This is Exhibit “N” referred to in the Affidavit of Greg MacLeod sworn August ...., 2012

Commissioner for Taking Affidavits (or as may be)

TERM SHEET

BETWEEN

JOANNA L. HAMPTON HOLDINGS INC., a company incorporated under the laws of the Province of Ontario, all of its issued and outstanding shares being owned by Joanna L. Hampton ("**Holdings**");

-and-

McMILLAN THORN & CO. LTD., a professional corporation engaged in the practice of accounting in the Province of British Columbia, all of its issued and outstanding share capital being owned by Holdings ("**MTC**");

-and-

D. McCORMACK & COMPANY INC., a professional corporation engaged in the practice of accounting in the Province of British Columbia, all of its issued and outstanding share capital being owned by Holdings (" **DMC**");

-and-

ALLAN WELSH & COMPANY, a professional corporation engaged in the practice of accounting in the Province of Alberta, all of its issued and outstanding share capital being owned by Holdings ("**AWC**");

-and-

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., a company incorporated under the laws of the Province of Ontario and currently operating subject to the *Companies' Creditors Arrangements Act* pursuant to an Order issued by the Ontario Superior Court of Justice on February 23, 2012 ("**FLAT**");

-and-

THE TORONTO-DOMINION BANK, a Canadian banking corporation having its Head Office in the City of Toronto in the Province of Ontario ("**the Bank**")

-and-

JIM BRANDER PROFESSIONAL CORPORATION, a company incorporated under the laws of the Province of Alberta, all of its issued and outstanding shares being owned by Brander ("**JBPC**")

Background

1. Holdings acquired the outstanding shares of the three professional corporations as follows:
   1.1. all of the outstanding shares of MTC on or about June 26, 2008 for the price of $587,000;
   1.2. all of the outstanding shares of DMC on or about December 4, 2009 for the price of $350,000 plus a working capital adjustment of $102,699; and,
   1.3. all of the outstanding shares of AWC on or about December 4, 2009 for the price of $760,000.
2. FLAT provided funds to Holdings for the acquisitions in the total amount of $1,799,699. The advances were recorded in the books and records of FLAT as an investment in Holdings, however, the advances are not documented in any way. They are non-interest bearing and there are no terms of repayment.
3. The shares of MTC, DMC and AWC are owned by Holdings in order to comply with professional regulations requiring legal control to reside with a qualified Certified General Accountant, in this case, Joanna Hampton. Notwithstanding the legal form of the transactions, the intention of Holdings and FLAT was that FLAT would be an economic beneficiary of Holdings' acquisition of the professional corporations. However, there is no written documentation of FLAT's or Holdings' intentions.
4. Through the end of the 2011 fiscal year, the balance of the investment account on FLAT's books has been increased by an amount equal to the accumulated post-acquisition profits and losses of the professional practices in the net amount of $34,185. As at December 31, 2011, the investment account balance was $1,833,884.
5. Pursuant to a Letter Agreement dated June 15, 2010 (the "**Agreement**"), FLAT borrowed $1,223,500 from the Bank by way of a reducing term facility in the principal amount of $1,173,500 and a demand operating loan to fund working capital requirements at MTC in the amount of $50,000. The term facility amounted to approximately one-half of FLAT's investment in Holdings and Brander Professional Corporation ("**Brander**"), an unrelated professional corporation that is not a party to this agreement. FLAT provided no security for the loans, however, Holdings, MTC, DMC, AWC and Brander each provided joint and several guarantees of the full amount of the indebtedness, supported by general security agreements.
6. On February 23, 2012, FLAT was granted protection from its creditors under the *Companies' Creditors Arrangements Act* ("**CCAA**").
7. At the date of the Initial Order under the CCAA, the balance outstanding on the term facility was $808,170. For purposes of servicing the term facility, the balance is notionally allocated 72.31% to Holdings and 27.69% to Brander.

8. On April 25, 2012, the Bank notified FLAT that it was in default of certain borrowing covenants and the breach has not been rectified.

9. Given FLAT's insolvency, Holdings wishes to discharge its obligations to FLAT and to obtain a full and final release from FLAT of its interests in Holdings, MTC, DMC, and AWC. Holdings is prepared to compensate FLAT based on the value of its three professional practices as at the date of the CCAA filing by way of cash payment and assumption of FLAT's indebtedness to the Bank.

Transaction Terms

10. FLAT will provide to Holdings a release of its interests in Holdings of any nature whatsoever and full and final settlement of any and all present and future obligations of Holdings and its subsidiary professional corporations to FLAT.

11. As consideration for the release, Joanna Hampton and Holdings agree to compensate FLAT at the time of closing in the amount of $734,000 as follows:

    11.1. Payment of $150,000 in cash by Joanna Hampton; and

    11.2. Assumption by Holdings of a portion of FLAT's indebtedness to the Bank equal to Holdings' notional share of the reducing term facility outstanding as at February 23, 2012 in the approximate amount of $584,000 ("**Bank Debt**").

12. Additionally, in the event that Holdings sells any or all of MTC, DMC or AWC within 18 months of closing ("**Sold Entities**"), Holdings will first apply the proceeds of sale, net of taxes and closing costs, to the reduction of the Bank Debt. After repayment in full of the Bank Debt, Holdings will make additional cash payment or payments to FLAT equal to the proceeds of sale of the Sold Entities, net of taxes and closing costs in excess of the following threshold amounts:

    12.1.1. In respect of MTC, $220,000;

    12.1.2. In respect of DMC, $140,000;

    12.1.3. In respect of AWC, $374,000.

Conditions Precedent to Closing

13. This transaction is conditional on the following:

    13.1. The Bank providing a full and final release to FLAT in respect of FLAT's obligations under the Agreement;

    13.2. Holdings and the Bank coming to an agreement or agreements in respect of the assumption of outstanding indebtedness under the reducing term facility contained in the Agreement by Holdings, on such terms respecting the principal amount borrowed, interest, repayment, collateral security (including additional security as may be required by the Bank) , guarantees (including additional guarantees as may be required by the Bank), and other terms as may agreed to by the Bank in its sole discretion;

13.3. Completion of documentation in a form that is mutually satisfactory to the parties;

13.4. Approval of the transaction by the Ontario Superior Court of Justice in the CCAA proceedings; and

13.5. The written consent of JBPC.

Closing

14. The parties agree that closing will occur forthwith after court approval and, in any event, not later than 120 days after the execution of this term sheet on the date written below.
15. Each party will bear its own costs associated with the execution of this agreement.
16. This terms sheet may be signed in counterpart.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

17. Dated this 10 day of August, 2012

JOANNA L. HAMPTON HOLDINGS INC.

Per:

Joanna L. Hampton, President

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court–Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per:

Greg S. MacLeod, President

McMILLAN THORN & CO. LTD.

Per:

(Print Name):

THE TORONTO-DOMINION BANK

Per:

(Print Name):

D. McCORMACK & COMPANY INC.

Per:

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per:

(Print Name):

ALLAN WELSH & COMPANY

Per:

(Print Name):

17. Dated this 10th day of August, 2012

JOANNA L. HAMPTON HOLDINGS INC.

Per:

Joanna L. Hampton, President

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court-Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per: G. MacLeod

Greg S. MacLeod, President

McMILLAN THORN & CO. LTD.

Per:

(Print Name):

THE TORONTO-DOMINION BANK

Per:

(Print Name):

D. McCORMACK & COMPANY INC.

Per:

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per:

(Print Name):

ALLAN WELSH & COMPANY

Per:

(Print Name):

17. Dated this 10th day of August, 2012

JOANNA L. HAMPTON HOLDINGS INC.

Per:

Joanna L. Hampton, President

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court–Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per:

Greg S. MacLeod, President

McMILLAN THORN & CO. LTD.

Per:

(Print Name):

THE TORONTO-DOMINION BANK

Per:

(Print Name): TRACEY BEAN

D. McCORMACK & COMPANY INC.

Per:

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per:

(Print Name):

ALLAN WELSH & COMPANY

Per:

(Print Name):

17. Dated this __________ day of ____________________________, 2012

JOANNA L. HAMPTON HOLDINGS INC.

Per:

____

Joanna L. Hampton, President

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court–Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per:

____

Greg S. MacLeod, President

McMILLAN THORN & CO. LTD.

Per:

____

(Print Name):

THE TORONTO-DOMINION BANK

Per:

____

(Print Name):

D. McCORMACK & COMPANY INC.

Per:

____

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per: Jim Brander

(Print Name): Jim Brander
10 August 2012,

ALLAN WELSH & COMPANY

Per:

____

(Print Name):

This is Exhibit “O” referred to in the Affidavit of Greg MacLeod sworn August ...., 2012

Commissioner for Taking Affidavits (or as may be)

TERM SHEET

BETWEEN

JIM BRANDER, Chartered Accountant, a resident of the Province of Alberta ("**Brander**");

-and-

JIM BRANDER PROFESSIONAL CORPORATION, a company incorporated under the laws of the Province of Alberta, all of its issued and outstanding shares being owned by Brander ("**JBPC**");

-and-

BRANDER PROFESSIONAL CORPORATION, a company incorporated under the laws of the Province of Alberta, all of its issued and outstanding shares being owned by JBPC ("**BPC**") and formerly named **MATTHEW E. BAKKER PROFESSIONAL CORPORATION** ("**MEB**");

-and-

SMART BOOKS ACCOUNTING SERVICES INC., a company incorporated under the laws of the Province of Alberta, all of its issued and outstanding shares being owned by Brander ("**SBAS**");

-and-

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., a company incorporated under the laws of the Province of Ontario and currently operating subject to the *Companies' Creditors Arrangements Act* pursuant to an Order issued by the Ontario Superior Court of Justice on February 23, 2012 ("**FLAT**");

-and-

THE TORONTO-DOMINION BANK, a Canadian banking corporation having its Head Office in the City of Toronto in the Province of Ontario ("**the Bank**")

-and-

JOANNA L. HAMPTON HOLDINGS INC., a company incorporated under the laws of the Province of Ontario, all of its issued and outstanding shares being owned by Joanna L. Hampton ("**Hampton Holdings**")

Background

1. On June 30, 2010, MEB entered into an agreement to acquire the outstanding shares of Rodney M. Coppock Professional Corporation, a firm engaged in the practice of public accounting based in Calgary, Alberta ("Coppock"). At that time MEB was wholly owned by Matthew Bakker, an employee of the First Leaside Group of Companies and a qualified Chartered Accountant. Professional regulations require that legal ownership of the professional corporation is with a Chartered Accountant in good standing.
2. FLAT provided funds totaling $650,000 to MEB to complete the acquisition. The advances were recorded in the books and records of FLAT as an investment in MEB although MEB gave FLAT a promissory note for the amount of the advances. Notwithstanding the legal form of the transaction, the intention of the parties was that FLAT would be an economic beneficiary of MEB's acquisition of Coppock.
3. In January 2011, MEB changed its name to BPC and ownership was transferred to JBPC. On January 25, 2011 Brander, JBPC, SBAS and FLAT entered into an agreement (the "**Derivative Instrument**"), which provided that at the end of each fiscal year, JBPC and SBAS would pay to FLAT 65% of their pre-tax profits less any agreed cash reserves. The Derivative Instrument provided that, upon termination, FLAT was entitled to compel the transfer of all outstanding shares of JBPC, MEB and SBAS to a nominee of FLAT's choosing. A copy of the Derivative Instrument is annexed as **Exhibit 1**.
4. At December 31, 2011, the balance of the investment account on FLAT's books was $641,573 although the balance has not been reconciled to reflect the actual loss incurred by JBPC in 2011.
5. Pursuant to a Letter Agreement dated June 15, 2010 (the "**Agreement**"), FLAT borrowed $1,173,500 from the Bank by way of a reducing term facility. The term facility amounted to approximately one-half of FLAT's investment in MEB and Hampton Holdings, an unrelated investee of FLAT that owns and operates three professional accounting practices in Alberta and British Columbia. FLAT provided no security for the loans, however, MEB and Hampton Holdings provided joint and several guarantees of the full amount of the indebtedness to the Bank, supported by general security agreements.
6. On February 23, 2012, FLAT was granted protection from its creditors under the *Companies' Creditors Arrangements Act* ("**CCAA**").
7. At the date of the Initial Order under the CCAA, the balance outstanding on the term facility was $808,170. For purposes of servicing the term facility, the balance is notionally allocated 72.31% to Hampton Holdings and 27.69% to MEB.
8. On April 25, 2012, the Bank notified FLAT that it was in default of certain borrowing covenants and the breach has not been rectified.

9. Given FLAT's insolvency, Brander, JBPC and SBAS wish to terminate the Derivative Instrument and obtain a full and final release from FLAT of its interests and entitlements in and under the Derivative Instrument and a waiver of repayment from FLAT in respect of all advances to MEB. In consideration, JBPC, BPC and SBAS are prepared to compensate FLAT based on the value of their professional practices as at the date of the CCAA filing by way of cash payment and assumption of FLAT's indebtedness to the Bank.

Transaction Terms

10. FLAT will provide to Brander, JBPC, BPC and SBAS a release of its interests of any nature whatsoever and full and final settlement of all present and future obligations of Brander, JBPC, BPC and SBAS and their respective, employees, directors, subsidiaries, affiliates and successors under the Derivative Instrument.

11. As consideration for the release, Brander, JBPC and SBAS jointly and severally promise to compensate FLAT at closing in the amount of ~~$280,000~~ 374,000 JB 18 as follows:

 11.1. Payment of ~~$56,000~~ 150,000 JB 18 by Brander in cash; and;

 11.2. Assumption of a portion of FLAT's indebtedness to the Bank equal to JBPC's, BPC's and SBAS' share of the reducing term facility outstanding as at February 23, 2012, on a joint and several basis, in the approximate amount of $224,000.

Conditions Precedent to Closing

12. This transaction is conditional on the following:

 12.1. The Bank providing a full and final release to FLAT in respect of FLAT's obligations under the Agreement;

 12.2. Brander, JBPC, SBAS and the Bank coming to an agreement or agreements in respect of the assumption of outstanding indebtedness under the reducing term facility contained in the Agreement by Brander, JBPC and SBAS on a joint and several basis, on such terms respecting the principal amount borrowed, interest, repayment, collateral security (including additional security as may be required by the Bank), guarantees (including additional guarantees as may be required by the Bank), and other terms as may agreed to by the Bank in its sole discretion;

 12.3. Completion of documentation in a form that is mutually satisfactory to the parties;

12.4. Approval of the transaction by the Ontario Superior Court of Justice in the CCAA proceedings; and

12.5. The written Consent of Hampton Holdings.

Closing

13. The parties agree that closing will occur forthwith after court approval and, in any event, not later than 120 days after the execution of this term sheet on the date written below.
14. Each party will bear its own costs associated with the execution of this agreement.
15. This terms sheet may be signed in counterpart.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

16. Dated this 10 day of August, 2012

JIM BRANDER

[signature]

SMART BOOKS ACCOUNTING SERVICES INC

Per: [signature]

(Print Name): Jim Brander.

JIM BRANDER PROFESSIONAL CORPORATION

Per: [signature]

(Print Name): Jim Brander

THE TORONTO-DOMINION BANK

Per:

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per: [signature]

(Print Name): Jim Brander

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court–Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per:

Greg S. MacLeod, President

JOANNA L. HAMPTON HOLDINGS INC.

Per:

Joanna L. Hampton, President

16. Dated this 10th day of August, 2012

JIM BRANDER

SMART BOOKS ACCOUNTING SERVICES INC

Per:

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per:

(Print Name):

THE TORONTO-DOMINION BANK

Per:

(Print Name): TRACEY BEAN

JIM BRANDER PROFESSIONAL CORPORATION

Per:

(Print Name):

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court–Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per:

Greg S. MacLeod, President

JOANNA L. HAMPTON HOLDINGS INC.

Per:

Joanna L. Hampton, President

16. Dated this 10th day of August, 2012

JIM BRANDER

____

SMART BOOKS ACCOUNTING SERVICES INC

Per:

____

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per:

____

(Print Name):

THE TORONTO-DOMINION BANK

Per:

____

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per:

____

(Print Name):

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court–Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per: G. MacLeod

____

Greg S. MacLeod, President

JOANNA L. HAMPTON HOLDINGS INC.

Per:

____

Joanna L. Hampton, President

16. Dated this 10 day of August, 2012

JIM BRANDER

SMART BOOKS ACCOUNTING SERVICES INC

Per:

(Print Name): Jim Brander

JIM BRANDER PROFESSIONAL CORPORATION

Per:

(Print Name): Jim Brander

THE TORONTO-DOMINION BANK

Per:

(Print Name):

JIM BRANDER PROFESSIONAL CORPORATION

Per:

(Print Name): Jim Brander

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., by the Court-Appointed Chief Restructuring Officer,

G.S. MACLEOD & ASSOCIATES INC.,

Per:

Greg S. MacLeod, President

JOANNA L. HAMPTON HOLDINGS INC.

Per:

Joanna L. Hampton, President

Exhibit 1:

Derivative Instrument dated January 25, 2011 between Jim Brander, Jim Brander Professional Corporation, Smart Books Accounting Services Inc. and First Leaside Accounting and Tax Services Inc.

DERIVATIVE INSTRUMENT

THIS AGREEMENT dated January ~~24th~~ 25th JB, 2011

Among:

JIM BRANDER an individual resident in Calgary Alberta and the President and Sole Shareholder of the Corporation and Smart Books ("Jim").

and

JIM BRANDER PROFESSIONAL CORPORATION a professional corporation engaged in the practice of accounting being registered in the Province of Alberta having offices in the City of Calgary (the "Corporation").

and

SMART BOOKS ACCOUNTING SERVICES INC. a professional corporation engaged in the practice of consulting being registered in the Province of Alberta having offices in the City of Calgary ("Smart Books")

and

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC., a corporation registered in the Province of Ontario having offices in the town of Uxbridge in the Province of Ontario ("First Leaside").

(collectively referred to as the "Parties")

WHEREAS Jim is the President and sole shareholder of the Corporation and Smart Books;

AND WHEREAS the Corporation requires capital in the amount of $650,000 (the "Capital") to complete a transaction involving the acquisition of all of the shares of Matthew E. Bakker Professional Corporation ("MEB").

AND WHEREAS the Corporation, MEB and Smart Books will continue to operate as **[Jim Brander & Company]** (JB&Co.)

AND WHEREAS First Leaside has agreed to provide Jim and the Corporation the Capital in exchange for a derivative instrument (the "Derivative Instrument");

AND WHEREAS, the Parties have agreed that the Derivative Instrument shall include terms whereby First Leaside shall pay the Capital in exchange for a percentage of the profits of the Corporation and Smart Books during the term of the Derivative Instrument (the "Swap").

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements herein contained and other good and valuable consideration receipt of which is hereby acknowledged, the Parties hereto hereby agree as follows:

1. AMOUNT AND TERMS OF THE SWAP

1.1 The Capital shall be funded on January 24th, 2011.

1.2 The Corporation, MEB and Smart Books shall transfer SIXTY-FIVE PERCENT (65%) of all Profits of JB&Co. to First Leaside for the term of this Derivative Instrument and Jim shall receive 35% of all profits of JB&Co. for the term of the Derivative Instrument. For greater certainty, profits shall mean the revenues of JB&Co. less expenses, including but not limited to the salary of Jim Brander, prior to the payment of any applicable corporate income taxes and less any amounts agreed to by the parties to be held as cash reserves for JB&Co.

1.3 Subject to compliance with Article 2 hereof and all regulatory requirements including the Institute of Chartered Accountants of Alberta, First Leaside shall, upon termination of the Derivative Instrument, be entitled to compel the transfer of all of the issued and outstanding Class "A" Shares of the Corporation, MEB and Smart Books owned by Jim (the "Shares") to a nominee of First Leaside's choosing (the "Transfer").

2. SETTLEMENT OF THE SWAP AND TERMINATION OF THE DERIVATIVE INSTRUMENT JB

2.1 The JB&Co. shall pay to First Leaside 65% of the Profits of the Corporation , MEB and Smart Books within 90 days of the end of JB&Co's fiscal year

2.2 The Derivative Instrument will terminate upon the occurrence of the following events:

2.2.1 Either of First Leaside or Jim may terminate the Derivative instrument upon ninety (90) days written notice;

2.2.2 The death or disability of Jim. For the purposes of this Section 2.2.2 Disability shall mean: a state of disablement due to injury or sickness, where the Employee: (i) is unable to perform his duties as the principal of the Corporation and/or Smart Books for a continuous period of at least three months; or (ii) in the opinion of a qualified medical practitioner, consulted with respect to such injury or sickness, will not be able to perform such duties for a period of at least three months.

2.2.3 An Event of Default as defined in Article 6 hereof.

2.3 The effective date of the termination of the Derivative Instrument (the "Effective Date") shall be the date of the Transfer.

2.4 Upon the Effective Date the Swap will be settled as follows:

2.4.1 If the Effective Date is less than one year from the date of this instrument Jim shall receive a payment from First Leaside equivalent to 100% of the revenues of the Corporation and Smart Books for the last year ended. If the Effective Date is more than one year from the date of this Derivative Instrument Jim shall receive a payment from First Leaside equivalent to 35% of the revenues of the JB&Co. for the last year ended (the "Close-Out Amount");

2.4.2 The Close-Out Amount shall be adjusted as follows:

2.4.2.1 If the Effective Date is less than one year from the date of this Derivative Instrument, the Close-Out Amount shall be increased by the amount by which 35% of the year-to-date revenues of JB&Co., as of the Effective Date exceeds the year-to-date revenues of the Corporation and Smart Books as of the same date in the preceding year for the last year ended. The Close-Out Amount shall be decreased by the amount by which 35% of the year-to-date revenues of JB&Co., as of the Effective Date, are less than the revenues of the Corporation and Smart Books as of the same date in the preceding year.

2.4.2.2 If the Effective Date is more than one year from the date of this Derivatice Instrument, the Close-Out Amount shall be decreased % of the year-to-date revenues of JB&Co., as of the Effective Date, are greater than the revenues of the Corporation and Smart Books for the last year ended the year-to-date revenues of JB&Co Jim shall receive a cash payment. on the same date 1 year prior to the Effective DateIf the Effective Date is more than one year from the date of this Derivative Instrument , if the year-to-date revenues of JB&Co., as of the Effective Date, are greater than the year-to-date revenues of JB&Co. on the same date 1 year prior to the Effective Date ("Year-To-Date Increase"), Jim shall receive a cash payment of THIRTY-FIVE PERCENT (35%) of Year-To-Date Increase.

2.4.3 For the purposes of calculating the Year-To-Date Increase revenues shall include: (i) all work in progress as of the Effective Date, that has a reasonable expectation of collection of all billings; and (ii) all accounts receivable as of the Effective Date that are less than 60 days past due.

3. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION, SMART BOOKS, JIM BRANDER, and MEB

3.1 The Corporation represents and warrants to First Leaside as follows:

3.1.1 the Corporation is a duly constituted corporation validly existing under the laws of Alberta;

3.1.2 Jim is the sole director of the Corporation;

3.1.3 Jim is the sole shareholder of the Corporation;

3.1.4 the execution, delivery and performance of the obligations required to be performed by the Corporation pursuant to this Derivative Instrument do not and will not;

3 require the consent or approval of its shareholders or such consent or approval has been obtained,

3.1.4.2 contravene any of the Corporations organizational documents,

3.1.4.3 to the best of the Corporation's knowledge, violate any provision of, or require any filing, registration, consent or approval under, any Law, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it,

3.1.4.4 result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Corporation may be a party or by which their properties may be bound or affected except for consents which have been obtained,

3.1.4.5 result in, or require, the creation or imposition of any lien, upon or with respect to any of the Corporation's properties now owned or hereafter acquired, or

3.1.4.6 to the best of the Corporation's knowledge, cause the Corporation to be in default under any such law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument; to the best of Jim's knowledge, the Corporation is in material compliance with all laws applicable to it and its properties

3.1.5 This Derivative Instrument and the terms of the Swap represent legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally;

3.1.6 there are no disputes and legal or other proceedings pending or threatened before any court, tribunal or other regulatory/governmental authority involving the Corporation which are reasonably likely to result in a material adverse change; and

3.1.7 The Corporation has completed all governmental approval, authorization, licensing, registration, filing and otherwise necessary act to carry out the business of the Corporation.

