

No securities regulatory authority or regulator has assessed the merits of the Trust Units or this Offering or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. You could lose all the money you invest. See Item 9 – Risk Factors. This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities within the United States or by residents of the United States. There shall be no sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. This offering memorandum is for the confidential use of only those persons to whom it is transmitted in connection with the Offering for the purpose of evaluating the securities offered hereby. Prospective Investors should only rely on the information in this offering memorandum. No person has been authorized to give any information or make any representation in respect of the Fund or the securities offered herein and any such information or representation that is given or received must not be relied upon. By accepting this offering memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this offering memorandum or any information contained herein.

Private Placement of Securities

September 13, 2016

**CONFIDENTIAL OFFERING MEMORANDUM**  
**NEWLOOK CAPITAL INDUSTRIAL SERVICES TRUST**

835 Harrington Court, Suite 2, Burlington, Ontario L7N 3P3

Phone: 905-331-3697

Email: industrialfund@newlookcapital.com

**Currently listed or quoted:** No. These securities do not trade on any exchange or market.

**Reporting Issuer:** No. The Fund is not a reporting issuer or equivalent in any jurisdiction in Canada.

**SEDAR filer:** No.

**THE OFFERING**

**Securities Offered:** Trust Units, which are class A trust units of the Fund.

**Price Per Security:** \$1,000 per Trust Unit on the Initial Closing Date. Thereafter, at the applicable Graduated Unit Price.

**Maximum Offering:** \$40,000,000 (an aggregate of 40,000 Trust Units, assuming all Trust Units are sold at \$1,000 per Trust Unit). The Fund may, without notice to Investors, increase the Maximum Offering. The Fund has realized no Offering Proceeds as of the date of this offering memorandum.

**Minimum Offering:** **There is no minimum. You may be the only purchaser.** Funds available under the Offering may not be sufficient to accomplish our proposed objectives. The investments to which the Fund will gain exposure have not all been identified as of the date of this offering memorandum. See **Item 9 – Risk Factors**.

**Minimum Subscription:** 10 Trust Units (\$10,000 on the Initial Closing Date and thereafter based on the applicable Graduated Unit Price), subject in each case to the discretion of the Trustee. See **Item 6.3 – Subscription Procedure**.

**Payment Terms:** Investors must pay the subscription price in full by certified cheque, bank draft or such other manner as may be accepted by the Fund at the time of delivering a fully completed and signed Subscription Agreements. See **Item 6.3 – Subscription Procedure**.

**Closing Dates:** Closings may be held from time to time in the Trustee's discretion until the Maximum Offering is reached. The Initial Closing Date is expected to occur by the end of September 2016.

**Tax Consequences:** There are important tax consequences relating to the ownership of these securities. See **Item 7 – Income Tax Consequences**.

**Selling Agents:** Yes. The Fund will sell Trust Units through Raintree Financial Solutions, an exempt market dealer, on a non-exclusive basis. The Fund may also, from time to time, appoint agents or sub-agents that are (i) exempt market dealers registered under applicable securities laws in Canada (ii) members of the Investment Industry Regulatory Organization of Canada, or (iii) exempt from registration requirements under applicable securities laws in Canada, to offer the Trust Units for sale under the Offering. The Selling Commission will be payable by the Fund in respect of Trust Units sold under the Offering. See **Item 8 – Compensation Paid to Sellers**. The Fund has paid no Selling Commissions to date.

**RESALE RESTRICTIONS**

You will be restricted from selling your securities for an indefinite period. You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See **Item 11 – Resale Restrictions**.

**INVESTORS' RIGHTS**

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See **Item 12 – Investor's Rights**.

The distribution of Trust Units is being made pursuant to section 2.3 (the "Accredited Investor Exemption"), pursuant to section 2.9 (the "Offering Memorandum Exemption") or pursuant to section 2.10 (the "Minimum Amount Exemption") of National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators based on the applicable election made by the Investor in the Subscription Agreement. Accordingly, the distribution is exempt from the requirement to prepare and file a prospectus under applicable legislation.

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## EXECUTIVE SUMMARY

- The Offering has been created to provide an opportunity for Investors, by way of a tiered investment structure, to invest indirectly in Canadian industrial services companies. This Offering is open to Investors in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.
- The Fund is an investment trust formed and existing under the laws of Ontario. The Fund is not a corporation. The Trustee of the Fund is Newlook Capital Services I Inc. (the “**Trustee**”) which will manage the affairs of the Fund. The directors of the Trustee are Elroy Gust and Tony Diab. The Fund is governed by the Declaration of Trust.
- The Fund does not and will not carry on active business. Rather, the Fund will use the Available Funds (less an amount for working capital) from the Offering to purchase Class A LP Units of the Partnership. The Partnership will, in turn, use the funds available to it from the sale of Class A LP Units to the Fund, as well as the proceeds from the Partnership Offering to acquire controlling interests or make strategic debt investments in Canadian industrial service companies. From its position as controlling shareholder of the Portfolio Companies or through covenants set out in its debt investment documentation, the Partnership will use the experience of the General Partners’ officers and directors to appoint suitable individuals to the boards of the Portfolio Companies, who will in turn appoint the management teams of the Portfolio Companies. The Partnership also intends to acquire controlling interests in certain Portfolio Companies by issuing Class B LP Units or a combination of issuing Class B LP Units and paying cash to the owners of such Portfolio Companies in satisfaction of the purchase price. In this manner the Fund will, indirectly through its interest in the Partnership, earn income derived from the business of the Portfolio Companies.
- The Fund intends to distribute all or any part of the Net Available Cash of the Fund (if any) that the Trustee prudently determines as being available for distributions, to Trust Unitholders of record on the last day of each calendar quarter. The Fund may also distribute cash (if any) that the Trustee prudently determines as being available for distributions to Trust Unitholders for other distribution periods. It is expected that no cash will be distributed to Trust Unitholders until cash flows are sufficiently stabilized. Where a distribution of distributable cash is declared by the Trustee, such distribution will be paid no later than the last day of the calendar month following the calendar quarter in respect of which such distribution has been declared and if the distribution period is not a calendar quarter then as determined by the Trustee. See **Item 6.2 – Cash Distributions to Trust Unitholders**. The ability of the Fund to make cash distributions and the actual amount distributed depends on the operations of the Portfolio Companies owned by the Partnership and distributions made by the Partnership on the Class A LP Units and will be subject to various factors including those referenced in **Item 9 – Risk Factors**. See **Item 2.7.3 – Partnership Agreement – Capital of the Partnership**.

## INVESTMENT NOT LIQUID

**There is no market through which Trust Units can be sold and Investors will be unable to sell Trust Units purchased under the Offering.** As at the date of this offering memorandum, none of the Trust Units or any other securities of the Fund has been listed or quoted, and the Fund has not applied to list or quote any of its securities. The Fund does not currently intend to apply to list or quote any of its securities on any stock exchange, quotation system or marketplace. Further, the Trust Units will be subject to a number of resale restrictions, including a statutory restriction on trading. Until the statutory restriction on trading expires, if ever, a Trust Unitholder will be unable to trade Trust Units unless it complies with very limited exemptions from the prospectus requirements under applicable securities legislation. Since the Fund has no current intention of becoming a reporting issuer (or the equivalent) in any jurisdiction in Canada, these statutory trading restrictions may never expire. Further, the Declaration of Trust contains restrictions on transfer of the Trust Units, whereby no transfer is permitted without the consent of the Trustee. Consequently, Trust Unitholders will be unable to liquidate their investment in Trust Units in a timely manner, if at all, or pledge their Trust Units as collateral for loans. See **Item 11 – Resale Restrictions**.

## ELIGIBILITY FOR INVESTMENT

Subject to completion of the Eligibility Distribution and provided that the Fund has satisfied and continues to satisfy the requirements under the Tax Act in order for it to qualify as a “mutual fund trust” thereunder, based on the provisions of the Tax Act in force as of the date hereof, the Trust Units if issued on the date hereof, would be “qualified investments” under the Tax Act for Exempt Plans.

As of the date of this offering memorandum, the Fund does not qualify as a “mutual fund trust.” However, provided the Fund meets the Eligibility Distribution by March 31, 2017, and the Fund otherwise satisfies the requirements under the Tax Act in order for it to qualify as a “mutual fund trust” thereunder at that time, the Fund will be eligible to elect under subsection 132(6.1) of the Tax Act to

be deemed to be a mutual fund trust from the date it was created until the date it met the Eligibility Distribution requirement. There can be no assurance that the Fund will attain or thereafter maintain status as a “mutual fund trust” under the Tax Act.

Notwithstanding that the Trust Units may be a qualified investment for a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax on the Trust Units held in the TFSA, RRSP or RRIF, if such Trust Units are a “prohibited investment.” The Trust Units will generally be a “prohibited investment” if the holder of the TFSA or the annuitant under a RRSP or RRIF does not deal at arm’s length with the Fund for the purposes of the Tax Act or has a “significant interest” in the Fund. A person will have a significant interest in the Fund if the person, together with non-arm’s length persons, holds 10% or more of the fair market value of the Trust Units. See **Item 7.1.1 - Income Tax Consequences - Certain Canadian Federal Income Tax Considerations - Eligibility for Investment.**

## **CERTAIN ASPECTS OF THE OFFERING**

While certain of the Portfolio Companies in which the Partnership will be invested, and to which the Fund will consequently gain exposure, have been identified as of the date of this offering memorandum, including Direct Elevator Service Ltd., Multiservice Group Inc. and True Canadian Elevator Maintenance Company Ltd., the Fund intends to invest in other Portfolio Companies which have not yet been identified. Accordingly, the Fund is partially a “blind pool”. See **Item 9 – Risk Factors.** For information concerning the Portfolio Company investment strategy of the Partnership, see **Item 3.4 – Investment Strategy.** See **Item 2 – Business of the Fund** for a description of the Fund and the Partnership and see **Item 1 – Use of Available Funds** for a description of the anticipated use of the Offering Proceeds.

**An investment in the Trust Units must be considered speculative as the securities are subject to certain risk factors as set out under Item 9 – Risk Factors. An investment in Trust Units is appropriate only for Investors who have the capacity to absorb a loss of some or all of their investment.**

**The return on an investment in the Trust Units is not comparable to the return on an investment in fixed income securities.** Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Fund; any receipt of cash distributions by a Trust Unitholder is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Fund intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Fund to make cash distributions and the actual amount distributed depends on the operations of the Portfolio Companies acquired by the Partnership, and will be subject to various factors including those referenced in **Item 9 – Risk Factors.** Set out in **Item 6.2.2 – Funds Flow from the Portfolio Companies** is a summary of the distribution of funds from the Partnership to the Fund. The value of the Trust Units may decline if the Fund is unable to meet its cash distribution targets, if any, in the future and that decline may be significant.

## **FORWARD-LOOKING INFORMATION**

This offering memorandum contains certain statements or disclosures that may constitute forward-looking information under applicable securities laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Fund anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as “future”, “may”, “will”, “intend”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate” or other comparable terminology. Forward-looking information presented in this offering memorandum includes the following:

- the expectation of quarterly distributions;
- the Partnership’s successful completion of the acquisition of interests the Featured Portfolio Companies;
- the identification, successful negotiation and acquisition of interests in other Portfolio Companies;
- the Fund’s proposed status as a “mutual fund trust”;
- the Fund’s intentions or expectations about its ability to raise capital under the Offering (including the issue and sale of Trust Units) or otherwise, including the ability of the Fund to complete the Maximum Offering;
- intentions or expectations about the Partnership’s ability to raise capital in addition to through the sale of Class A LP Units to the Fund and its acquisition of interests in the Portfolio Companies;

- the Fund's intentions regarding payment of Selling Commissions, Offering Costs, and ongoing general and administrative expenses, including the fees and expenses described in **Item 1.4 – Fees and Expenses**;
- intentions and expectations regarding the Partnership's payment of general, administrative and operational costs and expenses associated or incurred in connection with, or related to investments in the Portfolio Companies;
- forecast business results and anticipated financial performance of the Portfolio Companies;
- long-term or short-term plans and objectives of the Fund and the Partnership for future operations or refinancing of any Portfolio Companies; and
- the Fund's intentions or expectations about its ability to distribute Net Available Cash (if any) to Trust Unitholders.

