Court File No. CV-12-9617-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF First Leaside Wealth Management Inc., First Leaside Finance Inc., First Leaside Securities Inc., FL Securities Inc., First Leaside Management Inc., First Leaside Accounting and Tax Services Inc., First Leaside Holdings Inc., 2086056 Ontario Inc., First Leaside Realty Inc., First Leaside Capital Inc., First Leaside Realty II Inc., First Leaside Investments Inc., 965010 Ontario Inc., 1045517 Ontario Inc., 1024919 Ontario Inc., 1031628 Ontario Inc., 1056971 Ontario Inc., 1376095 Ontario Inc., 1437290 Ontario Ltd., 1244428 Ontario Ltd., PrestonOne Development (Canada) Inc., PrestonTwo Development (Canada) Inc., PrestonThree Development (Canada) Inc., PrestonFour Development (Canada) Inc., 2088543 Ontario Inc., 2088544 Ontario Inc., 2088545 Ontario Inc., 1331607 Ontario Inc., Queenston Manor General Partner Inc., 1408927 Ontario Ltd., 2107738 Ontario Inc., 1418361 Ontario Ltd., 2128054 Ontario Inc., 2069212 Ontario Inc., 1132413 Ontario Inc., 2067171 Ontario Inc., 2085306 Ontario Inc., 2059035 Ontario Inc., 2086218 Ontario Inc., 2085438 Ontario Inc., First Leaside Visions Management Inc., 1049015 Ontario Inc., 1049016 Ontario Inc., 2007804 Ontario Inc., 2019418 Ontario Inc., FL Research Management Inc., 970877 Ontario Inc., 1031628 Ontario Inc., 1045516 Ontario Inc., 2004516 Ontario Inc., 2192341 Ontario Inc., and First Leaside Fund Management Inc. (the "Applicants")

AMENDED NOTICE OF MOTION (SALE APPROVAL)
(returnable April 30, 2012)

The Applicants will make a motion to a judge presiding over the Commercial Court on Monday, April 30, 2012 at 10:00 a.m., or as soon after that time as the motion can be heard, at the Court House, 330 University Avenue, 8th Floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an order, if necessary, validating and abridging the time for service of this notice of motion and motion record and directing that any further service of the notice of motion and motion record be dispensed with such that this motion is properly returnable on April 30, 2012;

2. an order approving the conduct and activities of the CRO as disclosed in the CRO's affidavits dated March 21, 2012 and April 23, 2012 (together the "**CRO Affidavits**");

3. an order approving the activities of the Monitor as disclosed in the report of the Proposed Monitor, dated February 22, 2012 (the "**Proposed Monitor's Report**"), the Monitor's first report dated March 21, 2012 ("**First Report**") and the Monitor's second report dated April 23, 2012 (the "**Second Report**");

4. An order approving the Unit Purchase, Transfer of General Partner and Transfer of Property Agreement dated April 11, 2012 (the "**Beverages Agreement**"), and made between First Leaside Wealth Management Inc., First Leaside Progressive Limited Partnership, FLWM Holdings Limited Partnership, F.L. Beverages Group Limited Partnership (collectively, the "**CCAA Vendors**"), and 1045515 Ontario Inc. (together with the CCAA Vendors, the "**Vendor**"), as vendors, Provincial Beverages of Canada Inc. and Provincial Beverages Inc. (collectively, the "**Beverages Purchaser**"), as purchaser wherein the Beverages Purchaser is purchasing the

Vendor's interest in First Leaside Beverages Limited Partnership and King Brewery Limited Partnership (collectively, "**Beverages**");

5. an order vesting title to the interests of the CCAA Vendors in the Purchased Units 1 (as defined in the Beverages Agreement) in the Beverages Purchaser upon the closing of the Beverages Agreement;

6. an Order approving the agreement of purchase and sale dated March 16, 2012 ("**Queenston Agreement**"), and made between Queenston Manor General Partner Inc. ("**Queenston Manor**"), as vendor, and Starlight Investments Ltd., in trust, (the "**Queenston Purchaser**"), as purchaser, wherein the Queenston Purchaser is purchasing Queenston Manor's interest in the property municipally known as 382 Queenston Street, St. Catharines ("**Property**");

7. an order vesting title to the Property in the Queenston Purchaser upon the close of the transaction set out in the Queenston Agreement;

