Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

MOTION RECORD
(Motion Returnable July 24, 2013)

July 17, 2013

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416-863-2958
Fax: 416-863-2653
Email: pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416-863-2566
Email: katherine.mceachern@blakes.com

Matthew Kanter, LSUC #61250D
Tel: 416-863-5825
Email: matthew.kanter@blakes.com

Lawyers for Grant Thornton Limited in its capacity as Court-Appointed Receiver

Schedule A – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
F.L. Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
2086056 Ontario Inc.
First Leaside Properties Limited Partnership
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.
PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.

2088543 Ontario Inc.
2088544 Ontario Inc.
F.L.W. Pond Master Ltd.
2088545 Ontario Inc.
F.L.W. Shores Master Ltd.
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership

TO: THE SERVICE LIST ATTACHED HERETO

SERVICE LIST

TO:	**CASSELS BROCK & BLACKWELL LLP** 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2 **John N. Birch** Tel: 416-860-5225 Fax: 416-640-3057 Email: jbirch@casselsbrock.com **David S. Ward** Tel: 416-869-5960 Fax: 416-360-3154 Email: dward@casselsbrock.com **Special Counsel for the Court-Appointed Receiver**	**AND TO:**	**BLAKE CASSELS & GRAYDON LLP** Barristers and Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 **Pamela Huff** Tel: 416-863-2958 Email: pam.huff@blakes.com **Katherine McEachern** Tel: 416-863-2566 Email: katherine.mceachern@blakes.com **Matthew Kanter** Tel: 416-863-5825 Fax: 416-863-2653 Email: matthew.kanter@blakes.com **Lawyers for the Court-Appointed Receiver**
AND TO:	**GRANT THORNTON LIMITED** Royal Bank Plaza 200 Bay Street, 19th Floor Toronto, ON M5J 2P9 **Jonathan Krieger** Tel: (416) 360-5055 Email: jkrieger@grantthornton.ca **Daniel Sobel** Tel: (416) 369-7033 Email: dsobel@grantthornton.ca **Erez Cukierman** Tel: (416) 369 6425 Fax: (416) 360-4949 Email: erez.cukierman@ca.gt.com **Court-Appointed Receiver**	**AND TO:**	**GOWLING LAFLEUR HENDERSON LLP** 1 First Canadian Place, Suite 1600 100 King St. West Toronto, ON M5X 1G5 **Cliff Prophet** Tel: 416-862-7525 Fax: 416-863-3422 Email: clifton.prophet@gowlings.com **Lilly Wong** Tel: 416-369-4630 Fax: 416-369-7230 Email: lilly.wong@gowlings.com **Lawyers for the Canadian Imperial Bank of Commerce**

AND TO:	**STIKEMAN ELLIOTT LLP** 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9 **Maria Konyukhova** Tel: 416-869-5230 Fax: 416-947-0866 Email: mkonyukhova@stikeman.com **Lawyers for the Midland Loan Services Inc. and Computershare Trust Canada**	**AND TO:**	**ONTARIO SECURITIES COMMISSION** 20 Queen Street West, Suite 1900 Toronto, ON M5H 3S8 **Yvonne B. Chisholm** Tel: 416-593-2363 Fax: 416-593-2319 Email: ychisholm@osc.gov.on.ca
AND TO:	**CRAWLEY MACKEWN BRUSH LLP** 179 John St., Suite 800 Toronto, ON M5T 1X4 **Alistair M. Crawley** Tel: 416-217-0806 Email: acrawley@cmblaw.ca **Bruce O'Toole** Tel: 416-217-0885 Fax: 416-217-0220 Email: botoole@cmblaw.ca **Lawyers for David Phillips**	**AND TO:**	**THORNTON GROUT FINNIGAN LLP** Suite 3200, 100 Wellington St. W. Toronto, ON M5K 1K7 **James H. Grout** Tel: 416-304-0557 Fax: 416-304-1313 Email: jgrout@tgf.ca **Danny M. Nunes** Tel: 416-304-0592 Fax: 416-304-1313 Email: dnunes@tgf.ca **Lawyers for the Ontario Securities Commission**
AND TO:	**MCLAUCHLIN & ASSOCIATES** Suite 200, 155 University Avenue Toronto, ON M3K 2A3 **Megan Sanford** Tel: 416-368-2555 Fax: 416-368-2599 Email: msanford@mclauchlin.ca **Lawyers for Janick Electric Limited**	**AND TO:**	**GOODMANS LLP** Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7 **Brian Empey** Tel: 416-597-4194 Fax: 416-979-1234 Email: bempey@goodmans.ca **Lawyers for Investment Industry Regulatory Organization of Canada**

AND TO:	**DENTONS CANADA LLP** 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1 **R. Shayne Kukulowicz** Tel: 416-863-4740 Email: shayne.kukulowicz@dentons.com **Jane Dietrich** Tel: 416-863-4467 Fax: 416-863-4592 Email: jane.dietrich@dentons.com **Representative Counsel for First Leaside Investors**	AND TO:	**WILSON VUKELICH LLP** Valleywood Corporate Centre 60 Columbia Way, Suite 710 Markham ON L3R 0C9 **Dan Condon** Tel: 905-940-5505 Fax: 905-940-8785 Email: dcondon@wvllp.ca **Lawyers for Aquanorth Contracting Ltd.**
AND TO:	**WAGNER SIDLOFSKY LLP** 100 Richmond Street West Suite 316 Toronto, ON M5H 3K6 **Gregory Sidlofsky** Tel: 416- 601-9279 Fax: 416-364-6579 Email: gmsidlofsky@wagnersidlofsky.com **Lawyers for 792873 Ontario Limited (H&S Equipment)**	AND TO:	**FEIGE, NAWROCKI LLP** 3300-130 Adelaide Street West Toronto, ON M5H 3P5 **Julian Nawrocki** Tel: 416-366-8833 Fax: 416-366-3992 Email: nawrocki@fnlawyers.com **Lawyers for Municipal Mechanical Contractors Limited**
AND TO:	**NORTON ROSE CANADA LLP** Royal Bank Plaza, South Tower 200 Bay Street, Suite 3800 Toronto, ON M5J 2Z4 **Mike Tamblyn** Tel: 416-202-6705 Fax: 416-216-3930 Email: michael.tamblyn@nortonrose.com **Alan B. Merskey** Tel: (416) 216-4805 Fax: (416) 360-8277 Email: alan.merskey@nortonrose.com **Lawyers for Kenaidan Contracting Limited**	AND TO:	**PETO MacCALLUM LTD.** 165 Cartwright Avenue Toronto, ON M6A 1V5 **Judy Singh** Manager, Administration Phone: (416) 785-7202 Email: jsingh@petomaccallum.com

AND TO:	**DEPARTMENT OF JUSTICE** PO Box 36, Exchange Tower 3400-130 King Street West Toronto, ON M5X 1K6 **Diane Winters** Tel: 416-973-3172 Fax: 416-973-0810 Email: diane.winters@justice.gc.ca **Lawyers for Canada Revenue Agency**	**AND TO:**	**CRA COLLECTIONS LIAISON DEPARTMENT OF JUSTICE** 130 King Street West, Suite 3400 Toronto, ON M5X 1K6 **Peter Zevenhuizen** Tel: (416) 952-8563 Email: peter.zevenhuizen@justice.gc.ca
AND TO:	**John Wilson** 18 Ringwood Drive, Suite 5-225 Stouffville, ON L4A 0N2 Tel: 647-385-6543 Email: jwilsoncanada@gmail.com	**AND TO:**	**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE (INCOME TAX, PST)** 33 King Street West, 6th Floor PO Box 620 Oshawa, ON L1H 8E9 **Kevin J. O'Hara** Email: kevin.ohara@ontario.ca
AND TO:	**HEENAN BLAIKIE** 333 Bay Street, Suite 2900 Bay Adelaide Centre Toronto, ON M5H 2T4 **John Salmas LSUC 42336B** Tel: 416-360-3570 Fax: 866-895-2093 Email: jsalmas@heenan.ca **Renee Broseeau LSUC 47074B** Tel: 416-643-6992 Fax: 866-846-2913 Email: rbrosseau@heenan.ca **Lawyers for Canada Mortgage and Housing Corporation**	**AND TO:**	**TORKIN MANES LLP** 151 Yonge Street, Suite 1500 Toronto, ON M5C 2W7 **S. Fay Sulley** Tel: (416) 777-5419 Fax: 1-888-587-5769 Email: fsulley@torkinmanes.com **Jeffrey J. Simpson** Tel: (416) 777-5413 Fax: 1-888-587-9143 Email: jsimpson@torkinmanes.com **Stewart Thom** Tel: 416 777 5197 Email: sthom@torkinmanes.com **Lawyers for First Leaside Fund, First Leaside Mortgage Fund and Wimberly Fund**

AND TO:	**INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA** 1600-121 King St. W. Toronto, ON M5H 3T9 **Diana Iannetta** Tel: 416-943-5781 Email: diannetta@iiroc.ca	**AND TO:**	**BEARD WINTER LLP** 130 Adelaide Street West, Suite 701 Toronto, ON M5H 2K4 **N. Peter Silverberg** Tel: 416-306-1737 Fax: 416-593-7760 Email: psilverberg@beardwinter.com **Lawyers for Rounthwaite Dick & Hadley Architects Inc.**
AND TO:	**FIDELITY INVESTMENTS** **Charles H. Sturdy** Vice President & Associate General Counsel Tel: (617) 392-0175 Fax: (617) 598-9491 Email: charles.sturdy@fmr.com	**AND TO:**	**CIT Canada** 5035 South Service Road Burlington, ON L7R 4C8 **Isobel Fraser** Insolvency Specialist Tel: 905-633-2097 Fax: 905-633-2130 Email: Isobel.Fraser@cit.com
AND TO:	**David C. Phillips** 430 Durham Road 8 Uxbridge, ON L9P 1R1 Tel: 905-852-1049 Email: dcpphillips@gmail.com **David Phillips, in his capacity as Director**	**AND TO:**	**MCMILLAN LLP** 50 O'Connor Street, Suite 300 Ottawa, ON K1P 6L2 **David Debenham** Tel: 613-232-7171 x103 Fax: 613-231-3191 Email: david.debenham@mcmillan.ca **Lawyers for 2284526 Ontario Limited and Troy Russell**
AND TO:	**NATIONAL LEASING GROUP INC.** 1525 Buffalo Place Winnipeg, MB R3T 1L9 Tel: 204-954-9000 Toll-Free Tel: 800-665-1326 Toll-Free Fax: 800-882-0560 Email: customerservice@nationalleasing.com	**AND TO:**	**RCAP LEASING INC.** Equipment Finance and Leasing 5575 North Service Road, Suite 300 Burlington, ON L7L 6M1 Tel: 905-639-3995 Fax: 800-436-0884 Email: csc@rcapleasing.com

AND TO:	**PITNEY BOWES** 5500 Explorer Drive Mississauga, ON L4W 5C7 Tel: 905-219-3000 Fax: 905-219-3826 Email: pbdiagnostics@pb.com	**AND TO:**	**THE TORONTO-DOMINION BANK** 55 King Street West, 3rd Floor Toronto, ON M5K 1A2 **BLANEY MCMURTRY LLP** 2 Queen Street East, Suite 1500 Toronto, ON M5C 3G5 **John Papadakis** Tel: 416-593-1221 Fax: 416-593-5437 Email: jpapadakis@blaney.com **Ontario Lawyers for the Toronto-Dominion Bank**
AND TO:	**Margaret Davis** 430 Durham Road 8 Uxbridge, ON L9P 1R1 Email: mjddavis56@gmail.com		

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

MOTION RECORD
(Motion Returnable July 24, 2013)

I N D E X

TAB A

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

NOTICE OF MOTION
(Returnable July 24, 2013)

Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of First Leaside, will make a motion to a judge presiding over the Commercial List on Wednesday, July 24, 2013 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

[ ] in writing under subrule 37.12.1(1);

[ ] in writing as an opposed motion under subrule 37.12.1(4);

[X] orally.

THE MOTION IS FOR ORDERS:

(a) approving the sale transaction (the "**Mill Street Transaction**") contemplated by an agreement of purchase and sale dated February 21, 2013, as amended on May 22, 2013 (the "**Sale Agreement**"), between F.L. Securities Inc. ("**FL Securities**") in its capacity as general partner of Mill Street Limited Partnership ("**Mill Street LP**" and, together with FL Securities, the "**Mill Street Vendor**"), by GTL in its capacity as Receiver of the Mill Street Vendor and not in its personal capacity, and 2373521 Ontario Corp. (the "**Mill Street Purchaser**"), and vesting in the Mill Street Purchaser the right, title and interest of the Mill Street Vendor in and to the Purchased Assets as defined in the Sale Agreement (the "**Purchased Assets**" or the "**Mill Street Property**");

(b) sealing an appraisal of the Mill Street Property (the "**Residential Appraisal**") and the unredacted Sale Agreement, pending the closing of the Mill Street Transaction or further Order of this Court;

(c) approving the Receiver's proposed distribution matrix (the "**Distribution Matrix**") as described in the Third Report of the Receiver (the "**Third Report**"), to be filed, including the Receiver's allocation of those general costs that were not specifically incurred in respect of a particular First Leaside entity ("**General Costs**") and costs that were allocated to certain "**Other Entities**" pursuant to a billing protocol that was established in the CCAA proceedings of First Leaside, Court File No. 12-9617-00CL (the "**CCAA Proceedings**");

(d) authorizing and directing the Receiver to make an interim distribution (the "**First Interim Distribution**") of the net proceeds of realization to First Leaside's known creditors ("**Creditors**") and investors who are clients of First Leaside Securities Inc. ("**Investors**"), after accounting for certain holdbacks from net proceeds of realization in respect of (i) disputed and unresolved claims; (ii) future administration costs of the receivership; and (iii) the Director's Charge established in the CCAA Proceedings in the amount of $250,000 and continued in these receivership proceedings; and (iv) applying holdback from the First Interim Distribution of amounts that would otherwise be distributable to Creditors who are also debtors of First Leaside Wealth Management Inc. ("**FLWM**") in the amount of such indebtedness (collectively, (i) through (iv) are the "**Holdbacks**"), which Holdbacks are to be retained by the Receiver pending further Order of this Court;

(e) subject to any applicable Holdbacks, authorizing and directing the Receiver to distribute any amounts due and payable to FLEX Fund and FLWM Fund (collectively, the "**First Leaside Investment Funds**") directly to the Investors in the First Leaside Investment Funds, in accordance with each Investor's proportionate interest as determined in the Claims Process (as defined below);

(f) approving the transaction (the "**US Asset Transaction**") contemplated by a transfer agreement dated July 10, 2013 (the "**Transfer Agreement**") between GTL, in its capacity as Receiver of Wimberly Apartments Limited Partnership, 965010 Ontario Inc., Old Mill Pond Apartments Limited Partnership, 1024919 Ontario Inc., The Shores Limited Partnership, F.L. Spring Valley Limited Partnership, FL Securities, First Leaside Realty II Inc., First Leaside Finance Inc. and proposed receiver of 2004516 Ontario Inc. ("**2004516**") (collectively, the "**Vendors**"), and First Leaside Fund, Wimberly Fund, First Leaside Properties Fund, First Leaside Mortgage Fund, Rescue Limited Partnership, 2375843 Ontario Inc., 2375844 Ontario Inc. and 2375845 Ontario Inc. (collectively, the "**US Asset Purchasers**") pursuant to which the Vendors are conveying certain U.S.-based assets (the "**US Assets**"), as more particularly identified in the Transfer Agreement, to the US Asset Purchasers;

(g) appointing GTL as receiver, without security, over the assets, undertakings and property of 2004516 by amending **Schedule "A"** of the Order of Mr. Justice Wilton-Siegel dated December 7, 2012 (the "**Receivership Order**") to add 2004516 for the sole purpose of conveying certain of the US Assets held by 2004516 pursuant to the Transfer Agreement;

(h) effective on the closing of the US Asset Transaction, terminating these receivership proceedings and discharging the Receiver in respect of the Vendors whose shares and/or limited partnership units are to be conveyed pursuant to the Transfer Agreement;

(i) effective on the closing of the US Asset Transaction, amending **Schedule "A"** to the title of proceedings in the form attached hereto as **Amended Schedule "A"** to reflect the termination of these receivership proceedings in respect of certain of the Vendors and the addition of 2004516 to the proceedings;

(j) approving the Receiver's interim statement of receipts and disbursements for the period from December 7, 2012 to June 20, 2013 (the "**June 20, 2013 R&D**");

(k) approving the activities of the Receiver as described in the Third Report; and

(l) approving the fees and disbursements of (i) GTL in its capacity as monitor in the CCAA Proceedings (the "**Monitor**") for the period from December 1 to December 7, 2012, and in its capacity as Receiver for the period from December 8, 2012 to

May 31, 2013, (ii) its counsel, Blake, Cassels & Graydon LLP ("**Blakes**"), Cassels, Brock & Blackwell LLP ("**Cassels Brock**") and Lax, O'Sullivan, Scott & Lisus LLP ("**Lax O'Sullivan**"), and (iii) Dentons Canada LLP ("**Dentons**") in its capacity as Court-appointed representative counsel ("**Representative Counsel**") representing the interests of the nearly 1,200 Investors;