Various assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions are based on information currently available to the Fund, including information obtained by the Fund from third-party industry analysts and other arm's length sources. In some instances, material assumptions are presented or discussed elsewhere in this offering memorandum in connection with the forward-looking information. We caution you that the following list of material assumptions is not exhaustive. The assumptions include, but are not limited to:

- expectations about general economic conditions and conditions in the industrial services sector in which the Portfolio Companies may operate, including there being no material labour disruptions, and the ability to deploy capital in those markets and generate a profit therefrom;
- expectations about the availability of capital, including expectations about the successful completion of the Maximum Offering;
- expectations about the Fund's and the Partnership's respective abilities to raise sufficient capital to complete their respective business objectives, including the advance of Available Funds (less working capital requirements) to the Partnership and the investments in the Portfolio Companies;
- intentions or expectations about the Partnership's ability or opportunity to dispose of any interest in any Portfolio Company;
- a stable competitive environment; and
- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

The forward-looking information in this offering memorandum is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Portfolio Companies and the Partnership, and, consequently, those of the Fund, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Fund including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such forward-looking information. While we do not know what impact any of those differences may have, the Portfolio Companies and the Partnership's business, results of operations, financial condition and credit stability, and, consequently, those of the Fund, may be materially adversely affected. Factors that could cause actual results, performance, achievements or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things:

- risks associated with general economic conditions and any Portfolio Company's ability to successfully operate its business;
- risks associated with the Fund's and the Partnership's financing efforts, including that Fund does not reach the Maximum Offering and the Partnership does not raise sufficient capital to achieve its objectives or that sufficient, cost-effective financing to fund capital expenditures, Trust Unit redemptions, ongoing general, administrative and operating costs and expenses associated or incurred in connection with operation of the Portfolio Companies' respective businesses cannot be obtained;
- tax risks, as more particularly described under **Item 7 – Income Tax Consequences** and **Item 9 – Risk Factors**, which might affect the tax consequences to acquiring, holding and disposing of Trust Units;

- legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity, timing and extent of changes in prevailing interest rates, changes in counterparty risk; and
- risks associated with the potential for labour disruptions or weakened relations between Portfolio Companies and organized labour.

We caution you that the above list of risk factors is not exhaustive. Other factors which could cause actual results, performance, achievements or outcomes of the Fund to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information are disclosed under **Item 9 – Risk Factors**.

We are not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, prospective Investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained in this offering memorandum.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Any documents of the type referred to in National Instrument 45-106 – *Prospectus Exemptions* to be incorporated by reference in an offering memorandum, including any marketing materials that are effective after the date of this offering memorandum and before the termination of the Offering, are deemed to be incorporated by reference in this offering memorandum.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Fund at 835 Harrington Court, Suite 2, Burlington, Ontario L7N 3P3.

**Any statement contained in this offering memorandum or in a document incorporated or deemed to be incorporated by reference herein is deemed to be modified or superseded for the purposes of this offering memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded is not deemed, except as so modified or superseded, to constitute a part of this offering memorandum.**

## GLOSSARY

In this offering memorandum (including in the face pages hereof), unless the context otherwise requires, the following words and terms have the indicated meanings:

“Advisory Committee”	The advisory committee of the General Partner as described in <b>Item 3.1 – The Partnership and the General Partner</b> .
“affiliate”	<p>Has the meaning given in National Instrument 45-106 - <i>Prospectus Exemptions</i>. Without limiting that definition, an issuer is an affiliate of another issuer if:</p> <ul style="list-style-type: none"><li>(a) one issuer is controlled, directly or indirectly, by the other issuer; or</li><li>(b) each of the issuers is controlled, directly or indirectly, by the same other person(s) or issuers, and in respect of such relationship, a person or issuer (first person) is considered to “control” another issuer (second person) if:</li><li>(c) the first person, directly or indirectly, beneficially owns or exercises direction or control over securities of the second person carrying votes which, if exercised, entitle the first person to elect a majority of the directors (or other similar fiduciaries) of the second person, unless the first person holds the voting securities only to secure an obligation; or</li><li>(d) the second person is a partnership (other than a limited partnership) and the first person holds more than 50% of the interests of the partnership; or</li><li>(e) the second person is a limited partnership, whose general partner is the first person.</li></ul>
“Agency Fee”	The fee payable by the Fund to registered exempt market dealers in respect of Trust Units sold under the Offering through such dealers, being equal to 9% of the Offering Proceeds. See <b>Item 8 – Compensation Paid to Sellers</b> .
“associate”	<p>Has the meaning given in National Instrument 45-106 – <i>Prospectus Exemptions</i>, where used to indicate a relationship with any person. Without limiting that definition, when used to indicate a relation involving a person (first person), another person (second person) is an associate of or associated with the first person if:</p> <ul style="list-style-type: none"><li>(a) the second person beneficially owns or controls, directly or indirectly, voting securities of the first person carrying more than 10% of the voting rights attached to the outstanding voting securities of the first person;</li><li>(b) the second person is a partner of the first person acting on behalf of the partnership of which they are partners;</li><li>(c) the second person is a trust or estate in which the first person has a substantial beneficial interest or in respect of which the first person serves as a trustee or executor or in a similar capacity; or</li><li>(d) where the first person is an individual, the second person is a relative of the first person, including:<ul style="list-style-type: none"><li>(i) a spouse of the first person; or</li><li>(ii) a relative of the first person’s individual’s spouse,</li></ul>if the relative has the same home as the first person individual.</li></ul>
“Available Funds”	The Offering Proceeds less the aggregate of the Offering Costs, Selling Commissions and capital advisory fee. See also <b>Item 1 – Use of Available Funds</b> .
“Canada T-Bill Rate”	The rate (expressed as a percentage) equal to the average of the mid-market yields to maturity calculated from the applicable redemption date, of a Government of Canada treasury bill with a term to maturity that is approximately 10 years from the first issuance of Trust Units, as determined by a major Canadian investment dealer selected by the Trustee on the business day preceding the day on which the notice of redemption of a Trust Unit is given.
“Class A Designated Percentage”	The percentage of all of the issued and outstanding LP Units of all classes at a particular time, that are Class A LP Units, which for purposes of certainty, is determined as a fraction having as its numerator the total number of issued and outstanding Class A LP Units at a particular time and having as its denominator the total number of LP Units of all classes issued and outstanding at such time.
“Class A Limited Partner”	The holder of Class A LP Units.
“Class A LP Units”	The Class A limited partnership units of the Partnership, as more particularly described in <b>Item 2.7.3 – Partnership Agreement</b> .
“Class B Limited Partners”	The holders of Class B LP Units from time to time.
“Class B LP Units”	The Class B limited partnership units of the Partnership, as more particularly described in <b>Item 2.7.3 – Partnership Agreement</b> .



“Class C Limited Partners”	The holders of Class C LP Units from time to time.
“Class C LP Units”	The Class C limited partnership units of the Partnership, as more particularly described in <b>Item 2.7.3 – Partnership Agreement</b> .
“Class D Limited Partners”	The holders of Class D LP Units from time to time.
“Class D LP Units”	The Class D limited partnership units of the Partnership, as more particularly described in <b>Item 2.7.3 – Partnership Agreement</b> .
“Closing”	The respective completion of an issue and sale to Investors of Trust Units under the Offering from time to time.
“Closing Date”	The date of a Closing. Closings may be held (as determined by the Trustee in its discretion) from time to time until the Maximum Offering is achieved or the Offering is terminated.
“CRA”	Canada Revenue Agency.
“Declaration of Trust”	The declaration of trust dated as of September 13, 2016, as subsequently amended or restated from time to time, between the Trustee, as trustee, and the Trust Unitholders, as beneficiaries, governing the Fund, as more particularly described under <b>Item 2.7.2 – Declaration of Trust</b> .
“dissolution”	The liquidation, dissolution or winding up of the Fund or the Partnership (as the context requires), whether voluntary or otherwise, or other distribution of assets or property of the Fund or the Partnership (as the context requires) or repayment of capital among the securityholders of the Fund or the Partnership (as the context requires) for the purpose of liquidation, dissolution or winding up its affairs.
“DPSP”	A trust governed by a deferred profit sharing plan.
“Due Diligence Fee”	The fee payable by the Partnership to an arm’s length third party or the General Partner or an affiliate, as described in <b>Item 3.4.3 – Due Diligence</b> . See also <b>Item 4.1 – Compensation and Securities Held</b> .
“Eligibility Distribution”	The issue and sale of a sufficient number of Trust Units under the Offering or otherwise to permit the Fund’s ongoing qualification under the Tax Act as a “mutual fund trust”, which is achieved when the Fund has at least 150 Trust Unitholders holding a prescribed number and value of Trust Units.
“Exempt Plans”	A RRSP, a RESP, a RRIF, a DPSP, a TFSA or a RDSP.
“Featured Portfolio Companies”	Collectively, Direct Elevator Service Ltd., Multiservice Group Inc. and True Canadian Elevator Maintenance Company Ltd.
“Fund”	Newlook Capital Industrial Services Trust, a trust formed under the laws of Ontario pursuant to the Declaration of Trust. See also <b>Item 2.1.2 – The Fund</b> .
“GAAP”	At any time, the accounting principles generally accepted in Canada, determined with reference to the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time.
“General Partner”	Newlook Industrial Services GP I Inc., an Ontario corporation which is the general partner of the Partnership and which is currently owned by Elroy Gust and Tony Diab, both of whom are also directors and officers of the General Partner.
“GP Distribution”	The entitlement of the General Partner to receive an amount in respect of a monthly distribution equal to 0.1666% (2% per year) of the aggregate Capital Contribution by holders of Class A LP Units, Class B LP Units and Class C LP Units.
“Graduated Unit Price”	The price payable per Trust Unit pursuant to the Offering following any Closing after December 31, 2016 which shall be determined as set out in <b>Item 6.3 – Subscription Procedure</b> .
“IFRS”	At any time, the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time.
“Initial Closing Date”	The date of the first Closing, which is currently scheduled for no later than the end of September, 2016 but which date may be changed in the sole discretion of the Trustee.
“Investor”	A person subscribing for and purchasing Trust Units pursuant to the Offering.
“Lead Arranger”	Raintree Financial Solutions Partnership, in its capacity as Lead Arranger for the Fund.
“Lead Arranger Fee”	The fee payable by the Fund to the Lead Arranger, being equal to 1% of the Offering Proceeds. See <b>Item 8 – Compensation Paid to Sellers</b> .
“Limited Partners”	Means the limited partners of the Partnership from time to time including the Class A Limited Partners, Class B Limited Partners, Class C Limited Partners and Class D Limited Partners.
“LP Units”	Means limited partnership units of the Partnership.

