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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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., 1031628 Ontario Inc., 1045516 Ontario Inc., 2004516 Ontario Inc., 2192341 Ontario Inc., and First Leaside Fund Management Inc.

Applicants

SIXTH REPORT TO COURT OF GRANT THORNTON LIMITED, MONITOR OF THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

NOVEMBER 19, 2012

GrantThornton

Grant Thornton Limited,
Monitor of the Applicants under the Companies' Creditors Arrangement Act

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SIXTH REPORT TO COURT OF GRANT THORNTON LIMITED, MONITOR OF THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

NOVEMBER 19, 2012

INTRODUCTION

1. On February 23, 2012, 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 Proceedings**"). On that date, the Court issued an order (as amended by the Court on March 8, 2012 and June 28, 2012) (the "**Initial Order**"), *inter alia*, granting the Applicants and the entities listed on Schedule A to the Initial Order (as amended) thereto (collectively, the "**Companies**" or "**First Leaside**") the

protection of a stay of proceedings, appointing Grant Thornton Limited ("**GTL**") as the Companies' monitor under the CCAA (the "**Monitor**"), confirming the appointment of G.S. MacLeod & Associates Inc. as the Companies' Chief Restructuring Officer (the "**CRO**") and appointing Fraser Milner Casgrain LLP as representative counsel ("**Representative Counsel**") to the Companies' investors, being clients of First Leaside Securities Inc. (the "**Investors**").

2. A summary of the material orders issued in the CCAA Proceedings is set out below.

Summary of CCAA Orders

Date	Issued by	Brief Summary of the Order
Feb. 23/12	Justice Brown	Initial CCAA Order.
Mar. 23/12	Justice Morawetz	Granted an extension of the Stay Period (as defined in the Initial Order) to June 29, 2012.
Apr. 30/12	Justice Campbell	Provided a sale approval and vesting order relating to the sale by Queenston Manor General Partner Inc. as well as approval of the distribution of part of the proceeds to a mortgagee.
May 3/12	Justice Campbell	Provided a sale approval and vesting order relating to the sale of First Leaside Beverages Limited Partnership.
Jun. 28/12	Justice Campbell	Granted an extension of the Stay Period to October 26, 2012; granted an inter-company charge (the "**Intercompany Charge**") ranking behind the administration charge and directors and officers charge; approved a Communications Protocol as between the CRO, the Monitor, and Representative Counsel; approved the Companies' retention of Grant Thornton Corporate Finance Inc. ("**GTCFI**") to conduct a sales process in respect of First Leaside's 50.1% interest in

		Primetime Living Limited Partnership and real property located in Okanagan, British Columbia; amended the Initial Order to remove the maximum cap on the professional fees of Representative Counsel and direct Representative Counsel to pass its accounts to the Court; authorized and directed the CRO to execute documents on behalf of First Leaside Visions II Limited Partnership ("**Visions II**") in connection with the restructuring of eSight Limited Partnership; granted an Order requiring the Companies to give notice to Structform International Limited ("**Structform**") if it intends to use funds held in the bank account of First Leaside Expansion Limited Partnership ("**FLEX**").
Aug. 23/12	Justice Strathy	Removed certain entities as applicants in the CCAA proceedings; permitted First Leaside to file a statement of claim against David C. Phillips and Margaret Davis; permitted the CRO to execute documents with respect to the sale of real property owned by First Leaside Venture (Ottawa) Limited Partnership ("**Venture Ottawa**"); authorized and directed First Leaside Finance Inc. to discharge its mortgage registered on the real properties owned by Venture Ottawa; authorized and directed the CRO to complete the sale of First Leaside Accounting and Tax Services Inc.; provided a sale approval and vesting order relating to the sale of Harmony Town Homes Limited Partnership and First Leaside Growth Limited Partnership.
Aug. 31/12	Justice Newbould	Authorized and directed that First Leaside take no further steps in relationship to the United Stated entities held by Wimberly Apartments Limited Partnership.
Sep. 18/12	Justice Strathy	Amended the sale approval and vesting order re: Bramtree and Harmony.
Oct. 22/12	Justice Pattillo	Granted an extension of the Stay Period to December 11, 2012 and granted a sale approval and vesting order relating to the sale of Venture Okanagan and the PTL Interest (as defined in Monitor's Fifth Report) (the "**October 22 Order**").

PURPOSE OF SIXTH REPORT

3. The purpose of this sixth report of the Monitor (the "**Sixth Report**") is to:

a) provide the Court with the details of the Monitor's activities since October 17, 2012, the date of the Monitor's fifth report to the Court (the "**Fifth Report**"), a copy of which is attached as **Appendix "1"** hereto (without appendices);

b) provide the Court with an update regarding the Companies' dealings with certain First Leaside-affiliated investment funds, namely First Leaside Fund, Wimberly Fund, First Leaside Mortgage Fund and First Leaside Properties Fund (collectively, the "**Funds**");

c) provide the Monitor's observations, views and recommendations regarding First Leaside's request for:

i. an Order amending the October 22 Order, which approved a transaction (the "**BayBridge Transaction**") and granted a vesting order in respect of the sale of certain First Leaside assets (the "**Purchased Assets**") to BayBridge Seniors Housing Trust ("**BayBridge**"), so that all of the right, title and interest in and to the Purchased Assets vest in the following BayBridge nominees who have been designated by BayBridge as having the rights in and to the Purchased Assets pursuant to the purchase and sale agreement dated September 27, 2012 (the "**BayBridge Agreement**"): Prime Time (Cherry Park) Inc., Prime Time (Orchard Valley) Inc., and Prime Time (Shores) Inc.

ii. an Order pursuant to paragraph 8(a) of the October 22 Order authorizing payment by the Vendors (as defined in the October 22 Order) of certain debts owing to the following creditors in furtherance of the scheduled closing of the BayBridge Transaction on November 30, 2012:

    1. payment of the sum of $45,713.52 to Gienow Windoor Ltd. ("**Gienow**") in respect of the supply of windows and doors to First Leaside in respect of the Orchard Valley Retirement Residence, the Cherry Park Retirement Residence and The Shores Retirement Residence, as those terms are defined in the October 22 Order (collectively, the "**Retirement Residences**"); and

2. payment of the sum of $709,963.92 to Scuka Enterprises Ltd. ("**Scuka**") for providing construction manager services to First Leaside on account of the renovation of the Retirement Residences.

iii. in furtherance of the October 22 Order, authorizing the CRO to execute discharges of a mortgage and an assignment of rents registered on title to the lands municipally described as 3211 Alexis Park Drive, Vernon, B.C. (the "**Vernon Lands**"), which are being conveyed as part of the BayBridge Transaction;

iv. an Order approving the sale of certain properties located in Uxbridge, Ontario (collectively, the "**Uxbridge Properties**") by 2067171 Ontario Inc. (in its capacity as general partner of FLEX), 1132413 Ontario Inc. (in its capacity as general partner) of First Leaside Entities Limited Partnership ("**Entities**"), and First Leaside Realty II Inc. (in its capacity as the sole shareholder of 1132413 Ontario Inc. and trustee of Entities) to Structform both in its personal capacity and as assignee of certain claims of LaFarge Canada Inc.

and Gilbert Steel Limited, with respect to a lien claim made under the *Construction Lien Act* (Ontario) (collectively, "**Structform Lien Claim**");

v. an Order authorizing and directing First Leaside to take such additional steps and execute such additional documents as may be necessary to give effect to the sale of the Uxbridge Properties to Structform;

vi. an Order vesting all of First Leaside's right, title and interest in and to the Uxbridge Properties absolutely in Structform, free and clear of and from any and all liens, charges and encumbrances, including, without limitation, construction liens, trust claims and other contract claims;

vii. an Order authorizing and directing a transaction in which First Leaside Wealth Management Inc. ("**FLWM**") and First Leaside Visions I Limited Partnership and Visions II (collectively, "**Visions LP**") agree to settle intercompany advances made to each other, and forgive the remaining amount of Visions LP's advances to FLWM in consideration for payment to FLWM of the cash on hand in the bank accounts of Visions LP, in accordance with a full and final release executed by the CRO, and authorizing the CRO to complete the transaction contemplated by such releases (the "**Visions Transaction**");

viii. an Order terminating these CCAA proceedings in respect of Visions LP's general partner, 2085438 Ontario Inc. (the "**General Partner**") as an applicant and removing Visions LP, First Leaside Visions III Limited Partnership, First Leaside Visions IV Limited Partnership, Metabacus Limited Partnership, Greencore Limited Partnership, Marksman Cellject Limited Partnership, OMISA LP, Dossierview Limited Partnership, eSight Limited Partnership and Tyromer Limited Partnership as Included Limited Partnerships from Schedule "I" of the affidavit of Gregory MacLeod dated June 19, 2012, which was approved by this Court on June 28, 2012; and

ix. an Order approving the conduct and activities of the CRO and the Monitor as described in the Affidavit of Gregory MacLeod sworn October 15, 2012 and the Fifth Report.

SCOPE AND TERMS OF REFERENCE

4. In preparing this Sixth Report, the Monitor has relied upon unaudited financial information, the Companies' records, financial information and projections and discussions with the CRO, the Companies' management and certain of the Companies' employees. While the Monitor reviewed various documents provided by the Companies 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 Monitor expresses no opinion or other form of assurance in respect of such information.

5. In the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the CRO, the Companies and their management, within the context in which such information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of this assumption. The Monitor has requested that management and the CRO bring to its attention any significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this Sixth Report is based solely on the information (financial or otherwise) made available to the Monitor by the CRO and the Companies.