THE GROUNDS FOR THE MOTION ARE:

(a) On February 23, 2012, Mr. Justice Brown issued an order in the CCAA Proceedings (as amended, the "**Initial Order**"), granting FLWM and the entities listed on Schedule "A" to the Initial Order (collectively, the "**CCAA Applicants**") the protection of a stay of proceedings and, *inter alia*, appointing GTL as Monitor, confirming the appointment of G.S. MacLeod & Associates Inc. as the CCAA Applicants' Chief Restructuring Officer ("**CRO**") and appointing Fraser Milner Casgrain LLP (now Dentons) as Representative Counsel in the CCAA Proceedings;

(b) Under the direction of the CRO, between the date of the Initial Order and December 2012, the majority of the assets and undertakings of the CCAA Applicants were wound up in an effort to maximize recoveries for affected stakeholders;

(c) On December 7, 2012, Mr. Justice Wilton-Siegel issued the Receivership Order appointing GTL as Receiver, without security, over all of the assets, undertakings and properties of First Leaside;

(d) Also on December 7, 2012, pursuant to another order of this Court (the "**Claims Process Order**"), the Receiver was authorized and directed to administer a claims process (the "**Claims Process**") by calling for proofs of claim ("**Proofs of Claim**") from all Creditors of First Leaside and by sending acknowledgements of claim ("**Acknowledgements of Claim**") to the Investors;

(e) Since its appointment, the Receiver has worked towards liquidating First Leaside's remaining assets, running the Claims Process and preparing the Distribution Matrix to facilitate the First Interim Distribution;

(f) On July 16, 2013, the Receiver will attend a virtual town hall meeting (the "**Town Hall Meeting**") via conference call with the Investors to explain and discuss the Distribution Matrix and proposed First Interim Distribution and answer any questions that Investors may have, following which the Receiver will serve and file the Third Report;

A. Approval of the Mill Street Transaction

(g) The Receivership Order specifically authorizes and empowers the Receiver to sell or otherwise dispose of the Mill Street Property, a 3.74 acre plot of land containing a small heritage home owned by Mill Street LP, with registered title in the name of the general partner, FL Securities, subject to Court approval;

(h) The Mill Street Property was marketed for 11 months after which the Mill Street Purchaser made an offer that the Receiver has determined is fair and reasonable in the circumstances;

(i) The Receiver seeks approval of the Sale Agreement (the Purchase Price for which will be redacted from the copy filed with the Court);

B. Sealing the Confidential Appendices

(j) The Receiver requests that the Residential Appraisal and the unredacted Sale Agreement be sealed pending completion of the Mill Street Transaction or further Order of this Court as the information contained therein is commercially sensitive and would prejudice the sale process in the event that the Mill Street Transaction does not close for any reason;

(k) No party will be prejudiced if the Residential Appraisal and the unredacted Sale Agreement are temporarily sealed;

C. Approval of the Receiver's Distribution Matrix and Allocation of Costs

(l) The Receiver has worked through First Leaside's complex corporate structure and undertaken a substantial effort to consider all relevant factors and ultimately determine the most appropriate methodology for making distributions to First Leaside's Creditors and Investors;

(m) The Receiver has developed the proposed Distribution Matrix and, in the Receiver's view, the proposed Distribution Matrix, including the method for allocating General Costs and the costs of Other Entities among the First Leaside entities, is the most equitable and appropriate manner for calculating distributions for the Creditors and Investors of First Leaside;

(n) The Receiver has reviewed and discussed the Distribution Matrix and the Holdbacks with Representative Counsel and the steering committee of Investors formed during the CCAA Proceedings (the "**Steering Committee**") and understands that both Representative Counsel and the Steering Committee support the Receiver's analysis, the Distribution Matrix and the Holdbacks;

(o) The Receiver will review and discuss the Distribution Matrix and the Holdbacks with all available Investors at the Town Hall Meeting on July 16, 2013;

D. Authorizing the First Interim Distribution

(p) As the primary purpose of these receivership proceedings is to facilitate distributions to Creditors and Investors, the Receiver seeks authorization and direction to make the First Interim Distribution based on the Distribution Matrix from net realizations after retaining the Holdbacks pending further Order of this Court;

E. Authorizing and Directing the Receiver to Make Distributions Directly to Investors in First Leaside Investment Funds

(q) The primary purpose of the First Leaside Investment Funds is to hold promissory notes in other First Leaside entities;

(r) Given that these other First Leaside entities are being liquidated and their assets distributed, such entities will not undertake any further investments, and the only remaining business of the First Leaside Investment Funds is to make distributions to the unitholders of these Funds;

(s) In addition, the Receiver is of the view that it would be beneficial and cost effective to make distributions directly to the unitholders of the First Leaside Investment Funds;

(t) Accordingly, as part of the Distribution Matrix, subject to any applicable Holdbacks, the Receiver seeks authorization and direction to distribute any amounts due and payable to the First Leaside Investment Funds directly to the unitholders in such Funds;

F. Approval of the US Asset Transaction

(u) Pursuant to an Order of Mr. Justice Newbould, First Leaside was authorized and directed to take no further steps to manage, administer or maintain any limited partnerships, corporations, trusts or properties located or subsisting in the United States in which First Leaside has a direct or indirect equity interest;

(v) The Receiver has pursued and negotiated the Transfer Agreement for the benefit of the Investors in the US Assets;

(w) Pursuant to the terms of the Transfer Agreement, the Vendors will receive consideration of $333,835 in cash and the US Asset Purchasers will receive the Vendors' right, title and interest, if any, in and to the US Assets;

(x) The Transfer Agreement represents the most reasonable and appropriate resolution in the circumstances with respect to the US Assets for Investors in the US Assets;

G. Appointing GTL as Receiver over 2004516

(y) It is both "just" and "convenient" for GTL to be appointed as Receiver over the assets, undertakings and properties of 2004516 on the same terms as set out in the Receivership Order, since 2004516 has no known creditors and its only known asset is units in First Leaside Fund, which the Receiver intends to convey as part of the Transfer Agreement;

(z) Accordingly, no party would be prejudiced by 2004516's inclusion in the receivership proceedings and it is critical to consummating the US Asset Transaction;

H. Terminating the Receivership Proceedings in Respect of Certain First Leaside entities

(aa) Pursuant to the Transfer Agreement, shares and/or limited partnership units of the following Vendors currently in the receivership proceedings are being acquired by the US Asset Purchasers:

(i) First Leaside Properties Limited Partnership;

(ii) F.L.W. Pond Master, Ltd.;

(iii) F.L.W. Shores Master Ltd.;

(iv) 2088543 Ontario Inc.;

(v) 2088544 Ontario Inc.;

(vi) 2088545 Ontario Inc.; and

(vii) 2086056 Ontario Inc. (collectively, the "**Transferred Entities**");

(bb) Because the shares and/or units of such entities are being sold by the Receiver, effective as of the closing date of the US Asset Transaction, the Receiver seeks its discharge in respect of the Transferred Entities and termination of the receivership proceedings with respect to the Transferred Entities;

I. Amended Schedule "A"

(cc) If the Receiver is discharged and receivership proceedings are terminated in respect of the Transferred Entities, **Schedule "A"** to the title of proceedings, which lists all First Leaside entities (in addition to FLWM) currently in receivership, should be amended in the form attached hereto to reflect the removal of the Transferred Entities and the addition of 2004516 to these receivership proceedings;

J. Approval of the Receiver's Receipts and Disbursements

(dd) The Receiver respectfully requests that this Court approve the June 20, 2013 R&D, which was the basis for developing the Distribution Matrix;

K. Approval of the Receiver's Activities

(ee) The Receiver's activities up to February 8, 2013 were approved by Order of Mr. Justice Wilton-Siegel dated February 19, 2013;

(ff) As outlined in more detail in the Third Report, the Receiver's activities since that date have included, *inter alia*: (a) maintaining and reconciling the bank accounts of the various First Leaside entities; (b) meeting and corresponding regularly with the

Receiver's independent counsel, the Receiver's litigation counsel and Representative Counsel; (c) reviewing the quantum, nature and status of Proofs of Claim filed by Creditors and the requests for amendments of Acknowledgements of Claim filed by Investors; (d) testifying at an Ontario Securities Commission ("**OSC**") hearing relating to allegations brought by the OSC against David Phillips and John Wilson (directors and officers of certain First Leaside entities) for breaches of the *Securities Act*, R.S.O. 1990, c. S.5, as amended; (e) negotiating and consummating the US Asset Transaction and the Mill Street Transaction; and (f) sending demand letters to certain debtors of FLWM to collect on demand loans made by FLWM;

(gg) Accordingly, Receiver seeks approval of the Receiver's activities from and after February 8, 2013 as described in the Third Report;

L. Approval of Fees and Disbursements

(hh) The Monitor, the Receiver, their counsel, and Representative Counsel, have accrued fees and expenses in their capacity as either Monitor, Receiver or counsel, which fees and expenses were incurred at their standard rates and charges and are fair, reasonable and justified in the circumstances;

M. Other Grounds

(ii) The Discharge and Transition Order;

(jj) The Receivership Order;

(kk) Rules 1.04, 2.01, 2.03, 3.02, 5.03, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, reg. 194, as amended;

(ll) Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended; and

(mm) Such further and other grounds as the lawyers may advise.

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

(a) the Motion Record;

(b) the Third Report, together with the Appendices thereto, to be filed;

(c) the Compendium of fee affidavits of GTL, Blakes, Lax O'Sullivan, Cassels Brock and Dentons;

(d) the pleadings and proceedings herein; and

(e) such further and other evidence as the lawyers may advise and this Honourable Court may permit.

July 16, 2013

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, Ontario, M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416.863.2958
Fax: 416.863.2663
pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416.863.2566
Fax: 416.863.2663
katherine.mceachern@blakes.com

Matthew Kanter, LSUC #61250D
Tel: 416.863.5825
Fax: 416.863.2663
matthew.kanter@blakes.com

Lawyers for the Receiver

Schedule "A" – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
FL Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
2086056 Ontario Inc.
First Leaside Properties Limited Partnership
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.

PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.
2088543 Ontario Inc.
2088544 Ontario Inc.
F.L.W. Pond Master Ltd.
2088545 Ontario Inc.
F.L.W. Shores Master Ltd.
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership

<u>Amended</u> Schedule "A" – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
FL Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
~~2086056 Ontario Inc.~~
~~First Leaside Properties Limited Partnership~~
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.

PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.
~~2088543 Ontario Inc.~~
~~2088544 Ontario Inc.~~
~~F.L.W. Pond Master Ltd.~~
~~2088545 Ontario Inc.~~
~~F.L.W. Shores Master Ltd.~~
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership
2004516 Ontario Inc.

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT AND THE APPLICANTS LISTED ON SCHEDULE "A"

Court File No: CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

NOTICE OF MOTION
(RETURNABLE JULY 24, 2013)

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, Ontario, M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416.863.2958
Fax: 416.863.2663
pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416.863.2566
katherine.mceachern@blakes.com

Matthew Kanter, LSUC #61250D
Tel: 416.863.5825
matthew.kanter@blakes.com

Lawyers for the Receiver

22414482.6

TAB B

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. AND THE APPLICANTS LISTED ON SCHEDULE "A" (collectively "FIRST LEASIDE")

THIRD REPORT TO COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF FIRST LEASIDE

JULY 17, 2013

GrantThornton

Grant Thornton Limited
Royal Bank Plaza
200 Bay Street, South Tower, 19th Floor
Toronto, Ontario M5J 2P9

TABLE OF CONTENTS

INDEX OF APPENDICES

1. Distribution Matrix
2. Receiver's Statement of Receipts and Disbursements for the period from December 7, 2012 to June 20, 2013
3. Redacted copy of the Sale Agreement
4. PIN for the Mill Street Property
5. PPSA search results against Mill Street LP and FL Securities
6. Transfer Agreement
7. Master Transfer Schedule for US Asset Transaction
8. Organizational Charts for US Asset Transaction

CONFIDENTIAL APPENDICES

1. Residential Appraisal
2. Unredacted copy of the Sale Agreement

Court File No. CV-11-9527-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. AND THE APPLICANTS LISTED ON SCHEDULE "A" (collectively "FIRST LEASIDE")

THIRD REPORT TO COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF FIRST LEASIDE

JULY 17, 2013

INTRODUCTION AND PURPOSE

1. On February 23, 2012, an application was made to the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), by First Leaside Wealth Management Inc. and certain related parties as amended from time to time (the "**CCAA Applicants**") to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). On that date, the Court issued an order (as amended by the Court from time to time) (the "**Initial Order**"), *inter alia*, granting the CCAA Applicants the protection of a stay of proceedings and appointing Grant Thornton Limited ("**GTL**") as monitor (the "**Monitor**"), G.S. MacLeod & Associates Inc. as the chief restructuring officer (the "**CRO**") and Dentons Canada LLP ("**Dentons**") (formerly Fraser Milner Casgrain LLP) as representative counsel ("**Representative Counsel**") to approximately 1,200

investors (the "**Investors**") who are clients of First Leaside Securities Inc. ("**FLSI**").

2. The Initial Order also provided for a general stay of all proceedings against the CCAA Applicants and against any former, current or future director or officer of the CCAA Applicants with respect to any claim against any director or officer that arose before the date of the Initial Order relating to any obligation in which such director or officer was alleged to be liable in their capacity as director or officer, or the payment or performance of such obligations. Such stay of proceedings in respect of the directors and officers was terminated on February 19, 2013.

3. Under the direction of the CRO, between February 23, 2012 and December 7, 2012, the majority of First Leaside's assets and undertakings were wound up in an effort to maximize recoveries for the impacted stakeholders.

4. As set out in the CRO's affidavit sworn December 3, 2012, the CRO brought a motion to terminate the CCAA proceedings and sought the appointment of a receiver and manager in an effort to, among other things, realize on remaining assets, reduce administration costs and ultimately facilitate distributions to stakeholders under the supervision of this Court.

5. On December 7, 2012, Mr. Justice Wilton-Siegel issued an order (the "**Receivership Order**") appointing GTL as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of First Leaside.

25

6. On December 7, 2012, pursuant to another order of the Court (the "**Claims Procedure Order**"), the Receiver was authorized and directed to administer a claims process (the "**Claims Process**") for claims of all the known creditors (the "**Creditors**") of First Leaside and acknowledging the claims of Investors.

7. On December 7, 2012, pursuant to a further order (the "**Discharge and Transition Order**"), the Court authorized and approved, among other things, the activities of the CRO and the Monitor, the fees and disbursements of the Monitor and its counsel for the period up to and including November 30, 2012, the release and discharge of the Monitor and the CRO, as well as the transitioning of certain orders that were made in the CCAA proceedings, including the continued appointment of Representative Counsel, into the receivership proceedings.

8. The fees and disbursements of Representative Counsel were approved by an order of the Court on December 17, 2012.

9. On December 27, 2012, Mr. Justice Morawetz issued an order (the "**Joint Administration Order**") authorizing the Receiver to, *inter alia*, administer the receivership estates of the various First Leaside entities as if such receivership estates were a single receivership estate for the purpose of carrying out certain of the Receiver's administrative duties and responsibilities. The Joint Administration Order explicitly provided that nothing therein should be construed as substantively consolidating any of the receivership estates.

10. On February 19, 2013, Mr. Justice Wilton-Siegel issued an order, *inter alia*, amending the title of these proceedings, terminating the stay of proceedings

against First Leaside's directors and officers and approving the activities of the Receiver up to February 8, 2013, the date of the Receiver's Second Report to the Court (the "**Second Report**").

11. The Claims Process is complete (other than the resolution of disputed claims) and almost all of the assets of First Leaside have been realized. This Third Report of the Receiver (the "**Third Report**") is filed to update the Court on the Receiver's activities from February 9, 2013 and to seek approval of a distribution methodology and an interim distribution to Investors and Creditors, among other matters.

OVERVIEW OF MOTION AND RELIEF SOUGHT

Background to CCAA

12. As disclosed in more detail in previous Court filings, First Leaside was a group of companies that promoted and sold investments in various proprietary investment products. A large proportion of its business related to investments in real estate projects. A subsidiary of First Leaside was an investment dealer under Ontario securities law.

13. In March, 2011, in connection with an investigation by the Ontario Securities Commission ("**OSC**") into the affairs of First Leaside, GTL was retained as a consultant by legal counsel to First Leaside to review, report and make recommendations regarding First Leaside's business, assets, affairs and operations. GTL released a detailed report in August, 2011.

14. First Leaside subsequently consented to a voluntary cease trade order in October, 2011. The CRO was retained by the independent committee of the board of directors in December, 2011. The CRO subsequently determined that the best course of action was for First Leaside to undertake an orderly wind-down of operations. Given the complexity of the structure and holdings, the CRO determined that a court supervised process pursuant to the CCAA was the most appropriate forum for this wind-down.

