



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE WILTON-SIEGEL

) TUESDAY, THE 19th
)
) DAY OF FEBRUARY, 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

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 between the Receiver and B.T.F. Ventures Inc. (the "**Purchaser**"), dated January 11, 2013 (the "**Sale Agreement**"), a copy of which is attached as Confidential Appendix 1 to the Second Report of the Receiver dated February 8, 2013 (the "**Second Report**"), and vesting in the Purchaser the right, title and interest of First Leaside Realty II Inc., in its capacity as registered owner of the Property as defined in the Sale Agreement and in its capacity as general partner of Uxbridge Development Limited Partnership (the units of which are owned by First Leaside Progressive Limited Partnership, the general partner of which is also First Leaside Realty II Inc.) (the "**Vendor**") in and to the Purchased Assets as described in the Sale Agreement and listed on **Schedule "C"** hereto; and (b) sealing the confidential Sale Agreement and a summary of other offers received for the Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver and representative counsel for the investors in 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 Christina DeLuca, sworn February 13, 2013, filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Second 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 an Assignment and Assumption Agreement in respect of certain Leases (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 any of the Leases 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 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 the Honourable Mr. Justice Brown dated February 23, 2012, as amended, in Court File No. CV-12-9617-00CL (the "**Initial Order**"); (ii) any encumbrances or charges created or continued by the order of the Honourable Mr. Justice Wilton-Siegel appointing GTL as Receiver of First Leaside dated December 7, 2012 (the "**Receivership Order**"); 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"**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

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"** paragraph (i) hereto (the "**Real 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 terms of the Sale Agreement and the summary of all other offers for the Purchased Assets, attached to the Receiver's Report as **Confidential Appendix "1"** and **Confidential Appendix "2"**, respectively, shall be and remain sealed as confidential pending completion of the Sale 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.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



FEB 19 2013

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

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., *et al.* (collectively, "First Leaside")

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable 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 February [19], 2013, the Court approved the agreement of purchase and sale dated January 11, 2013 (the "**Sale Agreement**") between the Receiver and B.T.F. Ventures Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the right, title and interest of First Leaside Realty II Inc., in its capacity as general partner of Uxbridge Development Limited Partnership, in and to the Purchased Assets 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 has been completed to the satisfaction of the Receiver.

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

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;
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 undertaking, property
and assets of First Leaside Realty II Inc.
in its capacity as General Partner of
Uxbridge Development Limited
Partnership, and not in its personal
capacity**

Per: _____

Name:

Title:

Schedule C – Purchased Assets

- (i) Part lots 26 and 27, Concession 6, Uxbridge designated as Part I on 40R-8540, Township of Uxbridge, Regional Municipality of Durham, bearing PIN 26850-0374 (LT). Municipally known as 164 Cemetery Road, Uxbridge, Ontario; and
- (ii) The Vendor's interest in the Leases.

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

Mortgage registered against title to the Property on January 18, 2011 as Instrument No. D964596 in favour of First Leaside Nominee Services Inc. in the principal amount of \$675,000 (the "**Original Mortgage**")

Agreement amending the Original Mortgage (the "**Mortgage Amendment**" and, together with the Original Mortgage, the "**Mortgage**"), notice of which was registered against title to the Property on July 29, 2011 as Instrument No. DR1012580 pursuant to which the principal amount secured by the Mortgage was increased to \$1,650,000.

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 Lands.
3. Encumbrances respecting minor encroachments by the Lands 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 Lands 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. 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 Lands.
8. 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.
9. The Leases referenced in Schedule "B" to the Sale Agreement.

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

SALE APPROVAL AND VESTING ORDER

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

Pamela 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