“Maximum Offering”	Offering Proceeds of up to \$40,000,000, to be achieved through the issue and sale of up to 40,000 Trust Units under the Offering (assuming all Trust Units are sold at \$1,000 per Trust Unit).
“Newlook Capital”	Newlook Capital Inc.
“Net Asset Value per Trust Unit”	The most recent fair value of the Fund’s assets less the most recent fair value of the Fund’s liabilities, such determinations to be made by the Trustee twice during each fiscal period at approximately six month intervals (all as determined on a consolidated basis), then divided by the issued and outstanding Trust Units, adjusted for any potentially diluting instruments or securities (including options and warrants).
“Net Available Cash”	The cash available to the Fund for discretionary distribution (if any), which is generally based on distributions received by the Fund from the Partnership on the Class A LP Units, less amounts estimated for expenses, taxes, contingencies, depreciation, amortization, cost recovery deductions, or similar allowances or other obligations.
“Non-Class A LP Units”	The LP Units of all classes other than the Class A LP Units.
“Non-Class A Designated Percentage”	The percentage of all of the issued and outstanding LP Units of all classes at a particular time, that are Non-Class A LP Units, which for purposes of certainty, is determined as a fraction having as its numerator the total number of issued and outstanding Non-Class A LP Units at a particular time and having as its denominator the total number of LP Units of all classes issued and outstanding at such time.
“Non-Resident”	Persons that are not resident in Canada or that are not deemed to be resident in Canada for the purposes of the Tax Act.
“OBCA”	<i>Business Corporations Act</i> (Ontario), as amended, including the regulations promulgated thereunder.
“Offering”	The Fund’s offering, issue and sale of Trust Units on a private placement basis, as more particularly described in this offering memorandum.
“Offering Costs”	Costs associated with the Offering and the establishment of the Fund excluding the Selling Commissions and capital advisory costs.
“offering memorandum”	This confidential offering memorandum pertaining to the Offering, including any amendment, restatement or update to this offering memorandum.
“Offering Proceeds”	At any time, the aggregate gross proceeds realized by the Fund from the issue and sale of Trust Units under the Offering.
“Partnership”	Newlook Capital Industrial Services LP, a limited partnership formed under the laws of Ontario governed by the Partnership Agreement, whose partners will be the General Partner and the Limited Partners, including the Fund. See also <b>Item 3.1 – The Partnership and the General Partner.</b>
“Partnership Agreement”	The limited partnership agreement governing the Partnership entered into by the General Partner and the Limited Partners as may be amended or restated from time to time. See also <b>Item 2.7.3 – Partnership Agreement.</b>
“Partnership Offering”	Has the meaning set out in <b>Item 3.2 – Partnership Offering.</b>
“Permitted Investments”	<p>As defined in the Partnership Agreement and the Declaration of Trust, permitted investments by the Fund and the Partnership, as applicable, pending intended uses of funds, are:</p> <ul style="list-style-type: none"> <li>(a) obligations issued or guaranteed by the Government of Canada or any province of Canada or any agency or instrumentality thereof;</li> <li>(b) commercial paper or other short-term obligations of a person whose commercial paper or other short-term obligations have an approved rating of R-2 (or higher) by DBRS Limited or A-3 (or higher) by Standard and Poor’s Rating Services, or an equivalent approved rating (as defined under applicable securities laws) by an approved credit rating organization (as defined under applicable securities laws);</li> <li>(c) interest-bearing accounts, term deposits, guaranteed investment certificates, certificates of deposit or bankers’ acceptances of or guaranteed or accepted by any Canadian chartered bank or other financial institution, the long term debt or deposits of which have an approved rating (within the meaning attributed thereto under applicable securities laws) of BBB (or higher) by DBRS Limited or BBB (or higher) by Standard and Poor’s Rating Services, or an equivalent approved rating (as defined under applicable securities laws) by an approved credit rating organization (as defined under applicable securities laws); or</li> <li>(d) any combination thereof.</li> </ul> <p>For the purpose of, “<b>short term</b>” means having a date of maturity or call for payment that is one year or less from the date on which the investment is made.</p>

“person”	Any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company, corporation or other body corporate with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority, department or political subdivision thereof, or other organization or entity, whether or not a legal entity, however designated or constituted.
“Portfolio Company”	The industrial service companies in which the Fund will have an indirect interest by way of its investment in the Class A LP Units.
“Preferred Return”	An 8% cumulative, non-compounding preferred return payable to the Limited Partners, calculated annually on the aggregate capital contributed to the Partnership by the Limited Partners, provided that the aggregate capital contributed to the Partnership by the Fund shall for purposes of the preferred return be calculated based on the Offering Proceeds and not the subscription price paid by the Fund for the Class A LP Units.
“Redemption Notes”	Debt securities of the Fund, or any subsidiary of the Fund, that may be created and issued from time to time, that are subordinated and unsecured, have a maturity of 10 years or less, may be prepaid at any time at the option of the issuer prior to maturity, without notice, bonus or penalty and pay an annual rate of interest equal to the Canada T-Bill Rate, which interest is payable quarterly in arrears.
“Redemption Price”	The redemption price per Trust Unit is equal to 94% of Net Asset Value per Trust Unit.
“Related Vendors”	Has the meaning given in <b>Item 3.4.3 - Due Diligence</b> .
“RDSP”	A trust governed by a registered disability savings plan.
“RESP”	A trust governed by a registered education savings plan.
“RRIF”	A trust governed by a registered retirement income fund.
“RRSP”	A trust governed by a registered retirement savings plan.
“Selling Commission”	Comprised of the Lead Arranger Fee and the Agency Fee. See <b>Item 8 – Compensation Paid to Sellers</b>
“SIFT Rules”	Has the meaning given thereto in <b>Item 7.1.2 - Status of the Fund</b> .
“Special Resolution”	With respect to the Fund, means: <ul style="list-style-type: none"> <li>(a) a resolution proposed to be passed as a special resolution at a meeting of Trust Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the Declaration of Trust and passed by more than 66⅔% of the votes cast on such resolution by Trust Unitholders present or represented by proxy at the meeting; or</li> <li>(b) notwithstanding any other provision of the Declaration of Trust, a resolution in writing executed by Trust Unitholders holding more than 66⅔% of the votes attached to outstanding Trust Units at any time.</li> </ul>
“Subscription Agreement”	A subscription agreement to be executed by each Investor providing for the purchase of Trust Units in the form provided by the Fund.
“subsidiary”	Has the meaning given in National Instrument 45-106 – <i>Prospectus Exemptions</i> . Without limiting that definition, an issuer is a subsidiary of another issuer if it is controlled, directly or indirectly, by that other issuer, and in respect of such relationship, a person or issuer (first person) is considered to “control” another issuer (second person) if: <ul style="list-style-type: none"> <li>(a) the first person, directly or indirectly, beneficially owns or exercises direction or control over securities of the issuers carrying votes which, if exercised, entitle the first person to elect a majority of the directors (or other similar fiduciaries) of the issuer, unless the first person holds the voting securities only to secure an obligation; or</li> <li>(b) the issuer is a partnership (other than a limited partnership) and the first person holds more than 50% of the interests of the partnership; or</li> <li>(c) the issuer is a limited partnership, whose general partner is the first person.</li> </ul>
“Tax Act”	The <i>Income Tax Act</i> (Canada) and the regulations thereunder, as amended from time to time.
“TFSA”	A trust governed by a tax-free savings account.
“Trust Unit”	A class A trust unit of the Fund, as more particularly described under <b>Item 6.1 – Trust Units</b> .
“Trust Unitholder”	A registered holder of Trust Units at any time and from time to time, as shown on the register maintained by or on behalf of the Fund for outstanding Trust Units.
“Trustee”	At any time, the trustee of the Fund, which currently is Newlook Capital Services I Inc. See <b>Item 4 – Interests of the Directors of the Trustee</b> .

**“Working Capital”** The current assets of the Fund less the current liabilities of the Fund, determined under GAAP or IFRS, as the case may be.

In this offering memorandum, unless the context otherwise requires, grammatical variations of the words and terms in this Glossary have meanings corresponding to the meanings given in this Glossary. Without limiting the generality of the foregoing, words and terms in the Glossary that give the singular number only include the plural and vice versa, and words and terms importing the masculine, feminine or neuter gender include the other genders.

In this offering memorandum, references to “dollars” and “\$” are to the currency of Canada, unless otherwise indicated.

In this offering memorandum, unless the context otherwise requires, terms such as “**we**”, “**us**” and “**our**” are meant to refer to the Fund, the Partnership and any of their respective subsidiary entities; “you” is meant to refer to Investors who purchase Trust Units under the Offering, thereupon becoming Trust Unitholders.

In this offering memorandum, unless expressly modified by the words “only” or “solely”, the words “**include**”, “**includes**” or “**including**”, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters but rather are to be construed as meaning “includes without limitation” or “including without limitation” (as the context requires) and permitting such general term or statement to refer to all other items or matters that could reasonably fall within its broadest possible scope.

## ITEM 1 – USE OF AVAILABLE FUNDS

### 1.1 Funds

The table below represents the estimated Available Funds under the Offering:

	Assuming Maximum Offering
A Total amount to be raised by the Offering <sup>(1)(2)(3)(6)</sup>	\$40,000,000
B Selling Commissions and Capital Advisory Fee <sup>(2)(4)</sup>	\$4,338,000
C Estimated Offering Costs <sup>(5)</sup>	\$303,000
D <b>Available Funds: D = A – (B + C)<sup>(6)</sup></b>	<b>\$35,359,000</b>

#### Notes:

- (1) To date, the Fund has issued and sold no Trust Units to Investors under the Offering. The Fund may complete the issue and sale of Trust Units at any time and from time to time at one or more Closings until the Maximum Offering is reached or the Offering is otherwise terminated. Under the Maximum Offering, the Fund will issue and sell the Trust Units for aggregate Offering Proceeds of \$40,000,000. The Fund may, without notice to Investors, increase the Maximum Offering. There is no assurance that the Maximum Offering will be completed. As of the date of this offering memorandum, one Trust Unit has been issued and sold for \$10 in connection with establishing the Fund. See **5.3 – Prior Sales**. There is no assurance that the Fund will realize sufficient funding under the Offering to permit it to acquire (through the Partnership) any interest in any Portfolio Company or otherwise advance the business of the Fund or the Partnership. See **Item 1.2 – Use of Available Funds** and **Item 2.2 – Our Business**. This is a risky investment. You could lose all the money you invest. See **Item 9 – Risk Factors**.
- (2) Assumes all Trust Units have been issued at \$1,000 per Trust Unit, which is the purchase price payable for Trust Units on the Initial Closing Date. The Fund determined the pricing under the Offering for the Trust Units. The subscription price per Trust Unit is subject to adjustment after the Initial Closing Date as described in **Item 6.3 – Subscription Procedure**.
- (3) On or before March 31, 2017, the Fund must complete the Eligibility Distribution to a sufficient number of Trust Unitholders so that the Trust Units can continue being held in Exempt Plans. As of the date of this offering memorandum, the Fund only has one Trust Unitholder, holding one Trust Unit. If the Fund does not complete the Eligibility Distribution by March 31, 2017, then:
  - (a) the Trust Units will not be qualified investments for Exempt Plans; and
  - (b) the annuitant under an RRSP or RRIF or the holder of a TFSA will be liable for a tax equal to 50% of the fair market value of the Trust Units owned by the Exempt Plan (which tax may be refunded in certain circumstances).

See **Item 7.1.1 – Eligibility for Investment**. There is no indemnity from the Fund for any non-refunded tax in this scenario.
- (4) Assumes 10% of the gross proceeds of the Offering will be paid as Selling Commissions. See **Item 8 – Compensation Paid to Sellers**. As of the date of this offering memorandum, the Fund has paid no Selling Commissions in connection with the Offering.
- (5) Offering Costs include legal, consulting, accounting, audit, advertising, marketing, travel and other costs associated with establishing and organizing the Fund.
- (6) **Available Funds may not be sufficient to accomplish the Fund's objectives.** There is no Minimum Offering. The Fund intends to raise sufficient funds through the Offering to fund the business of the Partnership. There is no assurance that the Fund will realize sufficient funding under the Offering to advance the business of the Fund and the Partnership.

### 1.2 Use of Available Funds

The table below represents the estimated use of the Available Funds by the Fund, based on its present plans and present business conditions.

Description of intended use of Available Funds listed in order of priority	Assuming Maximum Offering
To purchase Class A LP Units <sup>(1)(3)(4)</sup>	\$35,179,000
For working capital purposes <sup>(2)(3)</sup>	\$180,000
<b>Available Funds Total</b>	<b>\$35,359,000</b>

#### Notes:

- (1) Other than as described in **Item 3.5 – Current Negotiations**, the specific Portfolio Companies in which the Partnership will be invested have not been identified as of the date of this offering memorandum and accordingly the Fund is partially a “blind pool”. See **Item 9 – Risk Factors**. For information concerning the investment strategy of the Partnership, see **Item 3.4 – Investment Strategy**.
- (2) The Fund anticipates funding its working capital requirements, estimated to be approximately \$180,000 annually, through a combination of Available Funds, distributions from the Partnership and future financing efforts.
- (3) In order to partially capitalize the Partnership, the Fund will use the Available Funds from the Offering (less an amount for working capital) to purchase Class A LP Units. The Partnership will, in turn, use the funds available to pay costs and expenses of the Partnership and to make investments in Portfolio Companies.
- (4) Pending the acquisition of, or investment in, any Portfolio Company, the Partnership intends to invest such funds in Permitted Investments.

