FMC
LAW

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March 16, 2012

BY EMAIL OR ORDINARY MAIL

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

Dear Sirs/Mesdames:

Re: *Companies' Creditors Arrangement Act* ("CCAA") proceedings involving First Leaside Wealth Management Inc. ("FLWM") and certain of its affiliates ("First Leaside")

As we communicated to you in our letter dated February 28, 2012 (the "**First Communication**"), we were appointed by the Ontario Superior Court of Justice (the "**Court**") to act as counsel ("**Representative Counsel**") to all the Investors in the CCAA proceedings of First Leaside. First Leaside was granted protection under the CCAA by order of Mr. Justice David Brown made on February 23, 2012 (the "**Initial Order**").

Please review this letter carefully because it contains important information about what you can expect in the coming month.

1. Our Role as Representative Counsel

As part of our role as Representative Counsel, we will advocate for the Investors best interests as a whole in the CCAA proceedings and we will continue to facilitate discussions with the Monitor, Greg MacLeod & Associates Inc. as the court-appointed chief restructuring officer (the "**CRO**"), First Leaside and other stakeholders.

The scope of our mandate includes:

- monitoring the CCAA proceedings and the actions taken by, among others, the Monitor and the CRO, and making submissions to the Court, as appropriate;
- consulting with the CRO and the Monitor in the development of a plan that is aimed at maximizing recovery for the Investors;
- advocating for the Investors to ensure that the proceeds from any sales of assets are allocated and distributed appropriately; and
- providing the Investors with periodic reports on the CCAA proceedings.

Our current mandate does not include investigating, commencing or maintaining any actions or proceedings on behalf of the Investors for damages against third parties, whether in tort, for breach of contract, breach of trust, fiduciary duty or otherwise, including claims against directors, officers, former directors or officers and other related parties or investment advisors.

2. Telephone Town Hall Meeting with the CRO – April 3, 2012

We have scheduled a telephone town hall meeting with the CRO on Tuesday, April 3rd, 2012, from noon until 1pm. All Investors are invited to attend this meeting. Participants can listen to the proceedings and use their touch tone keypad if they wish to pose a question to the CRO or Representative Counsel. The information about how you can dial in to join the meeting will be posted at: www.grantthornton.ca/firstleaside.

3. Accessing Your Personal Accounts Online

A number of Investors expressed concern that they were no longer able to access details regarding their investment account on the First Leaside website. As a result of the IIROC order, First Leaside has been required to take down large portions of its website. However, we have negotiated with IIROC and First Leaside for the restoration of online access to Investors' individual accounts. For those individuals who had online accounts set up before the CCAA proceedings started, you can access your account by going to www.firstleaside.com and clicking on the 'Client Login' button at the top right of the page.

4. Court Proceedings

The Initial Order granted on February 23, 2012, provided for a stay of proceedings against First Leaside and its property for a period of 30 days. First Leaside has scheduled a motion with the Court to be heard on March 23, 2012 at 10:00 am. We expect First Leaside will seek an extension of the stay of proceedings and provide an update on their activities to date. The material for this motion, including, an affidavit of the CRO, as well as a report to the Court by Grant Thornton Limited in its capacity as court-appointed Monitor of First Leaside, will be posted on the Monitor's website at: www.grantthornton.ca/firstleaside.

On Friday, March 9, 2012, Computershare Trust Company of Canada, as Custodian, Nominee and Agent for and on behalf of Certificate holders of Merrill Lynch Financial Assets Inc. Commercial Mortgage Pass-Through Certificates, Series 2006-Canada 19 ("**Midland**") filed notice of their intention to seek leave from the Ontario Court of Appeal to appeal the Initial Order. Specifically, we understand that Midland holds a real property mortgage over property held by Queenston Manor GP and Queenston Manor LP and does not believe these entities should be included in the CCAA proceedings. Under the CCAA, the Court of Appeal has to first decide whether or not to grant leave to appeal the Initial Order and then if leave to appeal is granted, an appeal hearing would be held. Unless the Court or the Court of Appeal orders otherwise, the Initial Order remains in full force and effect pending the results of such appeal.

5. Frequently Asked Questions

Attached as Appendix B to this letter is a list of the most frequently asked questions we have received from Investors, along with our response to those questions. If you find that any of your questions have not been answered, you are welcome to contact us. However, please be aware that since we are in the early stages of the CCAA proceedings, we do not have any information at this time regarding the ultimate value of your investments and what you can or cannot expect to recover.

