

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

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

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

**APPLICATION RECORD
(RETURNABLE FEBRUARY 23, 2012)
VOLUME 2 OF 2**

February 22, 2012

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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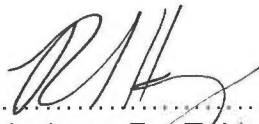
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This is **Exhibit "Z"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.



.....
A Commissioner For Taking Affidavits

First Leaside Ultimate Limited Partnership

(A Canadian Limited Partnership)

Financial Statements
(unaudited)

December 31, 2010

First Leaside Ultimate Limited Partnership

Balance Sheet
(Expressed in U.S. dollars)

December 31, 2010
(unaudited)

	2010
Assets	
Cash	900,370
Due from related parties (note 3)	1,064,708
	1,965,078

Liabilities and Shareholders' Equity

Liabilities:	
Accounts payable and accrued liabilities	4,000
Due to related parties (note 3)	-
Partners' Equity (note 2)	1,961,078
	1,965,078

First Leaside Ultimate Limited Partnership

Statement of Operations
(Expressed in U.S. dollars)

For the year ended December 31, 2010
(unaudited)

	2010
Revenue	
Revenue:	
Interest	27,623
	<u>27,623</u>
Expenses	
Operating Expenses:	
Professional fees	872,684
Administration	11,381
	<u>884,065</u>
Net Income (Loss)	<u>(856,442)</u>

First Leaside Ultimate Limited Partnership

Statement of Partners' Equity
(Expressed in U.S. dollars)

For the year ended December 31, 2010
(unaudited)

	2010		
	General Partner	Limited Partners	
Partners' equity, beginning of year	-	-	-
Unit purchase loan receivable	(29,980)	-	(29,980)
Net income (loss)	(8,564)	(847,877)	(856,442)
Contributions	30,402	3,009,798	3,040,200
Issue costs	-	(150,490)	(150,490)
Distributions	(422)	(41,788)	(42,210)
Partners' equity, end of year	(8,564)	1,969,643	1,961,078

First Leaside Ultimate Limited PartnershipStatement of Cash Flows
(Expressed in U.S. dollars)For the year ended December 31, 2010
(unaudited)

	2010
Cash provided by (used in):	
Operating activities:	
Net income (loss)	(856,442)
Add back:	
Change in other non-cash operating items	4,000
	<u>(852,442)</u>
Financing activities:	
Contributions, net of unit purchase loan receivable	3,010,220
Distributions	(42,210)
Due to/from related parties	(1,064,708)
Issue costs	<u>(150,490)</u>
	<u>1,752,811</u>
Increase (decrease) in cash	900,370
Cash, beginning of year	-
Cash, end of year	<u>900,370</u>

First Leaside Ultimate Limited Partnership

Notes to the Financial Statements
(Expressed in U.S. dollars)

Year ended December 31, 2010
(unaudited)

First Leaside Ultimate Limited Partnership (the "Limited Partnership") consists of a general partner, First Leaside Realty II Inc., and a number of limited partners holding partnership units. The General Partner is entitled to a 1% share of the income of the Limited Partnership.

The Limited Partnership Agreement provides that the General Partner has unlimited liability for the debts and obligations of the Limited Partnership. The liability of each limited partner is limited to the amount of capital contributed or agreed to be contributed, plus the limited partner's share of undistributed income.

The Limited Partnership was formed for the purpose of financing the acquisition and/or development of residential real estate projects and/or securities in Canada.

1. Significant Accounting Policies

(a) Basis of presentation:

These financial statements are presented in U.S. dollars and are prepared in accordance with accounting principles generally accepted in Canada. These financial statements include only the assets, liabilities, revenue, expenses and cash flows of the Partnership and do not include other assets, liabilities, revenue, expenses and cash flows of the limited and general partners.

(b) Revenue recognition:

Interest and other revenue, which consists of interest income, is recorded on the accrual basis.

(c) Income taxes

Provision has not been made for income taxes as each partner is responsible for the income taxes on its share of the income or loss of the Partnership.

(d) Financial instruments:

The Canadian Institute of Chartered Accountants has issued Handbook sections on financial instruments that are applicable to the Partnership for the year ended December 31, 2010. Adoption of these new sections is optional for the Partnership. The Partnership has chosen not to adopt the new sections.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount revenue and expenses during the year. Actual results could differ from those estimates.

First Leaside Ultimate Limited Partnership

Notes to the Financial Statements
(Expressed in U.S. dollars)

Year ended December 31, 2010
(unaudited)

2. Partners' Equity

Pursuant to an offering memorandum, dated January 1, 2010 the General Partner was authorized to issue up to 15,000,000 units of the Partnership.

During 2010, the Partnership issued 3,009,798 limited partnership units for consideration of \$3,009,798, of which \$30,402 (1%) were issued to the General Partner.

Included in partners' equity is \$29,979.90, representing a unit purchase loan from the General Partner, which is non-interest bearing and due on demand.

3. Related Party Balances and Transactions

Related parties are defined as those entities under common management provided by the indirect owner FLS and have certain shareholders in common.

Except as disclosed elsewhere, related party balances include the following, which bear interest at 7% per annum and are due on demand:

Related Party Balances	2010
Due from:	
First Leaside Finance Inc.	\$ 1,064,709
	<u>\$ 1,064,709</u>

During the year, the following related party transactions, charged under the authority of the General Partner, were undertaken:

Related Party Transactions	2010
Business Development Fees - FLSI	\$ 389,584
Promotional Fees - FLS	400,000
Commission on Equity Issue - FLSI	150,490
Accounting and Legal - FLWM	22,600
Administration and IT - FLWM	56,500
	<u>\$ 1,019,174</u>
Interest Income	
First Leaside Finance Inc.	\$ 24,509
F.L. Securities Inc.	3,115
	<u>\$ 27,623</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

First Leaside Ultimate Limited Partnership

Notes to the Financial Statements
(Expressed in U.S. dollars)

Year ended December 31, 2010
(unaudited)

4. Risk Management and Financial Instruments

(a) Interest rate risk:

The Partnership is exposed to interest rate risk from the fluctuation in interest rates. This risk is managed by having fixed rates on related party balances.

(b) Credit and collection risk:

The Partnership regularly monitors the credit risk exposure from related parties by monitoring their financial condition in order to mitigate the likelihood that these exposures will result in actual losses.

(c) Fair values:

The fair market value of cash and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments.

The amount due from the related party could not be reasonably calculated as no comparable commercial terms are obtainable.

5. Capital Management

The Partnerships' capital management objective is to maximize unitholder returns while ensuring that the Partnership is capitalized in a manner which appropriately supports working capital needs. The Partnership's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. Capital of the Partnership consists of partner' equity.

The Partnership's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Partnership and other strategic objectives.

Capital Structure

The Partnership defines its capital structure to include cash and partners' equity.

Capital Structure		
		2010
Cash	\$	(900,370)
Partners equity		1,961,078
	\$	1,060,708

There are no external restrictions on the Partnership's capital.

This is **Exhibit "AA"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.

A handwritten signature in black ink, appearing to be 'D.H.', is written over a horizontal dotted line.

A Commissioner For Taking Affidavits



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Confidential Report of Consultant – Financial Review

First Lease Side Group of Companies

August 19, 2011

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Private and Confidential

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Attention: Ellen Bessner

August 19, 2011

Dear Ms. Bessner :

Grant Thornton Limited ("GTL") was engaged as Consultant to Cassels Brock & Blackwell LLP ("Cassels Brock") for the purpose of reviewing, reporting and making recommendations on the business, assets, affairs and operations of the First Lease Group of Companies (the "FL Group" or "Company").

Sources of information

The information contained in this Report is based primarily on:

- Company prepared financial statements;
- Company prepared forecasts for the various Limited Partnerships and business ventures for the fiscal years ended December 31 2011 to 2013;
- 2007 – 2008 Audited Financial Statements for Wimberly Apartments Limited Partnership ("WALP") from KPMG;
- 2009 – 2010 Draft audited Financial Statements for WALP from KPMG;
- Company prepared Organizational Charts;
- Offering Memorandums for the various Limited Partnerships;
- Minutes of meetings of Boards of Directors;

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- Company prepared marketing materials for the various Limited Partnerships;
- Draft Appraisals from CBRE dated January 1, 2011;
- Draft Retrospective Appraisals and Summaries as at January 1, 2010 and October 1, 2010 from Joseph J. Blake and Associates Inc. dated March 17th 2011 and June 29, 2011 respectively;
- Solicitor's Closing Documents with respect to the purchases of recent real estate transactions for the Company;
- Mortgage statements from various financial institutions in relation to the Company's real estate holdings;
- Management prepared situation analyses;
- Discussions with David Phillips, President and CEO, and Joanna Hampton, Director of Finance, of the Company;
- Discussions and meetings with Larry Toste and Tom Rothfischer, partners of KPMG;
- Interview of Tony Lenamon, Director of CBRE, Texas Office.



Private and Confidential

Scope of work and limitations

Our work focused on the areas set out in our engagement letter, which is reproduced at Appendix A of this report. Our review of the affairs of the Company does not constitute an audit in accordance with Generally Accepted Auditing Standards and no verification work has been carried out by us, consequently we do not express an opinion on the figures included in the Report.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which a wider scope review might uncover.

Forecasts

The responsibility for the FL Group's forecasts and the assumptions on which they are based is solely that of the Company. It must be emphasized that profit and cash flow forecasts necessarily depend on subjective judgment. They are, to a greater or lesser extent, according to the nature of the businesses and the period covered by the forecasts, subject to inherent uncertainties.

In consequence, they are not capable of being audited or substantiated in the same way as financial statements which present the results of completed accounting periods.

Forms of Report

For your convenience, this Report may have been made available to you in electronic as well as hard copy format, multiple copies and versions of this report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

Confidentiality

This Report is confidential and has been prepared for Cassels Brock & Blackwell LLP. It should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent, such consent will only be given after full consideration of the circumstances at the time.

General

The Report is issued on the understanding that the management of the Company have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our Report up to the date of signature of this Report. Events and circumstances occurring after the date of our Report will, in due course, render our Report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date Report. Additionally, we have no responsibility to update this Report for events and circumstances occurring after this date.

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Sincerely,

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Tim Oldfield, CA•CBV, CFA

Glossary

ACB	Adjusted Cost Base	FL Finance	First Leaseide Finance Inc.
Acquisitions	First Leaseide Acquisitions Limited Partnership	FL Properties Fund	First Leaseide Properties Fund
AGM	Annual General Meeting	FL Retirement	First Leaseide Retirement Residences Limited Partnership
AUA	Assets Under Administration	FLEX	First Leaseide Expansion Limited Partnership
AUM	Assets Under Management	FLWM	First Leaseide Wealth Management Inc.
Base Model	Compilation of Management's Projections	FLWM Fund	First Leaseide Wealth Management Fund
Beverages	First Leaseide Beverages Limited Partnership	FLWM Holdings	First Leaseide Wealth Management Holdings Inc.
Blakes	Joseph J. Blake & Associates, Inc.	FMV	Fair Market Value
Board	Board of Directors	Global	First Leaseide Global Limited Partnership
Capex	Capital Expenditure	Growth	First Leaseide Growth Limited Partnership
CBRE	CB Richard Ellis	GTL	Grant Thornton Limited
CCGG	Canadian Coalition for Good Governance	Harmony	Harmony Townhome Limited Partnership
Development Notes	Development Notes Limited Partnership	IIROC	Investment Industry Regulatory Organization of Canada
Elite	First Leaseide Elite Limited Partnership	Investors	First Leaseide Investors Limited Partnership
EMD	Exempt Market Dealer	IRR	Internal Rate of Return
Entities	First Leaseide Entities Limited Partnership	K	Thousand
FL Group or Company	First Leaseide Group of Companies	LEED	Leadership in Energy and Environmental Design
FL Fund	First Leaseide Fund		

Glossary – cont'd

Lever	Management Levers	RRB	Real Return Bonds
LP	Limited Partnership	Sedona	FL Sedona Creek Ltd.
M	Million	Select	First Leaside Select Limited Partnership
Master Sherman	Master Sherman Limited Partnership	Spring Valley	First Leaside Spring Valley Limited Partnership
Master Texas	Master Texas Limited Partnership	Ultimate	First Leaside Ultimate Limited Partnership
Mill	Mill Street Limited Partnership	Unity	First Leaside Unity Limited Partnership
Mortgages	First Leaside Mortgage Trust	Universal	First Leaside Universal Limited Partnership
NBV	Net Book Value	Ventures	First Leaside Ventures Limited Partnership
NOI	Net Operating Income	Visions I	First Leaside Visions I Limited Partnership
OM	Offering Memorandum	Visions II	First Leaside Visions II Limited Partnership
Penson	Penson Financial Services Canada Inc.	Wimberly Fund	Wimberly Fund
Premier	First Leaside Premier Limited Partnership	WALP	Wimberly Apartments Limited Partnership
Progressive	First Leaside Progressive Limited Partnership		
QM	Queenston Manor Limited Partnership		
Realty I	First Leaside Realty I Limited Partnerships		
Realty II	First Leaside Realty II Limited Partnerships		
Rehab	Rehabilitation		
RP	Related Party		

Section 1

Executive Summary

1. Executive Summary
2. Company Overview
3. Corporate Structure
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5. Financial Reporting
6. Integrated Cash Flow Model
7. Asset Valuation
8. Conclusion
9. Recommendation

Executive Summary

- The FL Group advises that it raises debt and equity, and seeks investments with the objective of providing its investors with consistent monthly distributions, potential capital appreciation, and in the case of equity investments, potential tax deductions.
- In addition to the investment opportunities, the Company offers its investors wealth management, estate planning, insurance, accounting and tax services through a number of different entities.
- The FL Group offers a variety of investment opportunities, including:
 - Full brokerage and financial planning services administered by Pension Financial Services Canada Inc.; and,
 - Higher risk securities with debt and equity offerings invested directly or indirectly within the FL Group.
- The FL Group offers four types of products, namely:
 - Limited Partnership units;
 - Trust units;
 - Mortgages; and,
 - Corporate preferred shares.
- To date, the LPs and other instruments within the FL Group collectively have allowed investors to place their capital, directly or indirectly, in the following types of assets:
 - Multi-unit residential properties in Canada & the United States;
 - Retirement homes in the Provinces of Ontario and British Columbia;
 - Raw land with development potential throughout Southern Ontario;
 - Four small, independent accounting firms in Western Canada;
 - A cidery and brewery in Southern Ontario, as well as a liquor consulting business; and,
 - High Tech companies in their infancy stage which are eligible to receive government grants.
- The FL Group manages 19 LPs/companies, and of these, there are 6 currently open for investment.
- We are advised by Management that FL Group's clients are primarily looking for tax efficient investments and predictable distribution payments. In order to meet the investment objectives of its investors, Management advises that they pursue properties that require significant tax deductible expenditures at the initial stage. Management advises that they identify properties which they believe will have distinct upside (through both capex and market appreciation) in the future.
- As a result of buying a property and going through a rehab program, the assets generally decline in value (due to lower occupancy) in the first few years and should increase in value once the rehab is complete. Therefore, it is often common for the calculated equity value in a property to be less than the total equity raised (particularly once certain acquisition fees are charged at the outset).
- The challenges that the FL Group has experienced with some of their properties in relation to this model have been as follows:
 - Many properties held by the various LPs have not achieved their forecasted operating income levels;
 - Capital rehab costs have been higher than forecasted;
 - The real estate market has not grown at 5%; and,
 - From 2007 through 2009 the market declined as a result of a global recession.

Executive Summary – cont'd

- There are significant interrelationships between the entities in the FL Group which results in a complex corporate structure. Further, within the FL Group, there are several LPs that own units in other LPs. FLWM is the de facto parent entity within the FL Group and earns a significant amount of its revenue by charging fees on new capital raises and administration fees within the FL Group. Certain LPs, particularly WALP, has been a drain on the resources in the FL Group, as a result of recurring operating losses and property rehabilitation costs. Significant funds have been loaned between entities in the FL Group through FL Finance on commercial terms, which allowed the Company to perpetually operate as a going concern, as it has generally had access to capital to meet cash flow shortfalls, albeit using new investor money in some cases.
- FL Finance has borrowed \$27.9M from within the FL Group, lent \$10.2M to other LPs, and acquired \$11.7M in LP units (through repurchases from investors). Over 80% of the units FL Finance owns are in WALP, which is currently undergoing a rehab for several of its properties. Given the current stage of the rehab cycle, Management believes it would be imprudent to sell the WALP assets at this time as they will not attract a high enough price in the market.
- Management has advised that it is operating on the basis that over time (beyond 2013) it is anticipated that increased profitability in the LPs and the potential to refinance mortgages will allow for significant repayments to FL Finance in respect of the intercompany loans. This is beyond the scope of our report as the actions to support this extend to 2014 and beyond.
- Management had not prepared a cash flow model/forecast that captured all of the different companies and LPs within the FL Group.
- Since there are significant interfund/intercompany transactions (through FL Finance), we believed that it was necessary to integrate each of the companies/LPs into the same working model for the following reasons:

- Provides a better understanding of each of the LPs/companies and how money moves between them;
- Identifies whether the Company has sufficient cash flow as a whole to carry on its operations in the ordinary course based on its own projections;
- Helps evaluate the assumptions and the forecasts prepared by Management;
- Creates the ability to sensitize the Model and evaluate the impact of any changes on the entire FL Group;
- Helps Management evaluate the impact of certain operational decisions on the cash flows of the business; and
- Creates a clearer view as to the Asset Valuation of the FL Group and each individual fund.
- Management's forecasts for each LP were consolidated and compiled into an integrated model, referred to as the Base Model. If Management is able to achieve the results set out in its' Base Model for the period of 2011 to 2013, it projects that it should be able to meet its obligations for rehab expenses, operating expenses and distributions, as they come due. The Base Model does not provide for payment of intercompany/fund obligations which exist between the various LPs (through FL Finance).
- One key assumption in the Base Model, is that Management and certain significant investors in the FL Group intend to advance by way of unsecured subordinated debentures, or similar instrument, the amount of \$5M in 2011, with restricted repayment terms and no cash payments during the term, in order to shore up a portion of the recurring WALP cash flow deficiency. The investment of Management's personal resources on a subordinated basis would demonstrate their support for their Base Model and projections for the period of 2011 to 2013 as well as an ongoing commitment to the Company.

Executive Summary – cont'd

- Below is a summary table identifying Management's projected cash flow in the various entities under the Base Model.

	2011	2012	2013
Ending cash flows			
FLWM	\$ 10,270,484	\$ 1,913,591	\$ 1,300,459
FLEX	-	-	2,640,914
WALP	(756,044)	(4,559,372)	(479,526)
Realty	70,538	20,884	20,884
Acquisitions	(155,944)	(121,818)	(121,818)
Investors	(57,607)	(528,284)	(365,065)
Progressive	(478,346)	(408,474)	178,715
Universal	(635,070)	(152,052)	(75,390)
Venture	-	-	-
FLWM Holdings	(1,580,328)	194,384	938,169
Spring Valley	(100,070)	(240,121)	(240,121)
Select	(217,689)	(136,160)	(136,160)
Elite	(277,846)	(123,980)	(123,980)
Global	(0)	(144,570)	(98,416)
Premier	(188,567)	(228,940)	(62,108)
Ultimate	766,184	(138,186)	(138,186)
Visions	858,735	(108,939)	(108,939)
Mortgage Fund	2,557,036	(99,735)	(99,735)
	\$ 10,075,464	\$ (4,861,772)	\$ 3,029,698

- The Base Model was sensitized as the projections were not fully supported by the information presented, nor historical trends. Once the Base Model was sensitized, the FL Group has a cash flow deficiency of approximately \$15.9M over the three year period of 2011 to 2013.
- Below is a summary table identifying the Base Model as modified to reflect the impact of the sensitivities:

	Sensitivity Adjustments	2011	2012	2013
1	FLWM raises 10% less Real Estate capital than projected in each year of the forecast	\$ (948,378)	\$ (1,186,404)	\$ (1,461,120)
2	Management takes 6 months to find LP investments, while the idle invested capital earns 3% returns and pays 6% distributions	(276,891)	(981,482)	(1,247,280)
3	Adjust WALP's projections to agree to projections based on CBRE's draft appraisal. Remove Master Sherman Capital rehab.	522,528	(2,561,946)	(4,684,577)
4	Beverages generates a \$60K cash deficit each year.	1,464,036	(873,960)	(4,016,847)
5	Elimination of overlap in the Sensitivities	95,635	119,637	147,340

Impact of Sensitivities on Ending Cashflow \$ 856,930 \$ (5,484,155) \$ (11,262,483)

Impact of Sensitivities on Acc. Cash Balance \$ 856,930 \$ (4,627,226) \$ (15,889,709)

	2011	2012	2013
Base Model Ending Cashflows	\$ 10,075,464	\$ (4,861,772)	\$ 3,029,698

Sensitivity Adjustments	856,930	(5,484,155)	(11,262,483)
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Ending Cashflows \$ 10,932,393 \$ (10,345,927) \$ (8,232,785)

Acc. Cash balance \$ 10,932,393 \$ 586,466 \$ (7,646,319)

Executive Summary – cont'd

- Management has identified certain its Management Levers which it believes it can implement to ensure that the FL Group's obligations can be met and allow their Assumptions to still stand, while in their view having little impact on their ordinary course operations and capital raising efforts going forward. Once the Base Model was sensitized, and all of the Levers are applied, the Company forecasts that it should still be able to satisfy its obligations (aside from intercompany loans).
- Adjacent is a summary table identifying the Base Model as modified to reflect the impact of the sensitivities and as further modified to reflect the implementation of Management's Levers:

	Management Levers	2011	2012	2013
1	Reduce the projected bonuses by approximately 90% for Management and 65% for Staff	\$ 2,231,250	\$ 2,550,000	\$ 2,550,000
2	Lease two floors of the new Victoria St office building development to a third party	-	332,307	996,921
3	Starting in 2012, 100% of the distributions on units held by all Board and Trustee members will be reinvested	-	1,902,578	2,387,349
4	Reduce distributions on all equity and debt in the FL Group by 1.25%, starting in 2012	-	2,057,068	2,503,302
5	Elimination of overlap in 3rd and 4th levers	-	(366,456)	(457,260)

Impact of Levers on Ending Cashflow \$ 2,231,250 \$ 6,475,497 \$ 7,980,313

Impact of Levers on Acc. Cash Balance \$ 2,231,250 \$ 8,706,747 \$ 16,687,059

	2011	2012	2013
Base Model Ending Cashflows	\$ 10,075,464	\$ (4,861,772)	\$ 3,029,698
Sensitivity Adjustments	856,930	(5,484,155)	(11,262,483)
Management Levers	\$ 2,231,250	\$ 6,475,497	\$ 7,980,313
Elimination of overlap due to implementation of Sensitivities and Levers	\$ 75,554	\$ 347,357	\$ 455,466
Ending Cashflows	\$ 13,239,198	\$ (3,523,073)	\$ 202,993
Acc. Cash balance	\$ 13,239,198	\$ 9,716,124	\$ 9,919,118

Executive Summary – cont'd

- We have prepared the Asset Valuation of the FL Group, using the highest third party valuation figures available for the WALP properties. In this regard, we have calculated an aggregate equity surplus (represented as asset FMV, less third party mortgages and investor debt) of approximately \$67M, while there is raised equity in the FL Group of approximately \$200M. In this regard, there is a significant equity deficit based on the Asset Valuation. However, the invested equity of \$200M does not take into account the grind down of investor's Adjusted Cost Base through return of capital, nor does it include imputed tax benefits the investor receives on their investment. We have shared with Management our Asset Valuation in the Report, and they disagreed with the analysis. As set out in the Report, Management has provided us with details of FMV adjustments which they believe are appropriate, which contemplates that equity investors are almost whole. We have not been able to support much of Management's FMV adjustments based on the information presented but we have disclosed same in the Report as a comparative.
- The future viability of the FL Group is contingent on their ability to raise new capital. One of the largest sources of revenue in the FL Group is the fees it generates in FLWM on the raising of new capital. If the FL Group was restricted from raising new capital, it would likely be unable to continue its operations in the ordinary course, as it would have insufficient revenue to support its infrastructure, staffing costs, distributions, and to meet their funding requirements for existing projects.
- The Company has had challenges in the area of financial reporting. Our mandate took in excess of six months, largely because much of the information we required for our mandate had to be prepared from scratch by Ms. Hampton. The Company advises that it is taking steps to enhance its accounting resources and financial reporting function in short order.

- The Company is in the early stages of implementing enhanced corporate governance, and recent Minutes of Board meetings reflects some progress being made. However, we note that there is little apparent allocation of responsibilities at the executive level, in that David Phillips has active hands on management of all facets of the FL Group.
- If the FL Group is able to achieve the Base Model, or implement sufficient Levers to offset any sensitivities, there should be minimal further erosion to existing investor's equity going forward, and greater investor value may be created as the rehabilitation projects are completed. There are certain qualifications to this, including economic factors beyond the Company's control.
- We recommend as follows:
 - Management should take steps to improve its accounting capacity and financial systems, so that it can better accommodate its financial reporting requirements, budgeting process, external auditor liaising, and investor communications;
 - The FL Group should ensure that there are financial statements available for every entity which hold investor's money. In addition to the entities currently subject to audit, the FL Group should obtain audits of the FLWM and FL Finance financial statements, to enhance the integrity of its financial reporting. They should further ensure that better reporting and disclosure be made to investors;
 - Management should continue with the exercise of maintaining an integrated model, so that it can better prepare and modify projections, identify cash flow requirements and understand the interrelation and impact between the various LPs/companies in the FL Group;
 - Notwithstanding demonstrable steps that the FL Group is improving its governance in the past 12 months, the Board should better document its governance policies and procedures, and establish better governance protocols. Further, Management should consider a division of responsibilities as it relates to the executive function, so that there are greater checks and balances in the organization;

Executive Summary – cont'd

- Management should take immediate steps to ensure its investment strategy and business activities align with the projections and assumptions it has set out in the Base Model, and consider having strict Board oversight and/or a third party monitoring program in place to supervise its implementation and the results therefrom on a timely basis; and
- Should Management not achieve its Base Model, it should ensure it is sufficiently agile to implement appropriate Levers as it has identified to protect investor's interests going forward.

Section 2

Company Overview

1. Executive Summary
2. Company Overview
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First Lease Group of Companies

Overview

- The First Lease Group of Companies ("FL Group" or the "Company") was founded in the late 1980s by David Phillips. The FL Group offers a variety of investment opportunities, including:
 - Full brokerage and financial planning services administered by Person Financial Services Canada Inc. ("Person");
 - Higher risk securities with debt and equity offerings invested directly or indirectly within the FL Group.
- The Company offers four types of products, namely:
 - Limited Partnership ("LP") units;
 - Trust units;
 - Mortgages; and,
 - Corporate preferred shares.
- In this Report, all references to investments and transfers refers to LPs, unless otherwise indicated.
- The Company advises that it raises debt and equity, while seeking investments with the objective of providing its unit owners with consistent monthly distributions, potential capital appreciation and in the case of equity investments, potential tax deductions.
- In addition to the investment opportunities, the Company offers its investors wealth management, estate planning, insurance, accounting and tax services through a number of different entities.
- Within the de facto parent company First Lease Wealth Management Inc. ("FLWM") there are seven operating entities. First Lease Securities Inc., is a member of the Canadian Investment Protection Fund, and is a member of the Investment Industry Regulatory Organization of Canada ("IIROC"). F.L. Securities Inc. is an exempt market dealer ("EMD").
- In August 2010, First Lease Insurance Inc. obtained its license as a Registered Life Insurance Agency in the Province of Ontario which was issued by the Office of the Superintendent of Financial Institutions Canada.
- To date, the LPs and other instruments within the FL Group collectively have allowed investors to place their capital, directly or indirectly, in the following types of assets:
 - Multi-unit residential properties in Canada & the United States;
 - Retirement homes in the Provinces of Ontario and British Columbia;
 - Raw land with development potential throughout Southern Ontario;
 - Four small, independent accounting firms in Western Canada;
 - A cidery and brewery in Southern Ontario, as well as a liquor consulting business; and,
 - High Tech companies in their infancy stage which are eligible to receive government grants.
- The majority of the investments have distribution rates which range from 4% to 10% and are typically paid out to investors on a monthly basis.
- Most LP units are initially priced at \$1 / unit.

First Lease Group of Companies – cont'd

Overview cont'd

- The FL Group manages 19 LPs/companies. As at June 30, 2011, there are six LPs/companies that are open and eligible to raise capital. Details of open and closed fund are as follows:

<u>Open</u>	<u>Closed</u>
– FLWM (Pref shares and Debt)	– Realty
– FLEX (Equity and Debt)	– Acquisitions
– WALP (Equity and Debt)	– Investors
– Global	– Progressive
– Venture	– Universal
– Mortgages Fund (Debt)	– FLWM Holdings
	– Spring Valley
	– Select
	– Elite
	– Premier
	– Ultimate
	– Visions I and Visions II

- For a further explanation of each of the above LPs and the interaction between each of them, please refer to Section 3 of the Report. For more detailed information on each LP's holdings, please refer to Appendix C.
- Over a five year investment horizon, Management anticipates generating a total return on investment on LPs of between 12% to 15% (including tax write-offs, monthly distributions and capital appreciation).

Investor Characteristics

Investor base

- There are approximately 1000 investors within the FL Group. The majority of the investors (over 90%), are accredited investors with liquid assets (not including real estate) in excess of \$1 million.
- Most investors are middle aged and older and are in the highest tax bracket for personal income taxes. These investors are primarily motivated in investing in tax efficient instruments which can reduce their personal income taxes, with the benefit of earning a reasonable yield.
- The investors are primarily from Southern Ontario. We are advised by Management that the FL Group intends to expand its operations into Edmonton, Calgary and Vancouver (but not until 2012).
- As at June 30, 2011, FL Group had approximately \$370M of assets under management ("AUM"). Management considers the capital raised to be split amongst those associated with real estate (the "Real Estate Assets") (i.e. requiring management services) and those associated with non-Real Estate Assets (the "Admin Assets") (i.e. the assets traded with Pension and any securities not requiring management services).
- The majority of their investors have multiple investments within the FL Group, with 797 investors invested in the Admin Assets and 740 investors invested in the Real Estate Assets.

- FL Group requires minimum investment limits of \$25K per investor for accredited investors and \$150K per investment for non-accredited investors.
- As at June 30, 2011, the average investment per investor in Real Estate Assets is approximately \$290K and \$190K per investor in Admin Assets.

- The following table summarizes the total capital raised, as at June 30, 2011:

	Real Estate	Admin	Total
Pension	\$ -	\$ 86,254,382	\$ 86,254,382
Equity	128,115,417	36,823,995	164,939,412
Debt	87,028,301	29,797,956	116,826,257
	\$215,143,718	\$152,876,333	\$368,020,051
Pension	0.0%	56.4%	23.4%
Equity	59.5%	24.1%	44.8%
Debt	40.5%	19.5%	31.7%

FLWM reporting system

- We have been advised by Management that once an investor invests with the FL Group they are provided an account number and private access to the FLWM reporting system online. The system tracks each investor's individual investments, including their calculated return, the tax benefits/deductions and monthly distributions they have received.
- The system also tracks the value of their investment. In assessing the unit value of each LP/Fund, the system uses the most recent transaction for each unit but it is not a perpetual recalculation of the actual unit value.
- There is a limited secondary market for the LP units and the majority of transactions are between investors looking to sell and FLWM.
- To date, the transactions are generally smaller in size and FLWM has, in many cases, purchased the units at their original price (typically \$1/unit) regardless of where the LP is in its investment cycle.
- FLWM's repurchase of units at the original price may be higher than the underlying value of the investment (especially if the property is still within the early stages of its investment cycle). Management explained to us that they perform their own assessment of value in each instance to support the repurchase prices of investments.

First Lease Investment Model

Investment Model

- We are advised by Management that FL Group's clients are primarily looking for tax efficient investments and predictable distribution payments, while capital appreciation is seen as a secondary investment objective. Management also targets a total ROI of between 12% to 15% and forecasts that investors will begin realizing on their capital appreciation within 5 years (the "Investment Model").
- In order to meet these investment objectives, Management advises that they pursue properties that require significant tax deductible expenditures at the initial stage. Management advises that they identify properties which they believe will have distinct upside (through both capex and market appreciation) in the future.

In thousands of \$	Year 1	Year 2	Year 3	Year 4	Year 5
PROPERTY FINANCIAL HIGHLIGHTS					
Operating cash flows					
FLWM fees (17.5% of equity raised)	\$ (750)	\$ -	\$ -	\$ -	\$ -
FLWM Mgmt fees (2% of revenues)	(22)	(26)	(30)	(34)	(35)
FLWM Admin fees	(55)	(55)	(55)	(55)	(55)
Net operating income	544	647	759	839	881
Capital Rehab Program	(500)	(300)	(200)		
Interest expense (at 5.25%)	(418)	(414)	(409)	(404)	(399)
Property Income/(Loss)	(1,201)	(147)	65	347	392

Cashflow statement

Beginning Cash flows	-	747	256	(27)	(34)
Equity raised	4,287	-	-	-	-
Debt raised	8,000	-	-	-	-
Property acquisition	(10,000)	-	-	-	-
Property Income/(Loss)	(1,201)	(147)	65	347	392
Mortgage Principal	(82)	(86)	(91)	(96)	(101)
Distribution	(257)	(257)	(257)	(257)	(257)
Ending cashflows	747	256	(27)	(34)	(0)

Property valuation

Property	10,000	8,500	9,650	11,156	12,134
Capital Rehab Program	500	300	200	-	-
Drop in value (during rehab)	(2,500)	425	824	420	21
Appreciation growth (at 5%/year)	500	425	483	558	607
	\$ 8,500	\$ 9,650	\$ 11,156	\$ 12,134	\$ 12,762

- The adjacent table is an illustration that summarizes the expected operating cash flows, a cash flow statement and the anticipated Property appraisals for a \$10M property acquisition (with a 7.25% cap rate) under the FL Group's Investment Model:
- In this illustration, the total capital required in acquiring a \$10M property is approximately \$8M in conventional debt financing and \$4.29M in equity financing.
- The required equity financing is calculated as follows:
 - Equity portion of the property cost: \$2M
 - Operating cash shortfall: \$1.2M in Year 1 and \$147K in Year 2
 - Distributions not funded by the Property income: \$257K in each of years 1 and 2 and \$192K in year 3.
 - Mortgage principal payments not funded by the property income: \$82K, \$86K, \$91K and \$6K in Years 1 through 4.

Assumptions to Investment Model

- The parameters used by Management in this illustration will vary between each transaction, but for the most part, are expected to be close to the following:
 - FLWM charges transaction fees of approximately 17.5% of total equity raised, property management fees of 2% of net revenues and approximately \$55K/year for accounting and other admin fees;
 - The beginning NOI is calculated by applying the 7.25% cap rate to the acquisition price. As the building begins its rehab, the occupancy rate and net rent charged suffer and the NOI drops when compared to the projected NOI without the rehab. As the rehab progresses, the NOI increases to reflect higher occupancy and higher rental rates, (taking into consideration the additional NOI generated from having a more up to date property). In this illustration it is assumed that the NOI will drop 25% in Year 1, 15% in Year 2, 5% in Year 3 and will Stabilize for Year 4 (once the rehab is complete);

First Lease Investment Model – cont'd

Assumptions to Investment Model cont'd

- Rehab costs are typically around 10% of the total cost of the property, with approximately 50% spent in Year 1, 30% in Year 2 and 20% in Year 3;
- Loan to property value is 80%, with an interest rate of 5.25% and an amortization period of 35 years;
- Monthly distribution rate of 6%;
- The property value falls immediately in the first year of rehab as the occupancy rate and rental rate goes down. As the rehab progresses, the NOI is expected to rebound and so too should the property value.
- The market is expected to grow each year by approximately 5%.

- As shown in the adjacent table, in the first few years of the investment cycle, there is negative equity because of the following:
 - i. the asset is undergoing renovations, therefore a lower operating income which results in a lower valuation; and
 - ii. they raised surplus equity to cover 5 years of short funded distributions, principal payments and fees.

Comments on FL Group's Investment Model

- Typically Management will raise the capital before they have identified a property in which to invest. In this regard, it is unlikely they would raise the precise amount of equity required for a specific project, as the details would be undetermined at the time.
- In some cases, Management has raised more capital than it required. Thus, in order to mitigate the cost of having excess cash earning a nominal return in the respective LP, Management loans the idle cash to another entity in the FL Group until the LP that originally raised the funds required access to the capital. The loans are facilitated through FL Finance, and are subject to written agreements setting out commercial terms, and supported by a guarantee from FLWM.
- It is difficult to predict the market's valuation of a property undergoing an extensive rehab or coming out of a rehab. This can lead to higher or lower than anticipated returns and have a significant effect on the investment's ROI and the LP's asset value through the various stages of an investment cycle.

- The time and money required to complete a rehab is a major variable that has a significant impact on the investor's ROI and the LP's asset value. A rehab could take longer and cost more than anticipated or could be shorter and cost less.

Property Investment Cycle

- As a result of buying a property (and the fees associated thereto) and going through a rehab program, the assets generally decline in value (lower occupancy) in the first few years and increase in value once the rehab is complete. Therefore, it is often common for the calculated equity value in a property to be less than the total equity raised.
- The following table uses the Investment Model illustration and calculates the annual equity surplus/deficiency as follows:

In thousands of \$	Year 1	Year 2	Year 3	Year 4	Year 5
Property Valuation	\$ 8,500	\$ 9,650	\$ 11,156	\$ 12,134	\$ 12,762
Working Capital	747	256	(27)	(34)	(0)
Mortgage	(7,918)	(7,832)	(7,741)	(7,645)	(7,544)
Calculated Equity value	\$ 1,329	\$ 2,074	\$ 3,388	\$ 4,455	\$ 5,218
Equity raised	(4,287)	(4,287)	(4,287)	(4,287)	(4,287)
	\$ (2,959)	\$ (2,213)	\$ (899)	\$ 168	\$ 930

First Lease Investment Model – cont'd

- The challenges that the FL Group has experienced with some of their properties in relation to their Investment Model have been as follows:
 - Many properties held by the various LPs have not achieved their forecasted operating income levels;
 - Capital rehab costs have been higher than forecasted;
 - The real estate market has not grown at 5%, and from 2007 through 2009 the market declined as a result of the global recession.
- These factors have lead to a longer investment cycle and lower than anticipated asset valuations for certain properties.

Investor Impact

- The following table summarizes the investor impact in the Investment Model illustration discussed in the previous pages:

In thousands of \$	Year 1	Year 2	Year 3	Year 4	Year 5
INVESTOR FINANCIAL HIGHLIGHTS					
ACB of investment					
Adjusted cost base, beginning	\$ 4,287	\$ 2,829	\$ 2,424	\$ 2,232	\$ 2,321
Property Income/(Loss)	(1,201)	(147)	65	347	392
Distributions (at 6%)	(257)	(257)	(257)	(257)	(257)
Adjusted cost base, ending	2,829	2,424	2,232	2,321	2,456
Annual returns to investors					
Tax losses/Income	553	68	(30)	(159)	(180)
Distributions (at 6%)	257	257	257	257	257
	810	325	227	98	77
Return on equity	18.9%	7.6%	5.3%	2.3%	1.8%
Investor IRR					
Equity raised	(4,287)				
Annual return	810	325	227	98	77
Sale of property (after taxes)					4,582
	\$ (3,477)	\$ 325	\$ 227	\$ 98	\$ 4,659
				ROI	12.2%

- The adjacent Investor Impact illustration assumes that all investors are at the highest tax bracket (46%) and earn enough taxable income to offset the tax losses generated by the property.
- The illustration also assumes the LP sells the property (or the investors sells his/her units). The sale of the property considers the capital gains taxes on the sale.
- With the large property loss in Year 1, the investor's ACB is immediately ground down to below 70% of the initial investment and remains around 60% for the remaining 5 years of the investment.
- The annual rates of return are significant in the first few years (19% in Year 1 and 7.6% in Year 2) and as the property becomes cash flow positive the returns to the investor drop below 2% due to tax payments on any property income.
- Under the Investment Model, over a five year period, investors will advance \$4.29M and receive net tax benefits of \$251K, total distributions of \$1.29M and 107% of their initial investment back, for a calculated ROI of 12.2%.

Section 3

Corporate Structure

1	Executive Summary
2	Company Overview
3	Corporate Structure
4	Corporate Governance
5	Financial Reporting
6	Integrated Core Value Model
7	Risk Management
8	Compliance
9	Recommendations

History

History

- The FL Group started raising limited partner capital and advising investors in 1988. We understand that they initially raised \$10M and acquired Pointe and Crossing; two Texas properties that still form part of the WALP portfolio today.
- Over the next 16 years, the FL Group slowly acquired more properties in Texas, worked with other third party LPs and grew their portfolio from AUM of \$10M invested in two properties and one LP in 1988 to AUM of \$62M invested in 10 properties and 9 LPs in 2004;
- In 2004, the FL Group became registered with the Investment Dealer Association (which is now called IIROC) which allowed the FL Group to become a dealer member.
- The membership with IIROC provided the FL Group with additional opportunities as it was able to offer full brokerage services. Having access to sell a variety of conventional investment instrument allowed the FL Group to compete with traditional wealth management companies as well as created a significant revenue source for the FL Group through FLWM, which charges various management fees.
- We understand that this created greater opportunity for the FL Group by attracting new investors seeking a more diversified portfolio. With this expanded potential investor pool, the FL Group began raising significant capital beginning in 2004. The FL Group's total AUM grew over 500%, from \$62M to the \$370M invested in 39 properties and/or investments through 19 LPs today.

- The following illustration summarizes the timing of capital raises and property acquisitions (collectively, "Assets"):

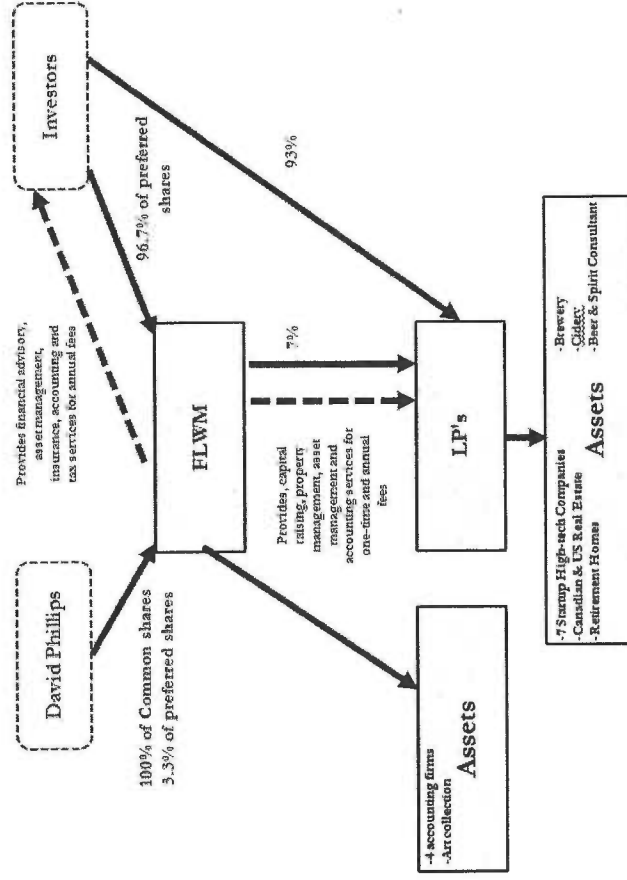


251.