3.2 Smart Books represents and warrants to First Leaside as follows:

3.2.1 Smart Books is the duly constituted corporation validly existing under the laws of Alberta;

3.2.2 Jim is the sole director of Smart Books;

3.2.3 Jim is the sole shareholder of Smart Books;

3.2.4 the execution, delivery and performance of the obligations required to be performed by Smart Books pursuant to this Derivative Instrument do not and will not;

3.2.4.1 require the consent or approval of its shareholders or such consent or approval has been obtained,

3.2.4.2 contravene any of Smart Books' organizational documents,

3.2.4.3 to the best of Smart Books' knowledge, violate any provision of, or require any filing, registration, consent or approval under, any Law, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it,

3.2.4.4 result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which Smart Books may be a party or by which their properties may be bound or affected except for consents which have been obtained,

3.2.4.5 result in, or require, the creation or imposition of any lien, upon or with respect to any of Smart Books' properties now owned or hereafter acquired, or

3.2.4.6 to the best of Smart Books' knowledge, cause Smart Books to be in default under any such law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument; to the best of Jim's knowledge, Smart Books is in material compliance with all laws applicable to it and its properties.

3.2.5 This Derivative Instrument and the terms of the Swap represent a legal, valid and binding obligation of Smart Books, enforceable against the Smart Books in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally;

3.2.6 there are no disputes and legal or other proceedings pending or threatened before any court, tribunal or other regulatory/governmental authority involving Smart Books which are reasonably likely to result in a material adverse change; and

3.2.7 Smart Books has completed all governmental approval, authorization, licensing, registration, filing and otherwise necessary act to carry out the business of Smart Books.

3.3 Jim represents and warrants to First Leaside as follows:

3.3.1 Jim is the sole director of the Corporation and Smart Books;

3.3.2 Jim is the sole shareholder of the Corporation and Smart Books;

3.3.3 Jim is a duly qualified Chartered Accountant in the Province of Alberta and is eligible to own the Corporation and Smart Books;

3.3.4 the execution, delivery and performance of the obligations required to be performed by Jim pursuant to this Derivative Instrument do not and will not;

3.3.4.1 to the best of Jim's knowledge, violate any provision of, or require any filing, registration, consent or approval under, any Law, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it,

3.3.4.2 result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which Jim may be a party or by which the Shares may be bound or affected except for consents which have been obtained,

3.3.4.3 to the best of Jim's knowledge, cause Jim to be in default under any such law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument; to the best of Jim's knowledge, Jim is in material compliance with all laws applicable to him,

3.3.5 This Derivative Instrument and the terms of the Swap represent a legal, valid and binding obligation of Jim, enforceable against Jim in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally;

3.3.6 there are no disputes and legal or other proceedings pending or threatened before any court, tribunal or other regulatory/governmental authority involving Jim which are reasonably likely to result in a material adverse change; and

3.3.7 Jim has completed all governmental approval, authorization, licensing, registration, filing and otherwise necessary act to carry out the business of the Corporation and Smart Books.

3.4 MEB represents and warrants to First Leaside as follows:

3.4.1 MEB is a duly constituted corporation validly existing under the laws of Alberta;

3.4.2 Jim is the sole director of MEB;

3.4.3 Jim is the sole shareholder of the MEB;

3.4.4 the execution, delivery and performance of the obligations required to be performed by the Corporation pursuant to this Derivative Instrument do not and will not;

3.4.4.1 require the consent or approval of its shareholders or such consent or approval has been obtained,

3.4.4.2 contravene any of MEB's organizational documents,

3.4.4.3 to the best of MEB's knowledge, violate any provision of, or require any filing, registration, consent or approval under, any Law, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it,

3.4.4.4 result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which MEB may be a party or by which their properties may be bound or affected except for consents which have been obtained,

3.4.4.5 result in, or require, the creation or imposition of any lien, upon or with respect to any of MEB's properties now owned or hereafter acquired, or

3.4.4.6 to the best of MEB's knowledge, cause MEB to be in default under any such law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument; to the best of Jim's knowledge, MEB is in material compliance with all laws applicable to it and its properties

3.4.5 This Derivative Instrument and the terms of the Swap represent legal, valid and binding obligations of MEB, enforceable against MEB in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally;

3.4.6 Other than as already disclosed to First Leaside, there are no disputes and legal or other proceedings pending or threatened before any court, tribunal or other regulatory/governmental authority involving MEB which are reasonably likely to result in a material adverse change; and

3.4.7 MEB has completed all governmental approval, authorization, licensing, registration, filing and otherwise necessary act to carry out the business of the MEB.

4. REPRESENTATIONS AND WARRANTIES OF FIRST LEASIDE

4.1 First Leaside is a duly constituted corporation validly existing under the laws of Ontario;

4.2 Joanna L. Hampton is the sole director of First Leaside;

4.3 First Leaside Wealth Management Inc. is the sole shareholder of First Leaside;

4.4 First Leaside hereby represents and warrants to the Corporation, Smart Books, Jim and MEB that, from the execution date of this Derivative Instrument until the date the Derivative Instrument terminates,

4.4.1 The execution, delivery and performance of the obligations required to be performed by First Leaside pursuant to this Derivative Instrument do not and will not:

4.4.1.1 to the best of First Leaside's knowledge, violate any provision of, or require any filing, registration, consent or approval under, any Law, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it,

4.4.1.2 result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which First Leaside may be a party or by which it or its properties may be bound or affected except for consents which have been obtained.

4.4.2 The execution and the performance of this Derivative Instrument is not in breach of any effective laws and regulations, governmental approval, authorization and notification, other government documents and any contracts executed with, or commitments made to, any third party; and

4.4.3 The Derivative Instrument and the terms of the Swap are legal, valid and binding obligation of First Leaside, enforceable against First Leaside, in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally.

5. COVENANTS OF JIM, MEB SMART BOOKS AND THE CORPORATION

5.1 The Corporation, MEB and Smart Books covenant and agree that until full and complete performance by the Corporation, MEB and Smart Books of all obligations arising under this Derivative Instrument, the Corporation MEB, and Smart Books shall:

5.1.1 Not create, authorize, issue or sell any shares of capital stock or other securities of the Corporation, MEB or Smart Books without the prior written consent of First Leaside;

5.1.2 Not sell, assign, transfer, dispose of, donate, mortgage, pledge, hypothecate, charge or otherwise encumber any of the Shares to any person other than a nominee of First Leaside;

5.1.3 Not declare any dividends, other than dividends whereby Jim chooses to receive his 35% of the Profits, distribution of assets or return of capital, without the consent of First Leaside, ;

5.1.4 Not enter into: a partnership, any arrangement for the sharing of profits, joint ventures or arrangement involving the sale, assignment or dilution of any material property of the Corporation, unless consented to by First Leaside;

5.1.5 Not repay any Shareholder loans without the consent of First Leaside;

5.1.6 Not amend the Articles or By-Laws of the Corporation, MEB or Smart Books;

5.1.7 Not undertake any capital expenditures in excess of $25,000 without the consent of First Leaside;

5.1.8 Not take any action which may lead to or result in a material change without the consent of First Leaside;

5.1.9 Not sell, lease, exchange or dispose of all or substantially all of the property or assets of the Corporation, MEB, or Smart Books;

5.1.10 Not take any steps to wind up or terminate the corporate existence of the Corporation, MEB or Smart Books;

5.1.11 Cooperate with First Leaside and execute such further instruments and documents as First Leaside shall reasonably request to carry out to its satisfaction the transactions contemplated by this Derivative Instrument and the terms of the Swap;

5.1.12 As soon as possible and in any event within two business days after acquiring knowledge thereof notify First Leaside in writing of the occurrence of any Default or Event of Default;

5.1.13 Provide First Leaside with:

5.1.13.1 quarterly management prepared financial statements for JB&Co. compared with budget within forty-five (45) days of quarter end;

5.1.13.2 monthly management prepared financial statements for JB&Co. compared with budget within twenty days (20) days of each month end; and

5.1.13.3 an annual operating plan and budget no later than thirty (30) days before the start of each fiscal year.

5.1.14 Promptly provide First Leaside with such other information respecting condition or operations, financial or otherwise, of JB&Co. as First Leaside may from time to time reasonably request;

5.1.15 Promptly notify First Leaside of all actions, suits and proceedings before any domestic or foreign governmental authority or arbitrator, affecting: JB&Co. the Corporation, MEB, or Smart Books, except those which in the aggregate, if adversely determined, would have no material adverse effect on the Corporation's ability to meet its obligations pursuant to this Derivative Instrument; and

5.1.16 Promptly (and in any event within two business days) after the Corporation, MEB, Smart Books, or JB&Co. becomes aware of the existence of (i) any breach or non-performance of, or any default under, any contractual obligation which is material to the financial condition of the Corporation, MEB, Smart Books, or JB&Co. or (ii) any event, development or other circumstances which has any reasonable likelihood of causing or resulting in a material adverse effect on JB&Co.'s, the Corporation's, MEB's or Smart Books' ability to meet its obligations pursuant to this Agreement.

5.2 Jim covenants and agrees that until full and complete performance by Jim of all obligations arising under this Derivative Instrument, Jim shall:

5.2.1 Not sell, assign, transfer, dispose of, donate, mortgage, pledge, hypothecate, charge or otherwise encumber the Shares to any person, including by way of a will or testamentary trust, other than a nominee of First Leaside;

5.2.2 Not declare any dividends, other than dividends whereby Jim chooses to receive his 35% of the Profits,, distribution of assets or return of capital, without the consent of First Leaside;

5.2.3 Not enter into: a partnership, any arrangement for the sharing of profits, joint ventures or arrangement involving the sale, assignment or dilution of any material property of: the Corporation, MEB or Smart Books, unless consented to by First Leaside;

5.2.4 Not amend the Articles or By-Laws of: MEB, the Corporation or Smart Books;

5.2.5 Not take any action which may lead to or result in a material change without the consent of First Leaside;

5.2.6 Not sell, lease, exchange or dispose of all or substantially all of the property or assets of: MEB, the Corporation or Smart Books;

5.2.7 Not take any steps to wind up or terminate the corporate existence of: MEB, the Corporation or Smart Books, without the consent of First Leaside;

5.2.8 Cooperate with First Leaside and execute such further instruments and documents as First Leaside shall reasonably request to carry out to its satisfaction the transactions contemplated by this Derivative Instrument and the terms of the Swap;

5.2.9 As soon as possible and in any event within two business days after acquiring knowledge thereof notify First Leaside in writing of the occurrence of any Default or Event of Default;

5.2.10 Promptly notify First Leaside of all actions, suits and proceedings before any domestic or foreign governmental authority or arbitrator involving Jim, except those which in the aggregate, if adversely determined, would have no material adverse effect on Jim's ability to meet his obligations pursuant to this Derivative Instrument; and

5.2.11 Promptly (and in any event within two business days) after Jim becomes aware of the existence of any breach or non-performance of, or any default under, any contractual obligation which has any reasonable likelihood of causing or resulting in a material adverse effect on the Jim's ability to meet his obligations pursuant to this Derivative Instrument.

5.2.12 Maintain his licensing as a Chartered Accountant in the Province of Alberta.

6. EVENTS OF DEFAULT; ACCELERATION

3 Events of Default. Each of the following shall constitute an "Event of Default":

6.1.1 Jim shall fail to perform any term, covenant or agreement contained herein and such failure shall continue for five (5) days after the earlier of the date on which (i) First Leaside becomes aware of such failure and has given Jim notice of the Event of Default (ii) written notice of such failure has been given to Jim, the Corporation, or Smart Books, by First Leaside;

6.1.2 If Jim, MEB, the Corporation or Smart Books becomes insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada), files or notifies First Leaside that it intends to file a petition under the *Bankruptcy and Insolvency Act* (Canada), initiates a proceeding under any similar law or statute relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts (collectively, an "Action"), becomes the subject of either an involuntary Action or petition under the *Bankruptcy and Insolvency Act* (Canada) without such involuntary Action or petition being dismissed within 30 days of filing or, if Jim, MEB, the Corporation, or Smart Books is diligently proceeding to dismiss such petition, such longer period of time if required, but in no event shall such longer period of time be greater than 90 days, or is not generally paying its debts as the same become due.

6.2 Remedies Upon Default. Immediately upon the occurrence of any Event of Default and during the continuance thereof, First Leaside may, by providing written notice, exercise its right to effect the Transfer.

7. NOTIFICATIONS

7.1 Notice or other communications under this Derivative Instrument shall be delivered personally or sent by facsimile transmission or by registered mail to the address set forth below, except that such address has been changed in writing. The date noted on the return receipt of the registered mail is the service date of the notice if the notice is sent by registered mail; the sending date is the service date of the notice if the notice is sent personally or by facsimile transmission. The original of the notice shall be sent personally or by registered mail to the following address after the notice is sent by facsimile.

If to:

First Leaside
Attn: Joanna L. Hampton
430 Regional Road #8, R.R. 1
Uxbridge, Ontario L9P 1R1
fax: (905) 852-0273

and if to:

Jim, MEB, the Corporation or Smart Books
Attn: Jim Brander
604 - 550 11th. Avenue SW
Calgary, AB
T2R 1M7
Fax: 403-920-0383

8. GOVERNING LAW AND SETTLEMENT OF DISPUTES

4 The execution, validity, interpretation, performance, implementation, termination and settlement of disputes of this Derivative Instrument shall be governed exclusively by the laws of the Province of Alberta and the Parties hereto irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of Ontario and agree that any proceedings taken in respect to this Agreement shall be taken in such courts and no other.

9. MISCELLANEOUS

5 This Derivative Instrument shall be effective as of the date above written and shall expire when all the Parties have fully performed their obligations under this Derivative Instrument.

9.2 The Parties may amend and supplement this Derivative Instrument with a written agreement. The amendment and supplement duly executed by all the Parties shall be part of this Derivative Instrument and shall have the same legal effect as this Derivative Instrument.

9.3 This Derivative Instrument constitutes the entire agreement among the Parties relating to the subject matter hereof.

9.4 Nothing in this Agreement shall be construed so as to create a partnership or joint venture between First Leaside, and any of: MEB, Jim, the Corporation, or Smart Books and nothing herein shall be construed so as to impose any liability as such on First Leaside.

9.5 Any provisions of this Derivative Instrument that are invalid or unenforceable shall not affect the validity and enforceability of any other provisions hereof.

9.6 This Derivative Instrument shall enure to the benefit of and be binding upon all the Parties and their successors and assigns.

9.7 First Leaside may assign its rights pursuant to this Derivative Instrument to any affiliate or subsidiary of the First Leaside Group of Companies without notice to Jim, MEB, the Corporation, or Smart Books and any assignee pursuant to this Section 9.7 shall be subject to the terms of this Derivative Instrument.

9.8 Jim, MEB the Corporation and Smart Books agree to indemnify, hold harmless and defend First Leaside and each of its successors, assigns, and trustees, as applicable (collectively, the "Indemnified Parties"), from and against any and all losses, costs, claims, liabilities, damages and expenses, including, without limitation, reasonable Lawyers' fees (collectively, "Losses"), arising as the result of a breach of any of the representations, warranties, covenants, or obligations of Jim, the Corporation or Smart Books set forth in this Agreement, but excluding Losses suffered by an Indemnified Party directly arising out of such Indemnified Party's gross negligence or willful misconduct.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date hereof.

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC.

Per:

Name: Joanna L. Hampton
President
I have the authority to bind the corporation.

JIM BRANDER PROFESSIONAL CORPORATION

Per:

Name: Jim Brander
Title: Director
I have the authority to bind the corporation

SMART BOOKS ACCOUNTING SERVICES INC.

Per:

Name: Joanna L. Hampton
President
I have the authority to bind the corporation.

Jim Brander

Witness
Name: LUIS MORALES
Barrister and Solicitor
Address 200, 602 - 11 Avenue SW
Calgary, Alberta
T2R 1J8

9.5 Any provisions of this Derivative Instrument that are invalid or unenforceable shall not affect the validity and enforceability of any other provisions hereof.

9.6 This Derivative Instrument shall enure to the benefit of and be binding upon all the Parties and their successors and assigns.

9.7 First Leaside may assign its rights pursuant to this Derivative Instrument to any affiliate or subsidiary of the First Leaside Group of Companies without notice to Jim, MEB, the Corporation, or Smart Books and any assignee pursuant to this Section 9.7 shall be subject to the terms of this Derivative Instrument.

9.8 Jim, MEB the Corporation and Smart Books agree to indemnify, hold harmless and defend First Leaside and each of its successors, assigns, and trustees, as applicable (collectively, the "Indemnified Parties"), from and against any and all losses, costs, claims, liabilities, damages and expenses, including, without limitation, reasonable Lawyers' fees (collectively, "Losses"), arising as the result of a breach of any of the representations, warranties, covenants, or obligations of Jim, the Corporation or Smart Books set forth in this Agreement, but excluding Losses suffered by an Indemnified Party directly arising out of such Indemnified Party's gross negligence or willful misconduct.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date hereof.

FIRST LEASIDE ACCOUNTING AND TAX SERVICES INC.

Per: Joanna Hampton
Name: Joanna L. Hampton
President
I have the authority to bind the corporation.

JIM BRANDER PROFESSIONAL CORPORATION

Per: ______________________
Name: Jim Brander
Title: Director
I have the authority to bind the corporation

SMART BOOKS ACCOUNTING SERVICES INC.

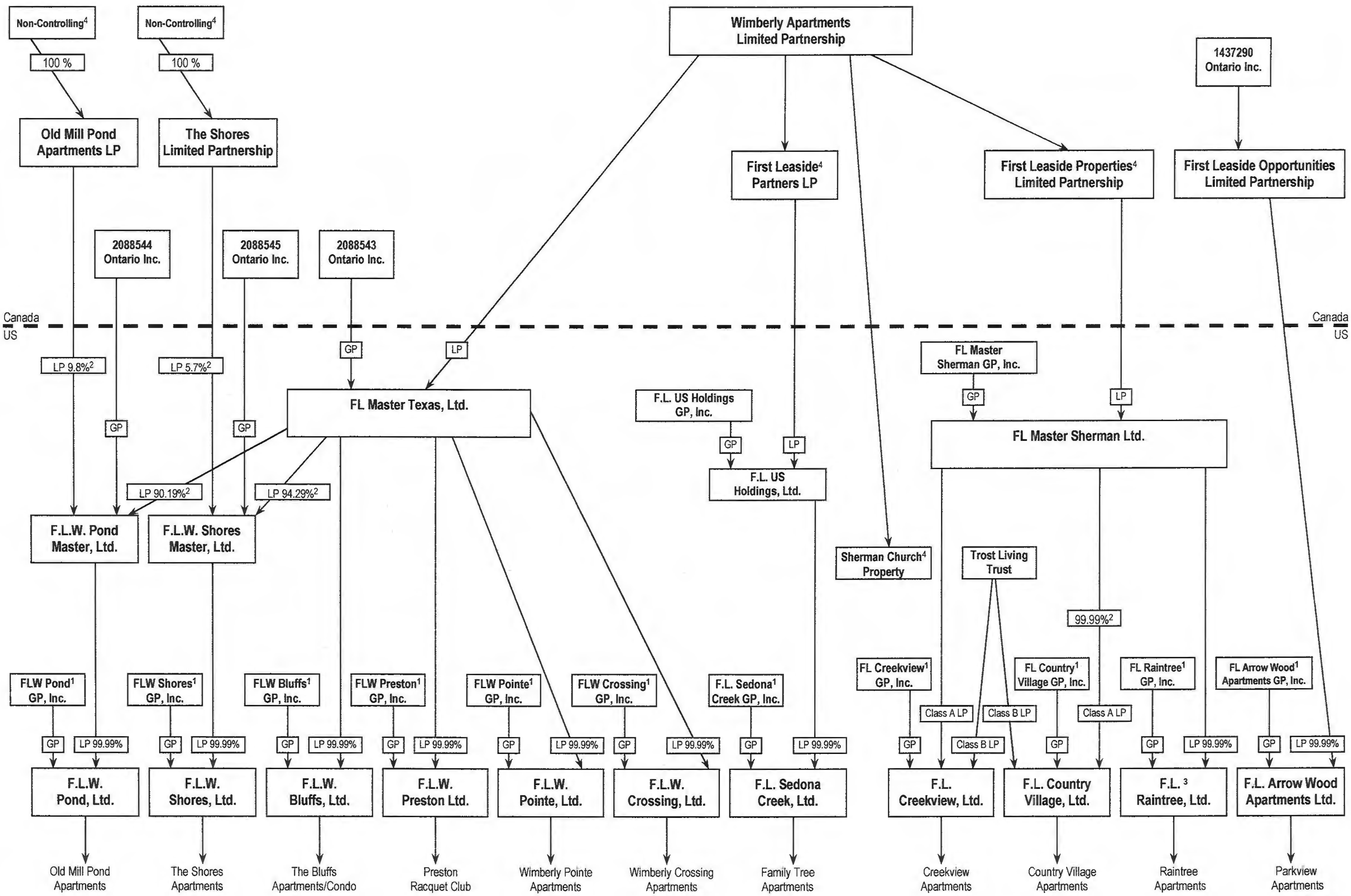
Per: ______________________
Name: Jim Brander
President
I have the authority to bind the corporation.

____
Jim Brander

Witness ______________________
Name:
Address

This is Exhibit “P” referred to in the Affidavit of Greg MacLeod sworn August ...., 2012

Commissioner for Taking Affidavits (or as may be)



1 We have been told by John Wise that these entities are owned and controlled by David Phillips. We have not received the documents to confirm ownership.

2 These percentages match the organizational documents that we have received, , are different than those contained in the original chart

This is Exhibit “Q” referred to in the Affidavit of Greg MacLeod sworn August ...., 2012

Commissioner for Taking Affidavits (or as may be)

SCHEEF & STONE, L.L.P.

Legal counsel based on solid principles.

June 26, 2012

F.L. Sedona Creek, Ltd.
430 Durham Rd. 8
Uxbridge, Ontario
Canada L9P1R1

VIA Registered Mail
Return Receipt Requested
and VIA Regular Mail

F.L. Sedona Creek, Ltd.
c/o Leaders Property Management
7798 Spring Valley Road
Dallas, Texas 75254

VIA Registered Mail
Return Receipt Requested
and VIA Regular Mail

F.L. Sedona Creek, Ltd.
15 Allstate Pkwy., Suite 600
Markham, Ontario
Canada L3R5B4

VIA Registered Mail
Return Receipt Requested
and VIA Regular Mail

Re: Promissory Note (" Note") dated August 1, 2010, in the original principal sum of Five Million and No/100 Canadian Dollars ($5,000,000.00), executed by F.L. Sedona Creek, Ltd., a Texas limited partnership (the "Borrower") and payable to the order of First Leaside Mortgage Fund ("Lender"); the Note is secured by certain real property (the "Property") known as being situated in the City of Dallas, Dallas County, Texas, as more particularly described on Exhibit "A" to that certain Deed of Trust ("Deed of Trust") dated August 1, 2010, executed by Borrower to John A. Wise, Trustee for the benefit of Lender and recorded under Document Number 201000210383 of the Real Property Records of Dallas County, Texas (the Note, Deed of Trust, and all other documents collateral or ancillary thereto and all amendments thereto are collectively be referred to in this letter as the "Loan Documents").