15. As of the time of its filing for CCAA protection on February 23, 2012, First Leaside had approximately 1,200 individual Investors, who had invested approximately $370 million in various First Leaside investment products.

Liquidation of Assets and Distribution

16. During the course of its CCAA proceedings, First Leaside undertook to liquidate its assets for the benefit of its stakeholders, including mortgagees, Investors, and other Creditors. As noted above, on December 7, 2012, GTL was appointed as Receiver of the assets of First Leaside, for purposes of completing this liquidation process, administering the Claims Process and implementing the distribution of proceeds.

17. Since its appointment, the Receiver has worked through the Claims Process that was authorized by the Court on December, 7, 2012, in order to be in a position to effect distributions to Investors and Creditors of the net proceeds of such realizations. The Receiver has largely completed its administration of the Claims

Process, subject to dealing with the disputed claims as discussed later in this Third Report.

18. The Receiver is seeking the approval of two sale transactions on this motion. One transaction is for the sale of a residential property that was acquired as a development property by First Leaside. The other is the sale of certain US Assets (defined below) held by certain US Entitles (defined below) that, as discussed in more detail in this Third Report, have little value to any stakeholders of First Leaside other than those Investors in the WALP Funds (defined below), which are unsecured creditors of the US Entities.

19. With the completion of these transactions, subject to a few additional assets identified further in this Third Report, most assets have now been liquidated. Since the beginning of the CCAA proceedings, First Leaside and Receiver have realized on gross proceeds of approximately $125 million which, after repayment of the secured creditors and the costs of these proceedings, results in net proceeds of approximately $17 million available for distribution. As such, the Receiver is in a position to seek authorization to make an interim distribution of proceeds to Creditors and Investors.

20. As discussed in more detail below, the approximately 1,200 Investors in First Leaside purchased different forms of investment products, including limited partnership units, participating shares in syndicated mortgages, investment trust funds, and preferred shares. Assets were held in various separate First Leaside

entities. First Leaside entities are also indebted to each other through a complex web of intercompany accounts.

21. A distribution of proceeds in the circumstances of this case has required the Receiver to work through the complex structure of First Leaside in order to determine the most appropriate methodology for distribution. The Receiver has undertaken a substantial effort since its appointment to consider all of the applicable factors relevant to make a distribution, as discussed in detail below. In so doing, the Receiver has developed a proposed distribution matrix, (the "**Distribution Matrix**") pursuant to which it has calculated the recoveries to individual Creditors and Investors. The Receiver seeks, on this motion, to obtain approval of its proposed Distribution Matrix, and authorization of the Court to undertake an interim distribution (the "**First Interim Distribution**") on the basis of its proposed Distribution Matrix. It is the Receiver's view, after careful review, consideration and consultation, that the proposed Distribution Matrix is the most equitable and appropriate manner of distribution for the Creditors and Investors of First Leaside.

22. The Receiver also seeks various ancillary relief on this motion as set out in more detail below.

<u>Relief Sought</u>

23. The purpose of this Third Report is to support the Receiver's request for an order:

a) authorizing and directing the Receiver to make the First Interim Distribution of proceeds of realization to First Leaside's Creditors and Investors, after accounting for certain holdbacks from net proceeds of realization in respect of (i) disputed and unresolved claims; (ii) future administration costs of the receivership; and (iii) the Director's Charge established in the CCAA proceedings in the amount of $250,000 and continued in these receivership proceedings; and (iv) after applying a holdback from the First Interim Distribution of amounts that would otherwise be distributable to Creditors who are also debtors of First Leaside Wealth Management Inc. ("**FLWM**"), in the amount of such indebtedness (collectively, the "**Holdbacks**"), which Holdbacks are to be retained by the Receiver pending further Order of this Court;

b) subject to any applicable Holdbacks, authorizing and directing the Receiver to distribute any amounts due and payable to FLEX Fund and First Leaside Wealth Management Fund ("**FLWM Fund**") (collectively, the "**First Leaside Investment Funds**") directly to the Investors in the First Leaside Investment Funds, in accordance with each Investor's proportionate interest as determined in the Claims Process;

c) approving the sale transaction (the "**Mill Street Transaction**") contemplated by an agreement of purchase and sale dated February 21, 2013, as amended on May 31, 2013 (the "**Sale**

Agreement") between F.L. Securities Inc. ("**FL Securities**") in its capacity as general partner of Mill Street Limited Partnership ("**Mill Street LP**" and, together with FL Securities, the "**Mill Street Vendor**"), by GTL in its capacity as Receiver of the Mill Street Vendor, and 2373521 Ontario Corp. (the "**Mill Street Purchaser**"), and vesting in the Mill Street Purchaser the right, title and interest of the Mill Street Vendor in and to the Purchased Assets as defined in the Sale Agreement (the "**Purchased Assets**" or the "**Mill Street Property**");

d) sealing an appraisal of the Mill Street Property (the "**Residential Appraisal**") and the unredacted Sale Agreement pending the closing of the Mill Street Transaction or further Order of this Court;

e) approving the Receiver's proposed Distribution Matrix as described in this Third Report, including the Receiver's allocation of those general costs that were not specifically incurred in respect of a particular First Leaside entity ("**General Costs**") and costs that were allocated to certain "**Other Entities**" (as defined below) pursuant to a billing protocol that was established in the CCAA proceedings of First Leaside;

f) approving the transaction (the "**US Asset Transaction**") contemplated by a transfer agreement dated July 10, 2013 (the "**Transfer Agreement**") between GTL, in its capacity as Receiver of Wimberly Apartments Limited Partnership ("**WALP**"), 965010

Ontario Inc., Old Mill Pond Apartments Limited Partnership, 1024919 Ontario Inc., The Shores Limited Partnership, F.L. Spring Valley Limited Partnership, FL Securities, First Leaside Realty II Inc., First Leaside Finance Inc. ("**Finance**") and as proposed receiver of 2004516 Ontario Inc. ("**2004516**") (collectively, the "**Vendors**"), and First Leaside Fund, Wimberly Fund, First Leaside Properties Fund (collectively, the "**WALP Funds**"), First Leaside Mortgage Fund ("**Mortgage Fund**"), Rescue Limited Partnership, 2375843 Ontario Inc., 2375844 Ontario Inc. and 2375845 Ontario Inc. (collectively, the "**US Asset Purchasers**") pursuant to which the Vendors are conveying certain U.S.-based assets (the "**US Assets**"), as more particularly identified in the Transfer Agreement, to the US Asset Purchasers;

g) appointing GTL as receiver, without security, over the assets, undertakings and property of 2004516 by amending Schedule "A" of the Receivership Order to add 2004526 for the sole purpose of conveying certain of the US Assets held by 2004516 pursuant to the Transfer Agreement;

h) effective on the closing of the US Asset Transaction, terminating these receivership proceedings and discharging the Receiver in respect of certain of the Vendors whose shares and/or limited partnership units are to be conveyed pursuant to the Transfer Agreement;

i) effective on the closing of the US Asset Transaction, amending **Schedule "A"** to the title of proceedings in the form attached to the Notice of Motion as **Amended Schedule "A"** to reflect the termination of these receivership proceedings in respect of certain of the Vendors and the addition of 2004516 to the proceedings;

j) approving the Receiver's interim receipts and disbursements for the period from December 7, 2012 to June 20, 2013 (the "**June 20, 2013 R&D**");

k) approving the activities of the Receiver as described in the Third Report; and

l) approving the fees and disbursements of (i) GTL in its capacity as Monitor for the period from December 1 to December 7, 2012, and in its capacity as Receiver for the period subsequent to December 7, 2012, to May 31, 2013 (ii) its counsel, Blake, Cassels & Graydon LLP ("**Blakes**"), Cassels, Brock & Blackwell LLP ("**Cassels Brock**") and Lax, O'Sullivan, Scott & Lisus LLP ("**Lax O'Sullivan**"), and (iii) Dentons in its capacity as Representative Counsel.

RESTRICTIONS AND TERMS OF REFERENCE

24. In preparing this Third Report, the Receiver has relied upon unaudited financial information, First Leaside's books and records, financial information provided by First Leaside, First Leaside's former management and certain of First Leaside's former employees. In particular, the Receiver has placed reliance on the

accuracy and completeness of First Leaside's intercompany account balances as set out in its financial statements. Such intercompany account balances were utilized by the Receiver in order to prepare the Distribution Matrix. While the Receiver reviewed various documents provided by First Leaside and its former management/employees and believes that such information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles. By issuing this Third Report, the Receiver is not providing assurance in accordance with Generally Accepted Auditing Standards or International Auditing Standards.

25. In the course of its mandate, the Receiver has assumed the integrity and truthfulness of the information and explanations presented to it by First Leaside and certain of its former management, within the context in which such information was presented. To date, nothing has come to the Receiver's attention that would cause it to question the reasonableness of this assumption.

26. This Third Report has been prepared solely for the use of this Court and First Leaside's stakeholders in and for this proceeding. Accordingly, the reader is cautioned that this Third Report may not be appropriate for any other purpose.

27. All references to dollars are in Canadian currency unless otherwise noted. Balances denominated in U.S. currency have been converted to Canadian currency at par.

THE RECEIVER'S ACTIVITIES

28. Since the date of the Second Report, the Receiver's activities have included, among other things:

    a) maintaining and reconciling the bank accounts of First Leaside;

    b) meeting and corresponding regularly with the Receiver's independent counsel, Blakes;

    c) meeting and corresponding with Lax O'Sullivan, the Receiver's counsel in respect of the proceedings commenced by First Leaside against David Phillips, the former CEO of First Leaside, and his wife Margaret Davis, both of whom were former directors and officers of certain First Leaside entities;

    d) meeting and corresponding with Cassels Brock, the Receiver's counsel assisting in respect of the Transfer Agreement and the Sale Agreement;

    e) preparing the Distribution Matrix;

    f) attending meetings with Representative Counsel on April 3, 2013 and on June 27, 2013 to provide an update on the receivership proceedings to a committee of Investors of First Leaside established during the CCAA proceedings (the "**Steering Committee**") and to explain the results of the Claims Process as well as the details of the Distribution Matrix;

g) preparing for and participating in an Investor virtual town hall meeting via conference call on July 16, 2013 to discuss the proposed Distribution Matrix and answer Investor questions (the "**Town Hall Meeting**");

h) preparing a report regarding the Distribution Matrix to Investors and Creditors, which provided a summary of the proposed First Interim Distribution as well as the methodology and considerations for the proposed Distribution Matrix and First Interim Distribution, which was made available to Representative Counsel, the Steering Committee, and Investors at the Town Hall Meeting;

i) meeting and corresponding with Representative Counsel on a periodic basis to discuss, among other things, communications to the Investors, the Claims Process and other developments in the receivership proceedings;

j) facilitating and conducting the balance of the Claims Process contemplated by the Claims Procedure Order;

k) reviewing the quantum and nature of claims filed by Creditors and the requests for amendment filed by Investors;

l) disallowing the claims of certain Creditors and Investors;

m) pursuant to paragraph 6(f) of the Receivership Order, negotiating, settling and responding to certain claims filed against First Leaside in the Claims Process;

n) reviewing the intercompany balances between the various First Leaside entities pursuant to paragraph 26 of the Claims Procedure Order in order to prepare the Distribution Matrix;

o) corresponding with the OSC and providing evidence pursuant to a subpoena at an OSC hearing in respect of allegations brought by the OSC against David Phillips and John Wilson for breaches of the *Securities Act* (Ontario), and for conduct contrary to the public interest;

p) corresponding from time to time with counsel to the Investment Industry Regulatory Organization of Canada ("**IIROC**") in respect of the receivership proceedings;

q) corresponding with Torkin Manes LLP ("**Torkin Manes**"), counsel to the trustees of the WALP Funds, Mortgage Fund and the US Asset Purchasers in respect of the negotiation and finalization of the Transfer Agreement;

r) addressing post-closing matters regarding certain assets sold by First Leaside prior to the issuance of the Receivership Order;

s) corresponding with Colliers Macaulay Nicolls (Ontario) Inc. ("**Colliers**") with respect to the sale of the Mill Street Property;

t) negotiating and liaising with parties interested in First Leaside's remaining real property;

u) requesting the Receiver's counsel to review the security of certain secured creditors to First Leaside;

v) sending demand letters to certain of First Leaside's former employees and Investors regarding loans made by FLWM to such parties;

w) corresponding by telephone and email with Investors, Creditors and other stakeholders in respect of the Claims Process and the receivership proceedings in general;

x) working with First Leaside's former employees and liaising with Service Canada to satisfy the notice and reporting requirements under the *Wage Earners Protection Program Act*;

y) consulting with an information technology specialist to preserve First Leaside's electronic records and ensure the Receiver's continued access to such electronic records;

z) attending periodically at First Leaside's office in Markham, Ontario;

aa) maintaining a public website for the receivership proceedings and updating same on a regular basis;

bb) corresponding with the Office of the Superintendent of Bankruptcy regarding statutory filings;

cc) preparing statutory notices under Section 246(2) of the *Bankruptcy and Insolvency Act* (the "**BIA**") pursuant to the Joint Administration Order; and dd) preparing this Third Report.

OVERVIEW OF INVESTMENTS IN FIRST LEASIDE

29. First Leaside is a complex corporate structure which was comprised of at least 161 corporations, limited partnerships ("**LPs**") and investment funds.

30. In addition to providing brokerage services, First Leaside also sold proprietary investment offerings to its Investors and raised capital in the following investment vehicles:

(i) units in six investment funds (the "**Funds**");

(ii) units in twenty-three LPs[1];

(iii) participating interests in various syndicated mortgages (the "**Syndicated Mortgages**") held by First Leaside Nominee Inc. ("**Nominee**"), a corporation established to act as the nominee mortgagee in respect of the Syndicated Mortgages; and

(iv) preferred shares in FLWM and First Leaside Capital Inc. ("**Capital**").

31. The six Funds are comprised of Mortgage Fund, the three WALP Funds, and the two First Leaside Investment Funds. The Funds were not parties to the CCAA

[1] Two of the LPs, First Leaside Visions I LP and First Leaside Visions II LP settled their liabilities with FLWM and were transferred to the unitholders of the respective LPs pursuant to an order of this Court made on November 20, 2012.

proceedings and are not subject to these receivership proceedings. Certain of the Funds are Creditors of certain of the First Leaside entities.

32. The WALP Funds and Mortgage Fund have trustees who are represented by Torkin Manes. The WALP Funds hold, among other things, promissory notes granted by F.L. Master Texas Ltd ("**Master Texas**") and F.L. Master Sherman Ltd. ("**Master Sherman**"), which are Texas limited partnerships forming part of the WALP structure discussed below. Mortgage Fund primarily loaned funds to other First Leaside entities.

33. The primary investments of the First Leaside Investment Funds are promissory notes given by First Leaside Expansion Limited Partnership ("**FLEX**") and FLWM, respectively.

34. The 23 LPs held a variety of investments, most notably interests in real estate in Ontario[2], British Columbia[3] and Texas[4], an interest in a beverages company[5], an interest in a property management company[6], interests in other First Leaside limited partnerships and promissory notes in other First Leaside entities[7].

35. First Leaside also raised capital by selling equity interests (in the form of preferred shares) in FLWM and Capital.

---

[2] These include First Leaside Venture LP, First Leaside Expansion LP, First Leaside Investors LP and First Leaside Progressive LP.

[3] These include F.L. Primetime Living LP, First Leaside Venture LP, FLWM Holdings LP and First Leaside Universal LP.

[4] These include WALP and F.L. Spring Valley LP.

[5] These include F.L. Beverages LP and FLWM Holdings LP.

[6] These include F.L. Primetime Living LP, FLWM Holdings LP and First Leaside Universal LP.

[7] These include Special Notes LP, Special US Notes LP, and Development Notes LP.

THE CLAIMS PROCESS[8]

36. As described in paragraphs 17 – 22 of the Second Report, the Receiver caused Claims Packages to be mailed to Investors and Creditors by ordinary mail. As provided for by the Claims Procedure Order, Investors received Acknowledgements of Claim setting out their respective investment interests, to which no response was required from Investors if they did not dispute the information contained therein. Creditors were required to file Proofs of Claims with the Receiver. Proofs of Claim and Requests for Amendment to Acknowledgements of Claim were required to be delivered before 5:00 p.m. on February 28, 2013 (the "**Claims Bar Date**") or such claims would otherwise be forever barred against First Leaside.

37. The Receiver mailed 4,439 Acknowledgments of Claims to the Investors and 157 Proofs of Claims to the Creditors and former employees of First Leaside pursuant to the Claims Procedure Order.

<u>Proofs of Claims</u>

38. A total of 132 Creditors and Investors filed a Proof of Claim with the Receiver. Of that number:

    (i) 31 were Investors who filed Proofs of Claims that otherwise should have submitted Requests for Amendments,

[8] Capitalized terms not defined in the following section below have the meanings ascribed to them in the Claims Procedure Order

(ii) 59 were trade Creditors;

(iii) 38 were former employees (excluding directors); and

(iv) 4 were Creditors that filed claims against entities that are not subject to these proceedings.