Corporate Structure

Corporate Structure

- In our early meetings with Management in March 2011, we asked Management to provide us an organizational chart to help us better understand the FL Group as a whole. Management presented the organizational charts attached in Appendix B.
- Our simplified interpretation of the organizational structure of the FL Group is as follows:



- As shown by the organizational charts in Appendix B and in the adjacent table, the inter relationship of the entities in the FL Group results in a complex corporate structure. Further, within the FL Group, there are several LPs that own units in other LPs.
- Capital has been raised in one LP and loaned out to other LPs within the FL Group if there isn't an immediate need for funds in the LP that raised the money. This results in related party receivable and payable balances in almost every LP within the FL Group. Related party debt typically flow through the central repository of FL Finance, which is discussed further in this Report.
- We detail the movement of funds within the FL Group further in this section.

Management

- The Key personnel within the Management team are as follows:
 - David Phillips, F.C.S.I.: President, oversees all aspects of the FL Group including: capital raises, deal origination, deal negotiation/structuring and internal administration;
 - John Wilson: VP of Sales, oversees a sales team of 6 Investment Advisors, and 19 Sales Associates. John presently raises the most capital within the FL Group;
 - Joanna Hampton, CGA: Director of Finance, oversees a staff of 4 accountants, and is the President of First Lease Accounting & Tax Inc.
 - Leon Efraim, LL.B: In-House Corporate Counsel & Chief Compliance Officer;
 - Joan Wilson, CA: Director of Real Estate, oversees a team of two and liaises with the third party property managers. Joan also reviews and reports on all real estate acquisitions for the Company.

First Lease Group of Companies

- The following pages provide a high level summary of all of the LPs/ companies within the FL Group that we reviewed as part of our mandate (please refer to Appendix C for a more detailed discussion of each of the entities and the assets they own). Also, please note that there may be other dormant and inactive companies within the FL Group. Management explained to us that the activities, if any, within each of these inactive companies were immaterial and therefore we did not review them nor do they form the basis of our conclusions and recommendations.

First Lease Wealth Management Inc. ("FLWM")

- FLWM is the de facto parent company of the FL Group. With a staff of over 50 employees, FLWM or businesses within FLWM, provide all of the advisory services for the Company.
- Please refer to Appendix B for a FLWM organizational chart.
- Within FLWM, there are seven operating companies:
 1. First Lease Securities Inc.: The IIROC registrant that charges agency fees, business development fees and acquisition analysis fees;
 2. F.L. Securities Inc.: The EMD that charges promotional fees, acquisition analysis fees, property management fees and advisory fees;
 3. First Lease Management Inc.: The property manager that charges all Canadian properties 2-4% of net revenues;
 4. First Lease Accounting and Tax Services Inc.: Provides personal income tax preparation services for Canadian and US personal income taxes;
 5. First Lease Wealth Management Inc.: Employs the administrative staff, that charges for administrative fees;
 6. First Lease Insurance Inc.: Was incorporated in 2010 and is a Registered Life Insurance Company, offering a variety of life and critical insurance policies to investors within the FL Group; and

7. FL Finance: Which, as aforementioned, acts as the central bank within the FL Group. Most related party transactions are recorded through this entity and all purchases of units from clients are financed through this entity.
- FLWM also owns the following assets:
- approximately \$13.4M worth of units in various LPs within the FL Group;
 - Joanna Hampton Holdings Inc.: The Company owns three accounting firms in Western Canada (FLWM invested the purchase capital and is the effective owner);
 - Jim Brander Professional Corporation – an accounting firm in Western Canada (FLWM invested the purchase capital and is the effective owner);
 - 33.3% of First Lease Retirement Residences Limited Partnership ("FL Retirement"): An LP that owns 51% of a group of 8 retirement properties through Ontario and BC;
 - 34.9% of First Lease Beverages Limited Partnership: A company that owns a Cidery in Thornbury, King Brewery in King City and a beer and spirits consulting company called Beer Barons;
 - \$2M worth of art and paintings being held for their new office premises;
 - \$1.6M in marketable securities; and
 - \$4.1M note receivable from investors who borrow funds short term to acquire units in various LPs within the FL Group. This amount fluctuates and is highest in December.
- Equity and debt are still being raised in FLWM in two ways:
- Three series of preferred shares, paying dividends of 10%, 8% and 6%; and,
 - Debt through the First Lease Wealth Management Trust Fund ("FLWM Fund"), paying interest at 7%.
- David Phillips owns 100% of the common shares of FLWM;

First Leaside Group of Companies – cont'd

First Leaside Expansion Limited Partnership ("FLEX")

- FLEX is one of the FL Group's Canadian real estate LPs.
- Please refer to Appendix B for a FLEX organizational chart.
- FLEX currently owns the following LPs and assets:
 - 1.04 acres of land in downtown Uxbridge, Ontario, currently being developed into a platinum LEED, 58,182 sq. ft., 4 floor office building (the "Victoria St. Building") which will be the future office building for the FL Group;
 - Queenston Manor Limited Partnership ("QM"): a 77 unit retirement living apartment complex in St. Catharines, Ontario, currently 92% occupied;
 - First Leaside Growth Limited Partnership ("Growth"): a fully tenanted 70,000 sq. ft industrial building located in Brampton, Ontario;
 - First Leaside Unity Limited Partnership ("Unity"): 2.74 acres of land in Wheatley, Ontario, zoned for a residential townhome complex with plans for 16 townhomes. Construction is planned for 2012; and
 - First Leaside Entities Limited Partnership ("Entities"): owns two properties in downtown Uxbridge, both adjacent to the Victoria St. Building. One property is 1.57 acres and currently being used as a parking lot for the construction workers while the other is 0.59 acres of vacant land and is currently not income producing.

- Equity and debt are being raised in FLEX in two ways:
 - Equity is raised, paying return of capital distributions at 6% (had previously been 7.50% but the drop was announced at the FLEX AGM on June 4, 2011); and
 - Debt was raised through the Development Notes Limited Partnership ("Development Notes"), paying interest at 7.75%. Management has recently closed this fund and opened the FLEX Fund, offering debt at 6% with the option to re-invest the monthly distributions so that interest is compounded on a monthly basis and paid out when the investment matures.

- There have also been three instances of non-accredited syndicated mortgages, however, these capital raises are more singular in nature and would not be considered an open form of investment:
 - A syndicated mortgage of \$3.45M was raised in 2011 for the Brampton building in Growth;
 - Promissory notes for \$475K in FLEX; and
 - Promissory notes for \$25K in Unity.

Wimberly Apartments Limited Partnership ("WALP")

- WALP is considered the FL Group's US real estate Partnership and has been part of the FL Group since 1992.
- Please refer to Appendix B for a WALP organizational chart.
- WALP currently owns the following LPs and assets:
 - F.L. Master Texas Ltd. ("Master Texas"): Owns six LPs that each own one apartment complex in the Dallas/Ft. Worth area;
 - F.L. Master Sherman Ltd. ("Master Sherman"): Owns four LPs that each own one apartment complex in the Sherman, Texas area; and,
 - F.L. Sedona Creek Ltd. ("Sedona"): Owns an apartment complex in the Dallas area.

First Lease Group of Companies – cont'd

WALP cont'd

- Equity and debt has been raised in a number of different manners over the years.
 - Equity has been raised directly into WALP, paying distributions of 4% (this distribution rate has dropped significantly over the years) as return on capital;
 - Debt raised for the Master Texas properties has come through a number of different Funds over the years:
 - First Lease Fund raised debt at 9%, but has since been closed;
 - Wimberly Fund I raised debt at 8%, but has since been closed;
 - Wimberly Fund II now raises (until recently) debt at 7%.
 - Debt raised for the Master Sherman properties has come through First Lease Properties Fund, with an interest rate of 9%;
 - WALP raised \$5.3M by way of a syndicated mortgage for Sedona Creek and a nearby church property.

First Lease Realty & Realty II Limited Partnerships ("Realty I & II")

- Realty I and Realty II own the following assets:
 - 3,996,160 equity LP units of WALP
- Equity is raised, paying return of capital distributions at 4.75%.

First Lease Acquisitions Limited Partnership ("Acquisitions")

- Acquisitions owns the following assets:
 - 143,680 equity LP units of WALP;
 - 625,800 equity LP units of FLEX;
 - 278,880 equity LP units of Spring Valley;
- Equity is raised, paying return of capital distributions at 9.50%

First Lease Investors Limited Partnership ("Investors")

- Investors owns the following assets:
 - Harmony Townhome Limited Partnership ("Harmony"): a 50 unit townhome complex in Tilbury, Ontario;
 - Mill Street Limited Partnership ("Mill"): a 3.74 acre plot of land in downtown Uxbridge with a small heritage home;
- Equity is raised, paying return of capital distributions at 6%.
- In 2011, a syndicate of non-accredited investors invested in a mortgage on the Mill street property at 6%.

First Lease Progressive Limited Partnership ("Progressive")

- Progressive owns the following assets:
 - 20% ownership of FL Retirement (a company that owns 51% of Primetime Retirement Living; a Retirement residences company that owns 8 properties across BC and Ontario);
 - 8.34% ownership is FL Beverages (the company that owns the Thornbury Cider, King Brewery and Beer Barons);
 - Uxbridge Development Limited Partnership ("Cemetery Rd."): 23 acres of land (of which 4 acres is developable) in Uxbridge, Ontario;
 - A 31,000 square foot commercial building in downtown Thornbury.
- Equity is raised, paying return of capital distributions at 6%.
- In 2011, a syndicate of non-accredited investors invested in a mortgage on the Cemetery road property at 6%.

First Leaside Group of Companies – cont'd

First Leaside Universal Limited Partnership ("Universal")

- Universal owns the following assets:
 - 30% ownership of FL Retirement (a company that owns 51% of Primetime Retirement Living; a Retirement residences company that owns 8 properties across BC and Ontario);
- Equity is raised, paying return of capital distributions at 6%.

F.L. Spring Valley Limited Partnership ("Spring Valley")

- Spring Valley owns the following assets:
 - 689,608 equity LP units of WALP;
 - 640,000 Trust Units in Wimberly Fund;
 - A shopping mall in the greater Dallas, Texas area;
- Equity is raised, paying return of capital distributions at 8%.

FLWM Holdings Limited Partnership ("FLWM Holdings")

- FLWM Holdings owns the following assets:
 - 16.67% ownership of FL Retirement (a company that owns 51% of Primetime Retirement Living; a Retirement residences company that owns 8 properties across BC and Ontario);
 - 10.91% ownership in FL Beverages (the company that owns the Thornbury Cider, King Brewery and Beer Barons);
- Equity is raised; however, Management does not anticipate paying any distributions within the period of this Report.

First Leaside Select Limited Partnership ("Select")

- Select is a Blind Pool LP that was opened in 2007 and has not yet acquired an asset;
- We are advised by Management that they are considering alternatives in how to deal with Select;
- Equity is raised, paying return of capital distributions at 7%.

First Leaside Elite Limited Partnership ("Elite")

- Elite is a Blind Pool LP that was opened in 2008 and has not yet acquired an asset;
- We are advised by Management that they are considering alternatives in how to deal with Elite;
- Equity is raised, paying return of capital distributions at 7%.

First Leaside Premier Limited Partnership ("Premier")

- Premier is a Blind Pool LP that was opened in 2009 and has not yet acquired an asset;
- We are advised by Management that Premier is a recent LP, and they are still pursuing investment opportunities;
- Equity is raised, paying return of capital distributions at 7%.

First Leaside Ultimate Limited Partnership ("Ultimate")

- Ultimate is a Blind Pool LP that was opened in 2010 and has not yet acquired an asset;
- We are advised by Management that Ultimate is a recent LP and they are still pursuing investment opportunities;
- Equity is raised, paying return of capital distributions at 7%.

First Lease Group of Companies – cont'd

First Lease Global Limited Partnership ("Global")

- Global was opened in 2011 and is in the advanced negotiation stages of acquiring a 396 unit apartment complex in Orlando, Florida called Heather Glen;
- Management expects to close the deal in October 2011;
- Equity is raised, paying distributions by way of a return of capital at 7%.

First Lease Venture Limited Partnership ("Venture")

- Venture was opened in 2011 and is in the advanced negotiating stages of acquiring 3 retirement home complexes in Ottawa called The Palisades, The Palisades Condo Club and The Redwoods;
- Venture currently owns a 50% interest in Birkhall Retirement; the remaining 50% owner is PrimeTime Living LP;
- Management anticipates the properties to close on August 26, 2011;
- Equity is raised, paying distributions by way of return of capital at 5%.

First Lease Visions I & II Limited Partnership ("Visions I & II")

- Visions I & Visions II acquired seven start-up technology companies operating in Ontario;
- The LP was set up to take advantage of OCIF grants (up to 30% of the investment);
- The LP presently does not pay a distribution. Management does not anticipate paying a distribution until 2013 – 2015.

First Lease Mortgage Fund ("Mortgage Fund")

- Mortgage Fund owns the following assets:
 - A \$5.3M syndicated mortgage on the Sedona and Sherman church properties in the WALP portfolio;
- Debt was raised paying interest at 6%.

Capital Raised

Penson

- Since the Company became an IIROC dealer, the total capital raised has grown from \$62M in 2004 to \$370M as at June 30, 2011. Approximately \$86M of the AUM is capital raised and placed in public security investments administered by Penson.
- When money is raised, the investor deposits funds into accounts set up at and held by Penson. The investor and FLWM agree on an investment strategy and in respect of each investment, an order is sent to Penson for processing.
- FLWM earns a 0.05% trading commission and a 0.325% annual fee on the balance of the AUA (which includes investments supported by Penson).
- The following table summarizes the different public investments FL Group investors have invested through Penson, at June 30, 2011:

	As at June 30, 2011
Cash	\$ 14.1
RRB	38.4
T-Bills	0.9
Merrill Lynch Bonds	10.1
Goldman Sachs bonds	1.9
Stocks & other bonds	20.9
	\$ 86.3

First Lease Side AUM

- The following table summarizes all of the capital raised up to June 30, 2011 and invested in the private First Lease Side LPs/companies:

	Real estate Assets			Admin Assets			Total Capital
	Debt	Equity	Total	Debt	Equity	Total	
FLWM	\$ 18.3	\$ -	\$ 18.3	\$ 1.0	\$ 32.7	\$ 33.7	\$ 52.0
FLEX	0.5	22.4	22.9	15.9	-	15.9	38.8
WALP	68.2	45.6	113.8	-	-	-	113.8
Realty	-	4.5	4.5	-	-	-	4.5
Acquisitions	-	1.8	1.8	-	-	-	1.8
Investors	-	6.7	6.7	0.7	-	0.7	7.3
Progressive	-	14.9	14.9	0.7	-	0.7	15.6
Universal	-	5.8	5.8	-	-	-	5.8
Venture	-	0.9	0.9	-	-	-	0.9
FLWM Holdings	-	3.0	3.0	-	-	-	3.0
Spring Valley	-	2.2	2.2	-	-	-	2.2
Select	-	3.6	3.6	-	-	-	3.6
Elite	-	6.7	6.7	-	-	-	6.7
Global	-	0.8	0.8	-	-	-	0.8
Premier	-	5.6	5.6	-	-	-	5.6
Ultimate	-	3.0	3.0	-	-	-	3.0
Visions I & II	-	-	-	-	4.2	4.2	4.2
Mortgage Fund	-	-	-	11.6	-	11.6	11.6
	\$ 87.0	\$ 127.4	\$ 214.5	\$ 29.8	\$ 36.8	\$ 66.6	\$ 281.1

- The distinction between the Real Estate Assets and the Admin Assets is that the Admin Assets are not tied directly to a real estate property (i.e. FLWM preferred shares or syndicated mortgages). In addition to these AUM, there are third party mortgages (syndicated and bank mortgages) on most of the properties which is addressed later in this Report.

Movement of Funds

FLWM Fees

- As aforementioned, FLWM is the de facto parent entity within the FL Group.
- FLWM charges the investors with capital in the Admin Assets an annual trading commission (0.05% of invested capital) and annual fee (0.325% of invested capital).
- The investors with capital in the Real Estate Assets are charged indirectly through the respective LP with:
 - An initial 5% agency fee, as a percentage of the total capital raised;
 - An initial 12.5% business development fee, as a percentage of the total capital raised;
 - Ongoing property management fees of 2-4%, applied to the net property revenue generated in each of the Canadian properties; and
 - Ongoing administration, IT, accounting and tax service fees of approximately \$55K per LP.
- Each LP has an OM that lays out the fee schedules, among other investment details.

- Once the money has been deposited into the corresponding First Lease LP account, FLWM charges the LP their initial fees and the fees. The fees for the year are charged in due course.
- From the documents which we have reviewed, nothing has come to our attention which indicates that the FL Group is acting contrary to the terms of the OM as it relates to fees charged by FLWM.

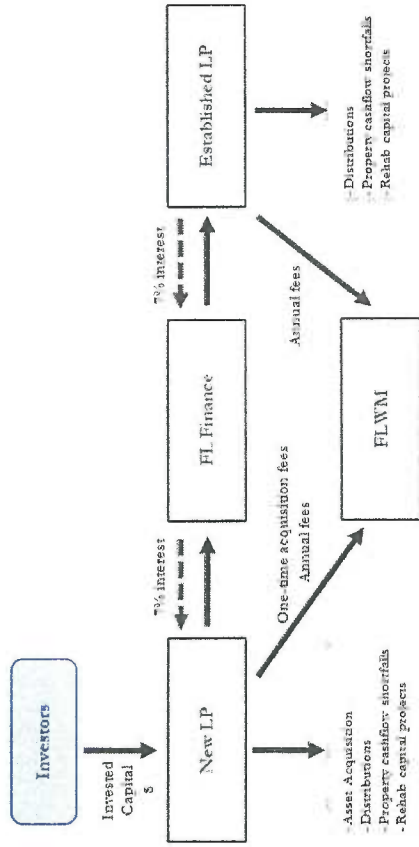
FL Finance

- In the past, Management has often raised more capital than required for a specific project, or has raised capital without a specific target acquisition identified. As a result there is often idle cash sitting in the respective LP bank account generating an immaterial amount of interest, while the LP still has to pay the distributions to unit holders.
- **“Central Banking” Function**
 - Each LP typically lends its idle cash to FL Finance on commercial terms, who may in turn lend the cash to another LP in the FL Group which has immediate cash flow requirements.
 - Loan agreements are prepared and signed between FL Finance and the lending LP with an agreed upon rate of 7%, and also subject to a guarantee from FLWM.
 - Another instance where money is loaned to FL Finance by an LP is when Management has been unable to identify an asset to acquire within the LP, notwithstanding that funds have been raised. In these instances, the LP will deposit the majority of the money raised (less respective fees charged by FLWM) to FL Finance.

Movement of Funds – cont'd

FL Finance cont'd

- The following illustration summarizes the flow of funds through FL Finance:



- Select, Elite, Premier and Ultimate are LPs that have raised capital into Blind Pools in each year between 2007 – 2010 whereby the unit owners have agreed to invest pursuant to an OM, without knowing specifically which property the funds were intended to acquire. Select raised capital in 2007, Elite in 2008, Premier in 2009 and Ultimate was opened in 2010. To date, none of these LPs has invested in any assets and the majority of the money (after FLWM fees) has been loaned to FL Finance which in turn loaned the money to other FL Group entities.
- We have not undertaken a review of the flow of funds to specifically conclude where this money has been spent. However, through discussions with Management and a review of balance sheets for each LP and FLWM, it would appear the majority of funds loaned to FL Finance by Select, Elite, Premier and Ultimate have been loaned by FL Finance to WALP to fund the rehab and operating losses of WALP.

- Funding losses and rehab programs have a negative short term cash flow impact on the FL Group because FL Finance will have to pay 7% related party interest to the lending LP (to cover the distribution payments) but FL Finance will not receive 7% related party interest from the borrowing LP (WALP in this case) if the borrowed money is being used to fund operating losses and rehab programs that are not yet generating income. Accordingly, in instances such as this, the related party balance owing to FL Finance from the borrowing LP will continue to grow with accruing interest.

Secondary Market Maker

- Besides acting as the central bank and borrowing conduit for the FL Group, FL Finance is often the buyer of the units sold by investors.
- Most investment vehicles (LP units, preferred shares and mortgages) are not redeemable. Redemption rights are limited to trust units, with significant restrictions thereto. However, Management will often liquidate an investors position if requested.
- In respect of trust units, the OM states that "FLWM may capitalize the interest payable on the outstanding Principal Amount of FLWM Notes up to 12 separate interest Payment Dates during the Initial Term and on up to an additional 12 separate Interest Payment Dates during the Extended Term."
- However, if the redemption in respect of trust units is not material, FL Finance typically acquires the units from the investor at the initial price of the unit (i.e. typically \$1/unit) and not the current underlying net asset value of the unit. As aforementioned, Management advises that it takes steps to support its repurchase price of the units.
- Because the valuation of the units through the FLWM Reporting System is based on the last trade price, the valuation per LP unit being displayed on every investors' personal investment account (on the FLWM Reporting System) remains at the initial price they paid (i.e. \$1 /unit) or Management's repurchase price, rather than the current net asset value.
- To date, we understand that there have not been a material amount of redemption or repurchase requests and, as a result, FL Finance has been able to borrow the cash from other LPs to fund redemptions or repurchases.

Movement of Funds – cont'd

FL Finance cont'd

FL Finance Balance Sheet

- The following summarizes the FL Finance internally prepared Balance Sheet at December 31, 2010:

FL Finance Balance Sheet, December 31, 2010			
Assets		Liabilities	
Cash	\$ 1,351,740	Due to RP	\$ 27,864,405
AR	10,486		
Due from RP	10,246,775	Equity	
LP Units	11,721,420	Common Shares	100
Condo units	82,643	Deficit	(4,451,440)
	<u>\$ 23,413,064</u>		<u>\$ 23,413,064</u>

- FL Finance has borrowed \$27.9M from within the FL Group, lent \$10.2M to other LPs, and acquired \$11.7M in LP units (through investor redemptions).
- Over 80% of the units FL Finance owns are in WALP, which has certain properties undergoing a rehab. Given the current stage of the rehab cycle, Management believes it would be imprudent to sell the WALP assets at this time as they will not attract a high enough price in the market. In this regard, the FL Finance units in WALP are relatively illiquid at this time.
- In aggregate, FL Finance does not appear to have sufficient liquid assets to pay back the \$27.9M in loans received from other LPs at this time.
- Management has advised that it is operating on the basis that over time (beyond the scope of 2013) it is anticipated that increased profitability in the LPs and the potential to refinance mortgages will allow for significant repayments to FL Finance in respect of the intercompany loans. This is beyond the scope of our report as the actions to support this extend to 2014 and beyond.

- By lending funds to LPs to fund operating losses and capital rehab projects, FL Finance has accumulated a significant deficit position. Management advises that the deficit is largely reflective of the forgiveness of \$4M of amounts due from WALP in 2010.
- The following table details the related party balances for FL Finance:

	Related Party Balances	
	Receivable	Payable
FLWM	\$ 2,785,147	\$ 4,949,254
FLEX	-	8,464,217
WALP	1,714,018	580,089
Realty	1,220,308	111,390
Acquisitions	45,434	-
Investors	1,139,988	-
Progressive	-	6,160,705
Universal	-	1,676,809
Spring Valley	1,718,388	-
Select	-	138,695
Elite	-	1,995,123
Premier	-	2,729,220
Ultimate	-	1,058,902
Visions	1,623,492	-
	<u>\$ 10,246,775</u>	<u>\$ 27,864,404</u>

- With the exception of FLEX, we are advised by Management that none of the LPs that have lent money to FL Finance presently require the money back.
- FLEX is in the midst of construction of the Victoria St. Building, a \$30M office building development, and is still raising capital (and sourcing conventional third party debt) to finance the construction.
- As a result of FL Finance's deficit, FLEX must raise more capital and the FL Group, as a whole, suffers the 7% interest FL Finance is still paying to FLEX.

Section 4

Corporate Governance

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5. Financial Reporting
6. Integrated Cash Flow Model
7. Asset Valuation
8. Capital Plan
9. Recommendations

Corporate Governance

- In March 2010, the Canadian Coalition for Good Governance ("CCGG") published a policy paper entitled "2010 Building High Performance Boards" which outlines thirteen guidelines to help build a board based on accountability to the shareholders, and independence. While these guidelines were developed for publically traded companies, the general rules can be applied to many businesses including the FL Group.
- The FL Group has multiple structures and consequently many Boards, however the focus of this section is in relation to FLWM and WALP.

1 - Facilitate shareholder democracy

- Shareholder should have the right to vote their shares.
- This guideline does not apply to privately held companies.
- We are advised that with the exception of First Lease Properties Fund and F.L. Master Sherman Ltd., all First Lease Entities are privately held.

2 - Ensure at least two thirds of directors are independent from management

- "Independence" means a director is independent of management, does not have a material relationship with the company and, except for director fees and share ownership, does not financially benefit from it.
- WALP's board is comprised of 9 directors of which 3 of the members are part of Management.
- FLWM's board is comprised of 7 directors of which 2 of the members are part of Management.
- The directors as a whole own approximately 18% of the assets within the FL Group.

3 - Separate the roles of Chair and Chief Executive Officer

- The role of the Chair is to make sure that the long term best interests of the investors are considered while the CEO is responsible for leading management and implementing the company's business strategy.
- At the joint meeting of directors (for WALP & FLWM) held on February 15, 2011, the Board appointed Doug Hyatt as the chairman for WALP & FLWM. The position was previously held informally by David Phillips, the current CEO and founder.

4 - Ensure that the directors are competent and knowledgeable

- The quality and character of the people that sit on the board is of paramount importance. A Board with diverse experiences in varying industries can aid the company in making its key business decisions and acquisitions.
- The Board of WALP & FLWM is made up of experienced professionals with expertise across multiple disciplines. The team is made up of individuals who work or have worked in the legal professional, education, medical, financial, accounting, mining, and technology sectors.

5 - Ensure that the goal of every director is to make integrity the hallmark of the company

- Integrity is to be principled, moral, honest and responsible; it is to be above reproach in all things.
- The Company has implemented a Whistle Blower Policy.

Corporate Governance – cont'd

6 - Establish mandates for board committees and ensure committee independence

- CCGG recommends that all committees be made up of independent board members to ensure that the policies recommended at the committee level do not require the approval of management. In doing so, the members of the committees will act in the best interests of the unit owners.
- WALP has established an Audit Committee made up of 3 independent Board members.
- FLWM has not established an Audit Committee as the entity has not prepared audited financial statements. For the fiscal year 2011, Management has advised that FLWM intends to prepare audited financial statements. The board has established a plan to form an Audit Committee as well as a Compensation Committee and a Nomination Committee. Management has advised that the committees will be established towards the end of 2011.

7 - Establish reasonable compensation and share ownership guidelines for directors

- CCGG recommends that Directors be compensated for their services, to the extent that the compensation does not interfere with the Director's ability to be independent.
- The Board of Directors is made up of Management and volunteers. Board members do not receive direct compensation but rather pay a reduced management fee on their portfolio within the FL Group, as compensation in kind.

8 - Evaluate board, committee and individual director performance

- A review of each Board member's strengths and weaknesses can be done through confidential surveys whereby each board member is asked to rate the other members. The purposes is to review if certain board members should step down, or if there is a requirement to further educate the Board members.
- As of the date of this report, an evaluation of the Board members has not been completed.
- The majority of both the FLWM and WALP Boards have held their positions since the inception of the company. In 2010, Doug Hyatt joined the FLWM board, and in February 2011, Mr. Hyatt was appointed Chairman of the Board.

9 - Oversee strategic planning, risk management and the hiring and evaluation of management

- Risk management is a core part of any board and is typically delegated to the responsibilities of the Audit Committee. An exclusively independent committee dedicated to evaluating the risks of the business can address structural issues and creates a forum whereby the directors can question the assumptions made by management.
- To date, the Company has not established a risk committee.

Corporate Governance – cont'd

10 – Assess the Chief Executive Officer and plan for succession

- The board is responsible for hiring, and the decision to continue to employ the CEO, as well as reviewing his or her performance. CCGG recommends that there is an established document outlining the description of the CEO's accountabilities, performance targets, expectations, and compensation incentives.
- Decisions on compensation and accountabilities are made at the Management, not Board level. Management has advised that it is currently formulating a plan to deal with succession planning but it has not yet been finalized.

11 – Develop and oversee executive compensation plans

- CCGG recommends that Senior Executives should be compensated fairly and competitively, with a strong equity component.
- Compensation decisions are made at the Management level, but we are advised that the members of the Board are privy to those numbers.

12 – Report governance policies and initiatives to stakeholders

- It is the duty of the Board to ensure that investors are aware of the governance policies that are in place. Providing investors with information in plain language will make the investors aware of major changes, and keep them informed about the Company's operations.
- Information regarding the Board members is located in the original Offering Memorandum. We are advised by Management that the FL Group does not send updates to the unit holders other than the statutory documents required by law.

13 – Report governance policies and initiatives to stakeholders

- CCGG believes that shareholders should be allowed to have regular and constructive engagement with the Board in order to create an open relationship.

- We understand that Management has close relationships with unit holders and updates are typically provided verbally.

Observations

- We have asked for and have been provided with minutes of all the Board meetings for the past 24 months. We were provided with Minutes of one Board meeting in 2009, one Board meeting in 2010 and three board meetings in 2011. We have reviewed the Minutes and can confirm that there is an increased level of documented scrutiny and involvement of the Board in FL Group's activities beginning in late 2010.
- However, there is a transaction we reviewed in the FL Group which does not support strong governance. In particular, FLWM sold 10.9% of Beverages to FLWM Holdings in June, 2011, realizing a profit of approximately 20% over the price FLWM paid just months earlier. However, there is no evidence of Board approval of this transaction, nor of any external valuation of Beverages to support the intercompany transfer. Management advises that the Board was made aware of the transaction.

Board Members

- The following table summarizes the current board members for both FLWM and WALP:

Name	Title	WALP	FLWM
Doug Hyatt	Chairman of the Board	X	X
David Phillips*	Director	X	X
Margaret Davis*	Director		X
John Wilson*	Director	X	X
Leo de Bever	Director	X	X
John Cook	Director	X	X
Terry Fisk	Director	X	
Robert Gauld	Director	X	X
Marina Ushycky	Director	X	
Robin Pullen	Director	X	

*Employees of FL Group and therefore not independent

- Collectively, the members of the Board owns approximately 18% of FL Group.

Section 5

Financial Reporting

1. Executive Summary
2. Company Overview
3. Corporate Structure
4. Corporate Governance
5. Financial Reporting
6. Integrated Cash Flow Model
7. Asset Valuation
8. Conclusion
9. Recommendations

Financial Reporting

The following is a brief summary outlining the timing and flow of documents required by GTL to prepare this Report, as well as some observations:

- On March 5, 2011, GTL was engaged by Cassels Brock to act as Consultant in preparing a report on the business, assets, affairs and operations of the FL Group. The scope and estimates were later modified between GTL and Cassels Brock.
- On March 7, 2011 GTL met with representatives of Cassels Brock, KPMG, the Company and the Ontario Securities Commission to discuss the nature and scope of the Report.
- On March 8, 2011 GTL provided Cassels Brock with a list of preliminary documents it required from the Company to complete its Report.
- On March 22, 2011 GTL met with Joanna Hampton and Cassels Brock, and reviewed an FL Group prepared organizational chart. Ms. Hampton explained the structure of the Company and the interaction between the various entities.
- Throughout the month of March 2011, Cassels Brock provided GTL with certain documents from the original request. We understand that much of the requested documents were not readily available and had to be prepared by the Company. We would have expected that a company of this nature and size would have had a more advanced level of financial reporting, specifically with respect to cash flows, budgeting and financial statements.
- Throughout the months of April and May 2011, we understand that the Company dedicated the majority of its accounting resources towards finalizing its fiscal year-end financial statements and consequently, GTL received limited documents from Cassels Brock over the course of this period.
- In the month of June 2011, the FL Group devoted greater resources to preparing and/or compiling the information requests of GTL. Given the sporadic flow of documents to that point, on June 16, 2011 and June 24, 2011 GTL provided Cassels Brock with extensive lists of documents which remained outstanding at that time. The financial information began flowing on a more frequent basis thereafter.
- GTL attended at FL Group's office on July 4, 2011 to review the lists of outstanding documents. Certain documents were provided to GTL following this meeting.
- We have worked with Management to build an integrated cash flow model for the FL Group based on Management's cash flow projections.
- During July 2011, GTL expended significant effort at the Company's office to build the financial model in order to prepare a consolidated cash flow projection based on Management's projections as well as to better evaluate how the various partnerships interacted with one another.
- In order to build the integrated model, GTL required additional financial information and forecasts. The Company was cooperative, and devoted significant resources in preparing documents for GTL to complete its Report. Again, most of the documents had to be prepared or compiled by the Company and were not readily available.
- As of the date of this Report, the 2009 & 2010 audited financial statements for WALP prepared by KPMG were still in draft form. This is approximately 2 years post year end for 2009. We understand from Management that the audited financial statements for these periods have not yet been completed on account of ongoing discussion between KPMG and the Company as it related to the potential removal of a going concern note in the draft WALP audited statements.

Financial Reporting

- In reviewing the Minutes of the Board Meetings, we note that there are often references to financial statements as an agenda item, but financials have consistently not been available for review at the Board Meetings.
- We understand that at the AGMs for the various funds, most often "draft" financial statements are disclosed at the meetings. We are advised by Management that there have been no questions from unit holders as to the lack of final statements, but we have not been able to verify this independently.
- We understand that only seven entities receive audited financial statements, including WALP and FLEX. There are review engagements prepared by the firm Sloan Group LLP for the LPs. Financial statements for FLWM are not audited or reviewed.
- Management has pointed out that the weaknesses in financial reporting are related to the fact that the FL Group is a rapidly growing private company and their compliance lags their growth.

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Section 6

Integrated Cash Flow Model

1. Executive Summary
2. Company Overview
3. Corporate Structure
4. Corporate Governance
5. Financial Reporting
6. Integrated Cash Flow Model
7. Asset Valuation
8. Conclusion
9. Recommendations

Purpose of the Integrated Cash Flow Model

- We have worked with Management to build an integrated cash flow model.
- The following sections explain why and how the integrated model was created, how it works and the results.

Overview of Integrated Cash Flow Model

- Management had not prepared a cash flow model/forecast that captures all of the different funds and LPs within the FL Group.
- Since there are significant intercompany transactions (through FL Finance), we believed that it was necessary to integrate each of the companies/LPs/Trusts into the same working model for the following reasons:
 - Provides a better understanding of each of the LPs/companies and how money moves between them;
 - Identifies whether the Company has sufficient cash flow as a whole to carry on its operations in the ordinary course based on its own projections;
 - Helps to evaluate the assumptions and the forecasts prepared by Management;
 - Creates the ability to sensitize the projections and evaluate the impact of any changes on the entire group;
 - Help Management understand the impact of certain operational decisions on the cash flows of the business; and
 - Creates a clearer view as to the Asset Valuation of the FL Group and each individual fund.

How the Integrated Cash Flow Model was Developed

- In developing the framework of the integrated model, we relied on the following information prepared by Management:
 - Internal prepared trial balances for every major property and every fund within the FL Group for 2009 and 2010;
 - Financial forecasts for FLWM, WALP, FLEX, Primetime, Beverages, Global and Venture;
 - Third party mortgage agreements;
 - Appraisals for all of the properties within the FL Group;
 - Cost consultant reports for the Victoria St. Building;
 - Purchase and sale agreements and letters of intent for the assets anticipated to be purchased in Global and Venture;
 - Information on all capital raised for each of the companies and management's view as to where new capital will be raised in the future (including distribution rates); and
 - Collection of different information and schedules prepared by Management.
- We started with all of the 2009 and 2010 trial balances to capture two years of income statements and highlight the major asset balances (cash, asset, related party balances) as at December 31, 2010;
- We reviewed the mortgage agreements, appraisals, cost consultant reports, etc. to estimate the fair value of the projects and the corresponding mortgage amounts; and
- We used the total capital raised (equity and debt) from a Management prepared report based on the FLWM Reporting System as at June 30, 2011 to populate each LP's invested capital and corresponding distribution rate.

Purpose of the Integrated Cash Flow Model –cont'd

How the Integrated Cash Flow Model Works

- There are 19 worksheets detailing each of the LPs/companies that have received investor capital over the life of the FL Group.
- Each detailed LP sheet has the following:
 - a historical (2008 to 2010) financial statement and forecasted cash flow statement (2011 to 2013);
 - NBV, cost, FMV and mortgage amount for each asset owned in the LP;
 - Equity and debt raised, as at June 30, 2011; and
 - Assumption inputs for a number of different variables (including new capital raises, FLWM fees paid, etc.).
- There is a central financing sheet that lists the total capital raised and also includes any assumptions on the forecasted capital to be raised for the FL Group. This sheet also includes all of the distribution rates.
- There is an asset valuation sheet that includes the appraised asset values, working capital, related party balances, mortgage balances and capital raised (debt and equity) for each of the LPs/Companies.
- There is a summary sheet that includes the operating cash flows, capex, distribution payments and financing requirements combined for all 19 LPs.
- There is a sensitivity sheet that is linked to all of the worksheets and summarizes the impact on net annual cash flows (2011 through 2013) if the certain assumptions are adjusted.
- All of the sheets are linked, as an integrated model, to one another to ensure when one assumption is changed, it will effect each LP.
- Please refer to Appendix C for the financial highlights of each of the LPs.

Management's Acceptance of the "Base Model"

- We reviewed the Management prepared forecasts for each LP and compared them to historical financial information for the respective LP we had previously been provided. We assessed whether there were any apparent omissions from Management's forecasts. In part, the process involved us having to interpret Management's assumptions, which were not documented for most of their projections. We reviewed these omissions with Management, together with the corresponding assumptions, and the integrated model was amended as required, with Management's agreement. The final integrated cash flow worksheets at that point represent the "Base Model", which is Management's view.
- We then advised Management that there were four particular assumptions which should be sensitized.
- In this regard, we created the ability to sensitize four particular assumptions to evaluate the impact of each on the Base Model. We discuss the sensitivity adjustments later in this section of the Report.
- We reviewed the sensitivities with Management. In this regard, while Management believed the sensitivities were overly conservative compared to the Base Model, they believed that they could implement four key cash flow preservation Levers (the "Levers") which could be enacted to facilitate the preservation of cash flow within the FL Group.

Base Model Summary

- The following table summarizes the results of the Base Model, combined for all of the LPs and companies within the FL Group:

	2011	2012	2013
Operating cashflows (after debt)	\$ (3,140,135)	\$ 12,008,832	\$ 19,856,303
Capital Expenditures	(15,078,499)	(15,571,160)	(4,390,266)
Cashflows before distributions	(18,218,633)	(3,562,328)	15,466,037
Debt Distributions	(7,455,414)	(4,942,863)	(4,705,346)
Cashflows before equity distributions	(25,674,048)	(8,505,191)	10,760,691
Equity Distributions	(10,204,068)	(12,441,726)	(12,511,524)
Cashflows before financing	(35,878,115)	(20,946,917)	(1,750,833)
Financing	45,953,579	16,085,145	4,780,531
Ending cashflows	\$ 10,075,464	\$ (4,861,772)	\$ 3,029,698
Accumulated Cash balance	\$ 10,075,464	\$ 5,213,692	\$ 8,243,389

- For the purpose of this Report, "operating cash flows" refers to net operating income after third party and related party debt servicing and estimated income taxes owing for FLWM.
- Based on the above results, we would note the following:
 - The significant growth in operating cash flows is attributed primarily to FLWM fees on new capital raised, positive WALP cash flows once the capital rehab program is complete, income from FL Group's ownership in Beverages and Primetime and a full year of the FL Group owning 3 properties in Global and Venture;
 - Capital expenditures include the Victoria St. Building development in FLEX (over 60% of the total), capital rehab programs primarily in WALP and ongoing maintenance capex;
 - There is approximately \$116.8M in investor debt at an average interest rate of 6.4%;

- There is approximately \$164.3M in investor equity at an average distribution rate of 6.2%;
- Financing includes the following:
 - Actual capital raised in the first six months of 2011;
 - Forecasted capital required only for FLEX, Global and Venture;
 - \$5M of new unsecured, subordinated debt in WALP;
 - The fees paid to FLWM on raising the capital; and
 - The December 31, 2010 working capital balances adjusted for material transactions that occurred in the first half of 2011.
- Management is forecasting to generate positive operating cash flows (net of debt servicing) in 2012 and 2013.
- Approximately 78% of the existing working capital balances and invested capital raised in 2011 will go towards funding all of the distributions and capital expenditures in 2011.
- If we assume 100% of the capital expenditures in 2012 are financed through capital raises or current working capital balances in 2012, the operating cash flows will cover all of the debt distributions and 57% of the equity distributions.
- If we assume the same for 2013, the operating cash flows will cover both the debt and equity distributions.
- Based on Management's Base Model, If there are no further capital rehab's (beyond 2013) and the assets continue to generate operating cash flows at the forecasted 2013 levels, the FL Group anticipates that it will generate enough cash to pay for all of their distributions into the foreseeable future.

Operating Cash Flows in Base Model

- The following table highlights the operating cash flows (net of third party debt servicing) for all of the LPs:

	2011	2012	2013
Operating Cashflows			
FLWM	\$ 1,616,046	\$ 5,859,144	\$ 8,210,228
FLEX	585,302	1,265,807	2,191,833
WALP	(1,160,130)	3,250,984	5,453,620
Realty	236,045	236,045	236,045
Acquisitions	46,378	46,378	46,378
Investors	(157,428)	46,841	73,560
Progressive	(281,934)	526,650	1,113,839
Universal	(418,800)	195,887	272,550
Venture	(3,953,408)	(1,228,162)	(348,578)
FLWM Holdings	(668,728)	194,384	938,169
Spring Valley	(67,397)	(67,397)	(67,397)
Select	9,742	9,742	9,742
Elite	142,368	142,368	142,368
Global	208,712	807,066	860,849
Premier	160,335	160,335	160,335
Ultimate	74,628	74,628	74,628
Visions	(108,939)	(108,939)	(108,939)
Mortgage Fund	597,073	597,073	597,073
	<u>\$ (3,140,135)</u>	<u>\$ 12,008,832</u>	<u>\$ 19,856,303</u>

- These numbers include investment property operating income or losses, income taxes (for FLWM) and all debt servicing (both related party balances and third party mortgages (principal and interest) payments).

- The following notes highlight the material factors included in the adjacent operating cash flow summary:

- FLWM:** (1) Includes acquisition fees earned on new Real Estate capital raised, which is assumed to be approximately 17.5% of \$64M, \$74M and \$85M, over the next three years; (2) owns 35% of Beverages, which is forecasted to generate a cash deficit of \$3.1M in 2011 and a cash surplus of \$1.7M in 2012 and \$8.1M in 2013; and (3) owns 33% of Retirement, which is forecasted to generate a cash deficit of \$1.6M in 2011 and a cash surplus of \$465K in 2012 and \$720K in 2013.
- FLEX:** The Victoria Street office building is expected to be completed and occupied (by FLWM) in September 2012, with a NOI (after third party debt) of approximately \$1.2M;
- WALP:** The capital rehab is expected to be finished in 2012 and as a result the total NOI is expected to double in 2012 and grow again by 25% in 2013;
- Investors:** The Harmony townhome complex is currently undergoing a capital rehab which is expected to be completed in 2012, at which point the NOI is expected to grow substantially;
- Progressive:** owns, among other investments, 8.34% of Beverages and 20% of Retirement;
- Universal:** owns 30% of Retirement;
- Venture:** FLWM is expecting to close the deal to acquire Palisades and Redwoods retirement residences in Ottawa by August 26, 2011. As part of the deal, they need to pay a balloon debt payment on December 31, 2011 of \$4.4M;
- FLWM Holdings:** owns 10.91% of Beverages and 17% of Retirement;
- Global:** FLWM is expecting to close the deal to acquire Heather Glen in Orlando (\$25.5M) by October 2011.

