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April 26, 2013

**BY EMAIL**

**To all persons who are clients of First Leaside Securities Inc. (the "Investors")**

Dear Sirs/Mesdames:

**RE: Ninth Reporting Letter to Investors by Dentons Canada LLP as Court-appointed representative counsel for the Investors ("Rep Counsel")**

This ninth reporting letter is intended to update you on our discussions with the court-appointed receiver, Grant Thornton Limited (the "Receiver"), and the activities that we are currently engaging in on your behalf in our capacity as Rep Counsel.

As a part of an international combination with Salans LLP and other members of SNR Denton Group, Fraser Milner Casgrain LLP has changed its name to Dentons Canada LLP ("Dentons"). This amalgamation will not change the professionals acting as Rep Counsel and those previously representing the Investors will continue to represent the Investors going forward.

1. Status of claims process

Investor Claims

The Receiver has advised that approximately 5,500 claim forms were distributed to Investors in the context of the claims process (the "Claims Process") approved by the court on December 7, 2012 (the "Claims Procedure Order"). Of those forms distributed, only 302 forms were returned requesting amendments. The Receiver is focusing the majority of its efforts on approximately 115 of the requested modifications where the amendments are material and the Investors are potentially going to receive a distribution. As a result of the Claims Process for Investor claims, the Receiver acknowledged approximately $327 million of Investor claims.

Creditor Claims

In excess of 100 proof of claim forms totaling approximately $9.3 million have also been received from creditors in the context of the Claims Process. This amount does not include the creditor claims of the various trusts (e.g. FLWM Trust Fund), which are included in the Investor claims discussed above. The Receiver is currently assessing the amounts of all of the creditor claims.

The Receiver continues to work on determining the precise manner and details for a distribution based on all of the Investor and creditor claims, and estimates that, barring any unforeseen difficulties, within approximately two months authorization to make a distribution to the main body of Investors and creditors (while maintaining a hold back for those claims which are disputed and have not yet been resolved) will be requested from the Court.

2. Timing of distributions to the syndicated mortgage Investors

The sale of the Cemetery Road property, previously reported on, has been completed. There is also a conditional agreement for the sale of the Mill Street property, but the transaction has not yet received court approval or closed.

We understand that the Receiver intends to seek Court approval in the near future with respect to distributing the proceeds of the Cemetery Road property (and the Mill Street property if such transaction closes).

3. Outstanding loans to employees, officers and/or directors

The Receiver has advised that First Leaside has outstanding loans of approximately $2,300,000 to Investors, $700,000 to employees, and $300,000 to third parties. The Receiver is in the process of demanding payment of these loan amounts.

Those Investors that receive a demand for payment from the Receiver should seek independent legal advice. Dentons is unable to advise those individual Investors regarding their legal rights to a demand for payment as doing so would be a conflict of interest given our mandate to represent the Investor group as a whole.

4. Status of the transaction with the Funds trustees

The Receiver has advised that in its view the substantive negotiation of the prospective transaction with the trustees of Wimberly Fund, First Leaside Fund and First Leaside Mortgage Fund (collectively, the "Funds") is well advanced. However, as the transaction is very complex the documentation is still being negotiated.

5. Canadian Investor Protection Fund ("CIPF") claim

CIPF has recently begun to deliver notices to Investors regarding the claims procedure. The deadline for submission of claims to CIPF has been set by CIPF as **October 12, 2013**. More information can be found at www.cipf.ca.

We have already spoken with CIPF regarding the claims process. The current CIPF claims process is designed for individuals, not groups, to put forward their claims and to have those claims dealt with on an individual basis. We have met with the Investors' Steering Committee to discuss a strategy, and proposed plan to work with CIPF so that may have the vast majority of Investors claims dealt with on a more efficient and expeditious basis. When we have more to report in that regard we will reconnect with the group of Investors as a whole.

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Yours truly,
**Dentons Canada LLP**

Shayne Kukulowicz

cc: Jane Dietrich, Fraser Milner Casgrain LLP
cc: Jonathan Krieger, Grant Thornton Limited
cc: Daniel Sobel, Grant Thornton Limited
cc: Pamela L. Huff, Blake, Cassels & Graydon LLP
cc: Katherine McEachern, Blake, Cassels & Graydon LLP