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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

THE HONOURABLE MR.	)	MONDAY, THE 22nd
	)	
JUSTICE PATTILLO	)	DAY OF OCTOBER, 2012

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.

SALE APPROVAL AND VESTING ORDER
(Re First Leaside Purchased Assets and Purchased Securities)

This motion (the "**Motion**") made by the Applicants and Included LPs (as defined in the Initial Order (defined below)) (collectively, "**First Leaside**") for an order approving the sale transaction (the "**Transaction**") contemplated by the Purchase Agreement dated September 27, 2012, as amended by an Amending Agreement dated October 4, 2012, and further amended by an Amending Agreement dated October 5, 2012 (as amended, and as may be further amended in accordance with such agreement, the

"**Sale Agreement**") between BayBridge Seniors Housing Trust (the "**Purchaser**") and the following limited partnerships by their general partner First Leaside Realty II Inc. (collectively, the "**Vendors**"):

(a) First Leaside Ventures Limited Partnership;

(b) First Leaside Retirement Residences (Okanagan) Limited Partnership;

(c) Cherry Park Retirement Residence Limited Partnership;

(d) Orchard Valley Retirement Residence Limited Partnership;

(e) The Shores Retirement Residence Limited Partnership; and

(f) First Leaside Retirement Residences Limited Partnership

and attached as a confidential Exhibit to the Affidavit of Gregory MacLeod, sworn October 15, 2012 (the "**MacLeod Affidavit**") and filed under seal, and vesting in the Purchaser (or its permitted assigns or as it may otherwise direct) all of the Vendors' right, title and interest in and to the First Leaside Purchased Assets and the Purchased Securities (each as defined and set forth in the Sale Agreement, and together, the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the MacLeod Affidavit, the Fifth Report of Grant Thornton Limited, in its capacity as court appointed monitor (the "**Monitor**") dated October 17, 2012, and on hearing the submissions of counsel for the Applicants, the Monitor, Toronto-Dominion Bank, IIROC, the Ontario Securities Commission, ~~First Leaside Mortgage Fund, Brujon Real Estate Holdings Inc~~., and Fraser Milner Casgrain LLP in its capacity as Court appointed Representative Counsel, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Kelly Gerra sworn October 16, 2012 and Patricia Hoogenband sworn October 19, 2012, filed:

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

2. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement, the Vendors' entry into the Sale Agreement, and the Transaction contemplated thereunder are each hereby approved, and further that the execution of the Sale Agreement by G.S. MacLeod & Associates Inc. in its capacity as court-appointed chief restructuring officer of First Leaside (the "**CRO**") on behalf of the Vendors is hereby authorized and approved *nunc pro tunc* to September 27, 2012, with such minor amendments thereto as the CRO may deem appropriate. The CRO is hereby authorized and directed to take such additional steps and execute such additional documents on behalf of the Vendors as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement is hereby sealed, kept confidential and shall not form part of the public record until such time as the CRO's Certificate (as defined below) is delivered to the Purchaser in accordance with paragraph 4 hereof.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a CRO's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**CRO'S Certificate**"), all of the Vendors' right, title and interest in and to the Purchased Assets, including, without limitation, the lands and premises (collectively, the "**Lands**") described on **Schedule "B"** hereto, and First Leaside Realty II Inc.'s interest in the Purchased Assets, shall vest absolutely in the Purchaser or any assignee thereof as permitted by the Sale Agreement, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens (including construction liens), executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of Mr. Justice Brown dated February 23, 2012 (the "**Initial Order**"); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), *Personal Property Security Act* (British Columbia) or any other personal property registry system (all of which are collectively referred to as the

"**Encumbrances**" and which term shall include the Encumbrances (as defined in the Sale Agreement)), but shall not include the Permitted Encumbrances on First Leaside Purchased Assets (as defined in the Sale Agreement and set forth on **Schedules "C" and "D"** hereto), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that upon filing of a certified copy of this Order, together with a letter from the Vendors' solicitor, Cassels Brock & Blackwell LLP, authorizing its registration with the Registrar of Titles in the New Westminster Land Title Office and Kamloops Land Title Office, all right, title, interest, estate and equity of redemption of the Vendors in and to the Lands be conveyed to and do vest in the Purchaser (or assignee or designee permitted by the Sale Agreement) free and clear of all right, title, interest, estate and equity of redemption or land claim of all parties to this proceeding, and in particular of the Applicants and Vendors, their successors and assigns, and all persons claiming by, through or under them, subject only to the reservations and exceptions set out in the original Crown Grant or Grants thereof. For the purposes of issuing title to the Purchaser (or assignee or designee permitted by the Sale Agreement) the following charges, liens and interests (collectively, the "**Lien Claims**") shall be released from the titles to the Lands:

Lien Claims	*Registration No.*
As to Orchard Valley Retirement Residences: Legal Description: PID: 015-305-775 Lot A, District Lot 72, Osoyoos Division Yale District, Plan 42205	Claim of Builders Lien CA2390138 Claim of Builders Lien CA2394578 Claim of Builders Lien CA2433061
As to Cherry Park Retirement Residence: Legal Description: PID: 016-044-355	Claim of Builders Lien CA2394579 Claim of Builders Lien