Capital Expenditures in Base Model

- The following table highlights the capital expenditures forecasted to be incurred for all of the LPs:

	2011	2012	2013
Capital expenditures			
FLWM	\$ (50,000)	\$ (50,000)	\$ (3,014,216)
FLEX	(9,636,147)	(12,160,470)	-
WALP	(4,976,196)	(2,490,209)	(613,000)
Realty	-	-	-
Acquisitions	-	-	-
Investors	(203,095)	(136,500)	-
Progressive	(2,500)	-	-
Universal	-	-	-
Venture	(136,125)	(428,794)	(450,234)
FLWM Holdings	-	-	-
Spring Valley	-	-	-
Select	-	-	-
Elite	-	-	-
Global	(74,436)	(305,186)	(312,816)
Premier	-	-	-
Ultimate	-	-	-
Visions	-	-	-
Mortgage Fund	-	-	-
	\$ (15,078,499)	\$ (15,571,160)	\$ (4,390,266)

- The following notes highlight the material factors included in the adjacent capital expenditure summary:
 - FLWM:** The \$3M expenditure in 2013 relates to leasehold improvements expected to be incurred for the Victoria St. Building
 - FLEX:** Construction costs incurred between June 30, 2011 and August 2012 on the Victoria St. Building ;
 - WALP:** They expect to incur approximately \$7.2M in additional capital rehab in 2011 and 2012. Once complete, annual maintenance capex is expected to be \$250 per unit (there are over 2000 units within the WALP portfolio);
 - Investors:** The Harmony townhome complex is currently undergoing a capital rehab which is expected to be completed in 2012;
 - Venture:** Small capital rehab costs and maintenance capex for the deal expected to close August 26, 2011;
 - Global:** Small capital rehab costs and maintenance capex for the deal expected to close October 2011;

Debt Distributions in Base Model

- The following table highlights the debt distributions forecasted to be incurred for all of the LPs:

	2011	2012	2013
Debt Distributions			
FLWM	\$ (1,283,227)	\$ (1,283,227)	\$ (1,283,227)
FLEX	(963,251)	(250,700)	(13,183)
WALP	(4,432,253)	(2,632,253)	(2,632,253)
Realty	-	-	-
Acquisitions	-	-	-
Investors	(39,375)	(39,375)	(39,375)
Progressive	(40,500)	(40,500)	(40,500)
Universal	-	-	-
Venture	-	-	-
FLWM Holdings	-	-	-
Spring Valley	-	-	-
Select	-	-	-
Elite	-	-	-
Global	-	-	-
Premier	-	-	-
Ultimate	-	-	-
Visions	-	-	-
Mortgage Fund	(696,808)	(696,808)	(696,808)
	\$ (7,455,414)	\$ (4,942,863)	\$ (4,705,346)

- The following notes highlight the material factors included in the adjacent debt distribution summary:
 - FLWM:** As at June 30, 2011 FLWM had raised \$18.3M at a 7% distribution rate;
 - FLEX:** As at June 30, 2011 FLEX had raised \$12.4M at a 7.75% distribution rate. Management is expecting to convert 75% of the debt holders in to equity in 2012 and the balance in 2013;
 - WALP:** As at June 30, 2011 WALP had raised \$43.3M at 9% in FL Fund, \$14.4M at 9% in FL Properties Fund, \$9.3M at 8% in Wimberly Fund and \$1.2M in Wimberly II Fund at 7%. Management intends to convert approximately \$20M of the FL Fund debt into equity at the end of 2011;
 - Investors:** As at June 30, 2011 FLWM had raised \$656K at a 6% distribution rate;
 - Progressive:** As at June 30, 2011 FLWM had raised \$675K at a 6% distribution rate; and
 - Mortgage Fund:** As at June 30, 2011 FLWM had raised \$11.6M at a 6% distribution rate.

Equity Distributions in Base Model – cont'd

- The following table highlights the equity distributions forecasted to be incurred for all of the LPs:

	2011	2012	2013
Equity Distributions			
FLWM	\$ (2,612,325)	\$ (2,612,325)	\$ (2,612,325)
FLEX	(1,855,673)	(2,409,017)	(2,537,736)
WALP	(1,812,893)	(2,687,893)	(2,687,893)
Realty	(215,161)	(215,161)	(215,161)
Acquisitions	(168,196)	(168,196)	(168,196)
Investors	(399,250)	(399,250)	(399,250)
Progressive	(894,624)	(894,624)	(894,624)
Universal	(347,939)	(347,939)	(347,939)
Venture	(240,143)	(873,808)	(981,719)
FLWM Holdings	-	-	-
Spring Valley	(172,724)	(172,724)	(172,724)
Select	(255,330)	(145,903)	(145,903)
Elite	(466,108)	(266,347)	(266,347)
Global	(161,612)	(646,450)	(646,450)
Premier	(389,275)	(389,275)	(222,443)
Ultimate	(212,814)	(212,814)	(212,814)
Visions	-	-	-
Mortgage Fund	-	-	-
	\$ (10,204,068)	\$ (12,441,726)	\$ (12,511,524)

- The following table summarizes the equity capital raised to date as well as the capital raise assumptions used in the Base Model:

	As at June, 30, 11	Equity Raised			Distribution rate
		2011	2012	2013	
FLWM - Pref I	\$ 8.5	\$ -	\$ -	\$ -	8.75%
FLWM - Pref II	22.1	-	-	-	6.75%
FLEX	22.4	10.4	4.9	-	4.75%
WALP	45.6	-	-	-	2.75%
Realty	4.5	-	-	-	3.50%
Acquisitions	1.8	-	-	-	8.25%
Investors	6.7	-	-	-	4.75%
Progressive	14.9	-	-	-	4.75%
Universal	5.8	-	-	-	4.75%
Venture	0.9	13.5	2.8	1.8	3.75%
FLWM Holdings	3.0	-	-	-	0.00%
Spring Valley	2.2	-	-	-	6.75%
Select	3.6	-	-	-	5.75%
Elite	6.7	-	-	-	5.75%
Global	0.8	8.4	-	-	5.75%
Premier	5.6	-	-	-	5.75%
Ultimate	3.0	-	-	-	5.75%
Visions I & II	4.2	-	-	-	0.00%
Mortgage Fund	-	-	-	-	0.00%
	\$ 162.1	\$ 32.4	\$ 7.7	\$ 1.8	

- FLEX:** Management is expecting to convert 50% of the debt holders to 6% equity in 2012 and the other 50% to 4% equity in 2012 and 2013;
- WALP:** Management intends to convert approximately \$20M of the FL Fund debt into equity at 4.375% at the end of 2011.

Financing in Base Model

- The following table highlights the financing activities each LP is projected to undergo over the next three years:

	2011	2012	2013
Financing			
FLWM	\$ 12,599,990	\$ -	\$ -
FLEX	11,869,769	13,554,380	3,000,000
WALP	11,625,428	-	-
Realty	49,653	-	-
Acquisitions	(34,126)	-	-
Investors	741,541	-	-
Progressive	741,212	-	-
Universal	131,670	-	-
Venture	4,329,676	2,530,764	1,780,531
FLWM Holdings	(911,600)	-	-
Spring Valley	140,051	-	-
Select	27,898	-	-
Elite	45,894	-	-
Global	27,336	-	-
Premier	40,374	-	-
Ultimate	904,370	-	-
Visions	967,674	-	-
Mortgage Fund	2,656,771	-	-
	<u>\$ 45,953,579</u>	<u>\$ 16,085,145</u>	<u>\$ 4,780,531</u>

- The following notes highlight the material factors included in the adjacent financing summary:

Capital Raising

- FLWM:** raised \$6.4M in the first half of 2011;
- FLEX:** is projected to raise \$11.5M and \$5.5M in equity (and/or debt drip's) in 2011 and 2012 as well as secure construction financing of \$9M in 2012 and an additional \$3M (refinanced into a mortgage) in 2013;
- WALP:** raised \$798K in the first three months of 2011 and Management is forecast to raise \$5M of unsecured, subordinated debt in 2011;
- Progressive:** raised \$675K in the first half of 2011;
- Venture:** is projected to raise \$14.4M, \$3.1M and \$2.16M in equity over the next three years;
- FLWM Holdings:** raised \$2.99M in the first half of 2011;
- Global:** is projected to raise \$9.3M in equity in 2011;
- Mortgage Fund:** raised \$1.56M in the first half of 2011;
- All amounts above (except for amounts raised in FLWM, Progressive and Mortgage Fund) would attract the 17.5% fee paid to FLWM, which in aggregate equates to approximately \$6.6M, \$1.6M and \$378K over the next three years.

Working Capital Balances

- The remaining financing dollars come from the estimated June 30, 2011 working capital balances.
- This does not include any related party receivables or payables.

Summary of Ending Cash Flows in Base Model

- The following table highlights the annual ending cash position for each LP:

	2011	2012	2013
Ending cash flows			
FLWM	\$ 10,270,484	\$ 1,913,591	\$ 1,300,459
FLEX	-	-	2,640,914
WALP	(756,044)	(4,559,372)	(479,526)
Realty	70,538	20,884	20,884
Acquisitions	(155,944)	(121,818)	(121,818)
Investors	(57,607)	(528,284)	(365,065)
Progressive	(478,346)	(408,474)	178,715
Universal	(635,070)	(152,052)	(75,390)
Venture	-	-	-
FLWM Holdings	(1,580,328)	194,384	938,169
Spring Valley	(100,070)	(240,121)	(240,121)
Select	(217,689)	(136,160)	(136,160)
Elite	(277,846)	(123,980)	(123,980)
Global	(0)	(144,570)	(98,416)
Premier	(188,567)	(228,940)	(62,108)
Ultimate	766,184	(138,186)	(138,186)
Visions	858,735	(108,939)	(108,939)
Mortgage Fund	2,557,036	(99,735)	(99,735)
	\$ 10,075,464	\$ (4,861,772)	\$ 3,029,698

- We would note the following:

- Due to large, unfunded shortfalls in WALP in 2011 and 2012, the FLWM Group in aggregate, generates a cash deficit of \$4.8M in 2012;
- In 2013, only FLWM, FLEX, Realty, Progressive and FLWM Holdings can cover their distributions. All other LP deficiencies will be funded by FLWM;
- The positive cash balance in FLEX is due primarily to the refinancing of the construction loan from \$9M to \$12M;
- The high cash balance in FLWM, Progressive and FLWM Holdings is due to the increased growth in Beverages, according to the Base Model;
- FLWM is forecasted to have enough cash flow to cover the cash shortfalls in each of the cash deficient LPs for the forecasted period.

Summary of Ending Accumulated Cash Balances in Base Model

- The following table highlights the accumulated cash balances for each LP:

	2011	2012	2013
Accumulated ending cash balance			
FLWM	\$ 5,822,972	\$ 1,287,175	\$ 2,001,935
FLEX	-	-	2,640,914
WALP	-	-	-
Realty	70,538	91,422	112,307
Acquisitions	-	-	-
Investors	-	-	-
Progressive	-	-	-
Universal	-	-	-
Venture	-	-	-
FLWM Holdings	-	-	-
Spring Valley	-	-	-
Select	-	-	-
Elite	-	-	-
Global	-	-	-
Premier	-	-	-
Ultimate	766,184	627,998	489,812
Visions	858,735	749,795	640,856
Mortgage Fund	2,557,036	2,457,301	2,357,566
	\$ 10,075,464	\$ 5,213,692	\$ 8,243,389

- The above table illustrates the effect of assuming that FLWM will cover the cash shortfalls in all of the cash deficient LPs.
- It also assumes that any LPs with a cash surplus will keep their surplus and it will not be loaned back into the FL Group.

Base Model Assumptions

- The Base Model contains significant assumptions surrounding the timing and quantum of operating income or loss, capital expenditures, distributions, financing requirements and capital raising. As aforementioned, many of the assumptions had to be interpreted and documented as projections were received. We were of the view that certain assumptions in the Base Model had to be sensitized, as the projections were not fully supported by the information presented, nor historical trends.

Assumptions to be Sensitized

1. **Annual Capital Raisings:** The Base Model assumes FLWM will raise approximately \$64M, \$74M and \$85M from 2011 through 2013, respectively. FLWM earns 17.5% on each of these amounts which is one of the largest positive income streams within the FL Group. Should the FL Group not achieve its target of raising this amount of capital by a material amount, it will have an impact on the Company's ability to fund new projects, as well as reduce the amount of fee revenue in FLWM.
2. **WALP operating projections:** Management assumes that once the capital rehab programs are complete, each property within the WALP portfolio will lease-up to 95% occupancy (in approximately 1.5 years at the outset) and that rental rates will increase by 6% every 6 months.
3. **Beverages operating projections:** The FL Group acquired approximately 54% of Beverages in 2011 and has plans to acquire new production equipment and a new facility for the King Brewery in the next two years. The capital expenditures (as well as the addition of 8 new salespeople) are expected to fuel revenue growth of 250% and 110% in 2012 and 2013, respectively.

4. **No idle cash:** The Base Model assumes no movement of funds between LPs and also assumes that any new capital raised (with the exception of FLEX, Global and Venture) is immediately spent on a cash neutral investment. For instance, in some of the blind pools, capital would typically be raised several months before it was placed resulting in idle cash sitting in the bank earning 3% while the LP was required to pay distributions of 6% to its unit holders.

Base Model Assumptions – cont'd

Further Assumptions

- The following additional assumptions were made by Management throughout the Base Model:
 - Of the existing LPs, Management will only raise capital for FLEX, Global and Venture as these three LPs have investment properties with financing requirements.
 - Capital raised over the next three years that is not forecasted to be allocated to FLEX, Global and Venture would be directed to new investments that are entirely cash neutral. This means that the operating cash flows of each new investment will generate precisely an equal amount of revenue to cover all of the operating expenses as well as debt servicing, capital expenditures and investor capital distributions.
 - All related party balances attract the 7% interest income or expense.
 - Management will close both the Global and the Venture acquisitions by the end of 2011.
 - The US to Canadian dollar exchange is 1:1.
 - There will be no dividends paid out on the common shares of FLWM.
 - The Victoria St. Building will be completed and fully occupied by September 2012, with no cost overruns and will be financed by invested capital and third party mortgages/construction loans.
 - Management will convert the Select and Elite unit holders from 7% equity to 4% equity in WALP in 2012 and Premier in 2013.
 - Management will convert all of the FLEX debt holders (approximately \$12.4M), with a distribution rate of 7.75% into equity holders with a distribution rate of 6% and 4% by 2013.
 - Approximately \$20M of the 9% debt holders in FL Fund (approximately \$43M in Master Texas) will convert to WALP equity of 4.375%.
 - Management will raise unsecured, subordinated debt of \$5M, with restricted repayment terms and no cash payments during the term, in order to shore up a portion of the recurring WALP cash flow deficiency.
 - FLWM will spend approximately \$1M less in 2012 and 2013 on professional fees and \$500K less in 2012 and 2013, on their annual employee retreat.
 - There will be no further inter LP movement of funds in order to meet its cash flow requirements.
 - Any cash surplus generated in FLWM, will go towards financing any cash shortfalls in the cash deficient LPs within the FL Group.
 - FLWM will charge and collect a 5% agency fee and 12.5% business development fee on all new real estate capital raised into the FL Group.
 - There will be no demands or repayment of the current intercompany loan balances.

Model Sensitivities

Overview

- As outlined on the previous pages, there were certain assumptions in the Base Model, that were not fully supported by the information presented, nor historical trends.
- A sensitivity analysis was therefore performed to stress test these four assumptions and analyze the impact on the FL Group cash flow.
- The following section discusses each of the four assumptions in detail, why we tested them and the impact on the ending cash flows of the FL Group:

Annual Capital Raisings

- The Base Model assumes FLWM will raise \$64M, \$74M and \$85M in 2011 through 2013, respectively.
- This would generate revenues in FLWM of approximately \$11.2M, \$13M and \$15M.
- In concluding on an appropriate sensitivity assumption, we considered the following:
 - Management has raised \$63.7M and \$64.7M in 2009 and 2010 respectively.
 - The FL Group has raised \$12.9M in the first six months of 2011 (and an additional \$7.52M in July 2011).
 - Management advised that because the investors are primarily looking for the tax benefits the majority of their capital raises occur in the last quarter of the year.
 - Management believes that as the AUM and the number of investors continue to grow, it may become easier to raise capital.

- As a result, we reduced each years' anticipated capital raise by 10%, which had the following impact on the Base Model:

	2011	2012	2013
Impact on Ending Cashflow	\$ (948,378)	\$ (1,186,404)	\$ (1,461,120)
Impact on Accumulated Cash Balance	\$ (948,378)	\$ (2,134,783)	\$ (3,595,903)

No Idle Cash

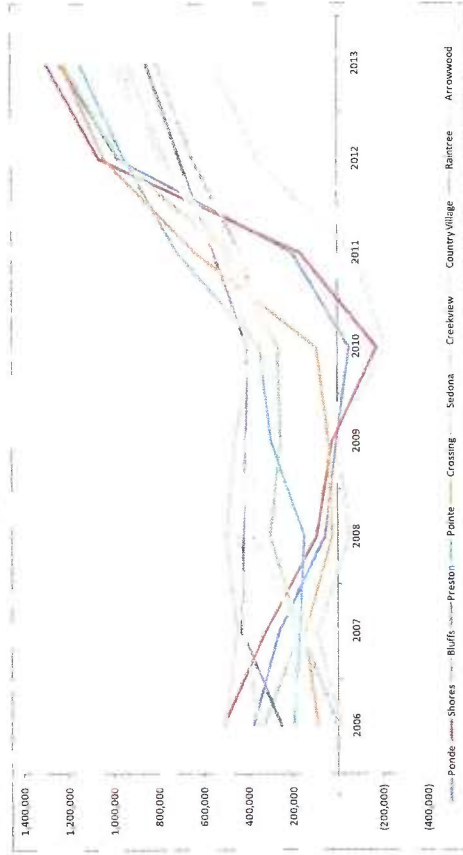
- The Base Model assumes there is no movement of funds between LPs but it also assumes Management can buy a positive cash flow generating asset immediately.
- We considered this to be a sensitive assumption and considered the following when determining an appropriate sensitivity assumption:
 - In the past, Management has often raised capital before they had an asset in which to invest.
 - It is typically harder to find cash neutral real estate deals that fit into First Lease's Investment Model.
 - There are several short term, risk free investment options in the market, with average returns between 1% to 3%.
 - The typical distribution rate that the FL Group is offering is 6%.
- As a result, we adjusted the idle cash assumption to reflect any new capital raised would sit idle for six months, generating a 3% return and paying a 6% distribution to its investors, which had the following impact on the Base Model:

	2011	2012	2013
Impact on Ending Cashflow	\$ (276,891)	\$ (981,482)	\$ (1,247,280)
Impact on Accumulated Cash Balance	\$ (276,891)	\$ (1,258,373)	\$ (2,505,653)

Model Sensitivities – cont'd

WALP Operating Projections

- Management is forecasting the WALP portfolio to generate NOI of \$4.6M, \$9.0M and \$11.2M for each of the next three years, respectively.
- The following graph illustrates the NOI progression of each of the WALP properties from 2006 through the forecasted period:



- Management is forecasting a sharp incline in the NOI over the next three years. The highest NOI the portfolio has generated was in 2009 at \$2.7M. Management is forecasting 2011-2013 to be 1.6x, 3.2x, and 4x greater than 2009 levels respectively.
- When comparing the actual results of 2006 through 2010 to the forecast period, it is important to note the following:
 - Ponde, Shores, Pointe and Crossing have undergone a capital rehab program since 2007 and as a result their NOI has suffered;
 - The forecasted years reflect the NOI of a newly rehabbed portfolio of properties as opposed to the pre-rehab properties in 2007 through 2010.
- Management's assumptions are taking into consideration the effects of the current rehab program and how the market will react to the newly renovated assets once the rehab is complete (increased occupancy and higher rental rates).

Capital Rehab

- Most of the properties within WALP have either commenced, at some point in the past five years, or are undergoing a capital rehabilitation project.
- A typical capital rehab involves changing the floors, upgrading the kitchen, installing new appliances, and cleaning / installing (when necessary) the bathroom facilities. This can cost up to \$15,000 per residential unit and to date, the WALP portfolio has averaged \$6,700 per unit.
- The following table summarizes the total capital rehab for the WALP portfolio, including what has been spent from 2007 through June 2011 and what is expected to be spent in the forecasted period according to Management:

	# of Units	Rehab Costs		% Completion	Completion Date
		Already spent	To be spent		
Ponde	244	\$ 3,097,845	\$ 645,467	83%	Sep 11
Shores	236	2,251,285	575,587	80%	Mar 12
Bluffs	233	48,568	711,932	6%	Feb 13
Preston	112	70,718	609,215	10%	Dec 12
Pointe	208	1,568,484	182,598	90%	Sep 11
Crossing	212	1,566,926	175,382	90%	Sep 11
Sedona	240	-	-	n/a	n/a
Creekview	144	52	740,948	0%	Aug 12
Country Village	148	16,716	629,284	3%	Aug 12
Raintree	144	8,994	651,006	1%	Aug 12
Arrowwood	200	42	724,958	0%	Aug 12
	2121	\$ 8,629,630	\$ 5,646,378	60%	

- Ponde, Shores, Pointe and Crossing have nearly completed their rehab, while Bluffs, Preston and the Master Sherman properties are in the beginning phases of theirs.
- The Sedona property is not expected to undergo any rehabilitation as a rehab as the impact is not expected to be beneficial due. Management advised that it is currently contemplating the sale of the Sedona property, but it has not yet been listed.
- In order to successfully rehab a building, the property manager (in this case it is a third party company, Leaders Corporation, that manages the WALP portfolio) must vacate each unit to perform the work. As a result, tenants are either moved around the complex or are sometimes lost to competing complexes.

Model Sensitivities – cont'd

- This typically leads to lower occupancy rates during a rehab as well as lower rental rates.

Occupancy and Rental Rates

- The following table summarizes the average occupancy rate, the average rental rate and the estimated market rate for each property:

	# of Units	Current Occupancy %	Current Rent Rate	Est. Market Rate	Lease Differential
Ponde	244	52.0%	\$ 587	\$ 715	-18.0%
Shores	236	50.4%	\$ 617	\$ 723	-14.7%
Bluffs	233	72.2%	\$ 542	\$ 552	-1.9%
Preston	112	82.1%	\$ 868	\$ 809	7.3%
Pointe	208	85.6%	\$ 630	\$ 696	-9.5%
Crossing	212	85.4%	\$ 601	\$ 643	-6.5%
Sedona	240	52.9%	\$ 516	\$ 530	-2.7%
Creekview	144	87.5%	\$ 631	\$ 723	-12.7%
Country Village	148	89.2%	\$ 559	\$ 660	-15.4%
Raintree	144	81.9%	\$ 574	\$ 629	-8.7%
Arrowwood	200	84.5%	\$ 486	\$ 595	-18.4%
	2121	72.5%	\$ 588	\$ 653	-9.9%

- The negative lease differential represents the discount at which each property is currently renting.
- The occupancy rates range from 50% to 89% throughout the WALP portfolio.

- Ponde and Shores have undergone extensive rehab projects and as a result are only 52% and 50% occupied and charging rents at an 18% and 14% discount to market.
- Bluffs and Preston are located in two of the nicer neighbourhoods and although they are just starting their rehab, they are still charging rental rates close to market.
- Pointe and Crossing are slightly ahead of Ponde and Shores and have already started filling the empty units that were vacated for the rehab and are generating close to market rents on these newly vacated units.

- Sedona is not being renovated and as a result is only 53% occupied.
- The Master Sherman properties are relatively full but have been charging rental rates at an average discount to market of 13% as the buildings are old and in need of a rehab.

Comparison of Actual to Budget

- We received the actual rent roll for the portfolio for the first six months of 2011 and compared it to the forecasted numbers in the Base Model.

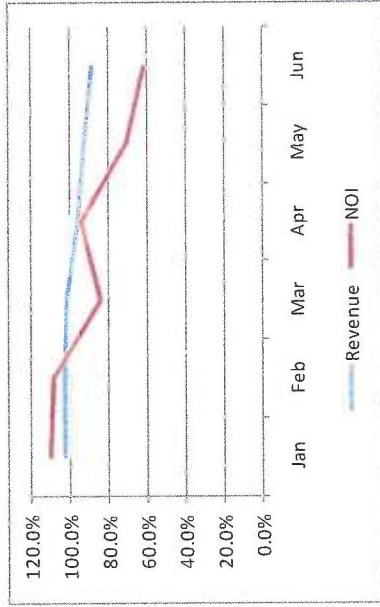
- The following table summarizes the six month results:

	Net Revenues			Net Operating Income		
	Actual	Budget	%	Actual	Budget	%
Ponde	\$ 444,593	\$ 460,957	96%	\$ (16,120)	\$ (6,224)	n/a
Shores	333,478	382,683	87%	(71,152)	(42,366)	n/a
Bluffs	545,395	570,699	96%	115,191	142,520	81%
Preston	445,427	366,006	122%	184,644	236,079	78%
Pointe	736,428	777,183	95%	309,062	309,953	100%
Crossing	705,655	740,878	95%	191,981	222,954	86%
Sedona	367,956	366,006	101%	(89,722)	(88,304)	n/a
Creekview	496,027	511,016	97%	197,160	208,321	95%
Country Village	491,221	510,716	96%	223,192	234,816	95%
Raintree	449,052	484,495	93%	119,341	183,499	65%
Arrowwood	538,029	555,847	97%	180,044	186,214	97%
	\$ 5,553,261	\$ 5,726,486	97%	\$ 1,343,622	\$ 1,587,462	85%

- For the first six months of 2011, the WALP portfolio is achieving 97% of the net revenues and 85% of the forecasted NOI.
- The bulk of the growth came in the earlier months and through April, May and June the actual numbers have started to move away from the budgeted numbers.

Model Sensitivities – cont'd

- The following graph shows progression of the monthly Net Revenue and Net Operating Income actual to budget %'s:



- Actual net revenues and NOI were 102% and 110% of budget in January 2011 but have since fallen to 88% and 62% in June.
- The dollar figures have remained steady over the six months and have not grown as quickly as Management had predicted in its Base Model.
- As at June 30, 2011 the WALP portfolio has generated a total NOI of \$1.32M, which is approximately 29% of the forecasted 2011 NOI.

WALP Portfolio Appraisals

- We then looked at the draft WALP appraisals prepared by CBRE and Blakes;
- The valuation date for the CBRE appraisals is January 1, 2011 and for the Blakes appraisals it is October 1, 2010.
- The total portfolio value in the Blakes appraisal is approximately 12% higher than the appraised value in the CBRE appraisal.
- Each appraisal undergoes a similar valuation methodology and each appraisal opines on their expected level of NOI for each property with consideration given for the rehab project in the Master Texas properties.

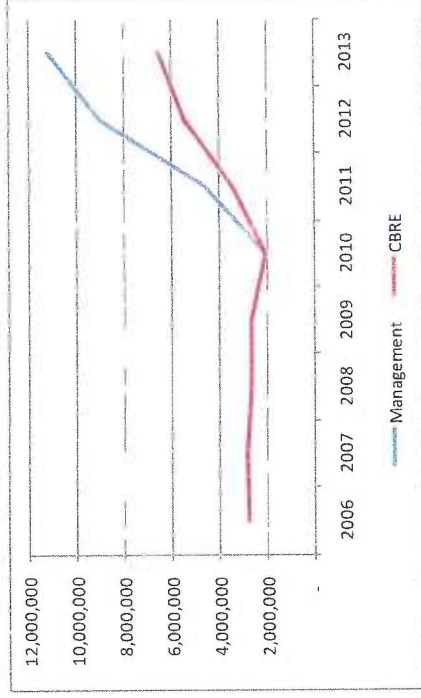
- The point of the sensitizing exercise is to measure the impact certain scenarios will have on the FL Group's net cash flow position. With that in mind, we deemed it more appropriate to use the more conservative numbers in evaluating Management's operating forecast.
- The CBRE appraisal provides its views as to what the Stabilized NOI will be, which is defined as annual NOI once the capital rehab project is complete and the property is 92% occupied.
- The following table summarizes CBRE's Stabilized NOI's (in blue) while we estimated what the annual NOI's would be during the rehab project (based on a straight line progression between the actual 2010 figures and the Stabilized NOI). For the NOI figures beyond the Stabilized value we assumed an annual rental rate increase of 3% (which was said to be appropriate by the CBRE appraiser):

	Actual 2010	Forecast		
		2011	2012	2013
NOI				
Ponde	\$ (50,298)	\$ 116,815	\$ 451,040	\$ 701,436
Shores	(173,148)	105,176	661,824	940,148
Bluffs	267,542	361,619	549,772	643,849
Preston	399,227	437,914	515,287	528,182
Pointe	347,844	533,107	718,370	739,921
Crossing	95,574	230,967	501,753	637,146
Sedona	(210,890)	(80,108)	181,456	443,020
Creekview	386,489	499,476	514,460	529,894
Country	392,080	461,515	475,360	489,621
Raintree	315,699	358,597	401,495	413,540
Arrow Wood	324,884	455,219	468,876	482,942
	\$2,095,001	\$ 3,480,296	\$ 5,439,693	\$ 6,549,699

- We would note that the CBRE appraisals do not contemplate any rehab being done on the Master Sherman properties.

Model Sensitivities – cont'd

- The following graph illustrates the difference between management's NOI forecast and the NOI forecast suggested by the numbers contained in CBRE's draft appraisal:



- After analyzing all of the WALP portfolio data, comparing it to Management's projections, reviewing both the Blakes and CBRE appraisals and interviewing the appraiser from CBRE, we determined the most appropriate sensitivity scenario would be to apply the NOI forecast suggested by the numbers contained in the CBRE's draft appraisal.
- In doing so, we also removed the \$2.8M of capital rehab costs for Master Sherman and replaced this with approximately \$200K (as maintenance capex).
- The impact this sensitively adjustment has on the FL Group's ending cash flows is as follows:

	2011	2012	2013
Impact on Ending Cashflow	\$ 522,528	\$ (2,561,946)	\$ (4,684,577)
Impact on Accumulated Cash Balance	\$ 522,528	\$ (2,039,418)	\$ (6,723,994)

- The major differences between the two are as follows:
 - CBRE assumes an annual rental rate increase of 3%, whereas Management assumes 6% every six months;
 - CBRE assumes the Master Sherman properties will not undergo a rehab, while Management does (no rehab project has been undertaken on Master Sherman to date);
 - CBRE assumes a stabilized occupancy of 92%, while Management assumes 95%; and
 - CBRE assumes it will take, on average, 12 months longer to reach a stabilized rent than what management projects.
- As at June 30, 2011 the WALP portfolio has generated a total NOI of \$1.32M, which is approximately 39% of the CBRE 2011 NOI.

Model Sensitivities – cont'd

Beverages Operating Projections

- Management is expecting significant revenue and NOI growth during the forecasted period for Beverages, of which the FL Group owns 54%.
- In 2011, the Beverages group is forecasted to generate a net operating loss of \$804K, with debt distributions of \$60K. At the time of the Report, Management had not yet received the year to date numbers to corroborate whether 2011 is on track or not.
- Beverages has significant capital expenditures budgeted in 2011 including the acquisition of new machinery and moving to a larger premises. Due to the limited historical information available, GTL determined that, for the purposes of sensitizing the model, the significant growth in Beverages should be removed from the Base Model.
- We then considered whether Beverages could continue to generate a net operating loss, which is consistent with the current circumstances. As a result, we determined the most appropriate sensitivity assumption would be to assume no capital expenditures would be completed and that the Beverages group will continue to operate at a break even point (less the debt distributions on the \$1M mortgage)
- The impact this sensitively adjustment has on the FL Group's ending cash flows is as follows:

	2011	2012	2013
Impact on Ending Cashflow	\$ 1,464,036	\$ (873,960)	\$ (4,016,847)
Impact on Accumulated Cash Balance	\$ 1,464,036	\$ 590,076	\$ (3,426,771)

Summary of Sensitivity Adjustments

- The following table illustrates the impact that each of our sensitivity adjustments has on the FL Group's ending cash flow and also summarizes the Base Model cash flow balances once the Base Model sensitivities are applied:

	Sensitivity Adjustments			2011	2012	2013
1	FLWM raises 10% less Real Estate capital than projected in each year of the forecast			\$ (948,378)	\$ (1,186,404)	\$ (1,461,120)
2	Management takes 6 months to find LP investments, while the idle invested capital earns 3% returns and pays 6% distributions			(276,891)	(981,482)	(1,247,280)
3	Adjust WALP's projections to agree to projections based on CBRE's draft appraisal. Remove Master Sherman Capital rehab.			522,528	(2,561,946)	(4,684,577)
4	Beverages generates a \$60K cash deficit each year.			1,464,036	(873,960)	(4,016,847)
5	Reduction of cash impact from 2nd Sensitivity, when all other sensitivities occur			95,635	119,637	147,340

Impact of Sensitivities on Ending Cashflow \$ 856,930 \$ (5,484,155) \$ (11,262,483)

Impact of Sensitivities on Acc. Cash Balance \$ 856,930 \$ (4,627,226) \$ (15,889,709)

	2011	2012	2013
Base Model Ending Cashflows	\$ 10,075,464	\$ (4,861,772)	\$ 3,029,698

Sensitivity Adjustments	856,930	(5,484,155)	(11,262,483)
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Ending Cashflows \$ 10,932,393 \$ (10,345,927) \$ (8,232,785)

Acc. Cash balance \$ 10,932,393 \$ 586,466 \$ (7,646,319)

Management Levers

Overview

- In the event that Management does not meet their forecasted results (including the sensitivity adjustments we highlighted in the previous section) we discussed with Management what operational adjustments or Levers they could implement to offset cash shortfalls.
- The following Levers were identified by Management, who in their view believe that implementation of all of the Levers would not have a material effect on its ability to achieve the remainder of the FL Group's projections in the ordinary course.
 1. Reduce the projected bonuses paid to Management and staff;
 2. FLWM would only lease two of the floors in the Victoria St. Building and FLEX would rent the other two floors and the basement to third parties;
 3. Starting in 2012, 100% of the distributions on units held by all Board and Trustee members will be reinvested, instead of paid out in a cash distribution; and
 4. Reduce the distribution rates on all of the debt and equity raised to date up to 1.25%.

- Management advises that if they were faced with a situation where they do not meet their Base Model, the most likely course of action may include implementation of some portion of all of the Levers.

Management Bonuses

- The following table summarizes the total salary and bonus for Management and staff over the last two years:

	2009			2010		
	Salary	Bonus	Total	Salary	Bonus	Total
David Phillips	\$ 66	\$ -	\$ 66	\$ 66	\$ -	\$ 66
Key Management	512	1,573	2,086	516	1,594	2,110
Staff	2,073	1,965	4,037	2,324	1,915	4,239
	\$ 2,651	\$ 3,538	\$ 6,189	\$ 2,906	\$ 3,508	\$ 6,414

- We understand that the bonuses are not based on a set formula and are decided at the discretion of David Phillips.
- David does not receive a bonus as his remuneration is primarily in dividends. In 2010, David received approximately \$1.035M in common share dividends. As aforementioned, the Base Model assumes no common share dividends going forward.
- Approximately \$1.5M of the total bonus is non-cash bonuses such as FL Group units and RRSP matching (approximately 75% is for management), while the remaining \$2M is paid in cash.
- Management believes, if required, they could cut 100% of the non-cash bonuses and 50% of the cash bonuses, resulting in an overall reduction in bonuses of approximately 75%, without losing any staff.
- The impact this Management Lever adjustment has on the FL Group's ending cash flows is as follows:

	2011	2012	2013
Impact on Ending Cashflow	\$2,231,250	\$ 2,550,000	\$ 2,550,000
Impact on Accumulated Cash Balance	\$2,231,250	\$ 4,781,250	\$ 7,331,250

Management Levers – cont'd

Lease Part of the Victoria St. Building to a Third Party

- FLEX is currently developing a 58,000 sq ft, 4 floor office building in downtown Uxbridge. The building is being built with the intention of FLWM occupying the whole building (except for a small portion of the main floor being sublet to a gym)
- FLWM currently occupies approximately 8,000 sq ft of space across four different locations (2 small offices in downtown Uxbridge and two buildings on David's personal property in Uxbridge) with total occupancy costs of approximately \$300K per year.
- The Victoria St. Building is projected in the Base Model to generate the following rent revenue:

	Sq. Ft	Rent Rate	Rent Revenues
Base Rent	46,653	\$ 38.50	\$ 1,796,150
Additional Rent	46,653	\$ 11.78	\$ 549,548
			<u>\$ 2,345,697</u>

- As per the "Q2, 2011 Cushman & Wakefield Weighted Average Gross Rental Rate Summary", a typical Class A office building in the Steeles and 404 and/or Hwy 7 and 404 area generates a gross rental rate of \$28.98 / sq. ft.
- If FLWM were to only rent two of the four floors in the building, they could save approximately half of the \$2.3M currently projected as a rent expense.
- We would note that if Management were to pursue this possibility, they would need to start looking for tenants shortly given the timeframe typically associated with leasing up commercial space.
- The impact this management lever has on the FL Group's ending cash flows is as follows:

	2011	2012	2013
Impact on Ending Cashflow	\$ -	\$ 332,307	\$ 996,921
Impact on Accumulated Cash Balance	\$ -	\$ 332,307	\$ 1,329,229

- Given FLEX is developing, what appears to be one of the leading commercial buildings in the area and their current space utilization is substantially less than the 46,653 sq. ft it proposes to take on, Management should consider renting a portion of the building to a AAA tenant as a means to reduce its cash requirements in FLWM, as opposed to considering this solely as a Lever.

Reinvestment of Board and Trustee Distributions

- The following table summarizes the dollar value (in \$M) of units and the percentage the Board and Trustee's own in FL Group:

	Board Ownership			% of total capital		
	Debt	Equity	Total	Debt	Equity	Total
FLWM	\$ 0.75	\$ 2.88	\$ 3.63	3.9%	8.8%	7.0%
FLEX	3.66	3.01	6.67	22.4%	13.4%	17.2%
WALP	4.02	8.96	12.98	5.9%	19.7%	11.4%
Reality	-	0.40	0.40	-	8.8%	8.8%
Acquisitions	-	0.31	0.31	-	17.7%	17.7%
Investors	-	1.51	1.51	0.0%	22.6%	20.6%
Progressive	-	4.47	4.47	0.0%	30.0%	28.7%
Universal	-	1.31	1.31	-	22.6%	22.6%
Venture	-	-	-	-	0.0%	0.0%
FLWM Holdings	-	-	-	-	0.0%	0.0%
Spring Valley	-	0.04	0.04	-	1.7%	1.7%
Select	-	-	-	-	0.0%	0.0%
Elite	-	1.23	1.23	-	18.5%	18.5%
Global	-	0.03	0.03	-	3.4%	3.4%
Premier	-	0.33	0.33	-	5.9%	5.9%
Ultimate	-	-	-	-	0.0%	0.0%
Visions I & II	-	0.75	0.75	-	18.1%	18.1%
Mortgage Fund	0.20	-	0.20	1.7%	-	1.7%
	\$ 8.62	\$ 25.23	\$ 33.85	7.4%	15.4%	12.0%

Management Levers – cont'd

- Management has advised that, starting in 2012, the Board and the Trustees would reinvest up to 100% of their distributions as a means to reducing the cash flow requirements of the FL Group, should this Management Lever be required.
- The DRIP function of this Lever would result in the broad group of investors trading some dilution of their units for available cash.
- The impact this Management Lever has on the FL Group's ending cash flows is as follows:

	2011	2012	2013
Impact on Ending Cashflow	\$ (0)	\$ 1,902,578	\$ 2,387,349
Impact on Accumulated Cash Balance	\$ (0)	\$ 1,902,578	\$ 4,289,927

Reduce all distributions up to 1.25%

- In each of the OM's for both debt and equity, there is a provision that allows the LP to reduce distributions if the LP is unable to meet certain financial requirements.
- As a result, Management believes it can reduce distributions entirely without being in contravention of the OMs.
- Management advises that they are reluctant to reduce distributions entirely as it does not want to signal to current investors (and potential investors) that the LP cannot cover its own stated distributions.
- Management does have a successful track record of reducing distributions from time to time based on current market conditions:
 - The WALP equity distribution rate was 6% in 2006 and has been reduced to 4% since 2007;
 - On June 4, 2011, FLEX held its annual general meeting where it announced the 7.50% equity distributions were being reduced to 6%, effective immediately;
- We are advised by Management that only a few investors were vocal about the reduction in distributions and FLWM purchased their units.

- We would also note that most of the more newer LPs are paying out lower distributions (approximately 6%).
- Management feels that they would likely have to explain the circumstances to certain investors, but overall they believe they could reduce distributions across the entire FL Group by up to 1.25% with limited investor concern or impact on future capital raises.
- The impact this Management Lever has on the FL Group's ending cash flow is as follows:

	2011	2012	2013
Impact on Ending Cashflow	\$ (0)	\$ 2,057,068	\$ 2,503,302
Impact on Accumulated Cash Balance	\$ (0)	\$ 2,057,068	\$ 4,560,370

- Implementation of a broad reduction in the distributions may be an effective Lever in preserving cash flows but it may not be the most appropriate to allocate the same reduction in distributions across all investor groups equally. For instance, WALP is a significant drain on cash resources where other entities may in fact contribute positively.

Management Levers – cont'd

Summary of Management Levers

- The adjacent table illustrates the impact that each of the Management Levers could have on the FL Group's ending cash flow and also summarizes the Base Model cash flow balances once the sensitivities and Management Levers are applied.

	Management Levers	2011	2012	2013
1	Drop the projected bonuses by approximately 90% for Management and 65% for Staff	\$ 2,231,250	\$ 2,550,000	\$ 2,550,000
2	Rent out two floors of the new Victoria St office building development to a Third party	-	332,307	996,921
3	Starting in 2012, 100% of the distributions on units held by all board and trustee members will be reinvested	-	1,902,578	2,387,349
4	Reduce distributions on all equity and debt in the FL Group by 1.25%, starting in 2012	-	2,057,068	2,503,302
5	Elimination of overlap in 3rd and 4th levers	-	(366,456)	(457,260)

Impact of Levers on Ending Cashflow \$ 2,231,250 \$ 6,475,497 \$ 7,980,313

Impact of Levers on Acc. Cash Balance \$ 2,231,250 \$ 8,706,747 \$ 16,687,059

	2011	2012	2013
Base Model Ending Cashflows	\$ 10,075,464	\$ (4,861,772)	\$ 3,029,698
Sensitivity Adjustments	856,930	(5,484,155)	(11,262,483)
Management Levers	\$ 2,231,250	\$ 6,475,497	\$ 7,980,313
Additional double counting due to implementation of Sensitivities and Levers	\$ 75,554	\$ 347,357	\$ 455,466
Ending Cashflows	\$ 13,239,198	\$ (3,523,073)	\$ 202,993
Acc. Cash balance	\$ 13,239,198	\$ 9,716,124	\$ 9,919,118

Other Considerations

Overview

- During our review, Management identified other considerations which could have a material positive effect on the cash flows of the FL Group.
- Due to the uncertainty of the information and the number of years before a material impact, Management did not include them as assumptions in the Base Model.

Oil and Gas reserves

- Upon its due diligence on an adjacent property, Management became aware that there is a potential natural gas reserve underneath the Pond, Crossing, Shores and Pointe properties in Dallas, Texas.
- Management has received letters of intent ("LOIs") from Carrizo Oil & Gas dated November 16, 2010 and Eagle Land Services Inc. dated November 30, 2010. Both LOIs (which have since expired) provided an initial cash bonus payment of \$131,500 as well as future royalties in the amount of 20% – 25% for the properties located at Pond and Crossing.
- We understand from Management that the apartment complex adjacent to Pond and Crossing is also situated on top of the reserve and they have been earning a royalty of \$6,726 per month. Management advises that the adjacent property occupies 7.83 acres compared to the FL Group's combined 50 acres of land. Based on Management's calculations, the properties would yield approximately \$500K in royalty revenues (or \$10K / acre) per annum. We have not been able to verify this information from third party sources.
- Management claims that they have not acted on the proposals as they have engaged an independent engineering firm to prepare a feasibility study. At the time of this report, the information was not available.

