAN DOCUMENTS.

7.10 Judgment Currency. The Guaranteed Obligations of the Guarantor in respect of any sum due to the Administrative Agent, any Secured Party or any Issuer hereunder shall, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than Dollars, be discharged only to the extent that on the Business Day following receipt by such Person of any sum adjudged to be so due in the Judgment Currency, such Person, in accordance with normal banking procedures, purchases Dollars with the Judgment Currency. If the amount of Dollars so purchased is less than the sum originally due to such Person, the Guarantor agrees as a separate obligation and notwithstanding any such judgment, to indemnify each Person, as the case may be, against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to such Person, as the case may be, each agreeing to remit any excess to the Guarantor.

7.11 Headings. The various headings of this Guaranty are inserted for convenience only and shall not affect the meaning or interpretation of this Guaranty or any provisions hereof or thereof.

7.12 Acknowledgment of the Administrative Agent. The Guarantor hereby acknowledges that the Administrative Agent is the duly appointed agent of the Secured Parties in accordance with the terms and conditions of the Credit Agreement and the other Loan Documents.

7.13 Transfers of Interests in Loan. The Guarantor recognizes that the Administrative Agent, the Secured Parties and the Issuer may, subject to the Loan Documents, sell and transfer interests in the Loans and the Commitments to one or more participants and/or assignees and that all documentation, financial statements, appraisals and other data, or copies thereof, relevant to the Borrower, the Guarantor, the Loans or the Commitments, may be exhibited to and retained by any such participant or assignee or prospective participant or assignee.

7.14 Additional Documents; Estoppel Certificates. The Guarantor shall execute and deliver to the Administrative Agent all instruments and certificates as the Administrative Agent may reasonably request (including, but not limited to, estoppel certificates certifying that this Guaranty is in full force and effect after the occurrence of an Event of Default, a statement stating the nature of any defenses, offsets, claims or counterclaims provided that such statement shall be limited to the actual knowledge of the Guarantor at the time of such certification and will not preclude the Guarantor from raising defenses, claims, offsets or counterclaims of which the Guarantor had no actual knowledge at the time of such certification) to effect, confirm or assure the rights and remedies intended to be granted to the Administrative Agent under this Guaranty but without creating any additional liability which does not exist under the Guaranty or expanding any liability which exists hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty as of the date first above written and by signing below, the Guarantor covenants and agrees that it is bound hereby.

KEN FOWLER ENTERPRISES LIMITED

By: _____

Name: *James Farrar*

Title: *ASO*

COMPLIANCE CERTIFICATE

KEN FOWLER ENTERPRISES LIMITED

WESTLB AG, TORONTO BRANCH,
as Administrative Agent
Suite 2301, Box 41
Royal Bank Plaza, North Tower
200 Bay Street
Toronto, Ontario
M5J 2J1
Attention: Robert Dyck
Facsimile: 416.216.5020

This Compliance Certificate is delivered pursuant to clause (iv) of Section 3.07 of the Payment Guaranty, dated as of April 20, 2007 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "**Payment Guaranty**") by KEN FOWLER ENTERPRISES LIMITED, a company incorporated under the laws of the Province of Ontario (the "**Guarantor**") for the benefit of WestLB AG, Toronto Branch (the "**Administrative Agent**"), in its capacity as the Administrative Agent for the Lenders (as such term is defined in the Payment Guaranty). Unless otherwise defined herein, capitalized terms used herein have the meanings provided in the Payment Guaranty.

The Guarantor hereby certifies, represents and warrants in respect of the period commencing on _____ (the "**Commencement Date**"), and ending on _____ (the "**Ending Date**");

0. The Guarantor has, during the period or periods referred to above, observed or performed all of its covenants and other agreements, and satisfied every condition, contained in the Payment Guaranty and the other Loan Documents to which it is a party required to be observed, performed or satisfied by it on or before the date hereof.
1. No Event of Default had occurred and was continuing[, except [for _____] [and] [as specified below]].
2. The chief executive office and principal place of business of the Guarantor is located as indicated on Item B of Attachment I hereto.
3. The Guarantor has not changed its jurisdiction of organization, legal name, used any tradename or been the subject of any merger or other corporate reorganization except (i) as indicated on Item C or Item D of Attachment I hereto, or (ii) as set forth in the most recent previous Compliance Certificate.
4. On the Commencement Date the outstanding principal amount of the KF Subordinated Indebtedness (as such term is defined in the Subordinated Note) was

\$_____ and on the Ending Date such outstanding principal amount was \$ _____.
No breach or any act, event or condition which, with the giving of notice or passage of
time would constitute a breach, exists under the Subordinated Note [, except [for
_____] [and] [as specified below]].

5. The Net Worth of the Guarantor on the Commencement Date was
\$_____, the Net Worth of the Guarantor on the Ending Date was _____, and the daily
average Net Worth of the Guarantor during such period was \$_____.

IN WITNESS WHEREOF, the Guarantor has caused this Compliance Certificate to be executed and delivered, and the certification and warranties contained herein to be made, by its chief [financial] [accounting] Designated Officer on this ____ day of _____, _____.

KEN FOWLER ENTERPRISES LIMITED, an
Ontario corporation

By: _____

Name:

Title:

Attachment I
(to __/__/__ Compliance
Certificate)

Item A. Change of Place of Business, etc.

Address

Item B. Change of Trade or Legal Names

New Legal Name

New Trade Name

Item C. Change of Jurisdiction of Organization

New Jurisdiction of Organization

Attachment II
(to __/__/__ Compliance
Certificate)

NET WORTH CALCULATION

[Borrower to Attach Computation]

GUARANTY OF COMPLETION AND PERFORMANCE

THIS GUARANTY OF COMPLETION AND PERFORMANCE (this "**Guaranty**"), dated as of the 20th day of April, 2007, by **KEN FOWLER ENTERPRISES LIMITED**, a company incorporated under the laws of the Province of Ontario (the "**Guarantor**"), for the benefit of **WESTLB AG, TORONTO BRANCH**, a joint stock company organized and existing under the laws of Germany, acting through its Toronto Branch ("**WestLB**"), in its capacity as Administrative Agent (together with its successors and assigns, the "**Administrative Agent**") under that certain Credit Agreement dated as of the date hereof, among The Rosseau Resort Developments Inc., an Ontario corporation (the "**Borrower**"), WestLB, in its capacity as a Lender, the various financial institutions which may from time to time become a party thereto (each individually, including WestLB, a "**Lender**" and collectively, the "**Lenders**") and Administrative Agent (as such agreement may be amended, supplemented, amended and restated or otherwise modified from time to time, the "**Credit Agreement**").

WITNESSETH:

WHEREAS, as of the date hereof, the Guarantor owns, directly or indirectly, 73.5123% of the issued and outstanding shares of the Capital Stock of the Borrower; and

WHEREAS, the Borrower is the record legal title holder of that certain real property located in Muskoka, Ontario, Canada as more particularly described (i) on Exhibit A-1 to the Credit Agreement and (ii) on and after the date on which the Wedge Parcel is acquired by the Borrower in accordance with Section 6.4.1 of the Credit Agreement, the Wedge Parcel which, when acquired, shall then be described on Exhibit A-2 to be annexed to an amendment to the Credit Agreement, and in each case, including all Appurtenant Rights thereto (the "**Land**") upon which it will develop:

- (a) a main upper hotel/condominium consisting of 178 Residential Condominium Units including an approximately 20,000 square foot conference facility, an approximately 13,500 square foot spa, food and beverage facility that will include a casual dining restaurant with a 60 seat outdoor terrace, a 40 seat lounge adjacent to the upper hotel, a 40 seat fine dining restaurant with a 20 seat outdoor terrace ("**Longview**") and certain common property together with related facilities and amenities;
- (b) a lower hotel/condominium lodge consisting of 43 Residential Condominium Units resulting from the construction of a new building to be named "**Paignton House**" including a pool/bar restaurant ("**Paignton House**") and certain common property together with related facilities and amenities;
- (c) up to 31 Residential Condominium Units between Longview and Lake Rosseau together with a boathouse (the "**Waterfront Residences**") and certain other common property together with related facilities and amenities;
- (d) up to 6 "Meadow" residences, 21 "Wedge" golf villas, and 24 "Bunker" golf villas built along "The Rock" golf course (the "**Golf Residences**") and certain common property together with related facilities and amenities;

in each case, which shall, after registration as a Condominium Regime, have specified reciprocal easements and parking rights within the all seasons destination resort to be known as The J.W. Marriott Rosseau Resort (the "Resort"); and

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make Loan Commitments available to the Borrower in the aggregate principal amount of up to ONE HUNDRED THIRTEEN MILLION FIVE HUNDRED NINETEEN THOUSAND THREE HUNDRED ONE AND 00/100 DOLLARS (\$113,519,301) (the "Loans"); and

WHEREAS, the Loans are to be advanced by the Lenders to the Borrower pursuant to the terms of the Credit Agreement; and

WHEREAS, as a condition precedent to the effectiveness of the Credit Agreement, the Guarantor is required to execute and deliver this Guaranty; and

WHEREAS, the Guarantor has duly authorized the execution, delivery and performance of this Guaranty and such other Loan Documents; and

WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor will derive substantial benefits from the Loans to be made to the Borrower pursuant to the Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce the Lenders to make the Loans to the Borrower in accordance with the Credit Agreement, the Guarantor agrees, for the benefit of the Administrative Agent and the Secured Parties, as follows:

Section 1. Definitions. Capitalized terms used herein, including the preamble and the recitals above, and not separately defined herein shall have the definitions ascribed thereto in the Credit Agreement.