Lot A, District Lot 4, Group 7, Similkameen Division Yale (Formerly Yale-Lytton) District, Plan 43044	CA2433060
As to the Shores Retirement Residence: Legal Description: PID: 017-700-892 Lot A, District Lot 256, Kamloops Division Yale District, Plan KAP46785	Claim of Builders Lien CA2433059

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net cash proceeds from the sale of the Purchased Assets including after effecting payment of the PTL Debt and Related Party Debt (as defined in the MacLeod Affidavit) (collectively, the "**Proceeds**") shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the CRO's Certificate in accordance with paragraph 4 hereof, all Claims and Encumbrances shall attach to the Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale, provided, however, that to the extent that the Purchaser assumes liability for the accounts payable and accrued liabilities forming part of the First Leaside Current Liabilities (as defined in the Purchase Agreement) in accordance with the Purchase Agreement, no claim of such creditor for such accounts payable and accrued liabilities may be asserted against the Proceeds.

7. **THIS COURT ORDERS** that if the Purchaser does not reach agreement in writing with the Toronto-Dominion Bank ("**TD**") prior to the closing of the Transaction ("**Closing**") to assume the obligations of the Vendors to TD (the "**TD Debt**") which are secured by a security interest or charge on the First Leaside Purchased Assets including, without limitation, the security listed in Schedule "C" hereto (collectively, the "**TD Mortgages**"),

(a) the cash portion of the Purchase Price (as defined in the Sale Agreement) for the First Leaside Purchased Assets (as defined in the Sale Agreement) shall not be reduced by the amount of the TD Debt;

(b) upon the Closing, the Purchaser shall pay the Purchase Price for the First Leaside Purchased Assets as follows:

(i) the Purchaser shall, and is hereby directed to, pay directly to TD, for and on behalf of the Vendors, an amount equal to the TD Debt, in repayment and full satisfaction of the TD Debt (the "**TD Loan Repayment**"); and

(ii) the Purchaser shall pay the balance of the Purchase Price, after subtracting the amount of the TD Loan Repayment, for the First Leaside Purchased Assets to the Vendors as provided for in the Sale Agreement; and

(c) upon receipt of the TD Loan Repayment, TD shall as soon as reasonably possible discharge all of its security over the Vendors and the First Leaside Purchased Assets including, without limitation, the encumbrances set forth on Schedule "C" hereto.

8. **THIS COURT ORDERS** that debts of the Vendors may be paid by the Vendors at Closing from the net proceeds after payment of the TD Loan Repayment, if applicable pursuant to paragraph 7 hereof, if one of the following two conditions is met:

(a) the Applicants, the Monitor, or the Purchaser, upon further motion, obtain authorization of the court to have the Vendors pay all or part of any unsecured liability of the Vendors or any liability evidenced by a Lien Claim (in either case, a "**Court Approved Debt**"), to the extent that such liabilities are not assumed or paid by the Purchaser in accordance with the working capital adjustment provided for in the Sale Agreement; or

(b) the Monitor determines that a Lien Claim is validly registered and perfected and the Vendors acknowledge that a corresponding specified amount (which may be all or part of the sum claimed by the party asserting the Lien Claim) is owing (a "**Quantified Lien Debt**").

9. **THIS COURT ORDERS** that if the Vendors pay a Court Approved Debt or Quantified Lien Debt at Closing from the Proceeds (in either case, a "**Paid Debt**") and if the Paid Debt was included as a current liability in the Estimated Closing Working Capital Statement (as defined in the Purchase Agreement), such Estimated Closing Working Capital Statement shall be deemed amended so as to remove as a current liability such Paid Debt.

10. **THIS COURT ORDERS AND DIRECTS** the Applicants to file with the Court a copy of the CRO's Certificate, forthwith after delivery thereof.

11. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Vendors and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Vendors;

the vesting of the Purchased Assets in the Purchaser and the payments to TD pursuant to this Order and any payments to be made in connection with the Transaction shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendors and shall not be void or voidable by creditors of the Vendors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

12. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

13. **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 CRO and Monitor and their 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.

Oct 22/12.

ENTERED AT / INSCRIT À TORONTO
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OCT 22 2012

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Schedule "A"
Form of CRO's Certificate

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., 1031628 Ontario Inc., 1045516 Ontario Inc., 2004516 Ontario Inc., 2192341 Ontario Inc., and First Leaside Fund Management Inc.

CRO's CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Brown of the Ontario Superior Court of Justice (the "Court") dated February 23, 2012, G.S. MacLeod & Associates Inc. was appointed as the chief restructuring officer (the "CRO") of the undertaking, property and assets of the Applicants.

