

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc., 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 (collectively, "First Leaside" or the "Receivership Applicants")

**MOTION RECORD
(Returnable December 27, 2012)**

December 20, 2012

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IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc., 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 (collectively, "First Leaside" or the "Receivership Applicants")

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TAB 1

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

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**NOTICE OF MOTION
(Returnable December 27, 2012)**

Grant Thornton Limited ("GTL"), in its capacity as Court-appointed receiver and manager (the "Receiver"), without security, of all of the assets, undertakings and properties of First Leaside will bring a Motion before a Judge presiding over the Commercial List on Thursday, December 27, 2012 at 9:30 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, M5G 1R7.

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);
- ☒ orally.

THE MOTION IS FOR AN ORDER:

- (a) authorizing the Receiver to administer the receivership estates of First Leaside (the "**Receivership Estates**") as if such Receivership Estates were a single receivership estate for the purpose of carrying out its administrative duties and responsibilities to the Office of the Superintendent of Bankruptcy (the "**OSB**") as Receiver under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), including, without limitation,
 - (i) authorization to file joint notices with the OSB under Section 245(1) of the BIA in respect of all Receivership Estates; and
 - (ii) authorization to issue joint reports and statements under Section 246 of the BIA in respect of all Receivership Estates;
- (b) providing that the OSB shall issue one estate number in respect of all Receivership Estates;

- (c) providing that, in all other respects, paragraph 5 of the Order issued by Mr. Justice Wilton-Siegel dated December 7, 2012 (the “**Receivership Order**”), attached as **Appendix “1”** to the First Report of GTL, in its capacity as Receiver of First Leaside (the “**First Report**”) shall continue to apply to the Receiver’s obligations pursuant to Sections 245 and 246 of the BIA; and
- (d) such further and other relief as this Court may deem just.

THE GROUNDS FOR THE MOTION ARE AS FOLLOWS:

- (a) on December 7, 2012, Mr. Justice Wilton-Siegel issued the Receivership Order appointing GTL as Receiver, without security, of all of the assets, undertakings and properties of First Leaside;
- (b) the Receiver has estimated that preparing separate notices, statements and reports to the OSB for each of the Receivership Applicants as set out in Sections 245 and 246 of the BIA, would cost (both in terms of professional time and statutory filing fees) more than \$40,000 and would require in excess of 200 hours over the course of these receivership proceedings;
- (c) the service list of First Leaside’s CCAA proceedings has been provided notice of the termination of the CCAA proceedings and the commencement of these receivership proceedings, and all investors will be provided notice of the receivership by Representative Counsel;
- (d) thus, the Receiver is seeking an Order from this Court that will permit the use of one estate number by the OSB for all Receivership Estates and will

streamline the reporting requirements to the OSB under Sections 245 and 246 of the BIA by permitting the filing of joint reports and statements for all Receivership Estates;

- (e) additional grounds set forth in the First Report;
- (f) rules 1.04, 2.01, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, reg. 194 as amended;
- (g) sections 11, 97 and 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended; and
- (h) 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 First Report; and
- (b) such further and other evidence as the lawyers may advise and this Court may permit.

December 19, 2012

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ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

NOTICE OF MOTION

(Returnable December 27, 2012)

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TAB 2

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., 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 (collectively, "First Leaside")

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

DECEMBER 19, 2012

APPENDICES

1. Appointment Order of Mr. Justice Wilton-Siegel dated December 7, 2012.

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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., 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 (collectively, "First Leaside" or the "Receivership Applicants")

