Confidential Report to Investors

First Leaside Group of Companies
May 1, 2012

Contents

Glossary of Selected Terms

FLWM	First Leaside Wealth Management Inc.
WALP	Wimberly Apartments Limited Partnership
FLEX	First Leaside Expansion Limited Partnership
Venture	First Leaside Venture Limited Partnership
Visions I & II	First Leaside Visions I Limited Partnership & First Leaside Visions II Limited Partnership
Progressive	First Leaside Progressive Limited Partnership
Investors	First Leaside Investors Limited Partnership
Spring Valley	F.L. Spring Valley Limited Partnership
PTL	PrimeTime Living Limited Partnership
Select	First Leaside Select Limited Partnership
Premier	First Leaside Premier Limited Partnership
Ultimate	First Leaside Ultimate Limited Partnership
Elite	First Leaside Elite Limited Partnership

May 1, 2012

TO: THE INVESTORS OF THE FIRST LEASIDE GROUP OF COMPANIES

This report ("**Report**") has been prepared by those entities of the First Leaside Group that are the subject of the initial order of the Ontario Superior Court of Justice dated February 23, 2012 (as amended) (the "**FL Group**" or the "**Company**"), with the assistance of Grant Thornton Limited ("**GTL**"), the Court appointed monitor of the Company ("**Monitor**") under the *Companies' Creditors Arrangements Act* ("**CCAA**") and G.S. MacLeod & Associates Inc., the Court appointed Chief Restructuring Officer of the FL Group ("**CRO**").

This Report has been prepared for the investors of the FL Group for the purpose of providing:

1. an overview of the CCAA process and an update on the status of the CCAA proceedings;
2. a summary of the recent financial results of certain of the legal entities comprising the FL Group;
3. a summary of the material investments in the FL Group and the corresponding underlying assets; and
4. a summary of the source and use of funds of the FL Group from August, 2011 to November, 2011.

Notice to Reader

The financial information contained in this Report was prepared by the FL Group and has not been audited or otherwise verified. The financial statements presented herein are internally prepared by the FL Group and do not comply with Generally Accepted Accounting Principles or International Financial Reporting Standards.

The work performed by the Monitor in assisting with the preparation of this Report does not constitute an audit in accordance with Generally Accepted Auditing Standards and no verification work has been performed by the Monitor. Consequently the Monitor does not express an opinion on the financial and other information included in the Report.

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

The responsibility for the FL Group's forecasts and the assumptions on which they are based is solely that of the FL Group. 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 and material change.

This Report has been prepared for the use of providing high-level details to the FL Group investors regarding certain financial information of the FL Group entities discussed herein. The reader is cautioned that this Report may not be appropriate for other purposes.

FIRST LEASIDE GROUP OF COMPANIES

Grant Thornton

Section 1

Overview of Process

Overview of the CCAA Process

The CCAA Proceedings

- On February 23, 2012, certain entities in the FL Group made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to commence proceedings under the CCAA. On that date, the Court issued an order that granted the FL Group the protection of a stay of proceedings, appointed GTL as the Company's Monitor and confirmed the appointment the CRO ("**Initial Order**"). A copy of the Initial Order and the materials filed with the Court in the CCAA proceedings are available on the Monitor's website at www.grantthornton.ca/firstleaside.
- On March 23, 2012, the Court issued an order extending the stay of proceedings to June 29, 2012 ("**March 23 Order**").
- On April 30, 2012, the FL Group sought and obtained the approval of the Court of the sale of the real property owned by Queenston Manor Limited Partnership, and adjourned the hearing of a motion for approval of the sale of the Company's interests in First Leaside Beverages Limited Partnership, until May 3, 2012.

Chief Restructuring Officer

- The CRO was originally retained by the Independent Committee of FLWM's board of directors in December, 2011 to manage operations and to consider options to restructure the Company, including the possible wind-up of all or parts of the Company.
- The conclusion of the Independent Committee was that the continuation of the cease-trade agreement, and the risks associated with recapitalizing the Company in an attempt to resume operations (including continuing to raise funds from investors) precluded a going concern restructuring. The CRO recommended to the Independent Committee that the affairs of First Leaside be wound-up in an orderly fashion under a Court supervised process. The CRO determined that it was in the best interest of investors that the wind-up be completed through the CCAA.
- Since the Initial Order was issued, the CRO and employees of the FL Group have been working to commence an orderly wind-up of the FL Group's operations and portfolio assets and have taken the following measures, among others:
  - Terminated the employment of more than 50 First Leaside staff and management;
  - Relocated the Company's head office;
  - Negotiated agreements of purchase and sale for certain assets of the Company's Canadian operations (discussed below);
  - Requested real property listing proposals and negotiated real property listing agreements in respect of certain Canadian properties, in accordance with the March 23 Order;
  - Continued to manage the Company's Texas based investments;
  - Held numerous discussions and meetings with the Company's stakeholders (including creditors and investors);
  - Prepared tax information and forms for investors to file their 2011 income tax returns;
  - Prepared financial statements for the various entities; and
  - Obtained and reviewed appraisals of certain properties to ascertain the value of the assets of the FL Group.

GTL's Role Prior to the CCAA Proceedings

- Prior to the CCAA proceedings, in March, 2011, GTL was engaged by Cassels Brock & Blackwell LLP ("**CBB**") on behalf of the FL Group as a consultant ("**Consultant**"), to prepare a report on the viability of the FL Group's operations.
- On August 19, 2011, in its capacity as Consultant, GTL issued a report to CBB advising, among other things, that the FL Group faced significant cash flow and operational challenges.
- On November 4, 2011, the FL Group engaged GTL to act as monitor ("**Private Monitor**") to provide independent reporting on the following:
  - The weekly budget and actual cash flow of the Company;
  - The historical sources and uses of funds;
  - The restructuring plans of the FL Group and the implementation of its action plans; and
  - Other matters as requested by the Company.

