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., 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 February 19, 2013)

February 12, 2013

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199 Bay Street, Suite 4000
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Lawyers for the Receiver

TO: THE SERVICE LIST ATTACHED

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

SERVICE LIST

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AND TO:	**MINISTRY OF ATTORNEY GENERAL REVENUE & TAXATION GROUP LEGAL SERVICES BRANCH** 601-1175 Douglas Street PO Box 9289 Stn Prov Govt Victoria, BC V8W 9J7 **Aaron Welch** Tel: (250) 356-8589 Fax: (250) 387-0700 Email: aaron.welch@gov.bc.ca	**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

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AND TO:	**NIXON WENGER LLP** 301-2707 30th Avenue Vernon, BC V1T 2B6 **Kent G. Burnham** Tel: 250-542-5353 Fax: 250-542-7273 Email: kent.burnham@nixonwenger.com **Lawyers for Okanagan Sundeck Centre Ltd.**	**AND TO:**	**ROYAL BANK OF CANADA** Corporate Banking PO Box 50, 200 Bay Street 4th Floor, South Tower Toronto, ON M5J 2W7 **Sam Su, Vice-President, Corporate Banking** Tel: 416-842-3765 Fax: 416-842-5321 Email: sam.su@rbccm.com
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AND TO:	**G. S. MacLeod & Associates Inc.** P.O. Box 1635 Burlington, Ontario L7R 5A1 **Greg S. MacLeod** Tel : 905-876-7550 Fax: 416-777-6665 Email: greg@gsmacleod.com **The former CRO of First Leaside**	**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**
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AND TO:	**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA AS REPRESENTED BY THE MINISTER OF SMALL BUSINESS AND REVENUE (PST-BC/INCOME TAX)** Receivables Management Office, Revenue Division Ministry of Finance 1802 Douglas Street, 6th floor PO Box 9445, Stn Prov Govt Victoria BC V8W 9V5 **Keri Cooper** Tel: 250 387-5751 Fax: 250 356-5604 Email: keri.cooper@gov.bc.ca	**AND TO:**	**THE OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY CANADA** Industry Canada 25 St. Clair Avenue East Toronto, ON M4T 1M2 **Michael Cacciavillani** Senior Bankruptcy Analyst Tel: 416-973-1016 Fax: 416-973-7440 Email: michael.cacciavillani@ic.gc.ca **Leslie Boone** Email : leslie.boone@ic.gc.ca
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PARTIES WITHOUT EMAIL ADDRESSES

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

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INDEX

TAB 1

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NOTICE OF MOTION

(Sale Approval and Vesting Order and Other Relief)

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, will make a motion to a judge presiding over the Commercial

List on Tuesday, February 19, 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, 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);

[X] orally.

THE MOTION IS FOR

(a) an Order, if necessary, 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 February 19, 2013;

(b) an Order amending the title of proceedings in this application to read as follows:

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

and providing that **Schedule "A"** shall be in the form attached to the draft order, filed;

(c) an Order terminating the stay of proceedings against any current or former director (each, a "**Director**") or officer (each, an "**Officer**") of First Leaside originally provided for in paragraph 24 of the Initial Order of the Honourable Mr. Justice Brown, dated February 23, 2012 (as amended, the "**Initial Order**") and created or continued in paragraph 15 of the order appointing GTL as Receiver (the "**Receivership Order**"), dated December 7, 2012;

(d) an Order validating, *nunc pro tunc*, the date of mailing of certain Claims Packages to Known Creditors (each as defined in the Claims Procedure Order, dated December 7, 2012, the "**Claims Procedure Order**"), which were sent by the Receiver to such Known Creditors shortly after the January 15, 2013 deadline set out in the Claims Procedure Order;

(e) an Order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and B.T.F. Ventures Inc. (the "**Purchaser**"), dated January 11, 2013, and vesting in the Purchaser all of the right, title and interest of First Leaside Realty II Inc., in its capacity as general partner of Uxbridge Developments Limited Partnership, in and to the assets described in the Sale Agreement (the "**Purchased Assets**");

(f) an Order sealing the terms of the Sale Agreement and the summary of all offers received for the Purchased Assets, attached as **Confidential Appendix "1"** and **Confidential Appendix "2"**, respectively, to the Second Report of the Receiver, dated February 8, 2013 (the "**Second Report**"), pending completion of the Transaction or further Order of this Court; and

(g) an Order approving the activities and conduct of GTL in its capacity as Receiver of First Leaside as described in the Combined Seventh Report of the Monitor and Proposed Receiver's Report dated December 5, 2012 (the "**Proposed Receiver's Report**"), the First Report of the Receiver dated December 7, 2012 (the "**First Report**") and the Second Report.

THE GROUNDS FOR THE MOTION ARE

A. Background

1. On February 23, 2012, First Leaside Wealth Management Inc. ("**FLWM**") and several related entities (the "**CCAA Applicants**") made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36;

2. On that date, the Honourable Mr. Justice Brown issued the Initial Order, which, *inter alia*, granted the CCAA Applicants the protection of a stay of proceedings, and appointed GTL as monitor and Fraser Milner Casgrain LLP as representative counsel ("**Representative Counsel**") to the investors (the "**Investors**") of First Leaside Securities Inc.;

3. The Initial Order 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;

4. On December 7, 2012, the Honourable Mr. Justice Wilton-Siegel issued the Receivership Order, which terminated the CCAA proceedings and appointed GTL as Receiver of the Receivership Applicants;

5. Paragraph 15 of the Receivership Order continues the stay of proceedings against any current or former Director or Officer with respect to any claim against such Director or Officer that arose prior to the date of the Receivership Order and provides that no proceeding shall be commenced or continued against any Director or Officer except with the written consent of the Receiver or leave of the Court;

6. The Receivership Order specifically provides that the Receiver is authorized and empowered to sell or otherwise dispose of the property known municipally as 164 Cemetery Road, Uxbridge, Ontario ("**Cemetery Road**"), a 23 acre parcel of land (of which 4 acres are developable) owned by Uxbridge Development Limited Partnership, which limited partnership is owned by First Leaside Progressive Limited Partnership, subject to Court approval;

6

B. Amending the Title of Proceedings

7. The Receivership Applicants are comprised of 82 corporations and limited partnerships and, as such, the current title of proceedings is lengthy and unwieldy; in the interest of ease and efficiency, the Receiver proposes to amend the title of proceedings to read as follows:

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

and provide that the balance of the Receivership Applicants shall be identified on **Schedule "A"** to future pleadings in the form attached to the draft order filed;

C. Terminating the Stay of Proceedings Against Directors and Officers

8. The Receiver made it clear to the Court and Representative Counsel on December 7, 2012 that the extension of the stay of proceedings against the Directors and Officers was intended to be a temporary measure to enable a smooth transition from CCAA proceedings to a receivership;

9. Since the Receiver has taken over the affairs of the Receivership Applicants, the Directors and Officers have resigned and/or have no further role with the Receivership Applicants, as there is no ongoing business or contemplated restructuring which requires their involvement;

10. The Directors and Officers do not require the protections provided by the stay of proceedings against them provided by paragraph 24 of the Initial

Order and/or paragraph 15 of the Receivership Order and, accordingly, the Receiver seeks to have the stay of proceedings against the Directors and Officers terminated;

11. For the avoidance of doubt, the stays of proceedings against the Receiver and against the Receivership Applicants and the Property (as defined in the Receivership Order) provided by paragraphs 13 and 14 of the Receivership Order are intended to remain in full force and effect;

D. Validating the Date of the Receiver's Mailing of Claims Packages

12. Pursuant to the Claims Procedure Order, the Receiver was required to send a Claims Package to each of the Known Creditors by January 15, 2013;

13. On or prior to January 15, 2013, the Receiver mailed Claims Packages to all non-Investor Known Creditors as well as to 4,439 Investors; however, relying on the Receivership Applicants' records, 177 of the Investors' addresses were misstated, incorrect or outdated;

14. Between January 16, 2013 and January 22, 2013, the Receiver obtained the missing addresses of the 177 Investors and mailed Claims Packages to them via regular mail or electronic mail upon request.

15. In addition, 19 Claims Packages were returned to sender and the Receiver has attempted to re-send (either by regular mail or electronic mail, as appropriate) these Claims Packages to the Known Creditors;

16. The Receiver sent out all of the Claims Packages within seven days of the deadline provided for in the Claims Procedure Order so that the relatively few Investors who received late Claims Packages still have more than a month to compile the information required and file their Requests for Amendments of Acknowledgements of Claim or Proofs of Claim;

17. In addition, the Receiver accommodated every request by an Investor to send the Claims Package via electronic mail, which ensured that such Investor received the Claims Package shortly after the request was made;

18. Accordingly, no investor was prejudiced in any meaningful manner by receiving a late Claims Package and all Investors and Known Creditors have sufficient notice and time to submit their Requests for Amendment to Acknowledgements of Claim or Proofs or Claim, as appropriate, by the February 28, 2013 Claims Bar Date in the Claims Procedure Order;

E. Sale of Cemetery Road

19. On April 16, 2012, First Leaside entered into a listing agreement with Colliers Macaulay Nicolls (Ontario) Inc. ("**Colliers**") to sell certain First Leaside properties in Ontario, including Cemetery Road; Cemetery Road was marketed in aggregate for a total of eight months and the listing expired on July 19, 2012;

20. First Leaside received two offers on Cemetery Road in the summer of 2012 and a third offer in November 2012, but the business terms of these offers were not acceptable to the company;

21. In January 2013, the Receiver received offers from two parties, one of which was introduced through Colliers and another that was sent directly to the Receiver;

22. The Receiver has reviewed these offers and determined that the Purchaser's offer was the best offer for the First Leaside's receivership estates, for numerous reasons as set forth in the Receiver's Second Report;

F. Sealing of Confidential Appendices

23. The Purchaser's Offer attached to the Receiver's Report as **Confidential Appendix "1"** and the summary of all five offers received for Cemetery Road, attached to the Receiver's Report as **Confidential Appendix "2"**, contain commercially sensitive information and would prejudice a sale of Cemetery Road in the event that the Transaction does not close for any reason;

24. In addition, no party would be prejudiced if the information in **Confidential Appendix "1"** or **Confidential Appendix "2"** were sealed temporarily, pending completion of the Transaction or further Order of this Court;

G. Approval of Receiver's Activities

25. As described in the Second Report, in addition to mailing out Claims Packages, the Receiver has performed a variety of activities in furtherance of its responsibilities under the Receivership Order during the period from December 7, 2012 to the present. GTL's conduct as monitor of the Companies' during the CCAA proceedings through December 4, 2012 was approved by prior Orders of the Court. The Receiver seeks approval of the Proposed Receiver's Report and the Receiver's First and Second Reports and the activities of the Receiver outlined therein;

H. Other Grounds

26. Paragraphs 6(a), 6(n), 6(o), 6(p), 7(c), 13, 14, 23 of the Receivership Order;

27. Rules 1.04, 2.01, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, reg. 194 as amended;

28. Sections 11, 97, and 100 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended;

29. Section 3 of the *Bulk Sales Act*, R.S.O. 1990, c. B.14; and

30. 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 Second Report; and

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

February 12, 2013

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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

NOTICE OF MOTION
(RETURNABLE FEBRUARY 19, 2013

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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**" or the "**Receivership Applicants**")

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

February 8, 2013

GrantThornton

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

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2. Initial Order
3. Claims Procedure Order
4. Notice of the Claims Procedure Order Published in the Globe & Mail newspaper
5. Letters to Directors and Officers Regarding Termination of the Stay of Proceedings Against Directors and Officers

Confidential Appendix "1" - Agreement of Purchase and Sale between the Receiver and Cemetery Road Purchaser

Confidential Appendix "2" - Summary of Offers

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"**)

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

FEBRUARY 8, 2013

INTRODUCTION AND PURPOSE OF THE SECOND 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 hereto as **Appendix "1"**.

2. 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.

3. The purpose of this second report (the "**Second Report**") is to support the Receiver's request for an order:

   a) amending the title of proceedings in this application;

   b) terminating the stay of proceedings against the current and former directors (each, a "**Director**") and officers (each, an "**Officer**") of First Leaside originally provided for in paragraph 24 of the Initial Order of Mr. Justice Brown dated February 23, 2012 (as amended, the "**Initial Order**"), a copy of which is attached hereto as **Appendix "2"**, and which was continued in paragraph 15 of the Receivership Order;

   c) validating, *nunc pro tunc*, the date of mailing of certain Claims Packages to Known Creditors (each as defined in the Claims Procedure Order dated

December 7, 2012, (the "**Claims Procedure Order**"), a copy of which is attached as **Appendix "3"**), by the Receiver that were mailed subsequent to the deadline of January 15, 2013 provided for by the Claims Procedure Order;

d) approving the conduct and activities of the Receiver as described in combined Seventh Report of the Monitor and the Proposed Receiver's Report (the "**Combined Seventh Report**") dated December 5, 2012, the First Report of the Receiver dated December 27, 2012 (the "**First Report**") and this Second Report;

e) approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and B.T.F. Ventures Inc. (the "**Purchaser**"), dated January 11, 2013, and vesting in the Purchaser all of the right, title and interest of First Leaside Realty II Inc., in its capacity as general partner of Uxbridge Developments Limited Partnership, in and to the assets described in the Sale Agreement (the "**Purchased Assets**" or the "**Cemetery Property**"); and

f) sealing **Confidential Appendix "1"** and **Confidential Appendix "2"** pending completion of the Transaction or further order of the Court.

