

**TAB F**

## SUBORDINATION AGREEMENT

THIS AGREEMENT is made as of the 6<sup>th</sup> day of June, 2007 among Fortress Credit Corp, as administrative agent (in that capacity, the "Subordinate Agent") for the lenders (the "Subordinate Lenders"; and together with the Subordinate Agent, the "Subordinate Creditors") under the Mezzanine Loan and Security Agreement (as defined below); The Rosseau Resort Developments Inc. (the "Debtor"), in its capacity as borrower under the Mezzanine Loan and Security Agreement and the Senior Credit Agreement (each as defined below); Ken Fowler Enterprises Limited (the "Guarantor"), in its capacity as guarantor under the Mezzanine Loan and Security Agreement and under the Senior Credit Agreement (each as defined below); and WestLB AG, Toronto Branch, as administrative agent (in that capacity, the "Senior Agent") for the lenders (the "Senior Lenders"; and together with the Senior Agent, the "Senior Creditors") under the Senior Credit Agreement (as defined below).

### WHEREAS:

- A. Reference is made to the Credit Agreement (the "Senior Credit Agreement") dated as of February 1, 2007 by and among the Debtor, the Guarantor, the Senior Lenders, the Senior Agent and Raiffeisen Zentralbank Österreich AG, as Documentation Agent. Pursuant to the Senior Credit Agreement, the Senior Lender has established in favour of the Borrower new credit facilities in an aggregate principal amount of Cdn\$113,519,301;
- B. Reference is also made to the Mezzanine Loan and Security Agreement (the "Mezzanine Loan and Security Agreement"), dated as of the date hereof, among the Debtor, the Guarantor, the Subordinate Lenders and the Subordinate Agent. Pursuant to the Subordinate Credit Agreement, the Subordinate Lenders have agreed to make loans to the Borrower in the aggregate principal amount of Cdn\$25,500,000;
- C. The Debtor has delivered security to the Senior Agent (for the benefit of the Senior Creditors), and the Debtor has agreed to deliver security to the Subordinate Agent (for the benefit of the Subordinate Creditors);
- D. Under the Senior Credit Agreement, the Debtor is not permitted to incur the indebtedness contemplated by the Mezzanine Loan and Security Agreement or to grant the mortgage and other liens contemplated by the Mezzanine Loan and Security Agreement without the prior written consent of the Senior Lenders under the Senior Credit Agreement;
- E. To induce the Senior Lenders to permit the Debtor to incur the indebtedness contemplated by the Mezzanine Loan and Security Agreement and to grant the mortgage and other liens contemplated by the Mezzanine Loan and Security Agreement, the Debtor, the Guarantor and the Subordinate Agent are entering into this Agreement with the Senior Agent.

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which is here by acknowledged), the parties hereto make the following covenants, acknowledgements and agreements.

1. Subordination and Postponement – The Debtor, the Guarantor and the Subordinate Agent, for itself and on behalf of the Subordinate Lenders, hereby covenant and agree that all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to any Subordinate Creditor