Overview of the CCAA Process

The CCAA Monitor

- The Monitor's activities during the CCAA proceedings have included, or will include, among other things:
  - Reviewing the cash flow and bank account activity of the Company to determine if the Company is meeting its projections and ensuring that post-CCAA payments are made in the normal course;
  - Discussing and meeting with the Company's stakeholders (including creditors and investors);
  - Analyzing financial statements and appraisals prepared or commissioned by the Company;
  - Working with the CRO to establish an orderly sales process for the Company's assets;
  - Reporting to the Court on the reasonableness of any sale, taking into account the rights and considerations of all interested parties;
  - Providing updates and making information publically available to all the interested parties; and
  - Performing a review for preferential payments and transaction at under value.

Section 2

Recent Financial Results

Draft Income Statement Summary

- The following is a summary of Income Statements of select entities within the FL Group:

The draft financial statements contained herein (the "Statements") have been internally prepared by First Leaside Wealth Management Inc. The Statements have not been audited or reviewed by any third party. The Statements do not reflect the fair market value or the realizable value of the assets included therein. The Statements are not compliant with Generally Accepted Accounting Principles or International Financial Reporting Standards. The Statements are subject to change without notice to the parties having received previous copies of same and such changes may be material.

First Leaside Group of Companies
Statement of Income Summary
Reporting period December 31, 2011
(Unaudited) in 000's

	NOTE	FLWM	WALP	FLEX	Venture
Revenue		11,158	12,672	2,164	5,671
Expenses		11,991	9,635	973	4,188
Net Operating Income	1	(833)	3,037	1,191	1,483
Net Income (Loss)		(903)	(13,928)	(1,105)	(3,419)

		Visions I & II	Progressive	Investors	Spring Valley
Revenue		$40	$308	$223	$249
Expenses		106	96	251	160
Net Operating Income	1	($66)	$212	($28)	$89
Net income (loss)		($66)	($24)	($689)	($22)

NOTE **1** Net Operating Income (before debt service to investors and mortgages)

Section 3

Summary of Investments

General Overview of Stakeholder Priorities

Overview

- This section provides a general overview of what is understood to be stakeholder priorities in the context of insolvency and restructuring proceedings. The information contained in this section is of a general nature for illustrative purposes and is not intended to provide a legal opinion as to the priority or claim of any particular creditor or investor of the FL Group.

Priorities

- Stakeholders of the FL Group can be categorized into three very broad categories: Secured creditors/mortgagees, unsecured creditors, and equity investors.
- Generally speaking, pursuant to Canadian law, when an asset is sold by a particular FL Group entity, the following would be the ranking of stakeholder groups for the purposes of distribution of proceeds:
  1. Secured creditors and mortgagees (subject to an independent review of such parties' security by the Monitor's independent legal counsel).
  2. Unsecured creditors, including debt owing to various FL Group "funds", trade creditors and unsecured intercompany loans.
  3. Equity investors, including unit holders of the FL Group's various LP's, including intercompany unit holdings within the FL Group.

Summary of Investments

First Leaside Group of Companies
Summary of FL Products
Prepared as of April 24, 2012