39. The Receiver reviewed all of the Proofs of Claim filed, and sent notices of disallowance to 46 Creditors, either disallowing their claims in part or in full, or disallowing the characterization of their claims. In summary, the disallowances were comprised of:

(i) 10 Proofs of Claim that were either filed after the Claims Bar Date, included fees and interest charged after the issuance of the Initial Order, or included charges that were not authorized by First Leaside;

(ii) 5 Proofs of Claim asserting trust claims against FLEX; and

(iii) 31 Proof of Claims filed by Investors who hold units in various Funds, LPs, preferred shares or participating interests in Syndicated Mortgages asserting unsecured claims against various First Leaside entities, which were duplicative of their claim amounts as set out in their respective Acknowledgements of Claim (the "**Investor Proofs of Claim**").

40. The Proofs of Claims filed in accordance with the Claims Process total approximately $8.1 million (excluding the Investor Proofs of Claim which had already been accounted for by way of Acknowledgements of Claim). The Receiver has reviewed the quantum of each claim and has admitted approximately $2.5 million in claims, which includes $541,078.35 of trust claims. The Receiver has disallowed claims of approximately $5.6 million, and re-characterized the nature of claims of approximately $790,000. Of the disallowed claims, two claims totaling approximately $3.8 million which were filed by David Phillips and Margaret Davis are the subject matter of ongoing litigation.

41. One Proof of Claim has been filed asserting a secured claim against First Leaside Venture Limited Partnership ("**Venture**"), which the Receiver is in the process of discussing with the creditor. In addition, the Receiver proposes to withhold distributions to John Wilson on his claims, pending resolution of the OSC hearings, the results of which may give rise to grounds for denial of his claims or set-off claims by First Leaside against Mr. Wilson.

42. As discussed more fully below, the Receiver proposes a Holdback for the amount of the distributions that would be payable in respect of the disputed and unresolved claims in accordance with the Distribution Matrix.

Acknowledgment of Claims

43. As discussed above, the Receiver mailed out a total of 4,439 Acknowledgments of Claim to the approximately 1,200 Investors of First Leaside. In response, the Receiver received Requests for Amendment from 302 Investors.

44. Requests for Amendment were comprised of the following:

(i) 77 Investors requesting address changes and/or name changes;

(ii) 73 Investors providing additional information (such as investment dates or requesting changes to the at-risk calculation), which the Receiver determined was not necessary in developing the Distribution Matrix;

(iii) 64 Investors that provided a notice that either an Investor had passed away, requested changes to the number of units acknowledged by the Receiver, or asserted a trust claim;

(iv) 33 Investors that requested changes to the number of units they hold on account of interest being reinvested; and

(v) 55 Investors that did not make a request and simply signed the acknowledgment issued by the Receiver.

45. The Receiver reviewed a summary of the claims of the Creditors and Investors with Representative Counsel and determined that it would be prudent for the Receiver to only respond to Requests for Amendment that would have an impact on the proposed Distribution Matrix in respect of entities that have proceeds available for distribution.

46. Of the 302 Requests for Amendment filed with the Receiver, 134 were in respect of investments that would receive distributions in accordance with the Distribution Matrix described below. These were comprised of:

(i) 29 Investors requesting address changes and/or name changes;

(ii) 27 Investors requesting changes to or adding additional information that the Receiver determined was not necessary to develop the Distribution Matrix;

(iii) 29 Investors that provided a notice that either an Investor had passed away, requested changes to the number of units acknowledged by the Receiver, or asserted a trust claim;

(iv) 33 Investors that did not make a request and simply signed the acknowledgment issued by the Receiver; and

(v) 16 Investor Proofs of Claim (a subset of those referred to at paragraph 44(iii) above).

47. The Receiver has sent Notices of Disallowance to 38 of the 134 Investors referred to above. The Receiver has determined that the balance of the Requests for Amendment were either valid or required no further response.

PROPOSED DISTRIBUTION

The Distribution Matrix

48. The Receiver has completed the sale of almost all of First Leaside's remaining properties and seeks the sale of approval of the Mill Street Property. As such, the Receiver has developed the proposed Distribution Matrix, to outline the amounts available for distribution and to undertake the First Interim Distribution. The Receiver is seeking approval of the First Interim Distribution to First Leaside's Creditors and Investors in accordance with the Distribution Matrix, pursuant to paragraphs 32 and 33 of the Receivership Order.

49. The Distribution Matrix contemplates a "silo" distribution model, in which each First Leaside entity distributes the proceeds of the sale of its assets and the collection of any receivables to the Creditors and/or Investors of that particular First Leaside entity. In order to calculate the amounts available to be distributed to Investors and Creditors by each First Leaside entity, the Distribution Matrix contemplates a reconciliation and repayment of intercompany debt claims as among the First Leaside entities.

50. The alternative to a distribution on this basis would be the pooling of assets, proceeds and distributions to Creditors and Investors on the basis of one consolidated estate. However, in the case of First Leaside, the Receiver has determined that this is not the most appropriate basis for distribution, for the following reasons:

(i) it is generally possible to determine which First Leaside entities hold particular assets, and proceeds of those assets have been realized within those First Leaside entities;

(ii) First Leaside generally respected and observed corporate formalities and the separate corporate entities within its group;

(iii) First Leaside's books and records and the Claims Process conducted by the Receiver permit the Receiver to determine the specific claims of Investors and Creditors against each First Leaside entity;

(iv) First Leaside's books and records track intercompany balances, permitting the Receiver to account for intercompany debt as among the various entities;

(v) there does not appear to have been a commingling of assets and investments as there generally is in cases where pooling or consolidation has been ordered; and

(vi) Investors invested in specific First Leaside products and not generally in First Leaside, in many cases, as a result of deliberate choices based on various risk profiles and other variables, and it would not be appropriate or equitable to overlook those choices by arbitrarily pooling proceeds.

51. The Distribution Matrix is set out in the schedules attached hereto as **Appendix "1"** (the **"Schedules"**). The Schedules contain a detailed accounting of all amounts recovered by each First Leaside entity (including any repayment of intercompany receivables), a summary of total claims against each First Leaside entity as determined in the Claims Process, including those in dispute and a final total of the estimated percentage recovery for Creditors and Investors on an aggregate basis for each First Leaside entity.

52. The proposed individual distributions to Creditors and Investors of First Leaside are based on the nature and priority of their respective claims in the relevant First Leaside entity. In developing the Distribution Matrix, the Receiver has applied general insolvency principles, whereby claims against each legal entity are paid in accordance with their priority:

(i) trust claims and deemed trust claims, which include certain claimants who have proven trust claims pursuant to the *Construction Lien Act* (Ontario), as well as the proven claims of Canada Revenue Agency for harmonized sales tax;

(ii) secured claims, which include the claims of Investors who were participants in the Syndicated Mortgages, which have been acknowledged by the Receiver pursuant to Acknowledgments of Claim;

(iii) unsecured claims, including the claims of trade creditors, intercompany balances and employee claims for termination and severance; and

(iv) equity claims of Investors, which include the claims of holders of units of the LPs, holders of units in the First Leaside Investment Funds and shareholders. In the case of equity Investors, the proposed interim distribution varies based on the nature of the interest that they own and the entity in which they are invested.

<u>Assumptions</u>

53. The following assumptions were used to prepare the Distribution Matrix:

(i) In preparing the Distribution Matrix (which was prepared as at June 20, 2013), the Receiver utilized the related party balances as reflected in the financial statements and the books and records of First Leaside, the allocation of the professional and operating costs throughout the CCAA and receivership proceedings, the current bank balances of the accounts controlled by the Receiver, the admitted and disputed claims filed by the Creditors of First Leaside and the Acknowledgements of Claim of Investors.

(ii) The Distribution Matrix assumes that the Mill Street Transaction will be approved by the Court and close. The net estimated proceeds from the Mill Street Transaction are included in the Distribution Matrix.

(iii) The Distribution Matrix includes the proceeds that were held in escrow in relation to the sale of assets owned by First Leaside Retirement Residences Limited Partnership and Venture, which are anticipated to be released from escrow prior to the Receiver making the First Interim Distribution.

(iv) The Distribution Matrix assumes that the net intercompany balances of FLWM and its wholly owned subsidiaries (FLSI, FL Securities and Finance) are treated as one obligation for purposes of determining the net intercompany receivable or payable for each individual LP in respect of those entities. For example, if an LP had a receivable from Finance of $1 million and a payable to FL Securities of $100,000, the net amount owing to the LP would be $900,000, as if they were owed to and from the same entity.

Distributions to Investors of First Leaside Investment Funds

54. As set out in the Distribution Matrix, the Receiver proposes to make an interim distribution directly to the unitholders of the First Leaside Investment Funds rather than to their respective trusts, for the reasons set out below:

(i) Pursuant to the Claims Procedure Order, the Receiver was authorized and directed to acknowledge the claims of

Investors who are invested in the First Leaside Investment Funds;

(ii) The Receiver has reviewed the deeds of trust which govern the First Leaside Investment Funds and understands that the primary purpose of FLWM Fund was to hold promissory notes in FLWM and the primary purpose of FLEX Fund was to hold promissory notes in FLEX;

(iii) As the assets in FLEX and FLWM are being liquidated and distributed, and no further investments will be undertaken by FLEX or FLWM, the only remaining business of the First Leaside Investment Funds is to make distributions to the unitholders of these Funds; and

(iv) The Receiver understands that the last known trustees of the First Leaside Investment Funds are David Phillips and John Wilson. Making the distribution directly to the unitholders is anticipated to minimize administration costs of a distribution through the trustees.

55. The Receiver is therefore seeking authorization from this Court to make the distributions directly to the unitholders of the First Leaside Investment Funds as contemplated in the Distribution Matrix.

56. As discussed below, the US Assets are being sold to the US Asset Purchasers, which include the WALP Funds and Mortgage Fund. As noted above, the WALP Funds are creditors of Master Sherman and Master Texas pursuant to promissory notes. The Distribution Matrix does not contemplate any distribution to the Investors in the WALP Funds. The WALP Funds will continue to be creditors of Master Sherman and Master Texas after the Transfer Agreement is closed. The WALP Funds are governed by their trustees, and any distributions to Investors in the WALP Funds will be determined by their trustees. For further clarity, this would include Investors that hold the following units in the WALP Funds: Wimberly Fund Class A, B and C Trust Units, First Leaside Fund Series A, B and C Trust Units and First Leaside Fund Class A, B and C Trust Units.

57. Similarly, Investors in Mortgage Fund will also not receive any distribution in respect of Mortgage Fund's loans to the US Entities. This would include Investors in First Leaside Mortgage Series A Trust Units.

Distributions in Respect of Units in Limited Partnerships

58. As contemplated in the Distribution Matrix, the Receiver intends to make an interim distribution to the limited partners of twelve LPs (the "**LP Unitholders**"). The Receiver has reviewed the limited partnership agreements for each LP (the "**LP Agreements**") and has determined that each LP Agreement provides that, in the event of a liquidation of such LP, the proceeds should be distributed in accordance with the Proportionate Share of each partner. "Proportionate Share" is defined in each LP Agreement as "the interest of a Partner in the

assets of the Partnership and shall be in the same proportion to the total value of the assets of the Partnership as the number of Units held by such Partner at a given point in time is to the total number of Units issued and outstanding as of such time."

59. The Receiver evaluated the alternative of making distributions to individual LP Unitholders based on the balance remaining after deducting distributions received by each LP Unitholder on account of "return of capital" and determined that this was not appropriate in this case for a number of reasons:

(i) The LP Agreements do not provide for such a deduction in calculating distributions on liquidation;

(ii) The historical distributions made by First Leaside to the LP Unitholders were calculated based on the number of units owned and did not consider the impact of prior distributions; and

(iii) In any event, the Receiver has determined that the relative effect on Investors of a deduction to account for historical distributions is not material enough to warrant distributions on this basis.

60. As such, the Receiver proposes to make the First Interim Distribution to LP Unitholders based on their proportionate share of the total number of units outstanding in the applicable LP, as set out in the Distribution Matrix.

Distributions to Syndicated Mortgage Investors

61. First Leaside offered participating interests in four Syndicated Mortgages held in the name of Nominee on behalf of participating Investors (the "**Syndicated Mortgage Investors**") in respect of four properties that were owned by First Leaside entities:

(i) 36 Bramtree, Brampton, Ontario. The sale of this property was authorized by this Court on August 23, 2012 during the CCAA proceedings, and the CRO was authorized to make a final distribution to the Syndicated Mortgage Investors in this Syndicated Mortgage, subject to holdbacks for certain Investors who had outstanding indebtedness owing to FLWM pursuant to promissory notes;

(ii) 90 King Street East, Thornbury, Ontario. The sale of this property was authorized by this Court on May 3, 2012 during the CCAA proceedings. The Syndicated Mortgage in respect of this property was assumed by the purchaser. The CRO, and now the Receiver, continues to collect interest payments and made a distribution to Syndicated Mortgage Investors in respect of this Syndicated Mortgage on June 26, 2013, pursuant to paragraph 7(a) of the Receivership Order.

(iii) The Cemetery Road Property, which was owned by Uxbridge Development Limited Partnership. The sale of this property was authorized by this Court on February 19, 2013, during the receivership proceedings. Distribution of proceeds from the sale to the Syndicated Mortgage Investors is contemplated in the Distribution Matrix;

(iv) The Mill Street Property, for which the Receiver has entered into the Sale Agreement subject to the approval of this Court. Distribution of the proceeds to the Syndicated Mortgage Investors is contemplated in the Distribution Matrix.

62. Nominee is the administrator and nominal mortgagee of the Syndicated Mortgages registered on the Cemetery Road Property and Mill Street Property (the "**Cemetery Road Syndicated Mortgage**" and the "**Mill Street Syndicated Mortgage**", respectively.)

63. The mortgage loan commitments for the Cemetery Road Syndicated Mortgage and the Mill Street Syndicated Mortgage both provided that Nominee would set aside an amount to stand as an interest reserve in an interest bearing account.

64. It appears that the reserves for the Cemetery Road and Mill Street Syndicated Mortgages were pooled by First Leaside. The 2011 financial statements for Nominee show, among other things, that $336,600 was held as an interest reserve on behalf of the Syndicated Mortgage Investors in respect of the Cemetery Road and the Mill Street Syndicated Mortgages. As at July 7, 2013, Nominee holds cash of $208,964.68 in the reserve. The amount has been

reduced, it appears, as a result of the payment of certain administrative expenses by First Leaside out of this reserve prior to the CCAA proceedings.

65. As discussed in paragraph 31 of the Second Report, the proceeds from the sale of Cemetery Road were sufficient to cover the principal and a portion of the interest owed in respect of the Cemetery Road Syndicated Mortgage.

66. The proceeds of the proposed sale of the Mill Street Property will be sufficient to cover both the interest and the principal on the Mill Street Syndicated Mortgage and therefore there will be no need for Nominee to draw on the interest rate reserve to pay the Mill Street Syndicated Mortgage in full.

67. As such, funds available in Nominee's bank account are applied in the Distribution Matrix to satisfy the balance of the interest owed on the Cemetery Road Syndicated Mortgage. The balance remaining in the reserve account after satisfaction of this mortgage that will be distributed in accordance with the Distribution Matrix.

68. The Receiver intends to make the distributions on the Mill Street Syndicated Mortgage and the Cemetery Road Syndicated Mortgage to Nominee for and on behalf of the Syndicated Mortgage Investors. The Distribution Matrix contemplates the distribution of the proceeds by Nominee to individual Syndicated Mortgage Investors in accordance with their proportionate participating interests, as determined in accordance with the Claims Process. The Mill Street and Cemetery Road Syndicated Mortgages will both be paid in full.

Distributions to Holders of Preferred Shares

69. As noted above, First Leaside offered preferred shares in FLWM (including First Leaside Series I, II and III preferred shares) and Capital (including First Leaside Capital Class B and Class C shares). The Distribution Matrix does not contemplate a distribution to the shareholders of these entities as there are no funds available after payment of Creditor claims.

Allocation of General and Other Costs

70. At the outset of the CCAA proceedings, First Leaside and the Monitor implemented a billing protocol, which required professionals to allocate time spent to specific entities in the First Leaside group (FLWM, FLSI, FLEX, WALP, First Leaside Primetime Living Limited Partnership and Venture). A category of "Other Entities" was established for the allocation of costs to another subset of entities: FLWM Holdings Limited Partnership, F.L. Beverages Limited Partnership, F.L. Spring Valley Limited Partnership, First Leaside Investors Limited Partnership, First Leaside Progressive Limited Partnership and First Leaside Universal Limited Partnership (collectively, the "**Other Entities**"). For costs that could not be specifically allocated to a particular entity, a category of General Costs was established.

71. During the CCAA and receivership proceedings, the General Costs and the costs incurred in respect of Other Entities have been paid by FLWM. Any costs incurred by a specific entity with its own billing allocation were paid directly by such entity.