SCOPE AND TERMS OF REFERENCE

4. In preparing this Second Report, the Receiver has relied upon unaudited financial information, First Leaside's records, financial information and

discussions with G.S. MacLeod & Associates Inc. (the former Chief Restructuring Officer ("**CRO**")) of First Leaside, First Leaside's former management and certain of First Leaside's former employees. While the Receiver reviewed various documents provided by First Leaside and believes that the 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. Accordingly, the Receiver expresses no opinion or other form of assurance in respect of such information.

5. In the course of its mandate, the Receiver has assumed the integrity and truthfulness of the information and explanations presented to it by the CRO, First Leaside's former management and certain former employees 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.

6. This Second Report has been prepared for the use by this Court and First Leaside's stakeholders as general information relating to First Leaside. The reader is cautioned that this Second Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this section.

7. 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.

EVENTS LEADING TO THE ISSUANCE OF THE RECEIVERSHIP ORDER

8. On February 23, 2012, an application was made by First Leaside Wealth Management Inc. and related entities (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) (the "**Initial Order**"), *inter alia*, granting the CCAA Applicants the protection of a stay of proceedings and appointing GTL as monitor and Fraser Milner Casgrain LLP as representative counsel ("**Representative Counsel**") to the nearly 1,200 investors (the "**Investors**") of First Leaside Securities Inc. ("**FLSI**").

9. 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.

10. Between February 23, 2012 and December 7, 2012, under the direction of the CRO the majority of the assets and undertakings of the CCAA Applicants were wound-up in an effort to maximize recoveries for the stakeholders.

11. As set out in the CRO's affidavit dated December 3, 2012, the CRO brought a motion to terminate the CCAA Proceedings and sought the issuance of the 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. The Receiver was appointed the Receiver of certain of the CCAA Applicants pursuant to the Receivership Order.

THE RECEIVER'S ACTIVITIES

12. Since December 5, 2012, the date of the Combined Seventh Report, the Receiver's activities have included, among other things:

i) taking possession of the bank accounts of First Leaside held with Toronto-Dominion Bank ("**TD Bank**") and corresponding with representatives of TD Bank;

ii) reconciling the banking of First Leaside for the period prior to the issuance of the Receivership Order, including reconciling outstanding cheques;

iii) contacting First Leaside's insurance companies to advise of the receivership proceedings and requesting that the Receiver be added as a loss payee and named insured;

iv) terminating the remaining First Leaside employees and retaining certain former employees on a contract, 'term and task' basis;

v) engaging Allan Welsh & Company Professional Corporation to complete the financial statements and all statutory tax filings for First Leaside, and to complete tax forms for First Leaside Investors where applicable;

vi) meeting and corresponding regularly with the Receiver's counsel, Blake, Cassels & Graydon LLP, and with Cassels Brock & Blackwell LLP, counsel for First Leaside, who has also been retained by the Receiver to complete certain transactions outstanding from the CCAA proceedings and to conduct other transactions on behalf of the Receiver;

vii) meeting and corresponding with Lax O'Sullivan Scott Lisus LLP and Receiver's counsel regarding the litigation proceedings against David Phillips and Margaret Davis;

viii) meeting and corresponding with Representative Counsel on a periodic basis to discuss, among other things, communications to the Investors, the claims process contemplated by the Claims Procedure Order and developments in the receivership proceedings;

ix) attending a joint town hall meeting with Representative Counsel on January 9, 2013 to provide an update to the Investors regarding the receivership proceedings and to explain the Claims Procedure Order;

x) corresponding with the Ontario Securities Commission in respect of the receivership proceedings;

xi) corresponding by email and telephone, with Torkin Manes LLP, counsel to the trustees of Wimberly Fund, First Leaside Fund and First Leaside Mortgage Fund;

xii) corresponding by email and telephone with counterparties to close matters relating to certain assets sold by First Leaside prior to the Receivership Order;

xiii) negotiating and executing the Sale Agreement for the Purchased Assets;

xiv) negotiating and liaising with parties interested in First Leaside's remaining real property;

xv) requesting the Receiver's counsel to prepare security opinions in respect of the validity of security on certain First Leaside real property assets;

xvi) publishing the notice of the Claims Procedure Order in the Globe and Mail on January 14, 2013, (a copy of which is attached hereto as **Appendix "4"**);

xvii) coordinating and mailing the Claims Package (as defined in the Claims Procedure Order) which included an Instruction Letter, an Acknowledgment of Claim (for Investors of FLSI) and a Proof of Claim form to all of First Leaside's creditors and the Investors;

xviii) corresponding by telephone and email with Investors, creditors and other stakeholders with respect to the Claims Package and the receivership proceedings in general;

xix) working with First Leaside's former employees to prepare a tracking sheet to satisfy the notice and reporting requirements under the *Wage Earners Protection Program Act* ("**WEPPA**");

xx) corresponding with Service Canada in respect of the WEPPA and obtaining an extension of the time to provide information to Service Canada and First Leaside's former employees;

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

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

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

xxiv) preparing the statutory notices under Sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* pursuant to the Joint Administration Order, dated December 27, 2012; and

xxv) preparing this Second Report.

AMENDING TITLE PROCEEDINGS

13. The Receivership Applicants are comprised of 82 corporations and limited partnerships and, as such, the current title of proceedings is lengthy and unwieldy; in the interest of ease and efficiency, the Receiver proposes to amend the title of proceedings to read as follows:

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

and provide that Schedule "A" shall be in the form attached to the draft order, filed.

STAY AGAINST FORMER OFFICERS AND DIRECTORS

14. The affidavit of Gregory MacLeod, sworn February 22, 2012 and filed in support of the CCAA application disclosed that an independent committee of the board of directors of First Leaside Wealth Management Inc. (the "**Independent Committee**") had been formed and that First Leaside was seeking an indemnity and a stay of proceedings in favour of the Directors and Officers of First Leaside, in order that the Directors and officers would remain with First Leaside to assist the CRO with restructuring efforts. The Initial Order that was granted provided for a stay of proceedings in favour of the Director and Officers as requested.

15. The Receiver has obtained confirmation from counsel to the Independent Committee that all of the Directors on the Independent Committee have resigned. A search of the corporate records of First Leaside Wealth Management Inc. indicates that the only Directors who appear to remain registered are Margaret Davis, John R. Wilson and David C. Phillips, none of whom is active in the activities of First Leaside. Moreover, given that a majority of the assets of First Leaside have been sold, and that the Receiver had taken possession of First Leaside's remaining assets pursuant to the Receivership Order, the Receiver does not anticipate any need for the assistance of any current or former Directors or Officers as may have been the case in the CCAA Proceedings.

16. Given the foregoing, the Receiver is of the view that the stay of proceedings against the current or former Directors or Officers of First Leaside originally provided for in paragraph 24 of the Initial Order and continued in paragraph 15 of the Receivership Order is no longer necessary and should be terminated.

17. By letters dated January 30, 2013 and attached hereto as **Appendix "5"**, the Receiver's counsel wrote to counsel for the Independent Committee, Margaret Davis and David Phillips, and to John R. Wilson directly, advising them that the Receiver would be seeking to terminate the stay of proceedings vis-à-vis the Directors and Officers. No objection has been received to date.

CLAIMS PROCEDURE ORDER

18. The Claims Procedure Order authorized the Receiver to call for claims against First Leaside and to acknowledge the claims of Investors of FLSI and bar any Claims not submitted by February 28, 2013 (the "**Claims Bar Date**").

19. In accordance with the Claims Procedure Order, the Receiver caused the Claims Package to be mailed by ordinary mail to all non-Investor Known Creditors of First Leaside on January 15, 2013.

20. The mailing to Investors comprised 4,439 Acknowledgments of Claim which included individuals, companies owned by individuals and certain First Leaside entities, all of which owned units or shares in various First Leaside investment products.

21. The Receiver determined that 177 of the Investors' addresses were either incomplete, were not provided to the Receiver by First Leaside or were otherwise

unavailable in the records of First Leaside prior to January 15, 2013. Accordingly, commencing on January 16, 2013 and ending on January 22, 2013, through a variety of sources, the Receiver obtained the missing addresses of the 177 Investors and caused the Claims Package to be mailed. On a request basis, the Receiver also sent the Claims Package to certain Investors via electronic mail.

22. In addition, as of the date of this Second Report, there have been 19 Packages which were returned to the Receiver and marked "returned to sender". The Receiver has attempted to resend (either by regular mail or electronic mail, as appropriate) these Claims Packages to the Known Creditors.

23. The Receiver sent out all of the Claims Packages for which addresses needed to be corrected within 7 days of the deadline provided for in the Claims Procedure Order. Thus, the Investors who received late Claims Packages still have more than a month to compile the information required and file their Requests for Amendments of Acknowledgements of Claim or Proofs of Claim. Moreover, the Receiver accommodated every request by an Investor to send the Claims Package via electronic mail, which ensured that such Investor received the Claims Package shortly after the request was made. Accordingly, the Receiver seeks and order validating the sending of Claims Packages to Known Creditors via regular mail and electronic mail (where requested) shortly after the January 15, 2013 deadline in the Claims Procedure Order.

SALE OF CEMETERY ROAD

24. On April 16, 2012, the CRO on behalf of First Leaside, entered into a listing agreement (the "**Colliers Agreement**") with Colliers Macaulay Nicolls (Ontario) Inc. ("**Colliers**") to sell certain properties located in the province of Ontario. The properties were marketed in aggregate for a total of 8 months. The Colliers Agreement, which included the Cemetery Property, expired on July 19, 2012.

25. The Cemetery Property was purchased by First Leaside on September 2, 2010 for $2,000,000.

26. The Cemetery Property is encumbered by a registered mortgage (the "**Mortgage**") which was granted by First Leaside Realty II Inc. in the amount of $1,650,000 in favour of First Leaside Nominee Services Inc., which is a nominee on behalf of 136 third-party investors who hold a beneficial interest in the Mortgage.

27. First Leaside obtained an appraisal of the Cemetery Property in 2010 (the "**Cemetery Appraisal**"), which assumed, among other things, that the Cemetery Property would be utilized as residential real estate, as it is presently zoned. First Leaside obtained an opinion of value in 2011 (the "**Cemetery Opinion**"), which assumed, among other things, that the Cemetery Property would be utilized as commercial real estate and would be rezoned for that purpose. The Cemetery Opinion estimated a substantially higher valuation for the property than estimated by the Cemetery Appraisal. Given that the Cemetery

Opinion contemplated a rezoning of the property, the Cemetery Opinion does not represent an 'as is, where is' value as the property is presently zoned for residential use.

28. In June and August 2012, First Leaside received two (2) offers for the Cemetery Property ("**Offer 1**" and "**Offer 2**"), however the business terms of both offers were not acceptable as they were highly contingent on rezoning and other approvals in addition to protracted due diligence periods. Consequently, an agreement of purchase and sale was never formalized. In early November, 2012, First Leaside received a third offer ("**Offer 3**") from the Purchaser; however, the pricing terms of Offer 3 were not acceptable to First Leaside.

29. In late December 2012, the Receiver was approached by the Purchaser and an additional arm's length party who expressed an interest in the Cemetery Property. The Receiver responded to both of the parties' requests for information related to the Cemetery Property.

30. In early January 2013, the Receiver received offers from the two parties ("**Offer 4**" and "**Offer 5**"): Offer 4 which was introduced through Colliers (notwithstanding that the Colliers Agreement had expired) and Offer 5 from the Purchaser, which was sent directly to the Receiver by the Purchaser. A copy of Offer 5 is attached as **Confidential Appendix "1"**.

31. A summary of the terms of all five (5) offers is attached as **Confidential Appendix "2"**.

32. The Receiver reviewed Offers 4 and 5, and negotiated a definitive agreement with the Purchaser for approval by the Court taking into consideration the following:

i) Offer 5 became firm two days after execution with no additional conditions;

ii) the net anticipated proceeds from Offer 5 would be greater than from Offer 4 as no commission is payable to Colliers on the transaction contemplated by Offer 5;

iii) the net proceeds from the sale will provide sufficient funds to repay the entire principal amount of the Mortgage, as well as a portion of the accrued interest;

iv) while the pricing contemplated by Offer 4 was marginally higher than that of Offer 5, Offer 4 was highly conditional on, among other things, rezoning and other approvals which are beyond the control of the Receiver. Given the uncertainty of the conditions, the Receiver considered Offer 4 to be unworkable in the context of the receivership proceedings;

v) Offer 5 provided for an expedited closing, which will eliminate the need for First Leaside to pay the carrying costs associated with property taxes and insurance;

vi) the Receiver has determined that the value generated from Offer 5 is fair and reasonable taking into consideration its respective appraised values;

vii) the Cemetery Property was exposed to the market for upwards of 8 months; and

viii) the Receiver corresponded with Representative Counsel and the transaction subcommittee (formed in the CCAA Proceedings) throughout the process and understands that they have no objection to the Transaction.

33. The Receiver's counsel has reviewed the security of the mortgagee and, subject to customary qualifications and assumptions, has advised that the real property security is valid and enforceable. The proposed Sale Approval and Vesting Order provides that the Cemetery Property will be vested in the purchaser free and clear of all encumbrances, including the Mortgage, and net proceeds of sale will stand in the place and stead of the Cemetery Property in respect of all such encumbrances. The distribution of proceeds of sale will be dealt with in the context of the claims process currently underway.