6. Consultations with a Committee of Investors

In our First Communication we asked any Investors who were interested in joining an informal steering committee of Investors (the "**Steering Committee**") to contact us. To date, we have received expressions of interest from 23 individuals. We have confirmed that we can share the names of 22 of these individuals (we have not yet been able to confirm with the remaining individual) and their names are listed at Appendix A to this letter. We will consult with the Steering Committee as matters progress to communicate efficiently and advocate on your behalf in a cost-effective manner. To be clear, the Steering Committee is intended to reflect input from a cross-section of Investors, but will not be responsible for decisions on behalf of Investors nor will it replace direct communications between Investors and Representative Counsel.

We will also continue to provide periodic communications to all of the Investors. We will e-mail those communications to Investors whose e-mail contact information we have (if you have not provided your e-mail address to us, please do so) and arrange to have such communications posted on the Monitor's website at: www.grantthornton.ca/firstleaside.

7. Additional Communications from Certain Investors

Certain Investors have started online discussion forums for the convenience of First Leaside Investors who would like to communicate with one another. Complete instructions on how to join the discussion groups can be found at Appendix B. Please note, that while Representative Counsel has access to these chat rooms and will monitor the postings occasionally, we do not operate these discussion forums and any commentary found within the forums does not represent the official views or opinions of Representative Counsel.

Certain Investors have also communicated to us that they have formed a not-for-profit corporation called "First Leaside Investors Inc." Similar to the chat rooms discussed above, this corporation and its activities are outside of the mandate and responsibility of Representative Counsel. As a courtesy to such Investors, we are informing Investors that First Leaside Investors Inc. has organized a meeting at which the CRO intends to be present. The meeting is taking place at the Crown Plaza Hotel Toronto Airport, 33 Carlson Court, in the Centennial Room, from 6:30 to 10:00 pm. All Investors are invited to attend the meeting. If you wish to attend we understand that you must register by sending an email on or before March 20 to firstleasideinvestorsinc@gmail.com, on the subject line type "FLII Meeting" and in the body of the email, enter your name and number of attendees, if more than just yourself. A copy of the notice is attached as Appendix C. Please note, Representative Counsel has no direct affiliation with this group and cannot answer questions about this meeting.

No Investor will be prejudiced by choosing not to attend this meeting. Any opinions expressed at this meeting do represent the official views or opinions of Representative Counsel. We see no issue with Investors creating forums to discuss issues among themselves. However, such organizations are independent from our role as Representative Counsel and our standing as the court-appointed representative for the Investors in the CCAA proceedings. As noted in our First Communication, any Investor may opt out of representation by Representative Counsel. Whether or not you are involved in First Leaside Investors Inc. or in the chat rooms, Representative Counsel will continue to represent all Investors collective interests in the CCAA proceedings of First Leaside.

If you have any questions, please contact us through our hotline at 416-863-4414 (within the GTA)/ 1-877-669-4414 (outside the GTA) or by email at FirstLeaside@fmc-law.com

Yours Truly,

Fraser Milner Casgrain LLP

Shayne Kukulowicz

cc: Jane Dietrich
Alison Beer
Geoff Janoscik

Appendix A
Proposed Steering Committee Members

	Investors Name
1.	Carter, Keith
2.	Cochrane, Ross
3.	De Ga, Gerald
4.	DeMan, Peter
5.	DiLauro, Patrick P.
6.	Fenninger, Lou
7.	Gardhouse, Brian
8.	Johnson, Tom
9.	Khan, Osman
10.	Lu, Dr. Richard
11.	McCabe, Jim
12.	Nicholls, Bob
13.	Parente, Libby
14.	Parry, Simon
15.	Poole, Steven
16.	Radice, Patrick P.
17.	Scott, Paul
18.	Harry Walker
19.	Wemekamp, Henry
20.	Wintraub, Martin
21.	Wintraub, Paula
22.	Wizemann, Horst

Appendix B

First Leaside CCAA Proceedings – Frequently Asked Questions and Answers from FMC

A. What is the CCAA?

The CCAA is the *Companies' Creditors Arrangement Act*. It is a federal re-organization statute for insolvent companies. It is a flexible statute that permits an insolvent company to reorganize or wind down in an orderly fashion under the oversight of the Court. In the case of First Leaside, it will likely be a vehicle to facilitate an orderly realization and disposition of assets.

B. What is the role of Fraser Milner Casgrain LLP ("FMC") in the CCAA process?

Under the Order of Mr. Justice David Brown of the Ontario Superior Court of Justice dated February 23, 2012 (the "Initial Order"), FMC is serving as Representative Counsel to the over 1,200 individuals who were clients of First Leaside Securities Inc.