72. In order to develop the Distribution Matrix, it was necessary for the Receiver to determine a means to re-allocate among the First Leaside entities the General Costs and to re-allocate among each of Other Entities the aggregate costs of Other Entities that have to date all been paid by FLWM.

73. The Receiver considered three methods to allocate the General Costs and the costs of Other Entities associated with these proceedings: (i) pro-rata allocation based on liabilities ("**Method 1**"), (ii) pro-rata allocation based on recoveries ("**Method 2**") and (iii) allocation based on a modification of Method 2 ("**Method 3**") described below.

74. Method 1 contemplates allocating costs based on the total debt owed by an entity. This method would result in a disproportionate allocation of costs to entities with significant debt and possibly little effort expended on realizations in the CCAA and receivership proceedings. The Receiver's view is that this methodology is not appropriate in the circumstances.

75. Method 2 contemplates allocating costs pro-rata on the basis of net proceeds available for distribution after the payment of secured and priority creditors. In Method 2, only those entities with recoveries for Creditors and Investors after such priority payments would be required to contribute to the General Costs. However, due to the complexity of the corporate structure, Method 2 would require that certain entities whose only assets were receivables in other First Leaside entities would bear the burden of paying for General Costs twice, first by contributing to the costs at the specific entity level (where the real property asset

was realized), and second, at the creditor level (where the intercompany receivable was realized).

76. Method 3 contemplates a modification of Method 2. The distinction is that Method 3 provides for the costs to be attributed only to those entities where time was expended by former First Leaside employees, with the assistance of the professionals, by the CRO, the Monitor, or the Receiver, to realize on assets including real property, controlling interests in companies, artwork, etc. This method excludes the allocation of General Costs from realizations from intercompany receivables. As such, Method 3 allocates General Costs based on the net proceeds available for distribution prior to the collection of intercompany receivables.

77. Given the various considerations outlined above, the Receiver has determined that the most equitable method of allocating General Costs is based on Method 3[9].

78. The "Other Entities" costs have also been allocated among each Other Entity within that category using Method 3.

First Interim Distribution

79. Attached as **Appendix "2"**, is the Receiver's June 20, 2013 R&D for the period December 7, 2012 to June 20, 2013. As set out in the June 20, 2013 R&D, the

[9] Except in the case of the sale of the assets of Primetime and Venture, for which costs were allocated on the basis of gross proceeds as the net proceeds after the payment of Venture's mortgages was nominal.

Receiver presently holds cash in 61 bank accounts totaling $17,166,961.69. The Receiver intends to make the First Interim Distribution to the Creditors and Investors of First Leaside from the net proceeds of realization collected or anticipated to be realized by the date of the First Interim Distribution, after retaining a total sum of approximately $5 million as Holdbacks, as discussed more fully below. The amount anticipated to be distributed totals $13,764,776.31, comprised of $1,209,164.99 to Creditors and $12,555,611.32 to Investors.

80. The table below summarizes the percentage amounts of proven or acknowledged claims to be distributed in the First Interim Distribution to Investors and Creditors from each First Leaside entity that has proceeds available for distribution. For some Creditors, the First Interim Distribution will in fact be a final distribution, as such Creditors have proven claims that are not affected by any Holdbacks, and there are sufficient proceeds available to pay the amounts of their proven claims in full.

First Leaside Group of Companies
Summary of Proposed Interim Distribution
Prepared as at June 20, 2013 ($CAD, Unaudited)

Reference	Entity	% Distribution to Unsecured Creditors	% Distribution to Unitholders / Shareholders
First Leaside Investment Funds	First Leaside Wealth Management Fund	0%	7%
	FLEX Fund	0%	34%
Limited Partnerships	Special Notes Limited Partnership & Special US Notes Limited Partnership	0%	7%
	Development Notes Limited Partnership	0%	31%
	Global Limited Partnereship	0%	20%
	First Leaside Realty I Limited Partnership & First Leaside Realty II Limited Partnership	54%	0%
	First Leaside Acquisition Limited Partnership	8%	0%
	First Leaside Elite Limited Partnership	0%	6%
	First Leaside Premier Limited Partnership	100%	8%
	First Leaside Select Limited Partnership	0%	0%
	First Leaside Ultimate Limited Partnership	100%	14%
	F.L. Primetime Living Limited Partnership	100%	23%
	First Leaside Venture Limited Partnership	6%	0%
	WALP†	6%	0%
	First Leaside Expansion Limited Partnership	31%	0%
	FLWM Holdings Limited Partnership	100%	12%
	F.L. Beverages Group Limited Partnership	100%	13%
	F.L. Spring Valley Limited Partnership	0%	0%
	First Leaside Investors Limited Partnership	55%	0%
	First Leaside Progressive Limited Partnership	100%	10%
	First Leaside Universal Limited Partnership	100%	19%
Corporations	First Leaside Wealth Management Inc.	6%	0%
	First Leaside Capital Inc.	31%	0%
Syndicated Mortgages	Cemetery Road	0%	100%
	Mill Street†	0%	100%

Note:

† The Distribution Matrix reflects the proceeds from the sale of Mill Street Property and the proceeds from the closing of the Transfer Agreement notwithstanding that these transaction have not yet been completed. Should these transactions not be approved by the Court or not close, the distributions will be reduced by the amount not realized.

Holdbacks

81. The Receiver proposes retaining certain Holdbacks from the net proceeds of realization to accommodate issues or items that remain outstanding or are yet to be completed in the receivership. The Schedules at Appendix 1 disclose the

allocation of the Holdbacks to each particular entity. The proposed Holdbacks are for the following:

(i) **Disputed and Undetermined Claims** – certain Creditors have asserted claims in these proceedings which remain under consideration by the Receiver or which have been disallowed by the Receiver and have not yet been settled or adjudicated. The Distribution Matrix reflects these claims at full value until the disputes are resolved or determinations are made; however, funds will not be distributed to such Creditors or Investors until the claims are settled or are determined by the Court. Inclusion of these claims in the Distribution Matrix is without prejudice to the Receiver's disallowance of such claims. The proposed Holdback is approximately $1.6 million. These are allocated on an entity by entity basis in the Distribution Matrix.

(ii) **Future Administrative Costs** – The Receiver has included a Holdback for projected administrative costs of the receivership, including further projected professional costs (subsequent to May 31, 2013), administration costs, the cost to prepare financial statements and tax returns for the 2013 tax year, and the cost of storing and maintaining both the physical and electronic books and records of First Leaside. The proposed Holdback is $1,950,000. These costs are allocated among the entities by adding to the amount of General Costs allocated in the Distribution Matrix on the same principles as Method 3.

(iii) **Accounts Receivable owing to FLWM by Investors** – as outlined in more detail below, the Receiver proposes to hold back from any distribution owing to an Investor or Creditor who is a FLWM Debtor (as defined below), the amount of such indebtedness, pending resolution of their debts due to FLWM by agreement or further Order.

(iv) **Director's Charge** – the Receiver will hold back $250,000 in respect of the Director's Charge established in the CCAA proceedings and continued in these receivership proceedings, pending further Order of the Court. The Receiver intends to return to Court in the near future, on notice to those parties whom the Receiver understands to be beneficiaries of the Director's Charge, in order to obtain a discharge of the Director's Charge. In allocating this Holdback, the Director's Charge is treated as a General Cost.

82. The Receiver believes that the Holdbacks are appropriate in the circumstances. The Receiver intends to retain the Holdbacks pending further order of the Court.

83. The Distribution Matrix and the First Interim Distribution also exclude estimated realizations from assets that have not been realized upon, which include:

(i) the remaining artwork owned by FLWM;

(ii) outstanding receivables owed to FLWM;

(iii) litigation commenced by FLWM against David Phillips and Margaret Davis;

(iv) vacant property located in Wheatley, Ontario; and

(v) other assets.

Accounts Receivable of FLWM Owing by FLWM Debtors

84. According to the books and records of First Leaside, FLWM advanced nearly $4 million to 42 Investors, directors and former employees (collectively, the "**FLWM Debtors**") of First Leaside in exchange for promissory notes of the same amount.

85. Of the 42 FLWM Debtors, 28 promissory notes provide for a pledge of First Leaside units or shares as security for their indebtedness. The remaining promissory notes do not contain a pledge of security.

86. Based on the Distribution Matrix, there will be insufficient realizations from the securities pledged by the FLWM Debtors to pay the balances owing in respect of those obligations. The Receiver intends to hold back distributions to the FLWM Debtors on account of their claims with First Leaside, to the extent of the amount

of their debts to FLWM, pending resolution of those debts. The total amount of the proposed Holdback is approximately $1,050,000. In the meantime, the Receiver continues to pursue collection and resolution of FLWM's claims against the FLWM Debtors by consensual agreement or further Order.

Relief Requested in Respect of the Distribution Matrix

87. The Receiver has carefully considered the factors relevant to distribution and has considered the various options available to it in developing the Distribution Matrix. After a review of the available records, the outcome of the Claims Process, the results of realizations, and after consultation with counsel, Representative Counsel and the Investors, the Receiver believes that it has identified the most equitable and appropriate means for distributing the net proceeds of realization to Creditors and Investors. The Receiver therefore respectively requests approval of the Distribution Matrix.

Relief Requested in Respect of the First Interim Distribution

88. The Receiver respectfully requests that this Court authorize and direct it to make the First Interim Distribution to First Leaside's Creditors and Investors, based on the Distribution Matrix.

COMMUNICATIONS WITH INVESTORS WITH RESPECT TO THE DISTRIBUTION MATRIX AND THE FIRST INTERIM DISTRIBUTION

89. Prior to filing this Third Report, the Receiver distributed on a confidential basis to Representative Counsel and the Steering Committee copies of the Distribution

Matrix Report, which summarized the underlying assumptions and recommendations of the Receiver in respect of the Distribution Matrix, and disclosed the respective recoveries on the First Interim Distribution set out in the chart at paragraph 80 above. The Receiver reviewed and discussed the assumptions made in the Distribution Matrix with Representative Counsel and the Steering Committee and answered any questions that were raised. The Receiver understands that both the Steering Committee and Representative Counsel support the methodology recommended by the Receiver.

90. On July 16, 2013, the Receiver attended the Town Hall Meeting that was organized by Representative Counsel. At the Town Hall Meeting, the Receiver presented the Distribution Matrix to the general group of Investors and answered any questions that were raised.

91. The Receiver has been advised by Representative Counsel that they have been in communication with the Canadian Investor Protection Fund ("**CIPF**") in respect of Investor claims against CIPF. In seeking approval of the Distribution Matrix, the Receiver requests that such approval be granted without prejudice to any claims, arguments or theories of compensation that any Investor may advance in respect of the CIPF compensation process.

SALE OF THE MILL STREET PROPERTY

Listing and Marketing

92. On April 16, 2012, the CRO, on behalf of First Leaside, entered into a listing agreement (the "**Colliers Agreement**") with Colliers to sell certain properties owned by various First Leaside entities located in the province of Ontario.

93. Pursuant to paragraph 6(c) of the Receivership Order, the Receiver was authorized to sell or otherwise dispose of the Mill Street Property, which is owned beneficially by Mill Street LP, subject to Court approval.

94. The Mill Street Property consists of approximately 3.74 acres of land together with a house, located at 62 Mill Street, Uxbridge, Ontario. It was acquired by Mill Street LP for development purposes, but no development has yet been commenced on the property. The house is occupied by a residential tenant, who has a lease that commenced on March 1, 2012 and runs month-to-month (the "**Lease**").

95. Upon its appointment, the Receiver continued the listing arrangements with Colliers to market and sell the Mill Street Property. During the CCAA proceedings, Colliers listed the Mill Street Property for $1.6 million, and marketed the property by targeting approximately forty parties with expertise in property development. Of this group, approximately ten parties requested to view the Mill Street Property. In all, the Mill Street Property was marketed for a total of 11 months.

Consideration of Value

96. The property was purchased by First Leaside on May 4, 2010 for $1,235,000. The Mill Street Syndicated Mortgage, which was granted by FL Securities, in its capacity as general partner of Mill Street LP, in the amount of $900,000, in favour of Nominee. Nominee holds the Mill Street Syndicated Mortgage on behalf of 54 Investors who are participants in the Mill Street Syndicated Mortgage.

97. First Leaside obtained the Residential Appraisal in November 2010 and a draft commercial appraisal in July 2011 (the "**Draft Commercial Appraisal**").

98. The Residential Appraisal assumed, among other things, that the Mill Street Property would be utilized as a single dwelling residential property. The Draft Commercial Appraisal assumed, among other things, that the Mill Street Property would be utilized for the development of eight to ten additional residential properties. The Draft Commercial Appraisal estimated a substantially higher valuation for the property than estimated by the Residential Appraisal. In the Receiver's view and based on numerous discussions with Colliers, the assumptions in the Draft Commercial Appraisal relative to future development were highly speculative, taking into consideration a long term view for development. Accordingly, the Receiver placed little reliance on the Draft Commercial Appraisal. A copy of the Residential Appraisal is filed herewith as **Confidential Appendix "1"**.

Sale Agreement

99. In June 2012, First Leaside received and accepted a conditional offer for the Mill Street Property, which never materialized as the prospective buyer did not waive conditions and allowed the offer to expire.

100. In February 2013, the Receiver received an offer from the Mill Street Purchaser at a value which was above the midpoint between the Residential Appraisal and the Draft Commercial Appraisal. The Receiver determined that it was appropriate to negotiate the terms of the Sale Agreement based on the offer received. A redacted copy of the Sale Agreement, with the purchase price for the Mill Street Property redacted, is attached hereto as **Appendix "3"**. An unredacted copy of the Sale Agreement is filed herewith as **Confidential Appendix "2"**.

101. The Sale Agreement provides for the sale of the Purchased Assets, which is defined in the Sale Agreement to include the Land and Buildings (as defined in the Sale Agreement), as well as the Lease. The sale is on an "as is, where is" basis, with no representations or warranties given by the Receiver except in respect of its capacity to enter into the Sale Agreement.

102. The Mill Street Purchaser has delivered a deposit in an amount equal to 10% of the purchase price.

103. The Sale Agreement was subject to a due diligence condition and a financing condition in favour of the Mill Street Purchaser, both of which have been waived.

The only condition to closing is the granting of a sale approval and vesting order by this Court.

104. The Mill Street Purchaser is assuming the Lease. There are no restrictions on assignment contained in the Lease and the tenant has consented to an assignment and assumption agreement.

105. The Receiver has entered into the Sale Agreement with the Mill Street Purchaser taking into consideration the following:

(i) the net proceeds from the Mill Street Transaction will provide sufficient funds to repay the entire principal amount of the Mill Street Syndicated Mortgage and accrued interest;

(ii) the value anticipated to be received for the Mill Street Property appears reasonable and fair taking into consideration the appraised value in 2010;

(iii) the Mill Street Property was exposed to the market for 11 months, was marketed appropriately by Colliers and, as such, it is likely that this is the best offer available; and

(iv) the Receiver has corresponded with Representative Counsel and the Steering Committee regarding the Mill Street Transaction and understands that they are supportive of same.

Mill Street Syndicated Mortgage

106. The Receiver's counsel has undertaken a security review in respect of the Mill Street Syndicated Mortgage granted by FL Securities and has identified an issue with respect to the Mill Street Syndicated Mortgage potentially violating a provision of the *Planning Act* (Ontario), which would prevent the Mortgage from creating or conveying any interest in land. However, Blakes has advised the Receiver that two commitment letters, dated as of December 9, 2010 and July 20, 2011 between Nominee, as lender, and Mill Street LP, as borrower, appear to satisfy the requirements for an equitable mortgage in favour of Nominee for the amount outstanding.

107. However, even if it were determined that Nominee did not have a valid equitable mortgage on the Mill Street Property, Mill Street LP will have sufficient proceeds on closing from the sale of the Mill Street Property to pay all of its Creditors, as determined in the Claims Process, including Nominee in respect of the Mill Street Syndicated Mortgage, in full on an unsecured basis.

108. Accordingly, if the Sale Agreement is approved, the Receiver intends to distribute the proceeds of the sale of the Mill Street Property to Nominee as set out in the Distribution Matrix and described more fully below.

Other Encumbrances

109. There are no other mortgages or liens registered on title to the Mill Street Property. The only other encumbrances registered on title to the Mill Street Property are those to be assumed as Permitted Encumbrances as listed at

Schedule "B" to the Sale Agreement. Attached hereto as **Appendix "4"** is a copy of the PIN for the Mill Street Property.

110. A PPSA search against Mill Street LP and FL Securities discloses:

(i) a registration in favour of Nominee, relating to the Mill Street Property;

(ii) a registration against FL Securities in favour of Margaret Davis in respect of furniture and fixtures in respect of a property other than the Mill Street Property; and

(iii) a registration against FL Securities in favour of Pitney Bowes Global Financial Services, in respect of a photocopier, which appears to be unrelated to the Mill Street Property.

111. These parties will be served with notice of this motion. Attached hereto as **Appendix "5"** is a copy of a summary of the PPSA search results against Mill Street LP and FL Securities.