DECEMBER 19, 2012

INTRODUCTION AND PURPOSE OF THE FIRST REPORT

1. On December 7, 2012, Mr. Justice Wilton-Siegel issued an Order (the "**Receivership Order**") appointing Grant Thornton Limited ("**GTL**") as receiver and manager (the "**Receiver**") without security, of all of the assets, undertakings and properties of First Leaside. A copy of the Receivership Order is attached as **Appendix "1"**.
2. This first report (the "**First Report**") outlines the basis for the Receiver's request for an Order:
 - (a) authorizing the Receiver to administer the receivership estates of First Leaside (the "**Receivership Estates**") as if such Receivership Estates were a single receivership estate for the purpose of carrying out its administrative duties and responsibilities to the Office of the Superintendent of Bankruptcy (the "**OSB**") as Receiver under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), including, without limitation,
 - (i) authorization to file joint notices under Section 245(1) of the BIA in respect of all Receivership Estates with the OSB; and
 - (ii) authorization to issue joint reports and statements pursuant to Section 246 of the BIA in respect of all Receivership Estates;

- (b) providing that the OSB shall issue one estate number in respect of all Receivership Estates; and
- (c) providing that, in all other respects, paragraph 5 of the Receivership Order shall continue to apply to the Receiver's obligations pursuant to Sections 245 and 246 of the BIA.

BACKGROUND LEADING TO THE RECEIVERSHIP

3. On February 23, 2012 an application was made on behalf of certain of the Applicants (the "**CCAA Applicants**") to the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"). On that date, the Court issued an order (as amended by the Court from time to time), *inter alia*, granting the CCAA Applicants the protection of a stay of proceedings and appointing GTL as the monitor under the CCAA.
4. Between February 23, 2012 and December 7, 2012 under the direction of G.S. MacLeod & Associates Inc. (the "**CRO**") the majority of First Leaside's assets and undertakings were wound-up in an effort to maximize recoveries for the impacted stakeholders.
5. As set out in the CRO affidavit dated December 3, 2012, the CRO brought a motion to terminate the CCAA Proceedings and sought a Receivership Order from this Court in an effort to, among other things, realize on the remaining

assets, reduce administration costs and ultimately facilitate distributions to stakeholders under the supervision of this Court.

6. Sections 245 and 246 of the BIA provide for a receiver to (a) give notice of the receivership to all known creditors and the OSB; and (b) provide statements and reports to the OSB and any creditors that request same.
7. The CCAA Applicants comprised in excess of 100 corporations and limited partnerships. The Receivership Applicants are comprised of 83 corporations and limited partnerships.
8. The Receiver has estimated that the cost (both in terms of professional time and statutory filing fees) of preparing notices under separate administrations as set out under Sections 245 and 246 of the BIA would be more than \$40,000 and would require the Receiver to expend in excess of 200 hours over the course of the administration of the Receivership Applicants.
9. All creditors were provided notice of the CCAA Proceedings. As well, all investors will be provided notice of the receivership through a report by Representative Counsel.
10. In order to address administrative costs, and given the existing notices that had been made under the CCAA, paragraph 5 of the Receivership Order relieved the Receiver from compliance with statutory provisions as set out in Sections 245(1), 245(2) and 246 of the BIA provided that the Receiver provided notice of its appointment to the Office of the Superintendent of Bankruptcy (the "OSB").

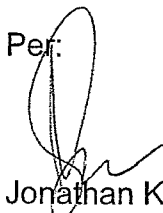
However, in consultation with OSB, it has been determined that additional relief is necessary in order to accommodate the administrative reporting requirements of the OSB.

11. As such, the Receiver is seeking an order from this Court that will permit the use of one estate number by the OSB for all Receivership Estates, and will streamline the reporting requirements to the OSB under Sections 245 and 246 of the BIA by permitting the filing of joint reports and statements for all Receivership Estates.
12. For further clarity, the Receiver notes that this request should in no way be construed as having the effect of substantially consolidating any the Receivership Estates, nor will it have any impact on the manner in which the Receiver ultimately distributes proceeds to creditors and investors.
13. The Receiver respectfully recommends that this Court grant the relief requested as set out in the Receiver's notice of motion dated December 19, 2012.