under the Mezzanine Loan and Security Agreement and any other document or instrument delivered by the Debtor or the Guarantor to the Subordinate Agent or any of the Subordinate Lenders pursuant to Mezzanine Loan and Security Agreement, including (without limitation) all principal, interest, fees, expenses, indemnification claims and other amounts payable thereunder (collectively, the "**Subordinate Debt**") and all mortgages, liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted by the Debtor or the Guarantor to the Subordinate Agent or any other Subordinate Creditor to secure all or any part of the Subordinate Debt (collectively, the "**Subordinate Security**") are hereby deferred, postponed and subordinated in all respects to the prior indefeasible repayment in full by the Debtor of all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing to one or more of the Senior Lenders or the Senior Agent under the Senior Credit Agreement or under any other document or instrument delivered by the Debtor or the Guarantor to the Senior Agent or any of the Senior Lenders pursuant to the Senior Credit Agreement, including (without limitation) all principal, interest, fees, expenses, indemnification claims and other amounts payable thereunder (provided that, (i) in the case of principal amounts owing, the amount thereof shall not exceed the Senior Debt Maximum Amount, as defined below, (ii) in the case of expenses, the amounts thereof are reasonable, and (iii) in the case of interest, the rates charged in respect thereof shall not exceed a rate in excess of the rates per annum provided for in the Senior Credit Agreement as at the date of this Agreement, plus (A) the permitted 1.00% per annum maximum increase referred to in section 8(c) below, and (B) any increase as a result of the imposition of the default rate of interest contemplated by Section 3.2.2. of the Senior Credit Agreement as at the date of this Agreement, but in any event not in excess of a maximum of 3.00% per annum in excess of the rates provided for in the Senior Credit Agreement as at the date of this Agreement,) (collectively, the "**Senior Debt**"), and all mortgages, liens, charges, pledges, guarantees, security interests and other security agreements of any nature or kind now or hereafter granted by the Debtor or the Guarantor to the Senior Lenders or the Senior Agent (through assignment or otherwise) to secure all or any part of the Senior Debt (the "**Senior Security**"; and together with the Senior Credit Agreement, the "**Senior Loan Documents**"). For the purposes of this Agreement, "**Senior Debt Maximum Amount**" means an amount equal to the aggregate of (A) \$113,519,301 plus (B) at any time after the Commitments under the Senior Credit Agreement have been fully advanced, an aggregate amount on account of all Permitted Further Advances equal to the lesser of \$10,000,000 and 10% of the outstanding principal amount under the Senior Credit Agreement at the time of the applicable Permitted Further Advance. For the purposes of this Agreement, "**Permitted Further Advances**" means an advance of principal made for the purpose of preserving or protecting the assets of the Debtor or the Guarantor, including any such advances in respect of funding Project Costs (as defined in the Senior Credit Agreement as at the date of this Agreement) already incurred or to be incurred in order to achieve Final Completion but, for greater certainty, does not include any amount payable by the Borrower under the Credit Agreement as it reads as of the date hereof including, without limitation, under Section 11.3 or Section 11.4 of the Senior Credit Agreement. In the event that following such time as the Senior Debt is repaid in full by the Debtor, all or any part of such payment made on account thereof is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law (the "**Subject Payment Amount**"), any payment or distribution received by the Subordinate Creditors in respect of the Subordinate Debt will, to the extent

of such Subject Payment Amount, be deemed to have been received by them in trust for the Senior Creditors and will promptly be paid over to the Senior Agent for the benefit of the Senior Lenders. Notwithstanding any other term of this Agreement, the provisions of this Agreement shall not apply to any Rate Cap Collateral (as defined in the Mezzanine Loan and Security Agreement as it reads on the date hereof), and the Senior Agent, for and on behalf of the Senior Creditors, agrees (i) that the Senior Security shall not include any part of such Rate Cap Collateral, (ii) the Subordinate Creditors shall have all rights to deal with such Rate Cap Collateral in accordance with the terms of the Mezzanine Loan and Security Agreement and the Subordinate Security without regard to any of the provisions of this Agreement, and (iii) the Senior Creditors shall not take any action whatsoever to challenge the interest of the Subordinate Creditors in such Rate Cap Collateral and the rights and priority of the Subordinate Creditors to such Rate Cap Collateral in all respects. For greater certainty, the Senior Agent hereby confirms, for and on behalf of the Senior Creditors, that the Senior Creditors consent to the incurrence of the Subordinate Debt and to the granting of the Subordinate Security.

2. Repayment of Subordinate Debt – The Debtor and the Guarantor may not make, and the Subordinate Creditors may not accept, payments against the indebtedness owing pursuant to the Subordinate Debt except in accordance with this Agreement; provided, however, that the Debtor may make payments on account of interest owing to the Subordinate Lenders under Section 2.2 of the Mezzanine Loan and Security Agreement as in effect as of the date hereof so long as no Event of Default (as defined under the Senior Credit Agreement) has occurred and is continuing under the Senior Credit Agreement. In the event that the Debtor or the Guarantor shall make, and/or any Subordinate Creditor shall receive, any payment on or in respect of (through a direct payment, a guarantee payment or otherwise) Subordinate Debt (other than as permitted hereunder), then, and in such event, each such payment shall be deemed to be the property of, segregated, received and held in trust for the benefit of, and shall be promptly paid over and delivered to, the Senior Agent for the benefit of the Senior Lenders.
3. Set-Off - All rights to claim or otherwise interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Debtor or the Guarantor to any Subordinate Creditor, against or in connection with the Subordinate Debt and any action or proceeding with respect to this Agreement or any matter arising hereunder or relating hereto are hereby deferred, postponed and subordinated in all respects to the prior indefeasible payment in full of the Senior Debt; provided that this Section 3 does not affect any rights or remedies (including set-off) of the Subordinate Creditor in respect of the Rate Cap Collateral.
4. Redemption – The Debtor and the Guarantor shall not, and the Subordinate Creditors shall not require the Debtor to, redeem, retire, defease, purchase or otherwise acquire any of the Subordinate Debt (except as permitted hereunder), or set aside or otherwise deposit or invest any sums for such purpose.
5. Notices Regarding Subordinate Debt - The Debtor and the Subordinate Agent shall furnish to the Senior Agent a copy of any notice or demand sent in connection with the Subordinate Debt, concurrently with the sending thereof.