Confidentiality Of The Sale Price Of The Mill Street Property

112. The Receiver is of the view that **Confidential Appendices "1" and "2"** should be sealed pending completion of the Mill Street Transaction or further order of this Court, as the information contained therein is commercially sensitive and would prejudice any subsequent sale process in the event that the Mill Street Transaction does not close for any reason. If the Transaction does not close, it is

likely that another sale process may be required and, in the absence of a sealing order, future bidders would have access to the appraisal information and the amount that was accepted by the Receiver, which may adversely affect realizations.

113. No party will be prejudiced if the information in **Confidential Appendices "1" and "2"** is temporarily sealed.

SALE OF US ASSETS TO US ASSET PURCHASERS

Background

114. On August 23, 2012, First Leaside brought a motion (the "**US Entities Wind-down Motion**") requesting an order authorizing and directing it to take no further steps in respect of certain limited partnerships, corporations, trusts or properties located or subsisting in the United States in which First Leaside had a direct or indirect equity or other interest (collectively, the "**US Entities**"). By order dated August 31, 2012, First Leaside obtained authorization and direction to this effect (the "**August 31, 2012 Order**").

115. The US Entities are part of a complex structure of holdings that are subsidiaries of certain First Leaside entities, primarily WALP, an Ontario limited partnership. The US Entities include a series of Texas limited partnerships, primarily Master Texas and Master Sherman, through which a number of apartment complexes and other properties located in Texas are held. WALP is subject to these receivership proceedings. There are also real properties held through Texas domiciled subsidiaries of other First Leaside entities that are subject to these

receivership proceedings that form part of the complex of holdings (all properties held through WALP and other First Leaside entities, collectively, the "**Texas Properties**").

116. The WALP Funds are the primary creditors of Master Sherman and Master Texas, pursuant to promissory notes issued by Master Sherman and Master Texas to the WALP Funds.

117. Further details of the US Entities and the Texas Properties are set out paragraphs 36-44 of the Monitor's Fourth Report to the Court dated August 21, 2012, a copy of which, without appendices, will be filed on this motion in a compendium of pleadings.

118. The reasons for the authorization and direction obtained in the August 31, 2012 Order are more fully set out in paragraphs 100 – 114 of the Affidavit of Gregory MacLeod sworn August 20, 2012, a copy of which, without exhibits, will be filed on this motion in a compendium of pleadings.

119. In summary, it was determined that there was no benefit generally to the Investors and Creditors of First Leaside in trying to realize value from the US Entities, for the following reasons:

(i) The real properties held through these entities were substantially encumbered by third party mortgages, and as such the equity value of the properties was insufficient to justify the cost and effort of taking realization steps;

(ii) The properties were operating at a deficiency, and substantial funding was required to maintain operations. The investment of the resources of First Leaside in this maintenance at the expense of Investors and Creditors could not be justified; and

(iii) The CRO did not have the corporate authority to deal with the properties, which are under the control of certain Texas limited partnerships, whose general partners are controlled by David Phillips, First Leaside's former principal. The economics of the situation did not justify pursuing a resolution or litigation of these corporate authority issues.

120. It became apparent that the only Investors with a potential interest in maintaining the US Entities were those Investors who had, through their investments in the WALP Funds, loaned funds on an unsecured basis to Master Sherman and Master Texas, and as such were the stakeholders with the primary financial interest in the US Entities.

121. At the initial return date of the US Entities Wind-down Motion, Justice Strathy granted an order as follows: "THIS COURT DIRECTS that the balance of the relief sought, in respect of the US Entities Wind Down, is adjourned to August 30, 2012 and in the meantime First Leaside shall work with the Representative Counsel, the Trustees of the Wimberly 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 Court approval."

122. The affidavit of Gregory MacLeod sworn December 3, 2012, filed in connection with the termination of the CCAA proceedings and the commencement of these receivership proceedings (the "**December 3, 2012 Affidavit**"), disclosed that following the August 31, 2012 Order, the trustees of the WALP Funds and Mortgage Fund instructed their counsel to enter into negotiations with First Leaside to purchase the US Assets. It was reported that negotiations had advanced significantly, but no definitive agreement had been reached at that time. As further reported in the December 3, 2012 Affidavit, the negotiations were suspended pending meetings of the unitholders in the WALP Funds and Mortgage Fund to affirm their respective trustees' appointments and authorize the continued negotiation of the sale. No transaction was completed prior to the termination of the CCAA proceedings.

123. The Receiver understands that meetings of the unitholders of the WALP Funds and Mortgage Fund were conducted in due course. The Receiver understands that the trustees were re-appointed and/or confirmed, and were authorized to re-engage in negotiations with the Receiver to complete a transaction to acquire the US Assets.

Negotiation of Transfer Agreement

124. Over the past several months, the Receiver has engaged in extensive discussions and negotiations with counsel for the WALP Funds and Mortgage

Fund to negotiate a transaction to convey the US Assets to the US Asset Purchasers. This was a complex exercise given the number and nature of the corporate entities involved and the limited documentation available.

125. As a result of these negotiations, the parties agreed and executed the Transfer Agreement subject to Court approval, with a view to transferring the US Assets to those parties with the most direct interest in restructuring the affairs of the US Entities and potentially recovering on their investments. A copy of the Transfer Agreement is attached hereto at **Appendix "6"**.

126. The terms of the Transfer Agreement provide that the Vendors will receive consideration of $333,835 in cash and that the US Asset Purchasers will receive the Vendors' right, title and interest to:

(i) the Vendors' units in the WALP Funds, which are being conveyed in order to ensure a complete transition of the US Assets from First Leaside to the US Purchasers;

(ii) two condominium units owned by one of the Vendors, which are located in Texas; and

(iii) certain corporations and limited partnerships that make up the corporate structure that holds the Texas Properties.

127. The Transfer Agreement also contemplates the parties thereto executing mutual releases, the form of which is a schedule to the Transfer Agreement. The Transfer Agreement contemplates a sale approval and vesting order that will vest

the US Assets in the US Asset Purchasers and vests out of the US Assets any claim of any First Leaside entity and any Court-ordered charges.

128. Attached hereto as **Appendix "7"** is a Master Transfer Schedule that sets out, in chart form, the various assets to be conveyed and the respective First Leaside Vendor. The Master Transfer Schedule also provides a list of those title documents and corporate records that are available to be transferred to the US Purchasers.

129. Attached hereto as **Appendix "8"** is a copy of an organizational chart, highlighted to show those entities and assets that will be conveyed pursuant to the Transfer Agreement, together with an organizational chart showing the result after closing of the Transfer Agreement.

130. The Receiver is currently holding the full amount of the purchase price in escrow, pending closing of the transaction contemplated by the Transfer Agreement.

Relief Requested in respect of Transfer Agreement

131. Given the direction of the Court in respect of the US Entities, and the factors outlined above, the Receiver requests approval of the US Asset Transaction, pursuant to the terms of the Transfer Agreement. The Receiver is of the view that the transaction contemplated by the Transfer Agreement is the most reasonable and appropriate resolution in the circumstances for the Investors in the WALP Funds with respect to the US Entities and the US Assets.

Addition of 2004516 Ontario Inc. as an Applicant and Termination of These Proceedings in Respect of Acquired Entities

132. 2004516 is a proposed Vendor under the Transfer Agreement, and a condition of the Transfer Agreement is the appointment of GTL as Receiver with the ability to convey those assets held by 2004516. It is a wholly owned subsidiary of Queenston Manor Limited Partnership, a First Leaside entity that is currently subject to these receivership proceedings.

133. The Receiver has reviewed the books and records of First Leaside and has determined that there are no known creditors of 2004516. Its only known assets are units in First Leaside Fund, which the Receiver intends to convey as part of the US Asset Transaction, if appointed as Receiver of 2004516. While 2004516 was an applicant in the CCAA proceedings, it was not originally included in the receivership proceedings as it was not understood to hold any assets or obligations to be administered by the Receiver. In the course of negotiating the Transfer Agreement, it emerged that 2004516 owned certain units of First Leaside Fund.

134. The Receiver is seeking to include 2004516 as an applicant in these proceedings for the sole purpose of conveying certain of the US Assets, in order facilitate the US Asset Transaction. Given the above, the Receiver is of the view that no party would be prejudiced by the inclusion of 2004516 and recommends that it be included in the receivership proceedings.

135. The Receiver is also seeking to terminate the receivership proceedings and obtain its discharge in respect of certain First Leaside entities that are being acquired in the US Asset Transaction. As these entities will no longer form part of the First Leaside group of companies and will be under the control of the US Asset Purchasers, there will be no need for any further proceedings in respect of those entities, once the US Asset Transaction closes.

UPDATE ON OTHER MATTERS IN THE RECEIVERSHIP

136. As noted above, the Receiver has been meeting and corresponding with Lax O'Sullivan in respect of the proceedings commenced against David Phillips and Margaret Davis. As previously reported, First Leaside has obtained a certificate of pending litigation on the property owned by Margaret Davis. Pleadings have been exchanged, and the parties are working through the discovery process. Both Mr. Phillips and Ms. Davis have also filed Proofs of Claim against First Leaside for various claims. These claims have been disallowed by the Receiver, and those notices of disallowance have been disputed. It is anticipated that the adjudication of such claims will be coordinated with the litigation.

137. The Receiver has also engaged with counsel for Creditors who have undetermined claims filed in the Claims Process, or who are disputing their notices of Disallowance, with a view to obtaining additional information, narrowing the issues and/or resolving those claims. As a result of these discussions, certain claims have been resolved. Other discussions are ongoing.

APPROVAL OF RECEIVER'S INTERIM RECEIPTS AND DISBURSEMENTS

138. The Receiver is seeking approval of its June 20, 2013 R&D, attached at Appendix "2", on which the Distribution Matrix is based.

APPROVAL OF THE FEES OF THE RECEIVER, ITS COUNSEL AND REPRESENTATIVE COUNSEL

139. The Receiver, the Receiver's legal counsel, and Representative Counsel have maintained detailed records of their professional time and costs since the Initial Order (as amended) and the Receivership Order were granted, and have continued to do so in these receivership proceedings.

140. The Receiver is working with three law firms as its counsel. Lax O'Sullivan has been specifically engaged in respect of the litigation FLWM commenced against David Phillips and Margaret Davis. Cassels Brock is acting for the Receiver in respect of certain real property transactions and the WALP Transfer Agreement, given their particular background and knowledge of the First Leaside entities. Blakes is acting as independent counsel in respect of all other matters.

141. Pursuant to paragraphs 30 - 32 of the Receivership Order, the Receiver and its counsel shall be paid their reasonable fees and disbursements and shall pass their accounts before the Court. The Receiver and its counsel have expended significant effort and time to carry out the administration of these receivership proceedings.

142. The fees and disbursements of the Monitor, Monitor's Counsel, and Representative Counsel were approved in the CCAA proceedings to November 30, 2012. Paragraph 9 of the Discharge and Transition Order permits the Monitor, Monitor's counsel, and Representative Counsel to seek approval for their fees and disbursements after December 1, 2012 in these proceedings.

143. The total fees of GTL in its capacity as Monitor to December 7, 2012, and in its capacity as Receiver from and after December 7, 2012 to May 31, 2013 amount to $431,378.00, together with expenses and disbursements in the sum of $29,659.97, and Harmonized Sales Tax ("**HST**") in the amount of $59,934.94, totaling $520,972.91. Time spent by the Monitor and the Receiver is more particularly described in the Affidavit of Jonathan Krieger, the Senior Vice-President of GTL having carriage of this proceeding as the Receiver, sworn July 16, 2013 in support hereof.

144. The total legal fees charged by Blakes in its capacity as Monitor's Counsel during the period from December 1, 2012 to December 7, 2012, and in its capacity as Receiver's Counsel from December 7, 2012 to May 31, 2013 amount of $336,170.00, together with disbursements in the sum of $9,497.62, and HST in the amount of $44,858.91, totaling $390,526.53. The time spent by Blakes is more particularly described in the Affidavit of Pamela Huff, sworn July 16, 2013 in support hereof.

145. The total legal fees charged by Cassels Brock in its capacity as counsel to the Receiver in respect of certain of First Leaside's assets dealt in the receivership

proceedings the period from December 7, 2012, to May 31, 2013 amount to $199,826.00, together with disbursements in the sum of $2,952.30, and HST in the amount of $26,320.40, totaling $229,098.68. The time spent by Cassels Brock is more particularly described in the Affidavit of David S. Ward, sworn July 15, 2013 in support hereof.

146. The total legal fees charged by Lax O'Sullivan in its capacity as counsel to First Leaside and special litigation counsel to the Receiver during the period from July 13, 2012 to May 31, 2013, amount to $199,739.00 together with disbursements in the sum of $10,038.51, and HST in the amount of $27,231.05, totaling $237,008.56. The time spent by Lax O'Sullivan is more particularly described in the Affidavit of Tracy Wynne, sworn July 9, 2013 in support hereof.

147. The Receiver respectfully requests that the Court approve its fees and disbursements and those of its legal counsel.

148. Representative Counsel has maintained detailed records of their professional time and costs since the Initial Order (as amended) was granted. On December 17, 2012 Representative Counsel's fees were approved by the Court for the period ending December 1, 2012.

149. The total legal fees incurred by Representative Counsel during the period from December 1, 2012 until May 31, 2013, for both the CCAA proceedings and the receivership proceedings, amount to $228,748.00, together with disbursements in the sum of $6,525.25, and HST in the amount of $30,585.54, totaling $265,858.79. The time spent by Dentons is more particularly described in the

84

Affidavit of R. Shayne Kukulowicz, sworn June 21, 2013. In addition to general representation of Investors, Representative Counsel has actively been pursuing Investor interest as a group with the CIPF.

150. Copies of each of the affidavits sworn in support of the various fees and disbursements will be made available to parties on the Service List who request copies of same.

151. The Receiver supports the request for approval of Representative Counsel's fees.

RECEIVER'S REQUESTED RELIEF

152. The Receiver respectfully recommends that this Court grant the relief requested as set out in the Receiver's Notice of Motion, returnable July 24, 2013.

All of which is respectfully submitted,

GRANT THORNTON LIMITED,
In its capacity as Court-appointed Receiver of
First Leaside and not in its personal capacity

Per:

Jonathan Krieger, CPA, CA, CIRP
Senior Vice President

TAB C

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE [ ]	)	WEDNESDAY, THE 24th
	)	
JUSTICE [ ]	)	DAY OF JULY, 2013

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

INTERIM DISTRIBUTION ORDER

THIS MOTION, made by Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of First Leaside, for an order:

(a) 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 July 24, 2013;

(b) approving the Receiver's proposed distribution matrix (the "**Distribution Matrix**") as described in the Third Report of the Receiver, dated July [ ], 2013 (the "**Third Report**"), including the Receiver's allocation of those general costs that were not specifically incurred in respect of a particular First Leaside entity ("**General Costs**") and costs that were allocated to certain "**Other Entities**" pursuant to a billing protocol that was established in the CCAA proceedings of First Leaside Wealth Management Inc. ("**FLWM**") and certain of its affiliates and subsidiaries, Court File No. 12-9617-00CL (the "**CCAA Proceedings**");

(c) authorizing and directing the Receiver to make an interim distribution (the "**First Interim Distribution**") of proceeds of realization to known creditors of First Leaside ("**Creditors**") and investors who are clients of First Leaside Securities Inc. ("**Investors**"), after accounting for certain holdbacks from the net proceeds of realization in respect of (i) disputed and unresolved claims; (ii) future operating costs of the receivership; and (iii) the Director's Charge established in the CCAA Proceedings in the amount of $250,000 and continued at paragraph 14 of the Discharge and Transition Order dated December 7, 2012 issued in the CCAA Proceedings; and (iv) applying a holdback from the First Interim Distribution of amounts that would otherwise be distributable to Creditors and Investors who are also debtors of FLWM in the amount of such indebtedness (collectively, the "**Holdbacks**"), which Holdbacks are to be retained by the Receiver pending further Order of this Court;

(d) subject to any applicable Holdbacks, authorizing and directing the Receiver to distribute any amounts due and payable to FLEX Fund and FLWM Fund (collectively, the "**First Leaside Investment Funds**") directly to the Investors in the First Leaside Investment Funds, in accordance with each Investor's proportionate interest as determined in the claims process administered by the Receiver pursuant to a December 7, 2012 Order of this Court (the "**Claims Process**");

(e) approving the Receiver's interim receipts and disbursements (the "**June 20, 2013 R&D**") for the period from December 7, 2012 to June 20, 2013;

(f) approving the activities of the Receiver as described in the Third Report; and

(g) approving the fees and disbursements of (i) GTL in its capacity as Monitor in the CCAA Proceedings during the period from December 1, 2012 to December 7, 2012, and in its capacity as Receiver during the period from December 7, 2012 to May 31, 2013, (ii) its counsel, Blake, Cassels & Graydon LLP ("**Blakes**"), Cassels, Brock & Blackwell LLP ("**Cassels Brock**") and Lax, O'Sullivan, Scott & Lisus LLP ("**Lax O'Sullivan**"), and (iii) Dentons Canada LLP ("**Dentons**"), in its capacity as representative counsel for the Investors ("**Representative Counsel**"),

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report, the affidavit of Jonathan Krieger, sworn July 10, 2013 (the "**Krieger Affidavit**"), the affidavit of Pamela L.J. Huff, sworn [July 16], 2013 (the "**Huff Affidavit**"), the affidavit of David Ward, sworn [July 16], 2013 (the "**Ward Affidavit**"), the affidavit of Tracy Wynne, sworn July 9, 2013 (the "**Wynne Affidavit**"), the affidavit of R. Shayne Kukulowicz, sworn June 21, 2013 (the "**Kukulowicz Affidavit**"), and on hearing the submissions of counsel for the Receiver and Representative Counsel, no one else appearing although served as evidenced by the Affidavit of [ ] sworn July [ ], 2013, filed:

<u>Service</u>

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Third Report is hereby abridged and the manner thereof validated so that this Motion is properly returnable today and hereby dispenses with any further or other service thereof.