The role of FMC is to protect the investors' collective interests in the CCAA proceedings. FMC's mandate is to act in the best interests of the investors as a whole. The point of having Representative Counsel is to make the process more efficient so that individual investors do not have to each retain their own counsel with respect to the CCAA process.

FMC will be communicating with the investors to keep them informed about the progress of the CCAA proceedings, and to ensure that they are provided an opportunity to have their collective voices heard.

FMC's primary job will be to review the realization strategy developed by the chief restructuring officer and either agree or disagree with his recommendations on behalf of the investors and advise the Court of this view. It will ultimately be up to the Court to approve the asset realization and distribution strategy for First Leaside.

C. What is happening during the CCAA process?

The CCAA process will provide a coordinated process to:

- Operate the various First Leaside properties during the wind-down;
- Market and sell properties;
- Accept and adjudicate claims from equity holders, debt holders, trade creditors, construction lien claimants, and mortgages as may be required; and
- Come to a final reckoning of all assets and liabilities as amongst all entities in the First Leaside group.

First Leaside, and Grant Thornton Limited as court-appointed Monitor of First Leaside, are required to periodically report to the Court on the status of its reorganization / wind down. Reports of the Monitor and motion material from First Leaside or others in the CCAA proceedings can be found on the Monitor's website at: www.grantthornton.ca/firstleaside.

D. Will I get all of the money I invested in First Leaside back?

It is too early in the proceedings to say how much individual investors may recover. We understand from First Leaside's chief restructuring officer, Greg MacLeod (the "CRO"), and the Monitor that they are attempting to gather sufficient information about First Leaside to permit the CRO to make recommendations to the Court on the next steps to be taken in order to maximize recoveries for the investors and other stakeholders. Accordingly, until the CRO and/or the Monitor are in a position to report further, Representative Counsel will not be in a position to provide any guidance as to how matters may develop.

We understand that there are over 55 different types of investments that individual investors may hold in First Leaside. The ultimate recovery for each type of investment is likely to differ.

E. How long will the process take?

It is too early in the proceedings to say how long the CCAA proceedings will take. We understand from the CRO and the Monitor that they are attempting to gather sufficient information about First Leaside to permit the CRO to make recommendations to the Court on the next steps to be taken in order to protect the investors and the other stakeholders. Accordingly, until the CRO and/or the Monitor are in a position to report further, Representative Counsel will not be in a position to provide any guidance as to how matters may develop.

F. What determines what investors will receive in a CCAA asset realization?

What investors may ultimately receive from the CCAA process will be based upon their priorities (secured, unsecured, or equity), which specific entities they invested in and the recoveries from the assets held by that specific entity.

G. Who is paying FMC?

Under the Initial Order, the First Leaside group of companies are responsible for paying FMC's fees. The Initial Order provides that an allocation of all professional fees (the Company's counsel, the Monitor, the Monitor's counsel and Representative Counsel) take place between the various entities. Representative Counsel will work with the Monitor, the CRO and the Companies' counsel in developing a method as to how that allocation should occur.

H. What if I don't want FMC to represent me?

You may opt out of having FMC as Representative Counsel and obtain your own counsel. You will be responsible for paying your lawyer's fees. Written notice must be provided to Representative Counsel by an individual client who wishes not be represented by Representative Counsel.

I. I want to sue First Leaside/Individual Directors/Other. Will FMC be assisting me with this?

The role of FMC is limited to representing the collective interests of the investors in the CCAA proceedings. FMC is not authorized by the Court to advise investors on individual actions. You are entitled to retain your own counsel regarding those issues if you wish.

J. Does the CCAA Order apply to all First Leaside entities?

Pursuant to the Initial Order, the following First Leaside entities are currently not under CCAA protection:

- First Leaside Retirement Residences (Ottawa) Limited Partnership;
- First Leaside Retirement Residences (Okanagan) Limited Partnership;
- Cherry Park Retirement Residences Limited Partnership;
- Orchard Valley Retirement Residences Limited Partnership;
- The Shores Retirement Residences Limited Partnership;
- The Redwood Retirement Residences Limited Partnership;
- 100 Isabella St. (Ottawa) Limited Partnership; and
- 480 Metcalfe St. (Ottawa) Limited Partnership.

Additionally, certain WALP entities, owning property located in the United States are not included at this time.

Note, however, that FMC is representing all clients of First Leaside Securities Inc.