6. Status of Subordinate Debt – Each of the Subordinate Agent and the Debtor hereby represents and warrants to the Senior Agent as follows:

- (i) the maximum aggregate principal amount of the Subordinate Debt is \$25,500,000, plus capitalized interest in accordance with Section 2.1.2 of the Mezzanine Loan and Security Agreement;
- (ii) the Subordinate Security is to be comprised of the documents and instruments listed in Schedule “A”;
- (iii) this Agreement constitutes a legal, valid and binding obligation of each Subordinate Creditor and the Debtor, enforceable in accordance with its terms;
- (iv) to its knowledge, no act, condition or event has occurred which, with the giving of notice or passage of time would constitute a default under this Agreement or the documents evidencing and securing the Subordinate Debt and the Subordinate Security; and
- (v) neither the Subordinate Creditors nor the Debtor has any offsets or defenses to its obligations under this Agreement or the documents evidencing and securing the Subordinate Debt and the Subordinate Security or claims or counterclaims against one another, as the case may be.

7. Delivery of Documentation - On or before the date of the initial extension of credit under the Subordinate Debt, the Debtor and the Subordinate Agent shall deliver to the Senior Agent a copy of all closing documentation relating to the Subordinate Debt and the Subordinate Security. The Debtor and the Subordinate Agent covenant and agree to provide to the Senior Agent details as to the outstanding amount of the Subordinate Debt immediately upon request of the Senior Agent.

8. Restrictions

- (a) The Subordinate Creditor agrees that it shall not take any steps whatsoever to enforce payment of the Subordinate Debt or to enforce the Subordinate Security (including, without limitation, rights of set off, commencement of bankruptcy proceedings, initiating an action, appointing or making application to a court for an order appointing an agent or receiver or receiver manager or by any other means of enforcement whatsoever) until the earlier of (i) the date on which the Senior Debt has been paid in full and all obligations of the Borrower under the Senior Credit Agreement have been performed and all financing commitments under the Senior Credit Agreement cease to exist, and (ii) the date which is 180 days after the date on which the Subordinate Agent shall have delivered to the Senior Agent a written notice (clearly marked as a “Subordinate Debt Enforcement Notice”) pursuant to which the Senior Agent is notified that an event of default has occurred and is continuing under the Subordinate Debt, and that the Subordinate Creditor proposes to demand payment of the Subordinate Debt and to exercise its rights and remedies under the Subordinate Security (any such notice, an “**Enforcement Notice**”). If, during such 180-day period, or at any time thereafter, the Senior Agent notifies the Subordinate Agent in writing (a “**Stop Notice**”) that it will enforce the Senior

Security, the Subordinate Agent shall take no further steps in connection with the enforcement of the Subordinate Security as long as the Senior Agent commences the enforcement of the Senior Security within ten (10) days of delivering the Stop Notice and continues to diligently prosecute such enforcement to completion; provided that, if the enforcement of the Senior Security is delayed by the Senior Agent in good faith due to the requirement to issue notices, to otherwise prepare properly for the enforcement of the Senior Security or due to circumstances beyond the control of the Senior Agent, the Subordinate Agent shall not be entitled to enforce the Subordinate Security during the period of such delay, even if the Senior Agent is not enforcing the Senior Security after the expiry of such 180-day period or after the issuance of a Stop Notice. If the event of default upon which the delivery of any Enforcement Notice was based is cured by the Debtor or waived by the Subordinate Lenders, the related Enforcement Notice shall have no further force or effect provided that no other event of default has occurred and is continuing under the Mezzanine Loan and Security Agreement or other Subordinate Security at the time of such cure or waiver, and the Subordinate Agent shall be required to deliver a further Enforcement Notice in order to be entitled to demand payment of the Subordinate Debt or to enforce the Subordinate Security at any future time in respect of any event of default subsequently occurring. Nothing in this clause (a) shall preclude any Subordinate Creditor from filing a proof of claim in connection with any bankruptcy or similar proceedings of the Debtor to the extent (but only to the extent) necessary to protect its claim in a bankruptcy proceeding.