### **1.3 Reallocation of Available Funds**

The Fund intends to spend the Available Funds as stated above. The Fund will reallocate the Available Funds only for sound business reasons in the discretion of the Trustee which may include Permitted Investments. Unforeseen events or changes in business conditions may result in the application of Available Funds in a different manner than is described in this offering memorandum.

### **1.4 Fees and Expenses**

#### **1.4.1 Selling Commissions**

The distribution of Trust Units pursuant to the Offering will be subject to payment by the Fund of the Selling Commission, which shall be paid from the Offering Proceeds. The Selling Commission is comprised of (a) the Lead Arranger Fee, equal to 1% of the Offering Proceeds, which shall be payable on all distributions of Trust Units other than those to Investors already known to the Fund, the directors and officers of the Trustee, the Partnership or the General Partner, and (b) the Agency Fee, equal to 9% of the Offering Proceeds, which shall be payable on all distributions of Trust Units effected through registered exempt market dealers, other than those to Investors already known to the Fund, the directors and officers of the Trustee, the Partnership or the General Partner. Accordingly, the maximum amount of Selling Commissions payable is \$4,000,000 under the Offering (unless the Fund increases the Maximum Offering). To date, the Trust has paid no Selling Commissions in connection with the Offering. See **Item 8 – Compensation Paid to Sellers** for additional details.

#### **1.4.2 Internal Capital Advisory Support Services**

The Fund and the Partnership have engaged an experienced capital market advisory professional who is being paid \$10,000 per month (subject to any reasonable discretionary bonuses paid to employees or other service providers) for a term of one year unless earlier terminated to assist with the structuring and execution of the Offering, the Fund's investment in the Partnership, and to manage the Fund's relationship with the Lead Arranger. The Fund is expected to pay \$6,500 of the \$10,000 monthly fee and the Partnership is expected to pay \$3,500.

#### **1.4.3 Compensation Paid to Directors of the Trustee**

Each of the directors of the Trustee will be paid a salary by the Trustee of \$800 per month. The Trustee will be paid by the Fund to pay the directors of the Trustee. See also **Item 4.1 – Compensation and Securities Held**.

#### **1.4.4 Expenses**

The Fund will pay the Offering Costs and all ongoing expenses associated with the operation of the Fund, including all general and administrative, marketing and operating expenses, salaries of the directors of the Trustee as well as administration fees and costs associated with offices for the Fund, insurance costs, expenses related to portfolio transactions, legal, banking, audit and accounting fees, investor reporting costs, printing and mailing costs and costs incurred in connection with any governmental or regulatory filing requirements. It is anticipated that the operating expenses of the Fund will be approximately \$180,000 annually, subject to any reasonable discretionary bonuses paid to employees or other service providers to the Fund.

The Fund will reimburse the Trustee and its affiliates for any expenses paid or incurred on behalf of the Fund, as well as for all reasonable travel, promotional and other business expenses incurred by the Trustee and its directors and officers in the performance of the Trustee's duties.

The General Partner will bear all of the costs and expenses attributable to the provision of the management services to the Partnership and the expenses of the General Partner's day-to-day operations.

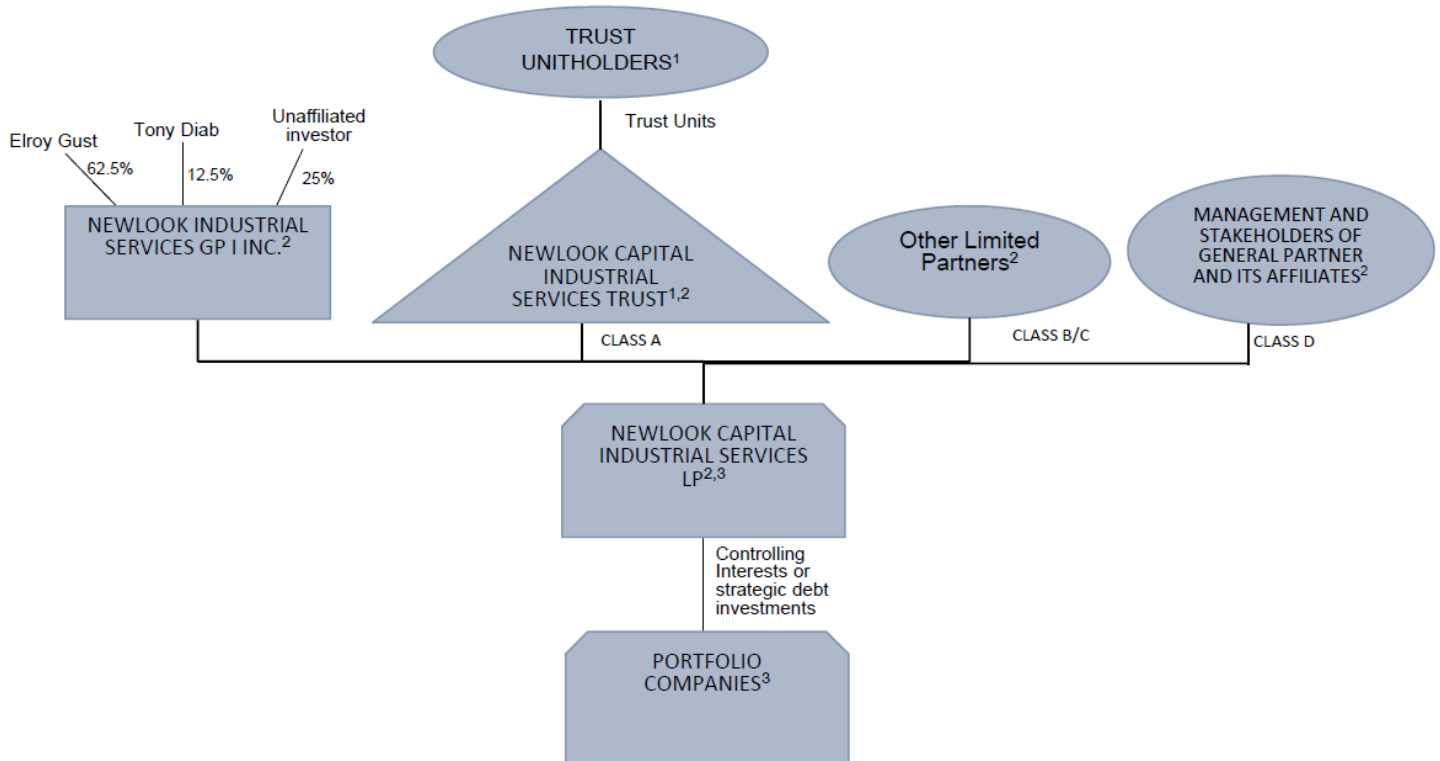
The Partnership will be responsible for the payment of expenses associated with the establishment and ongoing operational and management and activities of the Partnership.

## ITEM 2 – BUSINESS OF THE FUND

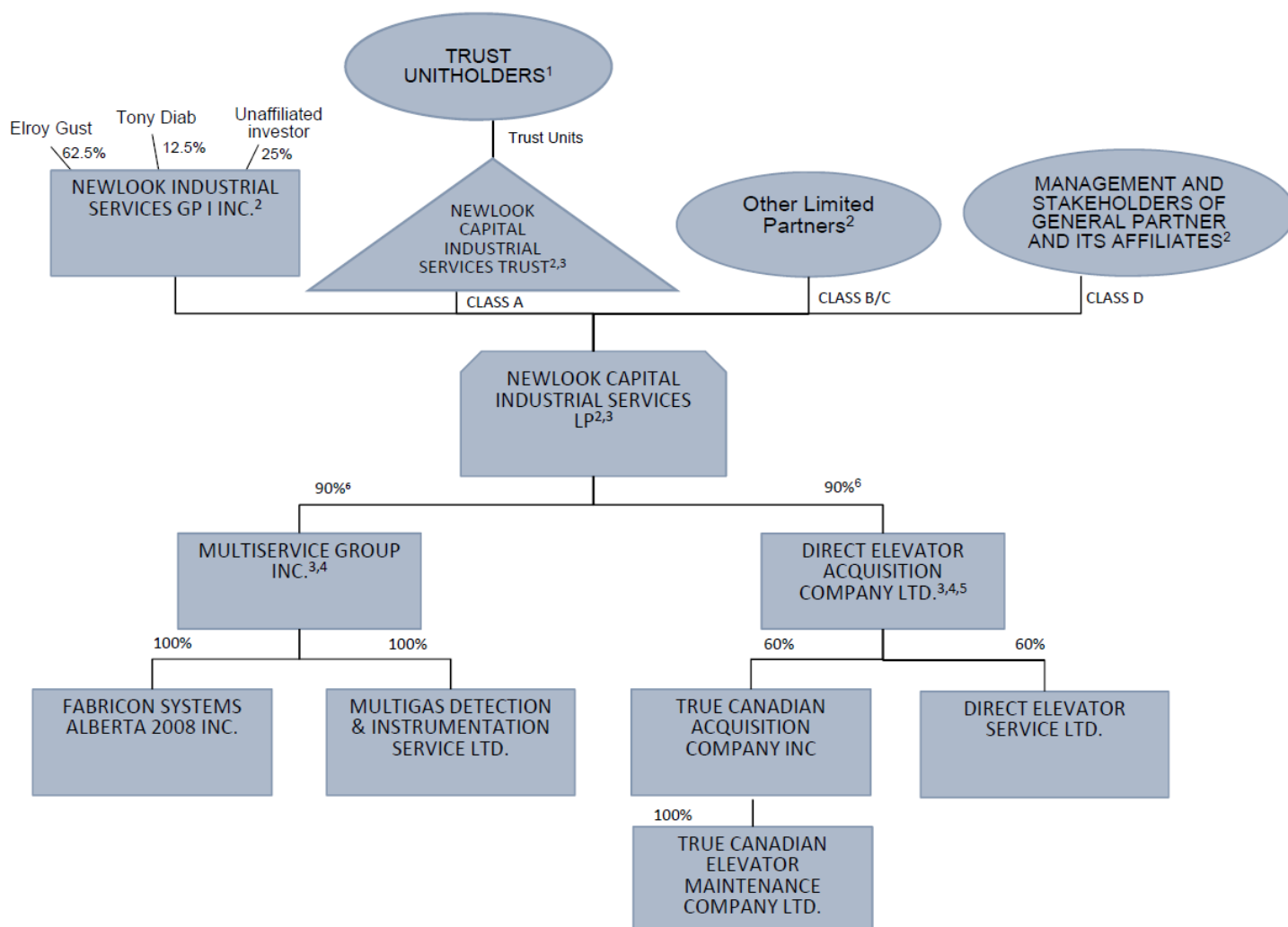
### 2.1 Structure

#### 2.1.1 Organizational Chart

The proposed structure of the Fund, the Partnership, the General Partner and the Portfolio Companies (assuming completion of investments in Portfolio Companies) is outlined below.



As of the date of this offering memorandum, based on current negotiations with prospective vendors, it is intended that the structure of the Fund, the Partnership, the General Partner and the Portfolio Companies, assuming the Partnership acquires controlling interests in the Featured Portfolio Companies as described under **Item 3.5 - Current Negotiations**, would be as outlined below.