All of which is respectfully submitted,

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

Per:



Jonathan Krieger, CA•CIRP
Senior Vice President

APPENDIX 1

Court File No. CV12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE
JUSTICE WILTON-SIEGEL

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FRIDAY, THE 7th
DAY OF DECEMBER, 2012

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

RECEIVERSHIP ORDER

This application (the "**Application**") made by the above-noted Applicants (each, an "**Applicant**" and, collectively, "**First Leaside**") for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Grant Thornton Limited as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of First Leaside acquired for, or used in relation to a business carried on by First Leaside, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING First Leaside's Notice of Motion, Notice of Application, the Affidavit of Gregory MacLeod, sworn December 3, 2012 (the "**MacLeod Affidavit**") and filed in Commercial List File No. CV-12-9617-00CL (the "**CCAA Proceedings**"), the combined Seventh Report of Grant Thornton Limited, in its capacity as Court-appointed monitor, and pre-filing report of Grant Thornton Limited (as combined, the "**Seventh Report**"), in its capacity as proposed Receiver and on hearing the submissions of counsel for First Leaside, the Receiver and Fraser Milner Casgrain LLP in its capacity as Court-appointed representative counsel ("**Representative Counsel**") representing the interests of the nearly 1,200 clients of First Leaside Securities Inc. ("**FLSI**"), counsel for the OSC, counsel for IIROC, and counsel for the Independent Committee of the Board of Directors of First Leaside Wealth Management Inc., counsel for the Trustees of the First Leaside Fund and Wimberly Fund, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Patricia Hoogenband sworn December 4, 2012 and Maria Konidis sworn December 5, 2012, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

AMENDMENT

2. **THIS COURT ORDERS** that the title of proceedings of this Application is hereby amended to add First Leaside Retirement Residences Limited Partnership, F.L. PrimeTime Living Limited Partnership and Harmony Townhomes Limited Partnership as Applicants to the receivership proceedings and as entities entitled to the benefit of this Receivership Order and any other orders made in this Application.

APPOINTMENT OF RECEIVER

3. **THIS COURT ORDERS** that pursuant to section 101 of the CJA, Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and remaining properties of First Leaside acquired for, or used in relation to a business carried on by First Leaside, including all proceeds thereof (the "**Property**").

4. **THIS COURT DECLARES** that the Receiver is a receiver within the meaning of Section 243(2)(b) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**").

5. **THIS COURT ORDERS** that the Receiver be and is hereby relieved from compliance with the provisions of Sections 245(1), 245(2) and 246 of the BIA; provided that the Receiver shall provide notice of its appointment by way of a copy of this Order to the Superintendent of Bankruptcy, accompanied by the prescribed fee.

RECEIVER'S POWERS

6. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property, including all monies (i) currently held in accounts

in the name of and/or controlled by First Leaside, and (ii) received by First Leaside or the Receiver on behalf of First Leaside after the date hereof (collectively, the "**Funds**");

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of First Leaside, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of First Leaside;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons, including G.S. MacLeod & Associates Inc., Blake Cassels & Graydon LLP and Cassels Brock & Blackwell LLP, from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) for the Applicants to seek Court approval of a claims procedure order (the "**Claims Procedure Order**") for purposes of establishing a process of determining the claims of creditors, investors and other stakeholders (the "**Claims Process**"), and for the Receiver to conduct the Claims Process established by the Claims Procedure Order dated December 7, 2012, and to take such further steps and seek such additional orders as the Receiver considers necessary or

appropriate to fully determine, resolve or deal with any claims in these receivership proceedings;

- (f) to settle, extend or compromise any indebtedness owing to First Leaside in the name of and on behalf of First Leaside, whether in connection with the Claims Procedure Order or otherwise;
- (g) to apply for one or more orders of the Court authorizing the distribution of Funds and any other proceeds of the Property upon the completion of all realization steps and the determination of all claims pursuant to the Claims Procedure Order or otherwise;
- (h) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of First Leaside or any part or parts thereof;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of First Leaside, for any purpose pursuant to this Order;
- (j) to receive and collect all monies and accounts now owed or hereafter owing to First Leaside and to exercise all remedies of First Leaside in collecting such monies, including, without limitation, to enforce any security held by First Leaside;
- (k) to undertake environmental or workers' health and safety assessments of the Property and operations of First Leaside;
- (l) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to First Leaside, the Property or the Receiver, including, without limitation, the action styled *First Leaside Wealth Management Inc., First Leaside Finance Inc., First*