- (b) The Subordinate Agent, for and on behalf of the Subordinate Creditors, and the Debtor each agree that it will not:
  - (i) without the prior written consent of the Senior Agent, in its sole discretion, sell, assign, transfer, endorse, pledge, encumber or otherwise dispose of all or any part of the Subordinate Debt or the Subordinate Security to any Person (any such Person, a "Transferee") unless, in any such case, the Transferee has first executed and delivered to Senior Agent a written acknowledgement and consent pursuant to which the Transferee agrees to be bound by this Agreement; in this Agreement, the term "Person" means any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity;
  - (ii) amend, supplement, modify or amend and restate the documents evidencing and securing the Subordinate Debt or the Subordinate Security if:
    - (1) the effect thereof would be to (A) increase the rate of interest applicable to the Subordinate Debt by more than 1.00% (it being acknowledged that an increase in the rate of interest applicable to the Subordinate Debt by up to 4.00% by virtue of the imposition of the default rate of interest contemplated by Section 2.2 of the Mezzanine Loan and Security Agreement as at the date of this Agreement is not restricted by this Section 8(b)(ii), but nothing contained herein shall be deemed to be an acknowledgement by the Senior Creditors that any

default rate of interest is enforceable), or (B) increase the maximum principal amount of the Subordinate Debt by an aggregate amount (on account of all such increases) exceeding the lesser of \$4,000,000 and 10% of the outstanding principal amount under the Mezzanine Loan and Security Agreement as at the date of the applicable increase, or (C) accelerate the dates for payments of principal, interest or fees under the Subordinate Debt (it being understood that an acceleration of the dates for payment of the Subordinate Debt as a result of the occurrence of an Event of Default under the Mezzanine Loan and Security Agreement (as provided for therein as at the date of this Agreement) is not restricted by this Agreement), or (D) impose any waiver fee, amendment fee, termination fee or other similar fee unless (x) the fee was payable at the time of effectiveness of the related waiver, amendment or termination, (y) the amount of the fee was funded solely by an additional equity contribution made by one or more of the shareholders of the Debtor, and (z) the aggregate amount of all such fees shall not exceed \$500,000, or

- (2) in the case of amendments, supplements, modifications or amendments and restatements which relate to issues other than the issues described in subparagraph (1) above, the effect thereof would otherwise be more onerous to the Debtor or the Senior Creditors, without the prior written consent of the Senior Agent, which consent shall not be unreasonably withheld; and
  - (iii) except as specifically permitted in this Agreement, take, or permit to be taken, any action to assert, collect or enforce the Subordinate Debt or any part thereof while any Senior Debt or the lending commitments in respect of the Senior Debt remain outstanding, without the prior written consent of the Senior Agent, in its sole discretion.
- (c) The Senior Agent, for and on behalf of the Senior Creditors, and the Debtor each agree that it will not, without the prior written consent of the Subordinate Agent (which consent shall not be unreasonably withheld, delayed or conditioned), amend, supplement, modify or amend and restate the Senior Credit Agreement if the effect thereof would be to (i) increase the rate of interest applicable to the Senior Debt by more than 1.00% (it being acknowledged that an increase in the rate of interest applicable to the Senior Debt by up to 3.00% by virtue of the imposition of the default rate of interest contemplated by Section 3.2.2. of the Senior Credit Agreement is not restricted by this Section 8(c)(i), but nothing contained herein shall be deemed to be an acknowledgement by the Subordinate Creditors that any default rate of interest is enforceable), or (ii) increase the maximum principal amount of the Senior Debt to an amount exceeding the Senior Debt Maximum Amount, or (iii) accelerate the dates for payments of principal, interest or fees under the Senior Debt (it being understood that an acceleration of the dates for payment of the Senior Debt as a result of the occurrence of an Event of Default under the Senior Credit Agreement (as provided for therein as at the date of this Agreement) is not restricted by this Agreement), or (iv) impose any waiver fee, amendment fee, termination fee or other similar fee unless (A) the fee was payable

at the time of effectiveness of the related waiver, amendment or termination, (B) the amount of the fee was funded solely by an additional equity contribution made by one or more of the shareholders of the Debtor, and (C) the aggregate amount of all such fees shall not exceed \$500,000.