Section 2. The Guaranty.

2.01 Guaranty of Completion and Performance. The Guarantor hereby, unconditionally, absolutely and irrevocably, as a primary obligor and not merely as a surety, guarantees to the Administrative Agent, for its benefit and for the benefit of the Secured Parties, that from and after the date hereof that:

(a) the Borrower shall (i) prosecute the construction of the Improvements to Final Completion with due diligence and continuity as required by the applicable provisions of the Loan Documents, (ii) cause the Improvements to be constructed, equipped and completed in accordance with the applicable provisions of the Loan Documents, and (iii) correct or cause to be corrected any defect (including, without limitation, any defect in workmanship or quality of construction or materials) in the construction of the Improvements or any departure or variation from the Plans and Specifications not made in accordance with the Loan Documents; and

(b) the Borrower shall punctually pay and discharge (i) any and all costs, expenses and liabilities for or in connection with the Final Completion of the Improvements, including, without limitation, all brokerage commissions relating to obligations incurred by the Borrower in connection with the Improvements and all reasonable out-of-pocket expenses of the Administrative Agent relating to inspection of the Improvements and conferences with the Borrower or its representatives from time to time, (ii) all claims and demands for labor, materials and services incurred by the Borrower for or in connection with the Final Completion of the Improvements which are or may become due and payable, or, if unpaid, are or may become Liens on all or a portion of the Improvements or the Land, (iii) all payments to be made or work to be performed by the Borrower under the Loan Documents, (iv) Impositions and premiums for the insurance required by the Loan Documents prior to the Final Completion of the Improvements, (v) all interest accruing on the Loans during construction and prior to the Final Completion of the Improvements, (vi) the obligation of the Borrower to make deposits or provide letters of credit from time to time in accordance with Section 8.1.8 of the Credit Agreement and (vii) the obligation of the Borrower to keep the Budget In Balance; and

(c) the Borrower shall arrange for the expertise necessary to supervise construction of the Improvements and the Final Completion thereof at no cost to the Administrative Agent or the Lenders; and

(d) the Borrower shall keep the Improvements and the Land free and clear of all Liens (other than Permitted Liens) arising from the furnishing of materials, labor or services for or in connection with construction of the Improvements; and

(e) the Borrower shall fully and punctually pay all fees, costs and expenses of the Independent Consultants in connection with their consulting services under the Credit Agreement; and

(f) the Guarantor shall defend and save the Administrative Agent and the Lenders harmless from the cost of Final Completion of the Improvements and all costs and expenses and all liabilities for such costs and expenses arising or resulting from the construction of the Improvements including, but not limited to, reasonable attorneys' fees and reasonable out-of-pocket costs and expenses with respect thereto in the event the Borrower defaults in the payment or performance of obligations under the Loan Documents which constitute the "Guaranteed Obligations" or in the event that such construction is not paid for, as aforesaid, or the Land and the Improvements are not free of all Liens (other than the Permitted Liens), Claims and demands for the cost and expense of the construction of the Improvements, or in the event that the costs described in this Section 2.01 are not paid by reason of the Borrower's failure to pay for the construction of the Improvements, as a result of the Borrower's failure to complete the construction of the Improvements, or as a result of an Event of Default by the Guarantor under this Guaranty; and

(g) in the event the Guarantor hereunder shall fail or refuse to pay or perform the Guaranteed Obligations, the Administrative Agent may (i) pay the Guaranteed

Obligations on behalf of the Guarantor hereunder in which case the Guarantor, upon demand by the Administrative Agent, shall pay for or reimburse the Administrative Agent for any and all costs, expenses and liabilities in connection with the Final Completion of the Improvements or (ii) cause any Lien which is not a Permitted Lien or any Claim or demand for the payment of the cost of the Final Completion of the Improvements to be bonded, discharged, released or paid and in each case the Guarantor shall reimburse the Administrative Agent for all sums paid and all costs, expenses or liabilities incurred by the Administrative Agent in connection therewith; and

(h) in the event the Administrative Agent retains counsel (i) to enforce any of the Administrative Agent's rights and remedies hereunder, to prosecute or defend any action or proceeding or other litigation affecting or relating to the Guaranteed Obligations or this Guaranty, or to collect amounts due from the Guarantor hereunder or (ii) to represent the Administrative Agent in any other proceeding whatsoever arising out of, from, or in connection with the Guaranteed Obligations or this Guaranty including, without limitation, in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights related to a filing by or against the Guarantor, the Guarantor covenants and agrees to pay all reasonable fees and costs and expenses of such counsel, court costs and filing fees (all of which costs, expenses and fees are referred to as "**Enforcement Costs**") in addition to all other amounts due hereunder whether or not such Enforcement Costs are incurred in one or more proceedings involving the Administrative Agent. All such Enforcement Costs shall be paid within five (5) days after delivery of an invoice therefor after which time interest shall accrue on the amount thereof at the interest rate set forth in Section 3.2.2 of the Credit Agreement until all such Enforcement Costs have been indefeasibly paid in full.

The obligations set forth in this Section 2.01 are hereinafter collectively referred to as the "**Guaranteed Obligations**".

If the Borrower shall fail to pay or perform in full when due (whether at the Stated Maturity Date, by acceleration or otherwise) any Obligation under the Loan Documents which constitutes a Guaranteed Obligation or if the Guarantor otherwise becomes obligated to pay or perform any Guaranteed Obligation, the Guarantor will promptly pay same, within five (5) Business Days after demand therefor by the Administrative Agent.

2.02. Guaranty Absolute. The obligation of the Guarantor hereunder is a present and continuing obligation and is primary and independent of any obligation of the Borrower to perform the Obligations under the Loan Documents. The Guarantor shall be obligated to pay and perform the Guaranteed Obligations whether or not the Loan Documents are in effect, whether or not the Borrower has been relieved, released or discharged thereunder and whether or not the Administrative Agent is prohibited from enforcing some or all of the Borrower's obligations thereunder until the Guaranteed Obligations have been indefeasibly paid and performed. At the option of the Administrative Agent, all amounts advanced by the Administrative Agent hereunder may be treated as a protective advance made to or on behalf of the Borrower under the Loan Documents and, in such event, the Guarantor shall be obligated to reimburse the Administrative Agent for such advance in accordance with this Guaranty together with interest thereon from the date of any such advance at the interest rate set forth in Section

3.2.2 of the Credit Agreement. This Guaranty shall be reinstated if at any time after the payment and performance of the Guaranteed Obligations a court of competent jurisdiction requires the Administrative Agent to return or refund to any Person for any reason whatsoever all or any portion of any payment made by the Borrower to the Administrative Agent.

2.03 Obligations Unconditional. The obligations of the Guarantor under this Guaranty hereof are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Credit Agreement or any other agreement or instrument referred to herein or therein, including, without limitation, the Environmental Indemnity, the Non-Recourse Carve Out Guaranty, the Non-Recourse Pledge Guaranty, the Payment Guaranty and this Guaranty (collectively, the "**Guaranty Agreements**"), or any substitution, release, settlement or exchange of any of the other Guaranty Agreements or any other guaranty of or security for the Loans or the Borrower's obligations under the Loan Documents, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantor hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Guarantor, the time for any performance of or compliance with any obligations of the Borrower or the Guarantor to the Administrative Agent shall be extended, or such performance or compliance shall be waived or any consent or indulgence shall be granted or withheld in connection therewith;

(ii) any of the acts mentioned in any of the provisions of the Credit Agreement or any other agreement or instrument referred to herein or therein, including, without limitation, any of the Guaranty Agreements, shall be performed, in whole or in part;

(iii) the maturity of any Obligations shall be accelerated, or any such Obligation shall be modified, supplemented or amended in any respect, or any right under the Credit Agreement, the Guaranty Agreements, or any other agreement or instrument referred to herein or therein, shall be waived or any of the other Guaranty Agreements or any other guaranty of any obligation of the Borrower to the Administrative Agent or any security therefor shall be modified, released or exchanged in whole or in part or otherwise dealt with;

(iv) any lien or security interest granted to, or in favor of, the Administrative Agent as security for any obligation of the Borrower to the Administrative Agent shall be released or shall fail to be perfected or shall fail to have priority over any other lien or security interest; or

(v) all or any part of the Land or any other Project Security for any obligation of the Borrower to the Administrative Agent shall be sold, released, assigned or otherwise transferred, whether in connection with a foreclosure, deed in lieu of foreclosure, settlement, restructuring or otherwise.

The Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices (other than notices that are expressly required by this Guaranty) whatsoever, and any requirement that the Administrative Agent exhaust any right, power or remedy or proceed against the Borrower under the Credit Agreement or any other agreement or instrument referred to herein or therein, or against any other Person under any other guaranty of, or security for, any obligation of the Borrower to the Administrative Agent.

2.04 Reinstatement. The obligations of the Guarantor under this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of any Guaranteed Obligation is rescinded or must be otherwise restored by the Administrative Agent, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantor agrees that it will indemnify the Administrative Agent on demand for all reasonable costs and expenses (including, without limitation, reasonable fees and costs and expenses of counsel) incurred by the Administrative Agent in connection with such rescission or restoration, including any such reasonable out-of-pocket costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

2.05 Subrogation. The Guarantor hereby agrees that it shall not be subrogated to any of the rights of the Administrative Agent until indefeasible payment of the Obligations has been made by or on behalf of the Borrower.