6. This Sixth Report has been prepared for use by this Court and the Companies' stakeholders as general information relating to First Leaside. Accordingly, the

reader is cautioned that this Sixth Report may not be appropriate for any other purpose.

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.

8. Capitalized terms not defined in this Sixth Report have the meanings ascribed to them in the CRO's affidavit sworn November 13, 2012 (the "**November 13 CRO Affidavit**"). In preparing this Sixth Report, the Monitor has endeavoured not to repeat information contained in the November 13 CRO Affidavit.

ACTIVITIES OF THE MONITOR

9. The Monitor's activities to August 21, 2012 were described in the fourth report of the Monitor (the "**Fourth Report**") and were approved by the Court on August 23, 2012. The Monitor's activities for the period from August 21 to October 17, 2012 were detailed in the Fifth Report. Since October 17, 2012, the Monitor's activities have included, among other things,

    i) meeting and corresponding regularly with the management of First Leaside, the CRO and the Companies' counsel regarding, among other things, the Companies' activities, correspondence with stakeholders, the Companies' financial position, the sales processes for the Companies' assets and the Companies' cash flow projections;

    ii) meeting and corresponding regularly with the Monitor's independent counsel;

iii) meeting and corresponding with Representative Counsel on a periodic basis to discuss, among other things, communications to the Investors and developments in the CCAA Proceedings;

iv) attending at a conference call with a subcommittee of the steering committee of investors (the "**Transaction Subcommittee**") and Representative Counsel on November 9, 2012;

v) meeting and corresponding with the CRO, counsel to First Leaside and counsel to the Monitor regarding the payment of certain builders lien claims (the "**B.C. Lien Claims**") asserted pursuant to the *Builders Lien Act* (British Columbia) against the properties that are the subject matter of the BayBridge Transaction (the "**Venture Okanagan Properties**");

vi) reviewing the B.C. Lien Claims;

vii) corresponding with the Investment Industry Regulatory Organization of Canada ("**IIROC**"), Fidelity Clearing Canada ULC ("**Fidelity**") and Penson Financial Services Canada Inc. ("**Penson**") as it relates to the transition of Investor accounts from Penson to Fidelity;

viii) reviewing the quantum of the lien claims registered on title to the Uxbridge Properties;

ix) corresponding with certain of the lien claimants and their counsel in respect of the Uxbridge Properties;

x) meeting and working with First Leaside and Structform to negotiate the proposed sale of the Uxbridge Properties to Structform;

xi) meeting and working with representatives for the unitholders of Visions LP to negotiate the terms of the Visions Transaction;

xii) reviewing the banking, accounting records, financial statements as well as various agreements entered into by First Leaside;

xiii) working with the Companies to review the security of Mortgage Fund in WALP, as discussed in the August CRO Affidavit;

xiv) reviewing the Companies' actual cash flow results on a weekly basis;

xv) monitoring the Companies' ongoing operating commitments and disbursements;

xvi) reviewing the inter-company balances as between the Companies since the commencement of the CCAA Proceedings;

xvii) reviewing the integrity of the Companies' information technology systems and working with the Companies to develop a long-term strategy for storage and safekeeping of information;

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

xix) corresponding by email and telephone with the Companies' creditors and Investors;

xx) maintaining a public website for the CCAA Proceedings and updating same on a regular basis;

xxi) requesting that the Monitor's counsel prepare security opinions in respect of the security of certain secured creditors of the Companies;

xxii) preparing this Sixth Report; and

xxiii) reviewing all materials filed with the Court in respect of the CCAA proceedings.

AUTHORIZING PAYMENT OF CERTAIN OBLIGATIONS ON CLOSING OF THE BAYBRIDGE TRANSACTION

10. Pursuant to the October 22 Order, the Court authorized the BayBridge Transaction, pursuant to which BayBridge has purchased certain retirement residence properties from First Leaside Realty II Inc., in its capacity as general partner of the following Vendors:

(i) First Leaside Venture Limited Partnership ("**Venture LP**");

(ii) First Leaside Retirement Residences (Okanagan) Limited Partnership;

(iii) Cherry Park Retirement Residence Limited Partnership;

(iv) Orchard Valley Retirement Residence Limited Partnership;

(v) The Shores Retirement Residence Limited Partnership; and

(vi) First Leaside Retirement Residence Limited Partnership.

11. The BayBridge Transaction is discussed more fully in the Monitor's Fifth Report. Among other things, BayBridge requires, on closing of the BayBridge Transaction, the satisfaction or assumption, subject to a working capital adjustment, of certain liabilities. Among these liabilities are three B.C. Lien Claims asserted against the lands being conveyed by the following entities:

Scuka, Gienow and Okanagan Sundeck Centre Ltd., ("**Sundeck**") (collectively the "**B.C. Lien Claimants**").

12. The October 22 Order provides that the obligations of the Vendors may be paid by the Vendors at the closing of the BayBridge Transaction after payment of the TD Loan Repayment (as defined in the October 22 Order), if one of the following two conditions is met:

(i) First Leaside, the Monitor or BayBridge obtains authorization of this Court to have the Vendors pay all or part of any unsecured liability of the Vendors or any liability evidenced by a B.C. Lien Claim (in either case, a "**Court Approved Debt**"), to the extent that such liabilities are not assumed or paid by BayBridge in accordance with the working capital adjustment provided for in the BayBridge agreement; or

(ii) The Monitor determines that a B.C. Lien Claim is validly registered and perfected and the Vendors acknowledge that a corresponding specified amount (which may be all or part of the sum claimed by the party asserting the B.C. Lien Claim) is owing (a "**Quantified Lien Debt**").

13. In determining whether any of the B.C. Lien Claims qualified as a Quantified Lien Debt for purposes of payment pursuant to paragraph 8(b) of the October 22 Order, the Monitor has reviewed the validity of the B.C. Lien Claims, and First Leaside, with the assistance of the Monitor, has also undertaken a review of the supporting documentation and invoices provided by the B.C. Lien Claimants in order to assess the quantum of the B.C. Lien Claims. First Leaside has also

engaged in discussions with counsel for the B.C. Lien Claimants in an effort to settle the quantum of amounts outstanding.

14. As a result of the review by the Monitor and First Leaside, the position with respect to the B.C. Lien Claims is as follows:

(i) the Monitor is satisfied that the Sundeck lien is validly registered and perfected and First Leaside acknowledges that the amount of $16,278.64 (exclusive of interest, penalties and costs) is owing pursuant to this lien. As such, First Leaside proposes to pay this amount to Sundeck pursuant to the authorization provided by section 8(a) of the October 22 Order.

(ii) Gienow has registered liens in the amount of $108,823.91. However, Gienow has asserted an additional amount of $45,657.52 owing to it for which it has not registered a lien. As a result of the review by Monitor's counsel, the Monitor is satisfied that the liens registered by Gienow are validly registered and perfected to the extent of the amount of $108,823.91 (the "**Gienow Lien Amount**"). First Leaside therefore proposes paying the sum of $108,823.91 to Gienow pursuant to section 8(b) of the October 22 Order. However, First Leaside acknowledges the additional amount of $45,657.52 owing to Gienow, and therefore proposes that this balance be paid as an unsecured claim on obtaining authorization of this Court pursuant to section 8(a) of the October 22 Order.

(iii) Scuka has registered liens in the amount of $893,935.72 (inclusive of interest and penalties). Upon review by counsel for the Monitor, certain potential deficiencies have been identified regarding the validity and perfection of the liens registered by Scuka. However, First Leaside has acknowledged that the amount of $709,963.92 is properly owing to Scuka. As such, First Leaside proposes to pay this amount to Scuka as an unsecured claim on obtaining authorization of this Court pursuant to section 8(a) of the October 22 Order.

15. The table below provides the names of the B.C. Lien Claimants, the amounts of their registered liens, their claim amounts and amounts acknowledged by First Leaside as owing to the B.C. Lien Claimants.

Vendor	Registered Lien Amount	Vendor Claim Amount	Payment on Closing as Acknowledged by First Leaside
Scuka Enterprises Ltd	893,935.72	961,170.54	709,963.92
Gienow Windoor LTD.	108,823.93	160,707.72	154,481.43
Okanagan Sundeck Centre Ltd.	16,278.64	16,278.64	16,278.64
Total	**1,019,038.29**	**1,138,156.90**	**880,723.99**

16. As described in paragraphs 12 – 16 of the November 13 CRO Affidavit, Gienow and Sundeck are sub-contractors of Scuka and the proposed payment to Scuka has been reduced to the extent of the claims of Gienow and Sundeck; the proposed payment to Scuka is exclusive of interest and penalties charged.

17. The Monitor has reviewed the invoices relating to the amounts claimed by Scuka, Gienow and Sundeck, and the amounts that First Leaside proposes to pay in respect of their claims, and is satisfied that the amounts acknowledged are due and payable. Accordingly, the Monitor supports First Leaside's request to authorize payment of the amounts owing to Gienow and Scuka as Court

Approved Debts pursuant to section 8(a) of the October 22 Order, in order to facilitate the closing of the BayBridge Transaction.

18. To the extent that the B.C. Lien Claimants seek payments of amounts in excess of the amounts paid as Quantified Lien Debts or Court Approved Debts (the "**Excess Claims**"), the B.C. Lien Claimants are at liberty to assert the Excess Claims in a claims process, which is likely to commence in early 2013.