9. Senior Lenders' Rights

- (a) The Senior Agent (on behalf of the Senior Lenders), in its sole and absolute discretion, and without diminishing the obligations of the Subordinate Creditors hereunder, may grant time or other indulgences to the Debtor, the Guarantor and any other person or persons now or hereafter liable to the Senior Lenders or the Senior Agent on behalf of the Senior Lenders in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part, and may discharge part or parts of, or accept any composition or arrangements or realize upon, the Senior Security when and in such manner as the Senior Agent in its sole and absolute discretion deems expedient, and in no such case shall the Senior Agent or the Senior Lenders be responsible for any neglect or omission with respect to the Senior Security or any part thereof;
- (b) The Subordinate Creditors shall not be released or exonerated from their obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt or the Senior Security or by any failure or delay in giving any notice required under this Agreement or under the Senior Debt or Senior Security or any part hereof, the waiver by the Senior Agent on behalf of the Senior Lenders of compliance with any conditions precedent to any advance of funds under the Senior Credit Agreement, or by any modification or alteration of the Senior Debt or the Senior Security or any part hereof (except as restricted by Section 8(c)), or by anything done, suffered or permitted by the Senior Agent on behalf of the Senior Lenders, or as a result of the method or terms of payment under the Senior Debt or Senior Security or any assignment or other transfer of all or any part of the Senior Debt or the Senior Security or any part thereof;
- (c) Neither the Senior Agent nor the Senior Lenders shall be bound to see or exhaust any recourse against the Debtor, the Guarantor or any other person or against the property or assets of the Debtor, the Guarantor or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinate Creditors' obligations hereunder and the Senior Agent may enforce the various remedies available to it on behalf of the Senior Lenders and may realize upon the various security documents, guarantees and indemnities or any part thereof, held by it for the benefit of the Senior Lenders in such order as the Senior Agent may determine appropriate; and

10. Liquidation, Dissolution, Bankruptcy, etc.

- (a) In the event of distribution, division, or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Debtor or the Guarantor, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of the Debtor or the Guarantor or in connection with any composition with creditors or scheme of arrangement to which the Debtor or the Guarantor is a party, the Senior Creditors shall be entitled to receive payment in full (including interest accruing to the date of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before the Subordinate Creditors are entitled to receive any direct or indirect payment or distribution of any cash or other assets of the Debtor or the Guarantor on account of the Subordinate Debt, and the Senior Creditors shall be entitled to receive directly, for application in payment to such Senior Debt, any payment or distribution of any kind or character, whether in cash or other assets, which shall be payable or deliverable upon or with respect to the Subordinate Debt. To the extent any payment of Senior Debt (whether by or on behalf of the Debtor, the Guarantor, as proceeds of security or reinforcement of any right of set-off or otherwise) is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.
- (b) In order to enable the Senior Agent to enforce the rights of the Senior Creditors hereunder in any of the actions or proceedings described in this Section 10, upon the failure of any Subordinate Creditor to make and present on a timely basis a proof of claim against the Debtor or the Guarantor on account of the Subordinate Debt or other motion or pleading as may be expedient or proper to establish such Subordinate Creditor's entitlement to payment of any Subordinate Debt, the Senior Agent, for the benefit of the Senior Creditors, is hereby irrevocably authorized and empowered (until the Senior Debt has been paid in full and the obligations of the Debtor under the Senior Loan Documents have been performed and the Senior Loan Documents have been terminated), in its discretion and at its sole expense, to make and present for and on behalf of any Subordinate Creditor such proofs of claim or other motions or pleadings and to demand, receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued and to apply the same on account of the Senior Debt. The Subordinate Agent, on behalf of each Subordinate Creditor, hereby covenants and agrees not to exercise any voting right or other privilege that it may have from time to time in any of the actions or proceedings described in this Section 10 in favour of any plan, proposal, compromise, arrangement or similar transaction that would defeat; (i) the right of the Senior Creditors to receive payments and distributions otherwise payable or deliverable upon or with respect to the Subordinate Debt so long as any Senior Debt remains outstanding; or (ii) the obligation of the Subordinate Creditors to receive, hold in trust, and pay over to the Senior Agent for the benefit of the Senior Creditors certain payments and distributions as contemplated by this Section 10.