2.06 Remedies. The Guarantor agrees that, as between the Guarantor and the Administrative Agent, the Obligations of the Borrower under the Credit Agreement may be declared to be forthwith due and payable pursuant to the terms thereof (and shall be deemed to have become automatically due and payable in the circumstances provided therein) for purposes of Section 2.01 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or such Obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such Obligations being deemed to have become automatically due and payable), such Obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantor for purposes of said Section 2.01.

2.07 Continuing Guaranty. The guaranty in this Section 2 is a continuing guaranty, and shall apply to all Guaranteed Obligations hereof whenever arising.

2.08 Payments. All payments under this Guaranty shall be made in Dollars without set-off or counterclaim at the place and in the manner specified for payments under the Credit Agreement.

Section 3. Representations and Warranties; Covenants. The Guarantor represents and warrants to the Administrative Agent, for its benefit and the benefit of the Secured Parties, that:

3.01 Corporate Existence. The Guarantor is duly organized and validly existing and in good standing under the laws of the state or jurisdiction of its organization, is duly qualified to do business and is in good standing in each jurisdiction where the nature of its business requires

such qualification and has full power and authority and holds all requisite governmental licenses, Permits and other approvals to enter into and perform its obligations under this Guaranty and the other Loan Documents to which it is a party and to own, hold and, if applicable, lease its property and to conduct its business substantially as currently conducted by it.

3.02 No Breach. None of the execution and delivery of this Guaranty, the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of the Guarantor, any Legal Requirement binding on or affecting the Guarantor, or any agreement or instrument to which the Guarantor is a party or by which it is bound or to which it is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of the Guarantor pursuant to the terms of any such agreement or instrument.

3.03 Corporate Action. The Guarantor has all necessary corporate power and authority to execute, deliver and perform its obligations under this Guaranty; the execution, delivery and performance by the Guarantor of this Guaranty have been duly authorized by all necessary corporate action on its part; and this Guaranty has been duly and validly executed and delivered by the Guarantor and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

3.04 Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Instrumentality are necessary for the execution, delivery or performance by the Guarantor of this Guaranty or for the validity or enforceability hereof.

3.05 Solvency. After giving effect to the Transaction, as of the date of this Guaranty:

(i) the Guarantor will not for any reason be unable to meet its obligations as they generally become due;

(ii) the Guarantor will not have ceased paying its current obligations in the ordinary course of business as they generally become due; and

(iii) the aggregate of the Guarantor's property is not, at a fair valuation, insufficient, or, if disposed of at a fairly conducted sale under legal process would not be insufficient to enable payment of all its obligations, due and accruing date.

3.06 Ownership of Interests. As of the date hereof, the Guarantor is the owner, directly or indirectly, of 73.5123% of the issued and outstanding shares of the Capital Stock of the Borrower.

3.07 Financial Information. The Guarantor shall furnish, or cause to be furnished, to the Administrative Agent copies of the following financial statements, reports, notices and information:

(i) as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, a balance sheet of the Guarantor, and a statement of earnings and cash flow of the Guarantor, in each case, as of the end of such fiscal quarter as well

as for the period commencing at the end of the previous Fiscal Year and ending with the end of such fiscal quarter, certified as complete and correct by the chief financial or accounting Authorized Representative of the Guarantor;

(ii) as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, a quarterly operating statement of the Guarantor, certified as complete and correct by the chief financial or accounting Authorized Representative of the Guarantor;

(iii) as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year, a copy of the annual audited financial statements for such Fiscal Year for the Guarantor and a statement of earnings and cash flow of the Guarantor for such Fiscal Year, in each case as audited (without any Impermissible Qualification) by independent public accountants reasonably acceptable to the Administrative Agent;

(iv) as soon as available and in any event within five (5) Business Days after any change in the Authorized Representatives of the Guarantor, a certified specimen signature of such new Authorized Representative so appointed together with evidence of the authority of such new Authorized Representative;

(v) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge of the occurrence of a Default, any Event of Loss or any act, event or condition which could reasonably be expected to have a Material Adverse Effect, a statement of the chief executive, financial or accounting Authorized Representative of the Guarantor setting forth details thereof and the action which the Guarantor has taken and proposes to take with respect thereto;

(vi) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge of (x) the occurrence of any material adverse development with respect to any litigation, action, proceeding or labor controversy of the type and materiality described in Item 7.13 of the Disclosure Schedule, or (y) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Item 7.13 of the Disclosure Schedule, a copy of all relevant documentation relating thereto;

(vii) promptly after the sending or filing thereof, copies of all reports required to be filed by the Guarantor with any Governmental Instrumentality, including any reports with respect to Environmental Matters and the Permits;

(viii) as soon as possible and in any event within five (5) Business Days after the Guarantor receives notice or obtains knowledge of the occurrence or existence of any Environmental Matter requiring notice to a Governmental Instrumentality or with respect to which notice is received from a Governmental Instrumentality, a copy of all relevant documentation relating thereto;

(ix) immediately upon becoming aware of (w) the institution of any steps by the Borrower or any other Person to terminate any Welfare Plan, (x) the failure to make a

required contribution to any Welfare Plan if such failure is sufficient to give rise to a Lien against any portion of the Premises, (y) the taking of any action with respect to a Welfare Plan which could result in the requirement that the Borrower furnish a bond or other security to any Person or (z) the occurrence of any event with respect to any Welfare Plan which could result in the incurrence by the Borrower of any material liability, fine or penalty, a copy of all relevant documentation relating thereto;

(x) as soon as possible and in any event within five (5) Business Days after the receipt thereof, any notice of a default which could reasonably be expected to have a Material Adverse Effect that is given or received by the Guarantor and relates to any of the Loan Documents, the Project Documents, the Condominium Documents, the Premises, or the construction, operation or maintenance of the Premises;

(xi) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge thereof, notice of any event, occurrence or circumstance which reasonably could be expected to cause the Budget not to be In Balance or render the Borrower, the Guarantor or the GMP Contractor, incapable of, or preventing such Person from (x) achieving Final Completion on or before the Outside Completion Deadline or (y) meeting any material obligation of such Person under any of the Project Documents to which it is a party;

(xii) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge thereof, notice of any termination, event of default or requests for indemnification of any other party or any other notice relating to material rights or obligations under any of the Project Documents or the Condominium Documents;

(xiii) promptly and in any event no later than thirty (30) days prior to the implementation thereof, any proposed material change in the nature or scope of the Improvements or the business or operations of the Borrower or the Guarantor;

(xiv) as soon as possible and in any event within two (2) Business Days after the occurrence thereof, written notice of any Event of Loss affecting the Premises or any portion thereof or any actual or threatened commencement of any Expropriation together with a copy of all relevant documentation relating thereto; and

(xv) such other information and reports respecting the condition or operations, financial or otherwise, of the Borrower, the Guarantor or the Environmental Indemnitor and the Premises as required under the Loan Documents, the Project Documents and the Condominium Documents, and such other information and reports respecting the construction of the Improvements as the Administrative Agent or Consulting Engineer may reasonably request from time to time.

By accepting delivery of any of the aforementioned items, the Administrative Agent shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such

acceptance of delivery thereof shall not be or constitute any consent or affirmation with respect thereto or estoppel by the Administrative Agent.

3.08 General Limitation on Guaranteed Obligations. In any action or proceeding involving any corporate law, or any other bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of the Guarantor hereunder would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability hereunder, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by the Guarantor, the Administrative Agent or any other Person, be automatically limited and reduced to the higher of (i) the net worth of the Guarantor on the date hereof or (ii) the net worth of the Guarantor on the date of payment by the Guarantor in respect of its obligations hereunder, including the Guaranteed Obligations.

3.09 Recognition of Substantial Benefit. The Guarantor recognizes that it shall derive substantial benefits from the Loans to be made to the Borrower by reason of its ownership of the Capital Stock of the Borrower.

Section 4. Events of Default. Each of the following events or occurrences described in this Section 4 shall constitute an "Event of Default" under this Guaranty:

(a) The Guarantor shall default in the due performance and observance of its obligations under this Guaranty and such default shall continue unremedied for a period of five (5) days (or such other period of time during which performance of the applicable obligations is required under this Guaranty) after notice, if any is required hereunder, shall have been given to the Guarantor by the Administrative Agent;

(b) Any representation or warranty of the Guarantor made or deemed to be made under any Loan Document, Project Document or Condominium Document executed by it or any other writing or certificate furnished by or on behalf of the Guarantor to the Administrative Agent, the Issuer or any Secured Party for the purposes of or in connection with any Loan Document is or shall be incorrect when made or deemed to have been made in any material respect;

(c) The Guarantor shall

(i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(ii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian for a substantial part of its property, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian for a substantial part of its property, and such trustee, receiver, interim receiver, receiver and manager,

liquidator, sequestrator or other custodian shall not be discharged within sixty (60) days; provided, however, that the Guarantor hereby expressly authorizes the Administrative Agent and each Secured Party to appear in any court conducting any relevant proceeding during such sixty-day period to preserve, protect and defend their rights under this Guaranty and the other Loan Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement, readjustment composition, or similar relief or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Guarantor, such case or proceeding shall be consented to or acquiesced in by the Guarantor or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed; provided, however, that the Guarantor hereby expressly authorizes the Administrative Agent and each Secured Party to appear in any court conducting any such case or proceeding during such sixty-day period to preserve, protect and defend their rights under this Guaranty and the other Loan Documents; or

(v) take any action authorizing, or in furtherance of, any of the foregoing; and

(d) The existence of an "Event of Default" as such term is defined in the Credit Agreement and the other Guaranty Agreements.