THE VESTING ORDER

19. The October 22 Order provides for the vesting of Purchased Assets in the Purchaser, including Venture LP's interest in the Vernon Lands, free and clear of all encumbrances. However, the October 22 Order did not provide for a mechanism for expunging the real property security over the Vernon Lands (British Columbia Parcel Identifier 026-897-083), which is beneficially held through the Vernon Nominee. Such real property security consists of a mortgage and an assignment of rents registered in favour of First Leaside Realty II Inc., bearing the British Columbia registration numbers LB480436 and LB480437 (the "**Encumbrances**"). In order to facilitate expunging the Encumbrances from title on closing, First Leaside is requesting an Order authorizing the CRO to execute such documents on closing of the BayBridge Transaction as are necessary to permit the discharge of the Encumbrances. The requested Order will provide that all claims against the Vernon Lands that were represented by the Encumbrances are to be vested into the proceeds received from the sale of the Vendors' interest in the Vernon Lands as contemplated by paragraph 6 of the October 22 Order.

THE HILDEBRAND MORTGAGE

20. As described in paragraph 21 of the Fifth Report, the Monitor requested that its' independent counsel review certain mortgage security registered against title to the properties subject to the BayBridge Transaction. The Fifth Report disclosed that the review of the mortgage held by Henry E. Hildebrand and Grace Hildebrand on one of the properties owned by PTL (the "**Hildebrand Mortgage**") was awaiting the receipt of documents. Since the filing of the Fifth Report, counsel has completed its review and has confirmed to the Monitor that, subject to the customary qualifications and assumptions, the Hildebrand Mortgage is valid and enforceable.

FIRST LEASIDE EXPANSION LIMITED PARTNERSHIP

21. As described in the Initial CRO Affidavit, FLEX is a limited partnership that has a 100% ownership interest in the real property municipally known as 4 Victoria Street, Uxbridge, Ontario ("**Victoria**") and is an aggregator limited partnership for four other limited partnerships that include:

    (i) Entities, which owns 2 vacant properties municipally known as 144 and 168 Brock Street West, Uxbridge, Ontario ("**Brock**");

    (ii) First Leaside Growth Limited Partnership ("**Growth**"), which owned a commercial building located in Brampton, Ontario that was sold pursuant to an August 23 Order of this Court for gross proceeds of $5.6 million;

(iii) Queenston Manor Limited Partnership ("**Queenston**"), which owned a commercial building in St. Catharines, Ontario that was sold pursuant to an April 30 Order of this Court for gross proceeds of $7.1 million; and

(iv) First Leaside Unity Limited Partnership ("**Unity**") which owns 2.74 acres of vacant land in Wheatley, Ontario.

22. FLEX owns 100% of each of Unity, Growth, Queenston and Entities.

23. Victoria and Brock are, collectively, the "**Uxbridge Properties**". These properties were acquired as follows:

(i) On January 26, 2005, F.L. Securities Inc. acquired 4 Victoria Street for $600,000;

(ii) On November 23, 2006, First Leaside Realty II Inc. in Trust for Entities, acquired 144 Brock Street for $75,000; and

(iii) On June 13, 2007, F.L. Securities Inc. acquired 168 Brock Street for $470,000.

24. FLEX was developing a LEEDS Platinum "A" Class Building to be built on the Uxbridge Properties, which was the intended head office of First Leaside.

25. FLEX expended significant financial resources prior to the CCAA Proceedings on the construction and design costs for the Uxbridge Properties. According to the

Companies' books and records, First Leaside paid expenses (inclusive of property acquisition costs and fees paid to other First Leaside entities) in excess of $7.26 million and incurred an additional $2.7 million of construction costs which remain unpaid.

26. Between August, 2011 and December, 2011, various contractors undertook work on the Uxbridge Properties including but not limited to:

(i) excavation of the Uxbridge Properties;

(ii) laying a foundation for the basement level;

(iii) installing a concrete crash wall along the adjacent train tracks;

(iv) installing a retaining wall beside the train tracks on Brock;

(v) digging wells for the purpose of accessing geothermal energy;

(vi) decommissioning the wells due to uncontrolled free flow of water; and

(vii) laying concrete for a parking lot on the Brock Properties.

27. As described in paragraphs 22 – 28 of the November 13 CRO Affidavit, First Leaside stopped development of the Uxbridge Properties due to a lack of funds, resulting in various construction lien claims being asserted against the Uxbridge

Properties pursuant to the *Construction Lien Act (Ontario)* (the "**Uxbridge Lien Claims**").

28. At the time construction was halted, Victoria had a partially finished foundation, and Brock was an unused parking lot. No further work has been completed on the Uxbridge Properties during the CCAA Proceedings.

29. Prior to the commencement of the CCAA Proceedings, the Ontario Ministry of the Environment (the "**MOE**") had several meetings with First Leaside in an attempt to resolve issues relating to a flow of water, which may be emanating from the decommissioned wells on the Uxbridge Properties. The Monitor has attended several conference calls and one meeting with First Leaside and the MOE since the date of the Initial Order.

30. On July 13, 2012 the MOE issued a memorandum to First Leaside expressing its concern over remedial action that the MOE asserts is required to stop the discharge of water from the underground wells on the Victoria property.

31. The MOE continues to dialogue with First Leaside, and has requested that First Leaside begin decommissioning the wells forthwith. In addition, due to the unfinished state of the Victoria property, it is also necessary to retain professionals to winterize the property. First Leaside estimates that the decommissioning and winterizing costs could total more than $100,000. Absent the completion of the Structform Agreement (discussed below), it will be necessary for First Leaside to immediately commence the decommissioning and winterization work and to incur the costs associated with same.

EFFORTS TO SELL THE UXBRIDGE PROPERTIES

32. At the outset of the CCAA Proceedings, the CRO, with the assistance of the Monitor, invited the lien claimants – specifically Structform and Kenaidan Contracting Ltd. ("**Kenaidan**") – with claims against the Uxbridge Properties to submit an offer for the Uxbridge Properties. No lien claimant made an offer for the Uxbridge Properties until Structform came forward with its offer, more than eight months after the date of the Initial Order.

33. On March 23, 2012, the Court authorized the CRO, with the consent of the Monitor, to engage agents, realtors and/or brokers in furtherance of the marketing and sale of First Leaside's real property.

34. In May 2012, First Leaside engaged Colliers Macaulay Nicolls (Ontario) Inc. ("**Colliers**") to list the Canadian real estate assets of First Leaside for sale, including all of the properties owned by FLEX. Since that time, with the approval of this Court, First Leaside has sold the properties owned by Growth and Queenston.

35. At the time that the CRO and Monitor interviewed brokers to market and list the FLEX properties for sale, none of the various brokers were able to provide a clear opinion of value on the Uxbridge Properties. The Uxbridge Properties, particularly Victoria, had unique circumstances such that value would be dependent on the purchaser's intended use. The advice received from the brokers was that the estimated liability and decommissioning costs associated with Victoria might exceed the potential value of Victoria.

36. The brokers also suggested that, due to the current state of Victoria and the necessity to develop Victoria to extract value, any proposed sale would likely require the inclusion of Brock, a parking lot adjacent to Victoria, which would provide parking for the users of Victoria. Colliers marketing of the Uxbridge Properties included among other things, contacting perspective purchasers and conducting site visits with interested parties. The Colliers engagement in respect of the Uxbridge Properties recently expired, following 6 months of active marketing, without any offers having been received.

37. Prior to the Initial Order, certain contractors that completed work on the Uxbridge Properties registered claims totaling approximately $3.4 million.

38. Structform performed all of the foundation construction on the Uxbridge Properties. It is the largest lien claimant on the Uxbridge Properties, with a lien claim in the amount of $1,723,755, including amounts payable to its sub-contractors, who have been paid by Structform.

39. First Leaside, with the assistance of the Monitor, has completed a preliminary review of the amount of all of the Uxbridge Lien Claims, including the Structform Lien Claim, and has estimated that the total amount of the purported lien claims on the Uxbridge Properties, including the Structform Lien Claim, ranges between approximately $2.6 million and $2.9 million.

40. As described in paragraphs 32 – 33 of the November 13 CRO Affidavit, First Leaside and Structform entered into negotiations in late October 2012 and have agreed, subject to Court approval (the "**Structform Agreement**") that:

(i) the right, title, and interest in the Uxbridge Properties will be transferred to Structform or its nominee on an "as is, where is" basis with no representations or warranties;

(ii) any and all future remediation deemed required by the MOE will be the responsibility of Structform; and

(iii) Structform will provide a release in full and final satisfaction of any and all of its claims as against First Leaside.

41. The Structform Agreement provides for closing within 10 days of the entry of the Approval and Vesting Order. This 10-day closing period is necessary in order for Structform to take possession in time to perform winterization work to preserve the value of the Uxbridge Properties.

42. As a contractor, Structform has the capacity to deal with the unfinished nature of the current state of the Uxbridge Properties as well as the requests of the MOE.