Security Name	Associated FL Entity	Investment Type	Total Amount Raised	Description
90 King St E. MPOC 6% 16Feb16	Beverages	Mortgage	1,000,000	1st mortgage of Thornbury property.
Bramtree Crt MPOC 6% 1Feb16	FLEX	Mortgage	3,340,000	1st mortgage on Bramtree property
Cemetery Rd MPOC 6% 10JAN16	Progressive	Mortgage	1,614,638	1st mortgage on Cemetery Road
MILL ST LP MPOC 6% 15DC15	FLEX	Mortgage	900,000	Syndicated mortgage on Mill Street Property
First Leaside Mortgage Series A Trust Units	FLWM / PTL	Debt / Mortgage	11,613,462	Invested $6MM in 1st mortgages in Sedona and Church Property (in texas) and Abbey Lane (in Vernon, BC)
Development Notes Limited Partnership	FLEX	Debt	7,868,899	Unsecured promissory note in FLEX
First Leaside Fund Series A Trust Units	WALP	Debt	2,953,396	Unsecured Promissory Note in Master Texas (part of WALP) (USD)
First Leaside Fund Series B Trust Units	WALP	Debt	27,508,147	Unsecured Promissory Note in Master Texas (part of WALP) (CAD)
First Leaside Fund Series C Trust Units	WALP	Debt	13,616,514	Unsecured Promissory Note in Master Texas (part of WALP) (CAD) - Interest was re-invested
First Leaside Properties Fund Class A Trust Units	WALP	Debt	50,736	Unsecured Promissory Note in Master Sherman (part of WALP) (USD)
First Leaside Properties Fund Class B Trust Units	WALP	Debt	10,418,003	Unsecured Promissory Note in Master Sherman (part of WALP) (CAD)
First Leaside Properties Fund Class C Trust Units	WALP	Debt	4,046,652	Unsecured Promissory Note in Master Sherman (part of WALP) (CAD) - Interest is re-invested
First Leaside Wealth Management Trust Fund	FLWM	Debt	22,314,063	Unsecured promissory note due from FLWM
FLEX Fund Class B	FLEX	Debt	2,927,419	Unsecured Promissory Note in FLEX
FLEX Fund Class C	FLEX	Debt	1,388,423	Unsecured Promissory Note in FLEX - interest is re-invested
Special Notes Limited Partnership	FLWM	Debt	10,372,768	Unsecured Promissory Notes due from FLWM LP (CAD)
Special U.S. Notes Limited Partnership	FLWM	Debt	121,964	Unsecured Promissory Notes due from FLWM LP (USD)
Wimberly Fund Class A Trust Units	WALP	Debt	1,404,832	Unsecured Promissory Note in Master Texas (part of WALP) USD - Includes $640K from FL Spring Valley.
Wimberly Fund Class B 7% T/U	WALP	Debt	936,299	Unsecured Promissory Note in Master Texas (part of WALP) CAD
Wimberly Fund Class B Trust Units	WALP	Debt	6,612,665	Unsecured Promissory Note in Master Texas (part of WALP) CAD
Wimberly Fund Class C 7% T/U	WALP	Debt	251,758	Unsecured Promissory Note in Master Texas (part of WALP) CAD - Interest is re-invested
Wimberly Fund Class C Trust Units	WALP	Debt	1,215,192	Unsecured Promissory Note in Master Texas (part of WALP) CAD - Interest is re-invested
F.L. Beverages Group Limited Partnership	Beverages	Equity	130,010	Investment in Beverages LP (formed after GTL Report dated August 19, 2011 (the "**GTL Report**"))
F.L. PrimeTime Living Limited Partnership	Retirement	Equity	335,000	1.27% Interest in First Leaside Retirement Residence LP (pg. 128 of GTL Report) (Acquired after GTL Report)
F.L. Spring Valley LP	Spring Valley	Equity	1,221,405	Investment in strip mall and FL units (see pg. 119 of GTL Report)
First Leaside Capital B Class Shares	WALP	Equity	9,049,000	Investment in Realty I & II LP, which only holds units of WALP
First Leaside Capital C Class Shares	WALP	Equity	42,533	Investment in Realty I & II LP, which only holds units of WALP
First Leaside Elite Limited Partnership	Blind Pool	Equity	6,592,099	Blind Pool (see pg. 120 of GTL Report)
First Leaside Expansion Limited Partnership	FLEX	Equity	26,463,821	Various investments in real property (see pg. 88 of GTL Report)
First Leaside Global Limited Partnership	Global	Equity	1,694,076	Funds raised in 2011 for property that never closed (refer to pg. 122 of GTL Report)
First Leaside Investors Limited Partnership	Investors	Equity	6,587,624	Investment in 2 properties; Harmony Town LP & Mill Street LP (refer to pg. 111 of GTL Report)
First Leaside Premier Limited Partnership	Blind Pool	Equity	5,505,466	Blind Pool (see pg. 121 of GTL Report)
First Leaside Progressive Limited Partnership	Progressive	Equity	14,761,296	Investment in Retirement, Beverages, and Uxbridge Developments (refer to pg. 114 of GTL Report)
First Leaside Realty II Limited Partnership	WALP	Equity	1,178,680	Investment in WALP (refer to pg. 109 of GT Report)
First Leaside Realty Limited Partnership	WALP	Equity	545,000	Investment in WALP (refer to pg. 109 of GT Report)
First Leaside Select Limited Partnership	Blind Pool	Equity	3,611,089	Blind Pool (see pg. 120 of GTL Report)
First Leaside Series II Preferred Shares	FLWM	Equity	22,019,131	FLWM pref shares
First Leaside Series III Preferred Shares	FLWM	Equity	35,028	FLWM pref shares
First Leaside Ultimate Limited Partnership	Blind Pool	Equity	3,040,200	Blind Pool (see pg. 121 of GTL Report)
First Leaside Universal Limited Partnership	Universal	Equity	5,741,000	Investment in FL Retirement (refer to pg. 116 of GTL Report)
First Leaside Venture Limited Partnership	Venture	Equity	5,132,793	Investment in Retirement homes in Ottawa and Vernon BC (refer to pg. 117 of GTL Report)
First Leaside Visions I Limited Partnership	Visions	Equity	2,922,434	Investment in Technology Start-ups (refer to pg. 123 of GTL Report)
First Leaside Visions II Limited Partnership	Visions	Equity	1,064,703	Investment in Technology Start-ups (refer to pg. 124 of GTL Report)
First Leaside Wealth Management Preferred Shares	FLWM	Equity	8,419,996	FLWM pref shares
FLWM Holdings Limited Partnership	FLWM Holdings	Equity	3,471,717	Investments in Retirement and Beverages (refer to pg. 118 of GTL Report)
Wimberly Apartments Limited Partnership	WALP	Equity	72,737,636	Units of WALP
		TOTAL	**334,777,567**	

E&OE

Offering Memoranda

Overview

- In its capacity as Consultant, GTL performed a limited review of certain of the FL Group offering memoranda (the "**OM's**") to understand:
  - The investments' objective;
  - The fees charged by the FL Group; and
  - The ability to lend or borrow on an intercompany basis.
- The following is a general description of the terms of the OM's, copies of which are available in their entirety on SEDAR (www.sedar.com). Each investor should review the OM's applicable to his or her investment.

Investment Objective

- The language of the investment objective provided a general description of the types of investments that could be acquired.
- The Funds, which held debt investments in certain FL Group limited partnerships, were permitted to provide loans to other FL Group entities, provided that the terms of such loans were no less favourable than the return that the Fund was paying to its investors.

