



FIRST LEASIDE
Group of Companies

IMPORTANT NOTICE TO INVESTORS IN THE FIRST LEASIDE GROUP OF COMPANIES

February 8, 2012

Dear Investor:

On November 7, 2011 you were provided with information regarding business and regulatory challenges that were facing the First Leaside group. You received an update communication on December 23, 2011.

At this time, First Leaside faces dwindling cash reserves, mounting obligations and a very short timeframe for devising and implementing a solution. Plans were developed and considered, looking at alternatives for continuing the business as well as plans to salvage as much value as possible for investors from the existing assets. After careful consideration of the situation and consultation with advisors, the Independent Committee of the Board of Directors of First Leaside Wealth Management Inc. (“Independent Committee”) has recently concluded that there is too much uncertainty associated with the options for continuing the First Leaside business. Rather than risk the remaining cash and limited time on an effort to advance the business, the Independent Committee has also concluded that it is in the best interests of investors to apply the remaining resources to a plan to realize maximum value from the existing assets.

The recent conclusion of the Independent Committee is that First Leaside’s assets and cash flows are not sufficient to support the investments that have been made in those assets. Moreover, raising additional capital and attempting to grow the value of First Leaside’s assets to a level that might provide a return on invested capital is not realistic for any foreseeable term, and, accordingly, not in the best



interests of First Leaside's investors.

Regrettably, after considering the alternatives available for First Leaside's business and having received advice from its external financial and legal advisors, the Independent Committee has determined that the best route forward for First Leaside and its investors is to implement a managed wind-up of First Leaside's business and assets. The existing senior management team of First Leaside will not be involved in that process, although they will be available to provide assistance as requested by the Independent Committee.

What Does This Mean?

As a result of the Independent Committee's decision to oversee a managed wind-up of First Leaside's business, the current management team at First Leaside will step aside over the next two weeks and the company's affairs will be run by Mr. Greg MacLeod who has been appointed as First Leaside's Chief Restructuring Officer, ("CRO"). The Independent Committee will continue to have over-sight of First Leaside's affairs.

In order to commence the managed wind-up, First Leaside will apply for a Court supervised process under the *Companies Creditors Arrangements Act*. This procedure will provide protection from legal claims that might arise and could distract the Independent Committee and CRO from carrying out the plan and thereby risk a further loss of investor value.

The plan will be based on value maximization strategies to be developed and carried out for each investment property. For example, there will be some immediate sales of properties that have no reasonable prospect of appreciating in value over the foreseeable term. Other assets are expected to be operated as is, or refurbished with a view to a sale at higher values in the next 12 to 24 months. Retirement homes in Ottawa present a promising opportunity if sufficient financing can be raised to refurbish them with a view to selling those units at higher values over a longer period.

Please be advised that the company's offices are in the process of being relocated to 33 Toronto Street North, Uxbridge. We expect to have the offices re-established over the course of the next week. Phone and contact numbers will remain the same.

OSC Cease Trade Agreement

Investors will be interested in the status of the cease trade agreement that was put in place a few months ago. At this time, there are no plans to remove the cease trade agreement and it is expected that the OSC will keep it in place until further notice.

Unfortunately, First Leaside is not in a position to provide any liquidity to investors for their First Leaside securities until the wind-up process has been completed. The amounts expected to be realized through a managed wind-up will depend on a number of factors, including the performance of the underlying assets, First Leaside's ability to refinance certain of those assets, the amount of sale proceeds obtained for such assets, and the outcome of any proceedings against the company. This process will take time so investors should not expect to receive any pay-out in the near term.

The amounts to be received by an individual investor will also vary depending on the entity in which they invested and the type of investment (debt or equity) that was made. We will be working through the details of investor entitlements in the coming weeks and will report additional information when it is available.

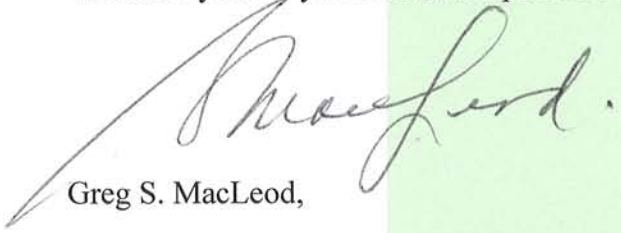
Non-First Leaside proprietary securities

Client accounts will continue to be operated normally until arrangements are made to transfer the accounts to another institution. In the interim, clients can arrange to transfer management of their non-First Leaside proprietary securities to an institution of their choice by making arrangements directly with that institution. We will execute such requests as quickly as possible in the order they are received.

Questions and Answers

This communication is the full extent of our report and information available at this time. **However, in order to provide investors with an opportunity to ask questions, we are hosting conference calls from 12:00 noon until 1:00 p.m. on Thursday, February 9th and Monday, February 13th. Dialing instructions will be provided directly to investors.**

We thank you for your continued patience and support.

A handwritten signature in black ink, appearing to read "MacLeod", written over a light green vertical background strip.

Greg S. MacLeod,

Chief Restructuring Officer