K. What is the function of the CRO?

The CRO, G.S. MacLeod & Associates Inc., was appointed pursuant to the Initial Order. The CRO's role is to act on behalf of the Companies. Under the CCAA, the Companies continue to be in possession and control of their assets (subject to the terms of Court orders). The Companies, led by the CRO, are responsible for putting forward a plan to maximize value for all stakeholders, including (but not limited to) First Leaside investors.

L. What is the function of the Monitor?

The Monitor, Grant Thornton Limited, was appointed pursuant to the Initial Order. The CCAA requires that a monitor be appointed. The Monitor's duties are set out in the CCAA and the Court orders. The monitor is a Court officer who, among other things, is to act impartially as between the stakeholders and report to the Court on the actions of First Leaside. We will be working with the Monitor to ensure that investors' interests are addressed.

M. What is the next step in the CCAA proceedings?

The Initial Order provided for a comeback hearing to take place within 30 days. There is a motion scheduled on March 23, 2012 in this regard. The Companies will have to seek an extension of the stay of proceedings granted under the CCAA at that time. Motion material and a monitor's report will be posted on the Monitor's website: www.grantthornton.ca/firstleaside. This website will be updated as future motions are brought.

N. How often will FMC be reporting to me?

FMC will be reporting to investors regularly as circumstances warrant to ensure that investors are kept in the loop. Please provide us with your e-mail address by sending a note to firstleaside@fmc-law.com to help facilitate communications in an economically efficient manner. Further communications will be posted on the Monitor's website at: www.grantthornton.ca/firstleaside.

O. Will FMC be consulting with all investors? What is the Steering Committee?

The Court Order provides that FMC represents the collective interests of all clients of First Leaside Securities Inc. FMC does not take instructions from any specific investor, however, FMC intends to consult with investors as issues arise. To facilitate this process, in the first communication from FMC to all investors, FMC asked for volunteers for Steering Committee members.

FMC has received expressions of interest from people willing to participate in the Steering Committee. FMC proposes to include all individuals who expressed an interest on the Steering Committee. Information on each Steering Committee member is being provided in an open letter to all investors.

FMC will consult with the Steering Committee on issues as they arise during the CCAA proceedings, but will still communicate through open letters to all investors as the CCAA proceedings develop.

P. How will I get my tax receipt from First Leaside?

You will receive your tax receipt from First Leaside as you would ordinarily.

Q. Can I transfer my account out of First Leaside?

If you hold marketable securities with Penson Financial Services Canada Inc., you can transfer your investments as you would ordinarily. Please contact the Client Relations Department at Penson Financial Services Canada Inc. at 1-888-841-9665.

R. Am I eligible for coverage under the Canadian Investor Protection Fund?

Our mandate under the Court Order does not include Canadian Investor Protection Fund issues. You should contact the Canadian Investor Protection Fund for further information. We understand that there is an approaching deadline for Canadian Investor Protection Fund claims pertaining to First Leaside of August 22, 2012. For further information, please see the Canadian Investor Protection Fund website at www.cipf.ca.

S. Where can I go to discuss issues with other First Leaside Investors?

A number of First Leaside investors have found it helpful to join discussion groups with other First Leaside investors. Two such Yahoo groups, which have been organized by Henry Wemekamp (HenryW@The-Wire.com) are:

1. First Leaside Investors (all): http://ca.groups.yahoo.com/group/FLinvestors/

2. First Leaside Wealth Management investors (FLWM Pref shares and FLWM Fund): http://finance.groups.yahoo.com/group/flwminvestors/

Appendix C

Notice of Meeting

First Leaside Investors Inc.

Crown Plaza Hotel Toronto Airport, 33 Carlson Court, Centennial Room

Thursday March 22, 2012, 6:30-7:30 PM sign in Meet and Great

7:30-8:30 PM Business Meeting Election of Directors, 8:30-10:00 PM Discussion

There will be a charge of $25.00 per person at the door (Please cash or cheque only)

It's YOUR MONEY, get involved, join the First Leaside Inc., group and participate in getting answers such as:

Have any properties been sold since the stop trading order?

What is happing to the rental income?

What are the properties really worth?

How much money is owing?

Why did OSC act so precipitously to shut down the operation of First Leaside?

Can we get a seat at the table under CCAA?

What options do we have?

You must register to attend the meeting: Please send an Email to:
firstleasideinvestorsinc@gmail.com On the subject line put FLII Meeting in the body of the Email enter your name and number of attendees if more than just yourself. **Registration must be received by March 20, 2012.**