B. Pursuant to an Order of the Court dated October 22, 2012 (the "**Approval Order**"), the Court approved the purchase agreement dated September 27, 2012 (the "**Sale Agreement**") between the Vendors and Purchaser (as defined in the Approval Order) and provided for the vesting in the Purchaser of the Vendors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the CRO to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the CRO and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the CRO.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE CRO CERTIFIES the following:

1. The Purchaser has paid and the Vendors have received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. All of the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the CRO and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the CRO.

4. This Certificate was delivered by the CRO at ____________ on November ___, 2012.

G.S. MacLeod & Associates Inc., in its capacity as court appointed chief restricting officer of the Applicants, and not in its personal capacity

Per: ____________________________________

Name: Greg MacLeod
Title: President

Schedule "B"
Lands

Cherry Park Retirement Residence

Land Title Office

Kamloops

Municipal Description:

317 Winnipeg Street, Penticton, BC   V2A 8J9

Legal Description:

PID: 016-044-355
Lot A, District Lot 4, Group 7, Similkameen Division Yale (Formerly Yale-Lytton) District, Plan 43044

Orchard Valley Retirement Residences

Land Title Office

Kamloops

Municipal Description:

2829 34th Street, Vernon, BC   V1T 9G4

Legal Description:

PID: 015-305-775
Lot A, District Lot 72, Osoyoos Division Yale District, Plan 42205

The Shores Retirement Residences (and the undeveloped portion of The Shores Land)

Land Title Office

Kamloops

Municipal Description:

870 Westminster Avenue, Kamloops, BC   V2B 1N9

Legal Description:

PID: 017-700-892
Lot A, District Lot 256, Kamloops Division Yale District, Plan KAP46785

Schedule "C"

Permitted Encumbrances on Purchased Assets

I. Permitted Encumbrances on First Leaside Purchased Assets

(a) Permitted Encumbrances on Lands

1. Instrument CA2181507, registered September 8, 2011, is a mortgage with respect to Parcel Identifier 016-044-355, granted by First Leaside Realty II Inc. ("**FL Realty**") in favour of The Toronto-Dominion Bank ("**TD**") securing the original principal sum of $19,440,000.

2. Instrument CA2181508, registered September 8, 2011, is an assignment of rents with respect to Parcel Identifier 016-044-355, granted by FL Realty to TD as additional security for its mortgage registered as CA2181507

3. Instrument CA2181509, registered September 8, 2011, is a mortgage with respect to Parcel Identifier 015-305-775, granted by FL Realty in favour of TD securing the original principal sum of $19,440,000.

4. Instrument CA2181510, registered September 8, 2011, is an assignment of rents with respect to Parcel Identifier 015-305-775, granted by FL Realty to TD as additional security for its mortgage registered as CA2181509.

5. Instrument CA2181511, registered September 8, 2011, is a mortgage with respect to Parcel Identifier 017-700-892, granted by FL Realty in favour of TD securing the original principal sum of $19,440,000.

6. Instrument CA2181512, registered September 8, 2011, is an assignment of rents with respect to Parcel Identifier 017-700-892, granted by FL Realty to TD as additional security for its mortgage registered as CA2181511.

(b) Permitted Encumbrances on Personal Property

Ontario

1. File no. 672443073; PPSA Registration No. 20110825 1031 1862 6989, in favour of TD (First Leaside Retirement Residences (Okanagan) Limited Partnership)

2. File no. 672443127; PPSA Registration No. 20110825 1033 1862 6991, in favour of TD (First Leaside Venture Limited Partnership)

3. File No. 672443226; PPSA Registration No. 20110825 1037 1862 6994, in favour of TD (Cherry Park)

4. File no. 672443262; PPSA Registration No. 20110825 1038 1862 6996, in favour of TD (Orchard Valley)

5. File No. 672443235; PPSA Registration No. 20110825 1037 1862 6995, in favour of TD (the Shores)

6. File no. 672443217; PPSA Registration No. 20110825 1036 1862 6993 (First Leaside Realty II Inc.)

British Columbia

1. PPSA Base Registration No. 318113G, in favour of TD (Orchard Valley)

2. PPSA Base Registration No. 318115G, in favour of TD (the Shores)

3. PPSA Base Registration No. 318111G, in favour of TD (Cherry Park)

4. PPSA Base Registration No. 318116G, in favour of TD (First Leaside Realty II Inc.)

Schedule D

II. Other Permitted Encumbrances on First Leaside Purchased Assets

(ii) B.C. PPSA Registration No. 994133D, in favour of MCAP Leasing Inc.

(iii) B.C. PPSA Registration No. 655127F, in favour of National Leasing Group Inc.

III. Permitted Encumbrances on Purchased Securities

Nil.

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)

Proceeding commenced at Toronto

SALE APPROVAL AND VESTING ORDER (RE FIRST LEASIDE PURCHASED ASSETS AND PURCHASED SECURITIES)

CASSELS BROCK & BLACKWELL LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

John N. Birch LSUC #: 38968U
Tel: 416.860.5225
Fax: 416.640.3057
jbirch@casselsbrock.com
David S. Ward LSUC#: 33541W
Tel: 416.869.5960
Fax: 416.360.3154
dward@casselsbrock.com

Lawyers for the Applicants