Gentlemen:

This firm represents First Leaside Mortgage Fund ("Lender"). This letter is written for, and on behalf of, Lender. For your information, many of the capitalized words and terms used below are defined in the reference caption above.

Please be advised that a default has occurred in the payment of the Note. Payments of accrued interest in the amount of $27,500.00 were due on November 29, 2011, December 29, 2011, January 29, 2012, February 29, 2012, March 29, 2012, April 29, 2012, and May 29, 2012 for a total amount past due of $192,500.00 (the "Past Due Amount"). Your failure to pay the Past Due Amount

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in accordance with the terms of the Note constitutes a default under the terms of the Loan Documents entitling Lender to, among other things, accelerate the maturity of the Note. Accordingly, Lender has elected to exercise its right to accelerate the maturity of the Note. Therefore, the entire outstanding principal balance of the Note, together with all accrued but unpaid interest thereon and any fees or costs incurred by Lender (the "Amount Due") is now fully due and payable. Demand is hereby made for the immediate payment of the Amount Due.

Lender has further elected to exercise the rights and remedies available to it for the enforcement and collection of the obligations evidenced by the Loan Documents, including, but not limited to, sale of the Property at a public auction to the highest bidder for cash. In the event the Property is not sold at foreclosure for an amount sufficient to satisfy the entire unpaid principal balance of the Note, together with accrued and unpaid interest, and such other expenses provided for by any of the Loan Documents, you may be liable for the deficiency.

Please find enclosed a copy of the Notice of Foreclosure Sale (the "Notice") which shall be posted in connection with the public sale of the Property. Such public sale, as authorized by the Deed of Trust, shall take place on **Tuesday, August 7, 2012**, **between the hours of 10:00A.M. and 1:00P.M.** at the place as more particularly described in the Notice, with the Property being sold to the highest bidder for cash.

Nothing contained in this letter nor any prior act of Lender shall be construed to amend or waive any of Lender's rights or remedies under the Loan Documents, or to constitute a waiver of any event of default which may exist under the Loan Documents. **Acceptance by Lender of partial payments shall not be construed as an acceptance in satisfaction of the defaults.** Lender expressly reserves all rights and remedies available to it under applicable law and under the Loan Documents.

YOU ARE HEREBY ADVISED THAT THIS MATTER HAS BEEN PLACED IN THE HANDS OF THIS FIRM FOR COLLECTION AND THAT ANY INFORMATION OBTAINED IN CONNECTION THEREWITH SHALL BE USED FOR THAT PURPOSE. THIS FIRM REPRESENTS FIRST LEASIDE MORTGAGE FUND AND THIS LETTER IS WRITTEN ON ITS BEHALF.

Sincerely,

SCHEEF & STONE, L.L.P.

By: ____________________
C. John Scheef III

NOTICE OF FORECLOSURE SALE

Notice is hereby given of a public non-judicial foreclosure sale.

1. Property To Be Sold. The property to be sold is described as follows:

   All property (real, personal or otherwise) described in the Deed of Trust, including, but not limited to, **the real property situated in the City of Dallas, Dallas County, Texas, as more particularly described on Exhibit "A" attached hereto and made a part hereof,** together with the rights, appurtenances and improvements thereto and certain other personal property as more particularly described in the Deed of Trust referenced herein (the "Property").

2. Date, Time, and Place of Sale. The sale is scheduled to be held at the following date, time, and place:

Date: **Tuesday, August 7, 2012**

Time: The sale shall begin no earlier than **10:00 A.M.** or no later than three hours thereafter. The sale shall be completed by no later than **1:00 P.M.**

Place: **The area outside on the north side of the George Allen Courts Building facing Commerce Street below the overhang. The George Allen Courts Building is located at 600 Commerce Street, Dallas, Texas 75202.**

The trustee appointed by beneficiary to conduct the sale has been authorized by the beneficiary to postpone, withdraw, or reschedule the sale for another day if directed by beneficiary. In that case, the trustee or substitute trustee under the Deed of Trust need not appear at the date, time, and place of a scheduled sale to announce the postponement, withdrawal, or rescheduling. Notice of the date of any rescheduled foreclosure sale will be reposted and refiled in accordance with the posting and filing requirements of the Texas Property Code. Such reposting or refiling may be after the date originally scheduled for this sale.

3. Terms of Sale. The sale will be conducted as a public auction to the highest bidder for cash, subject to the provisions of the Deed of Trust. The beneficiary thereunder intends to bid at the sale and any such bid made on behalf of beneficiary shall be in the form of a credit owed against the amounts secured by the Deed of Trust at the time of sale.

Those desiring to purchase the Property will need to demonstrate their ability to pay cash on the day the Property is sold.

The sale will be made expressly subject to any title matters of record or as set forth in the Deed of Trust, but prospective bidders are reminded that by law the sale will necessarily be made subject to all prior matters of record affecting the Property, if any, to the extent that they remain in force and effect and have not been subordinated to the Deed of Trust. Prospective bidders are strongly urged to examine the applicable property records to determine the nature and extent of such matters, if any.

4. Type of Sale. The sale is a nonjudicial deed of trust lien and security interest foreclosure sale being conducted pursuant to the power of sale granted by the Deed of Trust executed by F.L. Sedona Creek, Ltd., a Texas limited partnership (the "Borrower"), to John A. Wise, Trustee for the benefit of First Leaside Mortgage Fund (the "Lender") dated August 1, 2010 and recorded under Document Number 201000210383 of the Real Property Records of Dallas County, Texas (the "Deed of Trust").

5. Obligations Secured. The Deed of Trust provides that it secures the payment of the indebtedness and obligations therein described (collectively the "Obligations") including but not limited to the Promissory Note (the "Note") in the original principal amount of Five Million and No/100 Canadian Dollars ($5,000,000.00) executed by Borrower, and payable to the order of Lender, and all renewals, modifications and extensions of the Note. First Leaside Mortgage Fund is the current owner and holder of the Note and the Obligations and is the beneficiary under the Deed of Trust.

Questions concerning the sale may be directed to the undersigned or to the beneficiary:

First Leaside Mortgage Fund
Attn: David Phillips
430 Durham Rd. 8
Uxbridge, Ontario
Canada L9P1R1

6. Default and Request To Act. Default has occurred under the Deed of Trust, and the beneficiary has requested me, as Substitute Trustee, to conduct this sale. Notice is given that before the sale the beneficiary may appoint another person as substitute trustee to conduct the sale.

DATED June 26, 2012.

Heather Legato-Kay, Substitute Trustee
2601 Network Blvd., Suite 102
Frisco, Texas 75034
Telephone: (214) 472-2100

STATE OF TEXAS §
§
COUNTY OF COLLIN §

The foregoing instrument was acknowledged before me by Heather Legato-Kay, Substitute Trustee, on the 26th day of June, 2012.

JENNY L. YAGER
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
AUGUST 25, 2015

Jenny L. Yager
Notary Public, State of Texas

Exhibit A

BEING a tract of land out of the J.G. Jackson Survey, Abstract No. 707 and being all of City of Dallas Block C/8100 of Highland Oaks Addition as recorded in Volume 78168, Page 0451 of the Plat Records of Dallas County, Texas said tract being more particularly described as follows:

BEGINNING at a 5/8" iron rod found for a corner in the north right-of-way line of Whitehurst Drive (64 feet wide) said point being westerly 1048.21 feet, along the said northerly line of Whitehurst Drive, from the westerly right-of-way line of Skillman Street (a variable width), said iron rod being in a circular curve to the left having a radius of 552.56 feet;

THENCE Westerly, with above said circular curve to the left and along the above said north line of Whitehurst Drive, thru a central angle of 7 degrees 25 minutes 52 seconds, an arc distance of 71.67 feet with a chord bearing of N 85 degrees 55 minutes 34 seconds W, to a 5/8" iron rod set for the point of tangency;

THENCE N 89 degrees 38 minutes 30 seconds W, continuing along the above said north line of Whitehurst Drive, 467.81 feet to 5/8" iron rod found for the beginning of a circular curve to the right having a radius of 445.50 feet;

THENCE Northwesterly, with above said circular curve to the right and along the above said north line of Whitehurst Drive, thru a central angle of 54 degrees 10 minutes 14 seconds an arc distance of 421.20 feet to a 5/8" iron rod found for the point of tangency;

THENCE N 35 degrees 28 minutes 16 seconds W, continuing along the north line of Whitehurst Drive 82.06 feet to a point for a corner in Audelia Branch;

THENCE the following courses and distances along Audelia Branch:

N 74 degrees 20 minutes 30 seconds E, 95.99 feet;

N 32 degrees 13 minutes 16 seconds E, 90.00 feet;

S 77 degrees 43 minutes 25 seconds E, 202.00 feet;

N 43 degrees 06 minutes 12 seconds E, 118.00 feet;

S 88 degrees 21 minutes 04 seconds E, 158.50 feet;

N 64 degrees 14 minutes 37 seconds E, 41.50 feet;

N 40 degrees 53 minutes 39 seconds E, 44.00 feet;

N 19 degrees 07 minutes 43 seconds E, 36.50 feet;

N 1 degrees 20 minutes 36 seconds E, 94.00 feet;

N 47 degrees 04 minutes 51 seconds E, 39.00 feet;

N 0 degrees 00 minutes 10 seconds E, 70.00 feet to a point for a corner;

Exhibit A (Continued)

THENCE S 53 degrees 10 minutes 39 seconds E, 338.99 feet to a 5/8 iron rod found for a corner;

THENCE S 1 degrees 14 minutes 00 seconds W, 475.76 feet to the POINT OF BEGINNING and CONTAINING 370,737 square feet or 8.5109 acres of land.

This is Exhibit "R" referred to in the Affidavit of Greg MacLeod sworn August ...., 2012

Commissioner for Taking Affidavits (or as may be)

haynesboone

August 3, 2012

Direct Phone Number: 214-651-5053
Direct Fax Number: 214-200-0612
scott.everett@haynesboone.com

Via fax, email, and U.S. Mail:

C. John Scheef III
Scheef and Stone, LLP
2601 Network Boulevard, Suite 102
Frisco, Texas 75034
john.scheef@solidcounsel.com
Fax: 214-472-2150

Re: First Leaside Mortgage Fund / F.L. Sedona Creek, Ltd.

Dear John,

My firm represents the direct and indirect owners of the limited partnership interests in F.L. Sedona Creek, Ltd. I have received a copy of your June 26, 2012 default letter and notice regarding a scheduled foreclosure on August 7, 2012. For convenience, this letter uses the same defined terms in yours.

We are investigating the facts and circumstances surrounding the transaction contemplated by the Deed of Trust and Note. Based on our investigation so far, it appears that Borrower did not receive (directly or indirectly) any of the loan proceeds that are the subject of the Deed of Trust and Note and did not receive any other benefits in exchange for the $5 million encumbrance placed on Borrower's property. It also appears that David Phillips actively participated in the transaction on all sides, including the side of Borrower and Lender.

We request that Lender provide to us, no later than noon Central time on Monday, August 6, 2012 (the day before the scheduled foreclosure), any written documents or other evidence that show the benefits that Borrower may have received in connection with the August 2010 transaction.

I also wanted to let you know that in light of the information that our client has obtained so far, it is reserving all of rights to seek whatever recourse it deems advisable in the circumstances.

If you have any questions about this inquiry, please do not hesitate to contact me.

Sincerely,

Scott W. Everett

Scott Everett

Haynes and Boone, LLP
Attorneys and Counselors
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7672
Phone: 214.651.5000
Fax: 214.651.5940

This is Exhibit "S" referred to in the Affidavit of Greg MacLeod sworn August ...., 2012

Commissioner for Taking Affidavits (or as may be)

SCHEEF & STONE, L.L.P.

Legal counsel based on solid principles.

August 6, 2012

Direct Dial: (214) 472-2114

Writer's E-Mail Address
john.scheef@solidcounsel.com

Mr. Scott Everett
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
Dallas, Texas 75219-7672

VIA FACSIMILE & EMAIL

Re: First Leaside Mortgage Fund/F. L. Sedona Creek, Ltd.
Our File No. 6179.101

Dear Scott:

I am in receipt of your letter dated August 3, 2012. Before I communicate with you, I need to know specifically who you represent. It is my understanding that the "direct and indirect owners of limited partnership interests in F.L. Sedona Creek, Ltd." do not have authority to act on behalf of F.L. Sedona Creek, Ltd. As such, until such time as you are able to establish that you have authority to speak on behalf of that entity, the request set forth in your August 3, 2012 letter will not be addressed.

If you have any questions or have any additional information, please do not hesitate to contact me.

Sincerely,

SCHEEF & STONE, L.L.P.

By: ______________________
C. John Scheef III

CJS/jh

This is Exhibit "T" referred to in the Affidavit of Greg MacLeod
sworn August ...., 2012

___

Commissioner for Taking Affidavits (or as may be)

haynesboone

August 10, 2012

Direct Phone Number: 214-651-5053
Direct Fax Number: 214-200-0612
scott.everett@haynesboone.com

Via fax, email, and U.S. Mail:

C. John Scheef III
Scheef and Stone, LLP
2601 Network Boulevard, Suite 102
Frisco, Texas 75034
john.scheef@solidcounsel.com
Fax: 214-472-2150

Re: First Leaside Mortgage Fund / F.L. Sedona Creek, Ltd.

Dear John,

You asked in your August 6 letter specifically who I represent. As you may know, Wimberly Apartments Limited Partnership ("WALP") and various entities in the First Leaside group of companies are the subject of a CCAA (Companies' Creditors Arrangement Act) proceeding pending in the Ontario Superior Court of Justice (Commercial List). I understand that Mortgage Fund is familiar with the proceeding based in part on its appearance in the case. My information request to you and Mortgage Fund is made on behalf of WALP and the other direct and indirect owners of the limited partnership interests in Sedona, F.L. US Holdings, Ltd. and First Leaside Partners LP. Contrary to the suggestion in your letter, my clients do not need to control Sedona (or its and your agent, David Phillips) to make the request.

Please let me know if you need additional information before responding substantively to my August 3 letter. I reiterate that in light of the information that our client has obtained so far, it is reserving all of rights to seek whatever recourse it deems advisable in the circumstances.

If you have any questions about this inquiry, please do not hesitate to contact me.

Sincerely,

Scott W. Everett

Scott Everett

This is Exhibit “U” referred to in the Affidavit of Greg MacLeod sworn August ...., 2012

Commissioner for Taking Affidavits (or as may be)

FIRST LEASIDE MORTGAGE FUND

DECLARATION OF TRUST

Dated as of June 18, 2010

FIRST LEASIDE MORTGAGE FUND

THIS DECLARATION OF TRUST is made as of the 18th day of June, 2010.

BY:

DAVID C. PHILLIPS, being the trustee of the trust constituted by this declaration of trust, and each person who after the date hereof becomes a trustee of the Trust as herein provided (each person, while a trustee of the Trust as herein provided, hereinafter called a "**Trustee**", and all such persons, hereinafter called "**Trustees**"),

-and-

DAVID C. PHILLIPS, in his capacity as initial unitholder of the Trust (the **"Initial Unitholder"**) and all persons who after the date hereof become holders of Trust Units are herein provided (collectively at any time, the **"Trust Unitholders"**),

WHEREAS the Initial Trust Unitholder wishes to create a trust for the sole purpose of investing its funds in investments permitted by the terms hereof;

AND WHEREAS for the purpose of settling the Trust created hereunder, the Initial Unitholder paid an amount of $10.00 in lawful money of the Canada (the **"Initial Contribution"**) and received in exchange therefor ten units of the Trust (the **"Initial Trust Units"**);

AND WHEREAS the Trustee has agreed to hold the Initial Contribution and all amounts and assets subsequently received under this Declaration of Trust or in respect of the investment of these assets in accordance with the provisions hereinafter set forth;

AND WHEREAS the Initial Unitholder and the Trustee desire that the beneficiaries of the Trust, including the Initial Unitholder, shall be the holders of the Trust Units;

AND WHEREAS it is intended that the Trust Units (as hereinafter defined) be offered for sale to members of the public in each of the provinces and territories of Canada pursuant to the Offering Memorandum (as hereinafter defined);

AND WHEREAS the Initial Unitholder and the Trustee desire that the Trust shall qualify as a "mutual fund trust" pursuant to subsection 132(6) of the Income Tax Act (Canada);

NOW THEREFORE, the undersigned, being the sole Trustee, hereby confirms and declares that he agrees with the Initial Unitholder to hold in trust, as Trustee, the Initial Contribution and any and all other property, real, personal or otherwise, tangible or intangible, which has been at the date hereof or is hereafter transferred, conveyed or paid to or otherwise received by him as Trustee or to which the Trust is otherwise entitled and all rents, income, profits and gains therefrom for the benefit of the Trust Unitholders hereunder in accordance with and subject to the expressed provisions of this Declaration of Trust, as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust including the recitals hereto, unless the context otherwise requires, the following terms shall have the following meanings:

"**Affiliate**" of a person means any person that would be deemed to be an affiliated entity of such person under the *Securities Act* (Ontario) as it exists on the date hereof (applied, with the necessary changes being made, in respect of persons that are not companies);

"**Annuitant**" means the annuitant or beneficiary of a Plan or any other plan of which a Trust Unitholder acts as trustee or carrier;

"**Associate**" when used to indicate a relationship with a person or company, has the same meaning as in the *Securities Act* (Ontario);

"**Business Day**" means any day except Saturday, Sunday and any statutory holiday in Toronto, Ontario, Canada;

"**Cash Flow of a Class**" has the meaning ascribed thereto in Section 5.1(a);

"**Class Expenses**" means all fees, if any, payable in respect of a Class of Units and all other costs, expenses and other amounts attributable to a particular Class of Units, all as determined by the Trustees;

"**Class Net Asset Value**" means the net asset value of a given Class of Units of the Trust determined in accordance with Article 3;

"**Class Unit Value**" means the net asset value per Unit of a given Class of Units of the Trust determined in accordance with Article 3;

"**Class A Units**" means the Class of Units designated by the Trustees as Class A Units as provided in Section 3.2;

"**Class of Units**" or "**Class**" means all Units of the Trust designated by the Trustees as a separate Class of Units, after receipt of all necessary approvals, and prior to the designation of any other Classes shall mean Class A Units;

"**Closing**" means a closing of the issue of Trust Units to investors, whether pursuant to a public offering or a private placement;

"Common Expenses" means the costs and expenses attributable to all unitholders of the Trust as determined by the Trustees;

"**Counsel**" means a barrister or solicitor or firm of barristers and solicitors or other lawyers in an appropriate jurisdiction retained by the Trust;

"**Date of Closing**" means the date on which a Closing occurs;

"**Distributable Cash Flow of a Class**" has the meaning ascribed thereto in Section 5.1(b);

"**Distribution Payment Date**" in respect of a Distribution Period means a date no later than 15 days following the end of the Distribution Period or, if such day is not a Business Day, the next following Business Day or such other date determined from time to time by the Trustees;

"**Distribution Period**" means initially the period from and including the initial Date of Closing to and including the last day of the calendar month in which the initial Closing occurs and thereafter means each month in each calendar year from and including the first day thereof up to and including the last day thereof;

"**Distribution Record Date**" means the last Business Day of each Distribution Period;

"**F.L. Group**" means, at any time, collectively, the Members, Subsidiaries and Affiliates of the First Leaside Group of Companies, and "**F.L. Group Member**" means any one of them;

"**Fully Diluted Basis**" means, with respect to the number of outstanding Trust Units, at any time, the number of Trust Units that are outstanding at that time and would be outstanding if all outstanding options, rights attached to securities convertible into or exchangeable for Trust Units and other rights to acquire Trust Units were exercised at that time;

"**generally accepted accounting principles**" or "**GAAP**" means Canadian generally accepted accounting principles determined with reference to the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time;

"**Income of the Trust**" has the meaning ascribed thereto in Section 5.2(a);

"**Initial Contribution**" means the amount of $10 paid by the Initial Unitholder to the Initial Trustee for the purpose of settling the Trust;

"**Initial Trustee**" means David C. Phillips, in his capacity as the first Trustee of the Trust;

"**Monthly Limit**" has the meaning given to that term in Section 6.5;

"**Mortgage**" or "**Mortgages**" means a mortgage, a mortgage of a mortgage or a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), hypothecation, deed of trust, charge or other security interest of or in real property used to secure obligations to repay money by a charge upon the underlying Real Property;

"**Net Realized Capital Gains**" has the meaning ascribed thereto in Section 5.2(b);

"**Non-Resident**" means a person who is a "non-resident" of Canada within the meaning of the Tax Act and for the purpose of Section 13.5 and for any other provision dealing with the ownership of Units shall include a partnership which is not a "Canadian partnership" within the meaning of the Tax Act;

"**Ordinary Resolution**" means, subject to sections 12.12 and 12.15, a resolution proposed to be passed as an ordinary resolution at a meeting of Trust Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions hereof at which a quorum is present, which resolution is passed by the affirmative votes of a majority of the votes cast by the Trust Unitholders at such meeting;

"**Person**" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, governmental agencies and political subdivisions thereof;

"**Plan**" means a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan or registered disability savings plan and, commencing in 2009, a tax-free savings account, each as described in the Tax Act;

"**real property**" means property which in law is real property and includes, whether or not the same would in law be real property, leaseholds, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise), any interests in any of the foregoing and securities of persons the sole or principal purpose and activity of which is to invest in, hold and deal in real property;

"**Redemption Date**" has the meaning given to that term in Section 6.3;

"**Redemption Price**" has the meaning ascribed thereto in Section 6.2(c);

"**Registers**" has the meaning ascribed thereto in Section 13.4;

"**Residents**" means persons who are resident in Canada for the purpose of the Tax Act;

"**Special Resolution**" has, subject to Sections 12.12 and 12.15, the meaning ascribed thereto in Section 12.8;

"**Subsidiary**" of a person means any person that would be deemed to be a subsidiary entity of such person under the *Securities Act* (Ontario) as it exists on the date hereof (applied, with the necessary changes being made, in respect of persons that are not companies);

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985 (5th Supp.) c. 1 and the regulations thereunder;

"**this Declaration of Trust**", "**this Declaration**", "**hereto**", "**herein**", "**hereof**" "**hereby**", "**hereunder**" and similar expressions refer to this instrument, as hereby amended and restated, and not to any particular Article, section or portion hereof, and include any and every instrument supplemental or ancillary hereto;

"**Time of Closing**" means the time on a Date of Closing at which a Closing occurs;

"**Trust**" means the First Leaside Mortgage Fund, an open-ended, limited purpose trust constituted by this Declaration of Trust;

"**Trust Assets**", at any time, means such of the following monies, properties and other assets as are at such time held by the Trust or by the Trustees on behalf of the Trust, including:

(i) the Initial Contribution;

(ii) all funds or property derived from the issuance or sale of Trust Units or other cash or property received by the Trust;

(iii) any mortgages or similar debt securities of any F.L Group Member or other securities or investments otherwise permitted by the terms of this Declaration of Trust to be held from time to time by or on behalf of the Trust; and

(iv) all proceeds, income, dividends, interest, profit, return of capital, gains and accretions and all substituted assets, rights and benefits of any kind or nature whatsoever arising directly or indirectly from or in connection with or accruing to such foregoing property or such proceeds of disposition,

which may be held in separate pools designated by Class;

"**Trust Liabilities**" has the meaning ascribed thereto in Section 2.7(a);

"**Trust Unit Certificate**" means a certificate in the form approved by the Trustees evidencing one or more Trust Units designated by Class, issued and certified in accordance with the provisions hereof;

"**Trust Unitholders**" means at any time the holders at that time of one or more Trust Units, as shown on the Registers;

"**Trust Units**" or "**Units**" means all of the trust units of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof;

"**Trustee**", at any time, means an individual who is, in accordance with the provisions hereof, a trustee of the Trust at the time including, without limitation so long as he remains a trustee, the Initial Trustee and "**Trustees**" means, at any time, all of the individuals, each of whom is at that time a trustee;

"**Unitholder's Declaration**" means a declaration regarding the residency of a Trust Unitholder or other beneficial owner(s) or any other person in the form determined by the Trustees in accordance with Section 13.5;

"**Valuation Date**" means the last day of each calendar month or such other date or dates as the Trustees shall from time to time determine;

"**Valuation Time**" means 4:00 p.m. on each Valuation Date or such other time as the Trustees shall from time to time determine.