43. The Monitor has assisted First Leaside in negotiating the terms of the sale to Structform, and has reviewed the Structform purchase agreement. The Monitor is of the view that:

(i) Structform performed work on the Uxbridge Properties in the amount of $1,723,755 and, upon review by the Monitor's counsel of the Structform Lien Claim, nothing has come to the

Monitor's attention questioning the validity of the Structform Lien Claim as against the Uxbridge Properties;

(ii) following more than six months of marketing and offering the Uxbridge Properties to the other lien claimants shortly after the commencement of the CCAA Proceedings, no offer of any value comparable to that made by Structform has been made for the Uxbridge Properties;

(iii) the negotiations as between First Leaside and Structform were reasonable and thorough;

(iv) the transaction contemplated is more beneficial to the creditors than a sale or disposition of such properties under a bankruptcy or if the Company was forced to abandon the Uxbridge Properties;

(v) the proposed sale to Structform allows a company that has relevant experience to deal with the potential issues identified by the MOE and eliminates FLEX's requirement to inject additional capital into the Uxbridge Properties;

(vi) the Structform Agreement is binding as between Structform and First Leaside and provides certainty to the unsecured creditors of FLEX as it relates to the impact of the disposition of the

Uxbridge Properties on the ultimate recoveries to such stakeholders;

(vii) a full and final release of Structform's claims will resolve $1,723,755 in claims against FLEX which will yield a greater distribution to any lien claimants who potentially hold trust claims and unsecured creditors, rather than continuing to hold the Uxbridge Properties which would require immediate maintenance expenditures;

(viii) the lien claims over the Uxbridge Properties have little to no value as secured claims given the circumstances of the property described above and in the November 13 CRO Affidavit;

(ix) the sale to Structform for the value of the Structform Lien Claim and a full and final release of all claims is reasonable and fair taking into consideration the estimated value of the Uxbridge Properties;

(x) the sale to Structform will reduce ongoing carrying costs (including insurance, security and property taxes) with respect to the Uxbridge Properties, which are vacant, thereby preserving the remaining resources of FLEX for the benefit of other creditors, and avoids the risk that FLEX may be forced to abandon the Uxbridge Properties; and

(xi) continuing to develop the Uxbridge Properties would require significant capital resources, financing is likely unattainable and it is uncertain whether such development would achieve additional recoveries for the creditors of FLEX.

44. The proposed Structform Agreement would settle approximately $1.7 million in claims against FLEX and leave an approximate balance of between $900,000 and $1.2 million of purported lien claims against FLEX that will be vested out of the Uxbridge Properties. Certain of the remaining lien claimants have also asserted trust claims in respect the $660,000 of cash held by FLEX at the commencement of the CCAA Proceedings, which is subject to the June 28, 2012 order of this Court that requires FLEX to give notice to Structform of FLEX's intention to use such cash to pay expenses associated with the Uxbridge Properties. That cash remains intact, and will remain intact after completion of the Structform Transaction, and therefore will be available to respond to any valid trust claims identified through a claims process. As noted, without the Structform Transaction, the Structform Claim would form part of the pool of creditors claiming a trust over the $660,000, and a large proportion of those funds would be needed to expend on the Uxbridge Properties immediately, thereby significantly reducing proportionate recovery from those proceeds. First Leaside and the Monitor have not yet assessed the validity and quantum of the remainder of any purported trust claims or their entitlement to the funds in the FLEX accounts as the claims process has not yet commenced (although it is planned to commence in early 2013). If the Structform Transaction is not completed and

valid trust claims are identified through a claims process in respect of the $660,000 in the FLEX accounts (including the Structform Claim), a sale of the Uxbridge Properties would have to achieve a net recovery ranging from $930,000 to $1,263,000 in order to achieve a financial result which is equivalent to that of the Structform Transaction. Based on the results of the sale process to date, the Monitor is of the view that this is unlikely.

45. Given the forgoing, the Monitor supports First Leaside's request for the relief sought as it relates to the sale of the Uxbridge Properties.

46. On November 15, 2012, counsel for Kenaidan wrote to counsel to FLEX and requested a 30 day adjournment of the motion as it relates to the Uxbridge Properties in order to consult with the other lien claimants to explore the possibility of presenting an offer to participate in the ownership of the Uxbridge Properties. The requested adjournment comes some eight months after the commencement of the CCAA Proceedings and after the Companies invited proposals for the disposition of the Uxbridge Properties from the lien claimants, including Kenaidan. FLEX advises that, absent proceeding with the Structform Agreement forthwith, it is imminently required to pay expenses associated with the Uxbridge Properties, which would be prejudicial to the position of all of the stakeholders of FLEX. Counsel to FLEX has advised the Monitor that FLEX will not consent to the requested adjournment. Counsel to Structform advises that it is keen to move ahead with the Stuctform Transaction and is not prepared to adjourn the matter. For the reasons set out in paragraphs 43 and 44 of this Sixth Report, the Monitor is of the view that the requested adjournment should not be

granted and that the motion for the approval of the Structform Agreement should be heard as scheduled on November 20, 2012.

PROPOSAL FROM FIRST LEASIDE VISIONS I LIMITED PARTNERSHIP AND FIRST LEASIDE VISIONS II LIMITED PARTNERSHIP

47. As described in paragraphs 38 – 43 of the November 13 CRO Affidavit, Visions I is a limited partnership which owns a minority interest in four start-up technology companies and Visions II is a limited partnership which owns a minority interest in three start-up technology companies, all of which are highly illiquid and require further funding to reach commercial viability.

48. As of the date of the Initial Order, Visions LP and its subsidiaries had cash on hand of $764,839.69.

49. As at November 8, 2012, Visions LP had $180,948.87 in its accounts (the "**Cash Balance**") and was owed $577,000 by FLWM (the "**FLWM Debt**") for amounts advanced by Visions to FLWM after the date of the Initial Order in order to pay expenses. The amount advanced to FLWM is subject to the Intercompany Charge established by the June 28, 2012 Order of this Court.

50. According to the books and records of First Leaside, as at December 31, 2011 FLWM and its subsidiaries also had account receivables due from Visions LP of approximately $2 million (the "**Visions Debt**"). Attached hereto as **Appendix "2"** and **Appendix "3"** are the December 31, 2011 unaudited financial statements of Visions I and Visions II, respectively.

51. Given the financial status of Visions LP and the value of its investments, the Monitor does not believe that FLWM will be able to recover the amounts owing to it by Visions LP beyond the cash it currently holds.

52. Visions LP's unitholders have proposed a transaction to First Leaside pursuant to which the unitholders shall acquire control of Visions LP upon the settling amounts owing by Visions LP to FLWM. The proposed transaction will provide cash recovery to FLWM and will permit the existing unitholders of Visions I and Visions II to retain their start-up investments, thereby preserving the ability to potentially realize a future return on their investments.

53. The Visions Transaction contemplates, among other things, that:

(i) Visions LP and FLWM will set off the amounts owing to each other under the FLWM Debt and the Visions Debt;

(ii) FLWM will forgive the net balance of the Visions Debt in exchange for payment to FLWM of the Cash Balance on deposit with Visions LP as full and final settlement of the Visions Debt and all Intercompany Charges relating to the CCAA proceedings;

(iii) FLWM will execute a full and final release providing for the release of any and all claims in Visions LP and the General Partner;

(iv) The CCAA proceedings will be terminated in respect of the General Partner and Visions LP, First Leaside Visions III Limited Partnership, First Leaside Visions IV Limited Partnership, Metabacus Limited Partnership, Greencore Limited Partnership, Marksman Celliject Limited Partnership, OMISA LP, Dossierview Limited Partnership, eSight Limited Partnership and Tyromer Limited Partnership will be removed from Schedule "A" to the Initial Order (as amended); and

(v) Subsequent to the termination of the CCAA proceedings, Visions LP proposes to appoint a nominee to purchase the shares of the General Partner for $1.00 and appoint new officers and directors of the General Partner. The General Partner consents to this proposal.

54. The Monitor has participated in numerous discussions with the representatives of the unitholders of Visions LP, and has assisted First Leaside with negotiating the terms of the Visions Transaction. Upon consideration of all of the factors, the Monitor is of the view that:

(i) the Visions Transaction is more beneficial to FLWM than the liquidation of Visions LP's assets under a bankruptcy or receivership scenario, the cost of which would likely be disproportionate to the anticipated realizations on start-up entities for which there is not a reasonably available market. The only other known creditors of Visions LP based on their books and records, are their subsidiary limited partnerships which form part of the overall Visions Transaction;

(ii) the Visions LP investors will maintain the opportunity to realize value in the long term;

(iii) the Visions Transaction as it relates to compromising FLWM's receivables is reasonable and fair taking into consideration the value of the assets held in Visions LP and the cost of realizing upon such assets; and

(iv) agreeing to the settlement taking into consideration the illiquid nature of Visions LP's holdings, their respective values and the costs associated with realizing upon such assets is reasonable and fair given the current circumstances.

55. The Monitor supports First Leaside's request for the relief as it relates to the Visions Transaction.

APPLICANTS' REQUESTED RELIEF

56. The Monitor respectfully recommends that this Court grant the relief requested by First Leaside as set out in First Leaside's notice of motion.

All of which is respectfully submitted,

GRANT THORNTON LIMITED,
In its capacity as CCAA Monitor of the Applicants under the *Companies' Creditors Arrangements Act* and not in any other capacity

Per:

Jonathan Krieger, CA•CIRP
Senior Vice-President

Appendix 1

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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., 1031628 Ontario Inc., 1045516 Ontario Inc., 2004516 Ontario Inc., 2192341 Ontario Inc., and First Leaside Fund Management Inc. (collectively, the "Applicants")

Applicants

FIFTH REPORT TO COURT OF GRANT THORNTON LIMITED, MONITOR OF THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

OCTOBER 17, 2012

GrantThornton

Grant Thornton Limited,
Monitor of the Applicants under the Companies' Creditors Arrangement Act

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

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APPENDICES

1. Monitor's Fourth Report dated August 21, 2012 without appendices
2. Cash Flow Projections to December 14, 2012 and Management's Report on Cash Flow

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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., 1031628 Ontario Inc., 1045516 Ontario Inc., 2004516 Ontario Inc., 2192341 Ontario Inc., and First Leaside Fund Management Inc. (collectively, the "Applicants")

Applicants

FIFTH REPORT TO COURT OF GRANT THORNTON LIMITED, MONITOR OF THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

OCTOBER 17, 2012

INTRODUCTION

1. On February 23, 2012, 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 Proceedings**"). On that date, the Court issued an order (as amended by the Court on March 8, 2012 and June 28, 2012) (the "**Initial Order**"), *inter alia*, granting the Applicants and the entities listed on Schedule A hereto (collectively, the "**Companies**" or "**First Leaside**") the protection of a stay of proceedings,

appointing Grant Thornton Limited ("**GTL**") as the Companies' monitor under the CCAA (the "**Monitor**"), confirming the appointment of G.S. MacLeod & Associates Inc. as the Companies' Chief Restructuring Officer (the "**CRO**") and appointing Fraser Milner Casgrain LLP as representative counsel ("**Representative Counsel**") to the Companies' investors, being clients of First Leaside Securities Inc. (the "**Investors**").