CONFIDENTIALITY OF THE SALE PROCESS

34. The Receiver is of the view that **Confidential Appendices "1" and "2"** should remain sealed pending completion of the Transaction discussed above or further order of the Court, as the information contained therein is commercially sensitive and would prejudice a subsequent sales process in the event that the Transaction does not close for any reason. If the Transaction does not close, it is likely that another sales process may be required and, in the absence of a

sealing order, future bidders would have access to the amount that was accepted by the Receiver, which may adversely affect realizations.

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

36. For these reasons, the Receiver is of the view that the information provided in **Confidential Appendices "1"** and **"2"** should be filed with the Court under seal until completion of the Transaction or further order of the Court.

RECEIVER'S REQUESTED RELIEF

37. The Receiver respectfully recommends that this Court grant the relief requested as set out in the Receiver's Notice of Motion, returnable February 19, 2013.

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

TAB 2-A
APPENDIX "1"

Court File No. CV12-9930-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 7th
JUSTICE WILTON-SIEGEL	)	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.

February 12, 2013

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

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Lawyers for the Receiver

TO: THE SERVICE LIST ATTACHED

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

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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.*

Applicants

Court File No: CV12-9930-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicants

22309982.8

TAB 2-B
APPENDIX "2"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 23RD
	)	
JUSTICE DAVID M. BROWN	)	DAY OF FEBRUARY, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF First Leaside Wealth Management Inc., First Leaside Finance Inc., First Leaside Securities Inc., FL Securities Inc., First Leaside Management Inc., First Leaside Accounting and Tax Services Inc., First Leaside Holdings Inc., 2086056 Ontario Inc., First Leaside Realty Inc., First Leaside Capital Inc., First Leaside Realty II Inc., First Leaside Investments Inc., 965010 Ontario Inc., 1045517 Ontario Inc., 1024919 Ontario Inc., 1031628 Ontario Inc., 1056971 Ontario Inc., 1376095 Ontario Inc., 1437290 Ontario Ltd., 1244428 Ontario Ltd., PrestonOne Development (Canada) Inc., PrestonTwo Development (Canada) Inc., PrestonThree Development (Canada) Inc., PrestonFour Development (Canada) Inc., 2088543 Ontario Inc., 2088544 Ontario Inc., 2088545 Ontario Inc., 1331607 Ontario Inc., Queenston Manor General Partner Inc., 1408927 Ontario Ltd., 2107738 Ontario Inc., 1418361 Ontario Ltd., 2128054 Ontario Inc., 2069212 Ontario Inc., 1132413 Ontario Inc., 2067171 Ontario Inc., 2085306 Ontario Inc., 2059035 Ontario Inc., 2086218 Ontario Inc., 2085438 Ontario Inc., First Leaside Visions Management Inc., 1049015 Ontario Inc., 1049016 Ontario Inc., 2007804 Ontario Inc., 2019418 Ontario Inc., FL Research Management Inc., 970877 Ontario Inc., 1031628 Ontario Inc., 1045516 Ontario Inc., 2004516 Ontario Inc., 2192341 Ontario Inc., and First Leaside Fund Management Inc. (each, an "Applicant" and collectively, the "Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Gregory MacLeod sworn February 22, 2012 (the "MacLeod Affidavit") and the Exhibits thereto, and the Pre-filing Report of Grant Thornton Limited as the Proposed Monitor, and on hearing the submissions of counsel for the Applicant, the proposed Monitor, the proposed Representative Counsel, the Ontario Securities Commission, the Investment Industry Regulatory Organization of Canada, the Toronto-Dominion Bank, the Canadian Imperial Bank of Commerce, and KingSett Capital, no one appearing for the other parties on the service list although duly served as appears from the affidavit of service of Patricia Hoogenband sworn February 22, 2012 and on reading the consent of Grant Thornton Limited to act as the Monitor,

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.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies. Although not an Applicant, the limited partnerships listed in Schedule "A" to this Order (the "LPs") shall enjoy the benefits of and the protections provided to the Applicant by this Order. (The Applicant and the LPs are hereinafter referred to collectively as "First Leaside".)

3. THIS COURT ORDERS that, for greater certainty, the terms of this order shall not apply to the following limited partnerships (collectively, the "Excluded LPs"):

(a) First Leaside Retirement Residences (Ottawa) Limited Partnership

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

(c) Cherry Park Retirement Residences Limited Partnership

(d) Orchard Valley Retirement Residences Limited Partnership

(e) The Shores Retirement Residences Limited Partnership

(f) Redwood Retirement Residences (Ottawa) Limited Partnership

(g) 100 Isabella Street (Ottawa) Limited Partnership and

(h) 480 Metcalfe Street (Ottawa) Limited Partnership

(hereafter, the Excluded LPs identified in (a), (f), (g), and (h) above shall be referred to as the "Ottawa Excluded LPs" and the Excluded LPs identified in (b), (c), (d), and (e) above shall be referred to as the "Okanagan Excluded LPs").

4. THIS COURT ORDERS that the provisions of this order shall not extend to any general partner of the Excluded LPs to the extent that such general partner exercises powers for or on behalf of the Excluded LPs, holds property on behalf of the Excluded LPs, or owes liabilities in respect of the Excluded LPs

5. THIS COURT ORDERS that, for greater certainty, Canadian Imperial Bank of Commerce ("CIBC"), KingSett Mortgage Corporation ("KingSett") and Toronto-Dominion Bank ("TD") shall be unaffected creditors and not stayed by or otherwise subject to the terms of this Order in respect of the Excluded LPs.

6. THIS COURT ORDERS that that no payments, funds or other transfers of value shall be accepted or received by First Leaside from the Excluded LPs, save and except to the extent approved by agreement in writing by CIBC and KingSett with respect to the Ottawa Excluded LPs and by TD with respect to the Okanagan Excluded LPs.

7. THIS COURT ORDERS that the Applicant is at liberty, at any time, on seven days' notice to CIBC, KingSett, and TD, to seek an order extending the scope of these proceedings and the provisions of this order to include the Excluded LPs.

PLAN OF ARRANGEMENT

8. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan or plans of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

9. THIS COURT ORDERS that First Leaside shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, First Leaside shall continue to carry on its business in a manner consistent with the preservation of its business (the "Business") and Property. First Leaside shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

10. THIS COURT ORDERS that First Leaside shall be entitled to implement a central cash management system as described in the MacLeod Affidavit or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by First Leaside of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than First Leaside, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. The bank accounts of First Leaside Securities Inc. ("FLSI") shall not form part of the Cash Management System.

11. THIS COURT ORDERS that First Leaside shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by First Leaside in respect of these proceedings, at their standard rates and charges.

12. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, First Leaside shall be entitled but not required to pay all reasonable expenses incurred by First Leaside in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;

(b) payment for goods or services actually supplied to First Leaside following the date of this Order; and

(c) payments of principal and interest in respect of real property mortgages.

13. THIS COURT ORDERS that First Leaside shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by First Leaside in connection with the sale of goods and services by First Leaside, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by First Leaside.

14. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, First Leaside shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between First Leaside and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, in equal monthly payments on the first day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

15. THIS COURT ORDERS that, except as specifically permitted herein, First Leaside is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by First Leaside to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

16. THIS COURT ORDERS that First Leaside shall, subject to such requirements as are imposed by the CCAA, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $250,000 in the aggregate;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;

(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing; and

(d) pursue all avenues for the potential sale of the Business or Property, in whole or part, subject to further approval of such sale by this Court,

all of the foregoing to permit First Leaside to proceed with an orderly restructuring of the Business (the "Restructuring").

17. THIS COURT ORDERS that First Leaside shall provide each of the relevant landlords with notice of First Leaside's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes First Leaside's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and First Leaside, or by further Order of this Court upon application by First Leaside on at least two (2) days notice to such landlord and any such secured creditors. If First Leaside disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to First Leaside's claim to the fixtures in dispute.

18. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective

tenants during normal business hours, on giving First Leaside and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against First Leaside in respect of such lease or leased premises and such landlord shall be entitled to notify First Leaside of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST FIRST LEASIDE OR THE PROPERTY

19. THIS COURT ORDERS that until and including March 23, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of First Leaside or the Monitor, or affecting the Business or the Property, except with the written consent of First Leaside and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of First Leaside or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

20. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of First Leaside or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of First Leaside and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower First Leaside to carry on any business which First Leaside is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

21. THIS COURT ORDERS that during the Stay Period, 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 First Leaside, except with the written consent of First Leaside and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

22. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with First Leaside 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 the Business or 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 First Leaside, and that First Leaside shall be entitled to the continued use of its current premises, 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 First Leaside 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 each of First Leaside and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

23. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to First Leaside. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

24. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of First Leaside with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

CHIEF RESTRUCTURING OFFICER

25. THIS COURT ORDERS that the appointment of G.S. MacLeod & Associates Inc. as chief restructuring officer of First Leaside (the "CRO") is hereby confirmed and approved and the CRO is hereby authorized and empowered to operate and manage the affairs of First Leaside during the pendency of these CCAA proceedings.

26. THIS COURT ORDERS that the CRO shall be paid its fees and disbursements (the "CRO Fees") in accordance with the CRO's engagement letter with First Leaside dated December 21, 2011.

27. THIS COURT ORDERS that the CRO and its officers, directors, employees, and servants shall incur no liability or obligation as a result of the appointment of the CRO or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on their part.

TRANSFER OF CLIENT ACCOUNTS

28. THIS COURT ORDERS that, to the extent that any client of FLSI ("FLSI Client") holds a "security" as defined in section 253 of the *Bankruptcy and Insolvency Act* and/or cash in an account or accounts with Penson Financial Services Canada Inc. (each, a "Client Account"), such FLSI Client shall immediately have the right to transfer any such

security or cash or the entire Client Account with Penson Financial Services Canada Inc. to another licensed securities dealer (an "FLSI Client Account Transfer").

29. THIS COURT ORDERS that FLSI and Penson Financial Services Canada Inc. shall take all reasonable steps to facilitate an FLSI Client Account Transfer.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

30. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

31. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of $250,000, as security for the indemnity provided in paragraph 30 of this Order as well as the fees and disbursements of counsel to the Independent Committee of the Board of Directors ("Independent Committee Counsel") to the extent that such fees and disbursements relate to services provided in respect of First Leaside. The Directors' Charge shall have the priority set out in paragraphs 50 and 52 herein. The Applicant is hereby authorized and directed to pay a $50,000 retainer to Independent Committee Counsel.

32. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 30 of this Order.

APPOINTMENT OF MONITOR

33. THIS COURT ORDERS that Grant Thornton Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of First Leaside with the powers and obligations set out in the CCAA or set forth herein and that First Leaside and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by First Leaside pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

34. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor First Leaside's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) advise First Leaside in its preparation of First Leaside's cash flow statements;

(d) advise and assist First Leaside concerning the potential sale of the Property and an orderly wind-down of the Business;

(e) advise First Leaside in its development of the Plan and any amendments to the Plan;

(f) assist First Leaside, to the extent required by First Leaside, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of First Leaside, to the extent that is necessary to adequately assess First

Leaside's business and financial affairs or to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(i) perform such other duties as are required by this Order or by this Court from time to time; and

(j) consult with and assist First Leaside in its negotiations and discussions with investors, creditors, and other stakeholders.

35. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

36. THIS COURT ORDERS that nothing herein contained shall require the Monitor 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 Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor'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.

37. THIS COURT ORDERS that the Monitor shall provide any creditor of First Leaside with information provided by First Leaside in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by First Leaside is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and First Leaside may agree.

38. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

39. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and counsel to First Leaside shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by First Leaside as part of the costs of these proceedings. First Leaside is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for First Leaside on a bi-weekly basis and, in addition, First Leaside is hereby authorized to pay retainers of $150,000 to the Monitor, $100,000 to counsel to the Monitor, and $150,000 to counsel to First Leaside, to be held by each of them as security for payment of their respective fees and disbursements outstanding from time to time.

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

41. THIS COURT ORDERS that the Monitor, counsel to the Monitor, First Leaside's counsel, and Representative Counsel (defined below) shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of $1,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 50 and 52 hereof.

APPOINTMENT OF REPRESENTATIVE COUNSEL

42. THIS COURT ORDERS that Fraser Milner Casgrain LLP ("Representative Counsel") is appointed as representative counsel in these proceedings to represent the interests of clients of FLSI (the "Clients"), unless and until written notice is provided by a particular Client to Representative Counsel that such Client does not wish to be represented by Representative Counsel.

43. THIS COURT ORDERS that First Leaside shall provide to Representative Counsel the last known e-mail addresses (to the extent available) or other available contact information for each Client and, within ten days of the date of this Order, Representative Counsel shall provide the Clients with a copy of this Order, which shall constitute sufficient notice to Clients of this Order and the appointment of Representative Counsel and such step shall relieve the Monitor of its duty to provide notice to such Clients under section 23 of the CCAA.

44. THIS COURT ORDERS that Representative Counsel shall be paid its reasonable fees and disbursements by First Leaside, up to an initial maximum amount of $150,000 (the "Representative Counsel Allowance") with any subsequent increases to the Representative Counsel Allowance being determined by further Order of this Court. Representative Counsel shall be paid by First Leaside in a timely manner for fulfilling its mandate in accordance with this Order, upon the provision of invoices to First Leaside, subject to such redactions to the invoices as are necessary to maintain solicitor-client privilege between Representative Counsel and the Clients.