1.2 References to Acts Performed by the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be or not to be performed by the Trust, such reference shall be construed and applied for all purposes as if it referred to an act to be or not to be performed by the Trustees on behalf of the Trust or by some other person duly authorized to do so by the Trustees or pursuant to the provisions hereof, and where any reference is made in this Declaration of Trust to actions, rights or obligations of the Trustees, such reference shall be construed and applied for all purposes to refer to actions, rights or obligations of the Trustees in their capacity as Trustees of the Trust, and not in their other capacities, unless the context otherwise requires.

1.3 References

Except as otherwise specifically provided herein, reference in this Declaration of Trust to any contract, agreement or any other instrument will be deemed to include references to the same as varied, amended, supplemented, restated or replaced from time to time. Except as otherwise specifically provided herein, any reference in this Declaration of Trust to a statute or regulation, rule, policy or instrument thereunder will be deemed to be a reference to such statute or regulation, rule, policy or instrument as amended, re-enacted or replaced from time to time, and reference to specific parts, paragraphs or sections thereof will include all amendments, re-enactments or replacements. Where there are proposals for amendments to the Tax Act which have not been enacted into law or proclaimed into force on or before the date on which such proposals are to become effective, the Trustees may take such proposals into consideration and apply the provisions thereof as if such proposals had been enacted into law and proclaimed into force.

1.4 Number and Gender

In this Declaration of Trust, unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular number include the plural, and vice versa and words importing a gender shall include the feminine, masculine and neuter genders.

1.5 Headings for Reference Only

The division of this Declaration of Trust into Articles and sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Declaration of Trust.

1.6 Day Not a Business Day

In the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.7 Time of the Essence

Time shall be of the essence in this Declaration of Trust.

1.8 Governing Law

This Declaration of Trust and the Trust Unit Certificates shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. The parties hereto hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Ontario.

1.9 Currency

Unless otherwise specified herein, all references to currency are to lawful money of Canada.

1.10 Certain Phrases, etc.

In this Declaration of Trust, (i) the words "including" and "includes" mean "including (or includes) without limitation", and (ii) the phrase "the aggregate of, "the total of, "the sum of, or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

ARTICLE 2
DECLARATION OF TRUST

2.1 Establishment of Trust

The Trustees hereby declare themselves and agree to act as trustees hereunder and agree to hold the Trust Assets in trust for the use and benefit of the Trust Unitholders, their successors, permitted assigns and personal representatives, on and subject to the terms and conditions hereinafter declared and set forth, such trust to constitute the Trust hereunder.

2.2 Initial Contribution

The Trustees hereby acknowledge payment by the Initial Unitholder, concurrent with the execution of the Original Declaration, of the Initial Contribution to the Trust for the purpose of settling this Trust in consideration for which the Initial Unitholder was issued 10 Class A Trust Units.

2.3 Name of Trust

(a) The Trust shall be known and designated as the "**FIRST LEASIDE MORTGAGE FUND**" or the French language version thereof and, whenever practicable, lawful and convenient, the property of the Trust shall be held and the affairs of the Trust shall be conducted and transacted under that name.

(b) If the Trustees determine that the use of such name is not practicable, legal or convenient, the Trust may use such other designation or may adopt such other name as the Trustees deem appropriate, and the Trust may hold property and conduct and transact its affairs under such other designation or name.

(c) The Trustees may approve and use a version of any name or designation used by the Trust in any foreign language.

2.4 Head Office

The head office of the Trust shall be located at 430 Regional Road #8, R.R. 1, Uxbridge, Ontario, L9P 1R1, or such other place or places in Canada as the Trustees may from time to time designate.

2.5 Nature of the Trust

The Trust is an unincorporated, open-ended limited purpose trust, established for the purposes specified in Section 4.1. The Trust is not, and shall not be deemed to be and shall not be treated as, a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Trustees or any individual Trustee or the Trust Unitholders or any of them or any person be, or be deemed to be, treated in any way whatsoever as liable or responsible hereunder as partners or joint venturers. The Trustees are not and shall not be, or be deemed to be, agents of the Trust Unitholders. The relationship of the Trust Unitholders to the Trustees shall be solely that of beneficiaries of the Trust and their rights shall be limited to those expressly conferred upon them by this Declaration of Trust.

2.6 Rights of Trust Unitholders

The rights of each Trust Unitholder (including the right, if any, to call for or receive a distribution or division of assets, monies, funds, income, dividends and/or capital gains held, received or realized by the Trustees) are limited to those contained herein and, except as provided herein, no Trust Unitholder shall be entitled to call for any partition or division of the Trust Assets or for a distribution of any particular asset forming part of the Trust Assets or of any particular monies or funds received by the Trust or the Trustees. The legal ownership of the Trust Assets and the right to conduct the activities of the Trust are vested exclusively in the Trustees, and no Trust Unitholder has or is deemed to have any right of ownership in any of the Trust Assets, except as specifically provided herein. Except as specifically provided herein, no Trust Unitholder or Trust Unitholders shall be entitled to interfere with or give any direction to the Trustees with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Trustees under this Declaration of Trust. The Trust Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in this Declaration of Trust.

2.7 Liability of Trust Unitholders

(a) No Trust Unitholder or Annuitant, in its capacity as such, shall incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind to any person in connection with: (i) the Trust Assets or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations or the activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Trustees or by any other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any act or omission of the Trustees or any other person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Trustees or such other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Trustees or by any other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) except as provided in Section 5.8, any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Trustees or by any other person (except the Trust Unitholder to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust (collectively, "**Trust Liabilities**").

(b) No Trust Unitholder or Annuitant, in its capacity as such, shall be liable to indemnify the Trustees or any other person with respect to any Trust Liabilities.

(c) To the extent that, notwithstanding the provisions of this Section 2.7, any Trust Unitholder or Annuitant, in its capacity as such, may be determined by a judgment of a court of competent jurisdiction to be subject to or liable in respect of any Trust Liabilities, such Trust Unitholder or Annuitant is entitled to be reimbursed out of the Trust Assets for any payment of Trust Liabilities made by such Trust Unitholder or Annuitant.

ARTICLE 3
DESCRIPTION AND ISSUE OF UNITS

3.1 Nature and Authorized Number of Units

The beneficial interests in the Trust shall be divided into Units or fractions thereof issued in one or more Classes as determined by the Trustees after receipt of all necessary approvals from time to time. As of the date hereof, the Trust consists of an unlimited number of Class A Units. Each Trust Unit shall vest indefeasibly in the holder thereof and the interest of each Trust Unitholder shall be determined by the number of Trust Units of the particular Class registered in the name of the Trust Unitholder on the Registers. Subject to the provisions of Section 12.15, all of the Units of the Trust shall be voting and shall vote equally with each other at all meetings of Trust Unitholders. Subject to the exercise of the power of the Trustees to make distributions under Section 9.2, unitholders of the Trust holding Units of a particular Class are entitled to participate in distributions on a *pro rata* basis with unitholders holding Units of the same Class. All Trust Units of a particular Class rank among themselves equally and rateably without discrimination, preference or priority. Issued and outstanding Trust Units may be subdivided or consolidated from time to time by the Trustees without the approval of or notification to Unitholders.

3.2 Issue of Units

(a) Trust Units of a particular Class may be issued by the Trust at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine. The Trustees may authorize the Trust to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase Trust Units from the Trust or from any other person or procuring or agreeing to procure purchasers for Trust Units.

(b) The Trustees may create and issue instalment receipts, rights, warrants, receipts (including so-called "special warrants" and "subscription receipts" which may be exercisable for no additional consideration), securities convertible into or exchangeable or exercisable for Trust Units of a particular Class or other securities of the Trust (including Trust Units issuable upon the exchange of securities of other issuers) or options (including all types of incentive programs) to subscribe for Trust Units which instalment receipts, rights, warrants, receipts, convertible or exchangeable or exercisable securities or options may be exercisable at such subscription price or prices and at such time or times as the Trustees may determine. The instalment receipts, rights, warrants, receipts, convertible or exchangeable or exercisable securities or options so created may be issued for such consideration or for no consideration, all as the Trustees may determine. An instalment receipt, right, warrant, receipt, convertible or exchangeable or exercisable security or option shall not be a Trust Unit and the holder thereof shall not be a Trust Unitholder.

(c) Trust Units are only to be issued as fully paid in money, property, including an obligation to pay consideration in instalments, or past services, and are not to be subject to future calls or assessments, except that Trust Units to be issued under an offering of Trust Units to the public or otherwise may be issued for a consideration payable in instalments and the Trust may take a security interest over such Trust Units for unpaid instalments.

(d) The Trustees may authorize the Trust to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase, whether absolutely or conditionally, Trust Units, or rights, warrants, convertible securities or options to acquire Trust Units, from the Trust or from any other person or procuring or agreeing to procure purchasers, whether absolute or conditional, for Units, or rights, warrants, convertible securities or options to acquire Trust Units.

3.3 Fractional Units

The Trustees may allot and issue Units or fractions of any Units at such time or times and in such manner and to such persons as the Trustees may determine. Units and fractions of Units shall not be issued otherwise than as fully paid and a Unit or fraction of a Unit is not fully paid until all consideration therefor, whether in cash or in kind, has been received by or on behalf of the Trust.

If as a result of any act of the Trustees hereunder any person becomes entitled to a fraction of a Trust Unit, such person shall not be entitled to receive a certificate therefor. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Trust Units, entitle the holder thereof to notice of or to attend or to vote at, meetings of Trust Unitholders. Subject to the foregoing, such fractional Trust Units shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Trust Units in the proportion that they bear to a whole Unit.

3.4 Re-Purchase of Initial Trust Units by the Trust

Immediately after the Initial Closing, the Trust will purchase the initial Trust Units from the Initial Unitholder and the Initial Unitholder will sell the initial Trust Units to the Trust, for a purchase price of $10.00 and, upon the completion of that purchase and sale, the initial Trust Units shall be cancelled and shall no longer be outstanding for any of the purposes of this Declaration of Trust.

3.5 No Pre-Emptive Rights

No Trust Unitholder is entitled, as a matter of right, to any preference, conversion, exchange or pre-emptive right to subscribe for or purchase any other Trust Units over any other Trust Unitholder in the same Class of the Trust or otherwise, unless expressly agreed to in writing by the Trustees.

3.6 Subdivision or Consolidation

Unless the Trustees determine otherwise, and subject to the paragraph immediately below in this Section 3.6, immediately after any pro rata distribution of additional Trust Units to all Trust Unitholders pursuant to Section 5.7, the number of the outstanding Trust Units will be consolidated such that each Trust Unitholder will hold after the consolidation the same number of Trust Units of the particular Class as the Trust Unitholder held before the distribution of additional Trust Units. In this case, each Trust Unit Certificate representing a number of Trust Units of a particular Class prior to the distribution of additional Trust Units is deemed to represent the same number of Trust Units after the non-cash distribution of additional Trust Units and the consolidation.

Notwithstanding the foregoing, where tax is required to be withheld from a Trust Unitholder's share of the distribution, the consolidation will result in such Trust Unitholder holding that number of Trust Units of a particular Class (i) the number of Trust Units held by such Trust Unitholder prior to the distribution plus the number of Trust Units received by such Trust Unitholder in connection with the distribution (net of the total of the number of whole and part Trust Units withheld on account of withholding taxes and the number of whole and part Trust Units withheld pursuant to Section 5.8 on account of the Trustees' reasonable expenses with regard to the sale of such Trust Units withheld on account of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of Trust Units outstanding prior to the distribution by the aggregate number of Trust Units of a particular Class that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Trust Unitholder. Such Trust Unitholder will be required to surrender the Trust Unit Certificates, if any, representing such Trust Unitholder's original Trust Units, in exchange for a Trust Unit Certificate representing such Trust Unitholder's post-consolidation Trust Units of a particular Class.

3.7 Subscription for Units

Subscriptions shall be in such form as determined by the Trustees from time to time and, in each case, shall be accompanied by payment as described from time to time in the subscription agreement provided by the Trust, or if not so described, as the Trustees may from time to time determine.

3.8 Minimum Purchases

An investor's initial subscription for Units shall be in such gross dollar amount as the Trustees may from time to time determine. The Trustees may determine the gross dollar amount required in respect of the initial subscription of any investor who subscribes for Units pursuant to a Plan, whereby the investor agrees to make regular purchases of Units of the Trust, or pursuant to a Plan. The Trustees may charge a fee, in such amount as the Trustees may from time to time determine, for the termination by a Unitholder of its participation in such a Plan. The Trustees may also determine the gross dollar amount required in respect of a subscription by a Trust Unitholder for additional Units of the same Class of the Trust.

3.9 Right to Reject Subscription

The Trustees shall at their sole option be entitled to reject subscriptions for purchases of Units at any time. The Trustees shall at all times ensure that any decision to reject a subscription is made and communicated to the investor within two (2) Business Days of receipt of the subscription application and to refund to the investor immediately any monies received without interest.

3.10 Subsequent Purchases

Subsequent purchases of Units shall be made in such manner as shall be determined from time to time by the Trustees.

3.11 Transfer Agent and Registrar

The Trustees shall maintain, or cause to be maintained by a transfer agent and registrar or by one or more branch transfer agents and registrants, a register for the registration of each Class of Units and shall provide, or cause to be provided, for the transfer and the registration of transfers of Units in one or more places in Canada. The Trustees or the transfer agent and registrar and/or branch transfer agents and registrars shall keep all necessary books and registers of the Trust required by this Declaration of Trust or by applicable legislation instruments or rules of securities regulatory authorities in jurisdictions where the Units are qualified for distribution. The books and registers referred to in this Section 3.11 shall be kept in a bound or loose-leaf book or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device and shall at all reasonable times be open for inspection at the principal office of the Trust or of the transfer agent and registrar, free of charge by the Unitholders of the Trust or their duly authorized representative.

3.12 Registered Unitholders

The Trustees, any transfer agent and registrar, or branch transfer agent and registrar, as the case may be, shall for all purposes be entitled to treat the Unitholder in whose name any Units are registered as the absolute owner thereof, any notice to the contrary notwithstanding. The Trustees, any transfer agent and registrar, or branch transfer agent and registrar, as the case may be, shall not be charged with notice of or be bound to see to the execution of any trust in respect of any unit, whether express, implied or constructive, and may deal with any unit on the direction of its registered Unitholder whether named as trustee or otherwise.

ARTICLE 4
INVESTMENTS OF THE TRUST

4.1 Investment Objective of the Trust

The investment objective of the Trust is to invest in Mortgages secured by Real Property in North America. Assets of the Trust may be held in investments which comply with the investment policies set out in Section 3.2. The Trustees shall ensure that investment of the assets of the Trust is made in such a way as to comply with the investment objectives set forth herein. The Trustee shall from time to time sell any or all of such investments and reinvest the proceeds thereof or exchange any or all of such investment for other investments. The Trustee and the Trust shall not, in carrying out investment activities be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees but shall be limited by the investment restrictions contained herein and the appropriate regulatory authorities to which the Trust is subject.

4.2 Investment Policies

The following are the investment policies to be applied by the Trustees in investing the assets of the Trust:

(a) the Trust may only invest in Mortgages which are first charges on the security of the Real Property;

(b) the Trust may invest in Mortgages of F.L Group Members or Affiliates so long as the investment is made on commercially reasonable terms;

(c) the Trust may co-invest with a third party or third parties in a Mortgage;

(d) the Sub Trust may invest in any Mortgage where the term of the Mortgage exceeds five years;

(e) the Trust may hold Real Property acquired as a result of foreclosure where such foreclosure was necessary to protect the Mortgage investment as a result of a default by the mortgagor;

(f) the Trust may temporarily acquire, invest in, transfer, dispose of and otherwise deal with securities of or lending to any F.L. Group Member;

(g) the Trust may temporarily hold cash in interest bearing accounts short-term government debt or short-term investment grade corporate debt for the purposes of paying the expenses and liabilities of the Trust, paying amounts payable by the Trust in connection with the redemption of any Trust Units or other securities of the Trust and making distributions to Trust Unitholders;

(h) the Trust may not invest in any asset which will in any way change its status as a "Unit Trust" for purposes of the Tax Act.

ARTICLE 5
DISTRIBUTIONS

5.1 Computation of Distributable Cash Flow

(a) The "**Cash Flow of a Class**" for, or in respect of, any Distribution Period, shall be determined pursuant to the following provisions:

(i) the following amounts shall be included in the calculation:

(A) all cash amounts derived from the investment of the proceeds of the sale of a Class of Units received by the Trust for and in respect of the Distribution Period, including, without limitation, all income, distributions, interest, dividends, proceeds from the disposition of securities, returns of capital and repayments of indebtedness; and

(B) all amounts derived from the investment of the proceeds of the sale of a Class of Units received by the Trust in any prior Distribution Period to the extent not previously distributed;

(ii) the following amounts shall be deducted in the calculation:

(A) all costs and expenses attributable to the Class of Units proportionate share of the Common Expenses which, in the opinion of the Trustees, may reasonably be considered to have accrued and become owing in respect of, or which relate to, such Distribution Period or a prior Distribution Period if not accrued or deducted in determining the cash flow of such Class of Units in such prior period;

(B) all amounts which relate to the redemption or repurchase of Trust Units of the Class of Units and which have been paid or become payable in cash by the Trust in such Distribution Period;

(C) a Class of Units' proportionate share of all amounts to be paid in satisfaction of debt service obligations of the Trust on account of both principal and interest; and

(D) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs that have been or are reasonably expected to be incurred by the Trust, including any tax liabilities of the Trust; and

(iii) the net proceeds of any issuance of a Class of Units or other securities, including debt securities, of the Trust and any associated expenses shall not be included in the calculations of Cash Flow of a Class in respect of any Distribution Period.

(b) The "**Distributable Cash Flow of a Class**" for, or in respect of, a Distribution Period shall be the Cash Flow of a Class for such Distribution Period less any amount which the Trustees may reasonably consider to be necessary to provide for: (i) the payment of any costs which have been or will be incurred in the activities and operations of the Class of Units, (ii) the payments of any tax liability of the Trust (but excluding such amounts previously deducted in Section 5.1(a)(ii)), and (iii) such reserves or amounts as are, in the opinion of the Trustees, necessary or desirable.

5.2 **Computation of Income and Net Realized Capital Gains**

(a) The "**Income of the Trust**" for any taxation year of the Trust shall be the net income for the year determined pursuant to the provisions of the Tax Act, other than paragraph 82(1)(b) and Subsection 104(6) thereof, having regard to the provisions thereof which relate to the calculation of "taxable income" of the Trust, and taking into account such adjustments thereto as are determined by the Trustees in respect of dividends received from taxable Canadian corporations, amounts paid or payable by the Trust to Trust Unitholders and such other amounts as may be determined in the discretion of the Trustees; provided, however, that capital gains and capital losses shall be excluded from the computation of net income.

(b) The "**Net Realized Capital Gains of the Trust**" for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust calculated in accordance with the provisions of the Tax Act in the year exceeds the aggregate of (i) the aggregate of the capital losses of the Trust calculated in accordance with the provisions of the Tax Act in the year, (ii) the amount determined by the Trustees in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year, and (iii) any amount in respect of which the Trust is entitled to a capital gains refund under the Tax Act, as determined by the Trustees; provided that at the discretion of the Trustees, the Net Realized Capital Gains of the Trust for a year may be calculated without subtracting the full amount in respect of the net capital losses of the Trust carried forward from previous years.

5.3 **Distribution of Distributable Cash Flow**

(a) The Trust shall distribute on each Distribution Payment Date to Trust Unitholders of a Class of Units of record as at the close of business on the applicable Distribution Record Date all of the Distributable Cash Flow of a Class for the applicable Distribution Period. The proportionate share of each Trust Unit of the amount of the Distributable Cash Flow of a Class shall be determined by dividing such amount by the number of issued and outstanding Trust Units of such Class of Units on such Distribution Record Date. Each Trust Unitholder's share of such Class of Units' Distributable Cash Flow shall be an amount equal to the proportionate share of each Trust Unit of such Class of Units of such Distributable Cash Flow of a Class multiplied by the number of Trust Units of such Class of Units owned of record by each such Trust Unitholder on such Distribution Record Date.

(i) Subject to Section 5.7, any distribution which has been declared or authorized to be payable to Trust Unitholders in respect of a Distribution Period shall be paid in cash.

5.4 **Other Distributions**

(a) In addition to the distributions which are made payable to Trust Unitholders pursuant to Section 5.3, the Trustees may allocate, declare or authorize to be payable and/or make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains, the Capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Trustees may determine to persons who are Trust Unitholders at the record date determined by the Trustees for such distribution. For greater certainty, the Trustees may designate and make payable any income or capital gains realized by the

Trust (including any income realized by the Trust on the redemption of Trust Units pursuant to section 6.4) to redeeming Trust Unitholders in accordance with that section. All Trust Unitholders of a Class of Units will share equally and on a *pro rata* basis, based on the Class of Units' proportionate share of such distribution.

(b) Having regard to the intent of the Trust to allocate, distribute and make payable to Trust Unitholders all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts shall, without any further actions on the part of the Trustees, be due and payable on December 31 in each year to Trust Unitholders of record on December 31 in each such year:

(i) a Class of Units' proportionate share of an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution paid or payable by the Trust pursuant to Section 5.3 and Section 5.4(a) which have been determined by the Trustees, pursuant to Section 5.5, to have been payable by the Trust out of Income of the Trust for such year and the amount of income treated as having been paid in the year pursuant to Section 5.5; and

(ii) a Class of Units' proportionate share of an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution paid or payable by the Trust pursuant to Section 5.3 and Section 5.4(a) which have been determined by the Trustees, pursuant to Section 5.5, to have been payable by the Trust out of the Net Realized Capital Gains for such year and the amount of any capital gain treated as having been paid in the year pursuant to Section 5.5.

