

**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.
(collectively, the "Applicant")**

**AFFIDAVIT OF GREGORY MACLEOD
(sworn February 23, 2012)**

I, **GREGORY MACLEOD**, of the City of Burlington, in the Province of
Ontario, **MAKE OATH AND SAY:**

1. I am the Chief Restructuring Officer ("**CRO**") of First Leaside Wealth
Management Inc. ("**FLWM**"), and the other applicants (collectively, the "**Applicants**"). I
swear this affidavit supplementary to my affidavit February 22, 2012.

2. The application record filed by the Applicants contained as much information as was available to the Applicants at that time. One of the largest problems that the applicants have had is that their financial records have not been up-to-date or complete. The GTL Report generally contains the best and most comprehensive information in one place. However, much of the GTL Report presents financial information on a consolidated basis (e.g., FLEX) rather than by individual applicants. Although the GTL Report was released approximately 6 months ago, the situation of First Leaside has materially worsened since then as a result of the Cease Trade.

3. I have looked at the list of applicants contained in Exhibit A to my earlier affidavit and have considered whether there is evidence as to their insolvency. I have supplemented that chart (attached hereto as Exhibit A) in concert with Joanna Hampton, the CFO of First Leaside, to provide further information about those entities to the extent currently available.

4. Despite this analysis, many of these entities may have obligations to unit holders for distributions and return of capital. By November 2011, First Leaside was unable to meet these obligations to make distributions and thus suspended distributions.

5. Furthermore, given the complexity of the inter-relationship between the entities, including extensive inter-company debt and ownership, my view is that inclusion of all applicants and corresponding LPs within the scope of the proposed stay order is appropriate to provide for an equitable and full final reckoning among equity holders and creditors.

SWORN before me at the City of Toronto
In the Province of Ontario, this 23rd day of
February, 2012


A Commissioner, etc.

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Gregory MacLeod

SCHEDULE A: Entities Filing Under CCAA Which Are Applicants in this Proceeding	SCHEDULE B: Limited Partnerships Associated with the Entities Listed in Schedule "A" (if any)
First Leaside Wealth Management Inc. Insolvent: revenue has ceased because of Cease Trade and therefore it is unable to pay liabilities in the normal course	This is Exhibit <u>A</u> referred to in the affidavit of <u>Greg MacLough</u> sworn before me, this <u>23rd</u> day of <u>February</u>, 20<u>12</u>. <u>John Bil</u> A COMMISSIONER FOR TAKING AFFIDAVITS
First Leaside Finance Inc. Insolvent: Liabilities to other LPs exceed realizable value of assets	
First Leaside Securities Inc. Insolvent: has no available liquidity. Company cannot access regulatory capital to pay liabilities and no revenue.	
FL Securities Inc. Insolvent: The Cease Trade prevents it from generating revenue to cover its expenses.	Mill Street Limited Partnership
First Leaside Management Inc. Insolvent: Management fee revenues have ceased. Unable to pay liabilities in the normal course.	Development Notes Limited Partnerships Special Notes LP
First Leaside Accounting and Tax Services Inc. Insolvent: Has no revenue and substantial secured loan (approximately \$900,000) from TD Bank.	
First Leaside Holdings Inc. Inactive company	
2086056 Ontario Inc. Inactive company that only holds units of First Leaside LP	First Leaside Properties LP
First Leaside Realty Inc. Units of these LPs held by Investors and	First Leaside Realty LP First Leaside Real Estate LP

these LPs hold units in other LPs in the First Leaside group. Assets likely have little or no value. Only obligation is to equity investors.	
First Leaside Capital Inc.	
First Leaside Realty II Inc. Insolvent because of substantial liabilities to First Leaside Finance Inc.	First Leaside Global LP First Leaside Income LP First Leaside Investors LP First Leaside Optimal LP First Leaside Preferred LP First Leaside Premier LP First Leaside Progressive LP First Leaside Quality LP First Leaside Real Estate LP First Leaside Realty II LP First Leaside Retirement Residences LP First Leaside Superior LP First Leaside Ultimate LP First Leaside Universal LP Uxbridge Development LP First Leaside Retirement Residences Limited Partnership First Leaside Venture Limited Partnership
First Leaside Investments Inc. Insolvent: Assets likely less than amount of debt owed to First Leaside Finance Inc.	
965010 Ontario Inc. Insolvent: Has \$20 million liability to First Leaside Finance Inc. which exceeds value of assets (units in Wimberly Apartments	Wimberly Apartments LP

LP)	
1045517 Ontario Inc. Insolvent: Has liability to First Leaside Finance Inc. which exceeds value of assets in underlying LP.	The Shores LP
1024919 Ontario Inc. Insolvent: Has liability to First Leaside Finance Inc. which exceeds value of assets in underlying LP.	Old Mill Pond LP
1031628 Ontario Inc. Dormant: no material assets or liabilities	
1056971 Ontario Inc. Dormant: no assets other than related-party receivable	The Bluffs of Lakewood LP
1376095 Ontario Inc. Insolvent: Owes \$1.7 million to First Leaside Finance Inc. which exceeds value of assets in LP.	First Leaside Spring Valley LP
1437290 Ontario Ltd. Insolvent: Realizable value of real property appears to be less than amount of mortgages.	First Leaside Partners LP First Leaside Opportunities LP
1244428 Ontario Ltd. Insolvent: Owes more than \$56,000 to related parties but units held by it are worthless (dormant LPs).	Preston Racquet Club Real Estate Limited Partnership Series 910 PA Preston Racquet Club Real Estate Limited Partnership Series 910 PB Preston Racquet Club Real Estate Limited Partnership Series 910 PC Preston Racquet Club Real Estate Limited Partnership Series 910 PD
PrestonOne Development (Canada) Inc. Dormant	
PrestonTwo Development (Canada) Inc.	