2. A summary of the material orders issued in the CCAA Proceedings is set out below.

<u>Summary of CCAA Orders</u>

Date	**Justice**	**Brief Summary of the Order**
Feb. 23/12	Justice Brown	Initial CCAA Order.
Mar. 23/12	Justice Morawetz	Granted an extension of the Stay Period (as defined in the Initial Order) to June 29, 2012.
Apr. 30/12	Justice Campbell	Provided a sale approval and vesting order relating to the sale by Queenston Manor General Partner Inc. as well as approval of the distribution of part of the proceeds to a mortgagee.
May 3/12	Justice Campbell	Provided a sale approval and vesting order relating to the sale of First Leaside Beverages Limited Partnership.
Jun. 28/12	Justice Campbell	Granted an extension of the Stay Period to October 26, 2012; granted an inter-company charge ranking behind the administration charge and directors and officers charge; approved a Communications Protocol as between the CRO, the Monitor, and Representative Counsel; approved the Companies' retention of Grant Thornton Corporate Finance Inc. ("**GTCFI**") to conduct a sales process in respect of First Leaside's 50.1% interest in Primetime Living Limited Partnership and real property located in Okanagan, British Columbia (as detailed in

		paragraph 15 of this report); amended the Initial Order to remove the maximum cap on the professional fees of Representative Counsel and directing Representative Counsel to pass its accounts to the Court; authorized and directed the CRO to execute documents on behalf of First Leaside Visions II Limited Partnership ("**Visions II**") in connection with the restructuring of e-Sight; granted an Order requiring the Companies to give notice to Structform if it intends to use funds held in the bank account of First Leaside Expansion Limited Partnership ("**FLEX**").
Aug 23/12	Justice Strathy	Removed certain entities as Applicants in these proceedings; permitted First Leaside to pursue proceedings against David C. Phillips and Margaret Davis; permitted the CRO to execute documents with respect to the sale of real property owned by First Leaside Venture (Ottawa) Limited Partnership ("**Venture Ottawa**"); authorized and directed First Leaside Finance Inc., to discharge its mortgage registered on the real properties owned by Venture Ottawa; authorized and directed the CRO to complete the sale of First Leaside Accounting and Tax Services Inc.; provided a sale approval and vesting order relating to the sale of Harmony Town Homes Limited Partnership and First Leaside Growth Limited Partnership.
Aug 31/12	Justice Newbould	Authorized and directed that First Leaside take no further steps in relationship to the US Entities held by Wimberly Apartments Limited Partnership.
Sep 18/12	Justice Strathy	Amended vesting Order re: Bramtree and Harmony.

PURPOSE OF FIFTH REPORT

3. The purpose of this fifth report of the Monitor (the "**Fifth Report**") is to:

a) provide the Court with the details of the Monitor's activities since August 21, 2012, the date of the Monitor's fourth report to Court (the "**Fourth Report**") which is attached without appendices as **Appendix "1"**;

b) provide the Court with an update on the communications between the CRO and/or the Monitor with Investors;

c) provide the Court with an update regarding the Companies' negotiations with certain First Leaside-affiliated investment funds, namely First Leaside Fund, Wimberly Fund, First Leaside Mortgage Fund and First Leaside Properties Fund (the "**Funds**");

d) provide the Court with an update on the Companies' receipts and disbursements since the commencement of these proceedings and on the Companies' cash flow projections to December 14, 2012;

e) provide the Monitor's observations, views and recommendations regarding the Applicants' request for an order:

    i. extending the Stay Period as defined in the Initial Order to December 11, 2012;

    ii. authorizing and directing the CRO to distribute approximately $3.6 million (plus interest) to the unit holders of a syndicated mortgage from the sale of the property municipally known as 36 Bramtree Court (the "**Bramtree Property**"), the sale of which was approved by this Court on August 23, 2012;

iii. authorizing and directing the CRO to distribute the current and future net proceeds representing the interest collected by First Leaside Nominee Services Inc. ("**FLNS**") on behalf of unit holders of a syndicated mortgage on the property municipally known as 90 King Street East, Thornbury, Ontario (the "**Thornbury Property**");

iv. approving the sale by First Leaside Realty II Inc. in its capacity as general partner of First Leaside Retirement Residences (Okanagan) Limited Partnership, Cherry Park Retirement Residence Limited Partnership ("**Cherry Park LP**") Orchard Valley Retirement Residence Limited Partnership ("**Orchard Valley LP**") and, The Shores Retirement Residence Limited Partnership ("**The Shores LP**") (collectively, the "**Okanagan LPs**") to BayBridge Seniors Housing Trust ("**BayBridge**" or the "**Purchaser**") including an assumption of liabilities as set out in the purchase and sale agreement dated September 27, 2012 (the

"**BayBridge Agreement**") and vesting title in the purchaser upon closing; and

v. amending paragraph 3 of the Initial Order to add the Okanagan Excluded LP's to Schedule A to the Initial Order and deleting the Okanagan Excluded LP's from the definition of Excluded LP's in the Initial Order.

SCOPE AND TERMS OF REFERENCE

4. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information, the Companies' records, financial information and projections and discussions with the CRO, the Companies' management and certain of its employees. While the Monitor reviewed various documents provided by the Companies 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 Monitor expresses no opinion or other form of assurance in respect of such information.

5. Some of the information used in preparing this Fifth Report relies on financial projections. The Monitor cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Companies' actual results may vary from such projections and such variations

may be material. The Monitor's review of the future oriented information used to prepare this Fifth Report did not constitute a review or examination of such information under Canadian Generally Accepted Auditing Standards or International Financial Reporting Standards.

6. In the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the CRO, the Companies and their management, within the context in which such information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of this assumption. The Monitor has requested that management and the CRO bring to its attention any significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this Fifth Report is based solely on the information (financial or otherwise) made available to the Monitor by the CRO and the Companies.

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

8. 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.

9. Capitalized terms not defined in this Fifth Report have the meanings ascribed to them in the October CRO Affidavit. In preparing this Fifth Report, the Monitor has endeavoured not to repeat information contained in the October CRO Affidavit.

ACTIVITIES OF THE MONITOR

10. The Monitor's activities to August 21, 2012 were described in the Fourth Report and were approved by the Court on August 23, 2012. Since August 21, 2012, the Monitor's activities have included, among other things:

    i) meeting and corresponding regularly with the management of First Leaside, the CRO and the Companies' counsel regarding, among other things, the Companies' activities, correspondence with stakeholders, the Companies' financial position, the sales processes for the Companies' assets and the Companies' cash flow projections;

    ii) meeting and corresponding regularly with the Monitor's independent counsel;

    iii) meeting and corresponding with Representative Counsel on a periodic basis to discuss, among other things, communications to the Investors and developments in the CCAA Proceedings;

    iv) meeting and corresponding with the CRO, counsel to First Leaside, counsel to the Monitor and GTCFI as it relates to the marketing of the real property owned by the Okanagan LP's and the PTL Interest (as defined in paragraph 15 below);

v) meeting and corresponding with the CRO, counsel to First Leaside, and counsel to the Monitor as it relates to the statement of claim filed by certain First Leaside entities against David Phillips, Margaret Davis and 970877 Ontario Inc.;

vi) reviewing the banking, accounting records, financial statements as well as various agreements entered into by First Leaside;

vii) attending at a meeting of a subcommittee of the steering committee of investors (the "**Transaction Subcommittee**") with Representative Counsel on October 4, 2012;

viii) corresponding by email and telephone, and attending meetings with Torkin Manes LLP ("**Torkin Manes**"), counsel to the trustees of certain of the Funds;

ix) attending at a meeting and various telephone calls among the CRO and the Ministry of Environment as it relates to the municipal properties known as 4 Victoria Street, 168 Brock Street and 144 Brock Street in Uxbridge, Ontario;

x) reviewing documentation related to the proposed distribution of proceeds of sale of the Bramtree Property to the mortgagee and the proposed distribution of interest payments to the mortgagee to the Thornbury Property;

xi) working with the Companies to review the security of Mortgage Fund in WALP, as discussed in the August CRO Affidavit;

xii) reviewing the Companies' actual cash flow results on a weekly basis;

xiii) monitoring the Companies' ongoing operating commitments and disbursements;

xiv) reviewing the inter-company balances as between the Companies since the commencement of the CCAA Proceedings;

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

xvi) corresponding by email and telephone with the Companies' creditors and investors;

xvii) maintaining a public website for the CCAA Proceedings and updating same on a regular basis;

xviii) requesting that the Monitor's counsel prepare security opinions in respect of the security of certain secured creditors to the Companies;

xix) preparing this Fifth Report; and

xx) reviewing all materials filed with the Court in respect of these proceedings.