Leaside Securities Inc. and FL Securities Inc. v. Phillips, Davis and 970877 Ontario Inc., Court File No. CV-12-9821-00CL, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding and to the giving of evidence or participating in any hearings or proceedings involving the Ontario Securities Commission or Investment Industry Regulatory Organization of Canada;

- (m) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (n) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) upon consultation with Representative Counsel but without the approval of this Court, in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (o) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (p) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (q) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (r) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of any Applicant;
- (s) to enter into agreements with any trustee in bankruptcy appointed in respect of any Applicant, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by any Applicant.
- (t) to exercise any shareholder, partnership, joint venture or other rights which First Leaside may have;
- (u) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;
- (v) to pay the costs and expenses of the receivership out of the Funds; and
- (w) to apply for advice and directions from the Court with respect to any matter outstanding in these proceedings;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including First Leaside, and without interference from any other Person.

7. **THIS COURT ORDERS** that the Receiver be authorized and empowered to

- (a) cause First Leaside Nominee Services Inc. ("**FL Nominee**"), as a wholly-owned subsidiary of First Leaside Wealth Management Inc., to distribute to investors in a syndicated mortgage in respect of the property known municipally as 90 King Street East, Thornbury, Ontario (Parcel Identification Numbers 37140-0546 (LT) and 37140-0546 (LT)) (the "**Thornbury Mortgage**") the current and future net proceeds on account of principal and interest received and held by FL Nominee in respect of the Thornbury Mortgage, as approved by this Court on October 22, 2012;
- (b) sell or otherwise dispose of the property known municipally as 123 Erie Street, Wheatley, Ontario, a development site owned by First Leaside Unity Limited Partnership which limited partnership is owned by First Leaside Expansion Limited Partnership, subject to further Court approval;
- (c) sell or otherwise dispose of the property known municipally as 164 Cemetery Road, Uxbridge, Ontario, a 23 acre parcel of land (of which only 4 acres are developable) owned by Uxbridge Development Limited Partnership which limited partnership is owned by First Leaside Progressive Limited Partnership, subject to further Court approval; and
- (d) sell or otherwise dispose of the property known municipally as 62 Mill Street, Uxbridge, Ontario, a 3.74 acre plot of land containing a small heritage home, owned by Mill Street Limited Partnership

which limited partnership is owned by First Leaside Investors Limited Partnership, subject to further Court approval.

8. **THIS COURT ORDERS** that, with respect to funds placed into escrow (the "**Escrowed Funds**") pursuant to sale agreements entered into by First Leaside prior to the date of this Receivership Order and related escrow agreements (collectively, a "**Sale Agreement**"), including, without limitation, funds placed into escrow pursuant to the BayBridge Agreement (as defined in the Affidavit of Gregory MacLeod, sworn October 15, 2012 and filed in the CCAA Proceedings and the related escrow agreement, the Receiver shall have the power to

- (a) negotiate with a counterparty to a Sale Agreement (a "**Counterparty**") to permit the consensual distribution of the Escrowed Funds as permitted by the Sale Agreement ("**Consensual Distribution**");
- (b) seek approval of the Court concerning a settlement respecting a claim of the Counterparty or any other party to the Escrowed Funds (an "**Escrow Funds Claim**");
- (c) prepare statements and other documents relating to the Escrowed Funds and any Escrow Funds Claim;
- (d) mediate, arbitrate (if required by a Sale Agreement), or seek an adjudication by the Court of an Escrow Funds Claim;
- (e) otherwise seek directions of the Court concerning the Escrowed Funds and any Escrow Funds Claim;
- (f) direct any party holding Escrowed Funds (the "**Escrow Agent**") to pay all or part of Escrowed Funds to the Receiver, the Counterparty, or any third party pursuant to a Consensual Distribution or Court order (collectively, a "**Mandatory Payment**") and, upon making such Mandatory Payment, the Escrow Agent

shall be discharged from any liability in relation to the Escrowed Funds so paid.