**Notes:**

- (1) Trust Unitholders hold Trust Units, each of which represents a holder's proportionate undivided beneficial interest in the Fund. See **Item 2.1.2 – The Fund**.
- (2) The Partnership intends to issue limited partnership units pursuant to the Partnership Offering as described under **Item 3.2 – Partnership Offering**. The outstanding shares of the General Partner are currently held by Elroy Gust, as to 83.3% and Tony Diab, as to 16.7%; however it is proposed that one or more unaffiliated investors will subscribe for shares of the General Partner resulting in the ownership contemplated in the above organization chart. The material characteristics of the Class A LP Units, the Class B LP Units, the Class C LP Units and the Class D LP Units are described in **Item 3.6 – Partnership Agreement**.
- (3) The Fund, by way of its investment in the Partnership, intends to acquire or invest in the Portfolio Companies, which are anticipated as being Canadian industrial services companies. Other than the Featured Portfolio Companies, the specific Portfolio Companies in which the Partnership will be invested have not been identified as of the date of this offering memorandum or, to the extent identified, any acquisition thereof is too speculative or remote as of the date of this offering memorandum for description thereof in this offering memorandum. See **Item 9 – Risk Factors**.
- (4) The Partnership is currently negotiating the direct or indirect, as applicable, acquisition of controlling interests in each of the Featured Portfolio Companies. See **Item 3.5 - Current Negotiations**.
- (5) The Partnership would hold 90% of the Class A common shares of Direct Elevator Acquisition Company Ltd. which carry 90% of the voting rights attaching to the share capital of Direct Elevator Acquisition Company Ltd. The remaining 10% ownership interest is expected to be held by a co-investor who may also become a shareholder of the General Partner.



## 2.1.2 The Fund

The Fund is an investment trust formed as of September 13, 2016 under the laws of Ontario pursuant to the Declaration of Trust. The Trustee for the Fund is Newlook Capital Services I Inc., the directors of which are Elroy Gust and Tony Diab. The Trustee will manage the affairs of the Fund and coordinate the commercial relationship with the Partnership. See **Item 4 – Interests of the Directors of the Trustee**. The Fund is governed by the Declaration of Trust between the Trustee, as trustee, and the Trust Unitholders, as beneficiaries, which establishes the rights and obligations of the Trust Unitholders and the Trustee. See **Item 2.7.2 – Declaration of Trust**.

The Fund will not carry on active business. Rather, the Fund will use the Available Funds (less working capital requirements) from the Offering to purchase Class A LP Units of the Partnership, and the Partnership will carry on the business of investing in Canadian industrial service companies. See **Item 2.1.1 – Organizational Chart** for an organizational chart of the Fund, the Partnership and proposed related entities. See **Item 2.2 – Our Business** for a description of the business of the Partnership.

As of the date of this offering memorandum, the Fund has one Trust Unitholder holding one Trust Unit. The Fund intends on making certain elections to qualify as a “mutual fund trust” as defined by the Tax Act, provided certain requirements in the Tax Act are met, including completion of the Eligibility Distribution within certain time limits. See **Item 7.1.1 – Eligibility for Investment** and **Item 7.1.2 - Status of the Fund**. However, the Fund is not, and will not become, a “mutual fund” as defined by applicable Canadian securities legislation and the Fund does not operate in accordance with the requirements of the Canadian securities regulations applicable to mutual funds. Accordingly, certain investor protections contained in those regulations are not available to purchasers of Trust Units. In addition, the Fund is not a trust company and is not registered under applicable legislation governing trust companies.

The Fund was established, among other things, to:

- (a) realize proceeds under the Offering;
- (b) indirectly through the Partnership acquire an interest in and be actively involved in the management of, each Portfolio Company that is acquired or invested in by the Partnership. For that purpose, the Fund intends to use the Available Funds (less working capital requirements) from the Offering to purchase Class A LP Units. The Partnership will, in turn, use the funds available to it to acquire controlling interests or make strategic debt investments in the Portfolio Companies;
- (c) indirectly through the Partnership, earn income derived from the investment in the Portfolio Companies;
- (d) make allocations and distributions to its Trust Unitholders in accordance with the Declaration of Trust; and
- (e) as contemplated or permitted under the Declaration of Trust, temporarily hold cash and Permitted Investments for the purposes of paying the expenses and liabilities of the Fund and satisfying the payment of the Redemption Price in connection with the redemption of Trust Units (if any).

Pending a purchase of Class A LP Units or pending the acquisition of or investment in any Portfolio Company by the Partnership, the Fund or the Partnership, as applicable, intends to invest such funds in Permitted Investments pursuant to the Declaration of Trust or the Partnership Agreement, as applicable.

The Fund is authorized to issue an unlimited number of equity units of ownership interest in the Fund, namely, the Trust Units, each of which represents a holder’s proportionate undivided beneficial interest in the Fund and each of which is entitled to the rights and is subject to the limitations, restrictions and conditions set out in the Declaration of Trust. Each Trust Unitholder has the same rights and obligations as any other Trust Unitholder (and is entitled to no privilege, priority or preference in relation to any other Trust Unitholders except with respect to withholding taxes as provided in the Declaration of Trust). For descriptions of the Declaration of Trust and the Trust Units, see **Item 2.7.2 – Declaration of Trust**, **Item 6.1 – Trust Units** and **Item 6.2 – Cash Distributions to Trust Unitholders**.

Set out in **Item 6.2.2 – Funds Flow from the Portfolio Companies** is a summary of the distribution of funds from the Partnership to its Limited Partners, including the Fund.

## 2.2 Our Business

The Fund does not and will not carry on active business. Rather, the Fund will use the Available Funds (less working capital requirements) from the Offering to purchase Class A LP Units of the Partnership. The Partnership will, in turn, use the funds available to it from the sale of Class A LP Units to the Fund, as well the proceeds from the Partnership Offering, to acquire controlling interests or make strategic debt investments in the Portfolio Companies. The Partnership also intends to acquire controlling interests in Portfolio Companies by issuing Class B LP Units or a combination of issuing Class B LP Units and paying cash to the owners of such Portfolio Companies in satisfaction of the purchase price. In this manner the Fund will, indirectly through its interest in the Partnership, earn income derived from the businesses of the Portfolio Companies.

The Fund and Partnership's investment structure has been designed to (i) provide Investors with investment exposure to Portfolio Companies the General Partner believes are capable of generating attractive reliable returns, (ii) permit investment by Exempt Plans, (iii) provide a platform for co-investment in the Partnership by financial and strategic investors through the Partnership Offering, and (iv) enable Portfolio Company investments to be moved in and out of the Partnership on a tax-deferred basis where advantageous and appropriate to do so.

## 2.3 Development of the Business

The Fund is an investment trust formed as of September 13, 2016 under the laws of Ontario pursuant to the Declaration of Trust. The Partnership is a limited partnership formed on September 13, 2016 pursuant to the *Limited Partnerships Act* (Ontario) and is governed by the Partnership Agreement. Accordingly, both the Fund and the Partnership are newly formed entities and no major events or developments have occurred in their respective histories. For a description of the Fund and the Partnership's business objectives and current intentions, see **Item 2.2 – Our Business**.

## 2.4 Long-term Objectives

The Fund's long term objectives are:

- (a) to conduct the Offering, including the issue and sale of Trust Units over multiple Closings (for a breakdown of anticipated costs see **Item 1.1 – Funds**);
- (b) to acquire and establish an interest in the Partnership, which in turn shall acquire, develop, operate and manage a portfolio of controlling interests and strategic debt investments in Portfolio Companies. (see **Item 2.3 – Development of the Business**); and
- (c) to earn, allocate and distribute to Trust Unitholders in accordance with the Declaration of Trust, income derived from the investment in the Partnership (see **Item 6.2 – Cash Distributions to Trust Unitholders**).

The time and cost to complete these events cannot be confirmed until the Partnership identifies suitable Portfolio Companies to invest in. There is no assurance that any of these events will occur. The Offering is partially a "blind pool" offering. Other than Direct Elevator Service Ltd., Multiservice Group Inc. and True Canadian Elevator Maintenance Company Ltd., the specific Portfolio Companies in which the Partnership will be invested have not been identified as of the date of this offering memorandum. See **Item 9 – Risk Factors**.

## 2.5 Short-term Objectives

The Fund's objectives for the 12 months following the date of this offering memorandum are discussed below.

What we must do and how we will do it	Target completion date or number of months to complete	Our cost to complete
Complete the Offering up to the Maximum Offering	Various Closings over 6 to 12 months	See <b>Item 1.1 - Funds</b>
Acquire Class A LP Units of the Partnership	Will be completed after each Closing	Available Funds for each respective Closing less applicable working capital. See <b>Item 1.2 - Use of Available Funds</b>
Meet the Eligibility Distributions and have 150 Trust Unitholders	Prior to March 31, 2017	

The short-term objectives of the Fund will be indirectly related to the short-term objective of the Partnership of acquiring interests in the Portfolio Companies. The time and cost to complete this event cannot be confirmed until the Partnership identifies further suitable Portfolio Companies to acquire or invest in. The Offering is partially a “blind pool” offering. Other than Direct Elevator Service Ltd., Multiservice Group Inc. and True Canadian Elevator Maintenance Company Ltd., the specific Portfolio Companies in which the Partnership intends to invest have not been identified as of the date of this offering memorandum. The Partnership is currently conducting negotiations with the owners of such Portfolio Companies regarding the acquisition of a controlling interest in each. See **Item 9 – Risk Factors**. For information concerning the investment strategy of the Partnership, see **Item 3.4 – Investments Strategy**.

The Fund intends to distribute all or any part of the Net Available Cash of the Fund (if any) that the Trustee prudently determines as being available for distributions, to Trust Unitholders of record on the last day of each calendar quarter. The Fund may also distribute cash (if any) that the Trustee prudently determines as being available for distribution, to Trust Unitholders for other distribution periods. It is expected that no cash will be distributed to Trust Unitholders until cash flows are sufficiently stabilized. Where a distribution of distributable cash is declared by the Trustee, such distribution will be made no later than the last day of the calendar month following the calendar quarter in which the distribution was declared. See **Item 6.2 – Cash Distributions to Trust Unitholders**. The ability of the Fund to make cash distributions and the actual amount distributed depends, ultimately, on the operations of the Portfolio Companies invested in by the Partnership, and will be subject to various factors including those referenced in **Item 9 – Risk Factors**.

The return on an investment in the Trust Units is not comparable to the return on an investment in fixed-income securities. Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Fund; any receipt of cash distributions by a Trust Unitholder is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Fund intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Fund to make cash distributions and the actual amount distributed depends on the operations of the Portfolio Companies in which the Partnership invests, and will be subject to various factors including those referenced in **Item 9 – Risk Factors**. The value of the Trust Units may decline if the Fund is unable to meet its cash distribution targets in the future and that decline may be significant.

## **2.6 Insufficient Proceeds**

The Available Funds may not be sufficient to accomplish the Fund’s proposed objectives and there is no assurance that alternative financing will be available. The Fund or the Partnership may, to the extent available on acceptable terms, obtain institutional financing or other arm’s length, third party financing. No alternate financing has been arranged for the Fund or the Partnership. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Fund will have adequate working capital to meet the anticipated requirements described in this offering memorandum. See **Item 9 – Risk Factors**.

If the Fund does not realize Offering Proceeds sufficient for it to implement its business strategy or meet the anticipated requirements described in this offering memorandum, it will not have completed the Eligibility Distribution within the required time limits so that the Trust Units can continue being held in Exempt Plans. There can be no assurance that, by March 31, 2017 or at all, the Fund will complete the Eligibility Distribution and have at least 150 Trust Unitholders, each holding at least \$500 worth of Trust Units. See **Item 7.1.1 - Eligibility for Investment**.

## **2.7 Material Agreements**

The following summarizes all formal, written agreements or commercial instruments that can reasonably be regarded as material, currently or upon being entered into, to the Fund in connection with the Offering, the use of Offering Proceeds or with a related party:

- (a) Declaration of Trust;
- (b) Partnership Agreement;
- (c) Subscription Agreements; and
- (d) Exempt Market Dealer Services Agreement.

Prospective Investors may inspect a copy of each of the material agreements listed above (other than Subscription Agreements entered into between the Fund and other Investors), to the extent any such agreement has been entered into by the parties thereto, during normal business hours at the offices of the Fund, located at 835 Harrington Court, Suite 2, Burlington, Ontario, L7N 3P3.