Mortgage refinancing

- The majority of the \$43M in mortgages on the WALP portfolio are set to mature between 2013 and 2015. This could have both positive and negative implications, depending on the strength of the Texas real estate market at that time of maturity.
- Management has commenced various rehab projects with the expectation that its success will result in an increase in occupancy and rental rates, consequently increasing the net operating income of the properties within the WALP portfolio. This could result in an increase in the appraised values of the properties. Based on Management's estimates the combined effect of rising property values and principle repayment in the next 2 years would result in the Limited Partnerships having access to approximately \$24M of additional cash flow from refinancings in 2013-2015.
- WALP mortgage refinancings were not included in the Base Model, as the majority of refinancings would occur subsequent to 2013.

Section 7

Asset Valuation

1. Executive Summary
2. Company Overview
3. Corporate Structure
4. Corporate Governance
5. Financial Reporting
6. Integrated Cash Flow Model
- 7. Asset Valuation**
8. Conclusion
9. Recommendations

Consolidated Asset Valuation

Overview

- While assembling the information required to build the Base Model, we also accumulated the necessary information to prepare a consolidated Asset Valuation.
- We reviewed third party appraisals, recent acquisition prices, and cost consultant reports to estimate the fair market values ("FMV") of the properties owned in each LP.
- We reviewed the December 31, 2010 trial balances for each LP to estimate the NBV of all of the other assets, investments and third party mortgage balances.
- We then used Management's schedule of capital raised (both debt and equity) for each of the LPs.
- The working capital was then estimated using the December 31, 2010 figure and adjusting for any material changes in the first six months of 2011 (ie. capital raised, assets purchased, and large related party balances paid).
- We assumed, unless stated otherwise, that the NBV of the assets/liabilities approximates their FMV.
- We would note the following as it relates to the Asset Valuation:
 - The Victoria St. Building is considered to be completely built (ie. valued at \$32M) and therefore includes the additional equity and the construction financing that is required to finish the project.

- For the purpose of this WALP portfolio, we used Blakes appraisal as opposed to the CBRE Appraisal. The Blakes appraisals is approximately 12% higher than CBRE.
- For the FMV of FLEX's assets, we used the AW Hooker Associates Ltd. "First Lease Side Group – Head Office Class A Cost Estimate", dated May 27, 2011, which estimates the total costs to complete to be approximately \$32M.
- For Venture and Global, we assumed the FL Group closes the two pending transactions and acquired \$90.5M in properties with \$71.2M in third party mortgages and \$23.6M of raised equity.
- The Asset Valuation is not intended to be our conclusions on what the FL Group would receive in the event of a sale. We are simply attempting to illustrate the equity deficit based on third party information, all factors being considered.

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Consolidated Asset Valuation – cont'd

Asset Valuation

- The following table highlights the consolidated Asset Valuation for the FL Group:

	FLWM	FLEX	WALP	Realty	Acquisitions	Investors	Progressive	Universal	Ventures	FLWM Holdings	Spring Valley	Select	Elite	Global	Premier	Ultimate	Visions	Mortgages	Total
FMV of Property Assets	\$ -	\$ 44.6	\$ 83.5	\$ -	\$ -	\$ 3.1	\$ 2.2	\$ -	\$ 65.0	\$ -	\$ 2.0	\$ -	\$ -	\$ 25.5	\$ -	\$ -	\$ 5.3	\$ -	\$ 231.1
Working Capital	12.6	1.4	6.1	0.0	(0.0)	0.7	0.7	0.1	-	(0.9)	0.1	0.0	0.0	-	0.0	0.9	1.2	1.1	24.3
Due from / to Related Party	(3.9)	8.7	(9.9)	1.2	(0.2)	(1.1)	1.9	0.2	-	-	(1.8)	0.2	2.1	-	2.3	1.1	(1.9)	3.6	2.3
Investment in FL Group units	14.0	0.3	-	4.0	1.0	-	-	-	-	-	1.3	-	-	-	-	-	-	-	20.8
Investment in JH Holdings	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3
Investment in FL Retirement	6.1	-	-	-	-	-	3.7	5.5	-	3.1	-	-	-	-	-	-	-	-	18.4
Investment in FL Beverages	2.5	-	-	-	-	-	0.6	-	-	0.8	-	-	-	-	-	-	-	-	3.9
Capital assets	2.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6
Marketable securities	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.6
Long term receivables	6.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.3	11.9
FMV of assets	44.6	55.0	79.7	5.2	0.8	2.7	9.1	5.9	65.0	2.9	1.7	0.2	2.1	25.5	2.4	2.0	4.5	10.0	319.2
Third party long term debt	(1.1)	(12.6)	(49.3)	-	-	(1.1)	-	-	(53.1)	-	(0.9)	-	-	(18.1)	-	-	-	-	(136.2)
FMV of net assets	43.4	42.4	30.4	5.2	0.8	1.6	9.1	5.9	11.9	2.9	0.8	0.2	2.1	7.4	2.4	2.0	4.5	10.0	182.9
Investor debt	(18.3)	(16.4)	(68.2)	-	-	(0.7)	(0.7)	-	-	-	-	-	-	-	-	-	-	(11.6)	(115.8)
FMV of Equity	25.1	26.0	(37.8)	5.2	0.8	0.9	8.4	5.9	11.9	2.9	0.8	0.2	2.1	7.4	2.4	2.0	4.5	(1.7)	67.1
Investor equity	(30.6)	(37.8)	(45.3)	(4.5)	(1.8)	(6.7)	(14.9)	(5.8)	(14.4)	(3.0)	(2.2)	(3.6)	(6.7)	(9.2)	(5.6)	(3.0)	(4.2)	-	(199.2)
Equity deficit	\$ (5.4)	\$ (11.8)	\$ (83.1)	\$ 0.7	\$ (1.0)	\$ (5.7)	\$ (6.5)	\$ 0.1	\$ (2.5)	\$ (0.1)	\$ (1.4)	\$ (3.5)	\$ (4.6)	\$ (1.8)	\$ (3.2)	\$ (1.0)	\$ 0.4	\$ (1.7)	\$ (132.1)

- Over the years, management has raised total capital (investor and third party debt) of approximately \$451.3M and have acquired assets worth approximately \$319.2M. The majority of the \$132M difference is due to distributions (not supported by existing cash flow), capital rehab projects and operating losses. We have not undertaken a source and application of funds analysis so we cannot definitively conclude on the historical use of all the funds representing this difference.

- Based on third party information and information provided by Management, we calculate the total FMV of the Assets is \$319.2M, with total third party mortgages of \$136.2 for a total FMV of the net assets of \$182.9M.
- All 19 of the LPs/companies have a positive FMV of net assets.
- Once the FL Group investor debt of \$115.8M is removed from the FMV of net assets we calculate the FMV of equity at \$67.1M. Based on this analysis, there is a significant shortfall compared to raised equity of approximately \$200M.
- Only WALP and Mortgage Fund appear to have insufficient Net Asset Value to cover their invested debt amounts.

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Consolidated Asset Valuation – cont'd

Investment Model

- As discussed in Section 2 of this Report, FL Group's Investment Model is to invest in properties that require a large capital inflow at the outset of the investment (FLWM fees, capital rehab costs and distributions). As a result, there is an expected equity deficit in the first few years of the investment cycle.
- As the rehab progresses, the market value of the properties should appreciate. Management anticipates that the Investment Model is structured so that the asset value will become greater than the invested capital at a point in time.
- Most of the LPs within the FL Group are in the earlier stages of their investment cycle and accordingly, one could expect invested capital to be greater than the FMV of the net assets at this point in time.
- We would also note that the real estate markets over the past few years, particularly in the southern US, have been in a prolonged downturn.

ACB Equity Grind Down

- The total investor equity amount of \$200M does not take into account the grind down of investor's ACB through return of capital (ie. distributions), nor does it include imputed tax benefits the investor receives throughout their investment. We have not verified how much of the equity has been ground down for each investor and each LP in the FL Group.

Management's FMV Adjustments

Overview

- We have shared with Management our Asset Valuation in the Report, they have disagreed with our analysis.
- Management had provided us with details of FMV Adjustments on August 15, 2011. The following are the FMV Adjustments which Management has identified compared to our Asset Valuation.
- We have not been able to substantiate most of the adjustments summarized below, both because of the available support provided, and the timing of the delivery of this information by Management.

LP/Companies Adjustments

FLWM

- We have not included a FMV amount for the operations of FLWM. We would agree that a wealth management business of this size may have some value attached to the intangible assets of the business (ie. the collection of employees, the name 'First Lease', the group of 1000 investors, the ability of Management to raise capital, etc.), however, quantifying this amount was beyond the scope of our review.
- Management has estimated this to be approximately \$26.7M (or 3.33x NOI of \$8M).
- Management considers their investment in Joanna Hampton Holdings Limited of \$2.3M (ie. the accounting firms in Western Canada) to have increased in value. The Asset Valuation assumes the acquisition cost (in 2008) of \$2.3M to approximate FMV and Management considers an adjustment of \$333K to reflect the income they have received over the past 2.5 years as more appropriate.
- **Collectively, Management is suggesting an increase in FLWM's FMV of net assets of \$27.0M.**

FLEX

- Management included a \$4M premium to the Victoria Street Building.
- Our FMV calculation of QM is based on a November 9, 2009 appraisal of \$6M. Management considered \$8.855M to be more indicative of today's value (calculated based on \$115K per unit).
- The Bramtree industrial building FMV is based on a December 1, 2010 appraisal of \$4.6M. Management considered \$5.7M to be more indicative of today's value (calculated based on \$385K NOI and a 7% cap rate).
- The FMV of the Wheatley land development owned in Unity is based on the 2006 acquisition cost of \$700K. Management considered \$1.475M to be more indicative of today's value.
- Management is projecting to install solar panels on the roof of the Victoria St. Building that will generate approximately \$27K in income for the next 20 years. Management estimates this could be worth approximately \$337K (at a discount rate of 5%).
- Management explained that they have built a storm water management system as part of the Victoria Street Building development and the town of Uxbridge has indicated that they will reimburse FLEX through a donation receipt for the \$1.53M cost.
- **Collectively, Management is suggesting an increase in FLEX's FMV of net assets of \$11.7M.**

Investors

- The Harmony Townhomes FMV is based on a January 13, 2010 Appraisal of \$1.85M. Management considered \$5M to be more indicative of today's value (calculated based on \$100K per unit).
- **Management is suggesting an increase in Investor's FMV of net assets of \$3.15M.**

Other Considerations – cont'd

WALP

- There are two excess parcels of land in Country Village and Arrowwood (5 acres and 2 acres, respectively) that have never been appraised. Management considers them to be worth approximately \$425K.
- There is also the Sherman Church property, that was acquired for \$575K in February 2010, that was not included in the Blakes appraisals.
- Management valued the Oil and Gas reserves discussed in Section 6 of this report at \$5M (based on \$500K annual income stream, capitalized at 10%).
- Management re-calculated the FMV for each of the WALP properties from \$83.5M in the Blakes Appraisal to \$136.15M. In determining this valuation, Management used their forecasted 2013 NOI and applied the cap rates used in the Blakes appraisal, and adjusted for a cap rate premium (between 50 bps and 125 bps). The following table summarizes the adjustment:

	Blakes Appraisal	2013 NOI	Cap Rate	Cap Rate Premium	Mgmt FMV	FMV Adjustment
Ponde	\$11,550,000	1,176,049	7.00%	0.50%	\$ 15,680,649	\$ 4,130,649
Shores	10,900,000	1,238,181	7.00%	0.50%	16,509,085	5,609,085
Bluffs	7,750,000	1,041,645	7.25%	0.50%	13,440,586	5,690,586
Preston	5,950,000	819,692	6.75%	1.25%	10,246,153	4,296,153
Pointe	8,250,000	1,097,062	6.75%	1.00%	14,155,637	5,905,637
Crossing	8,400,000	1,176,926	7.00%	1.00%	14,711,570	6,311,570
Sedona	5,100,000	477,127	8.00%	0.50%	5,613,256	513,256
Creekview	6,650,000	895,869	7.25%	0.50%	11,559,603	4,909,603
Country Village	6,450,000	933,360	7.00%	0.50%	12,444,801	5,994,801
Raintree	6,000,000	765,434	7.25%	0.50%	9,876,567	3,876,567
Arrowwood	6,500,000	922,951	7.25%	0.50%	11,909,043	5,409,043
	\$ 83,500,000	\$ 10,707,925			\$ 136,146,948	\$ 52,646,948

- Management then applied a further \$10.8M premium to the WALP portfolio.
- Collectively, Management is suggesting an increase in WALP's FMV of net assets of \$69.4M.**

Tax considerations

- Management then pointed out that, there are several LPs with accumulated tax losses that may have value. Management has not quantified all of the tax losses, but has quantified the potential value of the tax losses in WALP. Management believes the WALP losses could be worth up to \$6M to the buyer of the entire WALP portfolio, if they were an individual in the highest tax bracket with enough taxable income in the short term to use all of the losses.
- Management also explained that each LP has un-deducted agency fees that can also be used to shelter tax. When capital is raised, the LPs pay FLWM a 5% agency that is only deductible for tax purposes over 5 years. Management quantified the total un-deducted amount across the FL Group as \$5.5M.

Summary

- The following table summarizes Management's FMV Adjustments to the Consolidated Asset Valuation (in \$M)

Management's FMV Adjustments	
FLWM	\$ 27.00
FLEX	11.73
Investors	3.15
WALP	69.38
	<u>111.27</u>
Tax Considerations	
WALP tax losses	6.08
Undeducted agency fees	5.50
	<u>11.57</u>
	\$ 122.84

- According to Management's FMV Adjustments, they believe the equity deficiency is only \$9M.

Section 8

Conclusion

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Conclusions

- The Report discusses the Company's Investment Model, which contemplates that each LP investment going forward should be self sustaining. This means that sufficient capital is raised and external debt is secured for each fund so that the respective investment will cash flow itself, and eventually return a reasonable ROI to the investor. As set out in the Report, this strategy represents a departure from the historical financial results achieved by Management. The Base Model, which represents a consolidation of Management's projections, contemplates this Investment Model for all new LPs, with the exception of the ongoing transaction in Venture scheduled to close shortly. Furthermore, the Base Model does not contemplate the movement of any funds between LPs, with the exception of FLWM. In the Base Model, FLWM must deploy its surplus proceeds to various entities in the FL Group, as required.
- In the past, significant funds have been loaned to the FL Group (through FL Finance) on commercial terms, which allowed the Company to perpetually operate as a going concern, as it has generally had access to capital to meet cash flow shortfalls, albeit using new investor's money in some cases. To achieve its Base Model, Management will have to change the way it deploys capital, in that Management no longer contemplates utilizing new investor money to fund existing projects, nor moving cash between LPs depending on financing needs.
- In recent years, the Company has not been able to achieve its Investment Model for many of its investments for a number of reasons, including that various LPs have not achieved their forecasted operating income levels, capital rehab costs have been higher than forecast, the real estate market has not grown at 5%, and from 2007 through 2009 the market declined in the context of a global recession. In this regard, certain projects (particularly WALP) have been a significant drain on the resources of the FL Group, which has resulted in the Company requiring significant capital from other areas of the FL Group (through FL Finance) to meet its cash flow requirements.

- If Management is able to achieve the results set out in its Base Model for the period of 2011 to 2013, it projects that it will be able to meet its projected obligations for rehab costs, operating expenses and distributions as they come due. The Base Model does not include payment of intercompany/fund obligations which exist between the various LPs. The intercompany obligations do not have fixed terms of repayment, but we understand that they are payable on demand. Management has put forth several assumptions which accompany the Base Model, which have been discussed in detail in the Report. One particular assumption involves Senior Management and certain significant investors in the FL Group advancing by way of unsecured subordinated debentures the amount of \$5M in 2011, with restricted repayment terms and no cash distributions during the term, in order to shore up a portion of the recurring WALP cash flow deficiency. The investment of Management's personal resources on a subordinated basis would demonstrate their support for their Base Model and projections for the period of 2011 to 2013 and a commitment to the Company.
- We reviewed the projections and the corresponding Base Model, and we believed that certain elements of the Base Model had to be sensitized, as the projections were not fully supported by the information presented, nor historical trends.
- Once the Base Model is sensitized, the FL Group has a cash flow deficiency of approximately \$15.9M over the three year period of 2011 to 2013. We have reviewed the sensitivity analysis with Management, and they have identified certain Management Levers which they believe the FL Group can implement to ensure that their obligations can be met and allow their assumptions to still stand, while having little impact on the ordinary course operations and capital raising efforts of the FL Group going forward. The aggregate positive impact of the Management Levers is approximately \$16.7M over the three year period. As discussed in the Report, Management has identified a number of

Conclusions – cont'd

discussed in the Report, Management has identified a number of additional considerations which may have a positive effect on the Company's cash flow, but were not built into the Base Model due to the uncertainty around the information and timing of the impact. Once the Base Model is sensitized as presented in our Report, and all of Management's Levers are applied, the Company forecasts that it should be able to satisfy its obligations for the period of 2011-2013 (still with the participation of FLWM, and aside from the intercompany loans as aforementioned). While the Management Levers put forth can be an effective means for the FL Group to preserve significant cash flow, certain Levers may not be the most appropriate to balance different investor's interests given the circumstances and financial position of the various LPs. In particular, it may be more appropriate to reduce distributions in one vehicle and not another, or reduce distributions to varying degrees, rather than an equal reduction across the board.

- We have also reviewed the Asset Valuation of the FL Group, using the highest third party valuation figures available for the WALP properties. In this regard, we have calculated an aggregate equity surplus (represented as asset FMV, less third party mortgages and investor debt) of approximately \$67M, while there is raised equity in the FL Group of approximately \$200M. In this regard, there is a significant equity deficit based on the Asset Valuation. However, the invested equity of \$200M does not take into account the grind down of investor's Adjusted Cost Base through return of capital, nor does it include imputed tax benefits the investor receives on their investment. We have shared with Management our Asset Valuation in the Report, and they disagreed with the analysis. As set out in the Report, Management has provided us with details of FMV Adjustments which they believe are appropriate, which contemplates that equity investors are almost whole. We have not been able to support much of Management's FMV Adjustments based on the information presented but we have disclosed same in the Report as a comparative.

- It is critical to point out that the future viability of the FL Group is contingent on their ability to raise new capital. One of the largest sources of revenue in the FL Group is the fees it generates in FLWM on the raising of new capital (approximately 17.5%, plus additional fees). If the Company was restricted from raising new capital, it would likely be unable to continue its operations in the ordinary course, as it would have insufficient revenue to support its infrastructure, staffing costs, distributions, and to meet their funding requirements for existing projects. The FLWM fees are a key revenue component of both the Base Model and the Base Model, once sensitized.
- Throughout our mandate, we have experienced challenges in receiving timely and complete financial reporting, which has resulted in a protracted timeline of over six months to complete our Report. These challenges appear to be related to a lack of adequate resources to support Joanna Hampton in dealing with the Company's mandatory reporting requirements, financial statement preparation, external auditor liaising and budgeting process. We are advised by Management that the delays in providing us with information have been caused, in part, due to FL Group's requirement to maintain confidentiality of information (in that the FL Group was uncomfortable delegating sensitive document preparation to staff who were unfamiliar with our mandate).
- However, we would have expected that a significant amount of the information required to complete our mandate would have been available for a Company of this nature and magnitude, including proper budgets, cash flows, and consolidated financial statements. Ms. Hampton has expended considerable effort in assisting us in respect of our mandate, but much of the information we have received appears to have been prepared by Ms. Hampton from scratch for the purpose of our review.

Conclusions – cont'd

- There is further evidence of weak financial reporting. A review of the available Minutes of the Board Meetings over the past two years has on a number of occasions disclosed that the financial statements were unavailable, and the agenda item of financial statements was often passed over, as reflected in the Minutes. There were certain document requests by the Board in one instance related to budgets and appraisals, which were not followed up in subsequent meetings. Furthermore, we are advised by Management that at the AGMs, typically only draft internal financial statements are presented to investors, because audited financial statements had not been finalized, 2 years after year end in the case of WALP. Several entities in the FL Group did not have available external financial statements and certain key entities were unaudited. We would have expected that there would have been externally prepared financial statements available for every entity holding investor's money. Further, audited financial statements should be available for FLWM and FL Finance in particular, given the importance of these entities in the FL Group.
- Over the course of the review, Ms. Hampton was consistently working 60+ hours per week aside from the tasks related to our mandate. She has significant responsibilities ranging from financial statement preparation, regulatory reporting, compliance requirements and prospective deal review. Given the size and nature of the FL Group, the position of Director of Finance/CFO should be supported by a controller, to at least deal with compliance issues. Management advises that their financial reporting challenges are related to the fact that they are a private company which has grown quickly and their compliance lags its growth. We are advised by Management that they intend to hire three more accounting staff in short order to support Ms. Hampton, which should improve their accounting and financial reporting functions.

- In respect of governance, the Minutes of the Board Meetings reflect that the Board has increased its level of scrutiny of the Company's dealings over the past year, and it appears they have become more active in the Company's affairs (or at least have better documented their involvement). Furthermore, the Chair of the Board has been separated from the CEO by Resolution of the Board on February 15, 2011, which is a positive step towards better governance. We do note however that there is little apparent allocation of responsibilities at the executive level, as David Phillips has active hands on management of all facets of the FL Group.

Section 9

Recommendations

1. Executive Summary
2. Company Overview
3. Corporate Structure
4. Corporate Governance
5. Financial Reporting
6. Integrated Cash Flow Model
7. Asset Valuation
8. Conclusion
9. Recommendations

Recommendations

- If the FL Group is able to achieve its Base Model, or implement sufficient Levers to counteract any deficiencies as represented by the sensitivities, there should be minimal erosion to existing investors' equity going forward, and greater investor value may be created as the rehabilitation projects are completed. Of course, this is subject to certain qualifications such as real estate market corrections, cost overruns on rehabs, or credit restrictions when it comes time to refinance the properties, which we are not able to anticipate at this time.
- Based on our review we make the following recommendations.
 - Management should take steps to improve its accounting capacity and financial systems, so that it can better accommodate its financial reporting requirements, budgeting process, external auditor liaison, and investor communications;
 - The FL Group should ensure that there are external financial statements available for every entity which hold investor's money. In addition to the entities currently subject to audit, the FL Group should obtain audits of the FLWM and FL Finance financial statements, to enhance the integrity of its financial reporting. They should further ensure that better reporting and disclosure be made to investors;
 - Management should continue with the exercise of maintaining an integrated model, so that it can better prepare and modify projections, identify cash flow requirements and understand the interrelation and impact between the various LPs/companies in the FL Group;
 - Notwithstanding demonstrable steps that the FL Group is improving its governance in the past 12 months, the Board should better document its governance policies and procedures, and establish better governance protocols. Further, Management should consider a division of responsibilities as it relates to the executive function, so that there are greater checks and balances in the organization;

- Management should take immediate steps to ensure its investment strategy and business activities align with the projections and assumptions it has set out in the Base Model, and consider having strict Board oversight and/or a third party monitoring program in place to supervise its implementation and the results therefrom on a timely basis; and
- Should Management not achieve its Base Model, it should ensure it is sufficiently agile to implement appropriate the Levers as it has identified to protect investor's interests going forward.

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Appendices

- A. Engagement Letter
- B. Organizational Charts
- C. Property Highlights

A. Engagement letter

Grant Thornton

March 5, 2011

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 1C2

Attention: Mr. Ellen Besser
Dear Mr. Besser:

Grant Thornton Limited
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 1C2
Tel: 416-593-1000
E: engagements@gt.com
www.gt.com

Re: First Leaside Group of Companies (referred to as the "Companies")

Cassels Brock & Blackwell LLP ("Cassels Brock") wishes to retain Grant Thornton Limited ("Grant Thornton") as a consultant to review, report and make recommendations on the business, assets, affairs and operations of the Companies and the viability thereof. Without limiting the generality of the foregoing, our engagement hereunder shall include the following:

- (a) we will attend at the premises of the Companies and perform such review and inspection as is necessary in our opinion to advise with respect to the financial position of the Companies; and,
- (b) we will review the Companies' cash flow forecasts and payment obligations and all assumptions underlying same and assess the viability of the Companies.

The Companies have consented to our engagement effective as of the date hereof upon the terms and conditions set out herein, and included in the attached Appendix A, and the full co-operation of the management, officers, employees, professional advisors and agents of the Companies shall be available. In particular, it has been agreed that:

1. Grant Thornton, and its employees and agents shall have unrestricted access to the books, records, information (however stored), facilities, assets and premises of the Companies and may copy any documents or information;
2. The Companies and their officers, employees and agents shall answer all inquiries fairly, fully and to the best of their ability and they shall provide Grant Thornton with any information that we may request with respect to the affairs of the Companies;
3. The Companies authorize Grant Thornton to contact the Companies' professional advisors, with prior notice to the Companies;
4. Our review will be based mainly on data supplied by the Companies supplemented by our discussions with management thereof. Although all information gathered will be reviewed for reasonableness, we will not be conducting an audit.

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5. During the course of this engagement, we shall be acting as a consultant to the Companies in this matter and we will not be assuming any discretionary or other management responsibilities in connection with the affairs of the Companies and we will have no responsibility for the affairs of the Companies during our engagement.

6. Our fees will be electronic on the basis of time spent at our firm's office hourly rates for the level of staff employed. We will, about bi-weekly, to Cassels Brock at regular intervals, show a breakdown of fees and expenses incurred. Our estimated fee for this engagement is in the range of \$65,000 to \$80,000. We will require payment of \$25,000 prior to commencing the assignment.

7. The reports prepared by us shall be for the sole use of Cassels Brock and shall not be distributed, shown or quoted, from or to any person without the express written permission of Cassels Brock, unless authorized by us.

8. We will advise you immediately if any situation arises to our detriment, which would materially affect the terms of our engagement.

We will endeavor to complete a written report within 6 weeks of the signing of this engagement letter. Please review, and return one original copy of this letter signifying your acceptance of the engagement described herein, subject to the terms and conditions set out above.

We trust you find the above satisfactory.

Yours very truly,

GRANT THORNTON LIMITED

[Signature]
Per: *[Signature]*

We hereby accept the terms of this engagement subject to the terms and conditions set out herein.

CASSELLS BROCK & BLACKWELL LLP

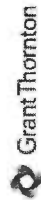
Per: *[Signature]*

We hereby consent to the terms of this engagement subject to the terms and conditions set out herein.

First Leaside Group of Companies

Per: *[Signature]*
David Phillips
Chairman of the Board of Directors

A. Engagement letter



APPENDIX A

Standard terms and conditions

For the purpose of these standard terms and conditions, Grant Thornton Limited shall include its partners, principals, employees and associated entities in Canada.

1. **Timely performance** - Grant Thornton Limited will use all reasonable efforts to complete within any agreed upon time frame the performance of the services described in the engagement letter to which these terms and conditions are attached. However, Grant Thornton Limited shall not be liable for failures or delays in performance that arise from causes beyond its control, including the unavailability, performance by the Client of its obligations as set out in the engagement letter.

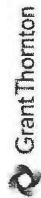
2. **Right to terminate services** - Should the Client not fulfil its obligations set out herein or in the business engagement letter or contract and in the absence of rectification by the Client within 10 days, upon written notice Grant Thornton Limited may terminate its performance and will not be responsible for any loss, cost or expense resulting from such early termination.

3. **Governing law** - The engagement will be governed by the laws of Ontario and the Client and Grant Thornton Limited submit to the exclusive jurisdiction of the Courts of Ontario.

4. **Working papers/reports** - All materials, reports and work created, developed or performed by Grant Thornton Limited during the course of the engagement shall belong to Grant Thornton Limited.

5. **Rights to deliverables** - Upon full payment, Grant Thornton Limited hereby assigns to the Client all its right, title and interest including without limitation, copyright and proprietary rights to the deliverables developed or prepared specifically for the Client hereunder (deliverables). However, the deliverables may include data, modules, components, designs, outlines, subjects, reports, program listings, tools, models, diagrams, analysis, frameworks, leading practices and specifications (technical elements) owned or developed by Grant Thornton Limited prior to, or independently from, its engagement hereunder and Grant Thornton Limited retains all rights thereto including any modifications or improvements made to the technical elements during or as a result of this engagement. Accordingly, to the extent that any technical elements are integrated into any deliverables, Grant Thornton Limited hereby grants to the Client a perpetual, worldwide, paid up limited license to use such technical elements as integrated into such deliverables for internal purposes only. In addition, Grant Thornton Limited retains the right to use its knowledge, experience, and know how, including processes, plans, concepts and techniques developed in the course of performing the services.

6. **Release and indemnification** - The Client agrees to release, indemnify, and hold harmless Grant Thornton Limited from any and all claims, liabilities, costs, and expenses arising out of or based upon: (a) any misstatement or omission in any material information or representation supplied or approved by the Client; or (b) any other matter related to or



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arising out of this engagement, except to the extent finally determined to have resulted from the gross negligence, willful misconduct or fraudulent behavior of Grant Thornton Limited.

7. **Limitation of liability** - In any action, claim, loss or damage arising out of the engagement, the Client agrees that Grant Thornton Limited's liability will be several and not joint and several and the Client may only claim payment from Grant Thornton Limited of Grant Thornton Limited's proportionate share of the total liability based on degree of fault. In no event shall Grant Thornton Limited be liable to the Client whether the claim be in tort, contract or otherwise, for an amount in excess of the professional fees paid by the Client for the engagement. In no event shall Grant Thornton Limited be liable to the Client, whether a claim be in tort, contract or otherwise for any consequential, indirect, lost profit or similar damages, or failure to realize expected savings, relating to Grant Thornton Limited's services provided under the engagement letter or contract to which these terms and conditions are attached.

In no event shall Grant Thornton Limited be liable for any claim made more than 24 months after the completion of services by Grant Thornton Limited under this agreement.

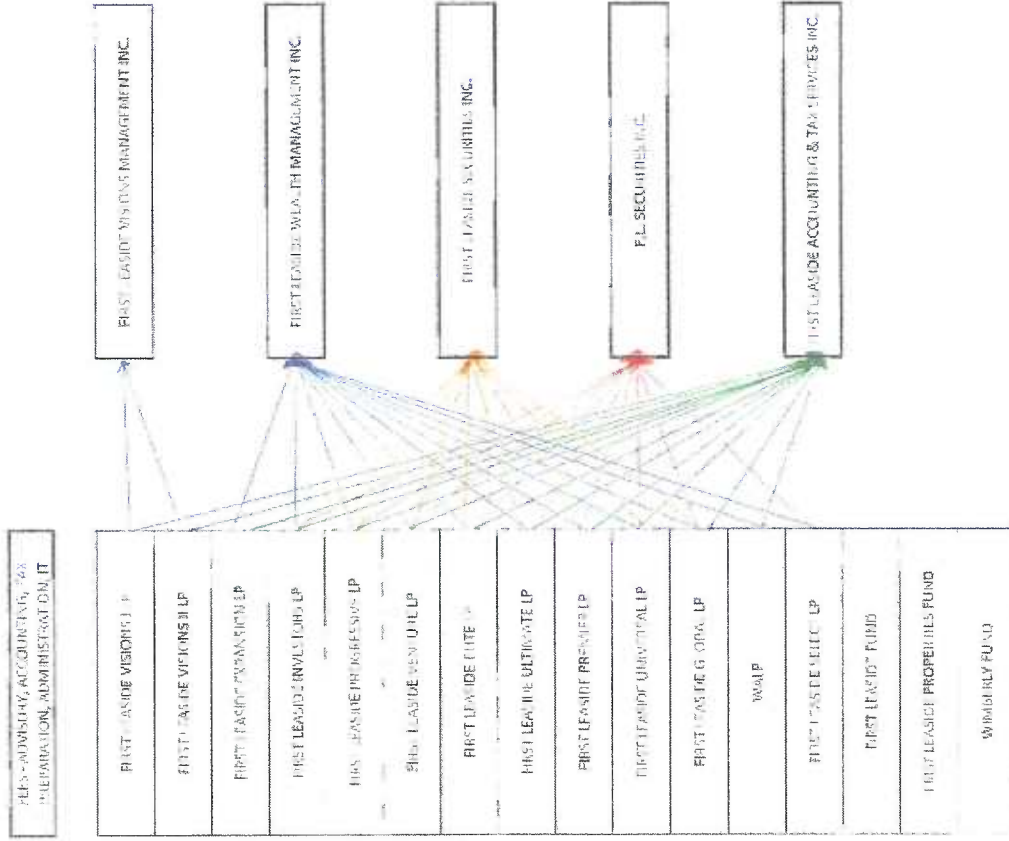
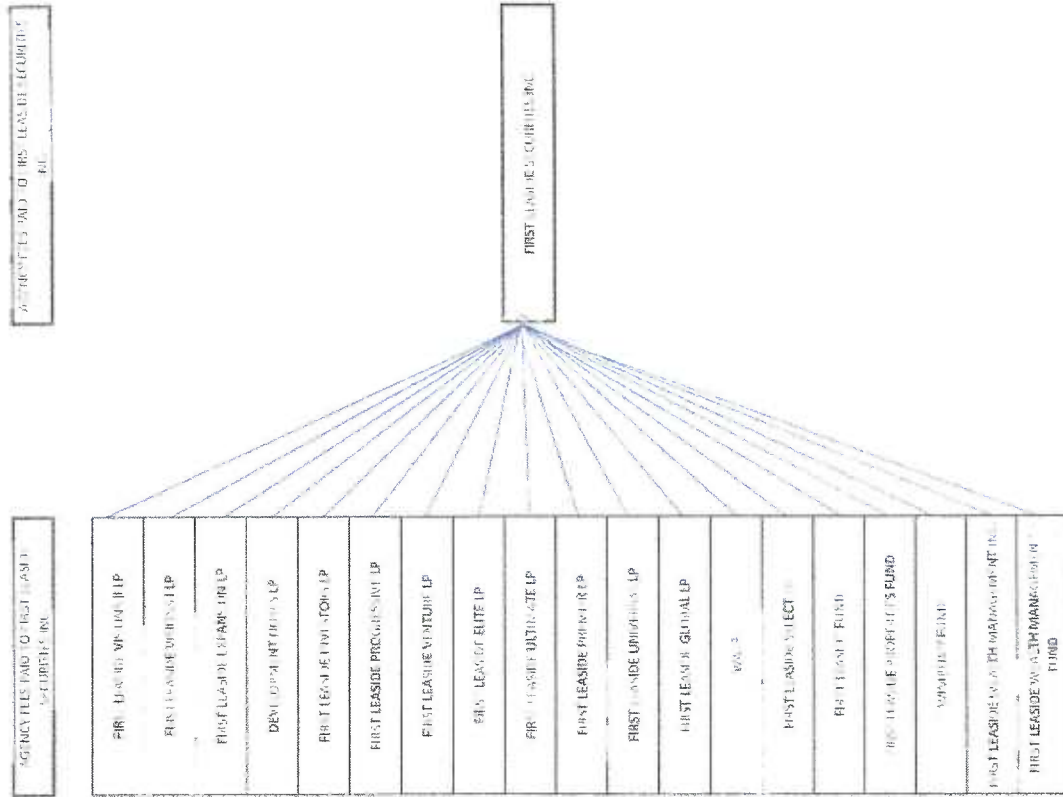
8. **Survival of terms** - The Client and Grant Thornton Limited agree that clauses 6 and 7 will survive termination of the engagement contract.

9. **Independent contractor** - Grant Thornton Limited shall provide all services as an independent contractor and nothing in this agreement shall be construed to create a partnership, joint venture, or other similar relationship with the Client or any other party. Neither the Client nor Grant Thornton Limited shall have the right, power or authority to obligate or bind the other in any manner.

10. **Representations and warranties** - Grant Thornton Limited warrants that the services which Grant Thornton Limited is providing will be performed in a professional and competent manner. Grant Thornton Limited makes no other warranties or conditions and explicitly disclaims all other warranties and conditions whether expressed or implied by law, usage of trade, course of dealing or otherwise.

B. Organizational Charts

B. Organizational Charts

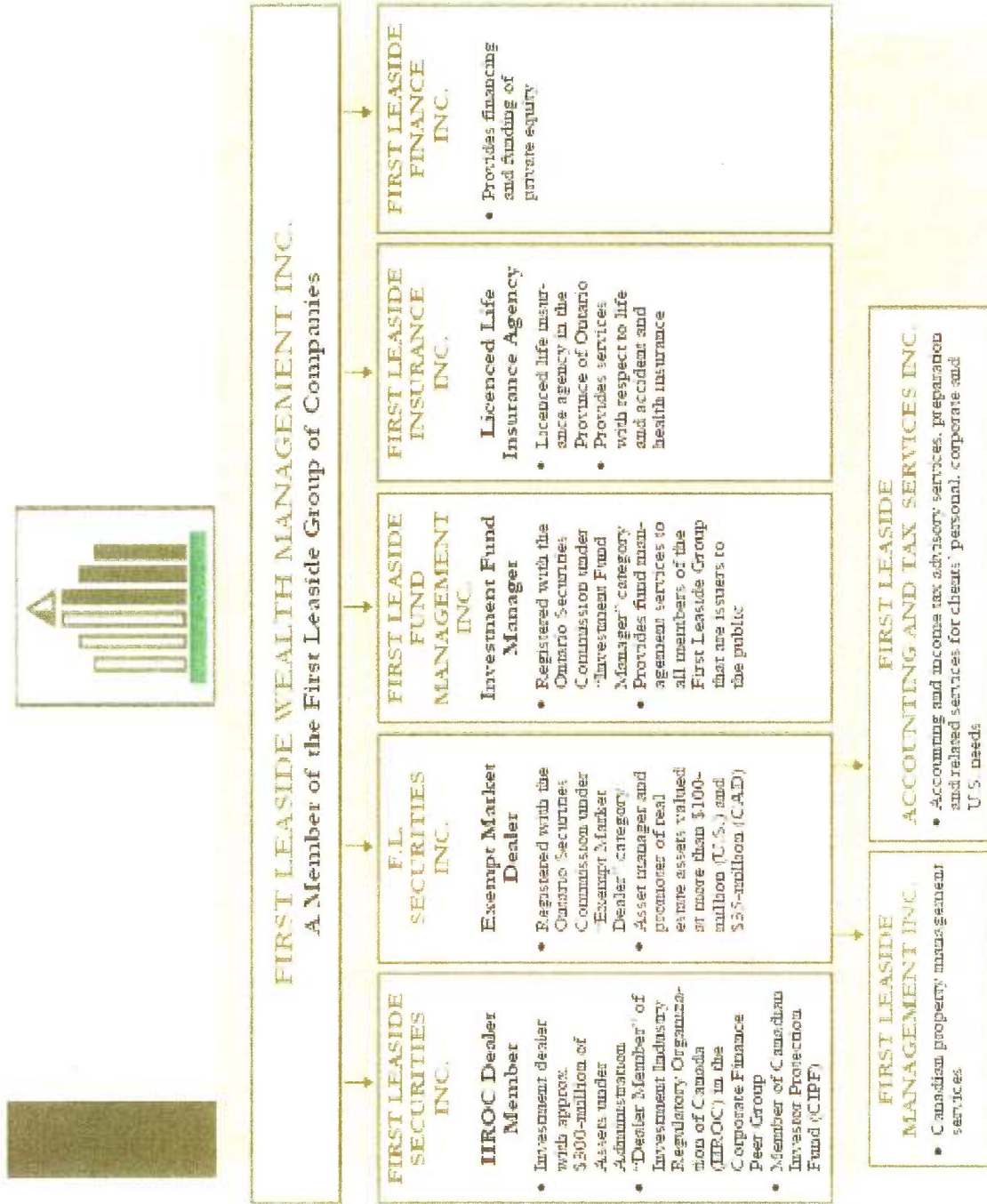


B. Organizational Charts



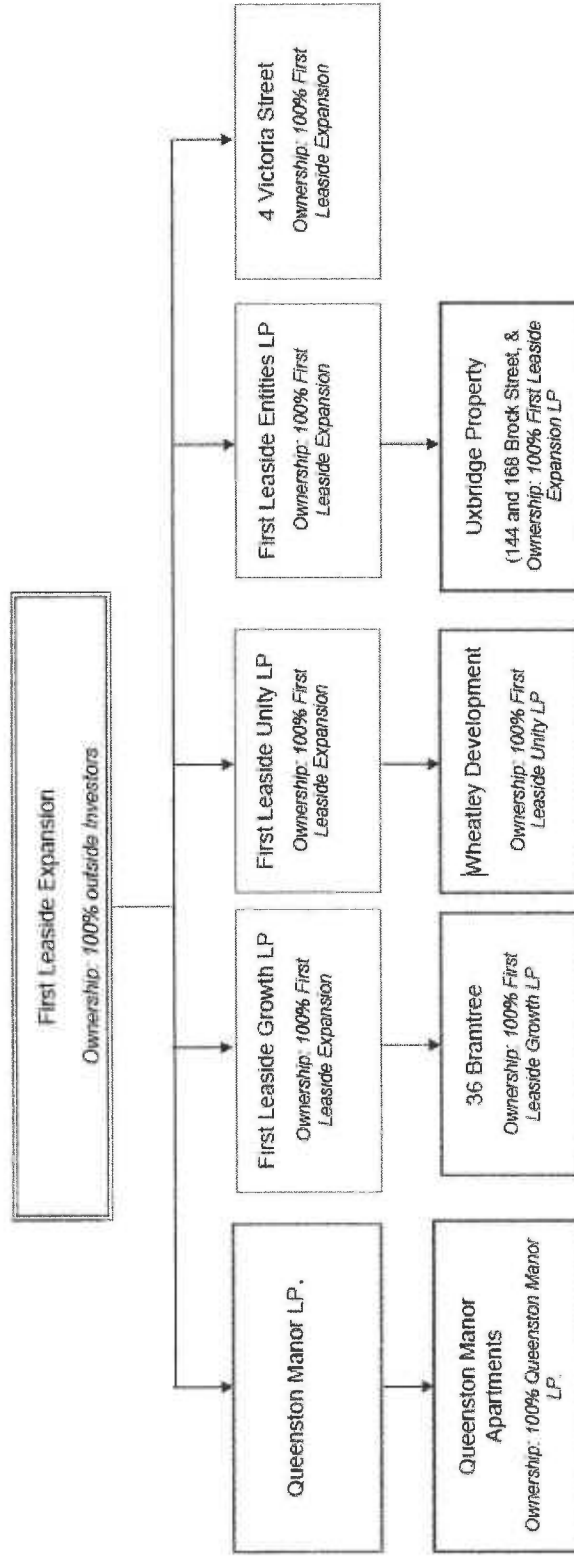


B. FLWM Organizational Chart



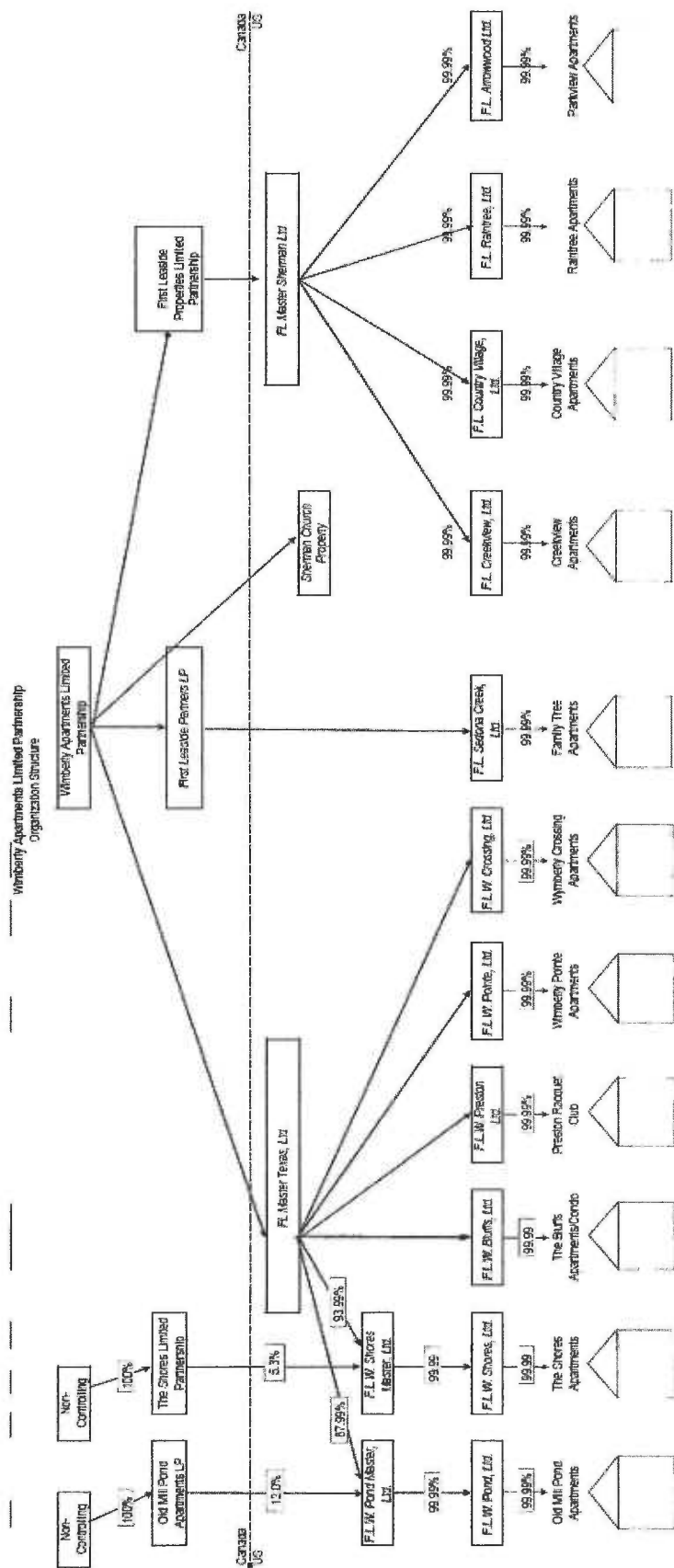
B. FLEX Organizational Chart

FLEX Organizational Chart



Appendices

B. WALP Organizational Chart



C. First Lease Wealth Management Inc. ("FLWM")

Overview

- FLWM is the consolidated parent company and main operating entity of the entire FL Group. With a staff of over 50 employees, FLWM or businesses within FLWM provide all of the advisory services for the Company.
- Please refer to Appendix B for a FLWM organizational chart.
- There are 399 investors in FLWM.
- Within FLWM, there are seven operating companies:
 1. First Lease Securities Inc.: The IIROC registrant that charges agency fees, business development fees and acquisition analysis fees.
 2. F.L. Securities Inc.: The EMD that charges promotional fees, acquisition analysis fees, property management fees and advisory fees.
 3. First Lease Management Inc.: The property manager that charges all Canadian properties 2-4% of net revenues;
 4. First Lease Accounting and Tax Services Inc.: Provides personal income tax preparation services for Canadian and US personal income taxes;
 5. First Lease Wealth Management Inc.: Employs the administrative staff, that charges for administrative fees;
 6. First Lease Insurance Inc.: Was incorporated in 2010 and is a Registered Life Insurance Company, offering a variety of life and critical insurance policies to investors within the FL Group; and
 7. FL Finance: Which, as aforementioned, acts as the central bank within the FL Group. Most related party transactions are recorded through this entity and all redemptions are financed through this entity.