45. THIS COURT ORDERS that First Leaside shall pay to Representative Counsel a retainer of $25,000 to be held by it as security for payment of its fees and disbursements outstanding from time to time.

46. THIS COURT ORDERS that Representative Counsel is hereby authorized to take all steps and do all acts necessary or desirable to carry out the terms of this Order.

47. THIS COURT ORDERS that Representative Counsel shall be at liberty, and is hereby authorized, at any time, to apply to this Court for advice and directions in respect of its appointment or the fulfillment of its duties in carrying out the provisions of this Order or any variation of the powers and duties of Representative Counsel, which shall be brought on notice to First Leaside, the Monitor, and other interested parties, unless the Court orders otherwise.

48. THIS COURT ORDERS that Representative Counsel shall have no personal liability or obligations as a result of the performance of its duties in carrying out the provisions of this Order, save and except for liability arising out of gross negligence or wilful misconduct.

49. THIS COURT ORDERS that no action or other proceeding may be commenced against Representative Counsel in respect of the performance of its duties under this Order without leave of the Court on seven days' notice to Representative Counsel.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

50. THIS COURT ORDERS that the priorities of the Directors' Charge and the Administration Charge, as between them, shall be as follows:

First – Administration Charge (to the maximum amount of $1,000,000);

Second – Directors' Charge (to the maximum amount of $250,000).

51. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge or the Administration Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to

the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

52. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, provided, however, that

(a) the Directors' Charge shall not attach to any monies or other Property of FLSI ("FLSI Property") including, without limitation, property which constitutes "risk adjusted capital" plus the $250,000 "minimum capital requirement" in accordance with applicable securities laws and regulations; and

(b) the Administration Charge shall not attach to the FLSI Property in an amount exceeding the lesser of (A) $1 million and (B) the portion of costs secured by the Administration Charge which are attributable to, or for the benefit of, FLSI.

53. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, First Leaside shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, or the Administration Charge, unless First Leaside also obtains the prior written consent of the Monitor and the beneficiaries of the Directors' Charge and the Administration Charge and further Order of this Court.

54. THIS COURT ORDERS that the Directors' Charge and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e)

any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds First Leaside, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by First Leaside of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by the creation of the Charges; and

(c) the payments made by First Leaside pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

55. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in First Leaside's interest in such real property leases.

56. THIS COURT ORDERS that the CRO Fees and the professional fees and expenses of the Monitor, counsel to the Monitor, First Leaside's counsel and Representative Counsel paid or incurred in accordance with the provisions of this Order shall be allocated by First Leaside with the assistance of the Monitor to the various business units pursuant to a protocol to be proposed by First Leaside with the assistance of the Monitor, which protocol shall be approved upon motion to this Court. First Leaside and the Monitor shall endeavour to make recommendations in respect of a protocol on or before March 30, 2012.

SERVICE AND NOTICE

57. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the national edition of the *Globe and Mail* a notice containing the information prescribed

under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against First Leaside of more than $1000, and (C) prepare a list showing the aggregate amounts owed to equity investors, debt investors, and employees, but not names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

58. THIS COURT ORDERS that First Leaside, Representative Counsel, and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to First Leaside's creditors or other interested parties at their respective addresses as last shown on the records of First Leaside and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

59. THIS COURT ORDERS that First Leaside, Representative Counsel, and the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at www.grantthornton.ca/firstleaside.

GENERAL

60. THIS COURT ORDERS that First Leaside or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

61. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of First Leaside, the Business or the Property.

62. 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 First Leaside, the Monitor and their respective 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 First Leaside and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist First Leaside and the Monitor and their respective agents in carrying out the terms of this Order.

63. THIS COURT ORDERS that each of First Leaside and the Monitor 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 Monitor 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.

64. THIS COURT ORDERS that any interested party (including First Leaside and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

65. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

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

FEB 24 2012
NB

NBrown

Natasha Brown
Registrar

SCHEDULE "A"—PARTNERSHIPS ENTITLED TO THE BENEFIT OF THIS ORDER

Mill Street Limited Partnership
Development Notes Limited Partnerships Special Notes LP
First Leaside Properties LP
First Leaside Realty LP First Leaside Real Estate LP
First Leaside Global LP First Leaside Income LP First Leaside Investors LP First Leaside Optimal LP First Leaside Preferred LP First Leaside Premier LP First Leaside Progressive LP First Leaside Quality LP First Leaside Real Estate LP First Leaside Realty II LP First Leaside Retirement Residences LP First Leaside Superior LP First Leaside Ultimate LP First Leaside Universal LP Uxbridge Development LP First Leaside Retirement Residences Limited Partnership First Leaside Venture Limited Partnership
Wimberly Apartments LP
The Shores LP
Old Mill Pond LP

The Bluffs of Lakewood LP
First Leaside Spring Valley LP
First Leaside Partners LP First Leaside Opportunities LP
Preston Racquet Club Real Estate Limited Partnership Series 910 PA Preston Racquet Club Real Estate Limited Partnership Series 910 PB Preston Racquet Club Real Estate Limited Partnership Series 910 PC Preston Racquet Club Real Estate Limited Partnership Series 910 PD
FL Master Texas Ltd.
FLW Pond Master Ltd.
FLW Shores Master Ltd.
First Leaside Acquisitions LP
Queenston Manor LP
First Leaside Acquisitions 2000 LP
First Leaside Advantage LP
First Leaside Developments LP
First Leaside Elite LP First Leaside Select LP
First Leaside Enterprises LP
B&W LP First Leaside Entities LP
First Leaside Expansion LP
First Leaside Growth LP
First Leaside Operations LP
First Leaside Unity LP

First Leaside Visions I LP First Leaside Visions II LP First Leaside Visions III LP First Leaside Visions IV LP Metabacus LP Greencore LP Marksman Celliect LP OMISA LP Dossierview LP eSight LP Tyromer LP	Partnership F.L. Retirement Residences Limited Partnership First Leaside Global Limited Partnership First Leaside Ventures Limited Partnership Special U.S. Notes Limited Partnership FLWM Holdings Limited Partnership
Place Concorde East LP	
Place Concorde West LP	
First Leaside Wealth Management LP	
First Leaside Technologies LP	
F.L. Beverages Group Limited	

TAB 2-C
APPENDIX "3"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 7th
	)	
JUSTICE WILTON-SIEGEL	)	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**")

CLAIMS PROCEDURE ORDER

This motion (the "**Motion**") made by the Applicants (collectively, "**First Leaside**") for an order approving a procedure for the determination and resolution of claims filed against First Leaside and authorizing and directing Grant Thornton Limited as Court-appointed receiver (the "**Receiver**"), without security, of all the assets, undertakings and properties of First Leaside, to administer the claims process in accordance with its terms, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING First Leaside's Notice of Motion, the Affidavit of Gregory MacLeod, sworn December 3, 2012 and filed in Commercial List File No. CV-12-9617-00CL (the "**MacLeod Affidavit**"), 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, upon a receivership order in respect of the Applicants having been issued by this Court on December 7, 2012 (the "**Receivership Order**"), 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 representing the interests of the nearly 1,200 clients of First Leaside Securities Inc., counsel for the OSC, counsel for IIROC, 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 the Wimberly Fund, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Maria Konidis sworn December 5, 2012, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Seventh 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 Seventh Report is hereby dispensed with and that service in the manner effected by First Leaside is validated in all respects.

DEFINITIONS

2. **THIS COURT ORDERS** that for the purposes of this Order, the following terms shall have the following meanings:

   (a) "**Acknowledgement of Claim**" means an Acknowledgement of Claim in substantially the same form attached as **Schedule "C"** hereto;

   (b) "**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;

   (c) "**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c-36;

   (d) "**CCAA Proceeding**" means the proceeding commenced by First Leaside pursuant to the Initial Order;

   (e) "**Claim**" means:

      (i) any right of any Person against any of the Applicants in connection with any indebtedness, liability or obligation of any kind of First Leaside, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future that could be asserted by way of set-off, counterclaim or otherwise, which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the date of this Order or which would have been claims provable in bankruptcy had the Applicant become bankrupt on the date of this Order, including, for the avoidance of doubt, any Claim arising on or after the Filing Date prior to the date of this Order (each, a "**Creditor Claim**" and, collectively, the "**Creditor Claims**"); and

(ii) any claims of any client (each, an "**Investor**") of First Leaside Securities Inc. derived from such client's investment in First Leaside proprietary products, including those listed on **Schedule "G"** hereto, which right is based in whole or in part on facts existing on or prior to the Filing Date or which would have been claims provable in bankruptcy on the Filing Date (each, an "**Investor Claim**" and, together with the Creditor Claims, "**Claims**"),

provided, however, that "**Claim**" shall not include an Excluded Claim.

(f) "**Claims Bar Date**" means 5:00 p.m. (Toronto time) on **February 28, 2013**, or any later date ordered by the Court;

(g) "**Claims Package**" means a package of information to be provided by the Receiver, which package shall include a copy of this Order without attachments, an Instruction Letter, a Proof of Claim (or, where applicable, an Acknowledgement of Claim) and such other materials as the Receiver may consider appropriate or desirable;

(h) "**Claims Procedure**" means the procedures outlined in this Order, including the Schedules;

(i) "**Claims Procedure Order**" means this Order;

(j) "**Court**" means the Ontario Superior Court of Justice (Commercial List);

(k) "**Creditor**" means any Person having a Claim and, for the avoidance of doubt, includes any Investor with an Investor Claim;

(l) "**Excluded Claim**" means claims secured by any of the Administration Charge, the Directors' Charge and the Inter-Company Charge (all as defined in the Initial Order) and any Escrow Funds Claim (as set out in paragraph 8 of the Receivership Order dated December 7, 2012);

(m) "**Filing Date**" means February 23, 2012;

(n) "**First Leaside Investment Funds**" means First Leaside Wealth Management Fund and FLEX Fund;

(o) "**Initial Order**" means the Initial Order made by the Honourable Mr. Justice Brown dated February 23, 2012 in the CCAA Proceeding, as amended;

(p) "**Instruction Letter**" means a letter to Creditors regarding the Claims Procedure containing instructions regarding the completion and return of a Proof of Claim or a Request for Amendment of an Acknowledgement of Claim, substantially in the form attached as **Schedule "B"** hereto;

(q) "**Investor**" has the meaning ascribed to that term in paragraph 2(e)(ii) of the Claims Procedure Order;

(r) "**Investor Claim**" has the meaning ascribed to that term in paragraph 2(e)(ii) of the Claims Procedure Order;

(s) "**Investor Information**" means the information contained in the "Particulars of Claim" section of the Acknowledgement of Claim, as such information may be amended by (i) a Request for Amendment that is accepted by the Receiver in accordance with paragraph 8 of this

Order or (ii) a resolution or determination in accordance with paragraphs 13–15 of this Order;

(t) "**Known Creditors**" means:

(i) those Creditors which the books and records of the Applicants disclose were owed monies by any of the First Leaside entities as of the date of this Order and which monies remain unpaid in whole or in part, including Investors;

(ii) any Person who commenced a legal proceeding against any of the Applicants which legal proceeding was commenced and served upon such entity(ies) prior to the Filing Date;

(iii) any Person who is party to a lease, contract, employment agreement or other agreement of First Leaside which was terminated or disclaimed by First Leaside between the Filing Date and the date of this Order; and

(iv) any other Creditor actually known to First Leaside as of the date of this Order;

(u) "**Notice of Dispute**" means a notice delivered to the Receiver by a Creditor disputing a Notice of Revision or Disallowance, which notice shall be substantially in the form attached hereto as **Schedule "F"** and shall set out the reasons for the dispute;

(v) "**Notice of Revision or Disallowance**" means a notice informing a Creditor that the Receiver has revised or disallowed all or any part of such Creditor's Claim, which notice shall be substantially in the form attached hereto as **Schedule "E"** and shall set out the reasons for such revision and/or disallowance;

(w) "**Notice to Creditors**" means the notice publicizing this Claims Procedure to be published in accordance with this Order, substantially in the form of the notice attached as **Schedule "A"**;

(x) "**Person**" means any individual, general or limited partnership, firm, association, joint venture, trust, entity, corporation, limited or unlimited liability company, unincorporated organization, trade union, pension plan administrator, pension plan regulator, governmental authority or agency, employee or other association, or any other juridical entity howsoever designated or constituted;

(y) "**Proof of Claim**" means the form of Proof of Claim to be completed and filed by a Creditor setting forth its purported Claim, substantially in the form attached as **Schedule "D"**;

(z) "**Proven Claim**" means the amount and classification of any Creditor's Claim as finally determined in accordance with this Claims Procedure;

(aa) "**Receivership Proceedings**" means the receivership proceedings commenced in respect of the Applicants by Order of this Court on December 7, 2012;

(bb) "**Receiver's Website**" means http://www.grantthornton.ca/firstleaside;

(cc) "**Request for Amendment**" means an Investor's request for the amendment of the Investor Information included in an Acknowledgement of Claim, by completing and returning the "Request for Amendment" section in the Acknowledgement of Claim provided by the Receiver to that Investor;

NOTICE TO CREDITORS AND OTHERS

3. **THIS COURT ORDERS** that

(a) the Receiver shall, no later than five Business Days following the making of this Order, post a copy of this Order (together with all Schedules) on the Receiver's Website;

(b) the Receiver shall send to each of the Known Creditors (in each case, for which it has an address) a copy of the Claims Package by January 15, 2013;

(c) the Receiver shall, no later than January 15, 2013, cause to be published the Notice to Creditors in *The Globe and Mail*, National Edition; and

(d) the Receiver shall, provided such request is received prior to the Claims Bar Date, deliver as soon as reasonably possible following receipt of a request therefore a copy of the Claims Package to any Person claiming to be a Creditor and requesting such material.