Fees

- The OM's outline 3 types of fees that are charged by various entities within the FL Group:

1. **Agency fees:**
   - Only charged in LPs.
   - The Funds reviewed entered into a "*Cost Payment Reimbursement Agreement*" whereby the LP of the same name was responsible for the agency fees. These agreements are executed by the General Partner.
   - The agency fees charged in the LP reflect the initial administration costs (accounting, mailing, legal etc.) for both LP and Fund unit holders.
   - Agency fees typically range between $100K and $300K or up to 5% of funds raised and are only drawn "when funds are available".
   - The fees are typically paid to First Leaside Securities Inc.
2. **Wealth management fees:**
   - The LP/Fund enters into an exclusive agreement with First Leaside Securities Inc. to market the units to prospective investors.
   - A one time fee equal to 5% of total invested capital would be charged at the time of investment unless otherwise stated.
   - OM's that were reviewed by the Consultant disclosed that that the LP/Fund and FLSI are related.
3. **Business development / promotion & evaluation fees:**
   - Refers to fees charged exclusively by the LPs (not the Funds) for reviewing potential properties and investments.
   - The fees are paid to the Agent or any party which is related to the issuer.
   - Fees ranged from 7.5% to 15% of assets under management, and a flat fee of between $50,000 and $75,000 on a per review basis, and were paid "when the funds are available".
   - OM's disclosed that the LP/Fund parties are related.

Lending / Borrowing

- The OM's that were reviewed by the Consultant had clauses that allowed the limited partnerships to invest FL Group securities or lend funds to other entities in the FL Group.

FLWM

Consolidated Balance Sheet
(Expressed in Canadian dollars)
as at December 31, 2011
(unaudited)

DRAFT

	2011
Assets	
Current Assets	
Cash	$3,461,584
Short-term investments	499,327
Accounts receivable and prepaid assets	514,563
Deferred financing costs	1,354,813
Loans receivable - D. & M. Phillips & holding company	1,479,535
Loans receivable - Employees and Clients	3,320,679
Loans receivable - First Leaside Venture LP	7,500,000
Advances to affiliates	27,304,140
	45,434,642
Investments	22,315,256
Art Portfolio	787,530
	23,102,786
Capital assets, net	555,365
	$ 69,092,793
Liabilities and Shareholders' Equity	
Current Liabilities	
Accounts payable and accrued liabilities	$487,365
Income tax payable	(144,526)
Advances from affiliates	17,015,168
Loan payable	855,061
Promissory note to FLWM Fund	22,314,063
Promissory note to Special Notes	10,372,768
Promissory note to US Special Notes	124,037
	51,023,935
Preferred Shares	30,593,385
Common Stock	3
Shareholders Equity	(12,524,530)
	$ 69,092,793

Note: The CRO, the Monitor and legal counsel are reviewing the nature and collectability of these loans.

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Total Amount Raised by FLWM by way of debt & equity is $63.3M

FLWM (cont'd)

Inter-Company Debt Due To/From FLWM/FL Finance

Due from affiliates	
Due from Wimberly Apartments LP	13,795,674
Due from First Leaside Global Limited Partnership	2,440,130
Due from F.L. Spring Valley LP	1,956,851
Due from First Leaside Realty II Inc.	1,355,281
Due from First Leaside Visions II Limited Partnership	1,332,620
Due from First Leaside Investors LP	1,260,188
Due from First Leaside Visions LP	618,711
Due from First Leaside Operations LP	610,509
Due from F.L. Research Management Inc.	421,386
Due from First Leaside Retirement Residence	414,478
Due from First Leaside Venture Limited Partnership	372,372
Due from First Leaside Visions I LP	353,251
Due from Old Mill Pond LP	290,232
Due from The Shores Limited Partnership	283,663
Due from First Leaside Capital LP	264,274
Due from Shareholders	238,230
Due from Bakker & Co	212,401
Due from Allan Welsh	195,214
Due from First Leaside Realty LP	160,861
Due from First Leaside Select LP	159,574
Due from First Leaside Acquisitions LP	130,165
Due from First Leaside Management Inc.	91,200
Due from 965010 Ontario Inc. (GP of WALP)	71,649
Due from First Leaside Universal LP	68,966
Due from 1244428 Ontario Inc. (GP of Preston)	60,005
Due from D. McCoromack & Co. Inc.	34,102
Due from First Leaside Wealth Management Holdings LP	32,283
Due from Special Notes U.S. LP	17,543
Due from Other FL Entities	62,326
	$ 27,304,140

Due to affiliates	
Due to Other FL Entities	(8,146)
Due to First Leaside Ultimate LP	(21,179)
Due to First Leaside Insurance Inc.	(36,000)
Due to First Leaside Entities LP	(41,881)
Due to First Leaside Realty Inc.	(59,563)
Due to 1408927 Ontario Inc. (GP of Acquisitions 2000 LP)	(63,288)
Due to First Leaside Realty II LP	(80,217)
Due to First Leaside Growth LP	(94,498)
Due to First Leaside Visions II LP	(119,231)
Due to Special Notes Limited Partnership	(174,998)
Due to First Leaside Wealth Management Fund	(203,869)
Due to First Leaside Elite LP	(1,692,731)
Due to First Leaside Ultimate LP	(1,842,768)
Due to First Leaside Premier LP	(2,000,488)
Due to First Leaside Progressive LP	(2,470,593)
Due to First Leaside Expansion LP	(8,105,716)
	$ (17,015,168)

FLWM (cont'd)

Investments held by FLWM – (Book Value)