Upon the occurrence of an Event of Default hereunder, the Administrative Agent, without any notice to the Guarantor, shall be entitled to exercise all rights and remedies available hereunder and at law and equity and, at the option of the Administrative Agent, an "Event of Default" (as defined in the Credit Agreement) shall exist under the Credit Agreement and the other Loan Documents in which case the Administrative Agent, without any further notice to the Guarantor or any other Person, shall be entitled to exercise all rights and remedies available thereunder and under the other Loan Documents; provided, however, the Administrative Agent may, at its option, commence enforcement proceedings against the Guarantor without declaring an "Event of Default" (as defined in the Credit Agreement) under the Credit Agreement.

Section 5. Payments Free and Clear of Taxes, etc. The Guarantor agrees that:

(a) All payments by the Guarantor to the Administrative Agent or any Secured Party shall be made free and clear of and without withholding or deduction for any present or future income, excise, stamp or franchise taxes or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by the Administrative Agent's or any Secured Party's net income or receipts (each such non-excluded item being called "Taxes"). In the event that any withholding or deduction from any payment to be made by the Guarantor hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Guarantor will

- (i) pay directly to the relevant taxing authority the full amount required to be so withheld or deducted;
- (ii) promptly forward to the Administrative Agent an official receipt or other documentation satisfactory to the Administrative Agent evidencing such payment to such authority; and
- (iii) pay to the Administrative Agent for its benefit or for the benefit of the applicable Secured Party, such additional amount or amounts as are necessary to ensure that the net amount actually received by the Administrative Agent or the applicable Secured Party after giving effect to such withholding or deduction will equal the full amount the Administrative Agent or such Secured Party would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Administrative Agent or any Secured Party with respect to any payment received by the Administrative Agent or a Secured Party hereunder, the Administrative Agent may pay such Taxes and the Guarantor will promptly pay such additional amounts (including any penalties, interest or expenses) as are necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amounts) shall equal the amount the Administrative Agent or such Secured Party or such Person would have received had not such Taxes been asserted.

(b) If the Guarantor fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Guarantor shall indemnify the Administrative Agent and the Secured Parties for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or any Secured Party as a result of any such failure.

(c) In the event that any additional amount is paid by the Guarantor for the account of the Administrative Agent or the Secured Parties and the Administrative Agent or a Secured Party is entitled to a refund of the Tax (a "**Tax Refund**") to which such payment is attributable, then the Administrative Agent or the applicable Secured Party shall take all reasonable steps which are necessary to obtain such Tax Refund, including filing such forms, certificates, documents, applications or returns as may be required to obtain such Tax Refund. If the Administrative Agent or any Secured Party subsequently receives such a Tax Refund, and the Administrative Agent or the applicable Secured Party is readily able to identify the Tax Refund as being attributable to the Tax with respect to which an additional amount was made, then the Administrative Agent or the applicable Secured Party shall reimburse the Guarantor such amount as the Administrative Agent or such Secured Party shall determine acting in good faith to be the proportion of the Tax Refund, together with any interest received thereon, attributable to such additional amount as will leave such Secured Party after the reimbursement (including such interest) in no better or worse position than it would have been if such additional amount had not been required.

(d) Without prejudice to the survival of any other agreement of the Guarantor hereunder, the agreements and obligations of the Guarantor contained in this Section 5 shall survive expiration or earlier termination of this Guaranty.

(e) If the Guarantor becomes obligated under this Section 5 to make payments to the Administrative Agent or any Secured Party solely due to the failure of the Administrative Agent or such Secured Party to perform its delivery or notification obligations hereunder, the Guarantor shall not be obligated to make such payments to the Administrative Agent or the applicable Secured Party until such time as the Administrative Agent or such Secured Party has performed its delivery and notification obligations hereunder in all material respects in which case the Guarantor shall only be obligated to make payments pursuant to this Section 5 which arise from and after the date that such notification and delivery requirements have been performed by the Administrative Agent or such Secured Party in all material respects.

Section 6. Subordination of Debt. If, for any reason whatsoever and whether or not permitted under the Loan Documents, the Borrower is or becomes indebted to the Guarantor:

(a) such indebtedness and all interest thereon and all liens, security interests and rights now or hereafter existing with respect of property of the Borrower securing same shall, at all times, be subordinate in all respects to the Guaranteed Obligations and to all liens, security interests and rights now or hereafter existing to secure the Guaranteed Obligations;

(b) the Guarantor shall not be entitled to enforce or receive payment, directly or indirectly, of any such indebtedness of the Borrower to the Guarantor until the Guaranteed Obligations have been fully and finally paid and performed;

(c) the Guarantor hereby collaterally assigns and grants to the Administrative Agent, for its benefit and the benefit of the Secured Parties, a security interest in all such indebtedness and security therefor, if any, of the Borrower to the Guarantor now existing or hereafter arising, including any dividends and payments pursuant to debtor relief or insolvency or liquidation proceedings referred to below. In the event of receivership, bankruptcy, reorganization, arrangement or other debtor relief or insolvency proceeding involving the Borrower, as debtor, the Administrative Agent shall have the right to provide its claim in any such proceeding so as to establish its rights hereunder and shall have the right to receive directly from the receiver, trustee or other custodian, dividends and payments that are payable upon any obligation of the Borrower to the Guarantor now existing or hereafter arising, and to have all benefits of any security therefor, until the Guaranteed Obligations have been indefeasibly repaid and performed. If, notwithstanding the foregoing provisions, the Guarantor should receive any payment, claim or distribution that is prohibited as provided above in this Section 6, the Guarantor shall pay the same to the Administrative Agent immediately, the Guarantor hereby agreeing that it shall receive any such payment, claim or distribution in trust for the Secured Parties and shall have absolutely no dominion over the same except to pay it immediately to the Administrative Agent; and

(d) the Guarantor shall promptly upon request of the Administrative Agent from time to time execute such documents and perform such acts as the Administrative Agent may require to evidence and perfect its interest and to permit or facilitate exercise of its rights under this Section 6, including, but not limited to, execution and delivery of financing statements, PPSA financing statements or similar Instruments, proofs of claim, further assignments and security agreements, and delivery to the Administrative Agent of any promissory notes or other instruments evidencing indebtedness of the Borrower to the Guarantor. All promissory notes, accounts receivable ledgers or other evidences, now or hereafter held by the Guarantor, of obligations of the Borrower to the Guarantor shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under and is subject to the terms of this Guaranty and the other Guaranty Agreements.

Section 7. Miscellaneous.

7.01 No Waiver. No failure on the part of the Administrative Agent or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Administrative Agent or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

7.02 Cumulative Remedies. No right or remedy conferred upon the Administrative Agent, the Secured Parties or the Issuer in this Guaranty is intended to be exclusive of any other right or remedy contained in the other Loan Documents or at law and equity and every such right and remedy shall be cumulative and shall be in addition to every other right or remedy contained in the other Loan Documents and as now or hereafter available to the Administrative Agent, the Secured Parties or the Issuer at law or in equity, by statute or otherwise.

7.03 Governing Law; Entire Agreement. THIS GUARANTY SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any and all prior agreements, written or oral, with respect thereto including that certain Indicative Term Sheet dated March 27, 2006 and revised April 24, 2006.

7.04 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT AND THE GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT OR THE GUARANTOR IN CONNECTION HERewith OR THEREWITH. THE GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS

RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT ACCEPTING THIS GUARANTY AND THE ADMINISTRATIVE AGENT, THE SECURED PARTIES AND EACH ISSUER ENTERING INTO THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS.

7.05 Notices. All notices and other communications provided to any party hereto under this Guaranty shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below or at such other address or facsimile number as may be designated by such party in a notice to the other parties. All such notices and communications shall be deemed to have been properly given if (x) hand delivered with receipt acknowledged by the recipient; (y) if mailed, upon the fifth Business Day after the date on which it is deposited in registered or certified mail, postage prepaid, return receipt requested or (z) if by Federal Express or other nationally-recognized express courier service with instructions to deliver on the following Business Day, on the next Business Day after delivery to such express courier service. Notices and other communications may also be properly given by facsimile but shall be deemed to be received upon automatic facsimile confirmation of receipt thereof by the intended recipient machine therefor with the original of such notice or communication to be given in the manner provided in the second sentence of this Section; provided, however, that the failure to deliver a copy in accordance with the second sentence of this Section shall not invalidate the effectiveness of such facsimile notice. Notices shall be addressed as follows:

To Guarantor:

Ken Fowler Enterprises Limited
P.O. Box 24091
110 Hannover Drive, Suite 203B
St. Catharines, Ontario, Canada
L2R 7P7
Attention: Kenneth Alfred Fowler
Facsimile No.: (905) 688-3060

With a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Attention: John R. Dow, Esq.
Facsimile: (416) 947-0866

To the Administrative Agent:

WestLB AG, Toronto Branch
200 Bay Street
Suite 2301, Box 41
Toronto, Ontario M5J 2J1
Attention: Robert Dyck
Facsimile: (416) 216-5020

With a copy to:

Mayer, Brown, Rowe & Maw LLP
1675 Broadway
New York, New York 10019
Attention: Douglas L. Wisner, Esq.
Facsimile: (212) 849-5665

7.06 Modification; Waiver. No modification, waiver, amendment, discharge or change of this Guaranty shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

7.07 Successors and Assigns. This Guaranty shall be binding upon and inure to the benefit of the parties and their respective successors and assigns (provided, however, that the Guarantor shall not assign or transfer any rights it has hereunder).