INVESTOR COMMUNICATIONS

11. On April 30, 2012 this Court made an endorsement directing the CRO, the Monitor and Representative Counsel (the "**Parties**") to develop and implement a communications protocol regarding future proposed transactions in order to ensure that the Investors have a reasonable opportunity to assess such transactions.

12. On May 24, 2012 the Parties developed a communications protocol (the "**Communications Protocol**") which was approved by the Court on June 28, 2012 and established among other things that the CRO and the Monitor will meet monthly with Representative Counsel and the Transaction Subcommittee, or such other interval as requested by Representative Counsel.

13. Since the commencement of the CCAA Proceedings, the CRO and the Monitor have met with the Investors in person or by teleconference to provide updates on, among other things, the realization of the real property assets of the Applicants and the financial circumstances of First Leaside prior to the issuance of the Initial Order.

14. The following section provides a summary of the CRO and/or the Monitor's meetings with First Leaside's Investors and their representatives.

Investor Meetings/Conference Calls

Date	**Details of Meeting**
Mar. 22/2012	Meeting of the First Leaside Investment Protection Association ("**FLIPA**")
Apr. 3/2012	Town Hall Meeting Conference Call
Apr. 20/2012	Meeting with certain Investors re: Visions I & II and WALP
Apr. 24/2012	Meeting with D. Phillips and B. Stojmenov re: Investors and CCAA process
May 1/2012	Steering Committee Meeting to present May 1, 2012 Report
May 2/2012	FLIPA Town Hall Meeting
May 10/2012	Town Hall Meeting Conference Call
May 17/2012	Steering Committee meeting re: WALP, FLAT, Beverages
May 31/2012	Meeting with CBB, Blakes, Torkin Manes and Fund Trustees re: WALP
Jun. 7/2012	Transaction Subcommittee Call
Jun. 11/2012	Meeting with eSight group re: FL Visions II
Jun. 15/2012	Transaction Subcommittee call
Jul. 21/2012	Steering Committee Meeting re: WALP Report
Aug. 21/2012	Steering Committee Meeting re: 4th Report of Monitor
Aug. 23/2012	Meeting with Counsel and Trustees re: transition agreement for WALP
Aug. 30/2012	Meeting with Counsel and Trustees re: transition agreement for WALP
Sep. 12/2012	Attendance at WALP Fund (as defined in paragraph 33) meeting
Oct. 4/2012	Transaction Subcommittee call

SALE OF VENTURE OKANAGAN PROPERTIES AND THE PTL INTEREST

15. As detailed in the June CRO Affidavit and approved by the Court on June 28, 2012, First Leaside Retirement Residences Limited Partnership ("**Residences**"), First Leaside Realty II Inc., First Leaside Wealth Management Inc. ("**FLWM**"), First Leaside Universal Limited Partnership, First Leaside Progressive Limited Partnership, F.L. Primetime Living Limited Partnership and FLWM Holdings Limited Partnership retained the services of GTCFI as financial advisor in connection with the divestiture of:

    (i) Residence's 50.1% interest in Primetime Living Limited Partnership (the "**PTL Interest**"); and

    (ii) the real properties owned by Cherry Park Retirement Residence Limited Partnership, Orchard Valley Retirement Residence Limited Partnership, The Shores Residence Limited Partnership (collectively, "**Venture Okanagan**").

16. As described in paragraphs 31 - 38 of the October CRO Affidavit, GTCFI, conducted a sales process and requested interested parties to submit their offers in the form of a letter of intent ("**LOI**") on or before 5:00pm PST on July 19, 2012. A brief description of the sale process conducted by GTCFI is as follows:

    (i) GTCFI researched the universe of potential buyers, prepared marketing materials (including teaser letters and Confidential Information Memoranda ("**CIM's**")), and prepared a data room for later acquisition due diligence.

(ii) GTCFI initiated marketing in mid June and contact was made with 73 logical strategic and financial buyers primarily located in Canada and the United States. Of these 73 potential strategic buyers, 71 received teaser letters and 26 subsequently requested confidentiality agreements. Ultimately 21 confidentiality agreements were successfully negotiated and 21 CIM's were issued.

(iii) GTCFI received LOI's that expressed interest in the PTL Interest and Venture Okanagan, as well as some that expressed interest only in Venture Okanagan.

(iv) The Purchaser made an offer on both parcels at the highest value of the offers received. The Purchaser also had the support of Brujjon Real Estate Holdings Inc., whose consent was required to sell the PTL Interest.

(v) The competitive sales process that was conducted resulted in a going concern sale and corresponding going concern valuation for the assets.

17. The Monitor has reviewed the sale process conducted by GTCFI for the sale of Venture Okanagan and the PTL Interest, and has reviewed the terms of the BayBridge Agreement, and is of the view that:

    (i) the sale process was reasonable and thorough;

    (ii) the transaction contemplated is more beneficial to the creditors than a sale or disposition of such properties under a bankruptcy; and

    (iii) the value anticipated to be received for the properties being conveyed is reasonable and fair taking into consideration their respective appraised values.

18. The Companies have requested that the BayBridge Agreement be sealed by this Court until further order of the Court. The Monitor supports the Companies' request as the BayBridge Agreement contains commercially sensitive information and, should the transaction contemplated by the BayBridge Agreement not close for any reason, the disclosure of such information would likely prejudice a further marketing process for Venture Okanagan and the PTL Interest.

19. In conjunction with the Applicants' request for approval of the sale of Venture Okanagan and the PTL Interest, the Applicants are seeking an order amending paragraph 3 of the Initial Order to add the Okanagan Excluded LP's to Schedule A to the Initial Order and delete the Okanagan Excluded LP's from the definition of Excluded LP's in the Initial Order. Pursuant to paragraph 7 of the Initial Order,

the Applicants are permitted to ask for such relief provided that the Applicants provide 7 days' notice of such request to Toronto-Dominion Bank. The Okanagan Excluded LPs are not meeting all of their obligations as they come due, as evidenced by the fact that substantial construction liens have been filed. The inclusion of the Okanagan Excluded LP's in the definition of Included LP's (Schedule A to the Initial Order) will further the objective of the CCAA Proceedings and facilitate the completion of the transaction contemplated by the BayBridge Agreement. Accordingly, the Monitor supports the Applicants' requested relief in this regard.

20. As described in detail in the October CRO Affidavit, there are two categories of mortgages that affect the properties being sold pursuant to the BayBridge Agreement: (a) the TD Mortgages in favour of the Toronto-Dominion Bank that have been given by the Okanagan Excluded LPs; and (b) the PrimeTime Continuing Mortgages that are registered on properties held by PTL. The TD Mortgages are to be assumed by the Purchaser, or otherwise discharged on closing. The PrimeTime Continuing Mortgages are to be effectively assumed on the conveyance of the PTL Interest, subject to the consent of the relevant mortgagees to the change of control of PTL. If the consent of the relevant mortgagees on the PTL assets is not obtained, the Vendors are obligated to discharge such mortgages.

21. The Monitor has asked its independent counsel to undertake a review of the TD Mortgages and the PrimeTime Continuing Mortgages in order to confirm their validity and enforceability. The Monitor has been advised by its counsel that,

subject to the customary qualifications and assumptions, these mortgages are valid and enforceable, with the exception of the mortgage given to Henry E. Hildebrand and Grace Hildebrand (a second ranking mortgage on one of the assets owned by PTL), which will be reviewed by the Monitor's counsel once all the pertinent documents are provided for review.

22. In addition to these mortgages, the October CRO Affidavit discusses certain inter-company obligations of PTL and the Okanagan Excluded LPs that will be satisfied in connection with the closing of the Transaction. The Monitor is reviewing these obligations to confirm their amounts and their validity prior to closing.

23. There are other additional liens and encumbrances in respect of the various real and personal properties that are being conveyed, that have been disclosed through a review of the relevant real and personal property registries. Notice of this motion has been given to the relevant parties disclosed on these registries. Other than the obligations to be assumed or discharged/paid out as described above, all other claims, liens and encumbrances will be vested out on closing of the transaction pursuant to the proposed sale approval and vesting order, and the proceeds of sale will stand in place and stead of the property conveyed, for purposes of these claims, to the extent that they are valid. Counsel to the Monitor has begun to review certain of these additional encumbrances and will continue to do so such that the review will be completed prior to any distribution motion relating to the proceeds to be received by the Vendors on closing.

BRAMTREE PROPERTY

24. On August 23, 2012, the Court issued an order approving the sale of the Companies' Bramtree Property, which sale closed on September 20, 2012. The Companies are requesting the Court's approval to distribute approximately $3.6 million (plus interest) to the unitholders of a syndicated mortgage from the sale of the Bramtree Property.

25. The Monitor's independent 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 Monitor and CRO are currently reviewing the documents governing the mortgage to confirm the appropriate party to which to make the distribution in order to facilitate the ultimate distribution to the investor participants in the Bramtree syndicated mortgage.

THORNBURY PROPERTY

26. As described in paragraphs 92 – 97 of the October CRO Affidavit, FLNS, in its capacity as custodian of the syndicated mortgage on the property municipally known as 90 King St. East, Thornbury, Ontario has been collecting interest payments from the current owner. The Companies are requesting the Court's approval to distribute the current and future net proceeds to the investor participants of the Thornbury syndicated mortgage in accordance with the documents governing such mortgage. In that regard, counsel to the Monitor has reviewed the mortgage security and subject to the usual qualifications and assumptions, has confirmed the validity and enforceability. The Monitor is

currently reviewing the documents governing the mortgage to confirm the appropriate party to which to make the distribution in order to facilitate the ultimate distribution to the investor participants of the Thornbury syndicated mortgage.