Investment in Wimberly Apartments Limited Partnership	9,623,634
Investment in First Leaside Retirement Residences LP	5,725,268
Investment in Joanna Hampton Holdings Inc.	1,833,884
Investment in First Leaside Beverages LP	740,713
Investment in First Leaside Elite LP	726,953
Investment in First Leaside Expansion LP	689,772
Investment in Matthew E. Bakker PC	541,573
Investment in First Leaside Fund	425,014
Investment in First Leaside Select LP	424,205
Investment in First Leaside Acquisitions LP	301,465
Investment in First Leaside Properties Fund	226,272
Investment in First Leaside Fund Management Inc.	148,300
Investment in First Leaside Premier LP	143,516
Investment in Queenston Manor Limited Partnership	97,799
Investment in First Leaside Developments LP	93,969
Investment in First Leaside Realty Limited Partnership	90,000
Investment in First Leaside Visions Management Inc.	89,877
Investment in First Leaside Progressive LP	75,000
Investment in First Leaside Realty II Limited Partnership	66,150
Investment in Wimberly Fund	66,000
Investment in Corporate Condo - 5840 Spring Valley, Dallas	58,529
Investment in First Leaside Realty Inc.	54,600
Investment in First Leaside Capital Inc.	53,061
Investment in First Leaside Investors LP	28,000
Investment in First Leaside Insurance Inc.	24,336
Investment in Corporate Condo - 7510 East Grand Unit 2318	24,114
Investment in Harmony Townhomes Limited Partnership	21,179
Investment in F.L. Spring Valley Limited Partnership	20,500
Investment in Mill Street Limited Partnership	13,565
Investment in First Leaside Holdings Inc.	5,600
Investment in First Leaside Acquisitions 2000 LP	952
Investment in First Leaside Partners (1997) LP	304
Investment in First Leaside Retirement Res. Ottawa	200
Investment in B&W Limited Partnership	(57,519)
Investment in First Leaside Technologies LP	(63,105)
	$ 22,315,256

WALP

Consolidated Balance Sheet (Expressed in Canadian dollars) as at December 31, 2011 (unaudited)	DRAFT
	2011
Assets	
Revenue-producing properties (net of accumulated amortization):	
FLW Ponde	$3,769,274
FLW Shores	4,189,075
FLW Bluffs	3,550,743
FLW Crossing	1,365,535
FLW Pointe	1,343,316
FLW Preston	6,733,073
FL Sedona Creek Ltd	5,965,250
FL Country Village, Ltd. (and adjacent Church property)	3,279,130
FL Creekview, Ltd	6,464,237
FL Raintree, Ltd	5,243,974
FL Arrowwood, Ltd	5,000,153
	46,903,759
Deposits in escrow	3,014,440
Deferred financing costs	214,747
Prepaid expenses and deposits	711,676
Due from related parties	2,132,393
Accounts receivable	140,117
Cash	6,262,316
	$59,379,448
Liabilities and Shareholders' Equity	
Liabilities:	
Mortgages payable	$53,003,414
Accounts payable and accrued liabilities	6,654,365
Promissory note payable	68,300,720
Due to related parties	21,929,554
Tenants' security deposits	287,354
Future income tax liabilities	2,025,810
Long term debt	500,000
	152,701,216
Non-controlling interest	205,107
Partners' Equity (deficiency)	(93,526,875)
	$59,379,448

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Total Amount Raised by WALP by way of debt & equity is $152.6M (excluding syndicated mortgages)

WALP (cont'd)

- Redacted -

FLEX

Consolidated Balance Sheet
(Expressed in Canadian dollars)
as at December 31, 2011
(unaudited)

DRAFT

	2011
Assets	
Revenue-producing properties (net of accumulated amortization):	
Wheately	$396,713
Bramtree	4,463,401
Queenston	6,085,763
Victoria Drive & Brock Street (proposed head office site)	10,445,183
	21,391,060
Due from FLWM	8,979,350
Prepaids and deposits	365,483
Deposits in escrow	46,653
Tenant inducements	17,706
Accounts and loans receivable	57,439
Cash	792,604
	$ 31,650,295
Liabilities and Shareholders' Equity	
Liabilities:	
Mortgage payable	$6,653,417
Due to related parties	358,394
Promissory notes payable (FLEX Fund & Development Notes)	12,696,970
Accounts payable and accrued liabilities	3,013,557
Tenant deposits and prepaid rent	227,637
	22,949,975
Partners' Equity	8,700,320
	$ 31,650,295

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Total Amount Raised by FLEX by way of debt & equity is $38.6M (excluding syndicated mortgages)

Venture

Consolidated Balance Sheet (Expressed in Canadian dollars) as at December 31, 2011 (unaudited)	DRAFT
	2011
Assets	
Revenue-producing properties (net of accumulated amortization):	
Ottawa - Redwoods	$34,206,719
Ottawa - Palisades	30,946,392
Okanagan - Cherry	7,095,136
Okanagan - Orchard	10,544,703
Okanagan - Shores	8,171,180
	90,964,130
Due from related parties (primarily FL Finance / FLWM)	4,120,506
Prepaids and deposits	102,645
Deferred financing costs (net of amortization)	5,220,540
Inventory	64,592
Accounts and loans receivable	367,867
Cash	860,467
	$101,700,747
Liabilities and Shareholders' Equity	
Liabilities:	
Mortgages payable	$75,518,394
Due to related parties (primarily FL Finance / FLWM)	4,273,895
Promissory notes payable (FL Finance and Primetime Living LP)	16,492,557
Accounts payable and accrued liabilities	3,756,114
Tenant deposits and prepaid rent	993,450
	101,034,410
Partners' Equity	666,337
	$101,700,747

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Total Amount Raised by Venture by way of debt & equity is $5.1M

Investors

Consolidated Balance Sheet
(Expressed in Canadian dollars)
as at December 31, 2011
(unaudited)

DRAFT

		2011
Assets		
Revenue-producing properties (net of accumulated amortization):		
Harmony Townhomes		$2,349,708
Mill St.		1,255,208
		3,604,916
Due from related parties (FLWM)		163,970
Prepaids and deposits		15,762
Deposits in escrow		146,947
In-place leases		1,361
Accounts receivable		21,327
Cash		7,248
	$	**3,961,531**
Liabilities and Shareholders' Equity		
Liabilities:		
TD Mortgage (Harmony)		$1,189,692
Syndicated Mortgage (Mill Street)		900,000
Due to related parties (FLWM / FL Finance)		1,337,201
Accounts payable and accrued liabilities		17,416
Tenant deposits and prepaid rent		11,649
Deferred revenue		1,826
		3,457,784
Partners' Equity		503,745
	$	**3,961,531**