- FLWM also owns the following assets:
 - approximately \$13.9M worth of LP units in various LPs within the FL Group;
 - Joanna Hampton Holdings Limited: The Company owns 3 accounting firms in Western Canada;
 - Jim Brunder Professional Corporation: An accounting firm in Western Canada.
 - 33.3% of FL Retirement: An LP that owns 51% of a group of 8 retirement properties through Ontario and BC;
 - 34.9% of First Lease Beverages Limited Partnership: A company that owns a Cidery in Thornbury, King Brewery in King City and a beer and spirits consulting company called Beer Barons;
 - \$2M worth of art and paintings being held for their new office premises;
 - \$1.6M in marketable securities; and
 - \$4.1M note receivable from investors who borrow funds short term to acquire units in various LPs within the FL Group. This amount fluctuates and is highest in December.
- Equity and debt is raised in FLWM in two ways:
 - Three series of preferred shares, paying dividends of 10%, 8% and 6%; and,
 - Debt through the FLWM Fund, paying interest at 7%.
- David Phillips owns 100% of the common shares of FLWM.

C. First Leaside Wealth Management Inc. ("FLWM")

Financial Highlights

- The following table summarizes the FLWM forecast included in the Base Model:

Forecast		
2011	2012	2013

Revenues \$13,505,064 \$18,479,541 \$22,938,968

Expenses (10,960,359) (10,942,958) (12,636,404)

Total operating cashflows 2,544,704 7,536,583 10,302,565

Debt servicing (643,473) (643,473) (643,473)

Incomes taxes (285,185) (1,033,967) (1,448,864)

Operating Cashflows \$ 1,616,046 \$ 5,859,144 \$ 8,210,228

Capital expenditures (50,000) (50,000) (3,014,216)

Debt distributions (1,283,227) (1,283,227) (1,283,227)

Pref share dividends (2,612,325) (2,612,325) (2,612,325)

Total Cashflows \$ (2,329,507) \$ 1,913,591 \$ 1,300,459

- We would note the following:

- The majority of the revenue growth in the forecasted period is attributable to the fees earned on the projected equity raises and forecasted increase in profitability in Beverages and Retirement.
- Management is expecting to spend \$1.5M less in 2012 relating to the professional fees incurred through the current OSC review and the cancellation of an annual 2 week staff conference.
- FLWM will have approximately \$12.6M in working capital in 2011 to fund the \$2.3M cash shortfall.
- It is assumed that FLWM will also fund any cash shortfalls in any of the LPs within the FL Group.

C. First Lease Expansion Limited Partnership ("FLEX")

Overview

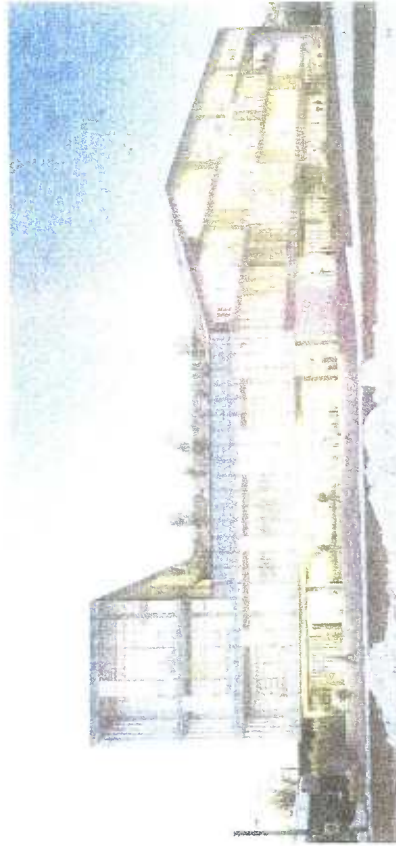
- FLEX is an open fund that is considered the Canadian Real Estate Fund for the FL Group.
- FLEX began raising capital in 2005 and has 262 investors.
- FLEX owns the following assets, through 5 separate subsidiaries:
 - Office building development:** Development lands, zoned for a 4 floor office building in downtown Uxbridge, Ontario, including adjacent parking lot and other lands.
 - Queenston Manor:** 77 Unit Retirement Home in St. Catharines, Ontario.
 - 36 Bramtree:** Four Tenant, 70,000 square foot Industrial building in Brampton, Ontario.
 - Wheatley Development:** Development land, zoned for residential townhomes in Wheatley, Ontario.
 - First Lease Expansion Fund Units:** \$350K investment in First Lease Fund (9% debentures in Master Texas).
- Please refer to Appendix B for a FLEX organizational chart and the following pages for detailed summaries of each of the FLEX properties.
- Investors can invest in FLEX in two different ways:
 - 7.5% Equity units:** This has recently been changed to 6%, announced at the June 4th, 2011 Annual General Meeting ("AGM"); and,
 - 7.75% Debentures:** First invested through Development Notes LP, the money is then loaned to FLEX at the same rate and amount, with a 30 month term.

Financial Highlights

- The following table highlights the key financial figures for FLEX:

	Forecast		
	2011	2012	2013
Operating Cashflows	\$ 585,302	\$ 1,265,807	\$ 2,191,833
Capital Expenditures	(9,636,147)	(12,160,470)	-
Debt distributions	(963,251)	(250,700)	(13,183)
Equity distributions	(1,855,673)	(2,409,017)	(2,537,736)
Total Cashflows	\$(11,869,769)	\$(13,554,380)	\$(359,086)
Financing of shortfall			
Cash on hand (Dec 31, 2010)	1,431,045		
Bramtree refinancing	824,000		
Construction loan/Mortgage	-	9,000,000	3,000,000
New equity raised	6,887,582	3,312,277	-
New Debt DRIP	4,591,721	2,208,184	-
New Debt raised	144,299	-	-
FLWM Equity investment	-	-	-
Agency & Bus Dev Fees	(2,008,878)	(966,081)	-
	11,869,769	13,554,380	3,000,000
Cash in/(out)flows	\$ -	\$ -	\$ 2,640,914

- FLEX owns 100% of 4 Victoria Street, a property located in downtown Uxbridge, Ontario, which the company is developing into their head office;
- The property occupies 1.04 acres with 58,128 sq ft. on all levels including the basement;
- The building is expected to be completed in August 2012, and will be a LEED Platinum "A" Class Building;



- The following table provides financial highlights:

	Forecast		
	2011	2012	2013
Revenues		\$ 886,060	\$ 2,658,181
Expenses	-	\$ 191,516	\$ 574,548
NOI	-	694,544	2,083,633
Capex	9,120,353	12,160,470	-
Debt Servicing	-	412,887	884,286
Total Cashflows	\$ (9,120,353)	\$ (11,878,813)	\$ 1,199,347

- Land was acquired in January 2006 for \$675K. Building was appraised in November 2009 by Gene Dwelsdorf & Associated Ltd. for \$14.5M (based on building plans);
- Management is currently in discussions with Toronto-Dominion Bank to obtain a construction loan in the amount of \$9.0M;
- Once the property is 97% complete, we have been advised by Management that it will seek to obtain mortgage financing in the amount of \$12M at an anticipated rate of 5.5% amortized over 25 years.

C. Queenston Manor Limited Partnership

- QM owns 100% of Queenston Manor; a 77 Unit, retirement living apartment building located at 382 Queenston Street, in downtown St. Catharines, Ontario;
- The apartment is situated on 2.78 acres and includes four different sized suites types ranging from 690 sq. ft (1 bedroom) to 1040 sq. ft (2 bedroom);
- The property is considered a B Class Building;



- The partnership also owns \$348K worth of debenture notes in the Master Texas group of assets.

Financial Highlights

- Total cost on the 2010 financial statements is \$3.92M with a NBV of \$1.43M;
- Mortgage amount with Merrill Mortgage is \$3.72M, at 5.64% with 30 year amortization and 5 year term, expiring June 2016;

- The following table provides financial highlights:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues						
Net Rent	\$ 749,645	\$ 757,095	\$ 797,465	\$ 817,926	\$ 831,585	\$ 839,921
Other Income	18,818	18,808	48,395	47,471	102,614	102,614
	768,463	775,903	845,860	865,397	934,199	942,535
Operating Expenses	428,603	437,532	480,221	474,924	392,004	392,004
Income taxes	15,939	16,759	13,828	11,267	11,267	11,267
Net Operating Income	323,921	321,612	351,811	379,205	530,928	539,264
Capital Expenditures	133,590	-	-	507,194	-	-
Debt Servicing						
Interest	220,250	217,297	213,897	207,078	203,172	199,041
Principal	54,961	57,914	61,314	68,132	72,039	76,170
	275,211	275,211	275,211	275,211	275,211	275,211
Total Cashflows	\$ (84,880)	\$ 46,401	\$ 76,600	\$ (403,199)	\$ 255,717	\$ 264,053

Operating Exp / Net rer	57%	58%	60%	58%	47%	47%
Rental growth	1.0%	5.3%	5.3%	2.6%	1.7%	1.0%
Operating exp growth	2.1%	9.8%	9.8%	-1.1%	-17.5%	0.0%

- The facility is currently 97% occupied and has been close to that for over a year;
- Management is expecting to incur \$400K in 2011 for the installation of rooftop solar panels which are expected to generate approximately \$53K in other income each year;
- They are also resurfacing the parking lot for \$90K, after which, capital expenditures are expected to be minimal.

C. First Lease Side Growth Limited Partnership

- Growth owns 100% of 36 Bramtree; a fully occupied, 70,000 sq. ft industrial building located at 36 Bramtree Court, in the industrial area of Brampton, Ontario;



- The building is situated on 3.55 acres and currently has four tenants, as follows:

Tenant	Sq. Ft	Actual rent	Mkt Rent	Actual Rent	Mkt Rent	Expiry
Kace Canada Inc.	44,565	\$ 4.00	\$ 4.50	\$ 178,260	\$ 200,543	Dec 12
Barrett Xplore Inc.	16,500	\$ 5.50	\$ 5.25	\$ 90,750	\$ 86,625	Apr 14
Canlogix	4,632	\$ 8.30	\$ 8.00	\$ 38,446	\$ 37,056	Feb 14
Morinda Canada	4,198	\$ 10.00	\$ 8.00	\$ 41,980	\$ 33,584	Jul 12
	69,895			\$ 349,436	\$ 357,808	

Financial Highlights

- Acquired in December 2005 for \$5.4M and appraised (Dec. 1, 2010) by CBRE for \$4.6M (a drop in cap rates for the area);
- Total cost on the 2010 financial statements is \$5.46M with a NBV of \$4.63M;
- The mortgage was refinanced in January 2011 through a syndicate of non-accredited investors to \$3.45M at 6.6% (interest only for 5 years);

- The following table provides financial highlights:

	2008	2009	2010	2011	2012	2013
Revenues						
Net Rent	\$ 550,937	\$ 553,614	\$ 569,061	\$ 562,615	\$ 562,615	\$ 562,615
Solar Income	-	-	-	-	36,000	36,000
	550,937	553,614	569,061	562,615	598,615	598,615
Operating Expenses	249,402	265,467	269,278	213,180	213,180	213,180
Net Operating Income	301,535	288,147	299,783	349,436	385,436	385,436
Capital Expenditures	-	-	-	8,600	-	-
Debt Servicing						
Interest	202,320	196,555	190,354	207,000	207,000	207,000
Principal	-	-	-	-	-	-
	202,320	196,555	190,354	207,000	207,000	207,000
Total Cashflows	\$ 99,215	\$ 91,592	\$ 109,429	\$ 133,836	\$ 178,436	\$ 178,436
Operating Exp / Net I	45%	48%	47%	38%	38%	38%
Rental growth	0.5%	2.8%	2.8%	-1.1%	0.0%	0.0%
Operating exp growth	6.4%	1.4%	-20.8%	0.0%	0.0%	0.0%

- Management claims they are in positive discussions with Kace Canada to renew their lease that expires in 2012;
- Management claims it was approached by Endura Energy to lease their roof for a solar project that could generate \$36K per year, starting in 2012;
- Minimal capex is required as the tenants pay for most capex and the building is only 10 years old;
- Operating expenses do not include utilities as these are expected to be recovered through the net rent amount.

C. First Leaside Unity Limited Partnership

- Unity owns 100% of a townhouse development project at 123 Erie Street, in Wheatley, a small town on the shores of Lake Erie, approximately 60km southeast of Windsor. The property includes three townhomes fully finished which have been sold (\$160K each, between 1,000 – 1,140 sq. ft each) with plans to develop and sell another 16 additional homes starting in 2012;
- The property is situated on 2.74 acres.



Financial Highlights

- Acquired in August 2006 for \$700K, the property has not been appraised and for the Asset Valuation, we used the acquisition price of \$700K;
- There are no encumbrances and Management advises that they have received the local approvals for a subdivision development.

- The following table provides financial highlights:

	2012	2013
Unit sales	3	3
Condo Sales	\$ 502,500	\$ 502,500
Construction costs	277,500	277,500
	\$ 225,000	\$ 225,000
Interest	(13,875)	(13,875)
Total Cashflows	\$ 211,125	\$ 211,125

- Management advises that the sixteen units will be built over the next 6 years, starting in 2012 and plans to build 3 units per year.
- The anticipated unit sale price is \$167.5K, at a total cost of \$92.5K to build.
- Management anticipates getting construction financing at a rate of approximately 5%.

C. First Leaside Entities Limited Partnership

- Entities owns 100% of two properties:
 - 1.57 acres at 168 Brock St., Uxbridge (property beside the new Victoria Street Building). Firebridge Fireplace occupies 2,500 sq ft. at a rate of \$2K/month and FLWM occupies 1,434 sq ft \$1.7K/month. Management does not have plans for the property at this moment. The property was purchased in 2006 for \$650K and is free and clear of any encumbrances.



- 0.59 acres of land at 144 Brock St., Uxbridge. Management plans to develop this land into a parking lot for the new Victoria Street Building. It is currently vacant. In the 2009 Appraisal for the Victoria St. development, land was appraised at \$800K/acre. Using this metric, the land is estimated to be \$470K, however; we have not valued this plot for the purpose of this Report.



- The rental income earned is offset by the property taxes. Therefore management assumed they are cash flow neutral.

C. Wimberly Apartments Limited Partnership

Overview

- Established in July 1992, some of the properties in the WALP portfolio are the first acquired by the FL Group;
- WALP was created to consolidate the Texas Real Estate Holdings of First Leaseide;
- WALP now acts as an aggregator of 11 different apartment complexes in the Dallas/Ft. Worth and Sherman, Texas areas;
- There are six properties within Master Texas, four properties within Master Sherman and one property within Sedona;
- Please refer to Appendix B for a WALP organizational chart and the following 13 pages for detailed summaries of each of the properties/LPs;
- Debt is raised at the Master Texas, Master Sherman and Sedona levels through FL Fund, FL Properties Fund and Wimberly Fund;
- All equity is raised through WALP.

Equity Financing

- As at June 30, 2011 WALP has raised \$46.77MM and pays a monthly distribution of 4% as return of capital;
- WALP has 226 investors.

Financial Highlights

- The adjacent table summarizes the WALP forecast included in the Base Model;
- Once the rehab is completed in 2013, the Base Model projects that WALP will generate sufficient cash flow to meet its obligations. Until then, FLWM will fund significant cash shortfalls.

	Forecast		
	2011	2012	2013
Operating cashflows	\$ (1,160,130)	\$ 3,250,984	\$ 5,453,620
Capital Expenditures	(4,976,196)	(2,490,209)	(613,000)
Debt distributions	(4,432,253)	(2,632,253)	(2,632,253)
Equity distributions	(1,812,893)	(2,687,893)	(2,687,893)
	\$ (12,381,472)	\$ (4,559,372)	\$ (479,526)
Financing of shortfall			
Working Capital (Dec '10)	5,966,359	-	-
Equity raised (3 months)	20,000	-	-
Debt raised (3 months)	778,872	-	-
Special subdebt raise	5,000,000	-	-
Agency & Bus Dev Fees	(139,803)	-	-
	11,625,428	-	-
Cash in/(out)flows	\$ (756,044)	\$ (4,559,372)	\$ (479,526)

• The following shows the locations of the properties within the Greater Dallas, Texas area:

Dallas / Ft. Worth Real Estate Market

- Master Texas historically has targeted properties in the Dallas and Arlington surrounding areas;
- According to CBRE, the Dallas area has experienced growth that is above the national average and can be attributed to the entertainment sector as well as the growth of Fortune 500 companies who operate in the area;
- The properties cater to middle-class families seeking affordable living accommodations who either have lost their homes due to the U.S. debt crisis of 2008 or do not qualify or have the desire to purchase a property;



C.F.L. Master Texas Ltd. – cont'd

Financing

External debt is raised through two different funds, with the following terms:

- First Leaside Fund was opened to investment in 2005;
 - The fund has raised \$43.3M as at June 30, 2011;
 - The debt bears an interest rate of 9.0%;
 - The instrument has varying maturities between 2015 and 2019 with an additional 10 year option at Master Texas's discretion;
- Wimberly Fund was opened to investment in 2010;
 - The fund has raised \$9.3M at 8% and an additional \$1.2M at 7% as at June 30, 2011.
 - The instrument has varying maturities between 2019 – 2021 with an additional 10 year option at the partnership's discretion.

Conversion

- Management intends on converting approximately \$20M of the \$43M in debt to equity in WALP, bearing a yield of 4.375%.
- Management believes that the reduction in the distribution requirement will better position the company from a cash flow perspective as it will be able to reduce the distributions it pays to its unit holders.
- The current distributions are being paid as interest income. Management believes that the attractiveness of earning distributions in the form of return of capital will compensate for the reduction of yield as the after-tax benefit will attract investors in the highest income tax bracket.

C. F.L.W. Pond Master Ltd.

- F.L.W. Pond Master Ltd. owns 87.99% of Old Mill Ponde Apartments; a 244 Unit, rental apartment building located at 1224 East Lamar Boulevard, in Arlington, Texas close to the new Dallas Cowboys Stadium;
- The apartment is situated on 14.12 acres and includes seven different sized suite types ranging from 580 sq. ft (1 bedroom) to 1418sq. ft (2 bedroom);
- The property is a "B" class property.



Financial Highlights

- Total cost on the 2010 financial statements is \$5.68M with a NBV of \$3.91M;
- Mortgage with Merrill Lynch is \$5.67M, as of December 31, 2010 at 5.63% with a 25 year amortization and 10 year term, expiring Jan 2014;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 11,550,000	\$ 9,780,000
Stabilized Value	\$ 13,600,000	\$ 12,290,000

- The following table summarizes the financial highlights of the property:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues	\$ 1,009,283	\$ 1,121,361	\$ 899,714	\$ 1,149,476	\$ 1,950,031	\$ 2,255,513
Expenses	952,626	1,113,400	950,012	947,181	974,400	1,018,464
NOI	56,657	7,960	(50,298)	202,295	975,631	1,237,049
Capex						
Maintenance				15,000	61,000	61,000
Rehab				987,844	-	-
	691,751	365,982	1,840,937	1,002,844	61,000	61,000
Debt Servicing	435,887	435,887	435,887	435,887	435,887	435,887
Total Cashflows	\$(1,070,981)	\$(793,909)	\$(2,327,123)	\$(1,236,436)	\$ 478,744	\$ 740,162

- The facility is currently 52% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by September 2011 and to reach 95% occupancy by March 2012;
- Management assumes a 6% rent increase, every six months, beginning July 2012 once it achieves full occupancy and the rehab program has been completed;
- Maintenance capex is expected to be approximately \$250 / unit per annum.

C.F.L.W. Shores Master Ltd.

- F.L.W. Shores Master Ltd. owns 93.99% of The Shores Apartments; a 236 Unit, rental apartment building located at 1100 East Lamar Boulevard, in Arlington, Texas close to the new Dallas Cowboys Stadium;
- The apartment is situated on 12.02 acres and includes eight different sized suite types ranging from 530 sq. ft (1 bedroom) to 1262 sq. ft (2 bedroom);
- The property is a "B" class property;



Financial Highlights

- Total cost on the 2010 financial statements is \$6.38M with a NBV of \$4.38M;
- Mortgage with Merrill Lynch is \$6.65M, as of December 31, 2010 at 5.63% with a 25 year amortization and 10 year term, expiring Jan 2014;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 10,900,000	\$ 9,310,000
Stabilized Value	\$ 13,000,000	\$ 12,125,000

- The following table provides financial highlights:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues	\$ 986,053	\$ 995,022	\$ 731,581	\$ 1,042,740	\$ 1,975,720	\$ 2,251,991
Expenses	891,729	970,828	904,729	875,049	913,500	954,810
NOI	94,324	24,195	(173,148)	167,691	1,062,220	1,297,181

Capex

Maintenance				-	44,250	59,000
Rehab				543,760	156,459	-
	574,588	477,792	1,149,520	543,760	200,709	59,000
Debt Servicing	511,183	511,183	511,183	511,183	511,183	511,183
Total Cashflows	\$ (991,447)	\$ (964,780)	\$ (1,833,851)	\$ (887,252)	\$ 350,328	\$ 726,998

- The facility is currently 50.4% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by March 2012 and to reach 95% occupancy by April 2012;
- Management assumes a 6% rent increase, every six months, beginning July 2012 once it achieves full occupancy and the rehab program has been completed;
- Maintenance capex is expected to be approximately \$250 / unit per annum.

C. F.L.W. Bluffs Ltd.

- F.L.W. Bluffs Ltd. owns 99.99% of 233 Units in the Bluffs of Lakewood Apartment / Condominium. The development is comprised of a 171 Unit rental apartment building and a 121 Unit Condominium project, of which the Limited Company owns 171 Apartment Building Units, and 62 Condominium Units. The property is located at 7510 East Grand Avenue, in Dallas, Texas and is less than three miles from the Dallas Central Business District;
- The apartment is situated on 4.81 acres and includes nine different sized suite types ranging from 490 sq. ft (1 bedroom) to 843 sq. ft (2 bedroom);
- The property is a "B" class property;



Financial Highlights

- Total cost on the 2010 financial statements is \$4.97M with a NBV of \$3.66M;
- Mortgage with Merrill Lynch is \$4.71M, as of December 31, 2010 at 5.63% with a 25 year amortization and 10 year term, expiring Jan 2014;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 7,750,000	\$ 7,370,000
Stabilized Value	\$ 8,690,000	\$ 7,810,000

- The following table provides financial highlights:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues	\$ 1,144,049	\$ 1,114,256	\$ 1,089,353	\$ 1,337,675	\$ 1,834,930	\$ 2,116,396
Expenses	844,620	859,662	821,811	854,179	864,780	897,521
NOI	299,428	254,594	267,542	483,496	970,150	1,218,875
Capex						
Maintenance				43,439	24,000	58,250
Rehab				286,000	429,000	45,500
	129,079	250,860	104,330	329,439	453,000	103,750
Debt Servicing	439,344	439,344	439,344	439,131	439,344	439,344
Total Cashflows	\$ (268,994)	\$ (435,610)	\$ (276,132)	\$ (285,074)	\$ 77,806	\$ 675,781

- The facility is currently 72.2% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by February 2013 and to reach 95% occupancy by May 2012;
- Management assumes a 6% rent increase, every six months, beginning July 2012 once it achieves full occupancy;
- Maintenance capex is expected to be approximately \$250 / unit per annum.

C.F.L.W. Preston Ltd.

- F.L.W. Preston Ltd. owns 99.99% of 112 Units within the 184-unit Condominium complex of the Preston Racquet Club. The property is located at 5840 Spring Valley Road, in Dallas, Texas and is approximately eleven miles north of the Dallas Central Business District
- The Condominium is situated on 8.92 acres and includes six different sized suite types ranging from 721 sq. ft (1 bedroom) to 1218 sq. ft (3 bedroom);
- The property is a "B" class property.



Financial Highlights

- In July 2006 First Leaseide became the General Partner of the Limited Partnership. Total cost on the 2010 financial statements is \$8.54M with a NBV of \$7.11M;
- Mortgage amount with Bank of America is \$5.62M, as of December 31, 2010 at 6.26% with a 30 year amortization and 10 year term, expiring August 2016;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 5,950,000	\$ 5,800,000
Stabilized Value	\$ 6,500,000	\$ 6,450,000

- The following table provides financial highlights:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues	\$ 1,004,306	\$ 962,853	\$ 848,601	\$ 1,065,027	\$ 1,275,628	\$ 1,445,790
Expenses	586,041	548,944	449,374	509,797	572,460	598,348
NOI	418,265	413,909	399,227	555,230	703,168	847,442
Capex						
Maintenance				27,834	60,000	27,750
Rehab				338,146	324,000	-
	79,053	147,890	289,392	365,981	384,000	27,750
Debt Servicing	432,690	432,690	432,690	432,690	432,690	432,690
Total Cashflows	\$ (93,479)	\$ (166,671)	\$ (322,854)	\$ (243,441)	\$ (113,522)	\$ 387,002

- The facility is currently 82.1% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by December 2012 and to reach 95% occupancy by September 2011.
- Management assumes a 6% rent increase, every six months, beginning July 2012 once it achieves full occupancy and the rehab program has been completed;
- Maintenance capex is expected to be approximately \$250 / unit per annum.

C.F.L.W. Pointe Ltd.

- F.L.W. Pointe Ltd. owns 99.99% of The Wymberly Pointe Apartments; a 208 Unit, rental apartment building located at 702 West Warrior Trail, in Grand Prairie, Texas approximately fourteen miles from the Dallas Central Business District;
- The apartment is situated on 14.22 acres and includes two different sized suite types ranging from 600 sq. ft (1 bedroom) to 851 sq. ft (2 bedroom);
- The property is a "B" class property;.



Financial Highlights

- Acquired with Crossing (following page) in July 1992 for \$6.95M. Total cost on the 2010 financial statements is \$4.07M with a NBV of \$1.50M;
- Mortgage amount with Merrill Lynch is \$4.83M, as of December 31, 2010 at 5.63% with a 25 year amortization and 5 year term, expiring Jan 2014;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 8,250,000	\$ 8,410,000
Stabilized Value	\$ 9,360,000	\$ 8,880,000

- The following table provides financial highlights:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues	\$ 1,127,925	\$ 1,249,758	\$ 1,316,557	\$ 1,631,299	\$ 1,876,108	\$ 2,103,872
Expenses	978,968	950,864	968,713	917,230	927,000	954,810
NOI	148,957	298,894	347,844	714,069	949,108	1,149,062
Capex						
Maintenance				13,000	52,000	52,000
Rehab				335,544	-	-
	612,838	535,792	303,789	348,544	52,000	52,000
Debt Servicing	371,644	371,644	371,644	371,644	371,644	371,644
Total Cashflows	\$ (835,525)	\$ (608,542)	\$ (327,589)	\$ (6,119)	\$ 525,464	\$ 725,418

- The facility is currently 85.6% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by September 2011 and to reach 95% occupancy by September 2011;
- Management assumes a 6% rent increase, every six months, beginning July 2011;
- Maintenance capex is expected to be approximately \$250 / unit per annum.

C.F.L.W. Crossing Ltd.

- F.L.W. Crossing Ltd. owns 99.99% of The Wymberly Crossing Apartments; a 212 Unit, rental apartment building located at 3001 South Carrier Parkway, in Grand Prairie, Texas approximately fourteen miles from the Dallas Central Business District;
- The apartment is situated on 9.93 acres and includes nine different sized suite types ranging from 650 sq. ft (1 bedroom) to 1,643 sq. ft (3 bedroom);
- The property is a "B" class property.



Financial Highlights

- Acquired with Pointe (previous page) in July 1992 for \$6.95M. Total cost on the 2010 financial statements is \$3.50M with a NBV of \$1.42M;
- Mortgage amount with Merrill Lynch is \$4.09M, as of December 31, 2010 at 5.63% with a 25 year amortization and 5 year term, expiring Jan 2014;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 8,400,000	\$ 6,700,000
Stabilized Value	\$ 9,100,000	\$ 7,780,000

- The following table provides financial highlights:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues	\$ 1,115,525	\$ 1,199,129	\$ 1,209,215	\$ 1,667,275	\$ 2,102,638	\$ 2,324,774
Expenses	1,088,893	1,158,814	1,113,642	1,033,924	1,062,960	1,094,849
NOI	26,633	40,316	95,574	633,351	1,039,678	1,229,926
Capex						
Maintenance				15,000	53,000	53,000
Rehab				421,085	-	-
	595,914	594,954	259,129	436,085	53,000	53,000
Debt Servicing	314,308	314,308	314,308	314,308	314,308	314,308
Total Cashflows	\$ (883,589)	\$ (868,946)	\$ (477,864)	\$ (117,043)	\$ 672,370	\$ 862,618

- The facility is currently 85.4% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by September 2011 and to reach 95% occupancy by July 2011;
- Management assumes a 6% rent increase, every six months, beginning July 2011;
- Maintenance capex is expected to be approximately \$250 / unit per annum.

C. F.L.W. Sedona Creek Ltd.

- F.L.W. Sedona Creek Ltd. owns 99.99% of The Family Tree Apartments; a 240 Unit, rental apartment building located at 9911 Whitehurst Drive, in Dallas, Texas approximately ten miles from the Dallas Central Business District;
- The apartment is situated on 8.51 acres and includes nine different sized suite types ranging from 443 sq. ft (1 bedroom) to 1,240 sq. ft (2 bedroom);
- The property is a "B" class property;



Financial Highlights

- Acquired in December 2003 for \$6.23M. Total cost on the 2010 financial statements is \$7.43M with a NBV of \$6.21M;
- WALP has raised \$5.3M by way of a syndicated mortgage through non-accredited investors.
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 5,100,000	\$ 4,670,000
Stabilized Value	\$ 5,460,000	\$ 5,872,000

- The following table provides financial highlights:

	Actual		Forecast		
	2008	2009	2010	2011	2012
Revenues	\$ 873,514	\$ 832,947	\$ 718,646	\$ 819,624	\$ 1,233,039
Expenses	924,059	834,991	929,536	892,310	876,000
NOI	(50,545)	(2,044)	(210,890)	(72,686)	357,039
Capex					
Maintenance				90,498	60,000
Rehab				-	-
	674,126	163,388	248,183	90,498	60,000
Debt Servicing	302,257	1,803	238	-	-
Total Cashflows	\$ (1,026,929)	\$ (167,234)	\$ (459,311)	\$ (163,184)	\$ 297,039
					\$ 477,127

- The facility is currently 52.9% occupied and the company does not have plans to rehab the property. Management expects to reach 80% occupancy by September 2012;
- We are advised by Management that it is currently in discussions to sell the property, however it is not formally listed;
- Maintenance capex is expected to be approximately \$250 / unit per annum.

C.F.L. Master Sherman Ltd.

- F.L. Master Sherman Ltd. is a Limited Partnership registered in the state of Texas in December 2006;
- Master Sherman acts as the aggregator by consolidating the properties it owns and manages through a single entity;
- The company raises debt through First Lease Properties Limited Partnership, to facilitate the ongoing cash requirements for all of the following properties: (1) Creekview; (2) Country; (3) Raintree; and (4) Arrowwood;
- The following shows the locations of the properties within the Sherman, Texas area:



Sherman Real Estate Market

- The Fund historically has targeted properties in Sherman, Texas;
- The Sherman area is approximately 1 hour North of Dallas and is considered a suburb of Dallas;
- According to CBRE, the Sherman area has benefited from the manufacturing sector and in particular the semi-conductor business;
- The properties cater to middle-class families seeking affordable living accommodations who either have lost their homes due to the U.S. debt crisis of 2008 or do not qualify or have the desire to purchase a property.

Financing

External debt is raised through a single fund, with the following terms:

- First Lease Properties Fund was opened to investment in 2007;
 - The fund has raised \$14.37M as at June 30, 2011;
 - The debt bears an interest rate of 9.0%;
 - The instrument has varying maturities between 2017 - 2019 with an additional 10 year option at Master Sherman's discretion.

C. F.L. Creekview Ltd.

- F.L. Creekview owns 99.99% of Creekview Apartments; a 144 Unit, rental apartment building located at 700 South F.M. 1417, in Sherman, Texas which is north of Dallas and near the Oklahoma state border;
- The apartment is situated on 6.93 acres and includes eight different sized suite types ranging from 655 sq. ft (1 bedroom) to 1,136 sq. ft (2 bedroom);
- The property is a "B" class property;.



Financial Highlights

- Acquired in December 2006 for \$7.35M. Total cost on the 2010 financial statements is \$7.06M with a NBV of \$6.43M;
- Mortgage amount with Merrill Lynch is \$5.46M, as of December 31, 2010 at 5.81% with a 30 year amortization and 10 year term, expiring Jan 2017;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 6,650,000	\$ 5,790,000
Stabilized Value	\$ 6,650,000	\$ 5,790,000

- The following table provides financial highlights:

	Actual		Forecast		
	2008	2009	2010	2011	2012
Revenues	\$ 1,093,853	\$ 1,049,347	\$ 1,029,233	\$ 1,104,948	\$ 1,385,812
Expenses	593,605	588,481	642,744	602,695	618,000
NOI	500,248	460,866	386,489	502,254	767,812
Capex					
Maintenance				45,750	36,000
Rehab				449,000	292,000
Debt Servicing	64,712	31,299	50,780	494,750	328,000
Total Cashflows	\$ 37,178	\$ 31,209	\$ (62,649)	\$ (390,855)	\$ 41,454

- The facility is currently 87.5% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by August 2012 and to reach 95% occupancy by December 2011;
- Management assumes a 6% rent increase, every six months, beginning July 2011 once it achieves full occupancy;
- Maintenance capex is expected to be approximately \$250 / unit.

C.F.L. Country Village Ltd.

- F.L. Country Village Ltd. owns 99.99% of Country Village Apartments; a 148 Unit, rental apartment building located at 900 South F.M. 1417, in Sherman, Texas which is north of Dallas and near the Oklahoma state border;
- The apartment is situated on 8.83 acres and includes six different sized suites types ranging from 501 sq. ft (1 bedroom) to 1,014 sq. ft (3 bedroom);
- The property is a "B" class property;



Financial Highlights

- Acquired in December 2006 for \$5.66M. Total cost on the 2010 financial statements is \$5.45M with a NBV of \$4.99M;
- Mortgage amount with Merrill Lynch is \$4.18M, as of December 31, 2010 at 5.81% with a 30 year amortization and 10 year term, expiring January 2017;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 6,450,000	\$ 6,170,000
Stabilized Value	\$ 6,450,000	\$ 6,170,000

- The following table provides financial highlights:

	Actual		Forecast		
	2008	2009	2010	2011	2012
Revenues	\$ 965,899	\$ 960,629	\$ 950,865	\$ 1,079,759	\$ 1,335,159
Expenses	526,865	568,173	558,786	545,900	556,200
NOI	439,034	392,456	392,080	533,859	778,959
Capex					
Maintenance				38,370	37,000
Rehab				373,000	273,000
Debt Servicing	302,846	309,448	306,701	306,701	306,701
Total Cashflows	\$ 105,178	\$ 38,099	\$ 36,324	\$ (184,211)	\$ 162,258
	31,011	44,910	49,055	411,370	310,000
					37,000
					273,000
					306,701
					626,659

- The facility is currently 89.2% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by August 2012 and to reach 95% occupancy by December 2011;
- Management assumes a 6% rent increase, every six months, beginning July 2011 once it achieves full occupancy;
- Maintenance capex is expected to be approximately \$250 / unit.

-
- A photograph of a school building, likely the one mentioned in the text, with a large tree in the foreground and a flagpole. The building is a two-story structure with a light-colored facade and a dark roof. A large, leafy tree stands in the foreground, partially obscuring the building. A flagpole with a flag is visible to the left of the tree. The sky is blue with some clouds. The overall scene is a typical school environment.

- Acquired in June 2007 for 5.50M. Total cost on the 2010 financial statements is \$5.70M with a NBV of \$5.23M;
- Mortgage amount with Merrill Lynch is \$3.51M, as of December 31, 2010 at 6.38% with a 30 year amortization and 10 year term, expiring July 2017;

- | | Blakes | CBRE |
|-------------------------|--------------|--------------|
| Appraisal | \$ 6,000,000 | \$ 4,530,000 |
| Stabilized Value | \$ 6,000,000 | \$ 4,569,000 |

- The facility is currently 89.2% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by August 2012 and to reach 95% occupancy by December 2011;
- Management assumes a 6% rent increase, every six months, beginning July 2011 once it achieves full occupancy;
- Maintenance capex is expected to be approximately \$250 / unit.

C.F.L. Arrowwood Ltd.

- F.L. Arrowwood Ltd. owns 99.99% of Parkview Apartments; a 200 Unit, rental apartment building located at 1200 West Taylor Street, in Sherman, Texas which is north of Dallas and near the Oklahoma state border;
- The apartment is situated on 10.95 acres and includes five different sized suites types ranging from 625 sq. ft (1 bedroom) to 1,003 sq. ft (2 bedroom);
- The property is a "B" class property.



Financial Highlights

- Acquired in December 2004 for 3.97M. Total cost on the 2010 financial statements is \$4.04M with a NBV of \$3.23M;
- Mortgage amount with Bank of America is \$3.08M, as of December 31, 2010 at 6.51% with a 30 year amortization and 10 year term, expiring August 2016;
- Appraised at the following amounts:

	Blakes	CBRE
Appraisal	\$ 6,500,000	\$ 5,050,000
Stabilized Value	\$ 6,500,000	\$ 5,070,000

- The following table provides financial highlights:

	Actual			Forecast		
	2008	2009	2010	2011	2012	2013
Revenues	\$ 1,158,842	\$ 1,134,230	\$ 1,105,079	\$ 1,209,113	\$ 1,545,403	\$ 1,799,760
Expenses	788,371	745,151	780,196	741,633	766,320	789,310
NOI	370,471	389,079	324,884	467,480	779,083	1,010,451
Capex						
Maintenance				61,135	50,000	50,000
Rehab				392,500	295,000	37,500
	84,637	71,894	102,580	453,635	345,000	87,500
Debt Servicing	242,967	242,967	242,967	242,967	242,967	242,967
Total Cashflows	\$ 42,866	\$ 74,218	\$ (20,664)	\$ (229,122)	\$ 191,116	\$ 679,984

- The facility is currently 84.5% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by August 2012 and to reach 95% occupancy by December 2011;
- Management assumes a 6% rent increase, every six months, beginning July 2011 once it achieves full occupancy;
- Maintenance capex is expected to be approximately \$250 / unit.

C. First Leaside Realty I & II Limited Partnership

- First Leaside Realty I & II LP were previously registered as Corporations in the Province of Ontario. In 2006, the company registered as Limited Partnerships and shareholders exchanged their common shares into units in the Limited Partnerships;
- Each LP has 24 investors;
- As at June 30, 2011 Realty I & II have raised \$4.53M and have invested \$4.00M in the following holding:
 - 6,244,000 units of WALP valued at \$0.64 totaling \$4.00M which pays a distribution of 4%.

Financial Highlights

- The following table summarizes the Realty I&II forecast included in the Base Model.

	Forecast		
	2011	2012	2013
Operating cashflows	\$ 236,045	\$ 236,045	\$ 236,045
Capital Expenditures	-	-	-
Equity Distributions	(215,161)	(215,161)	(215,161)
Total Cashflows	\$ 20,884	\$ 20,884	\$ 20,884

- As at June 30, 2011, there is estimated to be a positive working capital of \$49.6K.

C. First Lease Acquisition Limited Partnership

- First Lease Acquisition LP is a Limited Partnership registered in the province of Ontario in 1998. The Limited Partnership agreement was executed in 1999;
- The LP has 21 investors;
- As at June 30, 2011 Acquisitions has raised \$1.77M and has invested \$1.05M in the following holdings:
 - 224,500 units of WALP valued at \$0.64 totaling \$144K which pays a distribution of 4%;
 - 625,800 units of FLEX valued at \$1.00 totaling \$626K which pays a distribution of 6%;
 - 159,360 units of Spring Valley at \$1.75 totaling \$279K which pays a distribution of 8%;
- The fund pays a monthly distribution in the form of return of capital at a rate of 8.5%.

Financial Highlights

- The following table summarizes the Acquisitions forecast included in the Base Model.

	Forecast		
	2011	2012	2013
Operating cashflows	\$ 46,378	\$ 46,378	\$ 46,378
Capital expenditures	-	-	-
Equity distributions	(168,196)	(168,196)	(168,196)
Total Cashflows	\$ (121,818)	\$ (121,818)	\$ (121,818)

- As at June 30, 2011, there is estimated to be a negative working capital of \$34.1K.