9. **THIS COURT ORDERS** that the Receiver is authorized and directed to abstain from voting the ownership interest of certain aggregate outstanding units in Wimberly Fund, First Leaside Fund, First Leaside Properties Fund and First Leaside Mortgage Fund (collectively, the "**First Leaside Funds**"), at any meeting of the unitholders of the First Leaside Funds to be held on December 10, 2012 or December 13, 2012, and any subsequent meeting of such unitholders.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

10. **THIS COURT ORDERS** that (i) the Applicants, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

11. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of any Applicant, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 11 or in paragraph 12 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the

Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

12. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

13. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST FIRST LEASIDE OR THE PROPERTY

14. **THIS COURT ORDERS** that no Proceeding against or in respect of any Applicant or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of any Applicant or the Property and stayed pursuant to the Initial Order in the CCAA Proceedings, dated February 23, 2012 (the "**Initial Order**") and the Stay Period (as defined in the Initial Order and most recently extended through December 11, 2012) continue to be stayed and suspended pending further Order of this Court.

NO PROCEEDINGS AGAINST FIRST LEASIDE'S DIRECTORS AND OFFICERS

15. **THIS COURT ORDERS** that the stay of proceedings in respect of any current or former director or officer of any of the Applicants (each, a "**Director or Officer**"), provided in paragraph 24 of the Initial Order is hereby continued with respect to any claim against any Director or Officer that arose before the date hereof and that relates to any obligations of the Applicant whereby such Director or Officer is alleged to be liable in their capacity as Director or Officer for the payment or performance of such obligations, and that no Proceeding shall be commenced or continued against any Director or Officer except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of any Director or Officer stayed pursuant to the Initial Order and the Stay Period, other than those Proceedings where leave of the Court to commence or continue such Proceedings has been granted, shall continue to be stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that all rights and remedies against any Applicant, the Receiver, or affecting the Property, are hereby and continue to be stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (a) empower the Receiver or First Leaside to carry on any business which First Leaside is not lawfully entitled to carry on, (b) exempt the Receiver or any Applicant from compliance with statutory or regulatory provisions relating to health, safety or the environment, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

17. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract,

agreement, licence or permit in favour of or held by any Applicant, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that all Persons having oral or written agreements with any Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to First Leaside are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of First Leaside's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of First Leaside or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

19. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

20. **THIS COURT ORDERS** that all employees of First Leaside shall remain the employees of First Leaside until such time as the Receiver, on First Leaside's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

21. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by First Leaside, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

22. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or

other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

23. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

24. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a charge on the Property ranking *pari passu* with and subject to the same limitations as the Administration Charge established pursuant to the Initial Order and continued by the Discharge and Transition Order, dated December 7, 2012 (the "**Discharge and Transition Order**"), but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

25. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

26. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

APPOINTMENT AND FEES OF REPRESENTATIVE COUNSEL

27. **THIS COURT ORDERS** that Fraser Milner Casgrain LLP's appointment as Representative Counsel for the clients of FLSI, as approved by paragraph 42 of the Initial Order, as amended by this Court on June 28, 2012, be and is hereby continued with respect to these receivership proceedings.

28. **THIS COURT ORDERS** that Representative Counsel are authorized to take all steps and do all acts necessary or desirable to carry out the terms of their appointment, including dealing with any Court, regulatory body or other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.

29. **THIS COURT ORDERS** that Representative Counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that Representative Counsel shall be entitled to and is hereby granted a charge (the "**Representative Counsel Charge**") on the Property, which charge shall not exceed an aggregate amount of \$50,000, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Representative Counsel Charge shall form a charge on the Property ranking *pari passu* with and subject to the same limitations as the Receiver's Charge and the Administration Charge established pursuant to the Initial Order and continued by the

Discharge and Transition Order, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

30. **THIS COURT ORDERS** that Representative Counsel shall pass its accounts from time to time, and for this purpose the accounts of Representative Counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. **THIS COURT ORDERS** that fees and disbursements of the Receiver, the Receiver's legal counsel and Representative Counsel incurred during these receivership proceedings shall be invoiced in accordance with the preliminary billing protocol set out in paragraphs 21-23 of the Monitor's First Report dated March 21, 2012 filed in the CCAA Proceedings.