(c) The proportionate share of each Trust Unit of the amount of any distribution made pursuant to either or both of Sections 5.4(a) and (b) shall be determined by dividing such amount by the number of issued and outstanding Trust Units of a particular Class on the applicable Distribution Record Date in respect of a distribution pursuant to Section 5.4(a) and on December 31 in respect of a distribution pursuant to Section 5.4(b). Each Trust Unitholder's share of such Class of Units' proportionate share of any such distribution shall be an amount equal to the proportionate share of each Trust Unit of such Class of Units of such amount multiplied by the number of Trust Units of such Class of Units owned of record by each such Trust Unitholder on such applicable Distribution Record Date or December 31 in the year of such distribution, as the case may be. Subject to Section 5.7, amounts which have been declared or authorized to be payable to Trust Unitholders pursuant to Section 5.4(a) shall be paid in cash on the Distribution Payment Date which immediately follows the applicable Distributable Record Date in respect of a distribution pursuant to Section 5.4(a) and amounts which are payable to Trust Unitholders on December 31, in respect of a distribution pursuant to Section (b) shall be payable on December 31 and shall be paid forthwith, and in no event later than January 30 of the following year, subject to Section 5.7.

5.5 Character of Distributions and Designations

In accordance with and to the extent permitted by the Tax Act and analogous provisions of any applicable provincial legislation, the Trustees in each year shall make designations and elections in respect of the amounts payable to Trust Unitholders, based on the proportionate shares attributable to any Class of Units, for such amounts that the Trustees consider to be reasonable in all of the circumstances, including, without limitation, designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net capital gains realized by the Trust in the year and foreign source income of, or deemed foreign source income of, and foreign income taxes paid by, or deemed to have been paid by, the Trust for the year, as well as elections under Subsections 104(13.1) and/or 104(13.2) of the Tax Act that income be taxed to the Trust, rather than to the Trust Unitholders. Distributions payable to Trust Unitholders pursuant to this Article 5, and to the extent required pursuant to Section 6.3, shall be deemed to be distributions of Income of the Trust, Net Realized Capital Gains, Trust Capital or other items in such amounts as the Trustees shall, in their absolute discretion, determine. For greater certainty, it is hereby declared that any distribution of Net Realized Capital Gains shall include the non-taxable portion of the capital gains of the Trust which are encompassed in such distribution.

5.6 Enforceability of Right to Receive Distributions

For greater certainty, it is hereby declared that each Trust Unitholder shall have the legal right to enforce payment of any amount payable to such Trust Unitholder as a result of any distribution which is declared or authorized or made payable to such Trust Unitholder pursuant to this Article as of the date on which such amount becomes payable.

5.7 Method of Payment of Distributions

(a) Pursuant to this Article, in the event that the Trustees determine that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared or authorized to be payable to Trust Unitholders entitled to cash distributions on the due date for such payment, the payment may, at the option of the Trustees, include the *pro rata* issuance of additional Trust Units, or fractions of Trust Units, if necessary, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution, subject to all necessary regulatory approvals.

(b) The value of each Trust Unit which is issued pursuant to Section 5.7(a) shall be equal to the Redemption Price of the Trust Units (as defined in Section 6.2(c)) on the applicable Distribution Record Date in respect of a distribution pursuant to Section 5.3, on the applicable Distribution Record Date in respect of a distribution under Section 5.4(a) or on December 31 in respect of a distribution under Section 5.4(b), provided that if the particular date is not a Business Day then the Redemption Price shall be determined on the last Business Day which precedes such particular date.

5.8 Withholding Taxes

The Trustees may deduct or withhold from distributions payable to any Trust Unitholder all amounts required by law to be withheld from such distributions, whether such distributions are in the form of cash, additional Trust Units or otherwise. In the event of a distribution in the form of additional Trust Units, the Trustees may sell Trust Units of such Trust Unitholder to pay such withholding taxes and to pay all of the Trustees' reasonable expenses with regard thereto and such Trust Unitholder shall be deemed to have granted to the Trustees, and the Trustees shall have, the power of attorney of such Trust Unitholder to do so. Any such sale shall be made pursuant to an exemption from applicable securities laws, and upon such sale, the affected Trust Unitholder shall cease to be the holder of such Trust Units which are so sold.

5.9 Tax Act Definitions

Unless otherwise specified or the context otherwise requires, any term in this Article which is defined in the Tax Act shall have for the purposes of this Article the meaning that it has in the Tax Act.

5.10 Special Distribution Provisions

(c) In the event that a Trust Unitholder has held his Unit for less than the entire Distribution Period for which a distribution is payable, the Trust Unitholder shall only be entitled to a proportionate share of the distributions based on the proportion that the number of days between the date of first issue of his Units and the last day of the Distribution Period bears to the aggregate total number of days in such Distribution Period.

(d) The Trustees shall have the right but not the obligation to distribute and allocate Common Expenses, Income of the Trust, Net Realized Capital Gains of the Trust and any other applicable amounts among Trust Unitholders in such a manner so as to ensure where possible that they are treated equitably taking into account differences that may arise as a result of the acquisition of Trust Units at different times in a fiscal year or in different fiscal calendar years.

5.11 Payments of Cash

Any payment of cash by the Trust to a Trust Unitholder pursuant to this Article 5 or any other provision of this Declaration of Trust will be conclusively deemed to have been made upon mailing of a cheque in a postage pre-paid envelope, addressed to the Trust Unitholder at the Trust Unitholder's address appearing in the Registers, unless such cheque is dishonoured upon presentment. Upon such payment, the Trust will be discharged from all liability to the Trust Unitholder in respect of such payment, provided, however, that if such cheque is lost or destroyed then, upon the presentation of evidence satisfactory to the Trustees of such loss or destruction, together with such indemnity as the Trustees may reasonably require, the Trust will issue a replacement cheque to the Trust Unitholder. Notwithstanding the foregoing, the Trust may, in lieu of forwarding or causing to be forwarded a cheque to a Unitholder pursuant to this Article 5, enter into an agreement with a Unitholder or with the person for whom such Unitholder is acting as nominee providing for the payment to such Unitholder of the amounts to which such Unitholder is entitled, from time to time, hereunder by electronic funds transfer or by any other method at a place or places other than the place or places specified herein as the place or places for such payment. Any payment made hereunder or in connection with this Declaration of Trust that is made pursuant to any such agreement will, notwithstanding any other provision of this Declaration of Trust, be valid and binding on the Trust and the relevant Unitholder.

5.12 Unclaimed Distributions

In the event that the Trustees hold any distributable amount that is unclaimed or that cannot be paid for any reason, the Trustees will be under no obligation to invest or reinvest the same, but will only be obliged to hold the same in a current non-interest-bearing account pending payment, less applicable taxes, to the person or persons entitled thereto. The Trustees will, as and when required by law, and may at any time prior to such required time, pay all or part of such distributable amount so held to the appropriate government official or agency, whose receipt shall be a good and sufficient discharge and release of the Trustees.

ARTICLE 6
REDEMPTION OF TRUST UNITS

6.1 Right of Redemption by Trust Unitholders

Each Trust Unitholder shall be entitled to require the Trust to redeem at any time or from time to time at the demand of the Trust Unitholder all or any part of the Trust Units registered in the name of the Trust Unitholder at the prices determined and payable in accordance with the conditions hereinafter provided. The Trustees shall be entitled in their discretion to determine and designate whether any payments made in respect of any redemption are on account of income or capital.

6.2 **Exercise of Redemption Right**

(a) To exercise a Trust Unitholder's right to require redemption under this Article 6, a duly completed and properly executed notice requiring the Trust to redeem Trust Units, in a form approved by the Trustees, shall be sent to the Trust at the head office of the Trust. No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

(b) Subject to Sections 6.4 and 6.5, upon receipt by the Trust of the notice to redeem Trust Units, the Unitholder shall thereafter cease to have any rights with respect to the Trust Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon which are declared payable to the Trust Unitholders of record on a date which is subsequent to the day of receipt by the Trust of such notice. Trust Units shall be considered to be tendered for redemption on the date that the Trust has, to the satisfaction of the Trustees, received the notice and other required documents or evidence as aforesaid.

6.3 **Cash Redemption**

(a) Upon receipt by the Trust of the notice to redeem Trust Units in accordance with Section 6.2, the holder of the Trust Units tendered for redemption shall be entitled to receive a price per Trust Unit (hereinafter called the "**Redemption Price**") equal to the fair market value thereof as determined by the Trustees in their sole discretion acting reasonably.

(b) Subject to Sections 6.4 and 6.5, the Redemption Price payable in respect of the Trust Units tendered for redemption during any month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Trust Unitholder who exercised the right of redemption on or before the last day of the calendar month following the month in which the Trust Units were tendered for redemption. Payments made by the Trust of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Trust Unitholder and/or any party having a security interest unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former Trust Unitholder in respect of Trust Units redeemed.

6.4 **Monthly Limit on Redemptions**

Section 6.3(b) shall not be applicable to Trust Units tendered for redemption by a Trust Unitholder, if the total amount payable by the Trust pursuant to Section 6.3 in respect of such Trust Units and all other Trust Units tendered for redemption prior thereto in the same calendar month exceeds $50,000 (**"Monthly Limit"**); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Trust Units tendered for redemption in any calendar month. In the absence of such a waiver, Trust Units tendered for redemption in any calendar month in which the total amount payable by the Trust pursuant to Section 6.3(b) exceeds the Monthly Limit will be redeemed on a *pro rata* basis and those Trust Units not redeemed shall be redeemed during the next and succeeding calendar month or months. Section 6.2 (b) shall not apply to any Trust Units tendered for redemption and not redeemed pursuant to this Section 6.4, and any such Trust Units shall continue to have all the rights attaching to the Trust Units and will be entitled to any distributions thereon which are declared payable to the Trust Unitholders of record.

6.5 Suspension of Redemptions

For a period of not more than 180 days, the Trustees may suspend the calculation of the redemption of Units, or postpone the day of payment or right of redemption, for or during any period during which the Trustee determines that conditions exist which render impractical the sale of the assets of the Trust or impair the ability of the Trustees to determine the value of the assets held by the Trust. Any such suspension shall take effect at such time as the Trustees specify and thereafter there shall be no redemption of Units until the Trustees declare the suspension at an end. Where a notice of redemption is received by the Trustees during the suspension period, the Unitholder may withdraw the notice of redemption. If the notice of redemption is not withdrawn, the Units shall be redeemed on the termination of the Suspension. Section 6.2 (b) shall not apply to any Trust Units tendered for redemption and not redeemed pursuant to this Section 6.5, and any such Trust Units shall continue to have all the rights attaching to the Trust Units and will be entitled to any distributions thereon which are declared payable to the Trust Unitholders of record.

ARTICLE 7
TRUSTEES

7.1 Number of Trustees

There shall be a minimum of three (3) and a maximum of ten (10) Trustees. The number of Trustees within such minimum and maximum numbers may be changed by Trust Unitholders or by the Trustees. In the event of any increase in the number of Trustees, the Trust Unitholders or Trustees, as the case may be, shall forthwith elect or appoint any such additional Trustee(s). Until otherwise so determined, the number of Trustees as of the date of this Declaration of Trust shall be three (3). A majority of the Trustees at all times must be Residents.

7.2 Calling and Notice of Meetings

Meetings of the Trustees shall be called and held at such time and at such place as the Trustees, the Chairman of the Trustees or any two Trustees may determine, and any one Trustee or officer of the Trust may give notice of meetings when directed or authorized by such persons. Notice of each meeting of the Trustees shall be given to each Trustee not less than 48 hours before the time when the meeting is to be held, provided that if a quorum of Trustees is present, the Trustees may without notice hold a meeting immediately following a meeting of Trust Unitholders. Notice of a meeting of the Trustees may be given verbally, in writing or by telephone, fax or other means of communication. A notice of a meeting of Trustees shall specify the nature of the business to be transacted at such meeting. A Trustee may in any manner or at any time waive notice of or otherwise consent to a meeting of Trustees. Attendance of a Trustee, in person or by telephone, at a meeting of Trustees shall constitute a waiver of notice of that meeting except where a Trustee attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been properly called. Notwithstanding the foregoing, the Trustees may by resolution from time to time fix a day or days in any month or months for regular meetings of the Trustees at a place and hour to be named, in which case, provided that a copy of such resolution is sent to each Trustee forthwith after being passed and forthwith after each Trustee's appointment, no other notice shall be required for any such regular meeting, and the Trustees may by resolution from time to time establish an approval process for the declaration or authorization of distributions or such other approval procedures that they may determine to be appropriate in the circumstances.

7.3 Place of Meetings

Meetings of the Trustees shall be held in Canada and may be held at a location as directed by the Trustees. A Trustee who attends a meeting of Trustees, in person or by telephone, is deemed to have consented to the location of the meeting except when the Trustee attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

7.4 Meetings by Telephone

With the consent of the chairman of the meeting or a majority of the Trustees participating in the meeting, any Trustee may participate in a meeting of the Trustees or of a committee of the Trustees by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other provided that any telephone call or video conference call to permit the participation of a Trustee who is not physically present shall originate in Canada. A Trustee participating in such a meeting in such manner shall be considered present at the place of meeting.

7.5 Quorum

The quorum for the transaction of business at any meeting of the Trustees shall consist of a majority of the number of Trustees then holding office, and, notwithstanding any vacancy among the number of Trustees, a quorum of Trustees may exercise all of the powers of the Trustees, provided that a majority of the Trustees comprising such quorum shall not be Non-Residents. A Trustee who is a Non-Resident may appoint any other Trustee to act as his proxy at any meeting of Trustees and any such proxy shall vote as a separate Trustee and constitute attendance at the meeting for all purposes.

7.6 Chairman

The Chairman of the Trustees shall be chosen by the Trustees from among themselves. The chairman of any meeting of the Trustees shall be the Trustee present at the meeting who holds the office of Chairman of the Trustees or if such person is not present, the Trustees present shall choose one of their number to be chairman. The Chairman shall not be a Non-Resident.

7.7 Action by the Trustees

At all meetings of the Trustees every question shall be decided by a majority of the votes cast on the question. In the case of equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote. The powers of the Trustees may be exercised by resolution passed at a meeting at which a quorum is present or without a meeting by resolution in writing signed by all Trustees who would be entitled to vote on that resolution at a meeting of the Trustees. Resolutions in writing may be signed by fax and in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

7.8 Adjourned Meeting

Any meeting of Trustees may be adjourned from time to time by the Chairman of the meeting with the consent of the meeting to a fixed time and place. Further notice of the adjourned meeting need not be given. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is not a quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated upon its adjournment.

7.9 Remuneration and Expenses

The Trustees, other than a Trustee who is a full-time officer or employee of the Trust or any F.L. Group Member, shall be paid such reasonable remuneration for their services as the Trustees may from time to time in good faith determine. The Trustees shall also be entitled to be reimbursed for reasonable traveling and other expenses properly incurred by them in attending meetings of the Trustees or any committee thereof or in connection with their services as Trustees. Nothing herein contained shall preclude any Trustee from serving the Trust in any other capacity and receiving remuneration therefor.

7.10 Officers

The Trustees from time to time may appoint one or more officers of the Trust, including a Chairman and Vice-Chairman of the Trust and, without prejudice to rights under any employment contract, may remove any officer of the Trust. The powers and duties of each officer of the Trust shall be those determined from time to time by the Trustees and, in the absence of such determination, shall be those usually applicable to the office held. A majority of the officers of the Trust must be Residents.

ARTICLE 8
APPOINTMENT, RESIGNATION AND REMOVAL OF THE TRUSTEES

8.1 Qualification of Trustees

The following persons are disqualified from being a Trustee of the Trust:

(a) anyone who is less than 18 years of age;

(b) anyone who is of unsound mind and has been so found by a court of competent jurisdiction in Canada or elsewhere;

(c) a person who is not an individual; and

(d) a person who has the status of bankrupt.

8.2 Appointment of Trustees

The appointment of David C. Philips, Joanna Hampton, and John Wilson as Trustees for a term expiring (subject to further appointment) at the close of the next meeting of Trust Unitholders or as otherwise determined by the Trustees is hereby confirmed. Except as otherwise provided in this Declaration of Trust, Trustees shall be appointed (including the reappointment of incumbent Trustees) by the Trustees, or by the Trust Unitholders at a meeting of Trust Unitholders, in each case to hold office, subject to Section 8.5, for a term expiring at the close of the next meeting of Trust Unitholders following such an appointment or as otherwise determined by the Trustees. Any such appointment (other than as contemplated by Section 8.7) shall be made by a resolution of the Trustees, a resolution approved by a majority of the votes cast at a meeting of Trust Unitholders or by resolution in writing in the manner set out in Section 12.12. Notwithstanding the foregoing:

(a) if no Trustees are appointed before the term of office of the existing Trustees expires, such existing Trustees shall continue to hold the office of Trustees under this Declaration of Trust until successors have been appointed or they cease to hold office;

(b) the Trustees may appoint one or more additional Trustees for a term to expire (subject to further appointment) at the close of the next meeting of Trust Unitholders or as otherwise determined by the Trustees; and

(c) a majority of the Trustees holding office at any time shall be Residents.

8.3 Consent to Act

(a) A person who is appointed a Trustee hereunder, other than the Trustees who are appointed pursuant to Section 8.2, shall not become a Trustee until the person has, either before or after such appointment, executed and delivered to the Trust a consent substantially as follows:

"To: First Leaside Mortgage Fund (the **"Trust"**)
And to: The Trustees thereof

The undersigned hereby consents to act as a Trustee of the Trust and hereby agrees, upon the later of the date of this consent and the date of the undersigned's appointment as a Trustee of the Trust, to thereby become a party, as a Trustee, to the Declaration of Trust made as of the 18th day of June, 2010, as amended from time to time, constituting the Trust and to be bound by the obligations and liabilities of a Trustee thereunder.

Dated: ______________________

____
[Signature]

____
[Print Name]

(b) Upon the later of a person being appointed a Trustee hereunder and executing and delivering to the Trust a consent substantially as set forth in Section 8.3(a), such person shall become a Trustee hereunder and shall be deemed to be a party (as a Trustee) to this Declaration of Trust, as amended from time to time. The rights of the Trustees to control and exclusively administer the Trust and to have the title to the Trust Assets drawn up in their names or in the name of any other successor and all other rights of the Trustees, at law will vest automatically in any person who may hereafter become a Trustee upon such person's due appointment and qualification without any further act and such person will immediately thereupon have all the rights, privileges, powers, authorities, obligations and immunities of a Trustee hereunder.

8.4 Failure to Appoint Minimum Number of Trustees

If the Trustees or the Trust Unitholders fail to appoint the number of Trustees required by this Declaration of Trust, by reason of the disqualification or death of any nominee, the Trustees may, subject to Section 7.5 and Section 8.1, exercise all of the powers of the Trustees if the number of Trustees so appointed constitutes a quorum and the majority of the Trustees remaining are Residents.

8.5 Ceasing to Hold Office

A Trustee ceases to hold office when:

(a) he dies or resigns;

(b) he is removed in accordance with Section 8.6; or

(c) he ceases to be duly qualified to act as a Trustee as provided under Section 8.1.

A resignation of a Trustee becomes effective 30 days from the time a written resignation is sent to the Trust, or at the time specified in the resignation, whichever is later, provided that if, upon the resignation becoming effective, the number of remaining Trustees would be less than the number necessary to constitute a quorum for a meeting of Trustees, the resignation is not effective until the resigning Trustee's successor is duly appointed as a Trustee.

Upon a Trustee ceasing to hold office as such hereunder, such Trustee shall cease to be a party (as a Trustee) to this Declaration of Trust; provided, however, that such Trustee shall continue to be entitled to be paid any amounts owing by the Trust to the Trustee and to the benefits of the indemnity provided in Section 9.10. Upon the resignation or removal of any Trustee, or upon a Trustee otherwise ceasing to be a Trustee, the Trustee shall cease to have the rights, privileges and powers of a Trustee hereunder, shall execute and deliver such documents as the remaining Trustees shall reasonably require for the conveyance of any Trust property held in that Trustee's name, shall account to the remaining Trustees as they may reasonably require for all property which that Trustee holds as Trustee, shall resign from all representative or other positions held by such Trustee on behalf of the Trust, including as a director or officer of any person in which the Trust owns any securities (directly or indirectly) and shall thereupon be discharged as Trustee. Upon the incapacity or death of any Trustee, his legal representative shall execute and deliver on his behalf such documents as the remaining Trustees may reasonably require as provided in this Section 8.5. In the event that a Trustee or his legal representatives, as applicable, are unable or unwilling to execute and deliver such required documents, each of the remaining Trustees is hereby appointed as the attorney of such Trustee for the purposes of executing and delivering such required documents. This power of attorney granted to each of the remaining Trustees is not intended to be a continuing power of attorney within the meaning of the *Substitute Decisions Act, 1992* (Ontario), exercisable during a Trustee's incapacity to manage property, or any similar power of attorney under equivalent legislation in any of the provinces or territories of Canada (a "**CPOA**"). The execution of this power of attorney will not terminate any CPOA granted by the Trustee previously and will not be terminated by the execution by the Trustee in the future of a CPOA, and the Trustee hereby agrees not to take any action in future which results in the termination of this power of attorney.

If a Trustee ceases to hold office for any reason, and such cessation results in the board of Trustees having a majority of Trustees who are Non-Residents, the Trustees will, as soon as possible, fill the vacancy in accordance with Section 8.7 in order that a majority of Trustees shall not be Non-Residents, and if necessary, one or more Trustees who are Non-Residents, to be determined by the Trustees, shall resign (temporarily or otherwise) so that a majority of Trustees shall not be Non-Residents.

8.6 Removal of Trustees

The Trust Unitholders may remove any Trustee or Trustees from office, by resolution approved by a majority of the votes cast at a meeting of Trust Unitholders called for that purpose. The Trustees may remove any Trustee from office for cause, by resolution approved by a majority of at least two-thirds of the other Trustees. A vacancy created by the removal of a Trustee may be filled at the meeting of Trust Unitholders at which the Trustee is removed or, if not so filled, may be filled as set forth in section 8.7.

8.7 Filling Vacancies

A quorum of Trustees may fill a vacancy among the Trustees, except a vacancy resulting from a failure to appoint any minimum number of Trustees fixed by or pursuant to this Declaration of Trust. If there is not a quorum of Trustees, or if there has been a failure to elect the minimum number of Trustees required by or pursuant to this Declaration of Trust, the Trustees then in office shall forthwith call a special meeting of Trust Unitholders to fill the vacancy and, if they fail to call a meeting or if there are no Trustees then in office, the meeting may be called by any Trust Unitholder. A Trustee appointed to fill a vacancy holds office, subject to Section 8.5, until the close of the next meeting of the Trust Unitholders or as otherwise determined by the Trustees. The rights of the Trustees to control and exclusively administer the Trust and to have the title to the Trust Assets registered in their names or in the name of any other successor and all other rights of the Trustees at law shall vest automatically in any person who may hereafter become a Trustee upon such person's due appointment and qualification without any further act and such person shall thereupon have all the rights, privileges, powers, authorities, obligations and immunities of a Trustee hereunder whether or not conveyancing documents have been executed and delivered pursuant to section 8.5 or otherwise.

8.8 Validity of Acts

Any act of a Trustee is valid notwithstanding any irregularity in the appointment of the Trustees or any one of them or a defect in the qualifications of the Trustees or any one of them.

ARTICLE 9
CONCERNING THE TRUSTEES

9.1 Powers of the Trustees

Subject to the terms and conditions of this Declaration of Trust, the Trustees may exercise from time to time in respect of the Trust Assets and the investments and affairs of the Trust any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof.

Subject to the specific limitations contained in this Declaration of Trust, the Trustees shall have, without further or other action or consent, and free from any power or control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the Trust Assets and over the affairs of the Trust to the same extent as if the Trustees were the sole and absolute beneficial owners of the Trust Assets in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, carrying out the Trust created hereunder. In construing the provisions of this Declaration of Trust, the presumption shall be in favour of the powers and authority granted to the Trustees. The enumeration of any specific power or authority herein (including pursuant to section 9.2) shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustees. To the maximum extent permitted by law, the Trustees shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees. Without limiting the generality of the foregoing, but subject to Section 4.1 and the other express limitations contained in this Declaration of Trust, the Trustees may make any investments without being required to adhere to all of or any particular portion of the investment criteria or diversification requirements set forth in the *Trustee Act* (Ontario), as amended from time to time, and to delegate management and authority to discretionary managers as the Trustees, in their discretion, determine appropriate.

