

**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**



THE HONOURABLE

JUSTICE

Steele

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THURSDAY, THE 23RD

DAY OF AUGUST, 2012

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. ("Applicants")

ORDER

THIS MOTION, brought by the Applicants, for approval of the sale of the businesses carried on by First Leaside Accounting and Tax Services, and certain other relief as described in the amended notice of motion dated August 20, 2012, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the amended notice of motion, the affidavit of Gregory MacLeod sworn August 20, 2012 ("**MacLeod Affidavit**"), and the Fourth Report of the Monitor dated August 21, 2012 ("**Fourth Report of the Monitor**"), and upon hearing the submissions of counsel for the Applicants, the Monitor and Representative Counsel,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that the motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the portion of this application brought by 970877 Ontario Inc. is hereby discontinued, such corporation is deleted as an applicant, and the title of proceedings herein shall be amended to read as follows:

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
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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., 1031628 Ontario Inc., 1045516 Ontario Inc., 2004516 Ontario Inc., 2192341 Ontario Inc., and First Leaside Fund Management Inc.

3. **THIS COURT ORDERS** that the stay provided for in paragraph 24 of the Initial Order be and is hereby lifted to permit First Leaside to pursue proceedings against David C. Phillips and Margaret Davis, who are directors of certain of the Applicants.

4. **THIS COURT ORDERS** that, notwithstanding paragraph 4 of the Initial Order, G.S. MacLeod & Associates Inc. in its capacity as Chief Restructuring Officer pursuant to the Initial Order be and the same is hereby authorized and directed to execute on behalf of First Leaside Realty II Inc. an Asset Purchase Agreement dated August 3, 2012 among 480 Metcalfe Street (Ottawa) Limited Partnership, 100 Isabella Street (Ottawa) Limited Partnership, Redwood Retirement Residences (Ottawa) Limited Partnership, Amica Acquisitions Inc. and Kingsett Real Estate Growth LP No. 2 (the "Amica APA") and such other documents as may be necessary or desirable for the completion of the transaction contemplated in the Amica APA and for the conveyance of the Purchase Assets as defined in the Amica APA to the Purchaser (as defined therein).

5. **THIS COURT ORDERS** that First Leaside Finance Inc. be and is hereby authorized and directed to discharge the mortgage registered as Instrument No.

OC1276878 concurrently with the closing of the transaction contemplated in the Amica APA, provided that the monitor consents to such discharge. ✓ *est*

6. **THIS COURT ORDERS AND DECLARES** that the transaction contemplated in the Amica APA is exempt from the application of the *Bulk Sales Act* (Ontario).

7. **THIS COURT ORDERS AND DECLARES** that First Leaside Accounting and Tax Services Inc. ("FLAT") is hereby authorized to complete the sale of its businesses substantially in the form of

- (i) a Term Sheet dated August 10, 2012 and attached as Exhibit "N" to the MacLeod Affidavit among Joanna L. Hampton Holdings Inc., McMillan Thorne & Co. Ltd., D. McCormack & Company Inc., Allan Welsh & Company, FLAT, the Toronto-Dominion Bank, and Jim Brander Professional Corporation and authorizing the completion of the transactions contemplated by such term sheet; and
- (ii) a Term Sheet dated August 10, 2012 and attached as Exhibit "O" to the MacLeod Affidavit among Jim Brander, Jim Brander Professional Corporation, Brander Professional Corporation, Smart Books Accounting Services Inc., FLAT, the Toronto-Dominion Bank and Joanna L. Hampton Holdings Inc., and authorizing the completion of the transactions contemplated by such term sheet.

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give

effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that the conduct of the CRO as described in the MacLeod Affidavit be and the same is hereby approved.

10. **THIS COURT ORDERS** that the conduct of Grant Thornton Limited, in its capacity as Monitor, as described in the Fourth Report of the Monitor, be and the same is hereby approved.

✓ 11. **THIS COURT DIRECTS** that the burden of the relief sought, in respect of the JS Entities, and ~~and~~, is adjourned to August 30, 2012 and in the interim First Leaside shall work with the Representative Counsel, the Trustees of the Wimbury Fund, the First Leaside Fund, the First Leaside Properties Fund and the First Leaside Mortgage Fund, or such counsel as the Trustees may direct, and with the Monitor, to develop a transition plan which shall be subject to further Court approval.

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R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
Of First Lease Wealth Management Inc. et al**

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

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SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

ORDER

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