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Total Amount Raised by Investors by way of debt & equity is $6.6M

Progressive

Consolidated Balance Sheet
(Expressed in Canadian dollars)
as at December 31, 2011
(unaudited)

DRAFT

	2011
Assets	
Revenue-producing properties (net of accumulated amortization):	
Cemetery Road	$2,006,262
	2,006,262
Due from related parties (FL Finance)	4,085,289
Prepaids and deposits	2,834
Investments in Beverages LP	575,000
Investment in FL Retirement Residence LP	2,500,000
Accounts receivable	221,841
Cash	11,154
	$ 9,402,380
Liabilities and Shareholders' Equity	
Liabilities:	
Mortgage payable	$1,637,379
Due to related parties (FLWM)	1,644,399
Accounts payable and accrued liabilities	12,465
Tenant deposits and prepaid rent	800
	3,295,043
Partners' Equity	6,107,337
	$ 9,402,380

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Total Amount Raised by Progressive by way of debt & equity is $14.8M

Select, Premier, Ultimate and Elite

Consolidated Balance Sheet
(Expressed in Canadian dollars)
as at December 31, 2011
(unaudited)

DRAFT

	Select	Premier	Ultimate	Elite
		2011		
Assets				
Cash	$ 66	$ 31	$ (3)	$ 460
Due from related parties	-	2,615,804	1,926,100	1,750,458
	$ 66	**$ 2,615,835**	**$ 1,926,097**	**$ 1,750,918**
Liabilities and Shareholders' Equity				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Due to related party	156,907	648,760	4,000	86,022
	156,907	648,760	86,023	86,023
Partners' Equity	(156,841)	1,967,075	1,840,074	1,664,896
	$ 66	**$ 2,615,835**	**$ 1,926,097**	**$ 1,750,918**

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Total Amount Raised by Select, Premier, Ultimate and Elite by way of equity is $18.7M

Visions I and II

Consolidated Balance Sheet (Expressed in Canadian dollars) as at December 31, 2011 (unaudited)	DRAFT
	2011
Assets	
Cash	$640,270
Prepaid expenses and deposits	1,200
Promissory note receivable	1,110,610
Venture financing of Ontario start-up companies	3,675,103
	$5,427,183
Liabilities and Shareholders' Equity	
Liabilities:	
Accounts payable and accrued liabilities	37,002
Due to related parties (FLWM)	2,048,114
	2,085,116
Partners' Equity	3,342,067
	$5,427,183

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Total Amount Raised by Visions by way of debt & equity is $4M

Section 4

Source and Use of Funds

Source and Use of Funds

Background

- As part of its mandate as Private Monitor, GTL reviewed the transactions in 98 bank accounts controlled by FL Group entities for the following two periods: August 19, 2011 – November 1, 2011 and November 2, 2011 – November 25, 2011. There were, in addition, 37 other accounts (the "**Excluded Accounts**") for which a detailed review was not completed.

Source of Funds - August 19, 2011 to November 1, 2011

- The following table is a summary of funds received during the above period, of which approximately $20.0M was received from investors:

Bank accounts	from Penson	# of Trans	Avg. Trans	Type
Special Notes LP	$ 8,277,038	29	$ 285,415	Debt
FL Expansion LP	3,977,051	5	795,410	Equity
FL Expansion Fund (FLEX Fund)	3,408,075	40	85,202	Debt
FL Venture LP	2,271,191	17	133,599	Equity
FLWMS Fund	1,403,332	11	127,576	Debt
FL Primetime Living LP	334,960	4	83,740	Equity
FL Beverage Group LP	129,980	3	43,327	Equity
Special U.S. Notes LP	121,944	2	60,972	Debt
Wimberly Apartments LP (WALP)	78,540	4	19,635	Equity
	$ 20,002,111	116	$ 172,432	

- Other sources of funds are detailed in the table below and include a $500,000 loan from the holding company of David Phillips which was deposited on September 2, 2011 in to FLWM:

Sources	Total
Mortgage refinancing on Venture closing	1,812,036
Loan from D Phillips' holding company	500,000
Rental Income	412,050
Proceeds from sale of investments	338,418
Distributions & Dividend payments	232,221
Client Wealth Management Fees received	198,397
Foreign Exchange Swap (WALP buyout)	139,153
Monthly Hedge transactions	120,000
Mortgage Payments received	111,545
Other miscellaneous amounts	239,440
	$ 4,103,260

Use of Funds - August 19, 2011 to November 1, 2011

- The total use of funds was approximately $25.6M and was for closing costs related to the purchase of Venture ($8.4M), buying out the Development Notes fund units in FLEX ($4.34M), distributions and dividend payments ($3.67M) and construction costs related to the Victoria Street (FLEX) building ($1.36M), among others.
- The following table summarizes the top ten expenditures between August 19, 2011 and November 1, 2011:

Uses	Total
Closing costs (Venture)	(8,437,402)
Client Buyout (Development Notes)	(4,335,433)
Distributions & Dividend Payments	(3,665,302)
Construction costs (Victoria St)	(1,360,268)
Penson	(1,199,623)
Payroll	(1,001,627)
WALP operating costs	(801,958)
Legal Fees	(677,006)
Utilities & Communications	(356,380)
Primetime Living operating costs	(350,000)
Other items	(3,416,059)
	$ (25,601,058)