9.2 Specific Powers and Authorities

Subject only to the express limitations contained in this Declaration of Trust and in addition to any other powers and authorities conferred by this Declaration of Trust or which the Trustees may have by virtue of any present or future statute or rule of law, the Trustees, without any action or consent by the Trust Unitholders, shall have and may exercise at any time and from time to time the following powers and authorities, which may or may not be exercised by the Trustees in such manner and upon such terms and conditions as they may from time to time determine proper:

(a) to supervise the activities and manage the investments and affairs of the Trust;

(b) to maintain records and provide reports to Trust Unitholders;

(c) to collect, sue for and receive all sums of money due to the Trust;

(d) to open, operate and close bank accounts and other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements;

(e) to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses, disbursements and property of the Trust;

(f) to make or cause to be made application for the listing or quotation on any stock exchange or market of any Trust Units or any other securities issued from time to time by the Trust, and to do all things which in the opinion of the Trustees may be necessary or desirable to effect or maintain such listing or listings or quotation;

(g) to determine conclusively the value of any or all of the Trust Assets from time to time and, in determining such value, to consider such information and advice as the Trustees in their sole judgment, may deem material and reliable;

(h) to sell, transfer, assign, exchange, convey, lease or otherwise dispose of any part of the Trust Assets in any manner;

(i) subject to Section 9.2(w), to enter into any agreement or instrument (including any firm or best efforts underwriting agreement) to create, issue or provide for the issue of Trust Units, or other securities of the Trust, including instalment receipts, securities convertible into or exchangeable or exercisable for Trust Units or other securities of the Trust or other rights, warrants, receipts or options convertible into or exchangeable or exercisable for Trust Units or other securities of the Trust (including debt securities, debt securities convertible into or exchangeable or exercisable for Trust Units or other securities of the Trust), for such consideration as the Trustees, in their sole discretion, may deem appropriate and to do such things and prepare and sign such documents, including a prospectus, an offering memorandum or any similar document and any registration rights agreement, to qualify such Trust Units, or other securities of the Trust for sale in whatever jurisdictions they will be sold or offered for sale;

(j) to effect payment of distributions to the Trust Unitholders as provided in Article 5;

(k) subject to Section 12.7(j), to lend, invest and reinvest funds of the Trust as provided in Article 4;

(l) to ensure that, if the Trustees become aware by written notice that the beneficial owners of 49% of the Trust Units are, or may be, Non-Residents or that such situation is imminent, the limitations on ownership by Non-Residents as provided in Section 13.5 are met;

(m) to possess and exercise all the rights, powers and privileges pertaining to the ownership of the securities of any F.L. Group Member owned by the Trust, to the same extent that an individual might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or actions generally or for any particular meeting or action and may include the exercise of discretionary power;

(n) where reasonably required, to engage or employ on behalf of the Trust any persons as agents, representatives, employees, independent contractors or managers (including, without limitation, investment advisors, transfer agents, registrars, paying agents, underwriters, accountants, lawyers, appraisers, brokers or otherwise) in one or more capacities;

(o) except as prohibited by law, to delegate any of the powers and duties of the Trustees to any one or more agents, representatives, officers, employees, independent contractors or other persons without liability to the Trustees so long as such delegation is not inconsistent with any of the provisions of this Declaration of Trust;

(p) to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the Trust Assets or the Trust's affairs, to enter into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;

(q) to cause legal title to any of the Trust Assets to be held by and/or in the name of one or more Trustees or, except as prohibited by law, by and/or in the name of the Trust or any other custodian or person, on such terms, in such manner, with such powers in such person as the Trustees may determine and with or without disclosure that the Trust or the Trustee is interested therein; provided, however, that should legal title to any of the Trust Assets be held by and/or in the name of any person or persons other than a Trustee or the Trust, the Trustees shall require such person or persons to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Trust;

(r) to negotiate, make, execute, acknowledge and deliver any and all deeds, instruments, contracts, waivers, releases or other documents necessary or useful for the accomplishment of any of the powers herein granted, for the purpose of the Trust or for its assets or affairs, including without limitation, to enter into contracts, obligations and other agreements for a term extending beyond the term of office of the Trustees and beyond the possible termination of the Trust or for a lesser term, and to perform all of the obligations of the Trust thereunder;

(s) to perform the obligations of the Trust under agreements to which it is a party and to exercise any rights granted to it under such agreements;

(t) to approve the adoption of a Trust Unitholders rights plan, if the Trustees determine in good faith that such action is appropriate, including to issue or redeem rights and Trust Units in connection with such plan;

(u) to use their best efforts to ensure that (i) the Trust qualifies at all times as a "mutual fund trust" pursuant to Subsection 132(6) of the Tax Act; and (ii) that the Trust Units will not be disqualified for investment by Plans;

(v) in addition to the mandatory indemnification provided for in Sections 9.7 and 9.8, to the extent permitted by law to indemnify, or enter into agreements with respect to the indemnification of, any person with whom the Trust has dealings including, without limitation, the Trustees, to such extent as the Trustees shall determine;

(w) with the approval (or confirmation, in the case of (ii)) of the Trust Unitholders to (i) designate any new Class of Units, from time to time; and (ii) enact and from time to time amend or repeal by-laws not inconsistent with this Declaration of Trust containing provisions relating to the Trust, the Trust Assets and the conduct of the affairs of the Trust, but not in conflict with any provision of this Declaration of Trust;

(x) to purchase securities issued by the Trust, including Trust Units for cancellation in accordance with the provisions of this Declaration of Trust and applicable law;

(y) to issue any type of debt securities or convertible debt securities and to borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes of the Trust or for other expenses incurred in connection with the Trust and for such purposes may draw, make, execute and issue promissory notes and other negotiable and nonnegotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, pledge, assign or grant a security interest in any money owing to the Trust or engage in any other means of financing the Trust;

(z) to pay all taxes or assessments, of whatever kind or nature, whether within or outside Canada, imposed upon or against the Trustees in connection with the Trust Assets, undertaking or income of the Trust, or imposed upon or against the Trust Assets, undertaking or income of the Trust, or any part thereof and to settle or compromise disputed tax liabilities and for the foregoing purposes to make such returns, take such deductions, and make such designations, elections and determinations in respect of Income of the Trust or Net Realized Capital Gains distributed to Trust Unitholders in the year and any other matter as shall be permitted under the Tax Act (provided that to the extent necessary the Trustees will seek the advice of Counsel or the Public Accountants), and do all such other acts and things as may be deemed by the Trustees in their sole discretion to be necessary, desirable or convenient;

(aa) to satisfy the obligations, liabilities and indebtedness of the Trust;

(bb) to vote in favour of the Trust's nominees to serve as trustees or directors, as applicable, of any F.L. Group Member;

(cc) to guarantee (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of any F.L. Group Member and to mortgage, pledge, charge, grant a security interest in or otherwise encumber all or any part of the Trust Assets;

(dd) to appoint one or more additional Trustees to serve until the close of the next meeting of Trust Unitholders or as otherwise determined by the Trustees;

(ee) to arrange for insurance contracts and policies insuring the Trust, the Trustees, the Trust Assets, the business of any Affiliate of the Trust, any or all of the Trustees or the Unitholders, consultants or agents of the Trust or any person with whom the Trust has dealings in such amounts as the Trustees deem appropriate and which may cover any and all claims and liabilities of every nature arising by reason of holding or having held Trust Units or of holding, being or having held any such office or position, including any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees or Unitholders, including any action taken or omitted that may be determined to constitute negligence; and

(ff) to do all such other acts and things as are incidental to the foregoing, and to exercise all powers which are necessary or useful to carry on the purposes and activities of the Trust, as enumerated in Section 4.1, to promote any of the purposes for which the Trust is formed, as enumerated in Section 4.1, and to carry out the provisions of this Declaration of Trust whether or not specifically mentioned.

The Trustees shall, except as may be prohibited by law, have the right to delegate authority for the above-referenced matters to an administrator where the Trustees determine in their sole discretion that such delegation is desirable to effect the administration of the duties of the Trustees under the Declaration of Trust and/or the management of the day-to-day affairs of the Trust. The Trustees may also delegate to officers of the Trust certain powers for management of the day-to-day affairs of the Trust provided such delegation is not inconsistent with this Declaration of Trust.

9.3 Banking

The banking activities of the Trust, or any part thereof, including, but without restricting the generality of the foregoing, the operation of the Trust's accounts; the making, signing, drawing, accepting, endorsing, negotiation, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money; the giving of receipts for orders relating to any property of the Trust; the execution of any agreement relating to any property of the Trust; the execution of any agreement relating to any such banking activities and defining the rights and powers of the parties thereto; and the authorizing of any officer of such banker to do any act or thing on the Trust's behalf to facilitate such banking activities, shall be transacted with such bank, trust company, or other firm or corporation carrying on a banking business as the Trustees may designate, appoint or authorize from time to time and shall be transacted on the Trust's behalf by one or more officers of the Trust or such other F.L. Group Member(s) as the Trustees may designate, appoint or authorize from time to time.

9.4 Standard of Care and Duties

The Trustees shall act honestly and in good faith with a view to the best interests of the Trust and the Trust Unitholders and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trustees shall not be liable in carrying out their duties under this Declaration of Trust except in cases where the Trustees fail (a) to act honestly and in good faith with a view to the best interests of the Trust Unitholders and the Trust, or (b) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The duties and standard of care of the Trustees provided as aforesaid are intended to be similar to, and not to be any greater than, those imposed on a director of a corporation governed by the *Business Corporations Act* (Ontario). Unless otherwise required by law, the Trustees shall not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustees shall not be required to devote their entire time to the investments or business or affairs of the Trust.

9.5 Fees and Expenses

As part of the expenses of the Trust, the Trustees may pay or cause to be paid out of the Trust Assets, reasonable fees, costs and expenses incurred in connection with the administration and management of the Trust, including (without limitation) fees of auditors, accountants, lawyers, appraisers and other agents, consultants and professional advisors employed by or on behalf of the Trust and the cost of reporting or giving notices to Trust Unitholders. All costs, charges and expenses properly incurred by the Trustees on behalf of the Trust may be payable out of the Trust Assets.

9.6 Limitations on Liability of Trustees

(a) Subject to Section 9.4, none of the Trustees, the officers or any employee or agent of the Trust shall be liable in tort, contract or otherwise to the Trust, to any Trust Unitholder or former Trust Unitholders (in each case whether registered or beneficial) or any other person: (i) for any action taken in good faith in reliance on any documents that are, prima facie, properly executed; (ii) for any depreciation of, or loss to, the Trust incurred by reason of the sale of any security or other property; (iii) for the loss or disposition of monies or securities; (iv) for any action or failure to act of any other person to whom the Trustees have delegated any of their duties under this Declaration of Trust; or (v) for any other action or failure to act including, without limitation, the failure to compel in any way any former Trustee to redress any breach of trust or any failure by any person to perform obligations under or delegated to it under this Declaration of Trust, or to pay monies owed to the Trust, except for a breach of the standard of care, diligence and skill as set out in Section 9.4. If the Trustees have retained an appropriate expert or advisor with respect to any matter connected with their duties under this Declaration of Trust, the Trustees may act or refuse to act based on the advice of such expert or advisor and, notwithstanding any provision of this Declaration of Trust, including, without limitation, the standard of care, diligence and skill set out in Section 9.4 hereof, the Trustees shall not be liable for any action or refusal to act based on the advice of any such expert or advisor which it is reasonable to conclude is within the expertise of such expert or advisor to give.

(b) Subject to Section 9.4, none of the Trustees, the officers or any employee or agent of the Trust shall be subject to any liability whatsoever in tort, contract or otherwise, in connection with Trust Assets or the affairs of the Trust, including, without limitation, in respect of any loss or diminution in value of any Trust Assets, to the Trust or to the Trust Unitholders or Annuitants or to any other person for anything done or permitted or omitted to be done by the Trustees. The Trustees shall not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of Trustees for or in respect to the affairs of the Trust. No property or assets of the Trustees, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under this Declaration of Trust or under any other related agreements. No recourse may be had or taken, directly or indirectly, against the Trustees in their personal capacity or against any incorporator shareholder, director, officer, employee or agent of the Trustees or any successor of the Trustees. The Trust shall be solely liable therefor and resort shall be had solely to the Trust Assets for payment or performance thereof.

9.7 Indemnification of Trustees

Each Trustee, each former Trustee, each officer of the Trust and each former officer of the Trust shall be entitled to be and shall be indemnified, held harmless and reimbursed out of the Trust Assets in respect of any and all taxes, penalties or interest in respect of unpaid taxes or other governmental charges imposed upon the Trustee or officer in consequence of his performance of his duties hereunder and in respect of any and all costs, charges and expenses, including amounts paid to settle an action or satisfy a judgment, reasonably incurred in respect of any civil, criminal or administrative action or proceeding to which the Trustee, former Trustee, officer or former officer is made a party by reason of being or having been a Trustee or officer of the Trust; provided that a Trustee, former Trustee, officer or former officer shall not be indemnified out of the Trust Assets in respect of unpaid taxes or other governmental charges or in respect of such costs, charges and expenses that arise out of or as a result or in the course of his or her failure to act honestly and in good faith with a view to the best interests of the Trust and the Trust Unitholders (or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where such Trustee did not have reasonable grounds to believe that his or her conduct was lawful). A Trustee, former Trustee, officer or former officer shall not be entitled to satisfy any right of indemnity or reimbursement granted herein, or otherwise existing under law, except out of the Trust Assets, and no Trust Unitholder or other Trustee or officer shall be personally liable to any person with respect to any claim for such indemnity or reimbursement as aforesaid.

9.8 Contractual Obligations of the Trust

In respect of any obligations or liabilities being incurred by the Trust or the Trustees on behalf of the Trust, the Trustees and the Trust shall make all reasonable efforts to include in any written instrument which is, in the judgment of the Trustees, a material obligation as a specific term of such obligations or liabilities a contractual provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon and that resort shall not be had to, nor shall recourse or satisfaction be sought from, by way of lawsuit or otherwise, the private property of any of the Trustees, Trust Unitholders, Annuitants or officers, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof shall be bound. The omission of such statement from any such document or instrument shall not render the Trustees or the Trust Unitholders or Annuitants liable to any person, nor shall the Trustees or the Trust Unitholders or the Annuitants be liable for such omission. If, notwithstanding this provision, the Trustees or any Trust Unitholder or Annuitant shall be held liable to any person by reason of the omission of such statement from any such agreement, undertaking or obligation such Trustee or Trust Unitholder or Annuitant shall be entitled to indemnity and reimbursement out of the Trust's property to the full extent of such liability.

9.9 Conflicts of Interest

(a) A Trustee or any officer of the Trust who is a party to, or is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Trust shall disclose in writing to the Trust the nature and extent of such interest and shall not vote on any resolution to approve the contract.

(b) The disclosure required in Section 9.9(a) must be made:

(i) at the meeting of Trustees at which the proposed material contract or transaction is first considered;

(ii) if the Trustee or officer was not then materially interested in the proposed material contract or transaction, at the first such meeting after he or she becomes so materially interested;

(iii) if the Trustee or officer becomes materially interested after a material contract or transaction is entered into, at the first meeting of Trustees after he or she becomes so materially interested; or

(iv) if a person who is materially interested in a material contract or transaction with the Trust becomes a Trustee or officer, at the first such meeting of Trustees after he or she assumes that capacity.

(c) Notwithstanding Section 9.9(b), where this Section 9.9 applies to any person in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of business of the Trust, would not require approval by the Trustees or Trust Unitholders, such person must disclose in writing to the Trustees, or request to have entered in the minutes of meetings of the Trustees, the nature and extent of his or her interest forthwith after that person becomes aware of the material contract or transaction or proposed material contract or transaction.

(d) A Trustee or officer referred to in this section must not vote on any resolution to approve the material contract or transaction, unless the material contract or transaction is one relating primarily to his or her remuneration as a Trustee or officer, one for indemnity or insurance, or one with any Affiliate of the Trust or one with any F.L. Group Member.

(e) For the purposes hereof, a general notice to the Trustees by a Trustee or an officer of the Trust disclosing that he or she is a director or officer or an individual acting in a similar capacity of, or has a material interest in, any person and is to be regarded as interested in any material contract made or any material transaction entered into with that person is a sufficient disclosure of interest in relation to any contract so made or transaction entered into.

(f) Where any Trustee or officer of the Trust fails to disclose his or her interest in a material contract or transaction in accordance with the provisions hereof, the Trustees or any Trust Unitholder, in addition to exercising any other rights or remedies in connection with such failure exercisable at law or in equity, may apply to a court for an order setting aside the material contract or transaction and directing that such Trustee or officer account to the Trust for any profit or gain realized.

(g) Notwithstanding Section 9.9(f) hereof, a Trustee or officer of the Trust, acting honestly and in good faith, is not accountable to the Trust or to the Trust Unitholders for any profit or gain realized from such material contract or transaction, and such material contract or transaction will not be void or voidable and may not be set aside, if:

(i) the material contract or transaction was reasonable and fair to the Trust at the time it was approved;

(ii) the material contract or transaction is confirmed or approved at a meeting of Trustees duly called for that purpose; and

(iii) the nature and extent of the Trustee's or officer's interest in such contract or transaction is disclosed in reasonable detail in the notice calling the meeting of the Trustees.

(h) Subject to Section 9.9(a), each Trustee, in his or her personal capacity or any other capacity, may buy, lend upon and deal in securities of the Trust and generally may contract and enter into any financial transactions with the Trust without being liable to account for any profit made thereby.

(i) Any Trustee may act as the trustee and/or administrator of any compensation plan (including any equity related compensation plan) for directors, officers, employees or other persons related to the Trust or any other Affiliate of the Trust, and it will not be a conflict of interest under this Declaration of Trust for the Trustee to so act.

(j) Subject to Section 9.9(a), each Trustee, in his or her personal capacity or any other capacity, may buy, sell, lend upon and deal in securities of the Trust or any F.L. Group Member and generally may contract and enter into any transactions with the Trust or any F.L. Group Member without being liable to account for any profit made thereby and such contract or transaction shall be neither void nor voidable.

(k) For greater certainty, a Trustee complying with this Section 9.9 will not be subject to any liability to the Trust or the Trust Unitholders with respect to any such material contract or transaction as aforesaid.

(l) The provisions of this Section 9.9 shall apply to any Affiliate thereof which is a party to a material contract or transaction or proposed material contract or transaction with the Trust, *mutatis mutandis*.

9.10 Conditions Precedent

The obligation of the Trustees to commence or continue any act, action, suit or proceeding or to represent the Trust in any action, suit or proceeding shall be conditional upon sufficient funds being available to the Trustees from the Trust Assets to commence or continue such act, action, suit or proceeding or to represent the Trust in any action, suit or proceeding and an indemnity reasonably satisfactory to the Trustees to protect and hold harmless the Trustees against the costs, charges and expenses and liabilities to be incurred therein and any loss and damage they may suffer by reason thereof. None of the provisions contained in this Declaration of Trust shall require the Trustees to expend or risk their own funds or otherwise incur financial liability in the performance of their duties or in the exercise of any of their rights or powers unless they are given an indemnity and funding satisfactory to the Trustees, acting reasonably.

9.11 Reliance Upon Trustees and Officers

Any person dealing with the Trust in respect of any matters pertaining to the Trust Assets and any right, title or interest in the Trust Assets or to the Trust or to securities of the Trust shall be entitled to rely on a certificate, statutory declaration or resolution executed or certified by the Trustees or any officer of the Trust appointed by the Trustees as to the capacity, power and authority of the Trustees or any other person to act for and on behalf and in the name of the Trust. No person dealing with the Trustees or officers of the Trust shall be bound to see the application of any funds or property passing into the hands or control of the Trustees or officers of the Trust. The receipt of the Trustees or officers of the Trust for monies or other consideration shall be binding upon the Trust.

9.12 Execution of Instruments and Apparent Authority

(a) The Trustees shall have the power, from time to time, to appoint any Trustee or Trustees, any officer or officers of the Trust or any other person or persons on behalf of the Trust to sign agreements, instruments or other documents in writing and to do such acts and agree to such things, on behalf of the Trust, as may be necessary or desirable in connection therewith.

(b) No purchaser, transfer agent or other person dealing with the Trustees or with any officer of the Trust or agent of the Trustees will be bound to make any enquiry concerning the validity of any transaction purporting to be made by the Trustees or by such officer or agent or make enquiry concerning, or be liable for, the applicable money or property paid, lent or delivered to or on the order of the Trustees or such officer, employee or agent. Any person dealing with the Trust in respect of any matters pertaining to the Trust Assets and any right, title, or interest therein, or to the Trust or the Trust Units will be entitled to rely on a certificate, statutory declaration or resolution executed or certified by the Trustees as to the capacity, power and authority of the Trustees, any consultant or agent or any other person to act for and on behalf and in the name of the Trust. No person dealing with the Trustees or any consultant or agent of the Trust will be bound to see to the application of any funds or property passing into the hands or control of such Trustees, consultant or agent of the Trust. The receipt of the Trustees or of authorized consultants or agents of the Trust, for money or other consideration, will be binding upon the Trust.

ARTICLE 10
COMMITTEES OF TRUSTEES

10.1 Delegation

Except as prohibited by law, the Trustees may appoint from among their number one or more committees of Trustees and may delegate to any such committee any of the powers of the Trustees, provided that a majority of the Trustees appointed to any committee shall be Residents and provided further that, for greater certainty, any such committee shall not take any action or engage in any activity that the Trustees would be prohibited from taking or engaging in pursuant to the terms of this Declaration of Trust. The Trustees shall have the power to appoint, employ or contract with any person for any matter relating to the Trust or its assets or affairs.

10.2 Procedure

Unless otherwise determined by the Trustees, a quorum for meetings of any committee shall be a majority of its members. Each committee shall have the power to appoint its chairman and to delineate the duties and responsibilities of such chairman. The rules for calling (including, for greater certainty, the giving of notice), location, holding, conducting, participating in, voting at and adjourning meetings of the committee shall be the same as those governing meetings of the Trustees. Each member of a committee shall serve at the pleasure of the Trustees and, in any event, only so long as he shall be a Trustee. The Trustees may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

ARTICLE 11
AMENDMENT

11.1 Amendment

The provisions of this Declaration of Trust, except where specifically provided otherwise, may only be amended by the Trustees with the consent of the Trust Unitholders by Special Resolution; provided that the provisions of this Declaration of Trust may be amended by the Trustees at any time and from time to time without the consent, approval or ratification of the Trust Unitholders or any other person:

(a) at any time for the purpose of ensuring continuing compliance with applicable laws (including the Tax Act), regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or the Trust or the distribution of Units (including ensuring that the Trust continues to qualify as a "mutual fund trust" within the meaning of the Tax Act and that the Trust Units are not disqualified for investment by Plans);

(b) at any time for the purpose of making amendments which, in the opinion of counsel to the Trustees, provide additional protection or added benefits for the Trust Unitholders;

(c) at any time for the purpose of removing any conflicts or inconsistencies in this Declaration of Trust or making minor changes or corrections, including the corrections or rectifications of any ambiguities, defective provisions, errors, mistakes or omissions which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Trust Unitholders; or

(d) for the purpose of:

  (i) making amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;

  (ii) enabling the Trust to issue Trust Units for which the purchase price is payable in instalments; or

  (iii) any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Trust Unitholders and it is necessary or desirable,

but, notwithstanding the foregoing, no such amendment: (i) shall be adopted which causes (A) the Trust to fail or cease to qualify as a "mutual fund trust" under the Tax Act, or (B) the Trust Units to be disqualified for investment by Plans; or (ii) shall (A) modify the right to one vote per Trust Unit or reduce the fractional undivided interest in the Trust Assets represented by any Trust Unit without the consent of the holder of such Trust Unit, or (B) reduce the percentage of votes required to be cast at a meeting of the Trust Unitholders for the purpose of Section 11.1 without the consent of Trust Unitholders by Special Resolution.