7.08 Partial Invalidity. If any of the provisions of this Guaranty, or the application thereof to any Person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Guaranty, or the application of such provision or provisions to Persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

7.09 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE SECURED PARTIES, THE ISSUER OR THE GUARANTOR IN CONNECTION HERewith SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (UNLESS SUCH COURT DOES NOT HAVE JURISDICTION IN WHICH CASE SUCH LITIGATION SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK). THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR, IF APPLICABLE, THE COURTS OF THE STATE OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION, SUBJECT TO THE GUARANTOR'S RIGHT TO CONTEST SUCH JUDGMENT BY MOTION OR APPEAL ON ANY GROUNDS NOT EXPRESSLY WAIVED IN THIS SECTION 7.09. THE GUARANTOR HEREBY IRREVOCABLY APPOINTS CT CORPORATION SYSTEM (THE "PROCESS AGENT"), WITH AN OFFICE ON THE DATE HEREOF AT 111 EIGHTH AVENUE, NEW YORK, NEW YORK 10011 AS ITS AGENT TO RECEIVE, ON THE GUARANTOR'S BEHALF AND ON BEHALF OF THE GUARANTOR'S PROPERTY, SERVICE OF COPIES OF THE SUMMONS AND COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO THE GUARANTOR IN CARE OF THE PROCESS AGENT AT THE PROCESS AGENT'S ABOVE ADDRESS, AND THE GUARANTOR HEREBY IRREVOCABLY

AUTHORIZES AND DIRECTS THE PROCESS AGENT TO ACCEPT SUCH SERVICE ON ITS BEHALF. AS AN ALTERNATIVE METHOD OF SERVICE, THE GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR OUTSIDE THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 7.05. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE OTHER LOAN DOCUMENTS.

7.10 Judgment Currency. The Guaranteed Obligations of the Guarantor in respect of any sum due to the Administrative Agent, any Secured Party or any Issuer hereunder shall, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than Dollars, be discharged only to the extent that on the Business Day following receipt by such Person of any sum adjudged to be so due in the Judgment Currency, such Person, in accordance with normal banking procedures, purchases Dollars with the Judgment Currency. If the amount of Dollars so purchased is less than the sum originally due to such Person, the Guarantor agrees as a separate obligation and notwithstanding any such judgment, to indemnify each Person, as the case may be, against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to such Person, as the case may be, each agreeing to remit any excess to the Guarantor.

7.11 Headings. The various headings of this Guaranty are inserted for convenience only and shall not affect the meaning or interpretation of this Guaranty or any provisions hereof or thereof.

7.12 Acknowledgment of the Administrative Agent. The Guarantor hereby acknowledges that the Administrative Agent is the duly appointed agent of the Secured Parties in accordance with the terms and conditions of the Credit Agreement and the other Loan Documents.

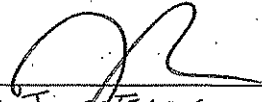
7.13 Transfers of Interests in Loan. The Guarantor recognizes that the Administrative Agent, the Secured Parties and the Issuer may, subject to the Loan Documents, sell and transfer interests in the Loans and the Commitments to one or more participants and/or assignees and that all documentation, financial statements, appraisals and other data, or copies thereof, relevant to the Borrower, the Guarantor, the Loans or the Commitments, may be exhibited to and retained by any such participant or assignee or prospective participant or assignee.

7.14 Additional Documents; Estoppel Certificates. The Guarantor shall execute and deliver to the Administrative Agent all instruments and certificates as the Administrative Agent may reasonably request (including, but not limited to, estoppel certificates certifying that this Guaranty is in full force and effect after the occurrence of an Event of Default, a statement stating the nature of any defenses, offsets, claims or counterclaims provided that such statement shall be limited to the actual knowledge of the Guarantor at the time of such certification and will not preclude the Guarantor from raising defenses, claims, offsets or counterclaims of which the Guarantor had no actual knowledge at the time of such certification) to effect, confirm or assure the rights and remedies intended to be granted to the Administrative Agent under this Guaranty but without creating any additional liability which does not exist under the Guaranty or expanding any liability which exists hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty as of the date first above written and by signing below, the Guarantor covenants and agrees that it is bound hereby.

KEN FOWLER ENTERPRISES LIMITED

By: 
Name: *James Farrar*
Title: *ASo*

NON-RECOURSE CARVE OUT GUARANTY

THIS NON-RECOURSE CARVE OUT GUARANTY (this "Guaranty"), dated as of the 20th day of April, 2007, by **KEN FOWLER ENTERPRISES LIMITED**, a company incorporated under the laws of the Province of Ontario (the "Guarantor"), for the benefit of **WESTLB AG, TORONTO BRANCH**, a joint stock company organized and existing under the laws of Germany, acting through its Toronto Branch ("WestLB"), in its capacity as Administrative Agent (together with its successors and assigns, the "Administrative Agent") under that certain Credit Agreement dated as of the date hereof, among The Rosseau Resort Developments Inc., an Ontario corporation (the "Borrower"), WestLB, in its capacity as a Lender, the various financial institutions which may from time to time become a party thereto (each individually, including WestLB, a "Lender" and collectively, the "Lenders") and Administrative Agent (as such agreement may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement").

WITNESSETH:

WHEREAS, as of the date hereof, the Guarantor owns, directly or indirectly, 73.5123% of the issued and outstanding shares of the Capital Stock of the Borrower; and

WHEREAS, the Borrower is the record legal title holder of that certain real property located in Muskoka, Ontario, Canada as more particularly described (i) on Exhibit A-1 to the Credit Agreement and (ii) on and after the date on which the Wedge Parcel is acquired by the Borrower in accordance with Section 6.4.1 of the Credit Agreement, the Wedge Parcel which, when acquired, shall then be described on Exhibit A-2 to be annexed to an amendment to the Credit Agreement, and in each case, including all Appurtenant Rights thereto (the "Land") upon which it will develop:

(a) a main upper hotel/condominium consisting of 178 Residential Condominium Units including an approximately 20,000 square foot conference facility, an approximately 13,500 square foot spa, food and beverage facility that will include a casual dining restaurant with a 60 seat outdoor terrace, a 40 seat lounge adjacent to the upper hotel, a 40 seat fine dining restaurant with a 20 seat outdoor terrace ("Longview") and certain common property together with related facilities and amenities;

(b) a lower hotel/condominium lodge consisting of 43 Residential Condominium Units resulting from the construction of a new building to be named "Paignton House" including a pool/bar restaurant ("Paignton House") and certain common property together with related facilities and amenities;

(c) up to 31 Residential Condominium Units between Longview and Lake Rosseau together with a boathouse (the "Waterfront Residences") and certain other common property together with related facilities and amenities;

(d) up to 6 "Meadow" residences, 21 "Wedge" golf villas, and 24 "Bunker" golf villas built along "The Rock" golf course (the "Golf Residences") and certain common property together with related facilities and amenities;

in each case, which shall, after registration as a Condominium Regime, have specified reciprocal easements and parking rights within the all seasons destination resort to be known as The J.W. Marriott Rosseau Resort (the "Resort"); and

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make Loan Commitments available to the Borrower in the aggregate principal amount of up to ONE HUNDRED ONE AND 00/100 DOLLARS (\$113,519,301) (the "Loans"); and

WHEREAS, the Loans are to be advanced by the Lenders to the Borrower pursuant to the terms of the Credit Agreement; and

WHEREAS, as a condition precedent to the effectiveness of the Credit Agreement, the Guarantor is required to execute and deliver this Guaranty; and

WHEREAS, the Guarantor has duly authorized the execution, delivery and performance of this Guaranty and such other Loan Documents; and

WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor will derive substantial benefits from the Loans to be made to the Borrower pursuant to the Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce the Lenders to make the Loans to the Borrower in accordance with the Credit Agreement, the Guarantor agrees, for the benefit of the Administrative Agent and the Secured Parties, as follows:

Section 1. Definitions. Capitalized terms used herein, including the preamble and the recitals above, and not separately defined herein shall have the definitions ascribed thereto in the Credit Agreement.

Section 2. The Guaranty.

2.01 Guaranteed Obligations. (a) Subject to clause (b) of this Section 2.01 below, the Guarantor hereby, unconditionally, absolutely and irrevocably, as a primary obligor and not merely as a surety, guarantees to the Administrative Agent, for its benefit and for the benefit of the Secured Parties, the punctual and complete payment when due in Dollars, whether at or after maturity, upon acceleration or otherwise, of all present and future Indebtedness and the Obligations of the Borrower to the Secured Parties under any and all of the Loan Documents, in each case, as such Indebtedness and Obligations may from time to time be supplemented, increased, modified, amended, renewed and extended, whether evidenced by amendments, supplements, amendments and restatements or new or additional documents, including, without limitation, (i) the outstanding principal amount of any Loans, (ii) all interest payable under the Loan Documents, including, without limitation, interest accruing after the Stated Maturity Date or the realization of any Project Security or interest that would otherwise have been owed by the Borrower under the Loan Documents but the payment of which is unenforceable or not allowable due to the existence of a bankruptcy, liquidation, reorganization or similar proceeding involving the Borrower, and any late charges, fees or other amounts due by reason of any later payment of

interest, and (iii) all other sums, fees, costs, expenses and payments due to the Administrative Agent or the Secured Parties (including attorneys' fees) pursuant to the Credit Agreement (including Section 11.3 thereof) or one or more of the Loan Documents (the obligations set forth in this clause (a) and in clause (c) of this Section 2.01 are hereinafter collectively referred to as the "Guaranteed Obligations").