Dormant	
PrestonThree Development (Canada) Inc. Dormant	
PrestonFour Development (Canada) Inc. Dormant	
2088543 Ontario Inc. No realizable assets or liabilities	FL Master Texas Ltd.
2088544 Ontario Inc. No realizable assets or liabilities	FLW Pond Master Ltd.
2088545 Ontario Inc. No realizable assets or liabilities	FLW Shores Master Ltd.
1331607 Ontario Inc. Insolvent: Has receivable from First Leaside Acquisitions LP and investment in other LPs. Has liability of \$204,000 to First Leaside Finance Inc. and a related company. Asset value is less than amount of liability.	First Leaside Acquisitions LP
Queenston Manor General Partner Inc. More information to be made available to the Court.	Queenston Manor LP
1408927 Ontario Ltd. Dormant: no assets or liabilities	First Leaside Acquisitions 2000 LP
2107738 Ontario Inc. Insolvent: Indebted to First Leasude Advantage LP for LP units but has no assets	First Leaside Advantage LP
1418361 Ontario Ltd. Insolvent: Indebted to First Leaside Developments LP for LP units but has no assets	First Leaside Developments LP
2128054 Ontario Inc.	First Leaside Elite LP

Insolvent: Indebted to First Leaside Select and Elite LPs for LP units but has no assets.	First Leaside Select LP
2069212 Ontario Inc. Insolvent: Indebted to First Leaside Enterprises LPs for LP units but has no assets.	First Leaside Enterprises LP
1132413 Ontario Inc. Insolvent: Owes \$46,000 to First Leaside Entities LP but value of units in First Leaside Entities LP which it holds is less than the amount of the debt.	B&W LP First Leaside Entities LP
2067171 Ontario Inc. Insolvent: Construction liens of more than \$3.4 million, which exceed net assets of FLEX.	First Leaside Expansion LP
2085306 Ontario Inc. More information to be provided to the court.	First Leaside Growth LP
2059035 Ontario Inc. Dormant: Has investment in First Leaside Operations LP which is worthless.	First Leaside Operations LP
2086218 Ontario Inc. Insolvent: This relates to property held for development. Owes \$8,200 for LP units which is unpaid. Realizable value of units is likely less than amount of debt.	First Leaside Unity LP
2085438 Ontario Inc. Insolvent: Holds investments in the corresponding LPs, which are likely worthless. Owes \$40,000 in respect of LP units. This relates to technology start-up companies where no material value is apparent.	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
First Leaside Visions Management Inc. Management fee revenue has stopped as of 2010. Has \$70,000 in cash and approximately \$270,000 in receivables from related companies.	
1049015 Ontario Inc. Insolvent: No asset and related party debt.	Place Concorde East LP
1049016 Ontario Inc. Dormant	Place Concorde West LP
2007804 Ontario Inc. Dormant: No revenue and has subscription receivable.	First Leaside Wealth Management LP
2019418 Ontario Inc. Insolvent: Has liability to First Leaside Technologies LP of \$32,000 and holds units in that LP with a value less than the debt.	First Leaside Technologies LP
FL Research Management Inc. Insolvent: Has liability to FL Securities Inc. of \$355,000. Owns a windmill which had a purchase price of \$250,000 and therefore there is likely no net asset value.	
970877 Ontario Inc. More information to be provided to the court.	
1031628 Ontario Inc. Dormant: minimal assets and liabilities	

1045516 Ontario Inc. Dormant: minimal assets and liabilities	
2004516 Ontario Inc. Insolvent: A subsidiary of Queenston Manor GP Inc. Has an investment in WALP likely worth zero. Owes \$199,000 to Queenston Manor LP	
2192341 Ontario Inc. Dormant: minimal assets and liabilities	
First Leaside Fund Management Inc. Insolvent: Has assets at Penson worth \$110,000 and has investments in the corresponding LPs. The debt to the LPs for units is \$40,000. Is the obligor for the LPs' debts and distributions which payments it has ceased making.	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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C.1985, c. C.36, as amended;
AND IN THE MATTER OF FIRST LEASIDE WEALTH MANAGEMENT INC. et al**

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**SUPPLEMENTARY AFFIDAVIT
OF GREG MACLEOD
(SWORN FEBRUARY 23, 2012)**

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

John Birch LSUC#38698U
Tel: 416-860-5225
Fax: 416-640-3057

David S. Ward LSUC#: 33541W
Tel: 416.869.5960
Fax: 416.360.3154

Solicitors for the Applicants