C. First Lease Investors Limited Partnership

Financial Highlights

- First Lease Investors Limited Partnership was registered in the province of Ontario in December 2003. Investors began raising money in July 2008;
- The LP has 70 investors;
- As at June 30, 2011 the LP has raised \$6.65M in equity and \$1.90M in syndicated debt and third party conventional mortgages.;
- The LP currently owns the following properties:
 - Harmony Town Limited Partnership (appraised at \$1.85M)
 - Mill Street Limited Partnership (appraised at \$1.2M)
- Please refer to the following pages for detailed summaries of each of the properties.

- The following table summarizes the Investors forecasts included in the Base Model.

	Forecast		
	2011	2012	2013
Operating cashflows	\$ (157,428)	\$ 46,841	\$ 73,560
Capital Expenditures	(203,095)	(136,500)	-
Equity distributions	(399,250)	(399,250)	(399,250)
Debt distributions	(39,375)	(39,375)	(39,375)
Total Cashflows	\$ (799,148)	\$ (528,284)	\$ (365,065)

Financing

- The LP began raising capital in July 2008, and as at June 30, 2011 the LP raised \$6.65M;
- The LP has a conventional mortgage of \$1.12M as well as syndicated mortgage from non-accredited investors in the amount of \$656K;
- The LP pays a distribution in the form of return of capital at a rate of 6%.
- As at June 30, 2011, there is estimated to be a positive working capital of \$741.1K.

C. Harmony Townhome Limited Partnership

- Harmony Townhome Limited Partnership owns 100% of 65 Fort Street, in Tilbury, Ontario; a 50 unit town home complex; which is located between Chatham and Windsor, Ontario;
- The property was purchased from CMHC under foreclosure;



Financial Highlights

- Acquired in Jan 2010 for \$1.85M. Total cost on the 2010 financial statements is \$2.60M with a NBV of \$2.43M;
- Mortgage amount with Toronto-Dominion Bank is \$1.24M, as of July 1, 2010 at 4.18% amortized over 25 years and maturing in February 2015;

- The following table provides financial highlights before debt and/or equity distributions:

	Actual 2010	Projections		
		2011	2012	2013
Revenues	\$ 218,532	\$ 268,425	\$ 467,905	\$ 499,794
Expenses	184,833	241,218	233,460	238,129
NOI	33,699	27,207	234,445	261,664
Capex	160,804	203,095	136,500	-
Debt Servicing	62,691	80,023	82,492	82,492
Total Cashflows	(189,796)	(255,911)	15,453	179,173

- The facility is currently 50% occupied as it undergoes its rehab program. Management expects the rehab program to be completed by November 2012 and to reach full occupancy of 95% by December 2012.
- The LP is renovating the units by updating the windows, installing HVAC systems, building a fitness centre for the community and installing new lighting.

C. Mill Street Limited Partnership

- Mill Street Limited Partnership owns 100% of 62 Mill Street, in Uxbridge, Ontario;
- The property is zoned residential and is situated on 3.74 acres which is flat and leveled for future development considerations;
- The property has a heritage home built in the late 1800's and is currently being rented to an employee of the FL Group.



Financial Highlights

- Acquired in May 2010 for \$1.24M. Total cost on the 2010 financial statements is \$1.31M with a NBV of \$1.29M;
- The LP has a syndicated mortgage from 40 non-accredited investors in the amount of \$656K, as of December 31, 2010 at 6.0% with interest only payments, maturing in December 2015;
- CBRE draft appraisal dated July 12, 2011 values the property at \$1.20M;
- Management advises that their long term goal (beyond the scope of this Report) is to build a residential subdivision containing 8 to 10, 60 foot lot properties which would require the construction of an internal roadway;

- The following table provides financial highlights before debt and/or equity distributions:

	Actual 2010	Projections		
		2011	2012	2013
Revenue	\$ 13,200	\$ 13,200	\$ 13,200	\$ 13,200
Expenses	43,979	9,500	10,000	10,500
NOI	(30,779)	3,700	3,200	2,700
Capex	-	-	-	-
Debt Servicing		43,313	43,313	43,313
Total Cashflows	(30,779)	(39,613)	(40,113)	(40,613)

- The Company experienced one-time start up costs relating to the acquisition of the property including legal fees, initial maintenance and general repair.

C. First Lease Progressive Limited Partnership

Financial Highlights

- First Lease Progressive LP is a Limited Partnership registered in the province of Ontario in November 2005. The Limited Partnership began raising money in January 2009;
- The LP has 102 investors;
- As at June 30, 2011 Progressive raised \$14.91M and has invested \$7.94M in the following holdings:
 - 20% ownership of FL Retirement valued at \$3.67M;
 - 8.34% ownership is FL Beverages valued at \$600K;
 - 100% of Uxbridge Development Limited Partnership valued at \$2.2M;
- The OM states that the partnership seeks to acquire and develop residential real-estate or securities of owners in residential real estate in Canada;
- Please refer to the following pages for detailed summaries of each of the properties.
- The fund pays a monthly distribution in the form of return of capital at a rate of 6%.

- The following table summarizes the Progressive forecasts included in the Base Model.

	Forecast	
	2011	2012
Operating Cashflows	\$ (281,934) \$	\$ 526,650 \$ 1,113,839
Capital expenditures	(2,500)	-
Equity distributions	(894,624)	(894,624)
Debt distributions	(40,500)	(40,500)
Total Cashflows	\$ (1,219,558) \$	(408,474) \$ 178,715

- As at June 30, 2011, there is estimated to be a positive working capital of \$741.2K.

Uxbridge Development Limited Partnership

- The Limited Company owns 100% of 164 Cemetery Road, in Uxbridge, Ontario;
- The property is zoned residential and is situated on 22.92 acres of which 18.22 acres is designated environmentally protected and consequently undevelopable;
- The property is a 1390 sq ft residential home which is close to the main shopping centre of Uxbridge;



Financial Highlights

- The property was acquired in September 2010 for \$2.00M;
- In January 2011 the LP raised a syndicated mortgage of 43 non-accredited investors in the amount of \$675K with interest only payments at a rate of 6%, maturing January 2016;
- CBRE draft appraisal dated July 12, 2011 values the property at \$2.20M;
- Management has advised that it intends to develop the property into a retirement home community in the future which goes beyond the scope of this Report.

C. First Leaside Universal Limited Partnership

Financial Highlights

- First Leaside Universal LP was registered in the province of Ontario in November 2005. Universal began raising money in January 2010;
- The LP has 55 investors;
- As at June 30, 2011 Universal raised \$5.80M and has the following holdings:
 - 30% ownership of FL Retirement valued at \$5.51M;
- The OM states that the partnership seeks to acquire and develop residential real-estate or securities of owners in residential real estate in Canada;
- The LP pays a monthly distribution in the form of return of capital at a rate of 6%.

- The following table summarizes the Universal forecasts included in the Base Model.

	Forecast		
	2011	2012	2013
Operating cashflows	\$ (418,800)	\$ 195,887	\$ 272,550
Capital expenditures	-	-	-
Equity distributions	(347,939)	(347,939)	(347,939)
Total Cashflows	\$ (766,739)	\$ (152,052)	\$ (75,390)

- As at June 30, 2011, there is estimated to be a positive working capital of \$131.7K.

C. First Leaside Venture Limited Partnership

- First Leaside Venture Limited Partnership has entered into a purchase and sale agreement scheduled to close in the next couple of weeks;
- Venture will acquire properties in Ottawa, Ontario including 100% of 3 retirement home properties totaling 360 units (The Palisades, The Palisades Condo Club and the Redwoods) and a 50% interest in Birkhall with 83 units (the remaining 50% is owned by PrimeTime Living LP);



Financial Highlights

- The properties are valued at \$65M; Venture raised \$886K as of June 30, 2011. We have been advised by Management that funds will be raised from 2 sources:
 - PrimeTime Living LP is presently refinancing three of its properties (Shores, Cherry Park & Orchard Valley) and will be lending Venture \$4.5M (through FL Finance) by way of a Promissory Note with interest only payments of 7%. Management expects to repay this loan before the end of 2011;
 - Venture continues to raise money (they have raised \$2.81M as of this report), and will be keeping the fund open through the balance of the year when it attracts the most capital;

- Venture has secured financing with CIBC in the amount of \$40M with an interest rate of 5.00% amortized of 25 years maturing in September 2016 as well as a vendor take back ("VTB") financing in the amount of \$17.5M with Kingsett Capital Partners;
- The following table summarizes the Venture forecasts included in the Base Model. Please note the 2011 numbers are for four months of ownership:

		Forecast	
		2011	2013
Operating Cashflows	\$	(3,953,408)	\$ (1,228,162) \$ (348,578)
Capital Expenditures		(136,125)	(428,794)
Equity distributions		(240,143)	(873,808)
Total Cashflows	\$	(4,329,676)	\$ (2,530,764) \$ (1,780,531)

Financing of shortfall

Working Capital				
New Equity Raised	14,399,607	3,067,593	2,158,219	
Mortgage raised	57,500,000	-	-	
New Debt Raised	-	-	-	
Purchase price	(65,050,000)	-	-	
Agency and bus dev fees	(2,519,931)	(536,829)	(377,688)	
	4,329,676	2,530,764	1,780,531	

Cash in/(out)flows \$ - \$ - \$ -

- The majority of the cash deficiency is due to the VTB arrangements which required a balloon payment at the end of each of the next 3 years of \$4.4M, and the balance at the end of 2014.

C. FLWM Holdings Limited Partnership

Financial Highlights

- FLWM Holdings was registered in the province of Ontario in May 2011. The Limited Partnership began raising money in May 2011;
- The LP has 22 investors;
- As at June 30, 2011 the LP has raised \$3.09M and has the following holdings:
 - 16.67% ownership of FL Retirement valued at \$3.06M;
 - 10.9% ownership in FL Beverages valued at \$785K;
- The LP pays a monthly distribution in the form of return of capital at a rate of 0%;

Acquisition of Retirement and Beverages

- In June 2011, FLWM Holdings acquired their LP units in both Retirement and Beverages from a related party transaction with FLWM.
- FLWM Holdings paid \$2.59M for 16.67% of Retirement and \$785K for 10.9% of Beverages, implying valuations of \$15.55M and \$7.2M, respectively.
- The implied valuation for Retirement is 30% higher than the initial acquisition by FLWM, Progressive and Universal made and the implied valuation for Beverages is 20% higher.

- The following table summarizes the FLWM Holdings forecasts included in the Base Model.

	Forecast		
	2011	2012	2013
Operating cashflows	\$ (668,728)	\$ 194,384	\$ 938,169
Capital expenditures	-	-	-
Equity distributions	-	-	-
Total Cashflows	(668,728)	194,384	938,169
Financing			
Working capital	-	-	-
Retirement acquisition	(2,592,500)	-	-
Beverages acquisition	(785,850)	-	-
New equity raised	2,990,000	-	-
Agency and bus dev fees	(523,250)	-	-
	(911,600)	-	-
Cash in/(out)flows	\$ (1,580,328)	\$ 194,384	\$ 938,169

C. F.L. Spring Valley Limited Partnership

- Spring Valley LP was registered in the province of Ontario in October 1999. Spring Valley began raising money in 2003;
- The LP has 51 investors;
- As at June 30, 2011 the LP has raised \$2.11M and has the following holdings:
 - 100% of 7798 Spring Valley Road, in Dallas, Texas; a strip mall with 7 tenants;
 - 1,077,513 units in WALP; and,
 - 640,000 units in Wimberly Fund.



Financial Highlights

- Acquired in October 1999 for \$775K. Total cost on the 2010 financial statements is \$973K with a NBV of \$704K.
- Mortgage amount with Wells Fargo as at December 31, 2010 is \$930K with an interest rate of 6.63% maturing on October 1, 2016.

Forecasting Cash Flows

- The following table summarizes the Spring Valley forecasts included in the Base Model.

	Forecast	
	2011	2012
Operating cashflows	\$ (67,397)	\$ (67,397)
Capital expenditures	-	-
Equity distributions	(172,724)	(172,724)
Total Cashflows	\$ (158,113)	\$ (158,113)

- As at June 30, 2011, there is estimated to be a positive working capital balance of \$140K.

C. First Leaside Select Limited Partnership First Leaside Elite Limited Partnership

- First Leaside Select LP was registered in the province of Ontario in November 2005. The Limited Partnership began raising money in 2007;
- The LP has 39 investors and is denominated in USD;
- As at June 30, 2011 Select has raised \$3.65M and has the following holdings:
 - Related Party receivable of \$168K;
- Management advises that they have reviewed 8 projects since 2007, however; they have not acquired a property;
- Management advises that they are considering alternatives in how to deal with Select;
- The fund pays a monthly distribution in the form of return of capital at a rate of 7%.

Financial Highlights

- The following table provides financial highlights:

	Forecast	
	2011	2012
Operating cashflows	\$9,742	\$9,742
Capital Expenditures	-	-
Equity distributions	(255,330)	(145,903)
Total Cashflows	\$ (245,587)	\$ (136,160)

- As at June 30, 2011, there is estimated to be a positive working capital balance of \$28K.

- First Leaside Elite was registered in the province of Ontario in November 2005. The Limited Partnership began raising money in 2008;
- The LP has 70 investors and is denominated in USD;
- As at June 30, 2011 Elite has raised \$6.66M and has the following holdings:
 - Related Party receivable of \$2.06M;
- Management advises that they have reviewed 17 projects since 2008, however; they have not acquired a property;
- Management advises that they are considering alternatives in how to deal with Elite;
- The fund pays a monthly distribution in the form of return of capital at a rate of 7%.

Financial Highlights

- The following table provides financial highlights:

	Forecast	
	2011	2012
Operating cashflows	\$142,368	\$142,368
Capital Expenditures	-	-
Equity distributions	(466,108)	(266,347)
Total Cashflows	\$ (323,740)	\$ (123,980)

- As at June 30, 2011, there is estimated to be a positive working capital balance of \$46K.

C. First Leaseide Premier Limited Partnership

- First Leaseide Premier LP is a Limited Partnership registered in the province of Ontario in November 2005. The Limited Partnership began raising money in 2009;
- The LP has 66 investors and is denominated in USD;
- As at June 30, 2011 Premier has raised \$5.56M and has the following holdings:
 - Related Party receivable of \$2.32M;
- Management advises that they have reviewed 10 projects since 2009, however; they have not acquired a property;
- Management advises that Premier is a recent LP, and they are still pursuing investment opportunities;
- The fund pays a monthly distribution in the form of return of capital at a rate of 7%.

Financial Highlights

- The following table provides financial highlights:

	Forecast		
	2011	2012	2013
Operating cashflows	\$160,335	\$160,335	\$160,335
Capital Expenditures	-	-	-
Equity distributions	(389,275)	(389,275)	(222,443)
Total Cashflows	\$ (228,940)	\$ (228,940)	\$ (62,108)

- As at June 30, 2011, there is estimated to be a positive working capital balance of \$40K.

- First Leaseide Ultimate LP is a Limited Partnership registered in the province of Ontario in November 2005. The Limited Partnership began raising money in 2010;
- The LP has 35 investors and is denominated in USD;
- As at June 30, 2011 Ultimate has raised \$3.04M and has the following holdings:
 - Related Party receivable of \$1.09M;
- Management advises that they have not reviewed any projects as of the date of this report;
- Management advises that Ultimate is a recent LP and they are still pursuing investment opportunities;
- The fund pays a monthly distribution in the form of return of capital at a rate of 7%.

Financial Highlights

- The following table provides financial highlights:

	Forecast		
	2011	2012	2013
Operating cashflows	\$ 74,628	\$ 74,628	\$ 74,628
Capital Expenditures	-	-	-
Equity distributions	(212,814)	(212,814)	(212,814)
Total Cashflows	\$ (138,186)	\$ (138,186)	\$ (138,186)

- As at June 30, 2011, there is estimated to be a positive working capital balance of \$904K.

C. First Lease Global Limited Partnership

- First Lease Global Limited Partnership has entered into a purchase and sale agreement scheduled to close in October of 2011.
- The property is a 396 unit multi-family residential complex located at 10801 Heather Ridge Circle, in Orlando, Florida.
- The property is a Class "A" Property.



Financial Highlights

- The purchase price of the property is \$25.0M.
- Global has raised \$785K as of June 30, 2011.
- The LP will be assuming the existing debt of \$11.9M owing to Orange County Housing Finance Authority (municipal bond), bearing an interest rate of 1.43% amortized over 20 years with interest only payments until December 2015.
- The LP will also be assuming a mortgage in favour of Fannie Mae with a balance owing of \$6.87M, bearing an interest rate of 5.95%, with remaining amortization of 18 years, maturing in July 2025.

- The following table summarizes the Global forecasts included in the Base Model. Please note the 2011 numbers are for three months of ownership:

	Forecast		
	2011	2012	2013
Operating cashflows	\$ 208,712	\$ 807,066	\$ 860,849
Capital Expenditures	(74,436)	(305,186)	(312,816)
Equity distributions	(161,612)	(646,450)	(646,450)
Total Cashflows	(27,336)	(144,570)	(98,416)
Financing of shortfall			
Working Capital	-	-	-
New Equity Raised	9,227,074	-	-
Mortgage raised	18,065,000	-	-
Purchase price	(25,650,000)	-	-
Agency and bus dev fees	(1,614,738)	-	-
	27,336	-	-
Cash in/(out)flows	\$ (0)	\$ (144,570)	\$ (98,416)

- The property was recently updated, and has nominal future capital expenditures.
- Maintenance capex is expected to be approximately \$770 / unit per annum.

C. First Lease Visions I Limited Partnership

- First Lease Visions I LP is a Limited Partnership registered in the province of Ontario in November 2006 and as an Ontario Commercialization Investment Fund Corporation ("OCIF") in February 2007;
- The LP has 48 investors;
- As at June 30, 2011 the FL Vision I LP has raised \$2.95M and has invested \$3.00M. The LP receives a grant of 30% (totaling \$900K on an after-tax basis) from the Ontario government shortly after the investment is made which Visions I used to reduce the NBV of the investment;
- Visions I invests in high-risk technology businesses that are engaged in research at post-secondary institutions and research hospitals, in the earliest stage of their development;
- First Lease Visions I LP does not pay a monthly distribution to its unit holders.

Investments

- The fund has allocated the money into 4 start up companies:
 - **Segasist Technologies** – is a software company which has designed an innovative artificial intelligence platform to assist clinicians to identify and interpret medical imaging by segmenting the images.
 - **Marksman Cellject** – develops automated cell injection systems (hardware & software) catering to mid-size laboratories which replaces the manual process, leads to greater efficiencies and more accurate results.
 - **Metabacus** – is a software company that provides manufacturers of high-performance advanced semi-conductor chips with a software solution to optimize performance, and reduce the time and cost of designing new chips.
 - **GreenCore Composites** – Developed technology to manufacture Natural Fiber Reinforced Composite Pellets versus petroleum based pellets. The pellets have environmental benefits and more than double the strength of base polymer.

C. First Lease Visions II Limited Partnership

- First Lease Visions II LP is a Limited Partnership registered in the province of Ontario in November 2006 and as an Ontario Commercialization Investment Fund Corporation ("OCIF") in February 2007;
- The LP has 16 investors;
- As at June 30, 2011 FL Visions II LP has raised \$1.19M and has invested 2.25M. The LP borrowed an additional \$1.2M from FL Finance to fund the shortfall. The LP received a grant of 30% (totaling \$675K on an after-tax basis) from the Ontario government shortly after the investment is made which Visions II used to reduce the NBV of the investment;
- Visions II invests in high-risk technology businesses that are engaged in research at post-secondary institutions and research hospitals, in the earliest stage of their development;
- First Lease Visions II LP does not pay a monthly distribution to its unit holders.

Investments

- The fund has allocated the money into 3 start up companies:
 - **Tyromer Inc.** – has developed a technology to convert scrapped tiers into a new polymer called Tyromer which uses recycled rubber to create a product which is similar in physical properties and strength as virgin rubber.
 - **DossierView Inc.** – is a technology company that has developed a software that allows consumers and businesses to search through scanned files in an efficient manner to locate documents.
 - **eSight Corp.** – has developed a vision tool akin to sunglasses that allow people with low vision to see clearly. The device allows the user to zoom in/out, improve brightness and contrast.

C. First Lease Mortgage Trust

- First Lease Mortgage Trust is a Formal Trust registered in the province of Ontario in June 2010.;
- The Trust has 191 investors;
- The Trust has raised \$10M dollars and holds the following investments:
 - \$5.3M mortgage with Sedona & the Church at an interest rate of 6.6%;
 - Related party receivables in the amount of \$3.56M paying a rate of 7%;
 - Working Capital of \$1.1M;
- The Trust currently pays a yield of 6% as interest income to its investors.

Financial Highlights

- The following table summarizes the Mortgage forecasts included in the Base Model.

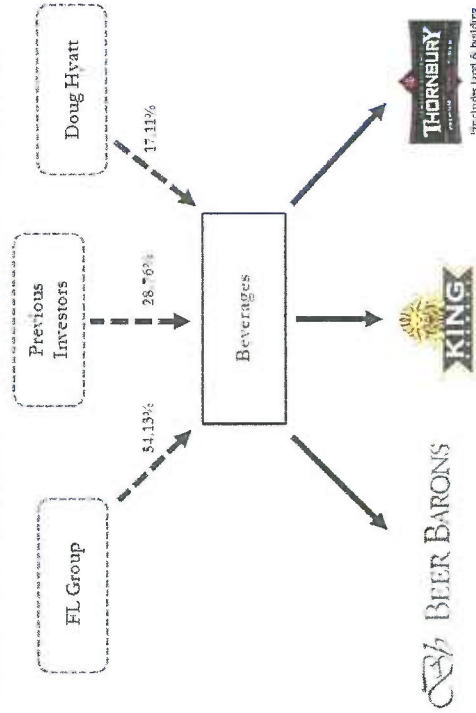
	Forecast		
	2011	2012	2013
Operating cashflows	\$ 597,073	\$ 597,073	\$ 597,073
Capital Expenditures	-	-	-
Debt distributions	(696,808)	(696,808)	(696,808)
Total Cashflows	\$ (99,735)	\$ (99,735)	\$ (99,735)
Financing			
Working capital	1,100,241		
New debt raised	1,556,530	-	-
Agency and bus dev fee	-	-	-
	2,656,771	-	-
Cash in/(out)flows	\$ 2,557,036	\$ (99,735)	\$ (99,735)

C. First Lease Beverages Limited Partnership

- Established in 2010, Beverages is a closed Limited Partnership which owns 100% of the following properties:
 - Beer Barons - Based out of Nobleton, Ontario, Beer Barons is the management and consulting company of Beverages which develops and markets all of the beverages to market.
 - King Brewery - Located in Nobleton, Ontario, the brewery has an authentic German decoction which allows it to brew premium beer.
 - Thornbury Cider - The Thornbury Village Cidery, making "Peeler Cider" as its flagship product.
 - The land and building the cidery operates out of, located at 90 King Street East in downtown Thornbury.

Acquisition

- Between December 2010 and February 2011, FLWM, Progressive and a consortium of investors paid \$5.995M for the three operating businesses listed above, resulting in the following organizational chart:



- In February 2011, FL Beverages LP raised \$1.00M in a syndicated mortgage of non-accredited investors to acquire the property located at 90 King Street East.
- In June 2011, FLWM then sold a portion of its interest to FLWM Holdings, resulting in the current FL Group ownership structure:
 - 10.9% owned by FLWM Holdings (acquired for \$785K)
 - 8.3% owned by FL Progressive LP (acquired at cost)
 - 34.9% owned by FLWM (acquired at cost)
- The above assumes a FMV of \$7.20M which represents a 20% growth in 3 months. An independent valuation of the company was not completed at the time of this transaction.

	Forecast		
	2011	2012	2013
Revenues	\$ 2,254,357	\$ 7,962,225	\$ 16,745,194
Expenses	(3,058,505)	(5,314,860)	(8,590,209)
NOI	(804,149)	2,647,365	8,154,985
Capex	(2,250,000)	(920,000)	-
Debt Servicing	(60,000)	(60,000)	(60,000)
Total Cashflows	(3,114,149)	1,667,365	8,094,985

C. First Lease Beverages Limited Partnership – cont'd

- First Lease Beverages Limited Partnership owns 100% of 90 King Street East, in Thornbury, Ontario, a few kilometres west of Collingwood situated on the shores of Georgian Bay;
- The property was acquired in February 2011 for \$1.60MM. The property has a syndicated mortgage of non-accredited investors in the amount \$1.00M with interest only payments at a rate of 6% maturing February 2016;
- The property is a 31,000 sq ft commercial property which was partially updated and renovated in 2007;
- The property is zoned highway commercial and is situated on 0.83 acres;
- Stewart & Milhausen appraisal dated February 3, 2011 values the property at \$1.47M.



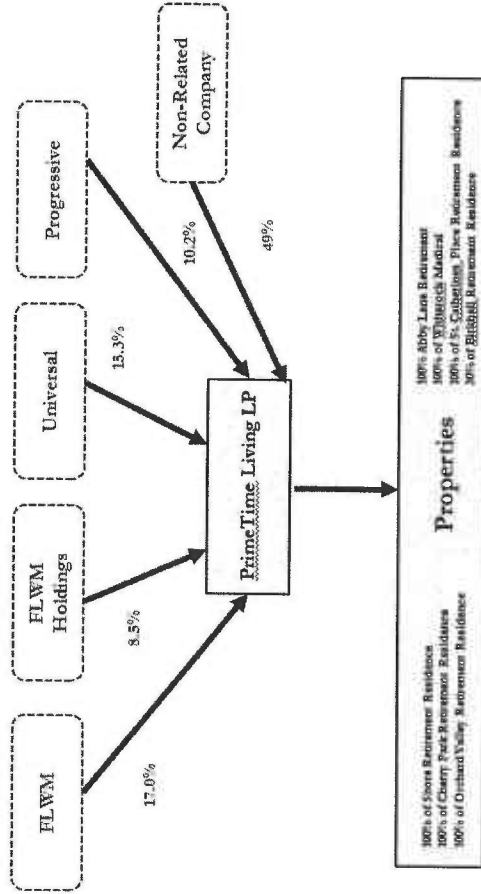
C. First Leaside Retirement Residences Limited Partnership

- Acquired in 2011, First Leaside Retirement Residences is a closed Limited Partnership which owns 51% of PrimeTime Living LP.
- PrimeTime Living LP owns the following:
 1. The Shores Retirement Residence
 2. Cherry Park Retirement Residence
 3. Orchard Valley Retirement Residence
 4. Abby Lane Retirement Residence / Whiterock Medical
 5. St Catherine's Place Retirement Residence
 6. 50% of The Birkhall Retirement Residence
 7. The Heatherwood Retirement Residence

Acquisition:

- In January 2011, FLWM, Universal and Progressive paid \$12M for a 100% interest in Retirement (which has a 51% interest in PrimeTime Living LP, with the other 49% being owned by a non-related company).
- In June 2011, FLWM then sold a portion of its interest to FLWM Holdings, resulting in the current FL Group ownership structure:
 - 16.67% owned by FLWM Holdings (acquired for \$2.59M representing a 30% premium over the initial price);
 - 20% owned by Progressive;
 - 30% owned by Universal; and
 - 33.33% owned by FLWM.

- The following is an organizational chart of the current ownership in Retirement:



C. First Lease Retirement Residences Limited Partnership – cont'd

- The following table summarizes the Primetime Living LP forecasts included in the Base Model.

	Forecast		
	2011	2012	2013
NOI			
St. Catharines Place	\$ 1,633,947	\$ 1,694,937	\$ 1,757,864
Heatherwood	1,952,995	2,045,682	2,046,822
Orchard Valley	1,042,050	1,144,242	1,253,769
The Shores	867,173	950,809	1,040,089
Cherry Park	613,887	665,577	665,534
Whiterock Medical	357,767	357,767	357,767
The Birkhall	(39,108)	(39,108)	(39,108)
Abbey Lane	(150,000)	(150,000)	(300,000)
	6,278,710	6,669,905	6,782,738
Capex	(3,622,500)	(487,500)	(75,000)
Debt Servicing	(5,762,127)	(5,270,757)	(5,295,029)
Net cashflows	\$ (3,105,917)	\$ 911,648	\$ 1,412,708

C. The Shores Retirement Residence

- A 66 unit, 66,580 sq ft., retirement home located at 870 Westminister Ave., in Kamloops, BC;
- The retirement home is situated on 1.4 acres and has land that has not yet been developed;



Cherry Park Retirement Residence

- A 64 unit, 61,288 sq ft., retirement home located at 317 Winnipeg Street., in Okanagan, BC;
- The retirement home is situated on 0.68 acres;



C. Orchard Valley Retirement Residence

- A 66 unit , 66,597 sq ft., retirement home located at 2829 – 34th Street., in Okanagan, BC;
- The retirement home is situated on 0.64 acres;



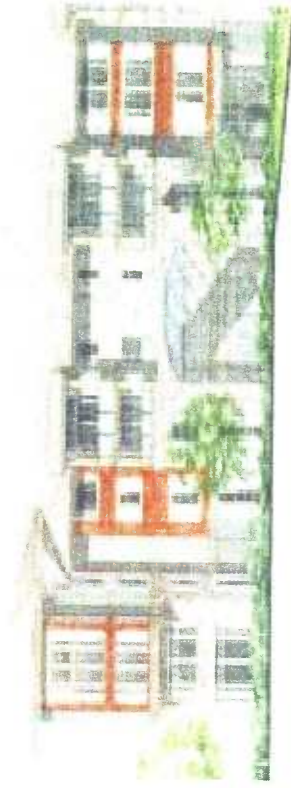
Abby Lane Retirement Residence / Whiterock Medical

- The project is made up of a medical facility occupying 40,000 sq ft., and an 80 unit retirement home on 20,000 sq ft., located in White Rock, BC
- The medical centre and retirement home is situated on 2.3 acres;
- The property is currently being developed and is anticipated to be completed by February 2013.



C. St. Catharines Place Retirement Residence The Birkhall Retirement Residence

- A 87 unit, 40,000 sq ft., retirement home located at 113 Scott Street, in St. Catharines , Ontario;
- The retirement home is situated on 1.5 acres;
- An 83 unit, 80,000 sq ft., retirement home located in Okanagan, BC.
- The retirement home is situated on 3 acres:
- The property is currently being developed and is anticipated to be completed by July 2012



C. The Heatherwood Retirement Residence

- An 87 unit, 40,000 sq ft. retirement home located at 115 Scott Street, in St. Catharines, ON;
- The retirement home is situated on 1.5 acres;



This is **Exhibit "BB"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.



.....
A Commissioner For Taking Affidavits

October 28, 2011

Mr. David Phillips
President
First Leaside Securities Inc.
430 Durham Road #8
Suite 1100
Uxbridge, ON L9P 1R1

Dear Mr. Phillips:

Re: Discretionary Early Warning Level Two Category

Please be advised that IIROC has immediately designated First Leaside Securities Inc. (FLSI) in discretionary early warning level 2 pursuant to Rule 30. This is the direct result of the pending Ontario Securities Commission proceeding regarding a Cease Trade Order on FLSI, a dealer member of IIROC.

Early Warning Restrictions

In reference to IIROC Rule 30.3(iv), notice is hereby given that your firm is immediately restricted from the following activities unless the prior written consent of the Vice-President, Financial & Operations Compliance has been obtained:

1. Reduce your firm's capital in any manner including redemption, repurchase or cancellation of any of its shares;
2. Reduce or repay any indebtedness which has been subordinated with the approval of IIROC;
3. Directly or indirectly make any payments by way of loan, advance, bonus, dividend, repayment of capital or other distribution of assets to any director, officer, partner, shareholder, related company or affiliate; or
4. Increase non-allowable assets, unless a prior binding commitment to do so exists, or enter into any new commitments, which would have the effect of materially increasing the non-allowable assets of your firm.

The following additional business restrictions as detailed in Rule 20.28 (subject to a request by FLSI for a District Council Hearing within 3 business days of receipt of this notice as detailed in Rule 20.29) will be placed on your firm effective immediately:

1. FLSI will be prohibited from opening any new branch offices.

Investment Industry Regulatory
Organization of Canada
Organisme canadien de
réglementation du commerce
des valeurs mobilières

121 King St. West, Suite 1600
Toronto, ON M5H 3T9
Tel: 416-364-6133
Fax: 416-364-0753
www.iiroc.ca

2. FLSI will be prohibited from hiring any new registered representatives or investment representatives.
3. FLSI will be prohibited from opening any new accounts or changing in any material respect the inventory positions of FLSI.

Early Warning Reporting Requirements

In reference to IIROC Rule 30.5, the following financial reporting requirements apply:

1. Weekly capital position reports of your firm filed electronically on SIRFF using the "Interim RAC" function. This is a separate function apart from the MFR and can only be electronically submitted to IIROC using SIRFF by the assigned CFO User ID.
2. The October 2011 Monthly Financial Report is required to be filed electronically on SIRFF no later than 10 business days after month-end. This report shall continue to be filed within 10 business days after month-end unless instructed otherwise by IIROC.
3. Any other reports or information that may be requested by IIROC at any time to further monitor the financial condition or operations of your firm while designated in early warning level 2.

Firm Action Required

In reference to IIROC Rule 30.5, a written acknowledgement is required signed by both the CEO and CFO of First Leaside Securities Inc. addressed to the undersigned no later than 2 days upon receipt of this notification that the restrictions and reporting requirements noted above apply.

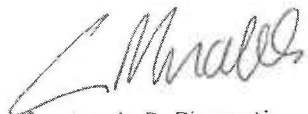
The restrictions above shall continue to apply until such time as the circumstances demonstrate, in the opinion of the Vice-President, Financial & Operations Compliance, that the Dealer Member no longer is required to be designated as being in discretionary early warning category. All Early Warning designations shall continue to apply until such time a letter is issued by the Vice-President, Financial & Operations Compliance removing the designation and rescinding any restrictions.

In reference to IIROC Rule 30.5(i), you are further advised the Dealer Member shall pay, at the discretion of the Vice-President, Financial & Operations Compliance, the reasonable costs and expenses of the Association incurred in connection with the administration of this Rule 30 in respect of the Dealer Member (also refer to MR Notice 0156 dated August 13, 2002).

You are requested to send a copy of your response to your external auditor.

If you have any questions, please contact William Dines at 416-865-3041 or the undersigned.

Sincerely,


for

Louis P. Piergeti
Vice-President, Financial & Operations Compliance

- c. Brian Sutton, Chief Financial Officer, First Leaside Securities Inc.
Barbara D. Love, Vice-President & Secretary, Canadian Investor Protection Fund
John Skain, UDP, Penson Financial Services Canada Inc.
Sandy Jakab, Director, Capital Markets Regulation, BCSC
Lynn Tsutsumi, Director, Market Regulation, ASC
Lucia Cheung, Senior Advisor, Market Regulation, OSC

This is **Exhibit "CC"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.



.....
A Commissioner For Taking Affidavits



November 7, 2011

Dear Investor

RE: IMPORTANT NOTICE TO INVESTORS OF THE FIRST LEASIDE GROUP

We are writing to all partners and clients of the First Leaside Group at the request of Staff of the Ontario Securities Commission ("Commission Staff") and Staff of the Investment Industry Regulatory Organization of Canada ("IIROC Staff") to provide an important update regarding our operations. It is important that you read this letter.

1. Introduction

Commission Staff have reviewed the financial condition of Wimberly Apartments Limited Partnership ("WALP") and various other First Leaside Group entities and required an independent, third party analysis of the viability of the First Leaside Group. Grant Thornton Limited ("Grant Thornton") was retained to conduct a review of the assets, affairs and operations of the First Leaside Group, and produced a report which was provided to the First Leaside Group on August 19, 2011 (the "Grant Thornton Report").

Grant Thornton concluded, among other things, that the "future viability of the FL Group is contingent on their ability to raise new capital." Commission Staff advised the First Leaside Group that in their view, it is not appropriate to use money raised from new investors to fund the operating losses, rehabilitation costs and distributions of existing limited partnerships ("LPs"). Accordingly, at the request of Commission Staff and IIROC Staff, the First Leaside Group has agreed to voluntarily stop trading units in all LPs and funds ("Funds") while we reconfigure our affairs.

2. WALP

(a) Property Valuations

We conducted valuations of WALP's Texas properties. We engaged two independent valuers to value the Texas properties: CB Richard Ellis ("CBRE") and Joseph J. Blake and Associates Inc. ("Blake"). The December 31, 2010 audited financial statements for WALP indicated that outstanding mortgages and promissory notes totalled approximately USD 121.6 million. The aggregated CBRE valuations as at December 31, 2010 of the 11 properties totalled between USD 73.835 million and USD 83.035 million. The aggregated Blake valuations as at December 31, 2010 of the 11 properties totalled USD 83.5 million. As the value of the outstanding mortgages and promissory notes exceeded the market value of the properties by between USD 38.1 million and USD 47.765 million as at December 31, 2010, it appeared that WALP's liabilities exceeded the appraised value of its real estate assets.

(b) Going Concern

The auditors of WALP have expressed concern over WALP's continued viability, and have included a going concern note in WALP's financial statements for 2008, 2009 and 2010. The going concern note in the 2009 and 2010 financial statements of WALP dated September 16, 2011 provides as follows:

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP"). The going concern basis of presentation assumes that the Partnership will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Partnership does not

have sufficient cash on hand to meet its obligations, which include maturities and regular principal repayments of mortgages payable (note 4), redemptions of promissory notes payable (note 5), amounts due to related parties (note 9), collateral requirements under derivative contracts (note 15), obligations to reimburse First Leaside Fund (the "Fund") for costs and expenses (note 14(c)), other current liabilities, and funding of future operating losses. The Partnership has been experiencing significant negative cash flows from operations over a number of years and such negative cash flows are expected to continue as it proceeds with its plan to rehabilitate its properties.

Management is seeking to raise additional capital to meet the Partnership's obligations as they become due and to provide the ongoing cash flow required to fund the remaining costs of its rehabilitation plan and any cash flow deficiencies from operations. No agreements with providers of additional capital have been reached and there can be no assurance that such agreements will be reached at terms and conditions favourable to the Partnership, or at all.

The ability of the Partnership to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the ability of the Partnership to complete the rehabilitation plan, generate positive cash flows from operations and raise a sufficient amount of capital, under terms and conditions favourable to the Partnership, and thereby mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these consolidated financial statements. There is no certainty that management will raise sufficient capital to permit the Partnership to continue its operations and discharge its liabilities when due.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities and reported revenue and expenses.

The WALP 2009 and 2010 audited financial statements were made available to all limited partners of WALP at its most recent annual meeting of limited partners. Copies of the financial statements are available upon request by contacting First Leaside at (905) 852-2500 or 1-866-681-9247.

(c) Significance of WALP's Financial Position

WALP has been a significant drain on the resources of the First Leaside Group. WALP needs cash to fund operations, distributions and to rehabilitate its properties, and has required significant capital through direct investment by First Leaside Group Funds and, in certain instances, from other First Leaside Group LPs to meet these cash flow requirements.

3. Grant Thornton Report

(a) Background

In its report, Grant Thornton concluded, among other things, that:

The future viability of the FL Group is contingent on their ability to raise new capital. One of the largest sources of revenue in the FL Group is the fees it generates in FLWM on the raising of new capital. If the FL Group was restricted from raising new capital, it would likely be unable to continue its operations in the ordinary course, as it would have insufficient revenue to support its infrastructure, staffing costs, distributions, and to meet their funding requirements for existing projects.

Grant Thornton also concluded:

If Management is able to achieve the results set out in its Base Model for the period of 2011 to 2013, it projects that it will be able to meet its projected obligations for [rehabilitation] costs, operating expenses and distributions, as they come due.

(b) Access to the Grant Thornton Report

A link to the Grant Thornton Report is on the home page of each of firstleaside.com, firstleasidesecurities.com and flsecurities.com. Investors may obtain a hard copy of the Grant Thornton Report by contacting First Leaside at (905) 852-2500 or 1-866-681-9247.

4. Corporate Governance and Financial Reporting

The Grant Thornton Report identifies significant financial reporting and corporate governance concerns, including a failure to prepare adequate and timely financial statements. Since the Grant Thornton Report was delivered, we have issued the 2009 and 2010 audited financial statements of WALP, have made several key hires to bolster our financial reporting and have retained an auditor to audit the consolidated financial statements of First Leaside Wealth Management Inc. ("FLWM"). In addition, we have been in the process of updating our corporate governance policies and procedures and have now committed to make significant improvements in this respect. We will continue efforts to address these concerns and will make ongoing disclosure to all investors as this progresses.

5. Voluntary Cease Trade

On being notified by Commission Staff and IIROC Staff that in their view, the First Leaside Group should not raise money from new investors, the First Leaside Group has agreed that First Leaside Securities Inc. ("FLSI") and F.L. Securities Inc. ("F.L. Securities") will cease trading in securities of any LPs and Funds formed or established by FLSI, F.L. Securities or any other member of the First Leaside Group, including trading in securities of First Leaside Expansion LP, FLEX Fund, First Leaside Global LP and First Leaside Venture LP and any securities of FLWM.

The cease trade will continue until terminated by Commission Staff or us on five days' notice to the other. Of course, Commission Staff and IIROC Staff are at liberty at any time to take any action within their authority at any stage. Any such proceeding by Commission Staff will be on five days' notice to us.

Until lifted, the cease trade will prevent us from raising new capital. The First Leaside Group is working to have the cease trade lifted.

6. Pricing of Proprietary Securities

There have been concerns raised by IIROC Staff regarding the valuation of the LP units at \$1.00 each on client account statements. IIROC Staff do not accept that these amounts accurately reflect the true market value of the securities and, on that basis, are misleading to customers. We disagree and we have presented arguments for consideration by IIROC Staff. All client statements now indicate that the value of all LP units is "N/A" (i.e., not available). We will continue presenting the value of the LP units on this basis until the matter is determined otherwise.

7. FLSI – Early Warning

On October 28, 2011, FLSI was designated in discretionary early warning status by IIROC Staff. This means that FLSI cannot, among other things:

- reduce the firm's capital in any manner;
- open any new client accounts; and
- directly or indirectly make payments to any director, officer, partner, shareholder, related party or affiliate.

This designation also requires FLSI to make regular reports to IIROC Staff regarding the financial state of the firm. The early warning status will continue to be in effect until IIROC Staff are of the view that it is no longer required.

8. Engagement of Grant Thornton

The First Leaside Group has engaged Grant Thornton to act as a monitor (the "Monitor") in respect of its ongoing business. Among other things, the Monitor's engagement will include monitoring and reporting on the financial results and cash flow, and any other matter related to the First Leaside Group which the Monitor determines to be appropriate. The Monitor may also critique the First Leaside Group's implementation of corporate governance and financial reporting improvements. Grant Thornton will report to the First Leaside Group, Commission Staff and IIROC Staff.

This letter is being provided to you on behalf of FLWM and WALP.

Yours truly,

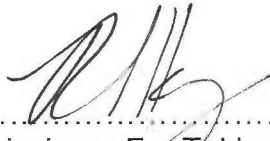


David C. Phillips
President

Douglas Hyatt
Chairman

Leo de Bever
Director

This is **Exhibit "DD"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.



.....
A Commissioner For Taking Affidavits



November 28, 2011

Dear Investor:

Re: Stopping all Distributions

We thank you for your support during this challenging time. All of our efforts are focussed on generating the plan to reconfigure our business so we can move forward on a basis acceptable to the Ontario Securities Commission and the Investment Industry Regulatory Organization of Canada and emerge from the voluntary cease trade. The Independent Committee of First Leaside is working very hard, along with its advisors and management, to prepare a reconfiguration plan. We believe it is in the best interest of our partners and clients to continue to cooperate with the Regulators as we move along this path.

The Independent Committee has determined that it is prudent in these circumstances to stop all payments to investors. It is expected that the stoppage will continue until after the completion and implementation of the reconfiguration plan.

Accordingly, there will be no interest payments on debt securities, no distributions on limited partnership interests or trust units and no dividends on shares until further notice. The first payments affected by this stoppage are those due on November 30, 2011 and December 4, 2011, respectively.