INVESTOR CLAIMS

4. **THIS COURT ORDERS** that the Receiver may, where it considers it appropriate to do so, send to any Investor an Acknowledgement of Claim, wherein the Receiver acknowledges an Investor Claim based on First Leaside's books and records, and sets out First Leaside's information relating to that Investor Claim. The Investor Information therein with respect to such Investor's Claim **shall be deemed confirmed in all respects by the Investor unless the Investor elects to complete and file a Request for Amendment, together with supporting documentation**, in which case (a) the Receiver shall review and consider the Request for Amendment and (b) the Receiver may accept the amendments requested, or revise or disallow

them by way of Notice of Revision or Disallowance. Unless a Request for Amendment is received by the Receiver on or before the Claims Bar Date,

(a) the Acknowledgement of Claim and the Investor Information therein shall be final and binding on the Investor, and may be relied upon by the Receiver in valuing the Investor Claim for all purposes, and

(b) the Investor shall be barred from making any Claim inconsistent with the information contained in the Acknowledgement of Claim.

PROOFS OF CLAIM

5. **THIS COURT ORDERS** that all Creditors, **other than those who have received an Acknowledgement of Claim**, shall file with the Receiver a Proof of Claim within the time periods herein stipulated. For greater certainty, any Investor who wishes to assert a Claim on the basis of facts and circumstances other than those set out in an Acknowledgement of Claim or a Request for Amendment shall file a Proof of Claim.

DEADLINE FOR FILING REQUEST FOR AMENDMENT OR PROOF OF CLAIM

6. **THIS COURT ORDERS** that all Requests for Amendment and all Proofs of Claim, together with supporting documentation in respect of such Claim, must be filed with the Receiver by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission, so that such Request for Amendment or Proof of Claim is actually received by the Receiver by no later than the Claims Bar Date.

7. **THIS COURT ORDERS** that any Creditor that does not file a Request for Amendment or a Proof of Claim, together with supporting documentation in respect of such Claim,

(a) shall be and is hereby forever barred from asserting or enforcing any Claim against First Leaside, except with respect to a Claim based on Investor Information;

(b) shall not be entitled to receive any distributions from First Leaside's estates, except with respect to a Claim based on Investor Information; and

(c) shall not be entitled to any further notice in, and shall not be entitled to participate as a creditor in, the Receivership Proceedings, except with respect to a Claim based on Investor Information.

DETERMINATION OF CLAIMS AGAINST FIRST LEASIDE

8. **THIS COURT ORDERS** that the Receiver shall review all Requests for Amendment and all Proofs of Claim filed on or before the Claims Bar Date and may accept, revise or disallow (in whole or in part) the Investor Information set out in any Request for Amendment, and the amount and/or status of a Claim set out in any Proof of Claim. If the Receiver determines to revise or disallow a Request for Amendment or Claim, the Receiver shall send a Notice of Revision or Disallowance to the Creditor. At any time, the Receiver may request additional information with respect to any Claim (including in respect of any Acknowledgement of Claim), and may request that the Creditor file a revised Request for Amendment or a revised Proof of Claim, as the case may be.

9. **THIS COURT ORDERS** that the Receiver may attempt to consensually resolve the classification and amount of any Claim with the Creditor prior to accepting, revising or disallowing such Claim.

10. **THIS COURT ORDERS** that where an Acknowledgement of Claim or a Proof of Claim has been revised or disallowed (in whole or in part) by a Notice of Revision or Disallowance, the revised or disallowed portion of that Claim shall not establish a Proven Claim unless the Creditor has disputed the revision or disallowance and proven the revised or disallowed Claim (or portion thereof) in accordance with paragraphs 13–15 of this Order.

NOTICES OF DISPUTE

11. **THIS COURT ORDERS** that if a Creditor disputes the Notice of Revision or Disallowance and intends to contest the Notice of Revision or Disallowance then such Creditor shall deliver a Notice of Dispute by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission so that such Notice of Dispute is actually received by the Receiver by no later than 5:00 p.m. (Toronto time) on the Business Day which is fourteen days after delivery of the Notice of Revision or Disallowance or such later date as the Receiver may agree in writing or the Court may order. The filing of a Notice of Dispute with the Receiver within the time limited therefore shall constitute an application to have the amount or status of such Claim determined as set out in paragraphs 13–15 hereof.

12. **THIS COURT ORDERS** that where a Creditor that receives a Notice of Revision or Disallowance fails to file a Notice of Dispute with the Receiver within the time limited therefore, the amount and status of such Creditor's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance and such amount and status, if any, shall constitute such Creditor's Proven Claim.

RESOLUTION OF CLAIMS

13. **THIS COURT ORDERS** that as soon as practicable after the delivery of the Notice of Dispute to the Receiver, the Receiver may

(a) attempt to consensually resolve the classification and amount of the Claim with the Creditor; and/or

(b) schedule an appointment with the Court for the purpose of scheduling a motion to have the classification and/or amount of the Claim determined by the Court, and at such motion the Creditor shall be deemed to be the applicant and the Receiver shall be deemed to be the respondent.

14. **THIS COURT ORDERS** that notwithstanding the other provisions of this Order, the Receiver may make a motion to the Court for a final determination of a Claim at any time, whether or not a Notice of Revision or Disallowance has been sent by the Receiver.

15. **THIS COURT ORDERS** that in the event that the dispute between the Creditor and the Receiver is not settled within a time period or in a manner satisfactory to the Receiver or the Creditor, the Receiver or the Creditor may make a motion to the Court for the final determination of the Creditor's Claim.

ADEQUACY OF INFORMATION/CURRENCY

16. **THIS COURT ORDERS** that

(a) the Receiver may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Order as to completion and execution of Requests for Amendment or Proofs of Claim;

(b) any Creditor Claims denominated in a currency other than Canadian dollars shall, for the purposes of this Order, be converted to, and constitute obligations in, Canadian dollars, such calculation to be effected by the Receiver using the Bank of Canada noon spot rate on December 7, 2012; and

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(c) any Investor Claims denominated in a currency other than Canadian dollars shall, for the purposes of this Order, be converted to, and constitute obligations in, Canadian dollars, such calculation to be effected by the Receiver using the Bank of Canada noon spot rate on the Filing Date.

NOTICE OF TRANSFEREES

17. **THIS COURT ORDERS** that the Receiver shall not be obligated to give notice to or otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless

(a) actual written notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received by the Receiver or First Leaside; and

(b) the Receiver or First Leaside shall have acknowledged in writing such transfer or assignment, and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim.

Any such transferee or assignee of a Claim, and such Claim, shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Order prior to the written acknowledgement by First Leaside or the Receiver of such transfer or assignment.

18. **THIS COURT ORDERS** that if the holder of a Claim has transferred or assigned the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and the Receiver shall in each such case not be bound to acknowledge or recognize any such transfer or assignment and shall be

entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim. Provided that a transfer or assignment of the Claim has taken place in accordance with paragraph 17 of this Order and the Receiver has acknowledged in writing such transfer or assignment, the person last holding such Claim in whole as the Creditor in respect of such Claim may by notice in writing to the Receiver direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and, in such event, such Creditor, such transferee or assignee of the Claim and the whole of such Claim shall be bound by any notices given or steps taken in respect of such Claim by or with respect to such Person in accordance with this Order.

19. **THIS COURT ORDERS** that the Receiver is under no obligation to give notice to any Person other than the Creditor holding the Claim and shall, without limitation, have no obligation to give notice to any Person holding a security interest, lien, or charge in, or a pledge or assignment by way of security in, a Claim.

20. **THIS COURT ORDERS** that the transferee or assignee of any Claim

(a) shall take the Claim subject to the rights and obligations of the transferor/assignor of the Claim, and subject to the rights of any First Leaside entity against any such transferor or assignor, including any rights of set-off which any First Leaside entity had against such transferor or assignor, and

(b) cannot use any transferred or assigned claim to reduce any amount owing by the transferee or assignee to any First Leaside entity, whether by way of set-off, application, merger, consolidation or otherwise.

PROTECTIONS FOR RECEIVER

21. **THIS COURT ORDERS** that in carrying out the terms of this Order,

(a) the Receiver shall have all of the protections given to it by the Receivership Order or as an officer of this Court, including the stay of proceedings in its favour;

(b) the Receiver shall incur no liability or obligation as a result of the carrying out of the provisions of this Order;

(c) the Receiver shall be entitled to rely on First Leaside's books and records, and any information provided by First Leaside, all without independent investigation; and

(d) the Receiver shall not be liable for any claims or damages resulting from any errors or omissions in such books or records.

DIRECTIONS

22. **THIS COURT ORDERS** that the Receiver may, at any time, and with such notice as this Court may require, seek directions from this Court with respect to this Order, the Claims Procedure set out herein and the forms attached as Schedules hereto, including with respect to the appointment of a claims officer if the Receiver deems it necessary or appropriate.

SERVICE AND NOTICE

23. **THIS COURT ORDERS** that the Receiver be at liberty to deliver the Claims Package, and any letters, notices or other documents to Creditors or other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission to such Persons at the address as last shown on the records of First Leaside and that any such service or notice by courier, personal delivery or electronic or digital

transmission shall be deemed to be received on the next Business Day following the date of forwarding thereof, or if sent by prepaid ordinary mail, on the fourth (4th) Business Day after mailing.

24. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Requests for Amendment, Proofs of Claim and Notices of Dispute) to be given under this Order by a Creditor to the Receiver shall be in writing substantially in the form, if any, provided for in this Order and will be sufficiently given only if given by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission addressed to:

Grant Thornton Limited
In its capacity as Receiver of First Leaside
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, Ontario
Canada M5J 2P9

Attention: Valerie Naccarato
Telephone: (855) 883-2474
E-mail: valerie.naccarato@ca.gt.com
Fax: (416) 360-4948

Any such notice or other communication by a Creditor shall be deemed received only upon actual receipt thereof during normal business hours on a Business Day.

MISCELLANEOUS

25. **THIS COURT ORDERS** that this Claims Procedure Order does not and is not intended to provide for the calculation or methodology of determining distributions but solely for providing a process for submitting and adjudicating Claims. The Receiver will request additional relief from this Court with respect to determining a final basis for calculating and determining ultimate distributions to Creditors.

26. **THIS COURT ORDERS** that Claims on behalf of any of the Applicants against any other Applicant covered by the Inter-Company Charge or otherwise, and any claims of any of the First Leaside Investment Funds against any Applicant shall be deemed filed and accepted by the Receiver in amounts determined by the Receiver on the basis of the books and records of First Leaside, without the need for the Receiver or such First Leaside Investment Funds to file Proofs of Claim with respect to such Claims.

27. **THIS COURT ORDERS** that the Receiver may set off (whether by way of legal, equitable or contractual set-off) against the Claims of any Creditor, any claims of any nature whatsoever that any of the Applicants may have against such Creditor arising prior to the entry of this Claims Procedure Order, provided that such set-off satisfies the requirements for legal, equitable or contractual set-off to the extent permitted by applicable law as may be determined by the Court. If there is any dispute between the Receiver and the applicable Creditor, however, neither the failure to assert set-off nor the allowance of any Claim hereunder shall constitute a waiver or release by the Receiver of any such claim that the Receiver may have against such Creditor.

28. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States of America, and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

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

DEC 17 2012

Wilton-Siegel J.

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SCHEDULE "A"

NOTICE TO CREDITORS

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 (hereinafter referred to as, "First Leaside")

RE: NOTICE OF CLAIMS PROCEDURE IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE

PLEASE TAKE NOTICE that this notice is being published pursuant to an Order of the Superior Court of Justice of Ontario made December 7, 2012 (the "**Claims Procedure Order**"). First Leaside's creditors should have received a claims package by mail, if those creditors and their current addresses are known to First Leaside and/or Grant Thornton Limited, Court-appointed receiver (the "**Receiver**") of First Leaside. Creditors may also obtain the Claims Procedure Order and a claims package from the Receiver's website at www.grantthornton.ca/firstleaside or by contacting the Receiver by telephone ((855) 883-2474) or by fax (416) 360-4948.

Proofs of Claim and, where necessary, Requests for Amendment of Acknowledgments of Claim must be submitted to the Receiver in a prescribed form for any claim against First Leaside, whether unliquidated, contingent or otherwise, in each case where the claim arose on or prior to February 23, 2012 for claims of clients of First Leaside Securities Inc. derived from such clients' investment in First Leaside proprietary securities, or December 7, 2012 for all other creditors' claims. Please consult the claim documents for more details.

Completed documents must be actually received by the Receiver by 5:00 p.m. (Toronto time) on February 28, 2013 (the "Claims Bar Date"). It is your responsibility to complete the appropriate documents and ensure that the Receiver receives your completed documents by the Claims Bar Date.

Certain creditors are exempted from the requirement to file a Proof of Claim. Among those creditors who do not need to file a Proof of Claim are creditors who receive an Acknowledgement of Claim from the Receiver and who do not disagree with the amount of their claim as stated therein. Please consult the Claims Procedure Order made on December 7, 2012 for details with respect to this and other exemptions.