(b) The Guarantor shall be liable, as aforesaid, for all of the Guaranteed Obligations upon the occurrence of one or more of the following (collectively, the "Recourse Obligations"):

(i) the Borrower shall become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(ii) the Borrower shall apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of its property, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, the Borrower shall consent or acquiesce, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days;

(iv) the Borrower shall permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed;

(v) the Borrower shall take any action authorizing, or in furtherance of, any of the items contained in items (i) through (iv);

(vi) fraud, tortious conduct or material misrepresentation by the Borrower or any of the Loan Parties in connection with the Project Security, the Loans, the Credit Agreement, the Note or any of the other Loan Documents;

(vii) the Borrower shall misappropriate or fail to deliver to the Administrative Agent any Minimum Release Price, Rent Proceeds, Expropriation Proceeds, Insurance Proceeds, Net Disposition Proceeds or Proceeds from Equity Issuance in each case as required pursuant to the Credit Agreement or otherwise fail to apply any such proceeds in accordance with the Loan Documents;

(viii) the Borrower shall fail to maintain the insurance required by Section 8.1.22 of the Credit Agreement;

(ix) the Borrower shall be liable for the payment to the Administrative Agent or any Secured Party of any amount pursuant to Section 4.1 of the Credit Agreement;

(x) the Borrower shall be liable for the payment of any amounts required by the Ontario Disability Act, 2001, S.O. 2001, Chapter 22, and any regulations made thereunder, or any other applicable laws or regulations;

(xi) a Change in Control;

(xii) the Borrower shall fail to fund and maintain the Impositions and Insurance Reserve pursuant to the Credit Agreement and the Insurance Reserve Account Agreement;

(xiii) the Borrower, or anyone claiming through or under the Borrower, shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of the Mortgage by the Administrative Agent or the absolute sale of the Project Security or any portion thereof or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof; or

(xiv) the occurrence of a default by the Borrower of the covenants set forth in Sections 8.1.4 or 8.1.15 of the Credit Agreement.

(c) In the event the Administrative Agent retains counsel (i) to enforce any of the Administrative Agent's rights and remedies hereunder, to prosecute or defend any action or proceeding or other litigation affecting or relating to the Guaranteed Obligations or this Guaranty, or to collect amounts due from the Guarantor hereunder or (ii) to represent the Administrative Agent in any other proceeding whatsoever arising out of, from, or in connection with the Guaranteed Obligations or this Guaranty including, without limitation, in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights related to a filing by or against the Guarantor, the Guarantor covenants and agrees to pay all reasonable fees and reasonable out-of-pocket costs and expenses of such counsel, court costs and filing fees (all of which costs, expenses and fees are referred to as "**Enforcement Costs**") in addition to all other amounts due hereunder whether or not such Enforcement Costs are incurred in one or more proceedings involving the Administrative Agent. All such Enforcement Costs shall be paid within five (5) days after delivery of an invoice therefor after which time interest shall accrue on the amount thereof at the interest rate set forth in Section 3.2.2 of the Credit Agreement until all such Enforcement Costs have been indefeasibly paid in full.

If the Borrower shall fail to pay or perform in full when due (whether at the Stated Maturity Date, by acceleration or otherwise) any Obligation under the Loan Documents which constitutes a Guaranteed Obligation or if the Guarantor otherwise becomes obligated to pay or perform any Guaranteed Obligation in accordance with the terms of this Guaranty, the Guarantor

will promptly pay same, within five (5) Business Days after demand therefor by the Administrative Agent.

2.02 Guaranty Absolute. The obligation of the Guarantor hereunder is a present and continuing obligation and is primary and independent of any obligation of the Borrower to perform the Obligations under the Loan Documents. The Guarantor shall be obligated to pay and perform the Guaranteed Obligations whether or not the Loan Documents are in effect, whether or not the Borrower has been relieved, released or discharged thereunder and whether or not the Administrative Agent is prohibited from enforcing some or all of the Borrower's obligations thereunder until the Guaranteed Obligations have been indefeasibly paid and performed. At the option of the Administrative Agent, all amounts advanced by the Administrative Agent hereunder may be treated as a protective advance made to or on behalf of the Borrower under the Loan Documents and, in such event, the Guarantor shall be obligated to reimburse the Administrative Agent for such advance in accordance with this Guaranty together with interest thereon from the date of any such advance at the interest rate set forth in Section 3.2.2 of the Credit Agreement. This Guaranty shall be reinstated if at any time after the payment and performance of the Guaranteed Obligations a court of competent jurisdiction requires the Administrative Agent to return or refund to any Person for any reason whatsoever all or any portion of any payment made by the Borrower to the Administrative Agent.

2.03 Obligations Unconditional. The obligations of the Guarantor under this Guaranty hereof are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Credit Agreement or any other agreement or instrument referred to herein or therein, including, without limitation, the Environmental Indemnity, the Completion Guaranty, the Payment Guaranty, the Non-Recourse Pledge Guaranty and this Guaranty (collectively, the "**Guaranty Agreements**"), or any substitution, release, settlement or exchange of any of the other Guaranty Agreements or any other guaranty of or security for the Loans or the Borrower's obligations under the Loan Documents, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantor hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Guarantor; the time for any performance of or compliance with any obligations of the Borrower or the Guarantor to the Administrative Agent shall be extended, or such performance or compliance shall be waived or any consent or indulgence shall be granted or withheld in connection therewith;

(ii) any of the acts mentioned in any of the provisions of the Credit Agreement or any other agreement or instrument referred to herein or therein, including, without limitation, any of the Guaranty Agreements, shall be performed, in whole or in part;

(iii) the maturity of any Obligations shall be accelerated, or any such Obligation shall be modified, supplemented or amended in any respect, or any right under the Credit Agreement, the Guaranty Agreements, or any other agreement or instrument

referred to herein or therein, shall be waived or any of the other Guaranty Agreements or any other guaranty of any obligation of the Borrower to the Administrative Agent or any security therefor shall be modified, released or exchanged in whole or in part or otherwise dealt with;

Agent as security for any obligation of the Borrower to the Administrative Agent shall be released or shall fail to be perfected or shall fail to have priority over any other lien or security interest; or

(v) all or any part of the Land or any other Project Security for any obligation of the Borrower to the Administrative Agent shall be sold, released, assigned or otherwise transferred, whether in connection with a foreclosure, deed in lieu of foreclosure, settlement, restructuring or otherwise.

The Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices (other than notices that are expressly required by this Guaranty) whatsoever, and any requirement that the Administrative Agent exhaust any right, power or remedy or proceed against the Borrower under the Credit Agreement or any other agreement or instrument referred to herein or therein, or against any other Person under any other guaranty of, or security for, any obligation of the Borrower to the Administrative Agent.

2.04 Reinstatement. The obligations of the Guarantor under this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of any Guaranteed Obligation is rescinded or must be otherwise restored by the Administrative Agent, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantor agrees that it will indemnify the Administrative Agent on demand for all reasonable costs and expenses (including, without limitation, reasonable fees and costs and expenses of counsel) incurred by the Administrative Agent in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

2.05 Subrogation. The Guarantor hereby agrees that it shall not be subrogated to any of the rights of the Administrative Agent until indefeasible payment of the Obligations has been made by or on behalf of the Borrower.

2.06 Remedies. The Guarantor agrees that, as between the Guarantor and the Administrative Agent, the Obligations of the Borrower under the Credit Agreement may be declared to be forthwith due and payable pursuant to the terms thereof (and shall be deemed to have become automatically due and payable in the circumstances provided therein) for purposes of Section 2.01 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or such Obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such Obligations being deemed to have become automatically due and payable), such Obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantor for purposes of said Section 2.01.

2.07 Continuing Guaranty. The guaranty in this Section 2 is a continuing guaranty, and shall apply to all Guaranteed Obligations hereof whenever arising.

2.08 Payments. All payments under this Guaranty shall be made in Dollars without set-off or counterclaim at the place and in the manner specified for payments under the Credit Agreement.

Section 3. Representations and Warranties; Covenants. The Guarantor represents and warrants to the Administrative Agent, for its benefit and the benefit of the Secured Parties, that:

3.01 Corporate Existence. The Guarantor is duly organized and validly existing and in good standing under the laws of the state or jurisdiction of its organization, is duly qualified to do business and is in good standing in each jurisdiction where the nature of its business requires such qualification and has full power and authority and holds all requisite governmental licenses, Permits and other approvals to enter into and perform its obligations under this Guaranty and the other Loan Documents to which it is a party and to own, hold and, if applicable, lease its property and to conduct its business substantially as currently conducted by it.

3.02 No Breach. None of the execution and delivery of this Guaranty, the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of the Guarantor, any Legal Requirement binding on or affecting the Guarantor, or any agreement or instrument to which the Guarantor is a party or by which it is bound or to which it is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of the Guarantor pursuant to the terms of any such agreement or instrument.

3.03 Corporate Action. The Guarantor has all necessary corporate power and authority to execute, deliver and perform its obligations under this Guaranty; the execution, delivery and performance by the Guarantor of this Guaranty have been duly authorized by all necessary corporate action on its part; and this Guaranty has been duly and validly executed and delivered by the Guarantor and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

3.04 Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Instrumentality are necessary for the execution, delivery or performance by the Guarantor of this Guaranty or for the validity or enforceability hereof.