32. **THIS COURT ORDERS** that the allocation as against the Property of all fees and disbursements of the Receiver, the Receiver's legal counsel and Representative Counsel incurred during these receivership proceedings shall be subject to approval of the Court on motion by the Receiver.

33. **THIS COURT ORDERS** that the Receiver shall file a motion for allocation of costs incurred in the CCAA Proceedings as provided for in paragraph 11 of the Discharge and Transition Order when it is reasonably practicable to do so and such motion may be combined with the approval motion to be sought under paragraph 32 of this Order.

GENERAL

34. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

35. **THIS COURT ORDERS** that, subject to paragraphs 24 and 29 above and subject to sections 14.07(7), 81.4(4) and 81.6(2) of the BIA, the Administration Charge, the Directors' Charge, and the Inter-Company Charge, (all as defined in the Initial Order)

shall continue to apply to the Property in accordance with paragraph 16 of the Discharge and Transition Order.

36. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of any Applicant.

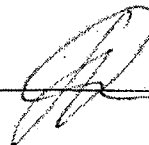
37. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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.

38. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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



DEC 10 2012



A. Anissimova
Registrar

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

Court File No: CV12-9930-00CL

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicants

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TAB 3

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	THURSDAY, THE 27th
	)	
JUSTICE	)	DAY OF DECEMBER, 2012

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc., 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 (collectively, "First Leaside" or the "Receivership Applicants")

JOINT ADMINISTRATION ORDER

This motion, made by Grant Thornton Limited ("**GTL**") in its capacity as receiver and manager (the "**Receiver**"), without security, of all of the assets, undertakings and properties of First Leaside, seeking the joint administration of the receivership estates of the Receivership Applicants (the "**Receivership Estates**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report of GTL in its capacity as Receiver of First Leaside (the "**First Report**"), no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of ● sworn December ●, 2012, filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the First Report is hereby abridged so that this Motion is properly returnable today and that any requirement for service of the Notice of Motion, the Motion Record and the First Report is hereby dispensed with and that service in the manner effected by the Receiver is validated in all respects.
2. **THIS COURT ORDERS** that GTL, in its capacity as the Receiver of First Leaside, may administer the Receivership Estates on a joint basis, as follows:
 - (a) the Receiver is authorized to administer the Receivership Estates as if such Receivership Estates were a single receivership estate for the purpose of carrying out its administrative duties and responsibilities to the Office of the Superintendent of Bankruptcy (the "**OSB**") as Receiver under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), including, without limitation,
 - (i) the Receiver is authorized to file with the OSB joint notices under Section 245(1) of the BIA in respect of all Receivership Estates; and
 - (ii) the Receiver is authorized to issue joint reports and statements pursuant to Section 246 of the BIA in respect of all Receivership Estates.

3. **THIS COURT ORDERS** that the OSB shall issue one estate number in respect of all Receivership Estates.
 4. **THIS COURT ORDERS** that in all other respects, paragraph 5 of the Receivership Order, dated December 7, 2012, shall continue to apply to the Receiver's obligations pursuant to Sections 245 and 246 of the BIA.
 5. **THIS COURT ORDERS** that nothing herein shall be construed as having the effect of substantially consolidating any of the Receivership Estates.
-

ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

JOINT ADMINISTRATION ORDER

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Lawyers for the Receiver

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

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

ONTARIO SUPERIOR COURT OF JUSTICE (Commercial List)	
Proceeding commenced at Toronto	
MOTION RECORD (Returnable December 27, 2012)	
BLAKE, CASSELS & GRAYDON LLP 199 King Street West, Suite 4000 Commerce Court West Toronto, Ontario, M5L 1A9 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	