THE OTTAWA EXCLUDED LPs

27. On August 23, 2012, the Court authorized and directed the CRO to execute on behalf of First Leaside Realty II Inc., an asset purchase agreement dated August 3, 2012 (the "**Amica APA**") and to complete the sale of the real properties owned by Venture Ottawa to Amica Acquisitions Inc. ("**Amica**").

28. Pursuant to the terms of the Amica APA, Amica was required to waive conditions on or before September 5, 2012. However, shortly after the issuance of the August 23 Order, Amica advised that it would not waive the inspection condition.

29. Pursuant to the terms of the Amica APA, Amica assigned the Amica APA to KingSett on September 5, 2012, who waived the conditions, and the transaction subsequently closed on October 5, 2012.

UPDATE ON WALP

30. As described in paragraphs 36 – 45 of the Fourth Report, Wimberly Apartments Limited Partnership ("**WALP**") is an aggregator limited partnership which holds interests in 11 other limited partnerships that own real properties in Texas (the "**Texas Properties**").

31. As described in the Fourth Report, the CRO with the assistance of the Monitor concluded that the CRO did not have the corporate authority to deal with the Texas Properties and that the estimated realizable value of the Texas Properties was nominal after repayment of third party mortgages and professional costs.

32. On August 31, 2012, the Court issued an order (the "**August 31 Order**") directing and authorizing First Leaside to take no further steps to manage the Texas Properties.

33. On August 31, 2012 the trustees of the First Leaside Fund, Wimberly Fund and First Leaside Properties Fund (collectively the "**WALP Funds**") and First Leaside Mortgage Fund ("**Mortgage Fund**") advised the Court that they would hold a meeting of their respective unitholders within sixty days of that date for the purpose of, among other things, reporting to trust unitholders, electing trustees of the Funds and providing a reporting letter to the Monitor with respect to such meeting.

34. On September 26, 2012 Torkin Manes advised the Court that it would require a short extension to November 10, 2012 to hold the meeting of trust unitholders. On October 5, 2012 Torkin Manes advised the Court that it would require a further extension to January 4, 2013 and the Court issued an endorsement in that regard.

35. As of the date of this Fifth Report, the CRO and the Monitor have not received a draft restructuring plan from the trustees of the Funds, however, the CRO and the Monitor continue to communicate and negotiate with counsel to the trustees

of the Funds to enter into a transition agreement under terms that are commercially reasonable.

36. Notwithstanding the August 31 Order authorizing and directing First Leaside to take no further actions in respect of WALP, the CRO and the Monitor remain interested in the future dealings of WALP and its subsidiaries, because other First Leaside limited partnerships (some of which are Applicants or Included LPs in these proceedings) hold a significant number of fund units, and these limited partnerships will likely be asked to participate in the anticipated plan advanced by the trustees of the Funds. The outcome will likely have an effect on the ultimate recoveries for First Leaside's investors.

37. As set out above in the summary of the Monitor's activities, First Leaside, with the assistance of the Monitor, continues to investigate the circumstances surrounding the Mortgage Fund's security in certain of WALP's property, and will report to this Court with their findings.

FINANCIAL RESULTS AND POST – INITIAL ORDER OBLIGATIONS

38. The consolidated receipts and disbursements of First Leaside for the thirteen-week period ended September 28, 2012 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "2" to the Third Report of the Monitor dated June 22, 2012, are summarized below.

TABLE "A"

First Leaside Group of Companies
Schedule of Consolidated Receipts and Disbursements as Compared to the CCAA Cash Flow Forecast
For the Period July 2, 2012 to September 28, 2012
Unaudited, ($000's)

	Actual	Forecast	Variance
Cash Inflow			
Receipts	7,001	8,204	(1,202)
Total Receipts	7,001	8,204	(1,202)
Cash Outflow			
Operating Disbursements	337	185	(152)
Professional Fees	1,959	2,591	632
Salaries	141	183	42
Intercompany transfers between non-filing entities[1]	470	-	(470)
Capital	-	-	-
Total Outflow	2,906	2,958	52
Net Cash Flow	4,095	5,245	(1,150)
Cash, beginning of period (July 2, 2012)	6,402	5,600	802
Cash, end of period (September 28, 2012)	10,497	10,845	(349)

Notes:

1 On March 6, 2012 and on April 18, 2012 $100,000 and $40,000 respectively were transferred from FLEX Fund to FLWM and were subsequently repaid on September 18, 2012. On March 2, 2012 and March 5, 2012 $100,000 and $230,000 was transferred from Mortgage Fund to FLWM and was subsequently repaid on July 12, 2012.

39. As illustrated in Table "A" above, the Companies' actual receipts over the Reporting Period were approximately $1.2 million lower than forecast as the Companies originally forecasted that all of the Canadian properties would be sold and closed by September 28, 2012. As of the date of this Fifth Report, the Companies have closed sale transactions in respect of two of its real properties (Bramtree and Harmony), resulting in net proceeds totaling $7.65 million, of which approximately $3.6 million would be distributed to secured creditors, subject to Court approval.

40. The Companies' total disbursements during the Reporting Period were approximately $52,000 less than forecasted. The Monitor notes that operating

costs exceeded projections by approximately $152,000, in part to the cost of preparing U.S. tax returns for the limited partnerships that own the Texas Properties, as well as changes to the payment structure of certain First Leaside employees from salaried to contract. Furthermore, actual professional fees were below forecasts by approximately $632,000, which is largely a timing difference.

41. Table "B" below, summarizes the receipts and disbursements of the Companies since the issuance of the Initial Order to September 28, 2012.

TABLE "B"

First Leaside Group of Companies
Schedule of Consolidated Receipts and Disbursements as Compared to the CCAA Cash Flow Forecast
For the Period February 20, 2012 to September 28, 2012
Unaudited, ($000's)

	Actual	Forecast	Variance
Cash Inflow			
Receipts	10,845	8,812	2,033
Total Receipts	10,845	8,812	2,033
Cash Outflow			
Operating Disbursements	1,270	1,084	(186)
Professional Fees	5,610	5,907	298
Salaries	522	767	245
Capital	-	266	266
Total Outflow	7,402	8,025	622
Net Cash Flow	3,443	788	2,655
Cash, beginning of period (February 24, 2012)[1,2]	7,053		
Cash, end of period (September 28, 2012)[2]	10,497		

Notes:

1 The beginning cash flow balance as reported in the proposed Monitor's Report, First Monitor's Report and Third Monitor's Report included cash balances of certain non-filing entities which include, First Leaside Fund, Wimberly Fund, First Leaside Properties Fund, Mortgage Fund, FLEX Fund and FLWM Fund.

2 The forecast figures set out in Table B represent the sum of the receipts and disbursements from three successive cash flow projections filed by the Company. As the opening cash position is updated at the commencement of each cash flow projection, the projected opening and closing cash balances are not meaningful for the purposes of the variance analysis.

42. Since the Initial Order, the total receipts collected have been higher than the forecasted amount by approximately $2 million of which $3.6 million is currently being held by First Leaside pending an Order from this Court to distribute said funds. The forecasts of the Companies assumed that the all the Canadian real estate assets would be sold, however as of the date of this Fifth Report, the PTL Interest and Venture Okanagan are subject to a sale which has not closed, and there are seven real properties which the Companies have not yet realized upon.

43. The Companies' total disbursements since the issuance of the Initial Order were below forecast by approximately $622,000 largely due to:

(i) timing of payments and overestimating professional costs associated with closings that have not yet occurred;

(ii) reduction of salaries; and

(iii) capital improvements which were projected but not spent.

44. The Monitor has reviewed First Leaside's various accounts payable aging reports, which reflect that the Companies are current in respect of their post-filing obligations, with the exception of property taxes for some properties, which continue to accrue and will be paid, the Companies advise, on closing of the sale of the applicable real property.

CASH FLOW PROJECTION

45. The Companies have updated their cash flow projection, on a weekly basis, for the period ending December 14, 2012 (the "**Cash Flow Projection**"). The Cash Flow Projection, together with the CRO's report on the Cash-Flow Projection, is

attached hereto as **Appendix "2"**. The Cash Flow Projection, including the notes attached thereto, has been prepared by management under the supervision of the CRO for the purpose described in the CRO's Report on the Cash Flow Projection, using probable and hypothetical assumptions set out in the notes to the Cash Flow Projection.

46. The Monitor makes the following comments on the Cash Flow Projection:

i) Expenses appear to be consistent with the level of operations required by the Companies during the projection period;

ii) A large majority of the costs of the CCAA Proceedings are being paid by FLWM, subject to a final allocation. However, FLWM does not have sufficient liquidity to pay all these costs. Accordingly, the Cash Flow Projection assumes that funds will be transferred from other Applicants to FLWM to pay the costs of the administration of the CCAA Proceedings. Such transfers for operating expenses and any final allocation of costs of administration are subject to the inter-company charge;

iii) Projected operational and professional costs for the eleven week period are substantial due, in part, to:

a. the need to develop realization strategies to take into account the quantum and variety of investments/assets held by the Companies and associated LP's;

b. the need to communicate with and balance the interests of the numerous interested stakeholders, which have opposing views; and

c. the need to address various matters that are being, or may be litigated by the Companies.

iv) As raised in the previous reports of the Monitor, the Companies and the professionals involved in the CCAA Proceedings will need to continue to balance the potential net realizations from liquidation strategies against the potential cost thereof, and to pursue effective and efficient realization options;

v) The projections assume that no transactions for the sale of the Applicants' remaining Canadian properties will close by December 14, 2012. As projected, First Leaside currently has sufficient cash available to fund its post-CCAA filing obligations for the projection period;

vi) The Cash Flow Projection does not contemplate servicing mortgages during the CCAA Proceedings; and

vii) The Companies project that they will be able to pay the liabilities that they incur after the date of the Initial Order.