Distribution

2. **THIS COURT ORDERS** that the Distribution Matrix be and is hereby authorized and approved.

3. **THIS COURT ORDERS** that the Receiver's allocation of General Costs and the allocation of costs of Other Entities as set out in paragraphs [ ] of the Third Report be and are hereby authorized and approved.

4. **THIS COURT ORDERS** that the Receiver's proposed First Interim Distribution be and is hereby authorized and approved and the Receiver be and is hereby authorized and directed to make the proposed First Interim Distribution on behalf of each applicable First Leaside entity to Creditors and Investors for whom amounts are available for distribution pursuant to the Distribution Matrix, which distributions shall be made in accordance with each Investor and/or Creditor's proportionate interest as determined in the Claims Process.

5. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to distribute any amounts due and payable to the First Leaside Investment Funds directly to Investors holding units in such First Leaside Investment Funds in accordance with their proportionate share of such units as determined in the Claims Process.

6. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, other than the proposed First Interim Distribution expressly authorized pursuant to paragraphs 4 and

5 of this Order, the Receiver shall not make any distributions to Creditors or Investors without further Order of this Court.

7. **THIS COURT ORDERS** that the Distribution Matrix and the proposed First Interim Distribution are without prejudice to any claims, arguments or theories of compensation that any Investor may advance in respect of the Canadian Investor Protection Fund compensation process.

8. **THIS COURT ORDERS** that, upon making the First Interim Distribution, the Receiver shall be released and discharged from any and all obligations and claims in respect of the First Interim Distribution.

9. **THIS COURT ORDERS AND DECLARES** that the remittance of the First Interim Distribution by the Receiver as provided herein, including the distributions in respect of the First Leaside Mortgage Funds, is not a "distribution" for purposes of section 159 of the *Income Tax Act* (Canada), section 270 of the *Excise Tax Act* (Canada), section 107 of the *Corporations Tax Act* (Ontario) and section 117(1) of the *Taxation Act*, 2007 (Ontario) (collectively, the "**Acts**"), and that the Receiver, in making the payments and remittances ordered herein is not "distributing," or considered to have "distributed" the proceeds, and shall have no obligation to obtain a clearance certificate in respect of such payments or remittances. The Receiver shall incur no personal liability for or any obligation to remit amounts payable to the Canada Revenue Agency in respect of amounts owing by First Leaside for taxes under the Acts for making the First Interim Distribution.

Receiver's R&D and Activities

10. **THIS COURT ORDERS** that the June 20, 2013 R&D be and is hereby approved.

11. **THIS COURT ORDERS** that the Third Report and the conduct and activities of the Receiver as set out therein be and are hereby approved.

Fees and Disbursements

12. **THIS COURT ORDERS** that the fees and disbursements of GTL, as Monitor in the CCAA Proceedings, for services rendered during the period from December 1 to December 7, 2012, and as Receiver for services rendered during the period from December 8, 2012 to May 31, 2011, in the aggregate amount of $520,972.91 including HST, as detailed in the Krieger Affidavit, be and are hereby approved.

13. **THIS COURT ORDERS** that the fees and disbursements of Blakes, in its capacity as counsel to the Monitor during the period from December 1 to December 7, 2012 and in its capacity as independent counsel to the Receiver from December 8, 2012 to May 31, 2013, in the aggregate amount of $390,526.53 including HST, as detailed in the Huff Affidavit, be and are hereby approved.

14. **THIS COURT ORDERS** that the fees and disbursements of Cassels Brock, in its capacity as special counsel to the Receiver during the period from December 8, 2012 to May 31, 2013, in the aggregate amount of $229,098.68 including HST as detailed in the Ward Affidavit, be and are hereby approved.

15. **THIS COURT ORDERS** that the fees and disbursements of Lax O'Sullivan, in its capacity as litigation counsel to First Leaside and the Receiver during the period from

July 13, 2012 to May 31, 2013, in the aggregate amount of $199,739 plus HST, as detailed in the Wynne Affidavit, be and are hereby approved.

16. **THIS COURT ORDERS** that the fees and disbursements of Representative Counsel, Dentons, during the period from December 1, 2012 to May 31, 2013 in the aggregate amount of $265,858.79 including HST, as detailed in the Kukulowicz Affidavit, be and are hereby approved.

Schedule "A" – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
F.L. Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
2086056 Ontario Inc.
First Leaside Properties Limited Partnership
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.
PrestonThree Development (Canada) Inc.

PrestonFour Development (Canada) Inc.
2088543 Ontario Inc.
2088544 Ontario Inc.
F.L.W. Pond Master Ltd.
2088545 Ontario Inc.
F.L.W. Shores Master Ltd.
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. AND THE APPLICANTS LISTED ON SCHEDULE "A"

Court File No: CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

INTERIM DISTRIBUTION ORDER

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416.863.2958
Fax: 416.863.2653
Email: pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416.863.2566
Email: katherine.mceachern@blakes.com

Matthew Kanter, LSUC #61250D
Tel: 416.863.5825
Email: matthew.kanter@blakes.com

Lawyers for the Receiver

22402834.12

TAB D

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE [ ]	)	WEDNESDAY THE 24th
	)	
JUSTICE [ ]	)	DAY OF JULY, 2013

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

SALE APPROVAL AND VESTING ORDER

(Mill Street Transaction)

THIS MOTION, made by Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed receiver and manager (the "**Receiver**"), without security, of all of the assets, undertakings and properties of First Leaside, for an order (a) approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale dated February 21, 2013 (as amended on May 22, 2013, the "**Sale Agreement**") between F.L. Securities Inc. ("**FL Securities**") in its capacity as general partner of Mill Street Limited Partnership ("**Mill Street LP**" and, collectively with FL Securities, the "**Vendor**"), by GTL in its capacity as Receiver of the Vendor and not in its personal capacity, and 2373521 Ontario Corp. (the "**Purchaser**"), and vesting in the Purchaser the right, title and interest of (i) Mill Street LP, as beneficial owner of the Real Property as defined herein and (ii) FL Securities, in its capacity as registered owner of the Real Property defined herein and in its capacity as general partner of Mill Street LP, in and to the Purchased Assets as described in the Sale Agreement and listed on **Schedule "C"** hereto (the "**Purchased Assets**") and (b) sealing a copy of an appraisal of the Purchased Assets (the "**Residential Appraisal**"), attached as **Confidential**

Appendix "1" to the Third Report of the Receiver, dated July [ ], 2013 (the "**Third Report**") and a copy of the unredacted Sale Agreement, attached as **Confidential Appendix "2"** to the Third Report, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report and on hearing the submissions of counsel for the Receiver, the Purchaser and Representative Counsel representing the interests of the nearly 1,200 clients of First Leaside Securities Inc., no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of [ ], sworn [ ], 2013, filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Third Report is hereby abridged so that this Motion is properly returnable today and that service in the manner effected by the Receiver is validated in all respects.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, including the execution of any assignment and assumption agreement in respect of the Lease (as defined in the Sale Agreement) to be assigned to the Purchaser pursuant to the Sale Agreement. Notwithstanding the execution of the Sale Agreement or any assignment and assumption agreement, the Receiver shall not be deemed to have assumed or adopted the Lease or any obligations or liabilities thereunder.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's Certificate to the Purchaser substantially in the form attached as **Schedule "B"** hereto (the "**Receiver's Certificate**"), all of the Vendor's right, title and interest, if any, in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule "C"** hereto shall vest absolutely in the Purchaser, 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, 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 in Court File No. CV-12-9617-00CL, as amended; (ii) any encumbrances or charges created or continued by the Order of Mr. Justice Wilton-Siegel appointing GTL as Receiver of First Leaside dated December 7, 2012; and (iii) those Claims listed on **Schedule "D"** hereto (all of which are collectively referred to as the "**Encumbrances**"), which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "E"** hereto (collectively, the "**Permitted Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets, other than the Permitted Encumbrances, are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Durham of an Application for Vesting Order in the form prescribed in the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in **Schedule "C"** hereto (the "**Real**

248

Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule "D"** hereto.

5. **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 shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets 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.

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

7. **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 Vendor and any bankruptcy order issued pursuant to any such applications; and

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a settlement, 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.

8. **THIS COURT ORDERS** that the Residential Appraisal, attached to the Third Report as **Confidential Appendix "1"**, and the unredacted Sale Agreement, attached to the Third Report as **Confidential Appendix "2"**, be and remain sealed as confidential pending completion of the Transaction or further Order of this Court.

9. **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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

____

250

Schedule "A" – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
F.L. Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
2086056 Ontario Inc.
First Leaside Properties Limited Partnership
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.

251

PrestonTwo Development (Canada) Inc.
PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.
2088543 Ontario Inc.
2088544 Ontario Inc.
F.L.W. Pond Master Ltd.
2088545 Ontario Inc.
F.L.W. Shores Master Ltd.
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership

Schedule "B" – Form of Receiver's Certificate

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (the "**Court**") dated December 7, 2012, Grant Thornton Limited ("**GTL**") was appointed as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of First Leaside.

B. Pursuant to an Order of the Court dated [ ], 2013, (the "**Sale Approval and Vesting Order**"), the Court approved the agreement of purchase and sale dated February 21, 2013 (as amended on May 22, 2013) (the "**Sale Agreement**") between F.L. Securities Inc. ("**FL Securities**"), in its capacity as general partner of Mill Street Limited Partnership ("**Mill Street LP**" and, collectively, with FL Securities, the "**Vendor**"), by GTL in its capacity as receiver of the Vendor, and 2373521 Ontario Corp. (the "**Purchaser**") and provided for the vesting in the Purchaser of the right, title and interest of FL Securities, in its capacity as general partner of Mill Street LP and of Mill Street LP, in and to the Purchased Assets[1] upon the delivery by the Receiver 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 Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) that the Transaction (as defined in the Sale Approval and Vesting Order) has been completed to the satisfaction of the Receiver.

THE RECEIVER CERTIFIES the following:

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

---

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

2. The conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and

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

4. This Certificate was delivered by the Receiver at [TIME] on [DATE].

Grant Thornton Limited, in its capacity as Receiver of the assets, undertakings and properties of F.L. Securities Inc. as General Partner of Mill Street Limited Partnership, and of Mill Street Limited Partnership and not in its personal or corporate capacity

Per: ______________________________

Name:

Title:

Schedule "C" – Purchased Assets

(i) 62 Mill Street, Uxbridge Ontario, comprising of approximately 3.74 acres, legally described as:

Firstly Lands:

PIN 26838-0207(LT), being PCL 6-28-4 SEC UXBRIDGE; *LT 533-1/2* MUNICIPAL PL 83, LTS 528, 529 & PT LT 527 BLK FFF & PT ORCHARD ST, PL H-50065, IN THE TOWNSHIP OF UXBRIDGE, IN THE REGIONAL MUNICIPALITY OF DURHAM, FORMERLY THE TOWNSHIP OF UXBRIDGE AND THE TOWN OF UXBRIDGE, COUNTRY OF ONTARIO, PT 1, 40R10313; *AMENDED 99 08 27 BY T. CUTLER; TOWNSHIP OF UXBRIDGE; and

Secondly Lands:

PIN 26838-0223(LT), being LTS 5 & 488-1/2 BTN BLKS BBB & CCC, LTS 484, 485, 486, 487, 487-1/2, BLK BBB, LTS 525, 526 & 527 BLK FFF, & PT LT 491/1/2 BLK CCC, PL 83, AS IN D422280; UXBRIDGE

(collectively, the "**Real Property**"),

together with the buildings, structures, erections, improvements and appurtenances located on, in or under the Real Property and any fixtures owned by the Vendor located on, in or under the Real Property, as well as all easements, rights-of-way and interest appurtenant thereto;

(ii) The Vendor's interest the Tenancy Agreement, dated as of March 1, 2012 made pursuant to the provisions of the *Residential Tenancies Act*, S.O. 2006, Chap. 17 between Mill Street Limited Partnership and Cindy Smith.

Schedule "D" – Claims to be deleted and expunged from title to Real Property

(i) Charge/Mortgage granted by F.L. Securities Inc. in favour of First Leaside Nominee Services Inc. in the original principal amount of $656,250, registered against title to the Firstly Lands of the Real Property on December 17, 2010 as Instrument No. DR958943, and registered against title to the Secondly Lands of the Real Property on July 27, 2011 as Instrument No. DR1011611 (collectively, the "**Original Mortgage**"); and

(ii) Notice of an agreement amending the Original Mortgage (the "**Mortgage Amendment**" and, together with the Original Mortgage, the "**Mortgage**"), registered against title to the Real Property on July 29, 2011 as Instrument No. DR1012575 and pursuant to which the principal amount secured by the Mortgage was increased to $900,000.

Schedule "E" – Permitted Encumbrances

1. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown including, without limitation, the reservation of any mines and minerals in the Crown or in any other person.

2. Subdivision agreements, site plan control agreements, servicing or industrial agreements, utility agreements, airport zoning regulations and other similar agreements with government authorities or private or public utilities affecting the development or use of the Real Property.

3. Encumbrances respecting minor encroachments by the Real Property over neighbouring lands or by improvements on neighbouring lands and/or permitted under agreements with the owners of such other lands.

4. Title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use or marketability of the Real Property for the purposes for which it is presently used.

5. Any easements or rights of way in favour of any governmental authority, any private or public utility, any railway company or any adjoining owner.

6. The exceptions and qualifications contained in Section 44(1) of the *Land Titles Act* (Ontario), except paragraphs 1, 2, 3, 5, 6, 8, 9, 11 and 14, provincial succession duties and escheats and forfeiture to the Crown.

7. Liens for taxes, rates, assessments or governmental charges or levies not yet due and payable.

8. Any unregistered easements, rights-of-way or other unregistered interests or claims not disclosed by registered title in respect of the provision of utilities to the Real Property.

9. Any rights of expropriation, access or use or any other similar rights conferred or reserved by or in any statutes of Canada or the Province of Ontario.

10. The Tenancy Agreement, dated as of March 1, 2012 made pursuant to the provisions of the *Residential Tenancies Act*, S.O. 2006, Chap. 17 between Mill Street Limited Partnership and Cindy Smith.

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. AND THE APPLICANTS LISTED ON SCHEDULE "A"

Court File No: CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

SALE APPROVAL AND VESTING ORDER

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416.863.2958
Fax: 416.863.2653
Email: pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416.863.2566
Email: katherine.mceachern@blakes.com

Matthew Kanter, LSUC #61250D
Tel: 416.863.5825
Email: matthew.kanter@blakes.com

Lawyers for the Receiver

22345995.7

TAB E

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE [ ]	)	WEDNDESDAY THE 24th
	)	
JUSTICE [ ]	)	DAY OF JULY, 2013

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

SALE APPROVAL AND VESTING ORDER

(U.S. Purchased Assets)

THIS MOTION, made by Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of First Leaside, for an Order:

(a) appointing GTL as receiver, without security, over the assets, undertakings and property of 2004516 Ontario Inc. ("**2004516**") on the terms set out in the Order of Justice Wilton-Siegel dated December 7, 2012 (the "**Receivership Order**") to add 2004516 for the sole purpose of conveying certain US Purchased Assets (as defined below) held by 2004516;

(b) approving the transaction (the "**Transaction**") contemplated by a transfer agreement dated July 10, 2013 (the "**Transfer Agreement**"), a copy of which is attached as **Appendix "[ ]"** to the Third Report of the Receiver dated [ ] (the "**Third Report**"), between the Receiver and First Leaside Fund, Wimberly Fund, First Leaside Properties Fund, First Leaside Mortgage Fund, Rescue Limited Partnership, 2375843 Ontario Inc., 2375844 Ontario Inc. and 2375845 Ontario

Inc. (collectively, the "**Purchasers**"), pursuant to which each Purchaser will purchase the corresponding asset(s) described in the Schedules to the Transfer Agreement and attached as **Schedule "B"** hereto (collectively, the "**US Purchased Assets**"), and vesting in each of the respective Purchasers all of the Receiver's respective right, title and interest, if any, and all of the Vendors' (as defined in the Transfer Agreement) respective right, title and interest in and to the US Purchased Assets;

(c) effective on the closing of the Transaction, terminating these receivership proceedings and discharging the Receiver in respect of those First Leaside entities the shares and/or limited partnership units of which are to be sold pursuant to the Transfer Agreement; and

(d) effective on the closing of the Transaction, amending **Schedule "A"** to the title of proceedings in the form attached hereto as **Amended Schedule "A"** to reflect the termination of these receivership proceedings in respect of certain First Leaside entities and the addition of 2004516 Ontario Inc. to the proceedings,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report and on hearing the submissions of counsel for the Receiver, the Purchasers and Representative Counsel representing the interests of the nearly 1,200 clients of First Leaside Securities Inc., no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of [ ], sworn [ ], 2013, filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Third Report is hereby abridged so that this Motion is properly returnable today and that service in the manner effected by the Receiver is validated in all respects.