The Receiver is distributing Acknowledgements of Claim for the sole purpose of efficiently determining the universe of potential claims against First Leaside. RECEIPT OF AN ACKNOWLEDGEMENT OF CLAIM FROM THE RECEIVER DOES NOT AUTOMATICALLY ENTITLE THE INVESTOR TO ANY DISTRIBUTION ON ACCOUNT OF THE INFORMATION PROVIDED THEREIN. SUCH DISTRIBUTIONS WILL BE DETERMINED BY THE COURT AT A LATER DATE.

CLAIMS WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

DATED at Toronto this ____ day of _____, 2013.

SCHEDULE "B"

INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE

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 (hereinafter referred to as "First Leaside")

A. CLAIMS PROCEDURE

By Order of the Superior Court of Justice of Ontario, Canada made December 7, 2012 (the "**Claims Procedure Order**"), Grant Thornton Limited, the Court-appointed receiver (the "**Receiver**") of First Leaside, has been authorized to conduct a claims procedure (the "**Claims Procedure**") for the determination of certain claims against First Leaside.

This letter provides instructions for understanding the Acknowledgement of Claim and completing a Request for Amendment or Proof of Claim, as applicable. Please note that capitalized terms which are not defined in this Instruction Letter shall have the meanings ascribed to them in the Claims Procedure Order.

The Claims Procedure is intended for any Person with: any Claim of any kind or nature whatsoever, other than an Excluded Claim, against First Leaside, that arose on or prior to February 23, 2012 for Investor Claims of First Leaside Securities Inc. clients derived from such clients' investment in First Leaside proprietary securities, or December 7, 2012 for all other Creditor Claims, whether unliquidated, contingent or otherwise (collectively, the "**Claims**"). Please review the Claims Procedure Order on the Receiver's Website (www.grantthornton.ca/firstleaside) for the complete definition of Claim and Excluded Claim.

If you have any questions regarding the Claims Procedure, please consult the Receiver's Website or contact the Receiver at the address provided below.

All notice and enquiries with respect to the Claims Procedure should be addressed to

Grant Thornton Limited
In its capacity as Receiver of First Leaside
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, Ontario
Canada M5J 2P9

Attention: Valerie Naccarato
Telephone: (855) 833-2474
E-mail: valerie.naccarato@ca.gt.com
Fax : (416) 360-4948

B. ACKNOWLEDGEMENT OF CLAIMS

With respect to those Investors who are Creditors of First Leaside that made investments in First Leaside proprietary products through First Leaside Securities Inc., the Receiver may have obtained information from First Leaside's books and records with respect to such Claims. In those cases, the Receiver may send to the Creditor an Acknowledgement of Claim, wherein the Receiver acknowledges the amount of such Creditor's Claim and sets out the other information related to that Claim. **If the Creditor agrees with the information described in such Acknowledgement of Claim, the Creditor does not have to take any further steps. However, if the Creditor disagrees with any information as described in the Acknowledgement of Claim, then the Creditor must file a Request for Amendment, which must be received by 5:00 p.m. (Toronto time) on February 28, 2013, the Claims Bar Date. Pursuant to the Claims Procedure Order, failure**

to submit a Request for Amendment by the Claims Bar Date will result in such Claim being a Proven Claim in the amount determined by the Receiver on the Acknowledgement of Claim, although having a Proven Claim does not necessarily guarantee a distribution from the Receiver. If you believe you are an Investor but have not received an Acknowledgement of Claim, you must complete and submit a Proof of Claim.

C. FOR CREDITORS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim against any of the First Leaside entities listed above and have not received an Acknowledgement of Claim, you will have to file a Proof of Claim with the Receiver. If you have received an Acknowledgement of Claim, and believe that you have a Claim in addition to the Claim set out in the Acknowledgement of Claim (for example, a Claim for damages), then you must also file a Proof of Claim for that additional Claim. **Your Proof(s) of Claim must be received by 5:00 p.m. (Toronto time) on February 28, 2013, the Claims Bar Date. Pursuant to the Claims Procedure Order, failure to submit a Proof of Claim by the Claims Bar Date will result in such Claim being barred and extinguished, released and discharged forever.**

Additional Proof of Claim forms and other information, including the Claims Procedure Order, can be obtained from the Receiver's Website at www.grantthornton.ca/firstleaside, or by contacting the Receiver at the telephone and fax numbers indicated above and providing particulars as to your name, address and contact information.

It is your responsibility to ensure that the Receiver receives your Request for Amendment or your Proof of Claim, as the case may be, by the Claims Bar Date.

SCHEDULE "C"

ACKNOWLEDGEMENT OF CLAIM PURSUANT TO CLAIMS PROCEDURE ORDER, DATED DECEMBER 7, 2012

Please read the enclosed Instruction Letter carefully prior to responding to this Acknowledgement of Claim.

ACKNOWLEDGEMENT OF CLAIM OF CLIENT OF FIRST LEASIDE SECURITIES INC. RELATING TO RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. AND ITS AFFILIATES (collectively, the "**Applicants**")

TO: [FULL NAME AND ADDRESS OF INVESTOR]

FLSI CLIENT NUMBER: ______________________________

PARTICULARS OF CLAIM:

The books and records of the Applicants indicate that you had a Claim against the Applicants as a result of a purchase/investment that you made in or through the Applicants or an agent, the details of which are as follows:

Full Legal Name of Purchaser: ______________________________

Full Mailing Address: ______________________________

Telephone number: ______________________________

E-mail address: ______________________________

Facsimile number: ______________________________

Date of Purchase/Investment: ______________________________

Dollar Amount of Purchase/Investment: ______________________________

Number of Units/Shares Purchased: ______________________________

Return of Capital: ______________________________

Distribution of Income: ______________________________

At-Risk Amount[1] (as at December 31, 2011): ______________________________

[1] At-Risk Amount is based on box 22-1 on the 2011 T5013 for Investors who hold units in Limited Partnerships.

ACTION REQUIRED:

If you agree with all of the information set out above, you do not have to take any further steps. If, however, you disagree with this information in any respect, then you must submit a Request for Amendment by the time and date set out below.

FILING OF REQUEST FOR AMENDMENT

If you disagree with the information set out above in any respect, then you must complete the section below entitled "Request for Amendment" and return a copy of this document, together with supporting documentation, by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission so as to be actually received by the Receiver by 5:00 p.m. (Toronto time) on February 28, 2013 ("Claims Bar Date") at the following address:

Grant Thornton Limited
In its capacity as Receiver of First Leaside
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, Ontario, Canada M5J 2P9

Attention:	Valerie Naccarato
Telephone:	(855) 883-2474
E-mail:	firstleaside@ca.gt.com
Fax :	(416) 360-4948

If you do not timely submit a Request for Amendment to the Receiver, (i) this Acknowledgement of Claim and the information herein shall become final and binding on you, and may be relied upon by the Applicants in valuing your Claim for all purposes, and (ii) you shall be barred from making any Claim inconsistent with the information contained in this Acknowledgement of Claim.

It is your responsibility to ensure that the Receiver receives your Request for Amendment by the Claims Bar Date.

REQUEST FOR AMENDMENT:

I, ____ [name of Creditor or Representative of the Creditor], of ______________________ do hereby request that the information provided in this Acknowledgement of Claim be amended as follows

[PLEASE INDICATE THE SPECIFIC AMENDMENTS REQUESTED, AND PROVIDE SUPPORTING DOCUMENTATION].

SCHEDULE “D”

PROOF OF CLAIM AGAINST FIRST LEASIDE WEALTH MANAGEMENT INC. AND ITS AFFILIATES IN RECEIVERSHIP PURSUANT TO THE CLAIMS PROCEDURE ORDER DATED DECEMBER 7, 2012

A. PARTICULARS OF CREDITOR:

1. Full Legal Name of Creditor: ______________________________

2. Full Mailing Address of the Creditor (the original Creditor and not the Assignee):

   ____

   ____

   ____

3. Telephone number: ______________________________

4. E-mail address: ______________________________

5. Facsimile number: ______________________________

6. Attention (Contact Person): ______________________________

7. Has the Claim been sold or assigned by the Creditor to another party [check (√) one]?
   Yes: ☐ No: ☐

B. PARTICULARS OF ASSIGNEE(S) (IF ANY):

8. Full Legal Name of Assignee(s): ______________________________
   (If Claim has been assigned, insert full legal name of assignee(s) of Claim (if all or a portion of the Claim has been sold). If there is more than one assignee, please attach a separate sheet with the require information)

9. Full Mailing Address of Assignee(s):

   ____

   ____

   ____

10. Telephone number of Assignee(s) ______________________________

11. E-mail address: ______________________________

12. Facsimile number: ______________________________

13. Attention (Contact Person): ______________________________

C. PROOF OF CLAIM:

I, ______________________________
[name of Creditor or Representative of the Creditor], of

______________________________ do hereby certify:
(city and province)

(a) that I [check (√) one]

□ am the Creditor of the Applicants; OR

□ am ______________________________(state position or title) of

______________________________;

(name of creditor)

(b) that I have knowledge of all the circumstances connected with the Claim referred to below;

(c) The Applicants were and still are indebted to the Creditor as follows:

CLAIM ARISING ON OR PRIOR TO DECEMBER 7, 2012:

(i) TOTAL CLAIM: $______________ CAD

(Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada noon spot rate as at December 7, 2012. The Canadian Dollar/U.S. Dollar rate of exchange on that date was CDN$●/US$1.00.)

D. NATURE OF CLAIM:

(check (√) one and complete appropriate category)

□ A. UNSECURED CLAIM OF $____________________

That in respect of this debt, I do not hold any security and

(Check (√) appropriate description)

□ Regarding the amount of $ ________________, I do not claim a right to a priority.

□ Regarding the amount of $ ________________, I claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act (Canada) (the "**BIA**") or would claim such a priority if this Proof of Claim were being filed in accordance with that Act.

(Set out on an attached sheet details to support priority claim.)

□ B. SECURED CLAIM OF $ ____________

That in respect of this debt, I hold security valued at $ ____________, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

E. PARTICULARS OF CLAIM:

Other than as already set out herein the particulars of the undersigned's total Claim are attached.

(Provide all particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor which has guaranteed the Claim, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the Applicants to the Creditor and estimated value of such security, and particulars of any interim period claim.)

This Proof of Claim must be received by the Receiver by no later than 5:00 p.m. (Toronto time) on February 28, 2013 ("Claims Bar Date"), by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission at the following address:

Grant Thornton Limited
In its capacity as Receiver of First Leaside
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, Ontario
Canada M5J 2P9

Attention:	Valerie Naccarato
Telephone:	(855) 883-2474
E-mail:	firstleaside@ca.gt.com
Fax :	(416) 360-4948

F. FILING OF CLAIM:

Failure to file your Proof of Claim as directed by the Claims Bar Date will result in your Claim being barred and in you being prevented from making or enforcing a Claim against the Applicants. In addition, you shall not be entitled to further notice in, and shall not be entitled to participate as a creditor in these proceedings.

G. ACKNOWLEDGED CLAIM:

If your Claim has already been acknowledged by an Acknowledgement of Claim delivered to you by the Receiver, you do not need to file a Proof of Claim. If you disagree with any information in that Acknowledgement of Claim, then you should file a Request for Amendment.

H. EXCLUDED CLAIMS

Claims secured by any of the "Charges" as defined in the Initial Order made in the Applicants' proceedings under the *Companies' Creditors Arrangement Act* on February 23, 2012, as amended, are Excluded Claims and no person needs to file any claim in respect thereof at this time.

Dated at ________________ this ________day of ______________, 2013.

____
Signature of Creditor

SCHEDULE "E"

NOTICE OF REVISION OR DISALLOWANCE OF CLAIM
REFERENCE NUMBER ●

Please read carefully the Instruction Letter accompanying this Notice.

TO: **[insert name of creditor]**

Grant Thornton Limited, in its capacity as receiver (the "**Receiver**") 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 (hereinafter referred to as "**First Leaside**") hereby gives you notice that the Receiver has reviewed your Request for Amendment or your Proof of Claim, as the case may be, and has revised or rejected your Claim or any part thereof or any information relating thereto, as follows:

Request for Amendment as Submitted (if applicable)	The Proof of Claim as Submitted (if applicable)	The Claim/Information as Accepted

Reasons for Revision or Disallowance:

[insert explanation]

If you do not agree with this Notice of Revision or Disallowance, please take notice of the following:

1. **If you dispute this Notice of Revision or Disallowance, you must, no later than 5:00 p.m. (Toronto time) on [INSERT DATE], being the Business Day which is fourteen days after the Notice of Revision or Disallowance is sent by the Receiver (see paragraph 11 of the Claims Procedure Order), notify the Receiver by delivery of a Notice of Dispute in accordance with the accompanying Instruction Letter.** The form of Notice of Dispute is enclosed.

2. **IF YOU DO NOT DELIVER A NOTICE OF DISPUTE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU AND YOUR CLAIM SHALL BE DEEMED TO BE AS SET OUT IN THIS NOTICE OF REVISION OR DISALLOWANCE.**

DATED at Toronto, this ____, day of ____________, 2013.