11. Payments Received by any Subordinate Creditor – The Subordinate Agent, on behalf of each Subordinate Creditor, agrees that, except as otherwise provided for herein, if, prior to the payment in full of the Senior Debt, any Subordinate Creditor or any person on its behalf shall receive any payment from or distribution of assets of the Debtor or the Guarantor on account of the Subordinate Debt, then such Subordinate Creditor shall, and shall cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Senior Creditors and promptly pay the same over or deliver to the Senior Agent for the benefit of the Senior Creditors in precisely the form received by such Subordinate Creditor or such other person on its behalf, (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Senior Agent in accordance with the Senior Credit Agreement.
12. No Release – No right of the Senior Agent to enforce the subordination on behalf of the Senior Creditors as provided in this Agreement shall at any time and in any way be prejudiced or impaired by any act or failure to act on the part of the Debtor or the Guarantor or by any non-compliance by the Debtor or the Guarantor with any of the agreements or instruments relating to the Subordinate Debt or the Senior Debt. Without limiting the generality of the foregoing, but in no way relieving any Subordinate Creditor of its obligations under this Agreement, none of the following will have the effect of impairing or releasing the subordination and other benefits provided in this Agreement or the obligations hereunder of the Subordinate Creditors to the Senior Creditors:
- (a) Any exercise or non-exercise by the Senior Agent on behalf of the Senior Creditors of any right, remedy, power or privilege in any of the security documents delivered to the Senior Agent;
  - (b) Any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Agent under or in respect of this Agreement, or any of the security documents delivered to the Senior Agent;
  - (c) Any default by the Debtor or the Guarantor under, any limitation of the liability of the Debtor or the Guarantor or on the method or terms of payment under, or any irregularity or other defect in, any of the Senior Loan Documents;
  - (d) The lack of authority or revocation thereof by any other party;
  - (e) The failure of the Senior Agent to file or enforce a claim of any kind on behalf of the Senior Creditors;
  - (f) Any defence based upon an election of remedies by the Senior Agent which destroys or otherwise impairs the subrogation rights of any Subordinate Creditor or the right of any Subordinate Creditor to proceed against the Debtor for reimbursement, or both;
  - (g) Any merger, consolidation or amalgamation of any Subordinate Creditor or the Debtor or the Guarantor into or with any other person; or
  - (h) Any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting any Subordinate Creditor or the Debtor or the Guarantor.

13. No Debtor Rights – Nothing contained in the Agreement shall confer any rights or benefits on the Debtor or the Guarantor. The Subordinate Agent, on behalf of each Subordinate Creditor, agrees that no payment or distribution to the Senior Lenders or the Senior Agent pursuant to the provisions of this Agreement shall entitle any Subordinate Creditor to exercise any rights of subrogation in respect thereof until the Senior Debt has been indefeasibly paid in cash in full and performed and all lending commitments under the Senior Credit Agreement have been permanently terminated.
14. Further Assurances – The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of the Senior Agent or its legal counsel, to give full effect to the subordination contained herein and the rights and remedies of the Senior Creditors hereunder, in accordance with the intent of this Agreement.
15. Notices of Events of Default and Cure Rights – The Senior Agent shall give the Subordinate Agent copies of any notice of the occurrence of an Event of Default under the Senior Credit Agreement concurrently with the giving of such notice to the Debtor. The Subordinated Creditors shall have the right, but not any obligation, to cure (i) any payment default with respect to the Senior Debt, or (ii) any other default that can be cured by the payment of money, at any time during the thirty (30) day period following written notice from Senior Agent or the Debtor of the occurrence thereof, or thereafter with the prior written consent of Agent. In the event that any such default shall be so cured, the rights of the Subordinated Creditors and the Senior Creditors in respect of such default shall cease.
16. Subordinated Creditor's Purchase Option - In this Section 16, **"Triggering Action"** means any of (i) an acceleration of the maturity of the Senior Debt, (ii) the commencement of an enforcement action by Senior Agent (other than exercise of control over any Person's depository accounts), (iii) an increase in the rates of interest payable under the Senior Credit Agreement to a rate in excess of 0.75% per annum more than the rates provided for in the Credit Agreement as at the date of this Agreement, and (iv) a Major Default (as defined below). The Senior Agent shall provide written notice to the Subordinate Agent promptly following the occurrence of any Triggering Action. The Subordinate Creditors shall have the option, exercisable at any time within the sixty (60) day period following receipt by the Subordinate Agent of any such notice, to provide written notice to the Senior Agent (such notice by such Subordinate Creditors being the **"Purchase Notice"**) notifying the Senior Agent, on behalf of the Senior Lenders, that the Subordinated Creditors shall purchase all of the Senior Debt and Senior Security. Any such Purchase Notice given to the Senior Agent shall be irrevocable. On the date specified by the Subordinate Creditors in the Purchase Notice (which date shall not be earlier than five (5) days or more than ten (10) days after the receipt by the Senior Agent of the Purchase Notice), the Senior Lenders shall sell to the Subordinated Creditors, and the Subordinated Creditors shall purchase from the Senior Lenders, the Senior Debt and Senior Security. Upon the date of any such purchase and sale, the Subordinated Creditors shall pay to the Senior Agent, for the benefit of the Senior Lenders, as the purchase price for the Senior Debt and Senior Security, an amount equal to the Senior Debt. Such purchase price shall be remitted by wire transfer of immediately available funds to such bank account of the Senior Agent in Toronto, Ontario, as Senior Agent designates in writing to the Subordinate Creditors for such purpose. Interest shall be calculated to but excluding the day on which such purchase and sale shall occur if the amounts so paid by the Subordinate Creditors to the bank account designated