11.2 No Termination

No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 11 or otherwise, shall be construed as a termination of the Trust and the settlement or establishment of a new trust.

11.3 Notification of Amendment

As soon as shall be practicable after the making of any amendment pursuant to this Article 11, the Trustees shall furnish written notification of the substance of such amendment to each Trust Unitholder.

ARTICLE 12
MEETINGS OF TRUST UNITHOLDERS

12.1 Meetings of Trust Unitholders

(a) A meeting of the Trust Unitholders may be called at any time by the Trustees and shall be called by the Trustees upon a written requisition of Trust Unitholders holding in the aggregate not less than 10% of the Trust Units then outstanding, which requisition must specify in reasonable detail the business proposed to be transacted at the meeting. The Trust will not hold annual meetings of Trust Unitholders.

(b) Subject to Section 12.1(c), if the Trustees do not within 21 days after receiving the requisition referred to in Section 12.1(a) call a meeting, any Trust Unitholder who signed the requisition may call the meeting in accordance with the provisions of this Article 12.

(c) The Trustees, in their sole discretion, may deny a requisition for a meeting under the following circumstances:

(i) it clearly appears to the Trustees, acting reasonably, that the matter covered by the requisition is submitted by the Trust Unitholders primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustees, the officers of the Trust or its security holders, or primarily for the purpose of promoting general economic, political, racial, religious, social or similar causes;

(ii) it clearly appears to the Trustees, acting reasonably, that the matter covered by the requisition does not relate in a significant way to the business or affairs of the Trust;

(iii) the Trust, at the Trust Unitholder's request, included a matter covered by a requisition in an information circular relating to a meeting of Trust Unitholders held within two (2) years preceding the receipt of such request, and the Trust Unitholder failed to present the matter, in person or by proxy, at the meeting;

(iv) substantially the same matter covered by the requisition was submitted to Trust Unitholders in an information circular (including a dissident's information circular) relating to a meeting of Trust Unitholders held within two (2) years preceding the receipt of the Trust Unitholder's request and the matter covered by the requisition did not receive more than 40% of the total number of Trust Units voted; or

(v) the rights conferred by this Section 12.1 are being abused to secure publicity.

(d) The chairperson of any meeting shall be the Chairman of the Trustees or in his absence, any other Trustee specified by resolution of the Trustees or, in the absence of any Trustee, any person appointed as chairperson of the meeting by the Trust Unitholders present. The chairperson of the meeting shall appoint the Secretary of the Trust or, in the absence of the Secretary, an individual, who need not be a Trust Unitholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be Trust Unitholders, may be appointed by the chairperson.

(e) The Trustees, the officers of the Trust, the Public Accountants, Counsel and any other person approved by the Trustees or the chairperson of the meeting or by resolution passed by a majority of the votes cast by Trust Unitholders represented at the meeting may attend meetings of the Trust Unitholders.

(f) To the extent that the rules and procedures for the conduct of a meeting of Trust Unitholders are not prescribed herein, the rules and procedures shall be such reasonable rules and procedures as are determined by the chairperson of the meeting and such rules and procedures shall be binding upon all parties participating in the meeting.

12.2 Notice of Meetings

Notice of all meetings of Trust Unitholders shall be given by unregistered mail, postage prepaid, addressed to each Trust Unitholder at his or her last address on the books of the Trust, mailed at least 30 days and not more than 60 days before the meeting. Such notice shall specify the time when, and the place where, such meeting is to be held and shall specify the nature of the business to be transacted at such meeting in sufficient detail to permit a Trust Unitholder to form a reasoned judgment thereon, together with the text of any Special Resolution, at the time of mailing of the notice, proposed to be passed. Any adjourned meeting, other than a meeting adjourned for lack of a quorum under Section 12.8(b), may be held as adjourned without further notice. The accidental omission to give notice or the non-receipt of such notice by a Trust Unitholder shall not invalidate any resolution passed at any such meeting. Notwithstanding the foregoing, a meeting of Trust Unitholders may be held at any time without notice if all the Trust Unitholders are present or represented thereat or those not so present or represented have waived notice. Any Trust Unitholder (or a duly appointed proxy of a Trust Unitholder) may waive any notice required to be given under the provisions of this section, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice. Attendance at a meeting of Trust Unitholders shall constitute a waiver of notice unless the Trust Unitholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.

12.3 Quorum

At any meeting of the Trust Unitholders, subject as hereinafter provided, a quorum shall consist of two (2) or more individuals present in person either holding personally or representing as proxies not less in aggregate than 10% of the votes attached to all outstanding Trust Units. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Trust Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to such day being not less than 7 days later and to such place and time as may be appointed by the chairperson of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Trust Unitholders present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

The chairperson of any meeting at which a quorum of Trust Unitholders is present may, with a consent of the majority of the Trust Unitholders present in person or by proxy, adjourn any such meeting and no notice of any such adjournment need be given.

12.4 Voting Rights

Only Trust Unitholders of record on the applicable record date for voting shall be entitled to vote. Each Trust Unit shall entitle the holder or holders of that Trust Unit to one vote on a poll vote at any meeting of Trust Unitholders. Every question submitted to a meeting, other than a Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands vote, on which every person present and entitled to vote shall be entitled to one vote and unless a poll is demanded, a declaration by the chairperson that a resolution has been carried or carried unanimously or by a particular majority, or lost or not carried by a particular majority, shall be conclusive evidence of the fact. If a poll is demanded concerning the election of a chairperson or an adjournment, it shall be taken immediately upon request and, in any other case, it shall be taken at such time as chairperson of the meeting may direct. The poll shall be taken in such manner as the chairperson may direct. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which the poll has been demanded.

If Trust Units are held jointly by two (2) or more persons, any one (1) of them present in person or by proxy at the meeting may vote in the absence of the other or others; but if more than one of them is present in person or by proxy, they shall vote together with respect to the Trust Units held jointly, provided that only one of them can vote on a show of hands, and, if they do not agree on how to exercise any vote to which they are jointly entitled (including a vote on a show of hands), they shall, for the purposes of the voting, be deemed not to be present. The chairperson of the meeting shall be entitled to vote in respect of Trust Units held by the chairperson represented by the chairperson by proxy. In the case of an equality of votes, the chairperson shall not have a casting vote and the resolution shall be deemed to be defeated.

12.5 Proxies

Whenever the vote or consent of Trust Unitholders is required or permitted under this Declaration of Trust, such vote or consent may be given either directly by the Trust Unitholder or by a proxy. The instrument appointing a proxy must be in writing and either substantially in a form which may be approved by the Trustees acting reasonably or as may be satisfactory to the chairperson of the meeting at which it is sought to be exercised. The instrument of proxy must be executed by the Trust Unitholder giving the proxy or his agent duly authorized in writing and, if given on behalf of joint holders, must be executed by all of them and may be revoked by any of them, and, if given by a Trust Unitholder which is a body corporate, must be executed on its behalf by a person duly authorized in writing. Any person may be appointed a proxy, whether or not that person is a Trust Unitholder. The Trustees, on behalf of the Trust, may solicit instruments of proxy from the Trust Unitholders or any of them in respect of any matter requiring or permitting the Trust Unitholder's vote or consent. An instrument of proxy shall be deposited with the chairperson of the meeting before any vote is cast under its authority or at such earlier time or in such manner as the Trustees may prescribe from time to time.

An instrument of proxy executed in compliance with the foregoing shall be valid unless challenged at the time of or prior to its exercise and the person challenging the instrument shall have the burden of proving, to the satisfaction of chairperson of the meeting at which the instrument is proposed to be used, that the instrument of proxy is invalid. Any decision of the chairperson of the meeting in respect of the validity of an instrument of proxy shall be final and binding upon all persons. An instrument of proxy shall be valid only at the meeting with respect to which it was solicited or any adjournment thereof.

A vote cast in accordance with any proxy shall be valid notwithstanding the death, incapacity, insolvency or bankruptcy of the Trust Unitholder giving the proxy or the revocation of the proxy unless written notice of the death, incapacity, insolvency, bankruptcy of the Trust Unitholder or revocation of the proxy has been received by the chairperson of the meeting prior to the time the vote is cast.

12.6 Personal Representatives

Subject to the provisions of Article 13, if a Trust Unitholder is deceased, his personal representative, upon filing with the secretary of the meeting such proof of his appointment as the secretary considers sufficient, shall be entitled to exercise the same voting rights at any meeting of Trust Unitholders as the Trust Unitholder would have been entitled to exercise if the Trust Unitholder were living and for the purpose of the meeting shall be considered to be a Trust Unitholder. Subject to the provisions of the will of a deceased Trust Unitholder, if there is more than one personal representative, the provisions of Section 12.4 relating to joint holders shall apply.

12.7 Resolutions Binding the Trustees

Trust Unitholders shall be entitled to pass resolutions that will bind the Trust and the Trustees only with respect to the following matters:

(a) the election or removal of a Trustee to the extent permitted by Article 8;

(b) the appointment or removal of Public Accountants as provided in Article 17;

(c) the appointment of an inspector as provided in Section 12.11;

(d) the approval of amendments of this Declaration of Trust as provided in Article 11;

(e) the amalgamation, merger, arrangement or capital reorganization of the Trust;

(f) the termination or dissolution of the Trust, as provided in Section 14.2;

(g) the sale, lease, exchange or other distribution or disposition of all or substantially all of the Trust Assets;

(h) the ratification of any Trust Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Trust Unit purchase plan, Trust Unit option plan or other compensation plan contemplated by Section 5.10 requiring Trust Unitholder approval under laws or regulations applicable to the Trust;

(i) the creation of new Classes of Units as provided in Section 9.2(w);

(j) any other matters that the Trustees may determine or as may be properly brought before a meeting of Trust Unitholders including any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Trust Unitholders for their approval.

Except with respect to the above matters set out in this Section 12.7, no action taken by the Trust Unitholders or any resolution of the Trust Unitholders at any meeting shall in any way bind the Trustees. Any action taken or resolution passed in respect of any matter at a meeting of Trust Unitholders shall be by Special Resolution, unless the contrary is otherwise expressly provided under any specific provision of this Declaration of Trust and except for the matters set out in Sections 12.7(a), 12.7(b), 12.7(h) and, if applicable, 12.7(j) above which matters may be dealt with by Ordinary Resolution.

12.8 Meaning of "Special Resolution"

(a) The expression "**Special Resolution**" when used in this Declaration of Trust means, subject to this Article 12, a resolution proposed to be passed as a special resolution at a meeting of Trust Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions of this Article at which two (2) or more individuals present in person either holding personally or representing as proxies not less in aggregate than 10% of the number of Trust Units then outstanding and passed by the affirmative votes of the holders of more than 66 2/3% of the Trust Units represented at the meeting and voted on a poll upon such resolution.

(b) Notwithstanding Section 12.3, if at any meeting at which a Special Resolution is proposed to be passed the holders of 10% of the aggregate number of Trust Units outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Trust Unitholders, shall be dissolved; but in any other case it shall stand adjourned to such date, being not less than 21 nor more than 60 days later and to such place and time as may be appointed by the chairperson of the meeting. Not less than 10 days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 12.2. Such notice shall state that at the adjourned meeting the Trust Unitholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Trust Unitholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 12.8(a) shall be a Special Resolution within the meaning of this Declaration of Trust, notwithstanding that the holders of less than 10% of the aggregate number of Trust Units then outstanding are present in person or by proxy at such adjourned meeting.

(c) Votes on Special Resolution shall always be given on a poll and no demand for a poll on a Special Resolution shall be necessary.

12.9 Meaning of "Outstanding"

Every Trust Unit issued, certified and delivered hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Trustees or Transfer Agent for cancellation provided that:

(a) when a new certificate has been issued in substitution for a Trust Unit Certificate which has been lost, stolen, mutilated or destroyed, only one of such Trust Unit Certificates shall be counted for the purposes of determining the number of Trust Units outstanding; and

(b) for the purpose of any provision of this Declaration of Trust entitling holders of outstanding Trust Units to vote, sign consents, requisitions or other instruments or take any action under this Declaration of Trust, Trust Units owned directly or indirectly, legally or equitably, by the Trust shall be disregarded.

12.10 Record Date for Voting

For the purpose of determining the Trust Unitholders who are entitled to vote or act at any meeting or any adjournment thereof, the Trustees may fix a date not more than 60 days and not less than 30 days prior to the date of any meeting of Trust Unitholders as a record date for the determination of Trust Unitholders entitled to vote at such meeting or any adjournment thereof, and any Trust

Unitholder who was a Trust Unitholder at the time so fixed shall be entitled to vote at such meeting or any adjournment thereof even though the Trust Unitholder has since that time disposed of his or her Trust Units, and no Trust Unitholder becoming such after that time shall be so entitled to vote at such meeting or any adjournment thereof. In the event that the Trustees do not fix a record date for any meeting of Trust Unitholders, the record date for such meeting shall be the date upon which notice of the meeting is given as provided under Section 12.2.

12.11 Appointment of Inspector

The Trustees shall call a meeting of Trust Unitholders upon the written request of Trust Unitholders holding in the aggregate not less than 25% of the Trust Units then outstanding for the purpose of considering the appointment of an inspector to investigate the performance by the Trustees of their responsibilities and duties in respect of the Trust. The requisition must provide a reasonable explanation regarding the necessity of such action and must specifically outline the scope of the inspector's duties and powers. The inspector may be appointed for such purpose, at the expense of the Trust, by a resolution approved by a majority of the votes cast at the meeting. The inspector shall have only those powers considered necessary to perform the investigation, as specifically set out in the resolution to be voted on. The inspector shall not be granted any powers which are inconsistent with this Declaration of Trust. The appointment of an inspector will in no way hinder or diminish the powers vested in the Trustees in this Declaration of Trust and the inspector shall not, under any circumstances, have any powers to act in any capacity as the Trustees or in the place or in the stead of the Trustees in any manner under this Declaration of Trust.

12.12 Resolutions in Writing

Notwithstanding any other provision of this Declaration of Trust, a resolution in writing circulated to all Trust Unitholders and executed by Trust Unitholders holding more than 50% of the outstanding votes required to vote in favour thereof at a meeting of Trust Unitholders to approve that resolution, if such resolution is an Ordinary Resolution, or a resolution in writing circulated to all Trust Unitholders and executed by Trust Unitholders holding more than 66 2/3% of the outstanding votes required to vote in favour thereof at a meeting of Trust Unitholders to approve that resolution, if such resolution is a Special Resolution, shall be as valid and binding for all purposes of this Declaration of Trust as if such Trust Unitholders had exercised at that time all of the voting rights to which they were then entitled under Section 12.7 or 12.8 in favour of such resolution at a meeting of Trust Unitholders duly called for the purpose.

12.13 Binding Effect of Resolutions

Every resolution passed in accordance with the provisions of this Declaration of Trust at a meeting of Trust Unitholders shall be binding upon all the Trust Unitholders, whether present at or absent from that meeting, and each and every Trust Unitholder shall be bound to give effect accordingly to every such resolution.

12.14 No Breach

Notwithstanding any other provision of this Declaration of Trust, Trust Unitholders shall have no power to effect any amendment to this Declaration of Trust which would require the Trustees to take any action or conduct the affairs of the Trust in a manner which would constitute a breach or default by the Trust or the Trustees under any agreement binding on, or obligation of, the Trust or the Trustees.

12.15 Vote by Class

If, based on the opinion of Counsel to the Trust, a Class of Units is affected by any matter requiring the approval of Trust Unitholders in a manner which is different from units of another Class of Units, the holders of Units of such Class shall be entitled to vote separately as a Class in respect of such matter and, notwithstanding anything to the contrary herein contained, such matter shall not become effective until it has been approved by the holders of Units of each Class entitled to vote thereon. If a Class of Units is affected by any matter requiring approval and the other Class of Units is not affected by such matter, the holders of Units of the Class so affected shall only be entitled to vote in respect of such matter and such other Class of Units shall not be entitled to vote in respect thereof. The provisions of Article 12 shall apply, *mutatis mutandis* to any meeting of the Trust Unitholders of a single Class of Units.

ARTICLE 13
CERTIFICATES, REGISTRATION AND TRANSFER OF TRUST UNITS

13.1 Nature of Trust Units

The provisions of this Article 13 shall not in any way alter the nature of Trust Units or the relationships of a Trust Unitholder to the Trustees and of one Trust Unitholder to another but are intended only to facilitate the issuance of certificates evidencing the ownership of Trust Units, if desirable to issue them to Trust Unitholders and the recording of all transactions in respect of Trust Units and Trust Unit Certificates, whether by the Trust or other persons.

13.2 Form of Trust Unit Certificates

(a) Trust Unit Certificates shall, subject to the provisions hereof, be in such form as is authorized from time to time by the Trustees.

(b) If issued, Trust Unit Certificates are issuable only in fully registered form.

(c) The definitive form of the Trust Unit Certificates shall:

(i) be in the English language;

(ii) be dated as of the date of issue thereof; and

(iii) contain such distinguishing letters and numbers as the Trustees shall prescribe.

(d) In the event that the Trust Unit Certificate is translated into the French language and any provision of the Trust Unit Certificates in the French language shall be susceptible of an interpretation different from the equivalent provision in the English language, the interpretation of such provision in the English language shall be determinative.

(e) Each Trust Unit Certificate shall be signed on behalf of the Trustees. The signature of the Trustees or any officers on behalf of the Trustees required to appear on such certificate may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid as if they had been signed manually.

(f) The Trust is not bound to issue more than one Trust Unit Certificate in respect of Units held jointly or in common by two (2) or more persons and delivery of a Trust Unit Certificate to one (1) of them shall be sufficient delivery to all.

13.3 Contents of Trust Unit Certificates

(a) Until otherwise determined by the Trustees, each Trust Unit Certificate shall legibly set forth on the face thereof, *inter alia*, the following:

(i) the name of the Trust and the words "A trust created under the laws of the Province of Ontario by a Declaration of Trust dated as of June 18th, 2010 as may be further amended from time to time", or words of like effect;

(ii) the name of the person to whom the Trust Unit Certificate is issued as Trust Unitholder;

(iii) the number and Class of Trust Units represented thereby and whether or not the Trust Units represented thereby are fully paid;

(iv) that the Trust Units represented thereby are transferable but that such transfers are subject to restrictions set out in this Declaration of Trust;

(v) the words "The Trust Units represented by this certificate are issued upon the terms and subject to the conditions of the Declaration of Trust, which Declaration of Trust is binding upon all holders of Trust Units and, by acceptance of this certificate, the holder assents to the terms and conditions of the Declaration of Trust. A copy of the Declaration of Trust pursuant to which this certificate and the Trust Units represented thereby are issued may be obtained by a Trust Unitholder on demand and without fee from the head office of the Trust", or words of like effect; and

(vi) the words "For information as to personal liability of a Trust Unitholder, see the reverse side of this certificate", or words of like effect.

(b) Until otherwise determined by the Trustees, each such certificate shall legibly set forth on the reverse side thereof, *inter alia*, the following:

(i) "The Declaration of Trust provides that no Trust Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the assets of the Trust or the obligations or the affairs of the Trust and all such persons shall look solely to the assets of the Trust for satisfaction of claims of any nature arising out of or in connection therewith and the assets of the Trust only shall be subject to levy or execution", or words of like effect; and

(ii) appropriate forms of notice of exercise of the right of redemption and of powers of attorney for transferring Trust Units.

The Trust Unit Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Trustees may determine.

13.4 Register of Trust Unitholders

A register may be kept at the principal corporate office of the Trust which register shall contain the names and addresses of the Trust Unitholders, the respective numbers and Classes of Trust Units held by them, the certificate numbers of certificates representing such Trust Units and a record of all transfers and redemptions thereof. Branch transfer registers shall be maintained at such other offices of the Trust as the Trustees may from time to time designate. Only Trust Unitholders whose Trust Units and/or Trust Unit Certificates are so recorded shall be entitled to receive distributions or to exercise or enjoy the rights of Trust Unitholders hereunder. The Trustees shall have the right to treat the person registered as a Trust Unitholder on the register of the Trust as the owner of such Trust Units for all purposes, including, without limitation, payment of any distribution, giving notice to Trust Unitholders and determining the right to attend and vote at meetings of Trust Unitholders. All issuances of Reinvestment Units shall be recorded in the register of Trust Units, whether or not Trust Unit Certificates are issued in respect thereof.

13.5 Limitation of Non-Resident Ownership

(a) At no time may Non-Residents be the beneficial owners of more than 49% of the Trust Units (on either a Non-Diluted or Fully Diluted Basis).

(b) The Trustees shall have the power and authority to determine from time to time written guidelines with respect to the form and content of a Unitholder's Declaration, the times at which any Unitholder's Declarations are to be requested and any other relevant matters relating to Unitholder's Declarations.

A Unitholder's Declaration shall be in the form and substance from time to time determined by the Trustees and, without limiting the generality of the foregoing, may be required to be in the form of a declaration in writing sworn under oath or affirmed in a manner and in a form acceptable to the Trustees. Without limiting the generality of the foregoing, any Unitholder's Declaration may be required to contain information with respect to:

(i) whether the Unitholder is the beneficial owner of the applicable Units or whether any other person is the beneficial owner of those Units; and

(ii) whether the Unitholder or any other beneficial owner of the Units is a Non-Resident.

(c) If the Trustees become aware that the limitations on ownership set forth in Section 13.5(a) is, or may be, contravened or that such a situation is imminent, the transfer agent or registrar shall make a public announcement thereof and shall not accept a subscription for Trust Units from or issue or register a transfer of Trust Units to a person unless the person provides a Unitholder's Declaration satisfactory to the Trustees that the person is not a Non-Resident and does not and will not hold Trust Units on behalf of or for the benefit of any Non-Resident and will not be subject to the instructions or influence of any Non-Resident with respect to the voting of any Trust Units. If, notwithstanding the foregoing, the Trustees determine either that more than 49% of the Trust Units (on either a Non-Diluted or Fully Diluted Basis) are held or beneficially owned by Non-Residents the Trustees may send a notice to those Non-Residents holding Trust Units, as applicable, chosen in inverse order to the order of acquisition or registration or in any manner as the Trustees may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not less than 30 days. If the Trust Unitholders receiving such notice have not sold the specified number of Trust Units or provided the Trustees with Unitholders' Declarations or other satisfactory evidence within such period that they are not Non-Residents and that they do not and will not hold Trust Units on behalf of or for the benefit of any Non-Resident and that they are not and will not be subject to the instructions or influence of any Non-Resident with respect to the voting of any Trust Units, the Trustees may on behalf of such Trust Unitholders sell such Trust Units and, in the interim, shall suspend the voting and distribution rights attached to such Trust Units. Upon such sale, the affected holders shall cease to be holders of such Trust Units and their rights in respect of such Trust Units shall be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Trust Units.