The stoppage only applies to securities issued by entities within the First Leaside Group. All non-First Leaside securities are not affected.

Sincerely,

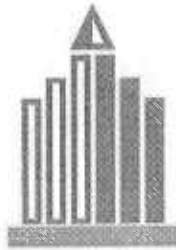
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David C. Phillips, F.C.S.I.
President

This is **Exhibit "EE"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.



.....
A Commissioner For Taking Affidavits



FIRST LEASIDE

Group of Companies

370

IMPORTANT NOTICE TO INVESTORS IN THE FIRST LEASIDE GROUP OF COMPANIES

February 8, 2012

Dear Investor:

On November 7, 2011 you were provided with information regarding business and regulatory challenges that were facing the First Leaside group. You received an update communication on December 23, 2011.

At this time, First Leaside faces dwindling cash reserves, mounting obligations and a very short timeframe for devising and implementing a solution. Plans were developed and considered, looking at alternatives for continuing the business as well as plans to salvage as much value as possible for investors from the existing assets. After careful consideration of the situation and consultation with advisors, the Independent Committee of the Board of Directors of First Leaside Wealth Management Inc. ("Independent Committee") has recently concluded that there is too much uncertainty associated with the options for continuing the First Leaside business. Rather than risk the remaining cash and limited time on an effort to advance the business, the Independent Committee has also concluded that it is in the best interests of investors to apply the remaining resources to a plan to realize maximum value from the existing assets.

The recent conclusion of the Independent Committee is that First Leaside's assets and cash flows are not sufficient to support the investments that have been made in those assets. Moreover, raising additional capital and attempting to grow the value of First Leaside's assets to a level that might provide a return on invested capital is not realistic for any foreseeable term, and, accordingly, not in the best



interests of First Leaside's investors.

Regrettably, after considering the alternatives available for First Leaside's business and having received advice from its external financial and legal advisors, the Independent Committee has determined that the best route forward for First Leaside and its investors is to implement a managed wind-up of First Leaside's business and assets. The existing senior management team of First Leaside will not be involved in that process, although they will be available to provide assistance as requested by the Independent Committee.

What Does This Mean?

As a result of the Independent Committee's decision to oversee a managed wind-up of First Leaside's business, the current management team at First Leaside will step aside over the next two weeks and the company's affairs will be run by Mr. Greg MacLeod who has been appointed as First Leaside's Chief Restructuring Officer, ("CRO"). The Independent Committee will continue to have over-sight of First Leaside's affairs.

In order to commence the managed wind-up, First Leaside will apply for a Court supervised process under the *Companies Creditors Arrangements Act*. This procedure will provide protection from legal claims that might arise and could distract the Independent Committee and CRO from carrying out the plan and thereby risk a further loss of investor value.

The plan will be based on value maximization strategies to be developed and carried out for each investment property. For example, there will be some immediate sales of properties that have no reasonable prospect of appreciating in value over the foreseeable term. Other assets are expected to be operated as is, or refurbished with a view to a sale at higher values in the next 12 to 24 months. Retirement homes in Ottawa present a promising opportunity if sufficient financing can be raised to refurbish them with a view to selling those units at higher values over a longer period.

Please be advised that the company's offices are in the process of being relocated to 33 Toronto Street North, Uxbridge. We expect to have the offices re-established over the course of the next week. Phone and contact numbers will remain the same.

OSC Cease Trade Agreement

Investors will be interested in the status of the cease trade agreement that was put in place a few months ago. At this time, there are no plans to remove the cease trade agreement and it is expected that the OSC will keep it in place until further notice.

Unfortunately, First Leaside is not in a position to provide any liquidity to investors for their First Leaside securities until the wind-up process has been completed. The amounts expected to be realized through a managed wind-up will depend on a number of factors, including the performance of the underlying assets, First Leaside's ability to refinance certain of those assets, the amount of sale proceeds obtained for such assets, and the outcome of any proceedings against the company. This process will take time so investors should not expect to receive any pay-out in the near term.

The amounts to be received by an individual investor will also vary depending on the entity in which they invested and the type of investment (debt or equity) that was made. We will be working through the details of investor entitlements in the coming weeks and will report additional information when it is available.

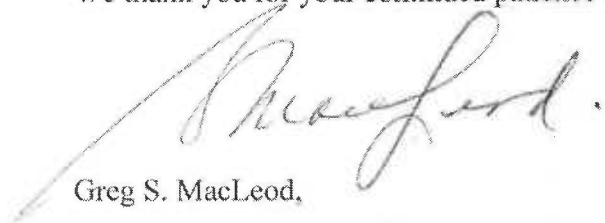
Non-First Leaside proprietary securities

Client accounts will continue to be operated normally until arrangements are made to transfer the accounts to another institution. In the interim, clients can arrange to transfer management of their non-First Leaside proprietary securities to an institution of their choice by making arrangements directly with that institution. We will execute such requests as quickly as possible in the order they are received.

Questions and Answers

This communication is the full extent of our report and information available at this time. **However, in order to provide investors with an opportunity to ask questions, we are hosting conference calls from 12:00 noon until 1:00 p.m. on Thursday, February 9th and Monday, February 13th. Dialing instructions will be provided directly to investors.**

We thank you for your continued patience and support.

A handwritten signature in dark ink, appearing to read "MacLeod", with a long, sweeping horizontal line extending to the left.

Greg S. MacLeod,

Chief Restructuring Officer

This is **Exhibit "FF"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.

A handwritten signature in black ink, appearing to be 'R.H.', written over a dotted line.

.....
A Commissioner For Taking Affidavits



Ontario

ServiceOntario

LAND

REGISTRY
OFFICE #30

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 7

PREPARED FOR Loliveira
ON 2012/02/16 AT 10:33:46

46203-0318 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION: PC, BLOCK A-1 SEC M57; BLK A PL M57; S/T LT13509 ST. CATHARINES

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

ABSOLUTE

RECENTLY:

FIRST CONVERSION FROM BOOK

OWNERS' NAMES

ST. CATHARINES PLACE INC.

CAPACITY SHARE

PIN CREATION DATE:
1997/05/21

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1997/05/21 ON THIS PIN						
WAS REPLACED WITH THE "PIN CREATION DATE" OF 1997/05/21						
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1997/05/20 **						
LT12327	1976/04/27	NOTICE AGREEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
LT12984	1976/05/20	NOTICE AGREEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
3081659	1976/06/21	PLAN REFERENCE				C
LT13509	1976/06/24	TRANSFER EASEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
LT59196	1986/07/17	NOTICE AGREEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
LT147187	1996/12/20	ORDER		*** COMPLETELY DELETED ***		
LT148022	1997/02/03	TRANSFER		*** COMPLETELY DELETED ***	BRUJON REAL ESTATE HOLDINGS INC.	
REMARKS: PLANNING ACT STATEMENTS						
LT148023	1997/02/03	CHARGE		*** COMPLETELY DELETED ***	PARIBAS BANK OF CANADA	
LT153127	1997/08/05	DIS ORDER HSG STD		*** COMPLETELY DELETED ***		
REMARKS: LT147187						
LT165710	1998/09/03	CONSTRUCTION LIEN		*** COMPLETELY DELETED ***	BRUJON REAL ESTATE HOLDINGS INC.	
LT167031	1998/10/16	CERTIFICATE		*** COMPLETELY DELETED ***	PEACHTREE MANUFACTURING LTD.	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

374



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #30

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 7

PREPARED FOR Lolliveira
ON 2012/02/16 AT 10:33:46

46203-0318 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
REMARKS: LT165710				PEACHTREE MANUFACTURING LTD.		
LT169762	1999/01/27	NOTICE		BRUJON REAL ESTATE HOLDINGS INC.	THE CORPORATION OF THE CITY OF ST. CATHARINES	C
REMARKS: RE: LT169196				*** COMPLETELY DELETED *** PARIBAS BANK OF CANADA	BNP PARIBAS (CANADA)	
LT196436	2001/04/24	APL CH NAME INST		*** COMPLETELY DELETED ***	PEACHTREE MANUFACTURING LTD.	
REMARKS: LT148023				*** COMPLETELY DELETED *** BNP PARIBAS (CANADA)		
LT196578	2001/04/27	DISCHARGE OF LIEN		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: RE: LT165710 & LT167031				*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT196756	2001/04/30	DISCH OF CHARGE		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: RE: LT148023				*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT196757	2001/04/30	CHARGE		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT196758	2001/04/30	CHARGE		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT196759	2001/04/30	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: LT196757				*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT196760	2001/04/30	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: LT196758				*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT196761	2001/04/30	CHARGE		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	RCB HOLDINGS LIMITED	
LT203095	2001/10/11	NOTICE		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: LT196758				*** COMPLETELY DELETED *** ST. CATHARINES BUILDING SUPPLIES INC.		
LT216598	2002/09/16	LIEN		ST. CATHARINES BUILDING SUPPLIES INC.		
REMARKS: LT148022, LT196757, LT196758, LT196761						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 3 OF 7

PREPARED FOR Lolliveira
ON 2012/02/16 AT 10:33:46

46203-0318 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
LT217649	2003/10/09	APL (GENERAL)		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE		
	REMARKS: LT226598					
LT220696	2002/12/20	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** ORNLAND LIMITED COB AS HORIZON LEGACY CONSTRUCTION		
LT220854	2002/12/24	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** TSN BUILDING SERVICES INC.		
LT221224	2003/01/10	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** BRULJON REAL ESTATE HOLDINGS INC.	BRULJON REAL ESTATE HOLDINGS INC.	
LT221836	2003/01/29	CERTIFICATE		*** COMPLETELY DELETED *** TSN BUILDING SERVICES INC.		
	REMARKS: RE: LT220854					
LT222272	2003/03/07	CERTIFICATE		*** COMPLETELY DELETED *** SMITH, RANDY COB AS CLEAR CONSTRUCTION		
	REMARKS: RE: LT221214					
LT222292	2003/03/07	CERTIFICATE		*** COMPLETELY DELETED *** ORNLAND LIMITED COB HORIZON LEGACY CONSTRUCTION		
	REMARKS: LT220686					
LT224252	2003/04/02	RELEASE		*** COMPLETELY DELETED ***	ORNLAND LIMITED COB HORIZON LEGACY CONSTRUCTION	
	REMARKS: RE: LT220596 LT222292					
LT224253	2003/04/02	RELEASE		*** COMPLETELY DELETED ***	TSN BUILDING SERVICES INC.	
	REMARKS: RE: LT220854 LT221836					
LT224254	2003/04/02	RELEASE		*** COMPLETELY DELETED ***	SMITH, RANDY C.O.B. CLEAR CONSTRUCTION	
	REMARKS: RE: LT221214 LT222272					
LT226769	2003/06/27	CERDCE		*** COMPLETELY DELETED *** BRULJON REAL ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT228770	2003/06/27	ASSIGNMENT GENERAL		*** COMPLETELY DELETED ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR Lolliviera
ON 2012/02/16 AT 10:33:46

46203-0318 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
REMARKS: RENTS, LT228769				BRUJON ESTATE HOLDINGS INC.	FIRSTONTARIO CREDIT UNION LIMITED	
LT228771	2003/06/27	POSTPONEMENT		*** COMPLETELY DELETED *** RBC HOLDINGS LIMITED	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: LT196761 TO LT228769						
LT228772	2003/06/27	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRSTONTARIO CREDIT UNION LIMITED		
REMARKS: RE: LT196758						
NR8686	2003/10/31	DISCH OF CHARGE		*** COMPLETELY DELETED *** RCB HOLDINGS LIMITED		
REMARKS: RE: LT196761						
NR57918	2005/03/17	CHARGE		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	RCB HOLDINGS LIMITED	
NR57930	2005/03/17	NO ASSIGN RENT GEN		*** COMPLETELY DELETED *** BRUJON REAL ESTATE HOLDINGS INC.	RCB HOLDINGS LIMITED	
REMARKS: RENTS, NR57918						
NR57931	2005/03/17	NOTICE		*** COMPLETELY DELETED *** RCB HOLDINGS LTD.		
REMARKS: NR57918						
NR101380	2006/05/01	TRANSFER	\$2	BRUJON REAL ESTATE HOLDINGS INC.	ST. CATHARINES PLACE INC.	C
REMARKS: PLANNING ACT STATEMENTS						
NR102385	2006/05/09	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRSTONTARIO CREDIT UNION LIMITED		
REMARKS: RE: LT196757						
NR102388	2006/05/09	DISCH OF CHARGE		*** COMPLETELY DELETED *** RCB HOLDINGS LIMITED		
REMARKS: RE: NR57918						
NR108982	2006/07/04	CHARGE		*** COMPLETELY DELETED *** ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	
NR108983	2006/07/04	NO ASSIGN RENT GEN		*** COMPLETELY DELETED *** ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR Loliveira
ON 2012/02/16 AT 10:33:46

46203-0318 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
REMARKS: NR10892						
NR108986	2006/07/04	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRSTONTARIO CREDIT UNION LIMITED		
REMARKS: RE: LT228769						
NR111511	2006/07/28	NOTICE		THE CORPORATION OF THE CITY OF ST. CATHARINES		
REMARKS: LT148072 LT59196 LT169762						
NR113460	2006/08/15	CHARGE		*** COMPLETELY DELETED *** ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	
NR113461	2006/08/15	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: NR113460						
NR113462	2006/08/15	CHARGE		*** COMPLETELY DELETED *** ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	
NR113463	2006/08/15	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	
REMARKS: NR113462						
NR113465	2006/08/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRSTONTARIO CREDIT UNION LIMITED		
REMARKS: RE: NR108982						
NR114638	2006/08/25	CHARGE	\$15,000,000	ST. CATHARINES PLACE INC.	KINGSTREET REAL ESTATE GROWTH GP NO. 2 INC. KINGSTREET REAL ESTATE GROWTH LP NO.2	C
NR114639	2006/08/25	NO ASSGN RENT GEN		ST. CATHARINES PLACE INC.	KINGSTREET REAL ESTATE GROWTH GP NO. 2 INC. KINGSTREET REAL ESTATE GROWTH LP NO.2	C
REMARKS: NR114638						
NR151357	2007/08/31	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** SUPERIOR SEAL CORP., BY ITS COURT APPOINTED INTERIM RECEIVER AND RECEIVER AND MANAGER ERNST & YOUNG INC.		
NR155277	2007/10/04	APL AMEND ORDER		*** COMPLETELY DELETED *** SUPERIOR COURT OF JUSTICE	DEANGELIS CONSTRUCTION INC.	
REMARKS: NR151357						

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 6 OF 7

PREPARED FOR Loliweixa
ON 2012/02/16 AT 10:33:46

46203-0318 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
NR164402	2008/01/08	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** SITE METAL 3000 INC.		
NR164442	2008/01/08	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** COTTON INC.		
NR166027	2008/01/24	APL AMEND ORDER		*** COMPLETELY DELETED *** SUPERIOR COURT OF JUSTICE	DEANWELLS CONSTRUCTION INC.	
	REMARKS: NR164402					
NR166207	2008/01/28	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED ***	COTTON INC.	
	REMARKS: RE: NR164442					
NR168598	2008/02/22	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** PRESTRESSED SYSTEMS INCORPORATED		
NR168867	2008/02/27	APL AMEND ORDER		*** COMPLETELY DELETED *** SUPERIOR COURT OF JUSTICE	DEANWELLS CONSTRUCTION INC.	
	REMARKS: NR168598					
NR187946	2008/05/05	APL CH NAME INST		KINGSTREET REAL ESTATE GROWTH GP NO. 3 INC. KINGSTREET REAL ESTATE GROWTH LP NO. 3	KINGSTREET REAL ESTATE GROWTH GP NO. 3 INC.	C
	REMARKS: NR114638, NR114639					
NR188665	2008/05/15	CHARGE	\$26,000,000	ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	C
NR188666	2008/05/15	NO ASSGN RENT GEN		ST. CATHARINES PLACE INC.	FIRSTONTARIO CREDIT UNION LIMITED	C
	REMARKS: NR188665					
NR188667	2008/05/15	POSTPONEMENT		KINGSTREET REAL ESTATE GROWTH GP NO. 3 INC. KINGSTREET REAL ESTATE GROWTH LP NO. 3	FIRSTONTARIO CREDIT UNION LIMITED	C
	REMARKS: NR114638 TO NR188665					
NR188668	2008/05/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRSTONTARIO CREDIT UNION LIMITED		
	REMARKS: RE: NR113460					
NR188669	2008/05/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRSTONTARIO CREDIT UNION LIMITED		
	REMARKS: RE: NR113462					

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR Lolliviera
ON 2012/02/16 AT 10:33:46

46203-0318 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
NR287231	2011/12/22	CHARGE	\$3,000,000	ST. CATHARINES PLACE INC.	HILDEBRAND, HENRY E. HILDEBRAND, GRACE	C
NR287234	2011/12/22	NO ASSGN RENT GEN		ST. CATHARINES PLACE INC.	HILDEBRAND, HENRY E. HILDEBRAND, GRACE	C
NR287270	2011/12/22	TRANSFER OF CHARGE		KINGSETT REAL ESTATE GROWTH GP NO. 2 INC. KINGSETT REAL ESTATE GROWTH LP NO. 2	KINGSETT MORTGAGE CORPORATION	C
NR287272	2011/12/22	NO ASSGN RENT GEN		KINGSETT REAL ESTATE GROWTH GP NO. 2 INC. KINGSETT REAL ESTATE GROWTH LP NO. 2	KINGSETT MORTGAGE CORPORATION	C
NR287336	2011/12/23	POSTPONEMENT		KINGSETT MORTGAGE CORPORATION	HILDEBRAND, HENRY E. HILDEBRAND, GRACE	C

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR Lolliveira
ON 2012/02/16 AT 14:43:11

00841-0368 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION: BLOCK 4, PLAN 24M940; SUBJECT TO AN EASEMENT AS IN LT50497, SUBJECT TO AN EASEMENT AS IN LT54843; MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS: 'FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2007/06/29'.

ESTATE/QUALIFIER:
PFE SIMPLE
LT ABSOLUTE PLUS
OWNERS' NAMES
CAPACITY SHARE
2086218 ONTARIO INC.
FIRST LEASIDE UNITY LIMITED PARTNERSHIP

PIN CREATION DATE:
2010/01/08

RECENTLY:
SUBDIVISION FROM 00841-0357
CAPACITY SHARE
GP&P
FIRM

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2010/01/08 **						
**SUBJECT TO SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPHS 3 AND 14 AND *						
** PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **						
** TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE, **						
LT50497	2004/10/26	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
LT50542	2004/10/29	NOTICE AGREEMENT		WHEATLEY SHORES LIFE LEASE RESIDENCES	THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	C
LT52425	2005/03/11	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	WHARRAM, BETTY MADELINE	
REMARKS: LT49422, LT49724, LT50022						
LT52499	2005/03/21	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	COBBY, WINNIFRED JOYCE	
REMARKS: LT49422, LT49724, LT50022						
LT54843	2005/08/12	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
CK41551	2009/12/14	NO SUB AGREEMENT		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	2086218 ONTARIO INC.	C
24M940	2010/01/07	PLAN SUBDIVISION				C
CK44801	2010/04/28	BY-LAW		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT THE CORPORATION OF CHATHAM-KENT A BY-LAW TO EXEMPT CERTAIN LANDS FROM PART LOT CONTROL (123 ERIE STREET NORTH-WHEATLEY) FINALLY PASSED THE 15TH DAY OF APRIL 2010)		C
REMARKS: BY-LAW NUMBER 115-2010 OF THE CORPORATION OF CHATHAM-KENT A BY-LAW TO EXEMPT CERTAIN LANDS FROM PART LOT CONTROL (123 ERIE STREET NORTH-WHEATLEY) FINALLY PASSED THE 15TH DAY OF APRIL 2010)						
CK45228	2010/05/12	NO DET/SUBA LEASE		*** COMPLETELY DELETED *** COBBY, WINNIFRED JOYCE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: LT52499						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR Loliveira
ON 2012/02/16 AT 14:43:11

00841-0368 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CK45229	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** WHAREAM, BETTY MADELINE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	

REMARKS: LTS2425

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 1

PREPARED FOR L Oliveira
ON 2012/02/16 AT 14:48:50

00841-0369 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION: BLOCK 5, PLAN 24W940; SUBJECT TO AN EASEMENT AS IN L754843, MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT ABSOLUTE PLUS

OWNERS' NAMES

2086218 ONTARIO INC.

FIRST LEASIDE UNITY LIMITED PARTNERSHIP

RECENTLY:

SUBDIVISION FROM 00841-0357

CAPACITY SHARE

GPAR

FIRM

'FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2007/06/29'

PIN CREATION DATE:

2010/01/08

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2010/01/08 **						
**SUBJECT TO SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT				PARAGRAPHS 3 AND 14 AND *		
** PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHENTS OR FORFEITURE **						
** TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **						
L752425	2005/03/11	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	WHAREAM, BETTY MADELINE	
REMARKS: L749422, L749724, L750022						
L752499	2005/03/21	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	COBBY, WINNIFRED JOYCE	
REMARKS: L749422, L749724, L750022						
L754843	2005/08/12	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
CK41551	2009/12/14	NO SUB AGREEMENT		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	2086218 ONTARIO INC.	C
24W940	2010/01/07	PLAN SUBDIVISION				C
CK45228	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** COBBY, WINNIFRED JOYCE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: L752499.						
CK45229	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** WHAREAM, BETTY MADELINE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: L752425.						

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR Ioliveira
ON 2012/02/16 AT 14:49:07

00841-0370 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION: BLOCK 6, PLAN 24W940, SUBJECT TO AN EASEMENT AS IN LT50497, SUBJECT TO AN EASEMENT AS IN LT54843; MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT ABSOLUTE PLUS

OWNERS' NAMES

2086218 ONTARIO INC.

FIRST LEASIDE UNITY LIMITED PARTNERSHIP

RECENTLY:

SUBDIVISION FROM 00841-0357

GP/AR

SHARE

FIRM

'FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2007/06/29'

PIN CREATION DATE:

2010/01/08

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2010/01/08 **						
**SUBJECT TO SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT				PARAGRAPHS 3 AND 14 AND *		
** PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **						
** TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **						
LT50497	2004/10/26	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
LT50542	2004/10/29	NOTICE AGREEMENT		WHEATLEY SHORES LIFE LEASE RESIDENCES	THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	C
LT52425	2005/03/11	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	WHARRAM, BETTY MADELINE	
REMARKS: LT49422, LT49724, LT50022						
LT52499	2005/03/21	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	COBBY, WINNIFRED JOYCE	
REMARKS: LT49422, LT49724, LT50022						
LT54843	2005/08/12	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
CK41551	2009/12/14	NO SUB AGREEMENT		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	2086218 ONTARIO INC.	C
24W940	2010/01/07	PLAN SUBDIVISION				C
CK44801	2010/04/28	BY-LAW		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT A BY-LAW TO EXEMPT CERTAIN LANDS FROM PART LOT CONTROL (123 ERIE STREET NORTH-WHEATLEY) FINALLY PASSED THE 19TH DAY OF APRIL 2010)		C
REMARKS: BY-LAW NUMBER 115-2010 OF						
CK45228	2010/05/12	NO DET/SUBR LEASE		*** COMPLETELY DELETED *** COBBY, WINNIFRED JOYCE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: LT52499						

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR Loliweira
ON 2012/02/16 AT 14:49:07

00841-0370 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CK45229	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** WHARRAM, BETTY MADELINE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: LT52425.						

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR IOLIVEIRA
ON 2012/02/16 AT 14:49:34

00841-0371 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION: BLOCK 7, PLAN 24M940; SUBJECT TO AN EASEMENT AS IN LT54843; MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS: 'FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2007/06/29'.

ESTATE/QUALIFIER:

FEE SIMPLE

LT ABSOLUTE PLUS

OWNERS' NAMES

2086218 ONTARIO INC.

FIRST LEASIDE UNITY LIMITED PARTNERSHIP

RECENTLY:

SUBDIVISION FROM 00841-0357

CAPACITY SHARE

GEAR

FIRM

PIN CREATION DATE:

2010/01/08

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2010/01/08 **						
**SUBJECT TO SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPHS 3 AND 14 AND *						
** PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **						
** TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **						
LT52425	2005/03/11	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	WHARRAM, BETTY MADELINE	
REMARKS: LT49422, LT49724, LT50022						
LT52499	2005/03/21	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	COBBY, WINNIFRED JOYCE	
REMARKS: LT49422, LT49724, LT50022						
LT54843	2005/08/12	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
CK41551	2009/12/14	NO SUB AGREEMENT		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	2086218 ONTARIO INC.	C
24M940	2010/01/07	PLAN SUBDIVISION				C
CK45228	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** COBBY, WINNIFRED JOYCE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: LT52499.						
CK45229	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** WHARRAM, BETTY MADELINE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: LT52425.						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 2

PREPARED FOR Loliveira
ON 2012/02/16 AT 14:49:54

00841-0372 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION: BLOCK 8, PLAN 24M940, SUBJECT TO AN EASEMENT AS IN LT50497, MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT ABSOLUTE PLUS

OWNERS' NAMES

2086218 ONTARIO INC.

FIRST LEASIDE UNITY LIMITED PARTNERSHIP

RECENTLY:

SUBDIVISION FROM 00841-0357

CAPACITY SHARE

GPAS

FIRM

'FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2007/06/29'.

PIN CREATION DATE:

2010/01/08

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2010/01/08 **						
**SUBJECT TO SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPHS 3 AND 14 AND *						
**		PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **				
**		TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **				
LT50497	2004/10/26	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
LT50542	2004/10/29	NOTICE AGREEMENT		WHEATLEY SHORES LIFE LEASE RESIDENCES	THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	C
LT52425	2005/03/11	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	WHARRAM, BETTY MADELINE	
LT52499	2005/03/21	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	COBBY, WINNIFRED JOYCE	
CK41551	2009/12/14	NO SUB AGREEMENT		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	2086218 ONTARIO INC.	C
24M940	2010/01/07	PLAN SUBDIVISION				C
CK44801	2010/04/28	BYLAW		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT		C
REMARKS: BY-LAW NUMBER 115-2010 OF THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT A BY-LAW TO EXEMPT CERTAIN LOTS FROM PART LOT CONTROL (123 ERIE STREET NORTH-WHEATLEY) FINALLY PASSED THE 19TH DAY OF APRIL 2010						
CK45228	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** COBBY, WINNIFRED JOYCE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
REMARKS: LT52495						
CK45229	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 2

PREPARED FOR Loliveira

ON 2012/02/16 AT 14:49:54

00841-0372 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
REMARKS: L752425				WHARRAM, BETTY MADELINE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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00841-0377 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 1 OF 1
PREPARED FOR L Oliveira
ON 2012/02/16 AT 14:50:27

PROPERTY DESCRIPTION: BLOCK 13, PLAN 24N940; SUBJECT TO AN EASEMENT AS IN LT50497, MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS:
ESTATE/QUALIFIER:
FEE SIMPLE
LT ABSOLUTE PLUS
OWNERS' NAMES
2086218 ONTARIO INC.
FIRST LEASIDE UNITY LIMITED PARTNERSHIP

RECENTLY:
SUBDIVISION FROM 00841-0357

CAPACITY SHARE
GPAR
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FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2007/06/29.

REGISTRATION DATE:
2010/01/08

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2010/01/08 **						
**SUBJECT TO SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPHS 3 AND 14 AND *						
PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **						
TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **						
LT50497	2004/10/26	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
LT50542	2004/10/29	NOTICE AGREEMENT		WHEATLEY SHORES LIFE LEASE RESIDENCES	THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	C
LT52425	2005/03/11	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	WHARRAM, BETTY MADELINE	
LT52499	2005/03/21	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	COBBY, WINNIFRED JOYCE	
CK41551	2009/12/14	NO SUB AGREEMENT		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	2086218 ONTARIO INC.	C
24N940	2010/01/07	PLAN SUBDIVISION				C
CK45228	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** COBBY, WINNIFRED JOYCE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
CK45229	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** WHARRAM, BETTY MADELINE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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00841-0378 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION: BLOCK 14, PLAN 24M940; SUBJECT TO AN EASEMENT AS IN LT50497; SUBJECT TO AN EASEMENT AS IN LT54843; MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS: 'FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2007/06/29'.

ESTATE/QUALIFIER:
FEE SIMPLE
LT ABSOLUTE PLUS

RECENTLY:
SUBDIVISION FROM 00841-0357

OWNERS' NAMES
2086218 ONTARIO INC.
FIRST LEASIDE UNITY LIMITED PARTNERSHIP

CAPACITY SHARE
GP&P
FIRM

PIN CREATION DATE:
2010/01/08

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT	INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2010/01/08 **					
**SUBJECT TO SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT	PARAGRAPHS 3 AND 14 AND *					
**	PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **					
**	TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **					
LT50497	2004/10/26	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
LT50542	2004/10/29	NOTICE AGREEMENT		WHEATLEY SHORES LIFE LEASE RESIDENCES	THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	C
LT52425	2005/03/11	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	WHARRAM, BETTY MADELINE	
LT52499	2005/03/21	NOTICE OF LEASE		*** DELETED AGAINST THIS PROPERTY *** WHEATLEY SHORES LIFE LEASE RESIDENCES	COBBY, WINNIFRED JOYCE	
LT54843	2005/06/12	TRANSFER EASEMENT	\$1	WHEATLEY SHORES LIFE LEASE RESIDENCES	UNION GAS LIMITED	C
CK41551	2009/12/14	NO SUB AGREEMENT		THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	2086218 ONTARIO INC.	C
24M940	2010/01/07	PLAN SUBDIVISION				C
CK45228	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** COBBY, WINNIFRED JOYCE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	
CK45229	2010/05/12	NO DET/SURR LEASE		*** COMPLETELY DELETED *** WHARRAM, BETTY MADELINE	2086218 ONTARIO INC. FIRST LEASIDE UNITY LIMITED PARTNERSHIP	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 2
PREPARED FOR L01ive1xa
ON 2012/02/16 AT 14:50:47

00841-0378 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
REMARKS: LT52425.						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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OFFICE #40

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 3

PREPARED FOR Loliweira
ON 2012/02/15 AT 16:06:42

26850-0060 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LOTS 303 & 304, BLK HH, PL 83 & PT MARY ST, AS IN C075874; TOWNSHIP OF UxERIDGE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

FIRST LEASIDE REALTY II INC.

CAPACITY SHARE

TRST

RECENTLY:

FIRST CONVERSION FROM BOOK

PIN CREATION DATE:

1999/08/09

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE	2000/07/29	THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1999/08/09 ON THIS PIN				
WAS REPLACED WITH THE	"PIN CREATION DATE" OF 1999/08/09					
**PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1999/08/06 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHATE OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/08/09 **						
C075874	1999/06/08	TRANSFER		*** COMPLETELY DELETED ***	CHABAN, LYDIA	C
C0192201	1969/12/12	BYLAW				C
4085689	1980/03/31	PLAN REFERENCE				C
D109496	1980/07/03	TRANSFER EASEMENT		*** COMPLETELY DELETED ***	THE REGIONAL MUNICIPALITY OF DURHAM	C
DR560881	2006/11/24	TRANSFER	\$75,000	CHABAN, LYDIA	FIRST LEASIDE REALTY II INC.	C
DR860980	2009/12/04	TRANSFER RELEASE AND		*** COMPLETELY DELETED ***	FIRST LEASIDE REALTY II INC.	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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OFFICE #40

26950-0060 (LT)

PAGE 2 OF 3
PREPARED FOR Joliveira
ON 2012/02/15 AT 16:06:42

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
REMARKS: D109456. PLANNING ACT STATEMENTS						
DR942839	2010/10/18	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
DR951602	2010/11/19	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
DR958212	2010/12/15	NOTICE	\$2	THE REGIONAL MUNICIPALITY OF DURHAM		C
DR988999	2011/05/06	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
REMARKS: DR951602						
DR1048548	2011/12/09	CONSTRUCTION LIEN	\$92,695	JANICK ELECTRIC LIMITED		C
DR1049224	2011/12/13	CONSTRUCTION LIEN	\$281,796	LAFARGE CANADA INC.		C
DR1052417	2011/12/23	CONSTRUCTION LIEN	\$99,440	AQUANORTH CONTRACTING LTD.		C
DR1052421	2011/12/23	CONSTRUCTION LIEN	\$364,028	792873 ONTARIO LIMITED		C
DR1053304	2011/12/30	CONSTRUCTION LIEN	\$94,827	MUNICIPAL MECHANICAL CONTRACTORS LIMITED		C
DR1053322	2011/12/30	CONSTRUCTION LIEN	\$205,539	GILBERT STEEL LIMITED		C
DR1053760	2012/01/04	CONSTRUCTION LIEN	\$418,752	KENALDAN CONTRACTING LTD.		C
DR1056472	2012/01/16	CONSTRUCTION LIEN	\$1,723,755	STRUCTFORM INTERNATIONAL LIMITED		C
DR1057492	2012/01/19	CERTIFICATE		792873 ONTARIO LIMITED		C
REMARKS: DR1052421						
DR1057507	2012/01/19	CONSTRUCTION LIEN	\$13,034	PETO MAC CALLOW LTD.		C
DR1058306	2012/01/23	CERTIFICATE		JANICK ELECTRIC LIMITED		C
REMARKS: DR1048548						

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26850-0060 (LT)

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PREPARED FOR LOLLIVIER
ON 2012/02/15 AT 16:06:42

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
DRI059717	2012/01/27	CERTIFICATE		LAFARGE CANADA INC.		C
	REMARKS: DRI049224					
DRI061121	2012/02/02	CERTIFICATE		GILBERT STEEL LIMITED		C
	REMARKS: DRI053322					
DRI062373	2012/02/08	CONSTRUCTION LIEN	\$139,376	ROUNTHWAITE DICK & HADLEY ARCHITECTS INC.		C
DRI063253	2012/02/13	CERTIFICATE		MUNICIPAL MECHANICAL CONTRACTORS LIMITED		C

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26850-0374 (LT)

PAGE 1 OF 3

PREPARED FOR Loliweira
ON 2012/02/15 AT 16:07:17

* CERTIFIED BY LAND REGISTRY IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 26 & 27 CON 6, UXBRIDGE, PT 1, 40R8540; TOWNSHIP OF UXBRIDGE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

FIRST LEASIDE REALTY II INC.

RECENTLY

FIRST CONVERSION FROM BOOK

CAPACITY SHARE

PIN CREATION DATE:

1999/08/09

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE	2000/07/29	THE NOTATION OF THE	"BLOCK IMPLEMENTATION DATE" OF 1999/08/09 ON THIS PIN			
WAS REPLACED WITH THE	"PIN CREATION DATE"	OF 1999/08/09				
** PRINTOUT	INCLUDES ALL DOCUMENT TYPES AND	DELETED INSTRUMENTS SINCE: 1999/08/06 **				
**SUBJECT,	ON FIRST REGISTRATION UNDER THE	LAND TITLES ACT, NO:				
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHATE OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES, 1999/08/09 **						
40R8540	1984/12/27	PLAN REFERENCE				
D411866	1993/05/20	CHARGE			ROYAL BANK OF CANADA	
D473062	1996/06/21	TRANSFER			1182464 ONTARIO LIMITED	
DR59329	2002/03/06	TRANSFER			WOOD, WILLIAM JOHN DOUGLAS	
DR59330	2002/03/06	TRANSFER			WOOD, WILLIAM JOHN DOUGLAS WOOD, KAREN BISHOP	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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26850-0374 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
DR27005	2002/05/21	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	CIBC MORTGAGES INC.	
	REMARKS: RE: D411866					
DR106718	2002/06/28	CHARGE		*** COMPLETELY DELETED *** WOOD, KAREN BISHOP WOOD, WILLIAM JOHN DOUGLAS	CANADIAN IMPERIAL BANK OF COMMERCE	
DR309971	2004/06/19	DISCH OF CHARGE		*** COMPLETELY DELETED *** CIBC MORTGAGES INC.		
	REMARKS: RE: D411866					
DR309972	2004/06/19	CHARGE		*** COMPLETELY DELETED *** WOOD, KAREN BISHOP WOOD, WILLIAM JOHN DOUGLAS	CIBC MORTGAGES INC.	
DR141134	2004/11/10	DISCH OF CHARGE		*** COMPLETELY DELETED *** CANADIAN IMPERIAL BANK OF COMMERCE		
	REMARKS: RE: DR105728					
DR430240	2005/09/21	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UNBRIDGE	WOOD, WILLIAM JOHN DOUGLAS WOOD, KAREN BISHOP	
DR519015	2006/07/11	CHARGE		*** COMPLETELY DELETED *** WOOD, KAREN BISHOP WOOD, WILLIAM JOHN DOUGLAS	CANADIAN IMPERIAL BANK OF COMMERCE	
DR643547	2007/09/07	TRANSFER		*** COMPLETELY DELETED *** WOOD, KAREN BISHOP WOOD, WILLIAM JOHN DOUGLAS	HYATT DEVELOPMENTS (UNBRIDGE) INC.	
	REMARKS: PLANNING ACT STATEMENTS					
DR643548	2007/09/07	CHARGE		*** COMPLETELY DELETED *** HYATT DEVELOPMENTS (UNBRIDGE) INC.	FORUM DEVELOPMENT (NEVADAMA) LTD.	
DR651577	2007/10/01	DISCH OF CHARGE		*** COMPLETELY DELETED *** CIBC MORTGAGES INC.		
	REMARKS: RE: DR305972					
DR705433	2008/04/25	DISCH OF CHARGE		*** COMPLETELY DELETED *** CANADIAN IMPERIAL BANK OF COMMERCE		
	REMARKS: RE: DR19015					

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR LOLIVEIRA
ON 2012/02/15 AT 16:07:17

26850-0374 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DR754321	2008/10/01	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	HYATT DEVELOPMENTS (UXBRIDGE) INC.	C
DR932340	2010/09/02	TRANSFER REMARKS: PLANNING ACT STATEMENTS	\$2,000,000	HYATT DEVELOPMENTS (UXBRIDGE) INC.	FIRST LEASIDE REALTY II INC.	C
DR932341	2010/09/02	DISCH OF CHARGE REMARKS: DR64348.		*** COMPLETELY DELETED *** FORUM DEVELOPMENT (NEYAGAWA) LTD.		
DR964596	2011/01/18	CHARGE	\$675,000	FIRST LEASIDE REALTY II INC.	FIRST LEASIDE NOMINEE SERVICES INC.	C
DR967638	2011/02/01	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE		C
DR1012580	2011/07/29	NOTICE REMARKS: DR964596	\$2	FIRST LEASIDE NOMINEE SERVICES INC.	FIRST LEASIDE REALTY II INC.	C

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REGISTRY
OFFICE #40

26850-0058 (LT)

PAGE 1 OF 3
PREPARED FOR Loliiveira
ON 2012/02/16 AT 10:25:34

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: LTS 294, 295 & PT LTS 296, 297, 298, 299, 300, 301 & 302, BLK 66, PL 63 AS IN D527125 ; UXBRIDGE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

1132413 ONTARIO INC.

RECENTLY:

FIRST CONVERSION FROM BOOK

CAPACITY SHARE

PIN CREATION DATE:

1999/08/09

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE 2000/07/29	THE NOTATION OF THE	"BLOCK IMPLEMENTATION DATE"	OF 1999/08/09 ON THIS PIN			
WAS REPLACED WITH THE	"PIN CREATION DATE"	OF 1999/08/09				
** PRINTOUT	INCLUDES ALL DOCUMENT TYPES AND	DELETED INSTRUMENTS SINCE: 1999/08/06 **				
**SUBJECT,	ON FIRST REGISTRATION UNDER THE	LAND TITLES ACT, TO:				
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 1999/08/09 **						
C0192201	1969/12/12	BYLAW				
D447692	1995/02/14	NOTICE				
D527125	1998/12/01	TRANSFER			MORGAN, WAYNE	
D527126	1998/12/01	CHARGE			TURFFRO INVESTMENTS INC.	
LT926643	1999/10/22	DISCH OF CHARGE				
REMARKS: RE: D527126						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

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Ontario

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND

REGISTRY
OFFICE #40

PAGE 2 OF 3

PREPARED FOR L Oliveira
ON 2012/02/16 AT 10:25:34

26850-0058 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
LT926644	1999/10/22	CHARGE		*** COMPLETELY DELETED *** MORGAN, WAYNE	TURFPRO INVESTMENTS INC.	
DR86632	2002/06/24	CHARGE		*** COMPLETELY DELETED *** MORGAN, LINDA KATHLEEN MORGAN, WILLIAM WAYNE MORGAN, LINDA K. MORGAN, WAYNE MORGAN, LINDA	EXTURA HOLDINGS CORPORATION	
DR201483	2003/08/25	CHARGE		*** COMPLETELY DELETED *** MORGAN, WAYNE	ROYAL BANK OF CANADA	
DR307131	2004/08/10	DISCH OF CHARGE		*** COMPLETELY DELETED *** EXTURA HOLDINGS CORPORATION		
REMARKS: RE: DR86632						
DR344957	2004/12/03	CHARGE		*** COMPLETELY DELETED *** MORGAN, WAYNE	SHERMAN, ANDRE	
DR611871	2007/06/11	APL (GENERAL)		*** COMPLETELY DELETED *** TURFPRO INVESTMENTS INC.		
REMARKS: D447692						
DR612818	2007/06/13	TRANS POWER SALE	\$480,000	TURFPRO INVESTMENTS INC.	1132413 ONTARIO INC.	C
REMARKS: LT926644						
DR942839	2010/10/18	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
DR951602	2010/11/19	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
DR958212	2010/12/15	NOTICE	\$2	THE REGIONAL MUNICIPALITY OF DURHAM		C
DR988999	2011/05/06	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
REMARKS: DR951602						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #40

26850-0058 (LT)

PAGE 3 OF 3
PREPARED FOR Loliveira
ON 2012/02/16 AT 10:25:34

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CEKI/ CEKD
DR1048548	2011/12/09	CONSTRUCTION LIEN	\$92,695	JANICK ELECTRIC LIMITED		C
DR1049224	2011/12/13	CONSTRUCTION LIEN	\$281,796	LAFARGE CANADA INC.		C
DR1052417	2011/12/23	CONSTRUCTION LIEN	\$99,440	AQUANORTH CONTRACTING LTD.		C
DR1052421	2011/12/23	CONSTRUCTION LIEN	\$364,028	792873 ONTARIO LIMITED		C
DR1053304	2011/12/30	CONSTRUCTION LIEN	\$94,827	MUNICIPAL MECHANICAL CONTRACTORS LIMITED		C
DR1053322	2011/12/30	CONSTRUCTION LIEN	\$205,539	GILBERT STEEL LIMITED		C
DR1053760	2012/01/04	CONSTRUCTION LIEN	\$418,752	KENAI DAN CONTRACTING LTD.		C
DR1056472	2012/01/16	CONSTRUCTION LIEN	\$1,723,755	STRUCTFORM INTERNATIONAL LIMITED		C
DR1057492	2012/01/19	CERTIFICATE		792873 ONTARIO LIMITED		C
DR1058306	2012/01/23	CERTIFICATE		JANICK ELECTRIC LIMITED		C
DR1059717	2012/01/27	CERTIFICATE		LAFARGE CANADA INC.		C
DR1061121	2012/02/02	CERTIFICATE		GILBERT STEEL LIMITED		C
DR1063253	2012/02/13	CERTIFICATE		MUNICIPAL MECHANICAL CONTRACTORS LIMITED		C
DR1063933	2012/02/15	CERTIFICATE		AQUANORTH CONTRACTING LTD.		C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND
REGISTRY
OFFICE #43

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 5

PREPARED FOR Loliveira
ON 2012/02/16 AT 10:27:56

14207-0166 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION:

PT BLK 2 PL 43M873 DES PT 2 PL 43R25991 BRAMPTON T/W EASEMENT OVER PT LT 6 CON 6 EHS DES PT 4 PL 43R14988 IN FAVOUR OF PT BLK 2 PL 43M873 DES PT 2 PL 43R25991 AS IN LT1098794. T/W EASEMENT OVER PT BLK 1 PL 43M873 DES PTS 1,2, 12 PL 43R22485, PT BLK 6 M873 DES PT 4 PT CORPORATION DR. M876 PTS 6,7 PL 43R22485, PT BLK 5 M876 DES PT 8 PL 43R2 2485, PT BLK 1 M 876 DES PTS 10, 11, 14 PL 43R22485 IN FAVOUR OF PT BLK 2 PL 43M873 DES PT 2 PL 43R25991 AS IN LT1773259. (S/T LT974291, LT974305, LT990706, LT1570384, LT1766971, LT1773254, LT1773255, LT1773256, LT1773257, LT1773258, LT1773259) IN FAVOUR OF PT BLK 2 PL 43M873 DES PT 2 PL 43R25991 AS IN LT1773260. (S/T LT974305, LT974291, LT990706, LT1570384, LT1766971, LT1773254, LT1773255, LT1773256, LT1773257, LT1773258, LT1773259)

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
DIVISION FROM 14207-0140

PIN CREATION DATE:
2002/11/06

OWNERS' NAMES
2085306 ONTARIO INC.