2. **THIS COURT ORDERS** that pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, GTL is hereby appointed Receiver, without security, of all assets, undertakings, and remaining properties of 2004516 Ontario Inc. on the terms set out in the Receivership Order.

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Transfer Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the US Purchased Assets to the Purchasers.

4. **THIS COURT ORDERS** that the Receiver is hereby authorized

(a) to execute in the name of First Leaside Finance Inc. such instruments and documents as are necessary to convey title to the following real property in the State of Texas, U.S.A., legally described as:

(i) BLUFFS OF LAKEWOOD CONDOS BLK A/2699 PT LT 1 ACS 2.07 BLDG B UNIT 2318 CE .7452% INT20070439648 DD11302077 CO-DC 2699 00A 00100 1002699 00QA; and

(ii) Unit No. 1105, Building K, of PRESTON RAQUET CLUB CONDOMINIUM, a Condominium in the City of Dallas, Dallas County, Texas, together with an undivided interest in the common elements according to the Declaration recorded in Volume 81165, Page 2600, Condominium Records of Dallas County, Texas. As corrected in Volume

81176, Page 2020, Real Property Records, Dallas County, Texas, and supplemented in Volume 82122, Page 2911, Real Property Records, Dallas County, Texas (together with subsection 3(a), the "**Texas Condos**"); and

(b) to execute in the name of Wimberly Apartments Limited Partnership and, to the extent necessary, in the name of its general partner, 965010 Ontario Inc., such instruments and documents as are necessary to convey title to the following real property in the State of Texas, U.S.A., legally described as: CHIEFS ADDN, BLOCK 1, LOT 2&3, CHURCH 2001 01, ACRES 4.6 CHURCH 2001 02 (the "**Sherman Church Property**").

5. **THIS COURT ORDERS** that other than executing documents as authorized by paragraphs 3 and 4 above, the Receiver shall have no further obligations with respect to conveying the Texas Condos and/or the Sherman Church Property and, for greater certainty, shall not be required to seek or obtain any order in any foreign court recognizing this Sale Approval and Vesting Order.

6. **THIS COURT ORDERS AND DECLARES** that upon delivery of a Receiver's Certificate to the Purchasers substantially in the form attached as **Schedule "C"** hereto (the "**Receiver's Certificate**"), all of the Receiver's right, title and interest, if any, and all of each Vendor's respective right, title and interest in and to the US Purchased Assets shall vest absolutely in the relevant Purchasers, as provided for in the Transfer Agreement, free and clear of and from (i) any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges or other financial or monetary claims of First Leaside Wealth

Management Inc. or any of the entities listed on **Schedule "A"** attached hereto, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**First Leaside Claims**"), (ii) any encumbrances or charges created by the Order of Mr. Justice Brown dated February 23, 2012 in Court File No. CV-12-9617-00CL (as amended), and (iii) any encumbrances or charges created or continued by the Receivership Order (collectively, the "**First Leaside Encumbrances**") and, for greater certainty, this Court orders that all of the First Leaside Encumbrances, if any, affecting or relating to the US Purchased Assets are hereby expunged and discharged as against the US Purchased Assets.

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of the First Leaside Claims and First Leaside Encumbrances, the net cash proceeds from the sale of the US Purchased Assets shall stand in the place and stead of the US Purchased Assets, and that from and after the delivery of the Receiver's Certificate all First Leaside Claims and First Leaside Encumbrances shall attach to the net proceeds from the sale of the US Purchased Assets with the same priority as they had with respect to the US Purchased Assets immediately prior to the sale as if the US 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.

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

9. **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 any Vendor;

the vesting of the US Purchased Assets in the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Vendors and shall not be void or voidable by creditors of any Vendor, nor shall it constitute nor be deemed to be a settlement, 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.

10. **THIS COURT ORDERS** that effective on the closing of the Transaction, these receivership proceedings shall be terminated in respect of the following First Leaside entities the shares and/or limited partnership units of which are being acquired pursuant to the Transaction:

(a) First Leaside Properties Limited Partnership;

(b) F.L.W. Pond Master, Ltd.;

(c) F.L.W. Shores Master Ltd.;

(d) 2088543 Ontario Inc.;

(e) 2088544 Ontario Inc.;

(f) 2088545 Ontario Inc.; and

(g) 2086056 Ontario Inc.

11. **THIS COURT ORDERS** that effective on the closing of the Transaction, **Schedule "A"** to the title of proceedings shall be amended in the form attached hereto as **Amended Schedule "A"** to reflect that these receivership proceedings have been terminated with respect to the entities listed in paragraph 10 above, and to reflect the addition of 2004516 Ontario Inc. to the proceedings.

12. **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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule "A" – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
F.L. Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
2086056 Ontario Inc.
First Leaside Properties Limited Partnership
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.

PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.
2088543 Ontario Inc.
2088544 Ontario Inc.
F.L.W. Pond Master Ltd.
2088545 Ontario Inc.
F.L.W. Shores Master Ltd.
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership

Amended Schedule "A" – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
F.L. Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
~~2086056 Ontario Inc.~~
~~First Leaside Properties Limited Partnership~~
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.

PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.
~~2088543 Ontario Inc.~~
~~2088544 Ontario Inc.~~
~~F.L.W. Pond Master Ltd.~~
~~2088545 Ontario Inc.~~
~~F.L.W. Shores Master Ltd.~~
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership
2004516 Ontario Inc.

Schedule B – US Purchased Assets and Corresponding Purchasers

Transferred LP Interests

The following table sets out details of the Transferred LP Interests in respect of the Transferred LPs. The Transferred LP Interests comprise:

a) units of limited partnership interest in certain of the Transferred LPs (i.e., the Transferred LPs formed under Ontario law), and

b) a stated percentage of "project capital" in the remaining Transferred LPs (i.e., the Transferred LPs formed under Texas law).

Capitalized terms used in this schedule have the meanings ascribed to such terms in the Transfer Agreement.

Vendor	Transferred LP	Transferred LP Interest	% of Total LP Interest	Purchaser
WALP	FL Master Texas	99.99% of Project Capital	100%	Texas Purchasers
Old Mill Pond LP	FLW Pond	9.8% of Project Capital	9.8%*	Spring Valley PurchaseCo**
Shores LP	FLW Shores	5.7% of Project Capital	5.7%*	Spring Valley PurchaseCo**
FL Partners LP	FL US Holdings	2,951,774.00 LP Units	100%	Litigation PurchaseCo
Spring Valley LP	Spring Valley (US) LP	LP Units/Project Capital ***	100%	Spring Valley PurchaseCo
WALP	FL Properties LP	2,362,257.18 LP Units	100%	FL Properties Fund

* FL Texas holds the remaining limited partnership interest.

** Spring Valley PurchaseCo is purchasing in trust for FL Texas.

*** The precise limited partnership interest to be transferred has not been determined definitively, but it is the belief of the parties that it represents all of the limited partnership interest or project capital in Spring Valley LP that is not owned by the general partner of Spring Valley LP. This transfer is being done on this basis.

269

Transferred GP Shares

The following table sets out details of the Transferred GP Shares in respect of the Transferred GPs.

Capitalized terms used in this schedule have the meaning ascribed to such terms in the Transfer Agreement.

Vendor	Transferred GP	Corresponding Transferred LP	Transferred GP Shares	% of Total GP Shares	Purchaser
965010 Ontario Inc.	2088543 Ontario Inc.	FL Master Texas	100 Common Shares	100%	GP Purchase Co
1024919 Ontario Inc.	2088544 Ontario Inc.	FLW Pond	100 Common Shares	100%	GP Purchase Co
1045517 Ontario Inc.	2088545 Ontario Inc.	FLW Shores	100 Common Shares	100%	GP Purchase Co
FL Securities	2086056 Ontario Inc.	FL Properties LP	100 Common Shares	100%	GP Purchase Co
FLRII	Master Sherman GP	FL Properties LP	100 Common Shares	100%	GP Purchase Co

270

Texas Condos

The following table sets out details of the Texas Condos.

Capitalized terms used in this schedule have the meaning ascribed to such terms in the Transfer Agreement.

Vendor	# of Condo Units	Apartment Project	Description of Condo	Purchaser
FL Finance	1	THE BLUFFS OF LAKEWOOD 7510 EAST GRAND DALLAS, TEXAS 75214	**Description**: BLUFFS OF LAKEWOOD CONDOS BLK A/2699 PT LT 1 ACS 2.07 BLDG B UNIT 2318 CE .7452% INT20070439648 DD11302007 CO-DC 2699 00A 00100 1002699 00A	Spring Valley PurchaseCo *
FL Finance	1	PRESTON RACQUET CLUB CONDOMINIUM 5840 SPRING VALLEY ROAD DALLAS, TEXAS 75254	**Legal Description:** Unit No 1105, Building K, of PRESTON RACQUET CLUB CONDOMINIUM, a Condominium in the City of Dallas, Dallas County, Texas together with an undivided interest in the common elements according to the Declaration recorded in Volume 81165, Page 2600, Condominium Records of Dallas County, Texas. As corrected in Volume 81176, Page 2020, Real Property Records , Dallas County, Texas, and supplemented in Volume 82122, Page 2911, Real Property Records, Dallas County, Texas.	Spring Valley PurchaseCo *

* Spring Valley PurchaseCo is purchasing in trust for F.L.W. Bluffs, Ltd. and F.L.W. Preston, Ltd.

271

Sherman Church Property

The following table sets out details of the Sherman Church Property.

Capitalized terms used in this schedule have the meaning ascribed to such terms in the Transfer Agreement.

Vendor	Description of Property	Description of Lien on Property	Purchaser
WALP	**MUNICIPAL ADDRESS:** 920 SOUTH HERITAGE PARKWAY, SHERMAN, TEXAS **LEGAL DESCRIPTION:** CHIEFS ADDN, BLOCK 1, LOT 2&3, CHURCH 2001 02, ACRES 4.6 CHURCH 2001 02	Description of Lien: Deed of Trust Lienholder: FL Mortgage Fund Original Amount of Lien: $300,000.00 Recording Information: Volume 4863, Page 493, Official Public Records, Grayson County, Texas Date of Filing: September 29, 2010	FL Mortgage Fund

272

Repurchased Fund Units

The following table sets out details of the Repurchased Fund Units.

Capitalized terms used in this schedule have the meaning ascribed to such terms in the Transfer Agreement.

Vendor	Fund	Class of Unit	Percentage of total units of Fund	Number of Units	Purchaser
Spring Valley LP	Wimberly Fund	Class A	6.14%	640,000	Rescue Fund
FL Finance	Wimberly Fund	Class B	0.63%	66,000	Rescue Fund
FL Finance	FL Fund	Class C	0.98%	429,485.05 *	Rescue Fund
2004516 Ontario Ltd.	FL Fund	Class C	0.80%	350,781.14	Rescue Fund
FL Finance	FL Properties Fund	Class B	0.71%	103,207	FL Properties Fund
FL Finance	FL Properties Fund	Class C	0.83%	120,282.18 *	FL Properties Fund
FL Securities	FL Properties Fund	Class C	0.03%	4,247.51 *	FL Properties Fund

* Distribution entitlement is capitalized on Class C Units. Therefore, the number of units reflects accrued distribution entitlement to the end of October, 2011.

273

Schedule C – Form of Receiver's Certificate

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc., *et al.* (collectively, **"First Leaside"**)

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (the "**Court**") dated December 7, 2012, Grant Thornton Limited ("**GTL**") was appointed as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of First Leaside.

B. Pursuant to an Order of the Court dated July 10, 2013, the Court approved the transfer agreement, dated [ ], 2013 (the "**Transfer Agreement**"), between the Receiver and First Leaside Fund, Wimberly Fund, First Leaside Properties Fund, First Leaside Mortgage Fund, Rescue Limited Partnership, 2375843 Ontario Inc., 2375844 Ontario Inc. and 2375845 Ontario Inc. (collectively, the "**Purchasers**") and provided for the vesting in the Purchasers of the Receiver's right, title and interest, if any, and the Vendors'[1] right title and interest, in and to the US Purchased Assets upon the delivery by the Receiver to the Purchasers of a certificate confirming (i) the payment by the Purchasers of the Purchase Price for the US Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the Transfer Agreement have been satisfied or waived by the Receiver; and (iii) that the Transaction has been completed to the satisfaction of the Receiver.

THE RECEIVER CERTIFIES the following:

1. The Purchasers have paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Transfer Agreement;

2. The conditions to Closing as set out in Article 5 of the Transfer Agreement have been satisfied or waived by the Receiver and the Purchasers; and

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

---

[1] Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Transfer Agreement or the Sale Approval and Vesting Order, as applicable.

4. This Certificate was delivered by the Receiver at [TIME] on [DATE].

GRANT THORNTON LIMITED, in its capacity as Receiver of Wimberly Apartments Limited Partnership, 965010 Ontario Inc., Old Mill Pond Apartments Limited Partnership, 1024919 Ontario Inc., The Shores Limited Partnership, 1045517 Ontario Inc., First Leaside Partners Limited Partnership, F.L. Spring Valley Limited Partnership, F.L. Securities Inc., First Leaside Realty II Inc., First Leaside Finance Inc. and 2004516 Ontario Ltd., and not in its personal or corporate capacity

Per: ______________________________

Name:

Title:

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. AND THE APPLICANTS LISTED ON SCHEDULE "A"

Court File No: CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

SALE APPROVAL AND VESTING ORDER

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416.863.2958
Fax: 416.863.2653
Email: pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416.863.2566
Email: katherine.mceachern@blakes.com

Matthew Kanter, LSUC #61250D
Tel: 416.863.5825
Email: matthew.kanter@blakes.com

Lawyers for the Receiver

22357984.15

276

TAB F

Court File No. CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE [ ]	)	WEDNESDAY, THE 24th
	)	
JUSTICE [ ]	)	DAY OF JULY, 2013

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc. and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

DISCHARGE ORDER

THIS MOTION, made by Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of First Leaside Properties Limited Partnership, F.L.W. Pond Master, Ltd., F.L.W. Shores Master Ltd., 2088543 Ontario Inc., 2088544 Ontario Inc. 2088545 Ontario Inc. and 2086056 Ontario Inc. (collectively, the "**Transferred Entities**"), for an order:

(a) discharging GTL as Receiver of the undertaking, property and assets of the Transferred Entities; and

(b) releasing GTL from any and all liability, as set out in paragraph 2 of this Order,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver dated July [ ], 2013 (the "**Third Report**"), and on hearing the submissions of counsel for the Receiver, and Dentons Canada LLP in its capacity as Representative Counsel representing the interests of the nearly 1,200 clients of First Leaside Securities Inc., no one else appearing although served as evidenced by the Affidavit of [NAME] sworn [DATE], filed;

1. **THIS COURT ORDERS** that upon the filing of a Receiver's Certificate confirming the completion of the US Asset Transaction (as defined in the Third Report), the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Transferred Entities, provided however that notwithstanding its discharge herein (a) the Receiver shall remain

Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership of the Transferred Entities herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of GTL in its capacity as Receiver.

2. **THIS COURT ORDERS AND DECLARES** that GTL is hereby released and discharged from any and all liability that GTL now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of GTL while acting in its capacity as Receiver of the Transferred Entities herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, GTL is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings with respect to the Transferred Entities, save and except for any gross negligence or wilful misconduct on the Receiver's part.

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. AND THE APPLICANTS LISTED ON SCHEDULE "A"

Court File No: CV-12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

DISCHARGE ORDER

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416.863.2958
Fax: 416.863.2653
Email: pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416.863.2566
Email: katherine.mceachern@blakes.com

Matthew Kanter, LSUC #61250D
Tel: 416.863.5825
Email: matthew.kanter@blakes.com

Lawyers for the Receiver

12653025.2

Court File No: CV-12-9930-00CL

IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. *ET AL.*

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

MOTION RECORD
(Returnable July 24, 2013)

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Pamela L.J. Huff, LSUC #27344V
Tel: 416-863-2958
Fax: 416-863-2653
Email: pamela.huff@blakes.com

Katherine McEachern, LSUC #38345M
Tel: 416-863-2566
Email: katherine.mceachern@blakes.com

Matthew Kanter, LSUC, #61250D
Tel: 416-863-5825
Email: matthew.kanter@blakes.com

Lawyers for Grant Thornton Limited in its capacity as Court-Appointed Receiver