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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	WEDNESDAY THE 24th
	)	
JUSTICE MORAWETZ	)	DAY OF JULY, 2013

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

SALE APPROVAL AND VESTING ORDER

(Mill Street Transaction)

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

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

(b) sealing a copy of an appraisal of the Purchased Assets (the "**Residential Appraisal**"), attached as **Confidential Appendix "1"** to the Third Report of the Receiver dated July 17, 2013 (the "**Third Report**") and a copy of the unredacted Sale Agreement, attached as **Confidential Appendix "2"** to the Third Report,

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

& counsel for the WAMP Funds and Mortgage Fund, counsel for the OSC

ON READING the Third Report and on hearing the submissions of counsel for the Receiver, ~~the Purchaser~~ and Representative Counsel representing the interests of the clients of 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 Christina DeLuca, sworn July 16, 2013 and July 18, 2013, filed:

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

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

conveyance of the Purchased Assets to the Purchaser, including the execution of any assignment and assumption agreement in respect of the Lease (as defined in the Sale Agreement) to be assigned to the Purchaser pursuant to the Sale Agreement. Notwithstanding the execution of the Sale Agreement or any assignment and assumption agreement, the Receiver shall not be deemed to have assumed or adopted the Lease or any obligations or liabilities thereunder.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's Certificate to the Purchaser substantially in the form attached as **Schedule "B"** hereto (the "**Receiver's Certificate**"), all of the Vendor's right, title and interest, if any, in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule "C"** hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of Mr. Justice Brown dated February 23, 2012 in Court File No. CV-12-9617-00CL, as amended; (ii) any encumbrances or charges created or continued by the Order of Mr. Justice Wilton-Siegel appointing GTL as Receiver of First Leaside dated December 7, 2012; and (iii) those Claims listed on **Schedule "D"** hereto (all of which are collectively referred to as the "**Encumbrances**"), which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "E"** hereto (collectively, the "**Permitted Encumbrances**") and, for greater certainty, this Court orders that all of the

Encumbrances affecting or relating to the Purchased Assets, other than the Permitted Encumbrances, are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Durham of an Application for Vesting Order in the form prescribed in the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in **Schedule "C"** hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule "D"** hereto.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net cash proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

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

(a) the pendency of these proceedings;

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

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

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

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

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of

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

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

JUL 24 2013
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Schedule "A" – List of Additional Receivership Applicants

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

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

Schedule "B" – Form of Receiver's Certificate

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

RECEIVER'S CERTIFICATE

RECITALS

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

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

THE RECEIVER CERTIFIES the following:

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

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

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

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

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

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

Per: ______________________________

Name:

Title:

Schedule "C" – Purchased Assets

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

Firstly Lands:

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

Secondly Lands:

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

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

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

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

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

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

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

Schedule "E" – Permitted Encumbrances

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

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

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

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

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

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

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

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

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

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

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

SALE APPROVAL AND VESTING ORDER

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

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

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

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

Lawyers for the Receiver