Source and Use of Funds

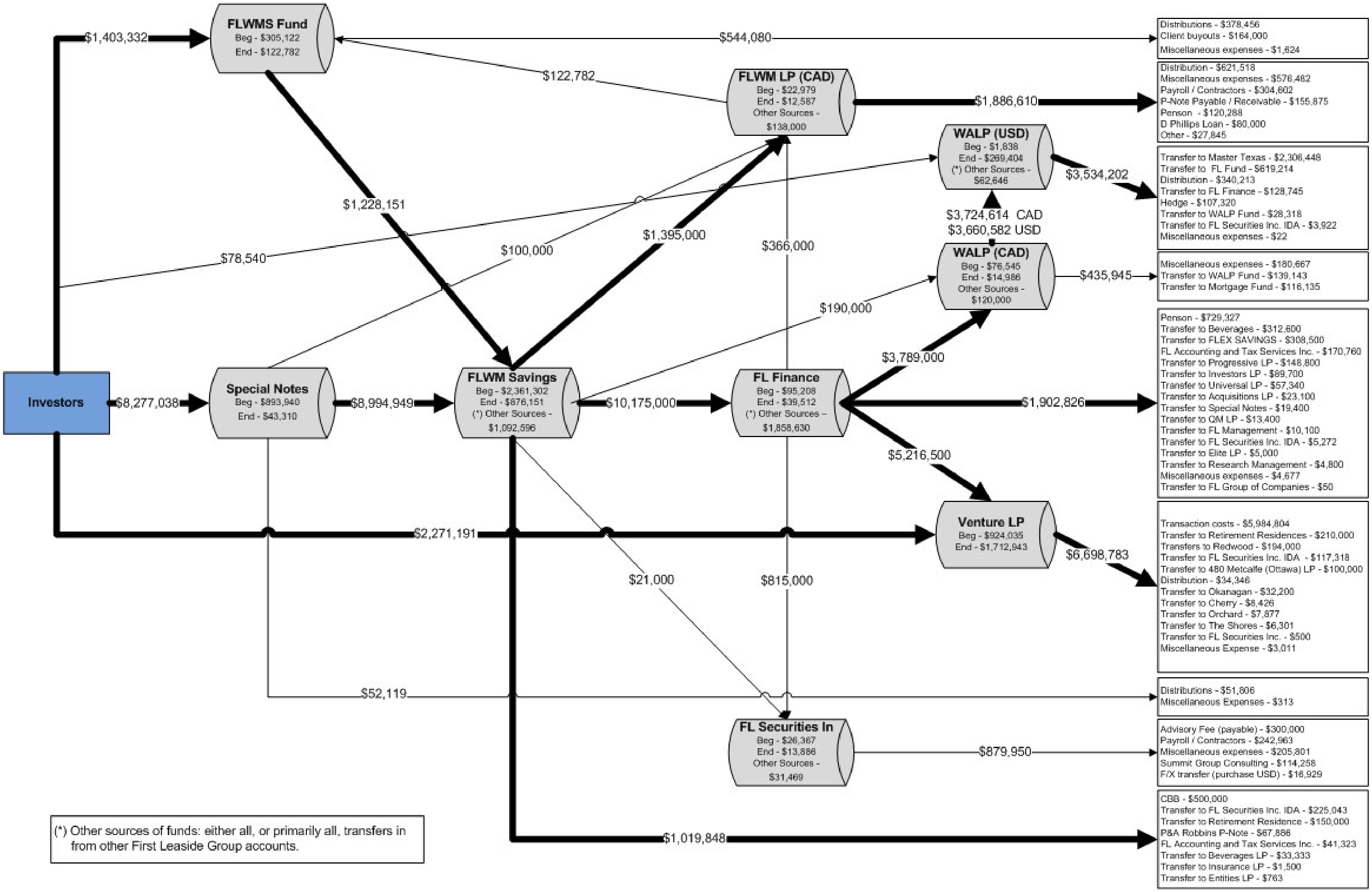
Source and Use of Funds – November 2, 2011 to November 25, 2011

- The sources of funds during this time period totaled $2.085M and included $1.6M related to a hedge settlement in the WALP account, $225K of reimbursed conference expenses, $166K related to fees earned from investors, and tax refunds of $70K. No new investment funds were received during this period.
- Disbursements totaling $2.174M during this period were significantly reduced from the prior period and as well there was a substantially reduced level of transfer activity amongst the accounts.
- The use of funds during this time period included the following:
  - Distributions paid to investors of $785K;
  - $500K paid to the holding company of D. Phillips; these funds cleared the bank account on November 3, 2011;
  - $73K paid to CBB;
  - $100K paid to the Private Monitor as a retainer;
  - Payroll costs of $195K;
  - $130K paid to the corporations in Visions I as loans to finance the underlying operating and payroll costs;
  - Disbursements of $79K related to the Victoria Street, Uxbridge property; and
  - $75K paid to finance the operating costs in the Beverages LP fund.

