

**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" or "Applicants")**

**AFFIDAVIT OF GREGORY MACLEOD
(sworn May 2, 2012)**

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

1. I am the president of G.S. MacLeod & Associates Inc., the court-appointed
chief restructuring officer ("**CRO**") of First Leaside Wealth Management Inc., and the
other applicants as well as the limited partnerships affiliated with the Applicants,
including First Leaside Expansion Limited Partnership ("**FLEX**"). As such, I have

knowledge of the facts deposed to in this affidavit. To the extent that this affidavit describes events or facts of which I do not have personal knowledge, I have identified the source of the information and, in all cases, believe it to be true.

2. I swear this affidavit in response to the affidavit of Allen Waichenberg sworn April 2nd, 2012, in support of the motion of 792873 Ontario Limited, carrying on business as H&S Equipment ("**H&S**") for a declaration that FLEX is holding a \$100,000 "performance security deposit" in trust for H&S and an order that FLEX pay the \$100,000 performance security deposit to H&S.

3. On or about July 13, 2010, FLEX, as "Owner", entered into a contract (the "**Contract**") with H&S, for the supply of erosion and sedimentation control, soil remediation, site services and excavation work to the First Leaside Head Office project, located at 4 Victoria Drive, 144 & 168 Brock Street West in Uxbridge, Ontario (the "**Project**").

4. It was a term of the Contract that H&S provide performance security for the Contract. In that regard, the Contract provides as follows:

H&S shall, prior to commencement of the Work within the specified time, provide to the Construction Manager any Contract security specified in the Contract Documents.

It is a condition of this Letter of Intent that H&S provides Performance Security in the form of a Certified Cheque or Letter of Credit with a value of \$100,000.00, made payable to the Owner, the cost of which is included in the value of this agreement. The Certified Cheque shall be returned when this Contract reaches 98% completion.

5. On November 10, 2010, FLEX received the \$100,000 performance security (the "Funds") from H&S in the form of a money order drawn on the Toronto-Dominion Bank ("**TD Bank**") bearing the Transit-Serial Number 316-54213982. A copy of the money order slip issued by the TD Bank at 7967 Yonge Street, Thornhill, Ontario, is enclosed to this affidavit as **Exhibit "A"**.

6. Upon receipt from H&S, the Funds were deposited by FLEX into FLEX's general operating account number 5274137 with TD Canada Trust at 55 King Street West, Toronto (the "**FLEX Account**"). The Funds were not segregated, but, instead, became

comingled with FLEX's other operating funds. Attached as **Exhibit "B"** is a copy of a redacted statement of account for the FLEX Account and showing that the Funds were deposited on November 10, 2010.

7. The terms of the Contract do not create

- (a) a security interest in the Funds in favour of H&S; or
- (b) a trust in favour of H&S.

8. I have reviewed a certified Personal Property Security Registration search for FLEX obtained on April 23, 2012. From my review of the PPSA search results, I am satisfied and I believe that no financing statement was filed by H&S in respect of the Contract or the Funds and that the claim advanced by H&S is an unsecured claim. Attached as **Exhibit "C"** is a certified copy of the PPSA search conducted against FLEX.

9. After the Funds were deposited into the FLEX Account, FLEX continued to make deposits into, and payments out of, the FLEX Account in the normal course of business.

10. Numerous contractors, within the meaning of the *Construction Lien Act*, R.S.O. 1990, c. C.30, as amended (the "**Act**"), that supplied services and materials to the Project, have asserted trust claims against the monies in the FLEX Account. Enclosed as **Exhibit "D"** is a chart of all existing lien claimants and trust claimants who have advanced claims to date.

11. It is possible that further individuals or companies may advance trust claims against FLEX in the future, that are not yet known to FLEX.

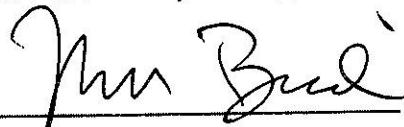
12. Contrary to the position advanced by H&S, the Funds do not constitute a trust fund for the exclusive benefit of H&S but are part of the amount in FLEX's "hands" within the meaning of section 7(2) of the *Construction Lien Act*.

Town of Bolton ✓ JB
SWORN before me at the ~~City of Burlington~~
In the Province of Ontario, this 2nd day of
May, 2012)
)
)
)

John Burt
A Commissioner, etc.

Gregory MacLeod
Gregory MacLeod

This is Exhibit "A"
of the Affidavit of Gregory MacLeod ,
sworn this 2nd day of May, 2012

A handwritten signature in cursive script, appearing to read "Mr Brud", written over a horizontal line.

A Commissioner, etc.

Nov. 10, 2010 Deposit \$ 100,000 —

THE BACK OF THIS DOCUMENT CONTAINS A TD LOGO WATERMARK - DOCUMENT VOID IF MISSING

10358 (0207)

The Toronto-Dominion Bank

7967 Yonge Street
Thornhill, ON L3T 2C4

DATE

2010-11-10

YYYYMMDD

Transit-Serial No.

316-54213982

Pay to the
Order of FIRST LEASIDE EXPANSION LIMITED PARTNERSHIP

\$ ****100,000.00

Authorized signature required for amounts over CAD \$5,000.00

Re

The Toronto-Dominion Bank
Toronto, Ontario
Canada M5K 1A2

Authorized Officer
Counter-signed

Number

OUTSIDE CANADA NEGOTIABLE BY CORRESPONDENTS AT THEIR BUYING RATE FOR DEMAND DRAFTS ON CANADA

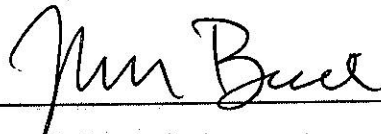
⑈ 54213982 ⑈ ⑈ 09612 ⑈ 004 ⑈

⑈ 3808 ⑈

⇒ CR Security Deposit ?