3.05 Solvency. After giving effect to the Transaction, as of the date of this Guaranty:

(i) the Guarantor will not for any reason be unable to meet its obligation as they generally become due;

(ii) the Guarantor will not have ceased paying its current obligations in the ordinary course of business as they generally become due; and

(iii) the aggregate of the Guarantor's property is not, at a fair valuation, insufficient, or, if disposed of at a fairly conducted sale under legal process would not be insufficient to enable payment of all its obligations, due and accruing date.

3.06 Ownership of Interests. As of the date hereof, the Guarantor is the owner, directly or indirectly, of 72.5122% of the issued and outstanding shares of the Capital Stock of the Borrower.

3.07 Financial Information. The Guarantor shall furnish, or cause to be furnished, to the Administrative Agent copies of the following financial statements, reports, notices and information:

(i) as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, a balance sheet of the Guarantor, and a statement of earnings and cash flow of the Guarantor, in each case, as of the end of such fiscal quarter as well as for the period commencing at the end of the previous Fiscal Year and ending with the end of such fiscal quarter, certified as complete and correct by the chief financial or accounting Authorized Representative of the Guarantor;

(ii) as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, a quarterly operating statement of the Guarantor, certified as complete and correct by the chief financial or accounting Authorized Representative of the Guarantor;

(iii) as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year, a copy of the annual audited financial statements for such Fiscal Year for the Guarantor and a statement of earnings and cash flow of the Guarantor for such Fiscal Year, in each case as audited (without any Impermissible Qualification) by independent public accountants reasonably acceptable to the Administrative Agent;

(iv) as soon as available and in any event within five (5) Business Days after any change in the Authorized Representatives of the Guarantor, a certified specimen signature of such new Authorized Representative so appointed together with evidence of the authority of such new Authorized Representative;

(v) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge of the occurrence of a Default, any Event of Loss or any act, event or condition which could reasonably be expected to have a Material Adverse Effect, a statement of the chief executive, financial or accounting Authorized Representative of the Guarantor setting forth details thereof and the action which the Guarantor has taken and proposes to take with respect thereto;

(vi) as soon as possible and in any event within five (5) Business Days after the Guarantor obtains knowledge of (x) the occurrence of any material adverse development with respect to any litigation, action, proceeding or labor controversy of the type and materiality described in Item 7.13 of the Disclosure Schedule, or (y) the commencement of any litigation, action, proceeding or labor controversy of the type and

materiality described in Item 7.13 of the Disclosure Schedule, a copy of all relevant documentation relating thereto;

(vii) promptly after the sending or filing thereof, copies of all reports required to be filed by the Guarantor with any Governmental Instrumentality, including any reports with respect to Environmental Matters and the Permits;

(viii) as soon as possible and in any event within five (5) Business Days after the Guarantor receives notice or obtains knowledge of the occurrence or existence of any Environmental Matter requiring notice to a Governmental Instrumentality or with respect to which notice is received from a Governmental Instrumentality, a copy of all relevant documentation relating thereto; and

(ix) such other information and reports respecting the condition or operations, financial or otherwise, of the Borrower, the Guarantor or the Environmental Indemnitor and the Premises as required under the Loan Documents, the Project Documents and the Condominium Documents, and such other information and reports respecting the construction of the Improvements as the Administrative Agent or Consulting Engineer may reasonably request from time to time.

By accepting delivery of any of the aforementioned items, the Administrative Agent shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance of delivery thereof shall not be or constitute any consent or affirmation with respect thereto or estoppel by the Administrative Agent.

3.08 General Limitation on Guaranteed Obligations. In any action or proceeding involving any corporate law, or any other bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of the Guarantor hereunder would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability hereunder, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by the Guarantor, the Administrative Agent or any other Person, be automatically limited and reduced to the higher of (i) the net worth of the Guarantor on the date hereof or (ii) the net worth of the Guarantor on the date of payment by the Guarantor in respect of its obligations hereunder, including the Guaranteed Obligations.

3.09 Recognition of Substantial Benefit. The Guarantor recognizes that it shall derive substantial benefits from the Loans to be made to the Borrower by reason of its ownership of the Capital Stock of the Borrower.

Section 4. Events of Default. Each of the following events or occurrences described in this Section 4 shall constitute an "Event of Default" under this Guaranty:

(a) The Guarantor shall default in the due performance and observance of its obligations under this Guaranty and such default shall continue unremedied for a period of five (5) days (or such other period of time during which performance of the applicable

obligations is required under this Guaranty) after written notice, shall have been given to the Guarantor by the Administrative Agent;

(b) Any representation or warranty of the Guarantor made or deemed to be made under any Loan Document, Project Document or Condominium Document

of or in connection with any Loan Document is or shall be incorrect when made or deemed to have been made in any material respect;

(c) The Guarantor shall

(i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(ii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian for a substantial part of its property, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian for a substantial part of its property, and such trustee, receiver, interim receiver, receiver and manager, liquidator, sequestrator or other custodian shall not be discharged within sixty (60) days; provided, however, that the Guarantor hereby expressly authorizes the Administrative Agent and each Secured Party to appear in any court conducting any relevant proceeding during such sixty-day period to preserve, protect and defend their rights under this Guaranty and the other Loan Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement, readjustment composition, or similar relief or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Guarantor, such case or proceeding shall be consented to or acquiesced in by the Guarantor or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed; provided, however, that the Guarantor hereby expressly authorizes the Administrative Agent and each Secured Party to appear in any court conducting any such case or proceeding during such sixty-day period to preserve, protect and defend their rights under this Guaranty and the other Loan Documents; or

(v) take any action authorizing, or in furtherance of, any of the foregoing; and

(d) The existence of an "Event of Default" as such term is defined in the Credit Agreement and the other Guaranty Agreements.

Upon the occurrence of an Event of Default hereunder, the Administrative Agent, without any notice to the Guarantor, shall be entitled to exercise all rights and remedies available hereunder and at law and equity and, at the option of the Administrative Agent, an "Event of Default" (as defined in the Credit Agreement) shall exist under the Credit Agreement and the other Loan Documents in which case the Administrative Agent, without any further notice to the Guarantor or any other Person, shall be entitled to exercise all rights and remedies available thereunder and under the other Loan Documents; provided, however, the Administrative Agent may, at its option, commence enforcement proceedings against the Guarantor without declaring an "Event of Default" (as defined in the Credit Agreement) under the Credit Agreement.

Section 5. Payments Free and Clear of Taxes, etc. The Guarantor agrees that:

(a) All payments by the Guarantor to the Administrative Agent or any Secured Party shall be made free and clear of and without withholding or deduction for any present or future income, excise, stamp or franchise taxes or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by the Administrative Agent's or any Secured Party's net income or receipts (each such non-excluded item being called "Taxes"). In the event that any withholding or deduction from any payment to be made by the Guarantor hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Guarantor will

- (i) pay directly to the relevant taxing authority the full amount required to be so withheld or deducted;
- (ii) promptly forward to the Administrative Agent an official receipt or other documentation satisfactory to the Administrative Agent evidencing such payment to such authority; and
- (iii) pay to the Administrative Agent for its benefit or for the benefit of the applicable Secured Party, such additional amount or amounts as are necessary to ensure that the net amount actually received by the Administrative Agent or the applicable Secured Party after giving effect to such withholding or deduction will equal the full amount the Administrative Agent or such Secured Party would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Administrative Agent or any Secured Party with respect to any payment received by the Administrative Agent or a Secured Party hereunder, the Administrative Agent may pay such Taxes and the Guarantor will promptly pay such additional amounts (including any penalties, interest or expenses) as are necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amounts) shall equal the amount the Administrative Agent or such Secured Party or such Person would have received had not such Taxes been asserted.

(b) If the Guarantor fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other

required documentary evidence, the Guarantor shall indemnify the Administrative Agent and the Secured Parties for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or any Secured Party as a result of any such failure.

(c) In the event that any additional amount is paid by the Guarantor for the account of the Administrative Agent or any Secured Party for a Tax (a "Tax Refund") to which such payment is attributable, then the Administrative Agent or the applicable Secured Party shall take all reasonable steps which are necessary to obtain such Tax Refund, including filing such forms, certificates, documents, applications or returns as may be required to obtain such Tax Refund. If the Administrative Agent or any Secured Party subsequently receives such a Tax Refund, and the Administrative Agent or the applicable Secured Party is readily able to identify the Tax Refund as being attributable to the Tax with respect to which an additional amount was made, then the Administrative Agent or the applicable Secured Party shall reimburse the Guarantor such amount as the Administrative Agent or such Secured Party shall determine acting in good faith to be the proportion of the Tax Refund, together with any interest received thereon, attributable to such additional amount as will leave such Secured Party after the reimbursement (including such interest) in no better or worse position than it would have been if such additional amount had not been required.

(d) Without prejudice to the survival of any other agreement of the Guarantor hereunder, the agreements and obligations of the Guarantor contained in this Section 5 shall survive expiration or earlier termination of this Guaranty.

(e) If the Guarantor becomes obligated under this Section 5 to make payments to the Administrative Agent or any Secured Party solely due to the failure of the Administrative Agent or such Secured Party to perform its delivery or notification obligations hereunder, the Guarantor shall not be obligated to make such payments to the Administrative Agent or the applicable Secured Party until such time as the Administrative Agent or such Secured Party has performed its delivery and notification obligations hereunder in all material respects in which case the Guarantor shall only be obligated to make payments pursuant to this Section 5 which arise from and after the date that such notification and delivery requirements have been performed by the Administrative Agent or such Secured Party in all material respects.