by the Agent are received in such bank account prior to 1:00 p.m., Toronto time on the day of such purchase and sale, and interest shall be calculated to and including such day if the amounts so paid by the Subordinate Creditors to the bank account designated by the Agent are received in such bank account later than 1:00 p.m., Toronto time on the day of such purchase and sale. Any purchase and sale made pursuant to this Section 16 shall be expressly made without representation or warranty of any kind by the Senior Lenders or the Senior Agent, and without recourse to the Senior Lenders, except for representations and warranties as to the following: (i) the amount of the Senior Debt being purchased (including as to the principal of and accrued and unpaid interest on such Senior Debt, fees and expenses thereof), (ii) that the Senior Lenders own the Senior Debt and Senior Security free and clear of any Liens created by, through or under such Senior Lenders, and (iii) each Senior Lender has the right to assign its Senior Debt and Senior Security. The Borrower and the Subordinated Creditors agree that nothing in this Section 16 shall prevent Senior Agent or the Senior Lenders from issuing notices and taking any other steps which, in the opinion of Senior Agent or Senior Lenders, are necessary or desirable in connection with the commencement of, or in furtherance of, any enforcement action; provided that the Senior Agent and Senior Lenders will not sell or otherwise dispose of the collateral subject to the Senior Security to any Person other than the Subordinate Creditors during the sixty (60) day period after the issuance by the Senior Agent to the Subordinate Creditor of written notice of the occurrence of any Triggering Action. For the purposes of this Agreement, "Major Default" means any of the following Events of Default under the Senior Credit Agreement as they exist on the date of this Agreement:

- (a) Section 9.1.1; provided that, for the purposes of this Agreement, any default in payment or prepayment thereunder shall be an amount in excess of \$750,000, or in excess of \$1,500,000 in the aggregate during any consecutive 12 month period;
- (b) Section 9.1.5, provided that, for the purposes of this Agreement, the materiality threshold in Section 9.1.5 shall be increased from \$1,000,000 to \$2,500,000;
- (c) Section 9.1.6, provided that, for the purposes of this Agreement, the 36-month period contemplated by the definition of "Outside Completion Deadline" shall be increased to 42 months;
- (d) Section 9.1.7, provided that, for the purposes of this Agreement, the materiality threshold in Section 9.1.7 shall be increased from \$1,000,000 to \$2,500,000;
- (e) Any of Sections 9.1.9, 9.1.10, 9.1.11, 9.1.13(b), 9.1.15, 9.1.16, or 9.1.19.

17. Successors and Assigns

- (a) This Agreement is binding upon each of the Senior Creditors, each of the Subordinate Creditors, the Debtor, the Guarantor and their respective successors and assigns and, subject to clause (b) of this Section, shall enure to the benefit of the Senior Agent, each of the Senior Lenders, each of the Subordinate Creditors, the Debtor, the Guarantor and their respective successors and permitted assigns.
- (b) The Subordinate Creditor has not sold, assigned, transferred, pledged, encumbered or otherwise disposed of any part of its rights and obligations under this Agreement or the Subordinate Debt or the Subordinate Security and shall not be permitted to

sell, assign, transfer, pledge, encumber or otherwise dispose of any part of its rights and obligations under this Agreement or the Subordinate Debt or the Subordinate Security unless, prior to entering into such sale, assignment, transfer, pledge, encumbrance or other disposition, the proposed Transferee executes and delivers a written acknowledgement and consent to the Senior Agent pursuant to which the proposed Transferee agrees to be bound by the terms hereof and the Subordinate Creditor delivers to the Senior Agent an opinion of counsel to the proposed assignee confirming the enforceability of such agreement against such proposed Transferee (the cost of such opinion to be paid for by the Debtor).

Except in accordance with clauses (a) and (b) of this Section, third parties shall have no rights or benefits under this Agreement.