GRANT THORNTON LIMITED, COURT-APPOINTED RECEIVER OF FIRST LEASIDE

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SCHEDULE "F"

NOTICE OF DISPUTE

Please read carefully the Instruction Letter accompanying this Notice.

We hereby give you notice of our intention to dispute the Notice of Revision or Disallowance bearing Reference Number ______________ and dated ____________________ issued in respect of our claim.

Reasons for Dispute (attach additional sheet and copies of all supporting documentation if necessary):

____

____

____

____

____

____

Name of Creditor: ____

____ ______________________

(Signature of individual completing this Dispute) Date

____

(Please print name)

Telephone Number: (   )____________________

E-mail address: ____________________

Facsimile Number (   )____________________

Full Mailing Address ____________________

____

____

THIS FORM IS TO BE RETURNED BY PREPAID ORDINARY MAIL, COURIER, PERSONAL DELIVERY OR ELECTRONIC OR DIGITAL TRANSMISSION AND ACTUALLY RECEIVED NO LATER THAN 5:00 P.M. (TORONTO TIME) ON [INSERT DATE], BEING THE BUSINESS DAY WHICH IS FOURTEEN DAYS AFTER THE NOTICE OF REVISION OR DISALLOWANCE IS SENT BY THE RECEIVER (PURSUANT TO PARAGRAPH 11 OF THE CLAIMS PROCEDURE ORDER) TO:

Grant Thornton Limited
In its capacity as Receiver of First Leaside
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, Ontario
Canada M5J 2P9

Attention:	Valerie Naccarato
Telephone:	(855) 883-2474
E-mail:	firstleaside@ca.gt.com
Fax :	(416) 360-4948

SCHEDULE "G"
LIST OF FIRST LEASIDE PROPRIETARY PRODUCTS

Security Name
90 King Street East Mortgage Participation Ownership Certificate
F.L. Beverages Group Limited Partnership
First Leaside Elite Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Select Limited Partnership
First Leaside Ultimate Limited Partnership
Mill Street Mortgage Participation Ownership Certificate
Development Notes Limited Partnership
FLEX Fund Trust Units
First Leaside Expansion Limited Partnership
First Leaside Wealth Management Trust Units
Special Notes Limited Partnership
Special U.S. Notes Limited Partnership
First Leaside Series II Preferred Shares
First Leaside Series III Preferred Shares
First Leaside Wealth Management Preferred Shares
FLWM Holdings Limited Partnership
First Leaside Global Limited Partnership
First Leaside Investors Limited Partnership
First Leaside Mortgage Fund Trust Units
Cemetery Road Mortgage Participation Ownership Certificate
First Leaside Progressive Limited Partnership
F.L. PrimeTime Living Limited Partnership
F.L. Spring Valley Limited Partnership
First Leaside Universal Limited Partnership
First Leaside Venture Limited Partnership
First Leaside Fund Trust Units
First Leaside Properties Fund Trust Units

Security Name
Wimberly Fund Trust Units
First Leaside Capital Shares
First Leaside Realty II Limited Partnership
First Leaside Realty Limited Partnership
Wimberly Apartments Limited Partnership

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

CLAIMS PROCEDURE ORDER

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

John N. Birch LSUC #: 38968U
Tel: 416.860.5225
Fax: 416.640.3057
jbirch@casselsbrock.com

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Tel: 416.869.5960
Fax: 416.360.3154
dward@casselsbrock.com

Lawyers for First Leaside

22309309.6

TAB 2-D
APPENDIX "4"

110

THE WALL STREET JOURNAL.

DOW JONES
WSJ.COM

TRAVEL

Amex cuts back customer service jobs

Popularity of do-it-yourself bookings online leads American Express to trim corporate travel operations and focus on technology

ROBIN SIDE
ANDREW R. JOHNSON

The belt-tightening in American corporations that made relics of pension plans, in-house cafeterias and even many holiday parties is squeezing another victim: **American Express Co.'s** iconic travel business.

Responding to the rise of do-it-yourself policies that ask employees to book work trips online rather than calling an AmEx travel agent, the New York company is trimming its corporate-travel operation.

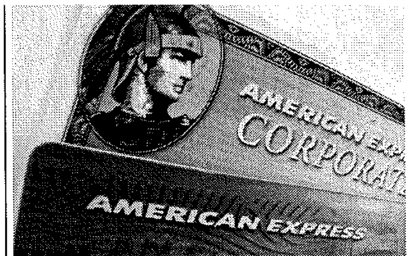
The overhaul, announced last Thursday, will result in the loss of 5,400 jobs as the company invests more in technology to handle customer-service functions.

The move is the latest in a series of hits to the company. Long known for peerless customer service, global cachet and its throwback traveller's cheques, American Express was tarnished in the financial crisis by an ill-timed bet on less-affluent credit-card customers and last year was slapped by regulators for alleged billing missteps. AmEx said last week it would spend $153-million to make amends with wronged customers.

But cutbacks to the travel division hit close to home for many corporate clients. "I hope they monitor wait times and customer service to make sure that doesn't slip in any degree," said Jennifer Leonard, senior vice president of human resources at PDI Inc., of AmEx's latest initiative.

The pharmaceutical sales company in Parsippany, N.J., encourages its employees to book trips online through an AmEx portal instead of dealing directly with a customer-service representative. The reason: It costs her company three times as much to make a reservation by calling an AmEx representative than by booking through the online portal.

The latest job cuts – American Express has undertaken four rounds encompassing 18,000 positions since Chairman and Chief Executive Kenneth Chenault took the reins in 2001 – are part of its push to develop more technology-based services that can handle bookings and other travel arrangements quickly and cheaply.



AmEx says that more than half of its corporate customers book trips by themselves rather than picking up the phone. MIKE BLAKE/REUTERS

Other financial-services companies are also piling onto the do-it-yourself trend in a bid to reduce costs. J.P. Morgan Chase & Co. and Wells Fargo & Co. are installing more self-service kiosks in their branches and encouraging customers to conduct more transactions remotely.

Mr. Chenault on Thursday said the company won't lose its focus on customer service but acknowledged the travel business has been "fundamentally reinvented" by technology.

AmEx says that more than half of its corporate customers book trips by themselves rather than picking up the phone. Some of those may take place directly on AmEx's website, but they also often occur on customized portals that companies provide for their employees. Such portals integrate individual company travel policies and help corporate customers track spending.

"Because customers are using tools directly online, we need less customer-facing people, such as travel counsellors who take reservations and bookings," said Kim Goodman, president of AmEx's global business travel unit.

Travel customers booked $14.3-billion of airline tickets, hotel rooms and car rentals in the first nine months of 2012. AmEx doesn't disclose revenue figures for the travel business, which employs 12,000 people and will bear the brunt of the latest cutback plan.

Ms. Goodman said that AmEx plans to invest in new technology for the business-travel unit that will speed up transactions for customer-service employees, as well as for customers who book travel on their own.

INVESTING

Investors returning to stocks from bonds

CAROLYN CUI
TOM LAURICELLA
MATT WIRZ

As 2013 gets under way, one of the biggest questions in financial markets is again bubbling: Will this finally be the year that investors dump bonds and turn back to stocks?

For years, market watchers have called for what has become known as the "great rotation" out of bonds and into stocks. And for years they have been wrong. Now, some signs are indicating that maybe the tide is beginning to reverse.

Stocks started 2013 with a bang. For the week ended Wednesday, U.S. investors plowed $18-billion into stock mutual funds and exchange-traded funds. It was the largest total for a single week since June, 2008, before the worst of the financial crisis struck.

That followed a growing exodus from U.S. Treasury funds. Since late June, investors have pulled $6-billion from the group, including $1.1-billion in the week ending Wednesday.

The moves run counter to a trend that began in 2008, with investors since then pulling out of stocks and putting $1.1-trillion into taxable government, international and corporate bonds.

Fuelling expectations that a longer-term shift out of bonds may finally take place is a growing nervousness that bond yields are dangerously low. As 2012 drew to a close, Treasury yields weren't far from record lows thanks to the Federal Reserve's unprecedented effort to pump money into the financial system through bond purchases, sending prices up and yields down.

But, due to a quirk of bond math, losses are exaggerated when yields are low. That risk has been brought into sharp relief since the start of 2013. In just three trading days, long-term Treasurys lost 3.07 per cent in value, according to Barclays.

On Jan. 4, the yield on the benchmark 10-year Treasury rose to 1.9 per cent, an eight-month high. Some worry it could quickly rise above 2.25 per cent, which would cause sizable losses. The 10-year Treasury yielded 1.9 per cent as of late Friday, up from 1.8 per cent at the end of the year.

Meanwhile, yields on both investment grade and riskier junk bonds hit record lows last week. Against this backdrop, many observers are saying it is only a matter of time before investors seek out stocks.

They note that shares of dividend-paying companies are often providing higher yields than the company's bonds. With high-quality bonds offering yields below the rate of inflation, many investors worry they aren't being compensated enough for the risks of holding them.

"I think the 'great rotation' has already started in terms of flows and returns," says Michael Hartnett, chief investment strategist at Bank of America Merrill Lynch.

Mr. Hartnett is watching for three indicators to determine whether the shift will continue: a falling unemployment rate, a continued drop in returns from fixed-income investments, and a growing belief among investors that the Federal Reserve may end its bond-buying program. These factors could all make Treasurys seem much less attractive.

The last four years have started off with investors shifting money into U.S. stocks only to see that trend reverse in each of those years.

Many market watchers also note that continued wrangling in Washington, particularly over whether to raise the country's borrowing limit, could make some investors leery of moving out of Treasurys and into stocks.

Most analysts say that even if investors do continue to lighten up on Treasurys, and possibly investment-grade bonds, 2013 probably won't see a flood of money leaving those funds.

BUSINESS CLASSIFIED

TO PLACE AN AD CALL: 1-866-999-9ADS (9237)
EMAIL: ADVERTISING@GLOBEANDMAIL.COM

LEGALS

NOTICE OF BANKRUPTCY AND FIRST MEETING OF CREDITORS

IN THE MATTER OF THE BANKRUPTCY OF FRONTLINE TECHNOLOGIES INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Notice is hereby given that the bankruptcy of Frontline Technologies Inc. occurred on January 4, 2013 and that the first meeting of creditors will be held on January 25, 2013, at 10:00 a.m., at the offices of the trustee, Duff & Phelps Canada Restructuring Inc., Bay Adelaide Centre, 333 Bay Street, 14th Floor, Toronto, Ontario.

DATED at Toronto, this 9th day of January, 2013.

DUFF & PHELPS

DUFF & PHELPS CANADA RESTRUCTURING INC.
TRUSTEE
333 Bay St., 14th Floor
Toronto, ON M5H 2R2

BUSINESS TO BUSINESS

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TAX LOSSES AVAILABLE seven figures and up. Contact our Tax Lawyer in Confidence taxinitiatives@gmail.com.

REAL ESTATE

POWER OF SALE 5.6 acres industrial development land, by auction. Call TCL, Norman Jacobs 416-736-1367.

LEGALS

NOTICE TO INVESTORS AND CREDITORS IN THE MATTER OF THE RECEIVERSHIP OF FIRST LEASIDE WEALTH MANAGEMENT INC. ET AL.

Re: Notice of Claims Procedure in the Matter of the Receivership of First Leaside Wealth Management Inc. and Related Entities in Ontario Superior Court of Justice File No. CV-12-9930-00CL

PLEASE TAKE NOTICE that this notice is being published pursuant to an Order of the Superior Court of Justice of Ontario made December 7, 2012 (the "**Claims Procedure Order**"). First Leaside's creditors should receive a claims package by mail, if those creditors and their current addresses are known to First Leaside and/or Grant Thornton Limited, Court-appointed receiver (the "**Receiver**") of First Leaside. Creditors may also obtain the Claims Procedure Order and a claims package from the Receiver's website at www.grantthornton.ca/firstleaside or by contacting the Receiver by telephone ((855) 883-2474) or by fax (416) 360-4948 or by email at firstleaside@ca.gt.com.

Proofs of Claim and, where necessary, Requests for Amendment of Acknowledgments of Claim must be submitted to the Receiver in a prescribed form for any claim against First Leaside, whether unliquidated, contingent or otherwise, in each case where the claim arose on or prior to February 23, 2012 for claims of clients of First Leaside Securities Inc. derived from such clients' investment in First Leaside proprietary securities, or December 7, 2012 for all other creditors' claims. Please consult the claim documents for more details.

Completed documents must be actually received by the Receiver by 5:00 p.m. (Toronto time) on February 28, 2013 (the "Claims Bar Date"). It is your responsibility to complete the appropriate documents and ensure that the Receiver receives your completed documents by the Claims Bar Date.

Certain creditors are exempted from the requirement to file a Proof of Claim. Among those creditors who do not need to file a Proof of Claim are creditors who receive an Acknowledgement of Claim from the Receiver and who do not disagree with the amount of their claim as stated therein. Please consult the Claims Procedure Order made on December 7, 2012 for details with respect to this and other exemptions.

The Receiver is distributing Acknowledgements of Claim for the sole purpose of efficiently determining the universe of potential claims against First Leaside. RECEIPT OF AN ACKNOWLEDGEMENT OF CLAIM FROM THE RECEIVER DOES NOT AUTOMATICALLY ENTITLE THE INVESTOR TO ANY DISTRIBUTION ON ACCOUNT OF THE INFORMATION PROVIDED THEREIN. SUCH DISTRIBUTIONS WILL BE DETERMINED BY THE COURT AT A LATER DATE.