47. The Monitor's review of the Cash Flow Projection consisted of inquiries, analytical procedures and discussions related to information supplied to the Monitor by the Companies. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to such assumptions were limited to evaluating whether they were consistent with the purpose of the Cash Flow Projection. The Monitor has also reviewed the support provided by the Companies for the probable assumptions and the preparation and presentation

of the Cash Flow Projection. Based on the Monitor's review, nothing has come to its attention that causes it to question that, in all material respects:

i) the hypothetical assumptions are consistent with the purpose of the Cash Flow Projection;

ii) as at the date of this Fifth Report, the probable assumptions developed by the Companies are suitably supported and consistent with the Companies' plans or provide a reasonable basis for the Cash Flow Projection, given the hypothetical assumptions; or

iii) the Cash Flow Projection reflects the probable and hypothetical assumptions.

48. The Cash Flow Projection prepared by the Companies projects that the Companies will have sufficient funds on hand to maintain operations throughout the Cash Flow Projection period.

UPDATE ON RESTRUCTURING AND REALIZATIONS AND THE REQUEST FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

49. As previously reported to this Court, the CRO has expended substantial efforts in realizing on the assets of the Companies as well as exploring alternatives to restructure parts of First Leaside's businesses. To date, the Companies have sold more than $125 million of assets. Furthermore, there have been significant matters which the CRO and Monitor have had to address in the interests of Investors which have not and may not result in realizations, such as tax filings and addressing non-liquid investments.

50. Subject to an order from this Court, the CRO has completed the sale of the PTL Interest and Venture Okanagan, leaving seven real properties to be realized upon (Victoria, Brock, Mill, Cemetery, Wheatley, Spring Valley and the Church property, as defined in the CRO's affidavit dated February 22, 2012), as well as other matters including receivables to be collected and/or litigated.

51. As described in paragraphs 58-63 of the October CRO affidavit, the CRO is requesting a short extension of the Stay Period until December 11, 2012, which will allow the CRO and the Monitor, in consultation with Representative Counsel, to prepare an application to this Court that may deal with, among other things:

(i) a framework under which certain of the Companies' remaining assets could be more efficiently realized upon in the context of receivership and/or bankruptcy proceedings, instead of remaining subject to the CCAA Proceedings;

(ii) the establishment of an allocation methodology to present to this Court on the allocation of professional costs paid in the context of the CCAA Proceedings among the Applicants and the Included LPs, and a request for this Court's approval of the Monitor's fees and costs and those of its counsel; and

(iii) a further extension of the CCAA Proceedings for certain of the Applicants and Included LP's that would benefit from the continuation of the CCAA stay of proceedings beyond that date.

52. In the Monitor's view, the Companies and the CRO have acted in accordance with the Initial Order, as amended, and are working diligently on preparing and executing a wind-down strategy that is intended to maximize the recoveries for all stakeholders. The Companies and the CRO have also been working cooperatively with the Monitor and Representative Counsel to facilitate the carrying out of their mandates. The Monitor is satisfied that the Companies and the CRO are acting in good faith and with due diligence. Accordingly, the Monitor respectfully recommends that this Court grant the Applicants' request for an extension of the Stay Period until December 11, 2012.

APPLICANTS' REQUESTED RELIEF

53. The Monitor respectfully recommends that this Court grant the relief requested by the Applicants as set out in the Applicants' notice of motion.

All of which is respectfully submitted,

GRANT THORNTON LIMITED,
In its capacity as CCAA Monitor of the Applicants under the *Companies' Creditors Arrangements Act* and not in any other capacity

Per:

Jonathan Krieger, CA•CIRP
Senior Vice-President

Appendix 2

First Leaside Visions I Limited Partnership

(A Canadian Limited Partnership)

Financial Statements
(unaudited)

December 31, 2011

First Leaside Visions I Limited Partnership

Balance Sheet
(Expressed in Canadian dollars)

December 31, 2011 and 2010
(unaudited)

	2011	2010
Assets		
Cash	$ 2,947	$ 977,893
Prepaid expenses and deposits	600	-
Promissory note receivable (note 2)	1,110,610	234,532
Venture financing of Ontario start-up companies (note 3)	2,100,103	2,100,049
	$ 3,214,261	**$ 3,312,474**

Liabilities and Shareholders' Equity

	2011	2010
Liabilities:		
Accounts payable and accrued liabilities	$ 23,002	$ 23,001
Due to related parties (note 5)	738,496	844,188
	761,498	867,189
Partners' Equity (note 4)	2,452,763	2,445,285
	$ 3,214,261	**$ 3,312,474**

First Leaside Visions I Limited Partnership
Statement of Operations
(Expressed in Canadian dollars)

Year ended December 31, 2011 with comparative figures for 2010
(unaudited)

	2011	2010
Revenue		
Revenue:		
Interest and other (note 5)	$ 38,162	$ 31,471
	38,162	31,471
Expenses		
Operating Expenses:		
Interest expense (note 5)	23,193	73,476
Professional fees (note 5)	5,650	9,650
Administration	1,841	972
	30,684	84,098
Net income (loss) for the year	**$ 7,478**	**$ (52,627)**

First Leaside Visions I Limited Partnership

Statement of Partners' Equity
(Expressed in Canadian dollars)

Year ended December 31, 2011 with comparative figures for 2010
(unaudited)

	General Partner	Limited Partners	2011	2010
Partners' equity, beginning of the year	$ (51,268)	$ 2,496,552	$ 2,445,284	$ 2,497,911
Net income (loss) for the year	75	7,403	7,478	(52,627)
Issue costs	-	-	-	-
Unit purchase loan receivable	-	-	-	-
Contributions	-	-	-	-
Partners' equity, end of the year	**$ (51,193)**	**$ 2,503,956**	**$ 2,452,763**	**$ 2,445,284**

First Leaside Visions I Limited Partnership

Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended December 31, 2011 with comparative figures for 2010
(unaudited)

	2011	2010
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the year	$ 7,478	$ (52,627)
Add back:		
Non-cash interest on promissory notes receivable	(34,871)	(7,440)
Change in other non-cash operating items	(599)	4,001
	(27,991)	(56,065)
Financing activities:		
Due to/from related parties	(105,693)	165,762
	(105,693)	165,762
Investing activities:		
Investment in promissory notes receivable	(841,208)	(227,092)
Investment in venture financing of Ontario start-up companies	(54)	(49)
	(841,261)	(227,141)
Decrease in cash	(974,946)	(117,444)
Cash, beginning of year	977,893	1,095,337
Cash, end of year	**$ 2,947**	**$ 977,893**

Appendix 3

First Leaside Visions II Limited Partnership

(A Canadian Limited Partnership)

Financial Statements
(unaudited)

December 31, 2011

First Leaside Visions II Limited Partnership

Balance Sheet
(Expressed in Canadian dollars)

December 31, 2011 and 2010
(unaudited)

	2011	2010
Assets		
Cash	$ 637,323	$ 635,549
Prepaid expense & deposits	600	-
Due from related parties (note 4)	-	2,948
Venture financing of Ontario start-up companies (note 2)	1,575,000	1,575,000
	$ 2,212,923	**$ 2,213,497**
Liabilities and Partners' Equity		
Liabilities:		
Accounts payable and accrued liabilities	$ 14,000	$ 14,001
Due to related parties (note 4)	1,309,618	1,237,637
	1,323,618	1,251,638
Partners' Equity (note 3)	889,305	961,860
	$ 2,212,923	**$ 2,213,497**

First Leaside Visions II Limited Partnership

Statement of Operations
(Expressed in Canadian dollars)

Year ended December 31, 2011 with comparative figures for 2010
(unaudited)

		2011		2010
Revenue				
Revenue:				
Interest and other (note 4)	$	1,599	$	3,551
		1,599		3,551
Expenses				
Operating Expenses:				
Interest expense (note 4)		66,331		115,918
Professional fees (note 4)		5,650		9,902
Administration		2,173		5,315
		74,153		131,134
Net Income (Loss) for the year	**$**	**(72,555)**	**$**	**(127,583)**

First Leaside Visions II Limited Partnership

Statement of Partners' Equity
(Expressed in Canadian dollars)

Year ended December 31, 2011 with comparative figures for 2010
(unaudited)

	General Partner	Limited Partners	2011	2010
Partners' equity, beginning of the year	$ (1,684)	$ 963,544	$ 961,860	$ 225,225
Net income (loss) for the year	(726)	(71,829)	(72,555)	(127,583)
Issue costs	-	-	-	(45,485)
Unit purchase loan receivable	-	-	-	(9,189)
Contributions	-	-	-	918,892
Partners' equity, end of the year	**$ (2,410)**	**$ 891,715**	**$ 889,305**	**$ 961,860**

First Leaside Visions II Limited Partnership

Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended December 31, 2011 with comparative figures for 2010
(unaudited)

	2011	2010
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the year	$ (72,555)	$ (127,583)
Add back:		
Change in other non-cash operating items	(600)	(131,001)
	(73,155)	(258,584)
Financing activities:		
Contributions	-	918,892
Grants received	-	675,000
Due to/from related parties	74,929	(1,063,152)
Issue costs	-	(45,485)
	74,929	485,255
Investing activities:		
Investment in venture financing of Ontario start-up companies	-	-
	-	-
Increase in cash	1,774	226,671
Cash, beginning of the year	635,549	408,878
Cash, end of the year	**$ 637,323**	**$ 635,549**