## 2.7.2 Declaration of Trust

The Declaration of Trust, which is dated September 13, 2016, contains the terms and conditions governing the relationship between the Trustee, as trustee, and the Trust Unitholders, as beneficiaries, and among the Trust Unitholders. The following description of Declaration of Trust and the descriptions set out elsewhere in this offering memorandum are a summary only of certain material terms and conditions of the Declaration of Trust, and do not purport to be complete. **The Fund may, without prior notice to Trust Unitholders or prospective Investors, make changes to the terms and conditions of the Declaration of Trust that are different than as summarized in this offering memorandum, provided such changes would not reasonably be considered materially adverse to the Fund. Prospective Investors are advised to discuss the Declaration of Trust and related matters in detail with their own legal and investment advisors and should not rely solely on the summary of the terms and conditions of the Declaration of Trust in this offering memorandum alone.**

**The following is a summary only of certain provisions of the Declaration of Trust and is qualified in its entirety by the Declaration of Trust.** Prospective Investors may inspect a copy of the Declaration of Trust, during normal business hours at the offices of the Fund at 835 Harrington Court, Suite 2, Burlington, Ontario, L7N 3P3. In addition, each Trust Unitholder has the right to obtain from the Fund, on request without fee, a copy of the Declaration of Trust and any amendments thereto.

### Purpose of the Fund

The Declaration of Trust provides that the undertakings and activities of the Fund are restricted to:

- (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities of whatever nature or kind (other than a general partnership interest) of, or issued by, any other corporation, partnership, trust or other person involved, directly or indirectly, in the business of acquiring, holding, maintaining, developing, improving, leasing, managing or investing in industrial services businesses, including the Partnership, and such other investments as the Trustee may determine, from time to time, and to borrow funds and issue debt securities, directly or indirectly, for that purpose, and to issue Redemption Notes;
- (b) temporarily holding cash and other short term investments in connection with and for the purposes of the Fund's activities, including Permitted Investments, paying administration and trust expenses, paying any amounts required in connection with the redemption of Trust Units and making distributions to Trust Unitholders and borrowing funds and issuing debt securities for those purposes, directly or indirectly;
- (c) issuing Trust Units and other securities of the Fund, for the purposes of:
  - (i) obtaining funds to conduct the undertakings and activities described above, including raising funds for further investments, acquisitions or development;
  - (ii) repaying any indebtedness or borrowings of the Fund;
  - (iii) establishing and implementing distribution reinvestment plans, if any, established by the Fund or an affiliate of the Fund;
  - (iv) making non-cash distributions to holders of Trust Units as contemplated by the Declaration of Trust, including *in specie* redemptions and distributions pursuant to distribution reinvestment plans, if any, established by the Fund;
  - (v) giving effect to any arrangement or reorganization (as those terms are defined in the Declaration of Trust); or
  - (vi) satisfying obligations (if any) to pay the applicable Redemption Price for the redemption, purchase or other acquisition of Trust Units, in certain circumstances contemplated in the Declaration of Trust;
- (d) guaranteeing the obligations of its affiliates pursuant to any good faith debt for borrowed money or any other obligation incurred by such entity in good faith for the purpose of carrying on its business, and pledging securities and other property owned by the Fund as security for any obligations of the Fund, including obligations under any such guarantee. The Fund may only provide a guarantee in respect of the indebtedness of another person if the Fund does not, directly or indirectly, receive any fees or other consideration for providing the guarantee and the Trustee

has determined that such guarantee forms part of the core investment undertakings of the Fund; provided that the Fund will not, in any event, provide a guarantee which would result in the Fund not being considered a “unit trust” or a “mutual fund trust” for purposes of the Tax Act;

- (e) granting security in any form, over any or all of the Fund assets to secure any or all of the obligations of the Fund or its affiliates;
- (f) repurchasing or redeeming securities of the Fund, including Trust Units, subject to the provisions of the Declaration of Trust and applicable law;
- (g) carrying out any of the transactions, and entering into and performing any of the obligations of the Fund under any agreements contemplated by the Declaration of Trust;
- (h) engaging in all activities ancillary or incidental to any of those activities set forth in paragraphs (a) through (g) above; and
- (i) undertaking such other activities or taking such actions, including investing in securities, as is to be approved by the Trustee from time to time,

provided that the Fund will not, in any event, undertake any activity, take any action, or make any investment which would result in the Fund not being considered a “unit trust” or a “mutual fund trust” for purposes of the Tax Act.

#### Trustee

Under the Declaration of Trust, the trustee must be a corporation resident in Canada.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustee will manage the affairs of the Fund which shall include coordinating the commercial relationship with the Partnership. The Trustee will have full and exclusive power, authority and discretion over the Fund’s assets and over, and management of, the affairs of the Fund to the same extent as if the Trustee was the sole and absolute legal and beneficial owner of the Fund’s assets. Subject only to express limitations in the Declaration of Trust, and provided that the exercise of such powers and authorities does not adversely affect the status of the Fund as a “unit trust” or a “mutual fund trust” for purposes of the Tax Act, the Trustee’s powers and authorities include, but are not limited to, the following:

- (a) supervising the activities and managing the investments and affairs of the Fund;
- (b) maintaining records and providing reports to Trust Unitholders;
- (c) possessing and exercising all rights, powers and privileges pertaining to ownership (including voting privileges) of any securities comprising the assets of the Fund;
- (d) causing Trust Units to be issued for such consideration as the Trustee, in its sole discretion, may deem appropriate;
- (e) determining conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements;
- (f) determining conclusively the value of any or all of the Fund’s assets from time to time and, in determining such value, considering such information and advice as the Trustee, in its sole judgment, may deem material and reliable;
- (g) engaging or employing on behalf of the Fund any persons as agents, representatives, employees or independent contractors (including investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, depositories, custodians, transfer agents or otherwise) in one or more capacities;
- (h) engaging in, intervening in, prosecuting, joining, defending, compromising, abandoning or adjusting, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Fund, the Fund’s assets or the Fund’s affairs, and entering into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and, in advance of any controversy, entering into agreements regarding the arbitration, adjudication or settlement thereof;

- (i) effecting payments of distributions (if any) from the Fund to Trust Unitholders;
- (j) delegating any of the powers and duties of the Trustee to any one or more agents, representatives, directors, officers, employees, independent contractors or other persons the doing of such things and the exercise of such powers hereunder as the Trustee may from time to time reasonably require;
- (k) causing title to any of the Fund assets to be drawn up in the name of such person on behalf of the Fund or, to the extent permitted by applicable law, in the name of the Fund, as the Trustee determines;
- (l) ensuring that the Fund qualifies at all times as a “mutual fund trust” pursuant to subsection 132(6) of the Tax Act;
- (m) ensuring that the Fund is at all times not a SIFT trust pursuant to Tax Act;
- (n) guaranteeing the obligations of the Partnership, any subsidiary of the Partnership or any other subsidiary of the Fund and granting security interests in the Fund’s assets as security for such guarantee;
- (o) subdividing or consolidating from time to time the issued and outstanding Trust Units;
- (p) providing indemnities for the Trustee, the directors and officers of the Trustee, the officers of the Fund or any affiliate of the Fund or any other person with whom the Fund has dealings; and
- (q) forming any subsidiary or affiliate of the Fund for the purpose of making any subsequent investment and entering into or amending any unanimous shareholders agreement or other agreement on such terms as may be approved by the Trustee.

The management of the business and affairs of the Fund resides with the Trustee. The Trustee has been appointed as the initial trustee of the Fund for an indefinite term of office (subject to resignation or removal in limited circumstances).

The Trustee may resign and appoint a successor trustee of the Fund. The Trustee may be removed as Trustee, and a successor trustee of the Fund appointed, by a resolution of the Trust Unitholders passed at a duly convened meeting of Trust Unitholders by more than 90% of the votes cast on such resolution by Trust Unitholders present or represented by proxy at the meeting.

The Declaration of Trust provides that the Trustee must, as trustee, act honestly and in good faith with a view to the best interests of the Fund and will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that, as trustee, the Trustee is entitled to indemnification from the Fund in respect of the exercise of the Trustee’s power and the discharge of the Trustee’s duties, except in respect of indemnification for claims or amounts that arise out of or as a result of the gross negligence or wilful neglect of the Trustee in the performance of its duties or, in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, where the Trustee did not have reasonable grounds for believing that his, her or its conduct was lawful.

#### Meetings and Resolutions of Trust Unitholders

The Fund may but is not required to hold annual meetings of Trust Unitholders or any other Trust Unitholder meetings on a periodic basis. The Trustee may call special meetings of the Trust Unitholders at any time and from time to time and for any purpose.

A meeting of Trust Unitholders may be convened at any time and for any purpose by the Trustee and must be convened, if requisitioned by a written requisition of Trust Unitholders holding not less than 40% of the total of the Trust Units then outstanding. A written meeting requisition must set forth the name and address of each person who is supporting the requisition and the number of Trust Units held, state in reasonable detail the business proposed to be transacted at the meeting, and be sent to the Trustee in accordance with the Declaration of Trust.

Trust Unitholders may attend and vote at all meetings of the Trust Unitholders either in person or by proxy and a proxyholder need not be a Trust Unitholder. At any meeting of the Trust Unitholders, a quorum consists of two or more individuals present in person either holding personally or representing by proxy not less in aggregate than 5% of the votes attached to the total of the Trust Units then outstanding and entitled to vote at the meeting.

### Issuance of Trust Units

The Fund may issue new Trust Units from time to time and may create and issue any new class of trust units provided they do not rank senior in any way to the Trust Units. Trust Unitholders do not have any pre-emptive rights whereby additional Trust Units proposed to be issued are first offered to existing Trust Unitholders. New Trust Units may be issued for cash through public offerings, through rights offerings to existing Trust Unitholders (i.e., in which Trust Unitholders receive rights to subscribe for new Trust Units in proportion to their existing holdings of the Trust Units) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Trust Unitholders). The Trustee, in its sole discretion, will determine the price or the value of the consideration for which Trust Units or other classes of trust units may be issued. See **Item 6.1 – Trust Units**.

### Transfer of Trust Units

Trust Units may only be transferred in accordance with applicable securities laws and the Declaration of Trust. The Declaration of Trust provides that no Trust Units are to be transferred without the express consent of the Trustee and otherwise in accordance with the Declaration of Trust. See **Item 9 – Risk Factors** and **Item 11.4 – Transfer Restrictions in Declaration of Trust**.

### Redemption of Trust Units

Trust Units are redeemable at the option of the Trust Unitholder subject to the terms and conditions set out in the Declaration of Trust. A Trust Unitholder who wishes to exercise the redemption right must complete and deliver a redemption notice form (available from the Trustee) to the Fund. Upon receipt of the redemption notice by the Fund, all rights to and under the Trust Units tendered for redemption are surrendered (including the right to receive any distributions thereon that are declared payable to the Trust Unitholders after the day of receipt by the Fund of the redemption notice) and the former holder thereof is entitled only to receive a price per Trust Unit equal to the Redemption Price.

Trust Units are considered to be tendered for redemption on the date that the Fund has, to the satisfaction of the Trustee, received the redemption notice and further documents or evidence that the Trustee may reasonably require with respect to the identity, capacity or authority of the person giving the redemption notice. The aggregate Redemption Price payable by the Fund in respect of Trust Units tendered for redemption is to be satisfied by way of a cash payment (to be paid by cheque) on the last day of the calendar month following the calendar quarter in which the Trust Units were tendered for redemption, provided that the entitlement of a Trust Unitholder to receive cash upon the redemption of such holder's Trust Units shall be limited in certain circumstances, including where:

- (a) the total amount payable by the Fund in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar quarter exceeds \$25,000; provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Trust Units tendered for redemption in any calendar quarter;
- (b) the redemption would result in a return of capital unless all liabilities of the Fund have been paid or sufficient Fund assets remain to pay them; or
- (c) in the Trustee's opinion (in its sole discretion), the Fund has insufficient liquid assets to fund such redemptions or that the liquidation of assets at such time would be to the detriment of the remaining Trust Unitholders or the Fund, generally.