X + 15 / m

This is Exhibit "B"
of the Affidavit of Gregory MacLeod ,
sworn this 2nd day of May, 2012

A handwritten signature in cursive script, appearing to read "Jim Buehl", is written over a horizontal line.

A Commissioner, etc.



Canada Trust

TORONTO DOMINION CENTRE
55 KING ST W
TORONTO, ON M5K 1A2

Tel: 1-866-222-3456
TTY: 1-800-361-1180

TDCDA11100_2277507_006 E D 01020 00013

FIRST LEASIDE EXPANSION LIMITED
PARTNERSHIP
GENERAL ACCOUNT
PO BOX 621
UXBRIDGE ON L9P 1N1

Statement of Account		Account Type	Statement From - To	
Branch No.	Account No.	CURRENT ACCOUNT	OCT 29/10 - NOV 30/10	
1020	0690-5274137		Page 1 of 9	
DESCRIPTION	CHEQUE/DEBIT	DEPOSIT/CREDIT	DATE	BALANCE
GC 3776-DEPOSIT 100,000.00 NOV10				
ENCLOSED NEXT STATEMENT DATE IS DEC 31/10			No.	Amount
MONTHLY AVER. CR. BAL.			Credits	
MONTHLY MIN. BAL.			Debits	

Please ensure that you report in writing any errors or irregularities found within this statement within 30 days of the statement date. If you do not, the statement of account shall be conclusively deemed correct except for any amount credited to the account in error.

Accounts issued by: **THE TORONTO-DOMINION BANK**

TDCDA11100_2277507_006 - 0081308
HRI - 00 - 5 - 1 - 1 - 000131

This is Exhibit "C"
of the Affidavit of Gregory MacLeod ,
sworn this 2nd day of May, 2012



A Commissioner, etc.

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : P9SR060
PAGE : 1
(9846)

RUN NUMBER : 114
RUN DATE : 2012/04/23
ID : 20120423134330.39

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

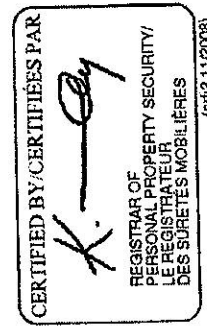
SEARCH CONDUCTED ON : FIRST LEASIDE EXPANSION LIMITED PARTNERSHIP

FILE CURRENCY : 22APR 2012

ENQUIRY NUMBER 20120423134330.39 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

CASSELLS BROCK - O. D'INNOCENZO
SUITE 2100, 40 KING STREET WEST
TORONTO ON M5H 1C2



This is Exhibit "D"
of the Affidavit of Gregory MacLeod ,
sworn this 2nd day of May, 2012



A Commissioner, etc.

EXHIBIT "c"

Liens Claimed against Victoria Street Building, 144 Brock St., and 168 Brock St.

First Lease Entities Lien Claim Asserts as Owner of Property	Amount of Lien	Claimant	Work Alleged to Have Been Performed	Certificate of Action Registered	Service of Statement of Claim Accepted
FLEX 2067171 Ontario Inc. 1132413 Ontario Inc. First Lease Realty II Inc.	\$92,695.03	Janick Electric Limited	Installation and supply of electrical services and materials.	X	
1132413 Ontario Inc. First Lease Realty II Inc. 2067171 Ontario Inc.	\$281,795.50	LaFarge Canada Inc.	Supply of ready-mix concrete.	X	
FLEX 1132413 Ontario Inc. First Lease Realty II Inc. 2067171 Ontario Inc.	\$99,440.01	Aquanorth Contracting Ltd.	Provision of waterproofing, drainage, and insulation.	X	
First Lease Realty II Inc. FLEX 2067171 Ontario Inc. 1132413 Ontario Inc.	\$364,028.23	792873 Ontario Ltd. (carrying on business as H&S Equipment)	Provision of erosion and sedimentation control, soil remediation, site services, and excavation work.	X	
FLEX 1132413 Ontario Inc. First Lease Realty II Inc. 2067171 Ontario Inc.	\$94,827.36	Municipal Mechanical Contractors Limited	Provision of HVAC services.	X	

2067171 Ontario Inc. First Leaside Realty II Inc. FLEX 1132413 Ontario Inc.	\$205,538.91	Gilbert Steel Limited	Supply and installation of reinforcing steel.	X	X
1132413 Ontario Inc. First Leaside Realty II Inc. 2067171 Ontario Inc.	\$418,752.12	Kenaidan Contracting Ltd.	Construction management services.	X	X
2067171 Ontario Inc. FLEX First Leaside Realty II Inc. 1132413 Ontario Inc.	\$1,723,754.66	Structform International Limited	Form, place, and finish concrete.	X	X
First Leaside Realty II Inc. 2067171 Ontario Inc. 1132413 Ontario Inc.	\$139,376.47	Rounthwaite Dick & Hadley Architects Inc.	Architectural and engineering consulting services.		
First Leaside Realty II Inc.	\$13,034.00*	Peto Mac Callum Ltd.	Site inspection services for 4 Victoria Drive, 144 Brock Street, and 168 Brock Street West.		
Total:	\$3,433,242.29				

* Lien is registered against 144 Brock St. property only.

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COMPROMISE OR ARRANGEMENT OF FIRST LEASIDE WEALTH
MANAGEMENT INC., ET AL.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

Proceedings commenced at Toronto

AFFIDAVIT OF GREGORY MACLEOD

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Fax: 416.360.3154

Lawyers for the Debtor,
First Leaside Wealth Management Inc.