CAPACITY SHARE
GEAR

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2002/11/06 **						
43R16466	1989/01/18	PLAN REFERENCE				C
43R16467	1989/01/18	PLAN REFERENCE				C
LT974291	1989/02/09	NOTICE				C
LT990706	1989/03/31	BYLAW			THE CORPORATION OF THE CITY OF BRAMPTON THE REGIONAL MUNICIPALITY OF PEEL	C
43R16780	1989/04/26	PLAN REFERENCE				C
LT1570384	1995/06/23	BYLAW				C
LT1700376	1997/02/13	BYLAW				C
LT1769971	1997/10/14	NOTICE AGREEMENT		PRICE WATERHOUSE LIMITED, RECEIVER MANAGER OF BRAMALEA INC.		C
43R22633	1997/12/22	PLAN REFERENCE			THE CORPORATION OF THE CITY OF BRAMPTON REGIONAL MUNICIPALITY OF PEEL	C
LT1795769	1998/01/06	APL ANNEX REST COV		*** DELETED AGAINST THIS PROPERTY *** CIBC DEVELOPMENT CORPORATION PAULS CANADA CO.		C
REMARKS: FOR 15		YEARS FROM 98 01 06				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND
REGISTRY
OFFICE #43

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 5

PREPARED FOR Loliweira
ON 2012/02/16 AT 10:27:56

14207-0166 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
43R23685	1999/07/07	PLAN REFERENCE				C
43R23880	1999/09/28	PLAN REFERENCE				C
43R23882	1999/09/28	PLAN REFERENCE				C
43R23883	1999/09/28	PLAN REFERENCE				C
43R24016	1999/11/29	PLAN REFERENCE				C
LT2045482	2000/02/15	APL (GENERAL)		*** DELETED AGAINST THIS PROPERTY *** PAULS CANADA CO.	PAULS PROPERTIES CORPORATION	C
LT2050883	2000/03/01	APL ANNEX REST COV REMARKS: NO EXPIRY DATE ; "DELETED ON PINS -0034, -0547 & -0548 BY C. COOPER 2004/02/16."		802700 ONTARIO INC.		C
43R24217	2000/03/13	PLAN REFERENCE				C
LT2057426	2000/03/27	NOTICE REMARKS: PEARSON AIRPORT ZONING REGULATION		HER MAJESTY THE QUEEN IN RIGHT OF THE DEPARTMENT OF TRANSPORT CANADA		C
LT2076302	2000/05/26	TRANSFER		*** DELETED AGAINST THIS PROPERTY *** PAULS PROPERTIES CORPORATION	B.R.S. VENTURES INC.	
LT2076304	2000/05/26	CHARGE		*** DELETED AGAINST THIS PROPERTY *** B.R.S. VENTURES INC.	1119972 ONTARIO INC.	
LT2076305	2000/05/26	TRANSFER OF CHARGE REMARKS: LT2076304		*** DELETED AGAINST THIS PROPERTY *** 1119972 ONTARIO INC.	WINDSTAR EQUITIES LTD.	
LT2076306	2000/05/26	CHARGE		*** DELETED AGAINST THIS PROPERTY *** B.R.S. VENTURES INC.	1119972 ONTARIO INC.	
LT2076307	2000/05/26	CHARGE		*** DELETED AGAINST THIS PROPERTY *** B.R.S. VENTURES INC.	PAR INVESTMENTS INC.	
PR21490	2000/12/06	NOTICE AGREEMENT		B.R.S. VENTURES INC.	THE CORPORATION OF THE CITY OF BRAMPTON	C
PR26986	2000/12/20	TRANSFER OF CHARGE		*** DELETED AGAINST THIS PROPERTY ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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14207-0166 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
REMARKS: LT207804				WINDSTAR EQUITIES LTD.	1119972 ONTARIO INC.	
43R25991	2002/01/25	PLAN REFERENCE				
PR254740	2002/06/03	CHARGE		*** DELETED AGAINST THIS PROPERTY *** B.R.S. VENTURES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	
PR254764	2002/06/03	NO ASSIGN RENT GEN		*** DELETED AGAINST THIS PROPERTY *** B.R.S. VENTURES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	
REMARKS: PR254740						
PR255829	2002/06/04	POSTPONEMENT		*** DELETED AGAINST THIS PROPERTY *** 1119972 ONTARIO INC.	BUSINESS DEVELOPMENT BANK OF CANADA	
PR255830	2002/06/04	POSTPONEMENT		*** DELETED AGAINST THIS PROPERTY *** 1119972 ONTARIO INC.	BUSINESS DEVELOPMENT BANK OF CANADA	
REMARKS: LT207806 TO PR25740						
PR255831	2002/06/04	POSTPONEMENT		*** DELETED AGAINST THIS PROPERTY *** PAR INVESTMENTS INC.	BUSINESS DEVELOPMENT BANK OF CANADA	
REMARKS: LT207807 TO PR254740						
PR395449	2003/02/21	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** ATKINS ARCHITECTS INC.	B.R.S. VENTURES INC.	
PR417329	2003/04/08	CERTIFICATE		*** COMPLETELY DELETED *** ATKINS ARCHITECTS INC.		
REMARKS: PR395449						
PR504184	2003/09/15	APL COURT ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE IN BANKRUPTCY (COMMERCIAL LAST)	PRICewaterhouseCOOPERS INC., AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF BRAMALEA INC. LT1883717, LT1881872, R011560022, LT1840633	
REMARKS: LT16634131Z, LT1769826, LT1742636, R011397572Z, LT1786843, LT1815679, LT16990782, R011690512, LT1814840, LT1942964, LT1973680, R01156026Z, LT1705502Z, LT1713910Z, LT1772500, LT1773254, LT1795769, LT1772805, R011562992, LT1840633						
PR504280	2003/09/15	APL DELETE REST		*** COMPLETELY DELETED ***	PRICewaterhouseCOOPERS INC., AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF BRAMALEA INC.	
REMARKS: RE: LT1795769						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND
REGISTRY
OFFICE #43

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PREPARED FOR L Oliveira
ON 2012/02/16 AT 10:27:56

14207-0166 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
PR563392	2003/12/18	NOTICE OF LEASE		*** COMPLETELY DELETED *** APL LOGISTICS CANADA, LTD.		
PR798994	2005/02/02	BYLAW REMARKS: REPEALS BY-LAWS		THE CORPORATION OF THE CITY OF BRAMPTON		C
PR814994	2005/03/08	BYLAW REMARKS: BY-LAW NO. 60-2005 TO REPEAL BY-LAWS EXEMPTING LANDS FROM PT LT CONTROL		THE CORPORATION OF THE CITY OF BRAMPTON		C
PR1017295	2006/02/21	DISCH OF CHARGE REMARKS: RE: LT2078304		*** COMPLETELY DELETED *** 1119972 ONTARIO INC.		
PR1017296	2006/02/21	DISCH OF CHARGE REMARKS: RE: LT2078306		*** COMPLETELY DELETED *** 1119972 ONTARIO INC.		
PR1017297	2006/02/21	DISCH OF CHARGE REMARKS: RE: LT2078307		*** COMPLETELY DELETED *** PAR INVESTMENTS INC.		
PR1017298	2006/02/21	DIS CONSTRUCT LIEN REMARKS: RE: PR395449 AND PR417329		*** COMPLETELY DELETED ***	ATKINS ARCHITECTS INC.	
PR1017301	2006/02/21	TRANSFER	\$5,400,000	B.R.S. VENTURES INC.	2085306 ONTARIO INC.	C
PR1017302	2006/02/21	CHARGE PARTNERSHIP		*** COMPLETELY DELETED *** 2085306 ONTARIO INC.	BUSINESS DEVELOPMENT BANK OF CANADA	
PR1017324	2006/02/21	NO ASSIGN RENT GEN REMARKS: PR1017302		*** COMPLETELY DELETED *** 2085306 ONTARIO INC.	BUSINESS DEVELOPMENT BANK OF CANADA	
PR1034944	2006/03/28	DISCH OF CHARGE REMARKS: RE: PR254740		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
PR1884605	2010/08/31	NOTICE OF LEASE	\$2	RACE CANADA, INC.	2085306 ONTARIO INC.	C
PR1959450	2011/02/07	CHARGE	\$3,450,000	2085306 ONTARIO INC.	FIRST LEASIDE NOMINEE SERVICES INC.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND
REGISTRY
OFFICE #43

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 5 OF 5

PREPARED FOR L Oliveira
ON 2012/02/16 AT 10:27:56

14207-0166 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
PR1959451	2011/02/07	NO ASSGN RENT GEN		2085306 ONTARIO INC.	FIRST LEASIDE NOMINEE SERVICES INC.	C
	REMARKS: PR1959450.					
PR1970426	2011/03/04	APL (GENERAL)		*** COMPLETELY DELETED *** 2085306 ONTARIO INC.		
	REMARKS: DELETES PR563392					
PR2004712	2011/05/17	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
	REMARKS: PR1017302.					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #30

46351-0077 (LT)

PAGE 1 OF 2
PREPARED FOR Loliveira
ON 2012/02/16 AT 10:31:32

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 11 CON 7 GRANTHAM PARTS 5-42, 30R3638; S/T R0464715, R0464716, R0472849; ST. CATHARINES

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

QUEENSTON MANOR GENERAL PARTNER INC.

CAPACITY SHARE

NC

RECENTLY:

RE-ENTRY FROM 46351-0189

PIN CREATION DATE:

2004/01/26

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT / CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2004/01/23 **						
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70 (2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 2004/01/26 **						
30R586	1973/10/26	PLAN REFERENCE			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
R0334344	1976/05/11	AGREEMENT				C
	REMARKS: SKETCH ATTACHED. SITE PLAN					
R0387986	1978/10/20	AGREEMENT				C
	REMARKS: R0334344					
R0417701	1980/06/13	AGREEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
	REMARKS: SKETCH ATTACHED. SITE PLAN					
30R3638	1983/05/26	PLAN REFERENCE				C
R0464632	1983/07/27	AGREEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
	REMARKS: SITE PLAN					
R0464715	1983/07/28	TRANSFER EASEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C

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46351-0077 (LT)

OFFICE #30

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
RO464716	1983/07/28	TRANSFER EASEMENT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
RO468712	1983/10/04	AGREEMENT REMARKS: FOUNDATION PERMIT			THE CORPORATION OF THE CITY OF ST. CATHARINES	C
RO470352	1983/11/07	AGREEMENT REMARKS: SITE PLAN			CITY OF ST. CATHARINES	C
RO472849	1983/12/30	TRANSFER EASEMENT			CITY OF ST. CATHARINES	C
RO472853	1983/12/30	AGREEMENT REMARKS: AMENDING SITE PLAN, RO470352			CITY OF ST. CATHARINES	C
RO493091	1985/03/04	NOTICE REMARKS: ZONING REGULATIONS				C
RO756280	1998/01/09	NOTICE OF LEASE		ONTARIO TEACHERS' RETIREMENT VILLAGE (KITCHENER) INCORPORATED	THE CONSUMERS' GAS COMPANY LTD.	C
RO772777	2006/09/28	TRANSFER		ONTARIO TEACHERS' RETIREMENT VILLAGE (KITCHENER) INCORPORATED, IN TRUST	QUEENSTON MANOR GENERAL PARTNER INC.	C
RO778913	2001/03/30	CHARGE		*** DELETED AGAINST THIS PROPERTY *** QUEENSTON MANOR GENERAL PARTNER INC.	ROYAL TRUST CORPORATION OF CANADA	
RO778914	2001/03/30	ASSIGNMENT GENERAL REMARKS: RE: RENTS RO778913		*** DELETED AGAINST THIS PROPERTY *** QUEENSTON MANOR GENERAL PARTNER INC.	ROYAL TRUST CORPORATION OF CANADA	
NR103713	2006/05/23	CHARGE	\$4,000,000	QUEENSTON MANOR GENERAL PARTNER INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
NR103715	2006/05/23	NO ASSGN RENT GEN REMARKS: NR103713 RENTS		QUEENSTON MANOR GENERAL PARTNER INC.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
NR106580	2006/06/13	DISCH OF CHARGE REMARKS: RE: RO778913		*** COMPLETELY DELETED *** ROYAL TRUST CORPORATION OF CANADA		

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LAND
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 3

PREPARED FOR Lolliveira
ON 2012/02/16 AT 10:26:23

26850-0062 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: LT 307, PT LTS 304, 305, 306, 308, 311 & 312, BLK HH, PL 83, PT 1, 40R15228 ;; TOWNSHIP OF UXBRIDGE

PROPERTY REMARKS.

ESTATE/QUALIFIER.

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

2067171 ONTARIO INC.

RECENTLY:

FIRST CONVERSION FROM BOOK

CAPACITY SHARE

PIN CREATION DATE:

1999/08/09

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE	2000/07/29	THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1999/08/09 ON THIS PIN				
WAS REPLACED WITH THE	"PIN CREATION DATE	OF 1999/08/09				
** PRINTOUT	INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1999/08/06 **					
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 4(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEREAT OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF	CONVERSION TO	LAND TITLES: 1999/08/09 **				
CO192201	1969/12/12	BYLAW				C
40R15228	1993/12/15	PLAN REFERENCE				
D434138	1994/06/06	TRANSFER			STOUFFVILLE CO-OPERATIVE ASSOCIATION	C
D501504	1997/09/17	CHARGE			FARM CREDIT CORPORATION	
DR358695	2005/01/26	TRANSFER			F. L. SECURITIES INC.	
REMARKS: PLANNING ACT STATEMENTS						
DR360655	2005/02/01	CHARGE				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

408

26850-0062 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DR364956	2005/02/18	DISCH OF CHARGE		F. L. SECURITIES INC.	THE TORONTO-DOMINION BANK	
	REMARKS: RE: DR361504			*** COMPLETELY DELETED *** FARM CREDIT CANADA		
DR838133	2009/09/10	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE TORONTO-DOMINION BANK		
	REMARKS: DR360455					
DR866822	2009/12/30	TRANSFER		F. L. SECURITIES INC.	2067171 ONTARIO INC.	C
DR942839	2010/10/18	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
DR951602	2010/11/19	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
DR958212	2010/12/15	NOTICE	\$2	THE REGIONAL MUNICIPALITY OF DURHAM		C
DR988999	2011/05/06	NOTICE		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE	FIRST LEASIDE REALTY II INC. 1132413 ONTARIO INC. 2067171 ONTARIO INC.	C
	REMARKS: DR951602					
DR1048548	2011/12/09	CONSTRUCTION LIEN	\$92,695	JANICK ELECTRIC LIMITED		C
DR1049224	2011/12/13	CONSTRUCTION LIEN	\$281,796	LAFARGE CANADA INC.		C
DR1052417	2011/12/23	CONSTRUCTION LIEN	\$99,440	AQUANORTH CONTRACTING LTD.		C
DR1052421	2011/12/23	CONSTRUCTION LIEN	\$364,028	792873 ONTARIO LIMITED		C
DR1053304	2011/12/30	CONSTRUCTION LIEN	\$94,827	MUNICIPAL MECHANICAL CONTRACTORS LIMITED		C
DR1053322	2011/12/30	CONSTRUCTION LIEN	\$205,539	GILBERT STEEL LIMITED		C
DR1053760	2012/01/04	CONSTRUCTION LIEN	\$418,752	KENAUDAN CONTRACTING LTD.		C

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #40

PAGE 3 OF 3

PREPARED FOR Lolliviera
ON 2012/02/16 AT 10:26:23

26850-0062 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DR1056472	2012/01/16	CONSTRUCTION LIEN	\$1,723,755	STRUCTFORM INTERNATIONAL LIMITED		C
DR1057492	2012/01/19 REMARKS: DR1052421	CERTIFICATE		792873 ONTARIO LIMITED		C
DR1058306	2012/01/23 REMARKS: DR1048548	CERTIFICATE		JANICK ELECTRIC LIMITED		C
DR1059717	2012/01/27 REMARKS: DR1049224	CERTIFICATE		LAFARGE CANADA INC.		C
DR1061121	2012/02/02 REMARKS: DR1053322	CERTIFICATE		GILBERT STEEL LIMITED		C
DR1062373	2012/02/08	CONSTRUCTION LIEN	\$139,376	ROUNTHWAITE DICK & HADLEY ARCHITECTS INC.		C
DR1063253	2012/02/13	CERTIFICATE		MUNICIPAL MECHANICAL CONTRACTORS LIMITED		C
DR1063933	2012/02/15	CERTIFICATE		AQUANORTH CONTRACTING LTD.		C

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410



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LAND
REGISTRY
OFFICE #40

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 2

PREPARED FOR Loliveira
ON 2012/02/15 AT 16:14:59

26838-0207 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION

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

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

OWNERS' NAMES
F.L. SECURITIES INC.

RECENTLY:
FIRST CONVERSION FROM BOOK

CAPACITY SHARE

PIN CREATION DATE:
1999/08/09

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1999/08/09 ON THIS PIN						
***WAS REPLACED WITH THE "PIN CREATION DATE" OF 1999/08/09**						
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1999/08/06 **						
UX8041	1955/09/21	BYLAW				C
CO50965	1957/02/22	BYLAW				C
40R10313	1987/05/15	PLAN REFERENCE				C
LT329310	1987/06/05	TRANSFER			FITZHENRY, ROBERT I. FITZHENRY, HILDA A.	
REMARKS: PLANNING ACT CONSENT						
DR892961	2010/04/28	TRANSMISSION-LAND		*** COMPLETELY DELETED *** FITZHENRY, HILDA A. FITZHENRY, ROBERT I. FITZHENRY, ROBERT I.	STUBBS, PETER W. FITZHENRY, SHARON	
DR892962	2010/04/28	TRANS PERSONAL REP		*** COMPLETELY DELETED *** STUBBS, PETER W. FITZHENRY, SHARON	THE FITZHENRY FAMILY FOUNDATION	
DR895235	2010/05/04	TRANSFER	\$1,235,000	THE FITZHENRY FAMILY FOUNDATION	F.L. SECURITIES INC.	C
REMARKS: PLANNING ACT STATEMENTS						
DR950943	2010/12/17	CHARGE	\$656,250	F.L. SECURITIES INC.	FIRST LEASIDE NOMINEE SERVICES INC.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND
REGISTRY
OFFICE #40

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 2

PREPARED FOR Loliweira
ON 2012/02/15 AT 16:14:59

26838-0207 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DR986451	2011/04/27	APL AMEND ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	F.L. SECURITIES INC.	
DR1012575	2011/07/29	NOTICE	\$2	FIRST LEASIDE NOMINEE SERVICES INC.	F.L. SECURITIES INC.	C

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412



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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND

REGISTRY

OFFICE #40

26838-0223 (LT)

PAGE 1 OF 2

PREPARED FOR Loliveira
ON 2012/02/15 AT 16:15:25

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION:

LTS 5 & 488-1/2 BTN BLKS BBB & CCC, LTS 484, 485, 486, 487, 487-1/2, BLK BBB, LTS 525, 526 & 527 BLK FFF, & PT LT 491/1/2 BLK CCC, PL #3, AS IN D422280 ; UXBRIDGE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

F.L. SECURITIES INC.

RECENTLY:

FIRST CONVERSION FROM BOOK

CAPACITY SHARE

PIN CREATION DATE:

1999/08/09

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
EFFECTIVE	2000/07/29	THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1999/08/09 ON THIS PIN				
WAS REPLACED WITH THE	"PIN CREATION DATE" OF 1999/08/09					
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1999/08/06 **						
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 4(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHATEM OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO MIGHT, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF	CONVERSION TO LAND TITLES: 1999/08/09 **					
C0150640	1967/02/15	TRANSFER			FITZHENRY, ROBERT I. FITZHENRY, HILDA A.	C
			*** COMPLETELY DELETED ***			
C0192201	1969/12/12	BYLAW				
D422280	1993/11/10	TRANSFER			FITZHENRY, ROBERT FITZHENRY, HILDA	C
			*** COMPLETELY DELETED ***			
D494880	1997/06/06	BYLAW				
DR892961	2010/04/28	TRANSMISSION-LAND			STUBBS, PETER W.	C
			*** COMPLETELY DELETED *** FITZHENRY, HILDA			

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413.

26838-0223 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
DR892962	2010/04/28	TRANS PERSONAL REP		FITZHENRY, HILDA A. FITZHENRY, ROBERT FITZHENRY, ROBERT I. *** COMPLETELY DELETED *** STUBBS, PETER W. FITZHENRY, SHARON	FITZHENRY, SHARON	
DR895235	2010/05/04	TRANSFER	\$1,235,000	THE FITZHENRY FAMILY FOUNDATION	F.L. SECURITIES INC.	C
DR954379	2010/11/30	BYLAW		THE CORPORATION OF THE TOWNSHIP OF UXBRIDGE AND HISTORICAL VALUE OR INTEREST		C
DR986151	2011/04/27	APL AMEND ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	P.L. SECURITIES INC.	
DR1011611	2011/07/27	CHARGE	\$656,250	F.L. SECURITIES INC.	FIRST LEASIDE NOMINEE SERVICES INC.	C
DR1012575	2011/07/29	NOTICE	\$2	FIRST LEASIDE NOMINEE SERVICES INC.	F.L. SECURITIES INC.	C

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND

REGISTRY
OFFICE #24

00808-0015 (LT)

PAGE 1 OF 4
PREPARED FOR Lolièveira
ON 2012/02/16 AT 10:43:59

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION

LTS 132 & 133, PLAN 254 & PT LT 27, NORTH MIDDLE RD, GEOGRAPHIC TOWNSHIP OF TILBURY EAST AS IN 442766 S/T T17215; SUBJECT TO AN EASEMENT IN GROSS OVER
LTS 132 & 133, PLAN 254 & PT LT 27, NORTH MIDDLE RD (TILBURY EAST) AS IN 442766 AS IN CK45280; MUNICIPALITY CHATHAM-KENT

PROPERTY REMARKS

ESTATE/QUALIFIER

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

HARMONY TOWNHOMES LIMITED PARTNERSHIP
F. L. SECURITIES INC.

RECENTLY

FIRST CONVERSION FROM BOOK

CAPACITY SHARE

FIRM
GEAR

PIN CREATION DATE

1994/02/07

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
EFFECTIVE	2000/07/29	THE NOTATION OF THE	"BLOCK IMPLEMENTATION DATE" OF 1994/02/07 ON THIS PIN			
WAS REPLACED WITH THE	"PIN CREATION DATE" OF 1994/02/07					
** PRINTOUT	INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1994/01/11 **					
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEAT OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF	CONVERSION TO LAND TITLES: 1994/02/07 **					
T17215	1951/06/07 TRANSFER EASEMENT				THE HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO	C
REMARKS: BLUEPRINT ATTACHED	CONNECTIONS: 'REGN. NUMBER' CHANGED FROM 'TE7215' TO					
442766	1987/03/31 TRANSFER				TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	
442767	1987/03/31 CHARGE				CO-OPERATIVE TRUST CO. OF CANADA	
442768	1987/03/31 ASSIGNMENT GENERAL					
REMARKS: 442767						

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415

00808-0015 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
443108	1987/04/09	AGREEMENT REMARKS: PLAN ATTACHED, RE-SITE PLAN				
446494	1987/06/25	AGREEMENT REMARKS: RE:442767		*** COMPLETELY DELETED ***		
463496	1988/08/17	LIEN		*** COMPLETELY DELETED ***		
464527	1988/09/08	AGREEMENT REMARKS: RE:442767		*** COMPLETELY DELETED ***		
493983	1990/08/22	AGREEMENT		*** COMPLETELY DELETED ***		
LT8269	1995/10/19	CHARGE		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	THE CANADA TRUST COMPANY	
LT8270	1995/10/19	NOTICE REMARKS: LT8269		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	THE CANADA TRUST COMPANY	
LT10640	1996/05/14	APL COURT ORDER REMARKS: VACATING LIEN NO. 463496		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.		
LT12392	1996/09/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	TRILLIUM CONTRACTING INC.	
LT12718	1996/10/21	RELEASE REMARKS: LT12392		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	
LT18148	1997/11/28	NOTICE AGREEMENT REMARKS: LT8269		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	THE CANADA TRUST COMPANY	
LT29272	2000/06/14	CHARGE		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	THE CANADA TRUST COMPANY	

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416.

00808-0015 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		CORRECTIONS: 'CHARGE' CHANGED FROM 'THE CANADA TRUST COMPANY AS AGENT FOR FEDERAL CO-OPERATIVE HOUSING STABILIZATION' TO 'THE CANADA TRUST COMPANY' ON 2003/06/02 BY RMT.				
LT39273	2000/06/14	NOTICE		*** COMPLETELY DELETED *** TILBURY CENTENNIAL HOUSING CO-OPERATIVE INC.	THE CANADA TRUST COMPANY AS AGENT FOR FEDERAL CO-OPERATIVE HOUSING STABILIZATION FUND	
LT32245	2001/03/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE CANADA TRUST COMPANY		
REMARKS: RE: LT8269 LT8270, LT18128						
LT42554	2003/06/02	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** THE CANADA TRUST COMPANY	CIBC TRUST CORPORATION	
REMARKS: LT32272						
LT44156	2003/09/15	NO ASSIGN REBT GEN		*** COMPLETELY DELETED *** THE CANADA TRUST COMPANY	CIBC TRUST CORPORATION	
REMARKS: LT32272						
LT56194	2005/10/31	TRANS POWER SALE		*** COMPLETELY DELETED *** CONCEHRA FINANCIAL SERVICE ASSOCIATION 464237, 464272, 464273, 464254, 464256	CANADA MORTGAGE AND HOUSING CORPORATION	
REMARKS: CUTS OUT 42767, 42768, 46424, 46424, 46424, 46424						
CK3747	2007/01/11	LR'S ORDER		LAND REGISTRAR, LHO NO. 24	LAND REGISTRAR, LHO NO. 24	C
REMARKS: AMENDING INSTRUMENT NUMBER T57215 TO T17215, AND AMENDING PROPERTY DESCRIPTION FROM S/T T57215 TO S/T T17215						
CK38358	2009/08/17	APL (GENERAL)		*** COMPLETELY DELETED *** CANADA MORTGAGE AND HOUSING CORPORATION		
REMARKS: TO DELETE 493583						
CK40861	2009/11/19	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** MARK G. CONTRACTING INC.		
CK41542	2009/12/14	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** MARK G. CONTRACTING INC.		
REMARKS: CK40861						
CK42353	2010/01/18	TRANSFER	\$1,850,000	CANADA MORTGAGE AND HOUSING CORPORATION	HARMONY TOWNHOMES LIMITED PARTNERSHIP P. L. SECURITIES INC.	C
REMARKS: PLANNING ACT STATEMENTS						
CK42354	2010/01/18	CHARGE PARTNERSHIP	\$1,279,376	HARMONY TOWNHOMES LIMITED PARTNERSHIP	THE TORONTO-DOMINION BANK	C

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* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CHOWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CK42356	2010/01/18	NO ASSGN RENT GEN		F. L. SECURITIES INC.		
	REMARKS: CK42354			F. L. SECURITIES INC. HARMONY TOWNHOMES LIMITED PARTNERSHIP	THE TORONTO-DOMINION BANK	C
CK45280	2010/05/14	TRANSFER EASEMENT	\$1	F. L. SECURITIES INC. HARMONY TOWNHOMES LIMITED PARTNERSHIP	UNION GAS LIMITED	C

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418.

This is **Exhibit "GG"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.

A handwritten signature in black ink, appearing to be 'R. H. J.', is written over a horizontal dotted line.

A Commissioner For Taking Affidavits

Exhibit "GG"**Bank Mortgages on First Lease Properties**

	Appraised Value of Property	Mortgage Outstanding	FMV Net of Mortgage
FLEX Properties			
Queenston Manor	\$6,000,000.00	\$ 3,668,198.49	\$2,331,801.51
Bramtree	\$4,600,000.00	\$3,450,000.00	\$1,150,000.00
First Leaside Progressive LP Properties			
Uxbridge Development	\$2,200,00.00	\$1,650,000.00	\$550,000.00
First Leaside Investors LP Properties			
Harmony	\$1,850,000.00	\$1,227,013.60	\$622,986.40
Mill Street	\$1,200,000.00	\$900,000	\$300,000.00
First Leaside Beverages LP			
King Street Property	\$1,470,000.00	\$1,000,000	\$470,000.00
WALP Properties			
Creekview	N/A	\$5,441,780.45	N/A
Country Village	N/A	\$4,189,689.37	N/A
Raintree	N/A	\$3,809,418.57	N/A
Parkview	N/A	\$3,042,158.59	N/A
Pond	N/A	\$5,553,205.11	N/A
Shores	N/A	\$6,512,475.80	N/A
Crossing	N/A	\$4,004,291.79	N/A
Pointe	N/A	\$4,734,746.11	N/A
Bluffs	N/A	\$5,597,208.13	N/A
Preston	N/A	\$5,540,404.87	N/A
Sedona	N/A	\$5,000,000.00	N/A
Church St. Property in Sherman	N/A	\$300,000.00	N/A

First Leaside Retirement Residences LP Properties			
Whiterock	N/A	\$5,400,000.00	N/A
The Heatherwood/St. Catharines	N/A	\$25,500,000.00 \$3,000,000.00	N/A
First Leaside Spring Valley LP Properties			
Spring Valley	\$775,000.00*	\$910,827.15	(\$135,827.15)
First Leaside Venture LP			
Cherry Park	N/A	\$4,444,988.00	N/A
The Shores	N/A	\$5,926,651.30	N/A
Orchard Valley	N/A	\$7,408,313.61	N/A
The Birkhall Retirement Residence	N/A	\$515,000.00	N/A
The Redwoods Retirement Residences	N/A	\$20,852,181.00 \$9,187,500.00	N/A
The Palisades Retirement Residences	N/A	\$18,866,259.00 \$8,312,500.00	N/A
Total:		\$175,944,810.94	

* Value is the purchase price of the property, not an appraised value.

NA - Information not available

This is **Exhibit "HH"** referred to in the affidavit of **Gregory MacLeod** sworn before me in the City of Toronto, in the Province of Ontario, this **22nd** day of **February, 2012**.

A handwritten signature in black ink, appearing to be 'R.H.', is written over a horizontal dotted line.

A Commissioner For Taking Affidavits

TERM SHEET

The purpose of this Term Sheet is to express the mutual intent of the parties hereto to proceed in good faith and as expeditiously as possible towards consummation of the proposed transaction on such terms and conditions. This summary does not constitute the legally binding agreement of any party to consummate the proposed transaction on the terms and conditions contained herein. The final and binding agreement of the parties shall be contained only in the definitive documents. This Term Sheet is not a commitment to invest, and is conditioned on the completion of due diligence, legal review and documentation that is satisfactory to the Investors. This Term Sheet shall be governed in all respects by the laws of the Province of Ontario.

- ISSUER:** First Leaside Ventures Limited Partnership (the "Partnership")
PURCHASER: Bridge Gap Konsult Inc. or its nominee or assignees (the "Investor")
ISSUE: Units of limited partnership interest in the Partnership (the "Units")
- ISSUE PRICE:** \$1.00 per Unit (the "Issue Price").
- AMOUNT:** Aggregate gross proceeds of \$30,000,000 (the "Investment"), the Investment to be made on a best efforts basis, based on the ability of the Investor to raise capital in Germany pursuant to an offering (the "Offering") to be filed with Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin")
- CLOSING DATE:** Payment for and delivery of the Units is to occur in tranches to be determined by the parties based on the Investor's raising of capital pursuant to the Offering.
- TERMS AND CONDITIONS OF CLOSING:** The closing for the purchase of the Units will be conditioned upon:
1. Completion of due diligence to the satisfaction of the Investor in its sole discretion.
 2. The Investor shall facilitate a bridge loan in the amount of \$10,000,000 on or before March 31, 2012 (the "Bridge Loan").
 3. The Investor or one of its affiliates shall file an offering document with BaFin within 90 days of the execution of this Term Sheet the Investor will file an offering document with BaFin
 3. The Parties shall obtain all necessary approvals, including consent of securities regulators under a cease trade agreement and court approval in proceedings commenced under the Companies' Creditors Arrangements Act.
 4. The Investor or one of its affiliates will make an exempt exchange offer to the existing limited partners of the Partnership (there are approximately 20 individuals holding a total of approximately 5,000,000 units of the Partnership) (the "Limited Partners") the consideration for which is to be determined by the parties (the "Exchange"), to be completed prior to the Investment.
 5. The Investor and the Partnership shall enter into subscription agreements prior to each purchase of Units of the Partnership ("Subscription Agreements");
 6. The Partnership will not issue any special warrants, units of any class, or financial instruments convertible or exchangeable into units of any class prior to the Investment.
 7. The current general partner of the Partnership may be replaced.
- USE OF PROCEEDS:** The proceeds will be used approximately as follows:
- 1) The Bridge Loan will be used as follows approximately:
 - (i) Four Million Five Hundred Thousand dollars (\$4,500,000) will be paid to Kingsett Mortgage Corporation as payment



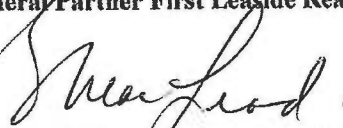
- (ii) of a mortgage obligation now past due;
Five Million Dollars (\$5,000,000) will be used for working capital and the Partnership's closing costs, including the payment of existing contractor liabilities (approx. 1.5 million) and fund the capital expenditure program of the retirement homes located in the Okanagan region of British Columbia; and
- (iii) Five Hundred Thousand Dollars (\$500,000) are the anticipated cost reimbursement to First Leaside as a result of fees incurred from the financing.

2) Management will provide the Investor with an summary of the use of proceeds prior to the purchase of each tranche of Units.

POST CLOSING MATTERS: The Investor and the Partnership will enter into non-exclusive negotiations for a further investment by the Investor in a limited partnership that is an affiliate of the Partnership, PrimeTime Living Limited Partnership, in the amount of approximately Twenty-Five Million Dollars (\$25,000,000).

This Term Sheet may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

FIRST LEASIDE VENTURE LIMITED PARTNERSHIP
by its General Partner First Leaside Realty II Inc.

Per: 
Greg MacLeod, Chief Restructuring Officer

ACKNOWLEDGED: this the 15th day of February, 2012

BRIDGE GAP KONSULT INC.

Per: 
David Crombie, Chairman

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

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

INITIAL ORDER

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

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

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

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

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

- (a) First Leaside Retirement Residences (Ottawa) Limited Partnership
- (b) First Leaside Retirement Residences (Okanagan) Limited Partnership
- (c) Cherry Park Retirement Residences Limited Partnership
- (d) Orchard Valley Retirement Residences Limited Partnership
- (e) The Shores Retirement Residences Limited Partnership

- (f) The Redwood Retirement Residences Limited Partnership
- (g) 100 Isabella St. (Ottawa) Limited Partnership and
- (h) 480 Metcalfe St. (Ottawa) Limited Partnership.

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

5. THIS COURT ORDERS that the Applicant is at liberty, at any time, to seek an order extending the scope of these proceedings and the provisions of this order to include the Excluded LPs.

PLAN OF ARRANGEMENT

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

POSSESSION OF PROPERTY AND OPERATIONS

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

8. THIS COURT ORDERS that First Leaside shall be entitled to implement a central cash management system as described in the MacLeod Affidavit or replace it with

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

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

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by First Leaside in respect of these proceedings, at their standard rates and charges.

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

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation,

payments on account of insurance (including directors and officers insurance), maintenance and security services;

- (b) payment for goods or services actually supplied to First Leaside following the date of this Order; and
- (c) payments of principal and interest in respect of real property mortgages.

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

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by First Leaside in connection with the sale of goods and services by First Leaside, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by First Leaside.

12. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, First Leaside shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to

the landlord under the lease) or as otherwise may be negotiated between First Leaside and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, in equal monthly payments on the first day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

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

RESTRUCTURING

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

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing; and
- (d) pursue all avenues for the potential sale of the Business or Property, in whole or part, subject to further approval of such sale by this Court,

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

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

16. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving First Leaside and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against First Leaside in respect of such lease or leased premises and such landlord shall be entitled to notify First Leaside of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST FIRST LEASIDE OR THE PROPERTY

17. THIS COURT ORDERS that until and including March 23, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against

or in respect of First Leaside or the Monitor, or affecting the Business or the Property, except with the written consent of First Leaside and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of First Leaside or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

19. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by First Leaside, except with the written consent of First Leaside and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

20. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with First Leaside or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or First Leaside, are hereby restrained until further Order of this Court from discontinuing,

altering, interfering with or terminating the supply of such goods or services as may be required by First Leaside, and that First Leaside shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by First Leaside in accordance with normal payment practices of First Leaside or such other practices as may be agreed upon by the supplier or service provider and each of First Leaside and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

CHIEF RESTRUCTURING OFFICER

23. THIS COURT ORDERS that the appointment of G.S. MacLeod & Associates Inc. as chief restructuring officer of First Leaside (the "CRO") is hereby confirmed and

approved and the CRO is hereby authorized and empowered to operate and manage the affairs of First Leaside during the pendency of these CCAA proceedings.

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

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

TRANSFER OF CLIENT ACCOUNTS

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

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

29. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on

the Property, which charge shall not exceed an aggregate amount of \$250,000, as security for the indemnity provided in paragraph 28 of this Order as well as the fees and disbursements of counsel to the Independent Committee of the Board of Directors ("Independent Committee Counsel") to the extent that such fees and disbursements relate to services provided to the Applicant. The Directors' Charge shall have the priority set out in paragraphs 48 and 50 herein. The Applicant is hereby authorized and directed to pay a \$50,000 retainer to Independent Committee Counsel.

30. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 28 of this Order.

APPOINTMENT OF MONITOR

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

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

- (a) monitor First Leaside's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

- (c) advise First Leaside in its preparation of First Leaside's cash flow statements;
- (d) advise and assist First Leaside concerning the potential sale of the Property and an orderly wind-down of the Business;
- (e) advise First Leaside in its development of the Plan and any amendments to the Plan;
- (f) assist First Leaside, to the extent required by First Leaside, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of First Leaside, to the extent that is necessary to adequately assess First Leaside's business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) perform such other duties as are required by this Order or by this Court from time to time; and
- (j) consult with and assist First Leaside in its negotiations and discussions with investors, creditors, and other stakeholders.

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

34. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or

collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

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

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

37. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and counsel to First Leaside shall be paid their reasonable fees and disbursements, in each case at

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

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

39. THIS COURT ORDERS that the Monitor, counsel to the Monitor, First Leaside's counsel, and Representative Counsel (defined below) shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 48 and 50 hereof.

APPOINTMENT OF REPRESENTATIVE COUNSEL

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

41. THIS COURT ORDERS that First Leaside shall provide to Representative Counsel the last known e-mail addresses (to the extent available) or other available contact information for each Client and, within ten days of the date of this Order, Representative Counsel shall provide the Clients with a copy of this Order, which shall

constitute sufficient notice to Clients of this Order and the appointment of Representative Counsel and such step shall relieve the Monitor of its duty to provide notice to such Clients under section 23 of the CCAA.

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

49. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge or the Administration Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

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

- (a) the Directors' Charge shall not attach to any monies or other Property of First Leaside Securities Inc. ("FLSI Property") including, without limitation, property which constitutes "risk adjusted capital" plus the \$250,000 "minimum capital requirement" in accordance with applicable securities laws and regulations ("Regulatory Capital"); and
- (b) the Administration Charge shall not attach to the FLSI Property in an amount exceeding the lesser of (A) \$1 million and (B) the portion of costs secured by the Administration Charge which are attributable to, or for the benefit of, FLSI.

51. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, First Leaside shall not grant any Encumbrances

over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, or the Administration Charge, unless First Leaside also obtains the prior written consent of the Monitor and the beneficiaries of the Directors' Charge and the Administration Charge and further Order of this Court.

52. THIS COURT ORDERS that the Directors' Charge and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds First Leaside, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by First Leaside of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by the creation of the Charges; and
- (c) the payments made by First Leaside pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

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

SERVICE AND NOTICE

54. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the national edition of the *Globe and Mail* a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against First Leaside of more than \$1000, and (C) prepare a list showing the aggregate amounts owed to equity investors, debt investors, and employees, but not names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

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

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

GENERAL

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

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

59. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist First Leaside, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to First Leaside and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist First Leaside and the Monitor and their respective agents in carrying out the terms of this Order.

60. THIS COURT ORDERS that each of First Leaside and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

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

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

Mill Street Limited Partnership	The Bluffs of Lakewood LP
Development Notes Limited Partnerships	First Leaside Spring Valley LP
Special Notes LP	First Leaside Partners LP
First Leaside Properties LP	First Leaside Opportunities LP
First Leaside Realty LP	Preston Racquet Club Real Estate Limited Partnership Series 910 PA
First Leaside Real Estate LP	Preston Racquet Club Real Estate Limited Partnership Series 910 PB
First Leaside Global LP	Preston Racquet Club Real Estate Limited Partnership Series 910 PC
First Leaside Income LP	Preston Racquet Club Real Estate Limited Partnership Series 910 PD
First Leaside Investors LP	FL Master Texas Ltd.
First Leaside Optimal LP	FLW Pond Master Ltd.
First Leaside Preferred LP	FLW Shores Master Ltd.
First Leaside Premier LP	First Leaside Acquisitions LP
First Leaside Progressive LP	Queenston Manor LP
First Leaside Quality LP	First Leaside Acquisitions 2000 LP
First Leaside Real Estate LP	First Leaside Advantage LP
First Leaside Realty II LP	First Leaside Developments LP
First Leaside Retirement Residences LP	First Leaside Elite LP
First Leaside Superior LP	First Leaside Select LP
First Leaside Ultimate LP	First Leaside Enterprises LP
First Leaside Universal LP	B&W LP
Uxbridge Development LP	First Leaside Entities LP
First Leaside Retirement Residences Limited Partnership	First Leaside Expansion LP
First Leaside Venture Limited Partnership	First Leaside Growth LP
Wimberly Apartments LP	First Leaside Operations LP
The Shores LP	First Leaside Unity LP
Old Mill Pond LP	

First Leaside Visions I LP
 First Leaside Visions II LP
 First Leaside Visions III LP
 First Leaside Visions IV LP
 Metabacus LP
 Greencore LP
 Marksman Cellject LP
 OMISA LP
 Dossierview LP
 eSight LP
 Tyromer LP

Place Concorde East LP

Place Concorde West LP

First Leaside Wealth Management LP

First Leaside Technologies LP

F.L. Beverages Group Limited

Partnership

F.L. Retirement Residences Limited
 Partnership

First Leaside Global Limited Partnership

First Leaside Ventures Limited
 Partnership

Special U.S. Notes Limited Partnership

FLWM Holdings Limited Partnership

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

APPLICATION RECORD

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