CLAIMS WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

DATED at Toronto this 10th day of January, 2013.

Grant Thornton
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, Ontario M5J 2P9

TAB 2-E
APPENDIX "5"

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Matthew Kanter
Dir: 416-863-5825
matthew.kanter@blakes.com

January 30, 2013

Bruce O'Toole
Crawley Meredith Brush LLP
179 John Street, Suite 800
Toronto, ON M5T 1X4

Re: In the Matter of the Receivership of First Leaside Wealth Management Inc. *et al.*

Dear Mr. O'Toole:

As you are aware, on February 23, 2012, First Leaside Wealth Management Inc. and several related entities (collectively, the "**Applicants**") made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). On that date, the Honourable Mr. Justice Brown issued an order (as amended, the "**Initial Order**"), *inter alia*, granting the Applicants and the entities listed on Schedule A to the Initial Order (collectively, the "**Companies**" or "**First Leaside**") the protection of a stay of proceedings and appointing Grant Thornton Limited ("**GTL**") as the Companies' monitor under the CCAA.

Paragraph 24 of the Initial Order provided that, during the Stay Period (as defined therein), no proceeding could be commenced or continued against any former, current or future director (each, a "**Director**") or officer (each, an "**Officer**") of First Leaside 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.

As you know, the purpose of the stay of proceedings against First Leaside's Directors and Officers was to encourage the Directors and Officers to remain as directors and officers of the Company and use their institutional knowledge to help with First Leaside's restructuring during the CCAA proceeding.

On December 7, 2012, the Honourable Mr. Justice Wilton-Siegel issued an Order (the "**Receivership Order**") terminating the CCAA proceedings and appointing GTL as receiver and manager (the "**Receiver**"), without security, of all assets, undertakings and properties of First Leaside. Paragraph 15 of the Receivership Order continues the stay of proceedings against any current or former Director or Officer with respect to any claim against such Director or Officer that arose prior to the date of the Receivership Order, and provides that no proceeding shall be commenced or continued against any Director or Officer except with the written consent of the Receiver or leave of the Court.

However, it was made clear to the Court on December 7, 2012 that the extension of the stay of proceedings against the Directors and Officers was intended to be temporary and enable the smooth transition from CCAA proceedings to a receivership. Since the Receiver has taken over the affairs of the Company, First Leaside's Directors and Officers have resigned and/or have no further role, as there is no ongoing business or contemplated restructuring which requires their involvement.

Blakes

Thus, the Receiver, in consultation with representative counsel for the nearly 1,200 investors of First Leaside Securities Inc., has determined that the Directors and Officers no longer require the protections provided by the stay of proceedings against them. Accordingly, the purpose of this letter is to inform you that, at the next First Leaside Court hearing (currently scheduled for February 19, 2013), the Receiver intends to seek relief from the Court to terminate the stay of proceedings against First Leaside's current and former Directors and Officers.

Please feel free to contact me if you have any questions or concerns.

Yours sincerely,

Matthew Kanter

Cc: Pamela Huff
Jonathan Krieger
Shayne Kukulowicz

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Matthew Kanter
Dir: 416-863-5825
matthew.kanter@blakes.com

January 30, 2013

James D. Scarlett
David Bish
John A. Fabello
Torys LLP
79 Wellington St. West, Suite 3000
Toronto, ON M5K 1N2

Re: In the Matter of the Receivership of First Leaside Wealth Management Inc. *et al.*

Dear Sirs:

As you are aware, on February 23, 2012, First Leaside Wealth Management Inc. and several related entities (collectively, the "**Applicants**") made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). On that date, the Honourable Mr. Justice Brown issued an order (as amended, the "**Initial Order**"), *inter alia*, granting the Applicants and the entities listed on Schedule A to the Initial Order (collectively, the "**Companies**" or "**First Leaside**") the protection of a stay of proceedings and appointing Grant Thornton Limited ("**GTL**") as the Companies' monitor under the CCAA.

Paragraph 24 of the Initial Order provided that, during the Stay Period (as defined therein), no proceeding could be commenced or continued against any former, current or future director (each, a "**Director**") or officer (each, an "**Officer**") of First Leaside 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.

As you know, the purpose of the stay of proceedings against First Leaside's Directors and Officers was to encourage the Directors and Officers to remain as directors and officers of the Company and use their institutional knowledge to help with First Leaside's restructuring during the CCAA proceeding.

On December 7, 2012, the Honourable Mr. Justice Wilton-Siegel issued an Order (the "**Receivership Order**") terminating the CCAA proceedings and appointing GTL as receiver and manager (the "**Receiver**"), without security, of all assets, undertakings and properties of First Leaside. Paragraph 15 of the Receivership Order continues the stay of proceedings against any current or former Director or Officer with respect to any claim against such Director or Officer that arose prior to the date of the Receivership Order, and provides that no proceeding shall be commenced or continued against any Director or Officer except with the written consent of the Receiver or leave of the Court.

However, it was made clear to the Court on December 7, 2012 that the extension of the stay of proceedings against the Directors and Officers was intended to be temporary and enable the smooth transition from CCAA proceedings to a receivership. Since the Receiver has taken over the affairs of the Company, First

114

Blakes

Leaside's Directors and Officers have resigned and/or have no further role, as there is no ongoing business or contemplated restructuring which requires their involvement.

Thus, the Receiver, in consultation with representative counsel for the nearly 1,200 investors of First Leaside Securities Inc., has determined that the Directors and Officers no longer require the protections provided by the stay of proceedings against them. Accordingly, the purpose of this letter is to inform you that, at the next First Leaside Court hearing (currently scheduled for February 19, 2013), the Receiver intends to seek relief from the Court to terminate the stay of proceedings against First Leaside's current and former Directors and Officers.

Please feel free to contact me if you have any questions or concerns.

Yours sincerely,

Matthew Kanter

Cc: Pamela Huff

Jonathan Krieger

Shayne Kukulowicz

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Matthew Kanter
Dir: 416-863-5825
matthew.kanter@blakes.com

January 30, 2013

John R. Wilson
489 Camfella Boulevard
Stouffville, ON L4A 7G9

Re: In the Matter of the Receivership of First Leaside Wealth Management Inc. *et al.*

Dear Mr. Wilson:

As you are aware, on February 23, 2012, First Leaside Wealth Management Inc. and several related entities (collectively, the "**Applicants**") made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). On that date, the Honourable Mr. Justice Brown issued an order (as amended, the "**Initial Order**"), *inter alia*, granting the Applicants and the entities listed on Schedule A to the Initial Order (collectively, the "**Companies**" or "**First Leaside**") the protection of a stay of proceedings and appointing Grant Thornton Limited ("**GTL**") as the Companies' monitor under the CCAA.

Paragraph 24 of the Initial Order provided that, during the Stay Period (as defined therein), no proceeding could be commenced or continued against any former, current or future director (each, a "**Director**") or officer (each, an "**Officer**") of First Leaside 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.

As you know, the purpose of the stay of proceedings against First Leaside's Directors and Officers was to encourage the Directors and Officers to remain as directors and officers of the Company and use their institutional knowledge to help with First Leaside's restructuring during the CCAA proceeding.

On December 7, 2012, the Honourable Mr. Justice Wilton-Siegel issued an Order (the "**Receivership Order**") terminating the CCAA proceedings and appointing GTL as receiver and manager (the "**Receiver**"), without security, of all assets, undertakings and properties of First Leaside. Paragraph 15 of the Receivership Order continues the stay of proceedings against any current or former Director or Officer with respect to any claim against such Director or Officer that arose prior to the date of the Receivership Order, and provides that no proceeding shall be commenced or continued against any Director or Officer except with the written consent of the Receiver or leave of the Court.

However, it was made clear to the Court on December 7, 2012 that the extension of the stay of proceedings against the Directors and Officers was intended to be temporary and enable the smooth transition from CCAA proceedings to a receivership. Since the Receiver has taken over the affairs of the Company, First Leaside's Directors and Officers have resigned and/or have no further role, as there is no ongoing business or contemplated restructuring which requires their involvement.

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Blakes

Thus, the Receiver, in consultation with representative counsel for the nearly 1,200 investors of First Leaside Securities Inc., has determined that the Directors and Officers no longer require the protections provided by the stay of proceedings against them. Accordingly, the purpose of this letter is to inform you that, at the next First Leaside Court hearing (currently scheduled for February 19, 2013), the Receiver intends to seek relief from the Court to terminate the stay of proceedings against First Leaside's current and former Directors and Officers.

Please feel free to contact me if you have any questions or concerns.

Yours sincerely,

Matthew Kanter

Cc: Pamela Huff
Jonathan Krieger
Shayne Kukulowicz

TAB 2-F
CONFIDENTIAL APPENDIX "1"

CONFIDENTIAL APPENDIX "1"

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

Agreement of Purchase and Sale between
the Receiver and Cemetery Road Purchaser

TO BE KEPT CONFIDENTIAL BY THE COURT

THE DOCUMENTS IN THIS APPENDIX ARE SUBJECT TO A PROTECTIVE ORDER REQUEST AND ARE TO BE KEPT STRICTLY CONFIDENTIAL AND ARE NOT TO BE DISCLOSED TO ANYONE EXCEPT THE JUDGE HEARING THE MOTION.

TAB 2-G
CONFIDENTIAL APPENDIX "2"

CONFIDENTIAL APPENDIX "2"

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

Summary of Offers

TO BE KEPT CONFIDENTIAL BY THE COURT

THE DOCUMENTS IN THIS APPENDIX ARE SUBJECT TO A PROTECTIVE ORDER REQUEST AND ARE TO BE KEPT STRICTLY CONFIDENTIAL AND ARE NOT TO BE DISCLOSED TO ANYONE EXCEPT THE JUDGE HEARING THE MOTION.

TAB 3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 19th
	)	
JUSTICE WILTON-SIEGEL	)	DAY OF FEBRUARY, 2013

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"**)

ORDER AMENDING TITLE OF PROCEEDINGS *ET AL.*

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, seeking an Order:

(a) amending the title of proceedings in this application;

(b) terminating the stay of proceedings against First Leaside's current and former directors and officers;

(c) validating the date of mailing of certain Claims Packages to Known Creditors (each as defined in the Claims Procedure Order, dated December 7, 2012, the "**Claims Procedure Order**") by the Receiver that were mailed subsequent to the deadline of January 15, 2013 provided for by the Claims Procedure Order, and

(d) approving certain activities of GTL in its capacity as Receiver of First Leaside;

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

ON READING the Second Report of GTL in its capacity as Receiver of First Leaside (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 affidavits of service of [ ] sworn [February [ ]], 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** that the title of proceedings in this application be and is hereby amended to read as follows:

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

   and **Schedule "A"** shall be in the form attached to this Order.

3. **THIS COURT ORDERS** that the stay of proceedings against any current or former director or officer of First Leaside originally provided for in paragraph 24 of the Initial Order of the Honourable Mr. Justice Brown, dated February 23, 2012, and created or continued in paragraph 15 of the Receivership Order of the Honourable Mr. Justice Wilton-Siegel, dated December 7, 2012, be and is hereby terminated.

4. **THIS COURT ORDERS** that the Receiver's mailing of certain Claims Packages to Known Creditors of First Leaside sent to such Known Creditors via regular mail or electronic mail (if requested) subsequent to the January 15, 2013 deadline provided for by the Claims Procedure Order, as described in the Second Report of the Receiver, dated February 8, 2013 (the "**Second Report**"), be and is hereby validated and approved, *nunc pro tunc*.

5. **THIS COURT ORDERS** that, for the avoidance of doubt, notwithstanding the provisions of paragraph 4 above, the Claims Bar Date shall, for all Requests for Amendment to Acknowledgements of Claim and Proofs of Claim (each as defined in the Claims Procedure Order), remain **February 28, 2013 at 5:00 p.m. (Toronto time)**.

6. **THIS COURT ORDERS** that the activities and conduct of GTL as Court-appointed Receiver, as set out in the Combined Seventh Report of the Monitor and Proposed Receiver's Report dated December 5, 2012, the First Report of the Receiver dated December 27, 2012 and the Second Report be and are hereby approved.

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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

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

ORDER AMENDING TITLE OF PROCEEDINGS *ET AL.*

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Lawyers for the Receiver

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TAB 4

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 19th
	)	
JUSTICE WILTON-SIEGEL	)	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 (the "**Sale Agreement**") between the Receiver and B.T. F. Ventures Inc. (the "**Purchaser**"), dated January 11, 2013 and appended 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 general partner of Uxbridge Developments Limited Partnership (the "**Vendor**"), in and to the assets described in the Sale Agreement (the "**Purchased Assets**"); and (b) sealing the confidential key terms of the Sale Agreement and 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, the Purchaser 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 [ ] sworn [ ] 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.

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 (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**"); (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; (iv) 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"** 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 AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. **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.

10. **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.

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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
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First Leaside Realty Limited Partnership
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PrestonThree Development (Canada) Inc.

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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 Developments 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, and not in its personal capacity

Per: ______________________________

Name:

Title:

Schedule C – Purchased Assets

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.

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 listed in Schedule “B” to the Sale Agreement.

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

SALE APPROVAL AND VESTING ORDER

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Commerce Court West
Toronto, Ontario, M5L 1A9

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Lawyers for the Receiver

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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 February 19, 2013)

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Commerce Court West
Toronto, ON M5L 1A9

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Lawyers for the Court-Appointed Receiver

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