(d) Subject to Section 9.6, unless and until the Trustees shall have been required to do so under the terms hereof, the Trustees shall not be bound to do or take any proceeding or action with respect to this Section 13.5 by virtue of the powers conferred on them hereby. The Trustees shall have the sole right and authority to make any determination required or contemplated under this Section 13.5. The Trustees shall make all determinations necessary for the administration of the provisions of this Section 13.5 and, without limiting the generality of the foregoing, if the Trustees consider that there are reasonable grounds for believing that a contravention of the limitations on ownership set forth in Section 13.5(a) has occurred or will occur, the Trustees shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the Trustees. In any situation where it is unclear whether Trust Units are held for the benefit of Non-Residents, the Trustees may exercise their discretion in determining whether such Trust Units are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of this Section 13.5. Notwithstanding the foregoing, the Trustees may delegate, in whole or in part, their power to make a determination in this respect to any officer of the Trust.

13.6 Transfer of Trust Units

(a) Subject to the provisions of this Article 13 and applicable securities laws, the Trust Units shall be fully transferable without charge as between persons, but no transfer of Trust Units shall be effective as against the Trustees or shall be in any way binding upon the Trustees until the transfer has been approved by the Trustees and recorded on the Registers.

(b) No transfer of a Trust Unit will be recognized unless such transfer is of a whole Trust Unit, unless otherwise determined by the Trustees.

(c) Subject to the provisions of this Article 13, Trust Units shall be transferable on the Registers only by the Trust Unitholders of record thereof or their executors, administrators or other legal representatives or by their agents or attorneys duly authorized in writing, and only upon delivery to the Trust of the certificate therefor, properly endorsed or accompanied by a duly executed instrument of transfer or power of attorney and accompanied by all necessary transfer or other taxes imposed by law, together with such evidence of the genuineness of such endorsement, execution and authorization and other matters that may reasonably be required by the Trustees. Upon such delivery, the transfer shall be recorded on the Registers and a new certificate for the Trust Units shall be issued to the transferee and a new certificate for the balance of Trust Units not transferred shall be issued to the transferor.

(d) Any person becoming entitled to any Trust Units as a consequence of the death, bankruptcy or mental incompetence of any Trust Unitholder, or otherwise by operation of law, shall be recorded as the holder of such Trust Units and shall receive, in the case of Trust Units, a new Trust Unit Certificate therefor only upon production of evidence satisfactory to the Trustees and delivery of the existing certificate to the Trustees, but until such record is made the Trust Unitholder of record shall continue to be and be deemed to be the holder of such Trust Units for all purposes whether or not the Trustees shall have actual or other notice of such death or other event.

(e) Trust Unit Certificates representing any number of Trust Units may be exchanged without charge for Trust Unit Certificates representing an equivalent number of Trust Units in the aggregate. Any exchange of Trust Unit Certificates may be made at the offices of the Trust where Registers are maintained for Trust Unit Certificates pursuant to the provisions of this Article 13. Any Trust Unit Certificates tendered for exchange shall be surrendered to the Trustees and then shall be cancelled.

13.7 Trust Units Held Jointly or in a Fiduciary Capacity

Except as herein provided, the Trustees may treat two (2) or more persons holding any Trust Units as joint owners of the entire interest therein unless their ownership is expressly otherwise recorded on the Register of the Trust, but no entry shall be made in the Register or on any certificate that any person is in any other manner entitled to any future, limited or contingent interest in any Trust Units; provided, however, that any person recorded as a Trust Unitholder may, subject to the provisions hereinafter contained, be described in the Register or on any certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship.

13.8 Performance of Trust

The Trustees, the Trust and any officers of the Trust, shall not be bound to be responsible for or otherwise inquire into or ensure the performance of any trust, express, implied or constructive, or of any pledge or equity to which any of the Trust Units or any interest therein are or may be subject, or to ascertain or enquire whether any transfer of any such Trust Units or interests therein by any such Trust Unitholder or by his or her personal representatives is authorized by such trust, pledge, or equity, or to recognize any person as having any interest therein except for the person recorded as Trust Unitholder.

13.9 Lost Certificates

In the event that any certificate for Trust Units is lost, stolen, destroyed or mutilated, the Trustees may authorize the issuance of a new certificate for the same number of Trust Units in lieu thereof. The Trustees may in their sole discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or statutory declaration setting forth such facts as to the loss, theft, destruction or mutilation as the Trustees may deem necessary, to surrender any mutilated certificate and shall require the applicant to supply to the Trust a "Lost Certificate Bond" or a similar bond in such reasonable sum as the Trustees may direct indemnifying the Trust for so doing.

13.10 Death of a Trust Unitholder

The death of a Trust Unitholder during the continuance of the Trust shall not terminate the Trust or any of the mutual or respective rights and obligations created by or arising under this Declaration of Trust nor give such Trust Unitholder's personal representatives a right to an accounting or take any action in court or otherwise against other Trust Unitholders or the Trustees or the Trust Assets, but shall merely entitle the personal representatives of the deceased Trust Unitholder to demand and receive, pursuant to the provisions hereof, a new certificate for Trust Units in place of the certificate held by the deceased Trust Unitholder, if any, and upon the acceptance thereof such personal representatives shall succeed to all rights of the deceased Trust Unitholder under this Declaration of Trust.

13.11 Offer for Trust Units

(a) In this Section 13.11:

(i) "**Dissenting Offeree**" means, where an Offer is made for all the Trust Units, a holder of a Trust Unit who does not accept the Offer, and includes a subsequent holder of a Trust Unit that is the subject of the Offer;

(ii) "**Offer**" means an offer to acquire, directly or indirectly, outstanding Trust Units (including securities then currently convertible, exchangeable or exercisable for Trust Units) where, as of the date of the offer to acquire, either the Trust Units that are the subject of the offer to acquire, together with the Offeror's Trust Units, constitute in the aggregate 20% or more of all outstanding Trust Units, or the offer to acquire is made by the Trust itself;

(iii) "**Offer to Acquire**" includes an acceptance of an offer to sell;

(iv) "**Offeror**" means a person, or two (2) or more persons acting jointly or in concert, who makes an Offer, and includes the Trust itself if the Trust makes an Offer;

(v) "**Offeror's Notice**" means the notice described in Section 13.1 l(c); and

(vi) "**Offeror's Units**" means Trust Units beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror or any Affiliate or associate of the Offeror.

(b) If an Offer is made for all outstanding Trust Units (other than Trust Units held by or on behalf of the Offeror or any Affiliate or associate of the Offeror or any person acting jointly or in concert with the Offeror, within the meaning of the *Securities Act* (Ontario)) and, by such Offer, the Offeror agrees to be bound by the provisions of this Section 13.11, and:

(i) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the longer, the Offer is accepted by the holders of at least 90% of the outstanding Trust Units other than the Offeror's Trust Units; and

(ii) the Offeror has taken up and paid for the Trust Units of the Trust Unitholders who accepted the Offer;

then:

(iii) the Offeror will be entitled to acquire, and the Dissenting Offerees will be required to sell to the Offeror, the Trust Units held by the Dissenting Offerees on the terms on which the Offeror acquired the Trust Units of the Trust Unitholders who accepted the Offer,

provided that the Offeror complies with Section 13.1 l(c) and Section 13.1 l(e).

(c) Where an Offeror is entitled to acquire Trust Units held by a Dissenting Offeree pursuant to Section 13.11(b), and the Offeror wishes to exercise such right, the Offeror must send by registered mail before the earlier of 60 days after the date of termination of the Offer and 180 days following the date of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Offeree stating that:

(i) Trust Unitholders holding at least 90% of the outstanding Trust Units other than the Offeror's Trust Units, have accepted the Offer;

(ii) the Offeror has taken up and paid for the Trust Units of the Trust Unitholders who accepted the Offer;

(iii) a Dissenting Offeree must transfer his, her or its respective Trust Units to the Offeror on the terms on which the Offeror acquired the Trust Units of the Trust Unitholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and

(iv) Dissenting Offerees must send the Unit Certificates representing their respective Trust Units to the Trust, duly endorsed for transfer, within 21 days after the date of the sending of the Offeror's Notice.

(d) A Dissenting Offeree to whom an Offeror's Notice is sent pursuant to Section 13.11(c), must, within 21 days after the sending of the Offeror's Notice, as applicable, send the Unit Certificate representing his, her or its Trust Units to the Trust, duly endorsed for transfer, if a Unit Certificate for such Trust Units has been provided.

(e) Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 13.11(c), the Offeror must pay or transfer to the Trustees, or to such other person as the Trustees may direct, the cash or other consideration that the Offeror would have had to pay to the Dissenting Offeree had they accepted the Offer in respect of the Units that they continue to hold.

(f) The Trustees, or the person directed by the Trustees, must hold in trust for the Dissenting Offerees the cash or other consideration received under Section 13.11(e), but such cash or other consideration shall not form any part of the Trust Assets. The Trustees, or such persons, shall deposit such cash in a separate account in a Canadian chartered bank, and shall place such other consideration in the custody of a Canadian chartered bank or similar institution, for safekeeping.

(g) Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 13.11(c), the Trustees, if the Offeror has complied with Section 13.11(e), shall:

(i) do or cause to be done all acts and things and execute and cause to be executed all instruments as in the opinion of the Trustees may be necessary or desirable to cause the transfer of the Trust Units of the Dissenting Offerees to the Offeror;

(ii) send or cause to be sent to each Dissenting Offeree who has complied with section 13.11(d) the consideration to which such Dissenting Offeree is entitled under this section 13.11; and

(iii) send or cause to be sent to each Dissenting Offeree who has not complied with section 13.1 l(d) a notice stating that:

(iv) his Trust Units have been transferred to the Offeror;

(v) the Trustees or some other person designated in such notice are holding in trust the consideration for such Trust Units; and

(vi) the Trustees, or such other person, will send the consideration to such Dissenting Offeree as soon as practicable after receiving the certificate(s) representing such Dissenting Offeree's Trust Units or such other documents as the Trustees or such other person may require in lieu thereof;

and the Trustees are hereby appointed the agent and attorney of the Dissenting Offeree for the purposes of giving effect to the foregoing provisions.

(h) Subject to applicable law, an Offeror cannot make an Offer for Trust Units unless, concurrent with the communication of the Offer to any Trust Unitholder, a copy of the Offer is provided to the Trust.

13.12 Repurchase of Trust Units

The Trust shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Trust Units, at a price per Trust Unit and on a basis to be determined by the Trustees in compliance with all applicable securities regulatory laws, regulations or policies or the policies of any applicable stock exchange.

ARTICLE 14
TERMINATION

14.1 Term of Trust

Subject to the other provisions of this Declaration of Trust, the Trust shall continue for a term ending on June 18, 2040. For the purpose of terminating the Trust by such date, the Trustees shall commence to wind-up the affairs of the Trust on such date as may be determined by the Trustees, being not more than two (2) years prior to the end of the term of the Trust.

14.2 Termination with the Approval of Trust Unitholders

The Trust Unitholders may vote by Special Resolution to terminate the Trust at any meeting of Trust Unitholders duly called by the Trustees for the purpose of considering termination of the Trust, following which the Trustees shall commence to wind up the affairs of the Trust. Such Special Resolution may contain such directions to the Trustees as the Trust Unitholders determine, including a direction to distribute some or all of the Trust Assets.

14.3 Procedure Upon Termination

Forthwith upon being required to commence to wind up the affairs of the Trust, the Trustees shall give notice thereof to the Trust Unitholders, which notice shall designate the time or times at which Trust Unitholders may surrender their Trust Units for cancellation and the date at which the Registers shall be closed.

14.4 Powers of the Trustees Upon Termination

After the date on which the Trustees are required to commence to wind up the affairs of the Trust, the Trustees shall undertake no activities except for the purpose of winding-up the affairs of the Trust as hereinafter provided and, for this purpose, the Trustees shall continue to be vested with and may exercise all or any of the powers conferred upon the Trustees under this Declaration of Trust.

14.5 Sale of Investments

After the date referred to in Section 14.3, the Trustees shall proceed to wind up the affairs of the Trust as soon as may be reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a termination authorized under Section 14.2, sell and convert into money the Trust Assets in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Trust Assets, and shall in all respects act in accordance with the directions, if any, of the Trust Unitholders (in respect of a termination authorized under Section 14.2). If the Trustees are unable to sell all or any of the Trust Assets by the date set for termination, the Trustees may, subject to obtaining all necessary regulatory approvals, distribute the remaining securities or other assets directly to the Trust Unitholders of each Class on a *pro rata* basis with Trust Unitholders holding Units of the same Class.

14.6 Distribution of Proceeds or Assets

After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for indemnity against any other outstanding liabilities and obligations, the Trustees shall, subject to obtaining all necessary regulatory approvals, distribute the remaining part of the proceeds of the sale of Trust Assets together with any cash forming part of the Trust Assets among the Trust Unitholders of each Class on a *pro rata* basis with Trust Unitholders holding Units of the same Class, in accordance with Section 3.1 hereof.

14.7 Further Notice to Trust Unitholders

In the event that less than all of the Trust Unitholders have surrendered their Trust Units for cancellation within six (6) months after the time specified in the notice referred to in Section 14.3, the Trustees shall give further notice to the remaining Trust Unitholders to surrender their Trust Units for cancellation and if, within one (1) year after the further notice, all the Trust Units shall not have been surrendered for cancellation, such remaining Trust Units shall be deemed to be cancelled without prejudice to the rights of the holders of such Trust Units, if applicable, to receive their *pro rata* share of the remaining Trust Assets, and the Trustees may either take appropriate steps, or appoint an agent to take appropriate steps, to contact such Trust Unitholders (deducting all expenses thereby incurred from the amounts to which such Trust Unitholders are entitled as aforesaid) or, in the discretion of the Trustees, may pay such amounts into court.

14.8 Responsibility of the Trustees after Sale and Conversion

The Trustees shall be under no obligation to invest the proceeds of any sale of investments or other assets or cash forming part of the Trust Assets after the date referred to in Section 14.3 and, after such sale, the sole obligation of the Trustees under this Declaration of Trust shall be to hold such proceeds or assets in trust for distribution under Section 14.6.

ARTICLE 15
SUPPLEMENTAL INDENTURES

15.1 Provision for Supplemental Indentures for Certain Purposes

The Trustees may, without approval of the Trust Unitholders and subject to the provisions hereof, and shall, when so directed in accordance with the provisions hereof, execute and deliver indentures or instruments supplemental hereto which thereafter shall form part hereof, for any one (1) or more or all of the following purposes:

(a) modifying or amending any provisions of this Declaration of Trust in the circumstances set forth in Section 11.1 where the Trustees may do so without the consent, approval or ratification of the Trust Unitholders or any other person; and

(b) modifying or amending any provisions of this Declaration of Trust where the modification or amendment has been approved by Ordinary Resolution or Special Resolution, as the case may be, or, if required, with the consent of the holders of all of the Trust Units,

and any such indenture or instrument supplemental to this Declaration of Trust shall be binding on all parties, including without limitation, all Trust Unitholders on the later of (i) the date of the execution thereof, and (ii) the effective date of any required approval by Trust Unitholders with respect to that indenture or instrument.

ARTICLE 16
GENERAL

16.1 Notices

(a) Any notice or other document required to be given or sent to Trust Unitholders under this Declaration of Trust shall be given or sent through ordinary post addressed to each registered holder at his or her last address appearing on the Registers; provided that if there is a general discontinuance of postal service due to strike, lockout or otherwise, such notice may be given by publication twice in the Report on Business section of the National Edition of The Globe and Mail or similar section of any other newspaper having national circulation in Canada; provided further that if there is no newspaper having national circulation, then by publishing twice in the business section of a newspaper in each city where a Register is maintained. Any notice so given shall be deemed to have been given on the day following that on which the letter or circular was posted or, in the case of notice being given by publication, after publishing such notice twice in the designated newspaper or newspapers. In proving notice was posted, it shall be sufficient to prove that such letter or circular was properly addressed, stamped and posted.

(b) Any written notice or written communication given to the Trustees shall be addressed to the Trustees at the head office of the Trust as designated pursuant to Section 2.4, and shall be deemed to have been given on the date of delivery or, if mailed, five (5) days from the date of mailing. If any such notice or communication shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such notice or communication shall be deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted any notice or other communication shall be given by personal delivery or by cable, telegram, telex or other means of prepaid, transmitted or recorded communication.

16.2 Failure to Give Notice

The failure by the Trustees, by accident or omission or otherwise unintentionally, to give any Trust Unitholder any notice provided for herein shall not affect the validity, effect or taking effect of any action referred to in such notice, and the Trustees shall not be liable to any Trust Unitholder for any such failure.

16.3 Joint Holders

Service of a notice or document on any one of several joint holders of Trust Units shall be deemed effective service on the other joint holders.

16.4 Service of Notice

Any notice or document sent by post to or left at the address of a Trust Unitholder pursuant to this Article shall, notwithstanding the death or bankruptcy of such Trust Unitholder, and whether or not the Trustees have notice of such death or bankruptcy, be deemed to have been fully served and such service shall be deemed sufficient service on all persons having an interest in the Trust Units concerned.

16.5 Agent For Service

Each Trust Unitholder appoints the Trustees as his/her agent for service in the Province of Ontario in respect of all matters concerning and/or relating to the Trust Units and authorizes and directs the Trustees to record his/her address in the securities register as *c/o The Trustees: First Leaside*

Mortgage Fund, 430 Regional Road #8, RR 1 Uxbridge, Ontario, L9P 1R1; provided that the Purchaser understands that the General Partner may be required by law or otherwise to disclose to regulatory authorities the identity of the Purchaser and agrees that such information may be provided by the General Partner if, as and when required.

16.6 Information Available to Trust Unitholders

Each Trust Unitholder shall have the right to obtain, on demand and without fee, from the head office of the Trust a copy of this Declaration of Trust and any amendments thereto relating to Trust Units and shall be entitled to inspect and, on payment of a reasonable fee therefor and after delivering to the Trustees a statutory declaration stating the name and address of the person requiring the Trustees to furnish the list of Trust Unitholders and, if the person is a body corporate, the address for service thereof, and that the list will not be used except in connection with:

(a) an effort to influence the voting of the holders of Trust Units;

(b) an offer to acquire Trust Units; or

(c) any other matter relating to the Trust Units or the affairs of the Trust,

obtain a list of the Trust Unitholders for the aforesaid purposes.

16.7 Fiscal Year and Taxation Year

The fiscal year and taxation year of the Trust shall end on December 31 of each year.

16.8 Financial Disclosure

The Trust will send (or make available if sending is not required by law) to Trust Unitholders:

(a) within the time prescribed by applicable securities laws, the annual financial statements of the Trust prepared as at the end of each fiscal year of the Trust, together with comparative financial statements for the preceding fiscal year, if any, and the report of the Public Accountants thereon referred to in Section 17.4; and

(b) within the time prescribed by applicable securities laws, unaudited quarterly financial statements of the Trust for such fiscal quarter (other than in respect of the fourth quarter of each fiscal year) together with comparative financial statements for the same fiscal quarter in the preceding fiscal year, if any.

Such financial statements shall be prepared in accordance with generally accepted accounting principles in Canada as recommended from time to time in the Handbook of the Canadian Institute of Chartered Accountants; provided that such statements and the obligations to deliver such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

16.9 Trust Unitholder Meeting Information

Prior to each meeting of Trust Unitholders, the Trustees will provide to each Trust Unitholder, together with the notice of the meeting:

(a) a form of proxy which can be used by a Trust Unitholder to appoint a proxy, who need not be a Trust Unitholder, to attend and act at the meeting on behalf of the Trust Unitholder, in the manner and to the extent authorized by the proxy; and

(b) all information required by applicable law.

16.10 Taxation Information

Within 90 days from the end of each calendar year, the Trust will provide to Trust Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Trust Unitholders for income tax purposes to enable Trust Unitholders to complete their tax returns in respect of the prior calendar year.

16.11 Income Tax Matters

In respect of the first taxation year of the Trust, the Trust shall elect pursuant to Subsection 132(6.1) of the Tax Act that the Trust be deemed to be a mutual fund trust for the entire year. The Trustees shall satisfy, perform and discharge all obligations and responsibilities of the Trustees under the Tax Act or any similar provincial legislation and neither the Trust nor the Trustees shall be accountable or liable to any Trust Unitholders by reason of any act or acts of the Trustees consistent with, or which the Trustees believe in good faith to be consistent with, any such obligations or responsibilities. The Trustees shall determine the tax deductions, allowances and credits to be claimed, and designations to be made by the Trust in any year, and the Trustees shall claim those deductions, allowances and credits and make those designations for the purposes of computing the income of the Trust and the amount of tax payable, if any, by the Trust pursuant to the provisions of the Tax Act. In calculating Income of the Trust for income tax purposes, the Trust will claim the maximum amount available to it as deductions under applicable laws, unless the Trustees determine otherwise.

16.12 Protective Classification Election

Within 70 days following each Date of Closing, the Trust shall file with the United States Internal Revenue Service a protective election on Form 8832, effective immediately prior to the Closing, to be classified as a partnership for United States federal income tax purposes.

16.13 Trust Records

The Trustees shall prepare and maintain, at the head office of the Trust or at any other place in Canada designated by the Trustees, records containing: (i) the Declaration of Trust; and (ii) minutes of meetings and resolutions of the Unitholders. The Trust shall also prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the Trustees and each committee thereof. Such records shall be kept at the head office of the Trust or at such other place in Canada as the Trustees think fit and shall at all reasonable times be open to inspection by the Trustees.

16.14 Consolidations

Any one (1) or more Trustees may prepare consolidated copies of the Declaration of Trust as it may from time to time be supplemented, amended or amended and restated and may certify the same to be a true consolidated copy of the Declaration of Trust, as supplemented, amended or amended and restated.

ARTICLE 17
PUBLIC ACCOUNTANTS

17.1 Qualification of Public Accountants

The Public Accountants shall be an independent recognized firm of accountants which has an office in Canada.

17.2 Appointment of Public Accountants

Sloan Partner LLP Services are appointed as the Public Accountants of the Trust, to hold that office until their resignation or removal in accordance with Section 17.3. The Public Accountants will receive such remuneration as may be approved by the Trustees.

3.13 Change of Public Accountants

The Public Accountants may at any time be removed by the Trustees with the approval of an Ordinary Resolution passed by Trust Unitholders at a meeting of Trust Unitholders duly called for the purpose and, upon the resignation or the removal of the Public Accountants as aforesaid, new public accountants may be appointed by an Ordinary Resolution passed by Trust Unitholders at a meeting duly called for the purpose or, in the absence of such meeting, by the Trustees.

17.4 Review of Public Accountants

The Public Accountants shall review the accounts of the Trust at least once in each year and a report of the Public Accountants with respect to the annual financial statements of the Trust shall be provided to each Trust Unitholder with the annual financial statements referred to in Section 16.8.

ARTICLE 18
MISCELLANEOUS

18.1 Counterparts

This Declaration of Trust may be simultaneously executed in counterparts, each of which when executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterparts.

18.2 Severability

If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

18.3 Accounting Principles

All accounting terms not specifically defined in this Declaration of Trust will be interpreted in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of this Declaration of Trust, such determination or calculation will, to the extent applicable and except as otherwise specified herein or as otherwise determined by the Trustees, be made in accordance with GAAP.

18.4 Language

The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English. *Les parties aux présentes ont expressément convenu que la presénte convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en anglais.*

IN WITNESS WHEREOF this Trust Agreement had been executed as of the 18th day of June, 2010.

TRUSTEE

Witness	**David C. Phillips**

INITIAL UNITHOLDER

Witness	**David C. Phillips**

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.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD OF THE APPLICANTS
(RETURNABLE AUGUST 23, 2012)

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