18. Governing Law – This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
19. Headings – The division of this Agreement into Sections and the insertion of headings are for convenience only and shall not affect the construction or interpretation of this Agreement
20. Acknowledgement – The Debtor hereby acknowledges receipt of a copy of this agreement and accepts and further agrees with the Senior Agent and the Senior Lenders to give effect to all of the provisions of this Agreement.
21. Termination - This Agreement shall terminate upon the repayment in full of the Senior Debt and termination of all lending commitments under the Senior Credit Agreement.
22. Facsimile - This Agreement may be executed and delivered by facsimile or “pdf” transmission and the Lender may reply on all such facsimile or “pdf” signatures as though such facsimile or “pdf” signatures were original signatures.
23. Counterparts – This Agreement may be executed in any number of counterparts, which when taken together shall constitute one and the same Agreement.
24. Expenses. The Subordinate Agent, on behalf of each Subordinate Creditor, the Debtor and the Guarantor agree, jointly and severally, to pay, upon demand, to the Senior Agent for itself and the Senior Lenders, any and all reasonable costs and expenses, including, without limitation, reasonable attorneys’ fees and costs and expenses which the Senior Lenders or the Senior Agent may incur in connection with the exercise or enforcement of any of the rights or interests of the Senior Lenders or the Senior Agent hereunder.
25. Loan Document. This Agreement shall be deemed to be a “Loan Document” as such term is defined in the Senior Credit Agreement.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first written above.

**FORTRESS CREDIT CORP.**, as  
Subordinate Agent

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

**WESTLB AG, Toronto Branch**, as Senior  
Agent

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

**THE ROSSEAU RESORT DEVELOPMENTS INC.**,  
as Debtor

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

**KEN FOWLER ENTERPRISES LIMITED**,  
as Guarantor

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first written above.

**FORTRESS CREDIT CORP.,** as  
Subordinate Agent

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

**WESTLB AG, Toronto Branch,** as Senior  
Agent

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

**THE ROSSEAU RESORT DEVELOPMENTS INC.,**  
as Debtor

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

**KEN FOWLER ENTERPRISES LIMITED,**  
as Guarantor

By: \_\_\_\_\_  
an authorized signing officer  
I have authority to bind the Corporation

**SCHEDULE "A"**

**LIST OF SUBORDINATE SECURITY**

See attached

Future Lands Guarantee dated as of the date hereof between the Wallace Marine Limited and the Administrative Agent

Future Lands Guarantee dated as of the date hereof between 2004734 Ontario Inc. and the Administrative Agent

Future Lands Guarantee dated as of the date hereof between 2027588 Ontario Inc. and the Administrative Agent dated as of the date hereof

Future Lands Guarantee dated as of the date hereof between 2027587 Ontario Inc. and the Administrative Agent

Future Lands Guarantee dated as of the date hereof between 2002523 Ontario Inc. and the Administrative Agent

Future Lands Guarantee dated as of the date hereof between Ken Fowler Enterprises Limited and the Administrative Agent

Lakeside Lodge Lands Guarantee dated as of the date hereof between 2116249 Ontario Inc. and the Administrative Agent

Golf Course Lands Guarantee dated as of the date hereof between 1515511 Ontario Inc. and the Administrative Agent

First Clevelands House Guarantee dated as of the date hereof between 2022443 Ontario Inc. and the Administrative Agent

Assignment of Share Purchase Agreement for Clevelands House Limited dated as of the date hereof between 2022443 Ontario Inc. and the Administrative Agent

Amending Agreement for Clevelands House Purchase Agreement dated as of the date hereof between 2022443 Ontario Inc. and Robert Cornell

Subordination Agreement dated as of the date hereof among WestLB AG, the Borrower, the Administrative Agent and Ken Fowler Enterprises Limited

Assignment of Contracts dated as of the date hereof between the Borrower and the Administrative Agent

Subordination Agreement dated as of the date hereof between Ken Fowler Enterprises Limited, Kenneth A. Fowler and the Administrative Agent

Assignment of GMP Construction Contract dated as of the date hereof between the Borrower and the Administrative Agent

Subordination, Non-Disturbance and Attornment Agreement dated as of the date hereof among the Borrower, the Administrative Agent, Marriott Hotels of Canada, Ltd. and International Hotel Licensing Company, S.A.R.L.

Side Letter regarding Interest Rate Cap Agreement dated as of the date hereof between the Borrower and the Administrative Agent

Side Letter regarding Forward Contract Agreements dated as of the date hereof between the Borrower and the Administrative Agent