8. an order authorizing and directing Queenston Manor to pay the sum of $4,397,405.05 (subject to adjustments) to the sole secured creditor and first registered mortgagee of the Property, Midland Loan Services Inc. ("**Midland**") (though its nominee Computershare Trust Company of Canada on closing of the sale;

9. <u>an order that the Representative Counsel Allowance as defined in paragraph 44 of the Initial Order granted by this Court on February 23,</u>

2012, as amended ("**Initial Order**"), be increased to the maximum amount of $300,000; and

10. such further and other relief as counsel may advise and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. The Applicants applied for and were granted, together with the Included LPs (as defined in the CRO Affidavits, together with the Applicants, "**First Leaside**") protection from creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("**CCAA**") on February 23, 2012 pursuant to the Initial Order. The Initial Order appointed Grant Thornton Limited as monitor ("**Monitor**"), and appointed Fraser Milner Casgrain LLP as representative counsel ("**Representative Counsel**");

2. The Initial Order provides for a general stay of all proceedings against First Leaside ("**Stay Period**");

3. First Leaside entities have recently entered into sale agreements in respect of the divestiture of their interests in Beverages and Queenston Manor;

Beverages Transaction

4. First Leaside holds a controlling 50.45% position in Beverages. Beverages owns a majority interest in a brewery and cidery, and the land and building upon which the cidery is located;

5. Beverages requires substantial operational funding and substantial capital funding, or it will fail. First Leaside is no longer willing or able to provide Beverages with any continued financial support;

6. First Leaside has canvassed the market with respect to those companies that would be interested in purchasing a start-up brewery business. The Beverages Purchaser represents the only commercially reasonable method to obtain the maximum realizable value for the CCAA Vendors' interest in the circumstances;

7. There is no basis to expect that the CCAA Vendors would be able to obtain a better realization on their investment than what is offered in the Beverages Agreement;

8. The Beverages Agreement is supported by the Monitor;

Queenston Manor Transaction

9. Prior to these CCAA proceedings First Leaside engaged Colliers International ("**Colliers**") to act as advisor and broker/agent in connection with the sale of the Property. Colliers engaged in a thorough sales and marketing process that targeted dozens of prospective purchasers. The highest and best offer to emerge from the process is the Queenston Purchaser's offer;

10. The Queenston Purchaser's offer is supported by an opinion of value from Colliers;

11. There is no basis to expect that Queenston Manor would be able to obtain a better realization on a sale of the Property than what is offered in the Queenston Agreement;

12. The Queenston Agreement is supported by the Monitor;

Midland Payout

13. On May, 1, 2012, on the closing the Queenston Agreement, there will be $4,397,405.05 (subject to adjustments) due and owing to Midland;

14. The Monitor's counsel has independently reviewed Midland's security and concluded, subject to the usual assumptions and qualifications, that Midland's security is valid, enforceable and first registered;

Representative Counsel Allowance

15. Representative Counsel has reached the $150,000 initial maximum amount of the Representative Counsel Allowance authorized by paragraph 44 of the Initial Order. The CRO and First Leaside have agreed to an increase in the Representative Counsel Allowance to $300,000 to ensure that Representative Counsel can continue to actively and effectively represent its constituency of clients of First Leaside Securities Inc;

16. The Monitor endorses and recommends the requested increase in the Representative Counsel Allowance to $300,000;

Other Grounds

17. The grounds set out in the Proposed Monitor's Report, First Report and Second Report;

18. Sections 11 and 36 of the CCAA;

19. Rules 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, reg. 194 as amended; and

20. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the CRO Affidavits;
2. the Proposed Monitor's Report;
3. the First Report;
4. the Second Report; and
5. such further and other material as counsel may submit and this Honourable Court deem just.

Date: April 23, 2012

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

John N. Birch LSUC#: 38698U
Tel: 416-860-5225
Fax: 416-640-3057

David S. Ward LSUC#: 33541W
Tel: 416.869.5960
Fax: 416.360.3154

Lawyers for the Applicants

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FIRST LEASIDE WEALTH MANAGEMENT INC., et al

Court File No. CV-12-9617-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceedings commenced at Toronto

AMENDED NOTICE OF MOTION (STAY EXTENSION)
Returnable March 23, 2012

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

John Birch LSUC#38698U
Tel: 416-860-5225
Fax: 416-640-3057

David S. Ward LSUC#: 33541W
Tel: 416.869.5960
Fax: 416.360.3154

Lawyers for the Applicants