CASSELS BROCK
LAWYERS

April 15, 2014

By E-mail

PRIVILEGED AND CONFIDENTIAL

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

Dear Investors:

Re: CHANGE IN LAW FIRM OF REPRESENTATIVE COUNSEL AND CIPF CLAIM RESPONSES TO INVESTORS

Cassels Brock is now Representative Counsel

By way of background, Dentons Canada LLP (formerly known as Fraser Milner Casgrain LLP) ("**Dentons**") had been appointed by Order of the Ontario Superior Court of Justice (the "**Court**") to act as representative counsel ("**Representative Counsel**") to represent the interests of the clients of First Leaside Securities Inc. (the "**Investors**") in respect of the First Leaside proceedings under the *Companies' Creditors Arrangement Act*. The role of Dentons as Representative Counsel was continued in the Receivership Proceedings of First Leaside.

Effective March 1, 2014, Shayne Kukulowicz and Jane Dietrich, the primary partners dealing with the Representative Counsel mandate, left Dentons and joined Cassels Brock & Blackwell LLP ("**Cassels Brock**") as partners. On March 14, 2014 the Court made an Order that Cassels Brock would replace Dentons as Representative Counsel going forward. This Order is attached hereto as Appendix 'A'.

Cassels Brock formerly represented First Leaside as well as Grant Thornton Limited as court-appointed receiver of First Leaside (with respect to specific matters). As a result, ethical screens have been put into place to ensure that there is no sharing of information between those members of Cassels Brock who are engaged in the Representative Counsel mandate and those at Cassels Brock who may have otherwise been involved in matters involving First Leaside. Furthermore, transition costs associated with move from Dentons to Cassels Brock will not be born by the Investors.

Given this, the information hotline, now monitored by Cassels Brock, continues to be available at 1-877-669-4414 and Representative Counsel can also be reached by e-mail at the new email address of firstleaside@casselsbrock.com. Please continue to identify the name of the Investor in the subject line when communicating by email with us. If you are receiving this correspondence by regular mail, please send your email address and contact information to firstleaside@casselsbrock.com so that we can effectively communicate with all Investors.

CIPF Claim Responses to Investors

As discussed in our last letter to Investors dated January 15, 2014 (the "**January 2014 Letter**"), it is our understanding that the Canadian Investor Protection Fund ("**CIPF**") has been continuing to issue initial decisions to the First Leaside Investors with respect to their claims. To date, Representative Counsel is only aware of instances where CIPF staff have denied First Leaside Investors' claims for compensation. We are unaware of any claims that have been accepted.

We remind all Investors that if your CIPF claim is/has been denied, and if you disagree with the decision of CIPF staff, you must respond to CIPF in order to maintain your appeal rights and have your claim reviewed by a panel of one or more CIPF Directors.

Each individual Investor will have a different deadline to notify CIPF of your intention to appeal (depending upon when you have received your CIPF notice). We have received confirmation from CIPF regarding the extension of the deadline, which is now 120 days as was discussed in the January 2014 Letter.

Should you wish to preserve your appeal rights after receiving a rejection notice, you must notify CIPF in accordance with the notice provisions in the rejection letter you receive from CIPF. In those rejection notices which we are currently aware of, CIPF has requested such notice to be provided by email at flsi@cipf.ca or in writing to: Canadian Investor Protection Fund, Re: First Leaside, 79 Wellington Street, Suite 610, Box 75, Toronto, Ontario M5K 1E7.

If you have received a notice from CIPF staff denying compensation and wish to preserve your appeal rights, the following paragraph includes some suggested language that you may choose to send to CIPF:

> ___[date]___, 2014
>
> On _[insert date of CIPF decision letter]_ I __[name]_ received a letter from CIPF staff denying my claim for compensation with respect to the losses I have suffered as a result of the insolvency of First Leaside Securities Inc. Pursuant to CIPF's Claims Procedures, I am writing to inform you that I wish to appeal CIPF staff's decision to deny my claim and to have the decision and my claim reviewed by a panel of CIPF Directors. Please confirm receipt of this notice by replying to me at [insert contact information].

Please note as well that, along with the appeal notification to CIPF, Investors are entitled to, and should include any further relevant information they may have related to their claim.

At this time, we are continuing to monitor the CIPF process and have reached out to CIPF's counsel to discuss how the appeals will be dealt with and whether there is merit in initially litigating a sample of appeals or a number of sample appeals for efficiency and cost purposes. We are still waiting to hear back from CIPF and until we have more clarification from CIPF on the process, we cannot commit to acting for Investors on their individual claims. Obviously, to the extent that Investors wish to retain their own counsel, we are not discouraging such efforts.

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Please do not hesitate to contact us through the hotline as noted above should you have any questions or concerns.