If, as a result of any such limitations under the Declaration of Trust, a Trust Unitholder is not entitled to receive cash upon the redemption of some or all of the Trust Units tendered for redemption, then the Redemption Price per Trust Unit to which the Trust Unitholder would otherwise be entitled, is to be paid and satisfied by the delivery to such holders of Redemption Notes (subject to any applicable regulatory approvals). In such circumstances, the Fund will issue a cheque to the Trust Unitholder for the amount (if any) that is not subject to limitation or it will issue Redemption Notes in satisfaction of the redemption price or portion thereof that is subject to limitation. No fractional Redemption Notes in integral multiples of less than \$10 are to be distributed and where the number of such Redemption Notes to be received by a Trust Unitholder includes a fraction or multiple less than \$10, the Fund shall issue a cheque to the Trust Unitholder for such amount.

The Declaration of Trust provides that the Fund shall redeem Trust Units according to the order in which redemption notices are received by the Trustee. In addition, Trust Units tendered for redemption in any calendar quarter in which the total amount payable by the Fund exceeds \$25,000 (provided that certain other limitations on cash redemptions do not apply) are to be redeemed for a combination of cash and an issuance of Redemption Notes on a pro rata basis; provided however that, if the \$25,000 quarterly cash

limit has not been exhausted by redemptions which pre-date the redeeming Trust Unitholder's redemption notice then the minimum cash to be distributed to such redeeming Trust Unitholder is to be not less than \$1,000 (unless waived by the Trustee, in its sole discretion, or the entire Redemption Price is paid in cash). For example if the Fund receives more than 25 redemption requests in a calendar quarter, then (provided that certain other limitations on cash redemptions do not apply) the first 25 redeeming Trust Unitholders are to receive the first \$1,000 of their Redemption Price in cash (provided the other limitations on cash redemptions described above do not apply) and the remainder of the Redemption Price by an issuance of Redemption Notes, and each redeeming Trust Unitholder beyond the first 25 is to receive the entire Redemption Price by issuance of Redemption Notes.

Any Trust Units surrendered for redemption may be cancelled by the Fund.

The Fund may from time to time purchase for recirculation or cancellation some or all of the Trust Units (or other securities of the Fund which may be issued and outstanding from time to time) in the market, by private agreement or upon any recognized stock exchange on which such Trust Units are traded or pursuant to tenders received by the Fund upon request for tenders addressed to all holders of record of Trust Units, provided in each case that the Trustee has determined that such purchases are in the best interests of the Fund and are completed in accordance with applicable law (including applicable securities laws). Any such purchase may constitute an "issuer bid" under Canadian securities legislation and must be conducted in accordance with the applicable requirements.

See **Item 5.1 – Equity Capital** for a description of any Trust Unit redemptions as of the date of this offering memorandum.

#### Takeover Bids

The Declaration of Trust contains provisions relating to takeover bids made to acquire Trust Units. Under the Declaration of Trust, if a takeover bid is made to acquire Trust Units and at least 90% of the Trust Units (other than Trust Units beneficially owned, or over which control or direction is exercised, on the date of the takeover bid, by the offeror or affiliates or associates of the offeror or any person or company acting jointly or in concert with the offeror) are taken up and paid for by the offeror, then the offeror is entitled to acquire the Trust Units held by Trust Unitholders who did not accept the takeover bid on the terms offered by the offeror, pursuant to the procedures set out in the Declaration of Trust. The Declaration of Trust does not provide a mechanism for Trust Unitholders who do not tender their Trust Units to a takeover bid to apply to a court to fix the fair value of their Trust Units.

#### Court-Approved Arrangements

The Declaration of Trust contains provisions substantially analogous to section 182 of the OBCA, which allow the Fund to be arranged by an order of the Ontario Superior Court of Justice. To do so, the Fund must make an application to the Court for an order approving the arrangement. In such event, the Fund would hold a meeting of Trust Unitholders to vote on the arrangement. In addition, the Court may also require a meeting of other parties affected by the arrangement. In most circumstances, the securityholder approval at such meeting would be at least 66⅔% of each class or affected group, in the Court's discretion. If the securityholder resolution(s) are in writing and signed by all of the persons entitled to vote, then the Fund would not need to hold the meeting and the arrangement resolution would be as valid as if it had been passed at a meeting. Upon the required securityholder approval of the arrangement, the Court has discretion to approve the arrangement. See **Item 6.1.5 – Rights of Trust Unitholders**.

#### Notices to Trust Unitholders and Trustee

The Declaration of Trust provides that any notice or other document required to be given or sent to Trust Unitholders under the Declaration of Trust is to be given or sent through ordinary post addressed to each registered holder at his or her last address appearing on the Trust Unitholder register or in any other manner from time to time permitted by applicable law including Internet-based or other electronic communications; provided that if there is a general discontinuance of postal service due to strike, lockout or otherwise, such notice may be given by personal service or by Internet-based or other electronic communication (provided it is done in accordance with applicable law) or by publication twice in the Report on Business section of the National Edition of The Globe and Mail or similar section of any other newspaper having national circulation in Canada; provided further that if there is no newspaper having national circulation, then by publishing twice in the business section of a newspaper in each city where the Trust Unitholder register or a branch register is maintained. Any notice so given is deemed to have been given:

- (a) on the day following that on which the letter or circular was posted;
- (b) in the case of notice being given by publication, after publishing such notice twice in the designated newspaper or newspapers; or



- (c) in the case of notice given by Internet-based or other electronic communication, on the later of
  - (i) the business day following the day on which such notice is sent or made available; and
  - (ii) the earliest time and date permissible under applicable governing Internet-based or other electronic communications.

In proving notice was posted, it is sufficient to prove that such letter or circular was properly addressed, stamped and posted.

In addition, the Declaration of Trust provides that any written notice or written communication given to the Trustee is to be given at the head office of the Fund or, if the Fund has appointed and retained a transfer agent, such notice is to be addressed to the Trustee c/o the transfer agent with a copy to the head office of the Fund, and (in any case) is deemed to have been given on the date of delivery or, if mailed, five days from the date of mailing. If any such notice or communication has been mailed and if regular mail service is interrupted by strikes or other irregularities, such notice or communication is deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service is interrupted any notice or other communication is given by personal delivery or by fax or other prepaid, transmitted or recorded communication.

Further, the Declaration of Trust provides that the failure by the Trustee, by accident or omission or otherwise unintentionally, to give any Trust Unitholder any notice provided for Declaration of Trust does not affect the validity, effect or taking effect of any action referred to in such notice, and the Trustee is not liable to any Trust Unitholder for any such failure. As well, service of a notice or document on any one of several joint holders of Trust Units is deemed effective service on the other joint holders. Any notice or document sent by post to or left at the address of a Trust Unitholder pursuant to the Declaration of Trust is, notwithstanding the death or bankruptcy of such Trust Unitholder, and whether or not the Trustee has notice of such death or bankruptcy, deemed to have been fully served and such service is deemed sufficient service on all persons having an interest in the Trust Units concerned.

#### Amendments to the Declaration of Trust

The Declaration of Trust contains provisions that allow it to be amended from time to time by the Trustee with the consent of the Trust Unitholders by a Special Resolution. However, the Trustee, in its discretion and without the approval of the Trust Unitholders, is entitled to make certain amendments to the Declaration of Trust, including amendments for the purposes of:

- (a) ensuring continuing compliance with applicable law, regulations or policies of any authorized authority having jurisdiction over the Trustee, the Fund or Trust Unitholders;
- (b) providing additional protection or added benefits, in the opinion of counsel, for the Trust Unitholders, including a change in the governing law of the Fund;
- (c) providing for the creation and issue of additional classes or series of units of the Trust;
- (d) removing any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustee, necessary or desirable and not prejudicial to the Trust Unitholders;
- (e) changing the *situs* of, or the laws governing, the Fund which, in the opinion of the Trustee, is desirable in order to provide Trust Unitholders with the benefit of any legislation limiting their liability provided that such change does not introduce a material disadvantage to the Trust Unitholders that did not exist prior to such change;
- (f) making amendments that, in the Trustee's opinion, are necessary or desirable as a result of changes in taxation laws or policies of any authorized authority having jurisdiction over the Trustee, the Fund or the Trust Unitholders; or
- (g) ensuring that the Fund qualifies or continues to qualify as a "mutual fund trust" under the Tax Act.

Notwithstanding the foregoing, no such amendment is valid under the Declaration of Trust or binds the Trustee or any Trust Unitholder to the extent that it purports to:

- (h) modify the voting rights in the Declaration of Trust without the approval or consent of the Trust Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units then outstanding and represented at a meeting called for such purpose;

- (i) reduce the percentage of votes required to be cast at a meeting of the Trust Unitholders for any Trust Unitholder approval or Special Resolution, without the approval or consent of the Trust Unitholders by resolution passed by the affirmative votes of the holders of more than 90% of the total of the Trust Units then outstanding and represented at the meeting called for such purpose;
- (j) reduce the equal undivided interest in the Fund's assets represented by any Trust Unit without the approval or consent of the participating Trust Unitholders of the same class or series by resolution passed by the affirmative votes of the holders of more than 90% of the total of the participating Trust Units of the same class or series then outstanding and represented at the meeting called for such purpose; or
- (k) results in the Fund failing to qualify as a "mutual fund trust" under the Tax Act at any time.

The Trustee may also make any amendments to the Declaration of Trust prior to, or concurrent with, the effective time of the Initial Closing Date.

#### Financial Year End

The Fund's financial year end is December 31.

#### Dissolution of the Fund

The Declaration of Trust provides that the Trustee may determine a date for the termination and dissolution of the Fund. The Trustee currently intends to dissolve the Trust upon the dissolution of the Partnership and the distribution to the Fund of the assets of the Partnership to which it is entitled based on its holding of Class A LP Units. Upon receipt of such distribution, the Trustee will ensure all of the liabilities of the Fund are satisfied, then distribute all remaining assets of the Fund to the holders of Fund units on a *pro rata* basis and wind up the Fund.

#### Other

For a description of and other information about the Trust Units, including the terms of the Declaration of Trust regarding Trust Unitholder meetings and resolutions, withholding taxes, issue and sale of Trust Units, purchases of Trust Units by the Fund, see **Item 6.1 – Trust Units**. For information regarding distributions by the Fund on Trust Units, see **Item 6.2 – Cash Distributions to Trust Unitholders**.

For information about the terms of the Declaration of Trust regarding restrictions on any transfer of Trust Units, see **Item 11.4 – Transfer Restrictions in Declaration of Trust**.

### **2.7.3 Partnership Agreement**

For a description of the Partnership Agreement governing the Partnership, see **Item 3.6 – Partnership Agreement**.

### **2.7.4 Subscription Agreements**

The Fund will enter into a Subscription Agreement with each Investor, pursuant to which the Investor will agree to purchase Trust Units from the Fund. The Subscription Agreements will contain certain representations, warranties and acknowledgements from the Investor, including that the Investor has received and read this offering memorandum and has had the opportunity to seek legal and tax advice in respect of the purchase of Trust Units. See **item 6.3 – Subscription Procedure**.

### **2.7.5 Exempt Market Dealer Services Agreement**

For a description of the Exempt Market Dealer Services Agreement, see **Item 8 – Compensation Paid to Sellers**.

## ITEM 3 – THE PARTNERSHIP

### 3.1 The Partnership and the General Partner

The Partnership is a limited partnership formed pursuant to the *Limited Partnerships Act* (Ontario) on September 13, 2016. The fiscal year end of the Partnership is December 31. The registered office of the Partnership is located at 835 Harrington Court, Suite 2, Burlington, Ontario, L7N 3P3.

The partners of the Partnership will be the General Partner (sole general partner), the Fund, the Class B Limited Partners, who will be certain financial or strategic investors participating in the Partnership Offering, as well as former holders of controlling interests in certain Portfolio Companies who sold such interests to the Partnership in exchange for Class B LP Units, the Class C Limited Partners, who will be a limited number of institutional investors invited by the General Partner and the Class D Limited Partners, who will be members of the General Partner's management team or their affiliates or associates, or shareholders of the General Partner and who will acquire their Class D LP Units pursuant to the Partnership Offering. See **Item 3.2 – Partnership Offering** and **Item 3.6 – Partnership Agreement**.