Section 6. Subordination of Debt. If, for any reason whatsoever and whether or not permitted under the Loan Documents, the Borrower is or becomes indebted to the Guarantor:

(a) such indebtedness and all interest thereon and all liens, security interests and rights now or hereafter existing with respect of property of the Borrower securing same shall, at all times, be subordinate in all respects to the Guaranteed Obligations and to all liens, security interests and rights now or hereafter existing to secure the Guaranteed Obligations;

(b) the Guarantor shall not be entitled to enforce or receive payment, directly or indirectly, of any such indebtedness of the Borrower to the Guarantor until the Guaranteed Obligations have been fully and finally paid and performed;

(c) the Guarantor hereby collaterally assigns and grants to the Administrative Agent, for its benefit and the benefit of the Secured Parties, a security interest in all such indebtedness and security therefor, if any, of the Borrower to the Guarantor now existing or hereafter arising, including any dividends and payments pursuant to debtor relief or insolvency or liquidation proceedings referred to below. In the event of receivership, bankruptcy, reorganization, arrangement or other debtor relief or insolvency proceeding involving the Borrower, as debtor, the Administrative Agent shall have the right to provide its claim in any such proceeding so as to establish its rights hereunder and shall have the right to receive directly from the receiver, trustee or other custodian, dividends and payments that are payable upon any obligation of the Borrower to the Guarantor now existing or hereafter arising, and to have all benefits of any security therefor, until the Guaranteed Obligations have been indefeasibly repaid and performed. If, notwithstanding the foregoing provisions, the Guarantor should receive any payment, claim or distribution that is prohibited as provided above in this Section 6, the Guarantor shall pay the same to the Administrative Agent immediately, the Guarantor hereby agreeing that it shall receive any such payment, claim or distribution in trust for the Secured Parties and shall have absolutely no dominion over the same except to pay it immediately to the Administrative Agent; and

(d) the Guarantor shall promptly upon request of the Administrative Agent from time to time execute such documents and perform such acts as the Administrative Agent may require to evidence and perfect its interest and to permit or facilitate exercise of its rights under this Section 6, including, but not limited to, execution and delivery of financing statements, PPSA financing statements or similar Instruments, proofs of claim, further assignments and security agreements, and delivery to the Administrative Agent of any promissory notes or other instruments evidencing indebtedness of the Borrower to the Guarantor. All promissory notes, accounts receivable ledgers or other evidences, now or hereafter held by the Guarantor, of obligations of the Borrower to the Guarantor shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under and is subject to the terms of this Guaranty and the other Guaranty Agreements.

Section 7. Miscellaneous.

7.01 No Waiver. No failure on the part of the Administrative Agent or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Administrative Agent or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

7.02 Cumulative Remedies. No right or remedy conferred upon the Administrative Agent, the Secured Parties or the Issuer in this Guaranty is intended to be exclusive of any other

right or remedy contained in the other Loan Documents or at law and equity and every such right and remedy shall be cumulative and shall be in addition to every other right or remedy contained in the other Loan Documents and as now or hereafter available to the Administrative Agent, the Secured Parties or the Issuer at law or in equity, by statute or otherwise.

7.03 Governing Law. THIS GUARANTY SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any and all prior agreements, written or oral, with respect thereto including that certain Indicative Term Sheet dated March 27, 2006 and revised April 24, 2006.

7.04 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT AND THE GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT OR THE GUARANTOR IN CONNECTION HERewith OR THEREWITH. THE GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT ACCEPTING THIS GUARANTY AND THE ADMINISTRATIVE AGENT, THE SECURED PARTIES AND EACH ISSUER ENTERING INTO THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS.

7.05 Notices. All notices and other communications provided to any party hereto under this Guaranty shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below or at such other address or facsimile number as may be designated by such party in a notice to the other parties. All such notices and communications shall be deemed to have been properly given if (x) hand delivered with receipt acknowledged by the recipient; (y) if mailed, upon the fifth Business Day after the date on which it is deposited in registered or certified mail, postage prepaid, return receipt requested or (z) if by Federal Express or other nationally-recognized express courier service with instructions to deliver on the following Business Day, on the next Business Day after delivery to such express courier service. Notices and other communications may also be properly given by facsimile but shall be deemed to be received upon automatic facsimile confirmation of receipt thereof by the intended recipient machine therefor with the original of such notice or communication to be given in the manner provided in the second sentence of this Section; provided, however, that the failure to deliver a copy in accordance with the second sentence of this Section shall not invalidate the effectiveness of such facsimile notice. Notices shall be addressed as follows:

To Guarantor:

Ken Fowler Enterprises Limited
P.O. Box 24091
110 Hannover Drive, Suite 203B
St. Catharines, Ontario, Canada
L2R 7P7
Attention: Kenneth Alfred Fowler
Facsimile No.: (905) 688-3060

With a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Attention: John R. Dow, Esq.
Facsimile: (416) 947-0866

To the Administrative Agent:

WestLB AG, Toronto Branch
200 Bay Street
Suite 2301, Box 41
Toronto, Ontario M5J 2J1
Attention: Robert Dyck
Facsimile: (416) 216-5020

With a copy to:

Mayer, Brown, Rowe & Maw LLP
1675 Broadway
New York, New York 10019
Attention: Douglas L. Wisner, Esq.
Facsimile: (212) 849-5665

7.06 Modification; Waiver. No modification, waiver, amendment, discharge or change of this Guaranty shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

7.07 Successors and Assigns. This Guaranty shall be binding upon and inure to the benefit of the parties and their respective successors and assigns (provided, however, that the Guarantor shall not assign or transfer any rights it has hereunder).

7.08 Partial Invalidity. If any of the provisions of this Guaranty, or the application thereof to any Person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Guaranty, or the application of such provision or provisions to Persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

7.09 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS

(WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE SECURED PARTIES, THE ISSUER OR THE GUARANTOR IN CONNECTION HERewith SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (UNLESS SUCH COURT DOES NOT HAVE JURISDICTION IN WHICH CASE SUCH LITIGATION

GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR, IF APPLICABLE, THE COURTS OF THE STATE OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION, SUBJECT TO THE GUARANTOR'S RIGHT TO CONTEST SUCH JUDGMENT BY MOTION OR APPEAL ON ANY GROUNDS NOT EXPRESSLY WAIVED IN THIS SECTION 7.09. THE GUARANTOR HEREBY IRREVOCABLY APPOINTS CT CORPORATION SYSTEM (THE "PROCESS AGENT"), WITH AN OFFICE ON THE DATE HEREOF AT 111 EIGHTH AVENUE, NEW YORK, NEW YORK 10011 AS ITS AGENT TO RECEIVE, ON THE GUARANTOR'S BEHALF AND ON BEHALF OF THE GUARANTOR'S PROPERTY, SERVICE OF COPIES OF THE SUMMONS AND COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO THE GUARANTOR IN CARE OF THE PROCESS AGENT AT THE PROCESS AGENT'S ABOVE ADDRESS, AND THE GUARANTOR HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE PROCESS AGENT TO ACCEPT SUCH SERVICE ON ITS BEHALF. AS AN ALTERNATIVE METHOD OF SERVICE, THE GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR OUTSIDE THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 7.05. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE OTHER LOAN DOCUMENTS.

7.10 Judgment Currency. The Guaranteed Obligations of the Guarantor in respect of any sum due to the Administrative Agent, any Secured Party or any Issuer hereunder shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than Dollars, be discharged only to the extent that on the Business Day following receipt by such Person of any sum adjudged to be so due in the Judgment Currency, such Person, in accordance with normal

banking procedures, purchases Dollars with the Judgment Currency. If the amount of Dollars so purchased is less than the sum originally due to such Person, the Guarantor agrees as a separate obligation and notwithstanding any such judgment, to indemnify each Person, as the case may be, against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to such Person, as the case may be, each agreeing to remit any excess to the Guarantor.

7.11 Headings. The various headings of this Guaranty are inserted for convenience only and shall not affect the meaning or interpretation of this Guaranty or any provisions hereof or thereof.

7.12 Acknowledgment of the Administrative Agent. The Guarantor hereby acknowledges that the Administrative Agent is the duly appointed agent of the Secured Parties in accordance with the terms and conditions of the Credit Agreement and the other Loan Documents.

7.13 Transfers of Interests in Loan. The Guarantor recognizes that the Administrative Agent, the Secured Parties and the Issuer may, subject to the Loan Documents, sell and transfer interests in the Loans and the Commitments to one or more participants and/or assignees and that all documentation, financial statements, appraisals and other data, or copies thereof, relevant to the Borrower, the Guarantor, the Loans or the Commitments, may be exhibited to and retained by any such participant or assignee or prospective participant or assignee.

7.14 Additional Documents; Estoppel Certificates. The Guarantor shall execute and deliver to the Administrative Agent all instruments and certificates as the Administrative Agent may reasonably request (including, but not limited to, estoppel certificates certifying that this Guaranty is in full force and effect after the occurrence of an Event of Default, a statement stating the nature of any defenses, offsets, claims or counterclaims provided that such statement shall be limited to the actual knowledge of the Guarantor at the time of such certification and will not preclude the Guarantor from raising defenses, claims, offsets or counterclaims of which the Guarantor had no actual knowledge at the time of such certification) to effect, confirm or assure the rights and remedies intended to be granted to the Administrative Agent under this Guaranty but without creating any additional liability which does not exist under the Guaranty or expanding any liability which exists hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty as of the date first above written and by signing below, the Guarantor covenants and agrees that it is bound hereby.

KEN FOWLER ENTERPRISES LIMITED

By: _____

Name: James Farrar

Title: ASO