Yours truly,

Cassels Brock & Blackwell LLP

Shayne Kukulowicz

cc: Jane Dietrich

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LAWYERS

Appendix 'A'
Order replacing Dentons Canada LLP with Cassels Brock & Blackwell LLP as Representative Counsel dated March 14, 2014

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MR.	)	FRIDAY, THE 14th
	)	
JUSTICE WILTON-SIEGEL	)	DAY OF MARCH, 2014

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc., and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

ORDER

THIS MOTION, made by **Cassels Brock & Blackwell LLP** ("**Cassels Brock**") for an order (i) abridging and validating the timing and method of service of the motion record such that this motion is properly returnable today; and (ii) that Cassels Brock replace Dentons Canada LLP, ("**Dentons Canada**") (formerly known as Fraser Milner Casgrain LLP) as representative counsel ("**Representative Counsel**") to the clients (the "**Investors**") of First Leaside Securities Inc. ("**FLSI**") appointed by the Court pursuant to paragraph 41 of the Order of Justice D. Brown made on February 23, 2012 (the "**Initial Order**") in Court File No. CV-12-9617-00CL (the "**CCAA Proceedings**"), as amended and continued in these proceedings in accordance with the Order of Justice Wilton-Siegel made on December 7, 2012 (the "**Receivership Order**") and permitting Cassels Brock to engage the services of Dentons Canada as necessary was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jane O. Dietrich and on hearing the submissions of the lawyers for Cassels Brock and Grant Thornton Limited in its capacity as court-appointed receiver of First Leaside and no one appearing for any other party, although properly served as appears from the Affidavit of Service of Stephanie Waugh, sworn March 11, 2014, filed,

1. **THIS COURT ORDERS THAT** the timing and method of service of the motion record be and is hereby abridged and validated so that this motion is property returnable today.

2. **THIS COURT ORDERS THAT** Cassels Brock is hereby appointed as Representative Counsel to the Investors of FLSI in these proceedings, as successor to and in replacement of Dentons Canada, and that Cassels Brock be and is hereby authorized to engage the services of Dentons Canada as necessary.

3. **THIS COURT ORDERS THAT** Cassels Brock as Representative Counsel is entitled to all of the benefits, rights and protections provided to Representative Counsel in both the Initial Order and the Receivership Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAR 14 2014

Schedule A – List of Additional Receivership Applicants

First Leaside Finance Inc.
First Leaside Securities Inc.
FL Securities Inc.
Mill Street Limited Partnership
Harmony Townhomes Limited Partnership
First Leaside Management Inc.
Development Notes Limited Partnership
Special Notes Limited Partnership
First Leaside Accounting and Tax Services Inc.
2086056 Ontario Inc.
First Leaside Properties Limited Partnership
First Leaside Realty Inc.
First Leaside Realty Limited Partnership
First Leaside Realty II Inc.
First Leaside Investors Limited Partnership
First Leaside Premier Limited Partnership
First Leaside Progressive Limited Partnership
First Leaside Realty II Limited Partnership
First Leaside Ultimate Limited Partnership
First Leaside Universal Limited Partnership
Uxbridge Development Limited Partnership
First Leaside Retirement Residences Limited Partnership
First Leaside Venture Limited Partnership
965010 Ontario Inc.
Wimberly Apartments Limited Partnership
1045517 Ontario Inc.
The Shores Limited Partnership
1024919 Ontario Inc.
Old Mill Pond Apartments Limited Partnership
1031628 Ontario Inc.
1056971 Ontario Inc.
The Bluffs of Lakewood Limited Partnership
1376095 Ontario Inc.
F.L. Spring Valley Limited Partnership
1437290 Ontario Ltd.
First Leaside Partners Limited Partnership
First Leaside Opportunities Limited Partnership
1244428 Ontario Ltd.
Preston Racquet Club Real Estate Limited Partnership Series 910PA
Preston Racquet Club Real Estate Limited Partnership Series 910PB
Preston Racquet Club Real Estate Limited Partnership Series 910PC
Preston Racquet Club Real Estate Limited Partnership Series 910PD
PrestonOne Development (Canada) Inc.
PrestonTwo Development (Canada) Inc.

PrestonThree Development (Canada) Inc.
PrestonFour Development (Canada) Inc.
2088543 Ontario Inc.
2088544 Ontario Inc.
F.L.W. Pond Master Ltd.
2088545 Ontario Inc.
F.L.W. Shores Master Ltd.
1331607 Ontario Inc.
First Leaside Acquisitions Limited Partnership
Queenston Manor General Partner Inc.
Queenston Manor Limited Partnership
2107738 Ontario Inc.
First Leaside Advantage Limited Partnership
2128054 Ontario Inc.
First Leaside Elite Limited Partnership
1132413 Ontario Inc.
First Leaside Entities Limited Partnership
2067171 Ontario Inc.
First Leaside Expansion Limited Partnership
2085306 Ontario Inc.
First Leaside Growth Limited Partnership
2086218 Ontario Inc.
First Leaside Unity Limited Partnership
First Leaside Visions Management Inc.
2007804 Ontario Inc.
First Leaside Wealth Management Limited Partnership
First Leaside Fund Management Inc.
F.L. Beverages Group Limited Partnership
First Leaside Global Limited Partnership
Special U.S. Notes Limited Partnership
FLWM Holdings Limited Partnership
First Leaside Select Limited Partnership
Cherry Park Retirement Residences Limited Partnership
First Leaside Retirement Residences (Okanagan) Limited Partnership
Orchard Valley Retirement Residences Limited Partnership
The Shores Retirement Residences Limited Partnership
F.L. PrimeTime Living Limited Partnership

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

IN THE MATTER OF THE RECEIVERSHIP OF First Leaside Wealth Management Inc., and the Applicants Listed on Schedule "A" (collectively, "**First Leaside**")

ONTARIO

SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding Commenced at Toronto

ORDER

CASSELS BROCK & BLACKWELL LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

Lawyer: R. Shayne Kukulowicz /Jane O. Dietrich
LSUC: 30729S / 49302U
Email: skukulowicz@casselsbrock.com / jdietrich@casselsbrock.com
Telephone: 416 860-6463 / 416 860-5223
Facsimile: 416-640-3176 / 416-640-3144

Lawyers for the Applicant