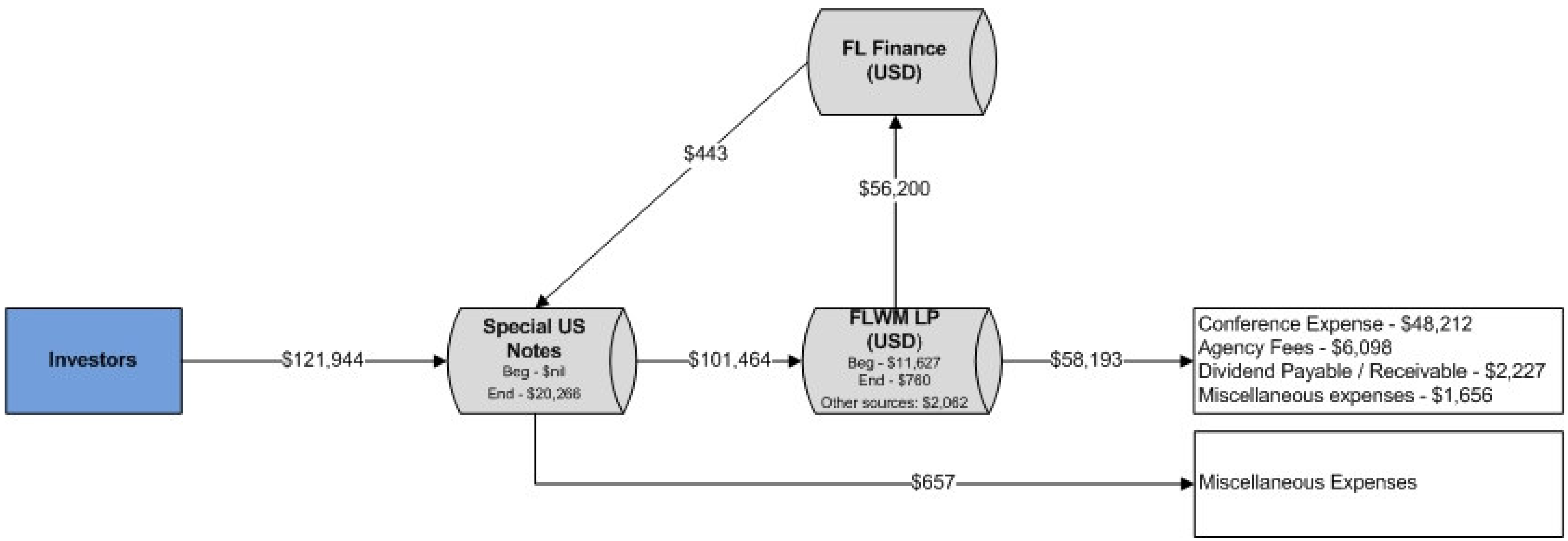
Trading by Directors and Management

- As a part of its mandate, the Private Monitor also reviewed the trading activity by the directors and management of the FL Group for the period from August 19, 2011 to November 25, 2011. During this period:
  - i) the majority of the directors and management did not buy or sell FL Products; and,
  - ii) two directors purchased FL Products (on a net basis) and one director sold FL Products (on a net basis). The transactions involving the director having sold FL Products were not material.

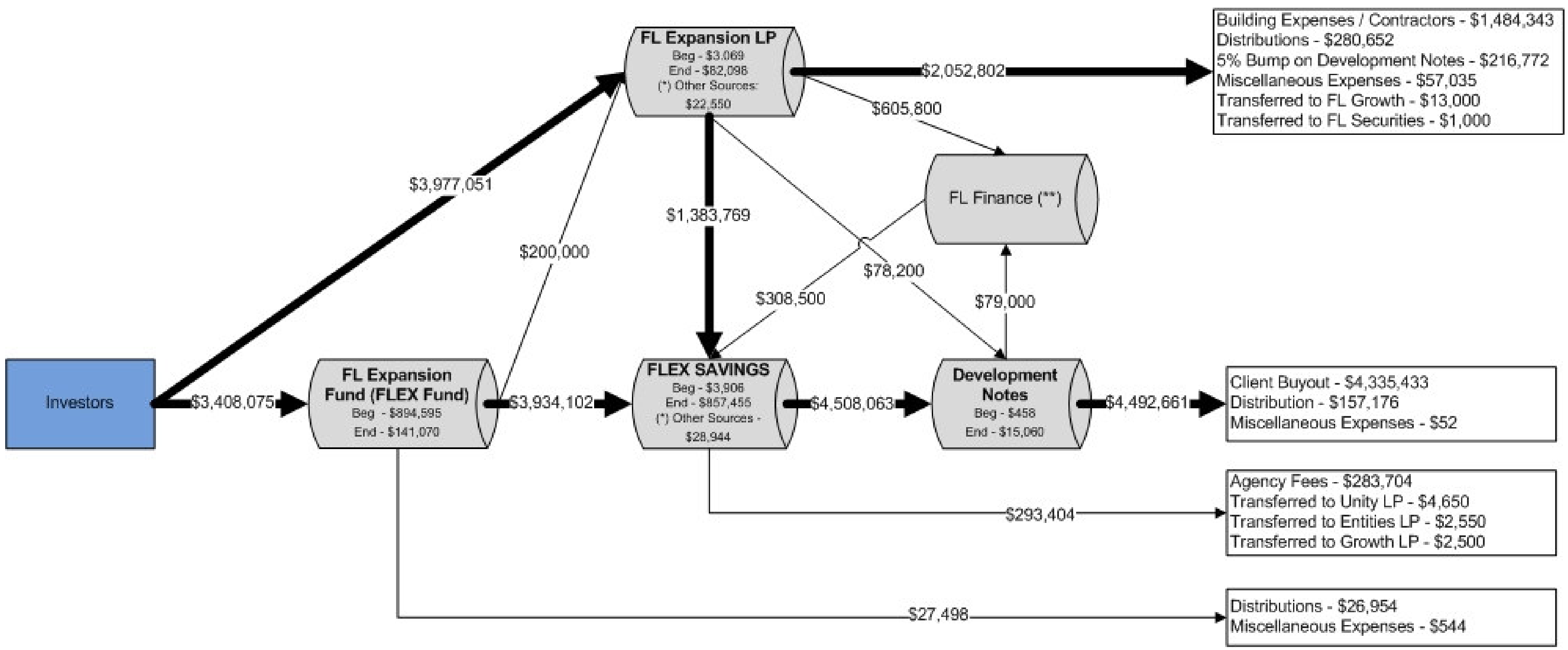
Flow of Investor Funds – Special Notes



Flow of Investor Funds – Special Notes (USD)



Flow of Investor Funds – FLEX



(*) Other sources of funds: either all, or primarily all, transfers in from other First Leaside Group accounts.
(**) See Special Notes diagram for detail on where money in FL Finance was transferred/spent.