The General Partner was incorporated pursuant to the OBCA on September 2, 2016. The General Partner, in consultation with the Trustee, will be responsible for originating and executing investments in Portfolio Companies. In addition, the General Partner will provide management and administrative services to the Partnership.

The outstanding shares of the General Partner are currently held by Elroy Gust, as to 83.3% and Tony Diab as to 16.7%. The directors of the General Partner are currently Elroy Gust and Tony Diab. The officers are Elroy Gust as President, Abbas Osman as Chief Investment Officer and Tony Diab as Chief Financial Officer. The General Partner is expected to issue additional shares to one or more unaffiliated persons such that the ownership by Elroy Gust and Tony Diab would become approximately 62.5% and 12.5%, respectively. The registered office of the General Partner is located at 835 Harrington Court, Suite 2, Burlington, Ontario L7N 3P3.

The General Partner will appoint an advisory committee (the “**Advisory Committee**”) with experience in private equity, financial markets, the industrial services industry or who have other experience the General Partner determines to be beneficial to the Partnership. A majority of the members of the Advisory Committee will be independent of the General Partner and the Trustee, but may be representatives of Limited Partners. Members of the Advisory Committee will not be compensated for so acting, but any reasonable out-of-pocket expenses they incur such as travel, hotel, airfare, car rentals and meals will be reimbursed by the Partnership. The Advisory Committee will meet on an annual basis and the General Partner will consult with the Advisory Committee in the event it intends to effect a material change to the Partnership's investment strategy.

As of the Initial Closing Date, the mutual rights and obligations of the partners of Partnership are to be governed by the Partnership Agreement. See **Item 3.6 – Partnership Agreement**.

### 3.2 Partnership Offering

Concurrently with the Offering, the Partnership intends to conduct a private placement offering (the “**Partnership Offering**”) pursuant to which it will offer Class B LP Units to financial and strategic co-investors, Class C LP Units to institutional investors and Class D LP Units to members of the General Partner's management team and their affiliates and associates.

The offering price for the LP Units pursuant to the Partnership Offering will be (i) \$1,000 per LP Unit at the initial closing of the Partnership Offering (currently scheduled to close on or about the Initial Closing Date), and (ii) thereafter, \$1,000 plus \$1,000 x 0.0219% per day between the date of the initial closing of the Partnership Offering and the date of the applicable closing. This pricing structure will apply to all issuances of LP Units regardless of class and regardless of whether the subscription price is paid for in cash or a controlling interest in a Portfolio Company.

The Partnership is seeking to raise up to a maximum of \$50 million through the sale of LP Units over multiple closings. There will be no minimum offering for the Partnership Offering. It is anticipated that the initial closing of the Partnership Offering will occur on or about the date of the Fund's first Closing. The closings of the transfer to the Partnership of the interests in the Featured Portfolio Companies in exchange for Class B LP Units (or a combination of Class B LP Units and cash) are expected to close when the Partnership raises sufficient cash funds. See **Item 2.2 – Our Business**.

The Partnership also expects that members of the General Partner's management team and their affiliates and associates will subscribe for no less than an aggregate of \$1,000,000 into either Class D LP Units or direct ownership interests of Portfolio Companies. The Class D LP Units will be issued on the same terms as the Fund will purchase its Class A LP Units, except that the aggregate capital

contributed to the Partnership through the sale of Class D LP Units will not be included in the calculation of the aggregate contributed capital of the Partnership undertaken for the purpose of determining the GP Distribution for any particular period.

### **3.3 Business of the Partnership**

The Partnership will use the funds available to it from the sale of Class A LP Units to the Fund, as well as the proceeds from the Partnership Offering, to acquire controlling interests or make strategic debt investments in the Portfolio Companies. From its position as controlling shareholder of the Portfolio Companies or through covenants set out in its debt investment documentation, the Partnership will use the experience of the General Partner's officers and directors to appoint suitable individuals to the boards of the Portfolio Companies, who will in turn appoint the management teams of the Portfolio Companies.

The Partnership also intends to acquire controlling interests or make strategic debt investments in Portfolio Companies by issuing Class B LP Units or a combination of issuing Class B LP Units and paying cash to the owners of such Portfolio Companies in satisfaction of the purchase price. The fair market value of such Portfolio Company interests will be based on a valuation provided by a duly qualified independent nationally recognized valuator as determined by the General Partner from time to time.

The General Partner will select Portfolio Companies as described in **Item 3.4 - Investment Strategy**. The Partnership will seek to invest in Portfolio Companies that are profitable and are capable of generating attractive regular returns on invested capital and an opportunity for capital appreciation.

The Partnership will not borrow money to fund the acquisition of any controlling interest or any strategic debt investment in a Portfolio Company. The Portfolio Companies may from time to time borrow in order to assist with the operation and development of their respective businesses, which borrowings are expected to be secured by the Portfolio Company's cash flows and assets, subject to a maximum debt to equity ratio of 1:1 calculated on a consolidated basis including all of the Portfolio Companies. The Partnership shall be permitted to guarantee borrowings by any Portfolio Company in which it holds a controlling interest.

Upon making an investment in any Portfolio Company, the Partnership will consider the management and board of directors of the Portfolio Company and make any changes it determines necessary.

The Partnership expects to receive dividends from the Portfolio Companies and will also receive proceeds from the disposition of any sale of an interest in the Portfolio Companies, which amounts it will distribute to its Limited Partners, including the Fund, in accordance with **Item 0** –

### **Distributions of the Partnership.**

### **3.4 Investment Strategy**

As of the date of this offering memorandum, the Partnership's investment strategy consists of sourcing and acquiring interests in Portfolio Companies that have a component of their revenue arising from recurring service provision, which assures code compliance, sustainable competitive position, high relative market share and a history of generating positive cash flow, and where the Partnership sees an opportunity to enhance value by driving operational improvements. The potential Portfolio Companies initially indicated to be invested in by the Partnership (being Multiservice Group Inc., Direct Elevator Service Ltd. and True Canadian Elevator Maintenance Company Ltd.) have these characteristics in place. The Partnership will seek to invest in other such companies at attractive prices given its extensive network of intermediaries across the country, the limited competition from other private equity firms in the same market segment, and the ability of the Partnership to build trust with vendors, management teams and intermediaries. The Partnership will seek to divest of its investments in Portfolio Companies at higher values than those paid at acquisition, after growing them into larger and more professionally-managed businesses that are strategically relevant for corporate buyers or larger private equity groups and who are willing to pay a premium for these assets.

The Partnership may change any aspect of its investment strategy in the discretion of the General Partner, including in response to changes in market factors affecting the Canadian and applicable regional economics generally and the industries in which potential Portfolio Companies are operating. Accordingly, the disclosure in this **Item 3.4 - Investment Strategy**, may change without notice to Investors.

#### **3.4.1 Investment Focus**

The Partnership will seek to make control investments in the form of equity or strategic debt investments, with protection through covenants set out in the applicable debt investment documentation in high-quality, lower middle-market, Canadian private companies

that are active in industrial and service industries. The Partnership will continue to focus on opportunities requiring both capital and senior operating expertise where it can use the experience and skills of the General Partner's management to work closely with management teams to improve their performance and professionalize the organization.

The Partnership will target lower middle-market companies that are undergoing a significant transition, such as ownership succession or senior management change, the divestiture of non-core high-quality divisions by larger groups, and under-valued companies that are at an inflexion point in their development. The types of transactions that the Partnership will pursue may include management buyouts, intergenerational transfers, growth equity investments and spin-offs. The Partnership will also consider companies in restructuring situations, as add-on acquisitions to companies already made, subject to the quality of the underlying business, management's knowledge of the market and its assessment of the likelihood of success in the process.

The Partnership intends to focus on non-cyclical economic areas of Canada and on lower-risk industrial and commercial service industries that are driven by assuring code compliance where the principals have developed relevant experience, such as but not limited to, gas detection, elevator maintenance and service, fire suppression inspection and service and businesses that have these same components of services driven by code compliance. The Partnership does not currently intend to invest in real estate or situations that have start-up, technology, direct exploration or science risk.

#### Targeting the Right Businesses

The individuals responsible for the Partnership's investments have experience investing in companies with strong underlying fundamentals to which substantial strategic and operational improvements can be made. The Partnership believes that returns can be achieved by focusing on businesses with the following characteristics:

- (a) Strong strategic position: leading market position defined by regional scale or service niches, service offering differentiation, barriers to entry, pricing advantages or distribution channel leadership.
- (b) Sustainability: by focusing on industrial and commercial service business that provide services that are mandated by code compliance, the Partnership feels that these companies with defensible market positions as defined by steady market demand fundamentals, strong cash flows, including recurring service revenues, through the market cycle, sustainable margin structure and a customer base providing a platform for growth.
- (c) Capable management teams: existing management teams or identified successor candidates capable of successfully implementing a value creation plan. The Partnership will seek chemistry with these management teams during the due diligence process that can be built on throughout its ownership. It will also focus on aligning management's interests with its own, generally through equity incentive plans.
- (d) Situations with an opportunity for strategic and operational improvement: companies that the Partnership believes can be improved by driving strategic decisions, operational performance and professionalization of business processes. The Partnership will seek to identify situations where there is room for performance improvement through better sales effectiveness, cost savings, implementation of systems and controls, and exploiting untapped growth potential requiring capital for strategic acquisitions or to support organic growth.

#### How the Partnership will Seek to Create Value

The Partnership will seek to increase value in the Portfolio Companies by: enhancing service offerings; enhancing capital structures to support growth; improving operating performance; repositioning to capitalize on multiple exit opportunities; and effecting an efficient sale process.

1. **Enhanced Service Offerings.** By focusing on an enhanced service offering to existing customer the Partnership believes that value growth can be achieved in a systematic and sustainable manner. The cost to acquire new customers in relation to the pricing of services provided can be problematic, but through offering additional services into existing customer relationship costs can be controlled and at the same time revenue increased. Additionally customer penetration is improved and as more services are offered it is hard for customers to switch service providers. This becomes more apparent when code compliance assurance becomes paramount in areas of occupational health and safety and life safety issues. This is paramount relative to the quality of the core asset and the potential for value creation. The Partnership believes that having a multifaceted customer relationship not only reduce the investments' risk profiles by providing room to absorb business performance shocks, but also enhance investment returns by promoting multiple expansion when selling larger and more professionally-managed

companies. It is possible to achieve a pricing advantage when buying by offering a “best-fit” succession plan to vendors and a structure creating alignment with management. The Partnership believes that its management’s managerial and consulting experience are seen by owners as welcomed and valuable resources which would strengthen the business and support its development. In many instances, vendors are provided the opportunity to reinvest as a minority shareholder, reducing the need for the owner to maximize the sale price since they can benefit from the value increase at the time of a subsequent exit.

2. **Moderate leverage and capital structures to support growth.** The Partnership believes that superior returns are ultimately generated through the execution of well-defined long-term strategies that improve performance and generate growth. The Partnership’s approach to capital structure will be based on the Portfolio Companies’ conservative use of leverage aimed to support growth and give management flexibility for operational and performance enhancement. Lower entry multiples are also expected to be a factor that enables the Partnership to keep moderate debt levels in its Portfolio Companies. The Partnership believes that increased profitability, faster cash conversion, optimization of working capital and operating leverage, and divestment of non-core assets can enable it to quickly deleverage and free up cash for recapitalizations, investments in expansion activities, early distributions or new investments. Performance improvement and active management within the portfolio can result in a significant share of the equity invested being returned to the fund within a relatively short period of time from entry.
3. **Substantial improvement in operating performance.** The Partnership will generally seek to maximize the potential of each Portfolio Company focusing on three primary value drivers: management, performance improvement and growth. The Partnership will seek to implement a series of actions in order to maximize the impact of these value drivers on each company’s operations and competitive position.

Value Driver	Actions
<b>Management</b>	<ul style="list-style-type: none"> <li>➤ Address succession planning</li> <li>➤ Professionalize firm management and reporting</li> <li>➤ Reorganize and expand management team</li> <li>➤ Optimize HR management</li> <li>➤ Improve compensation structure and retention drivers</li> </ul>
<b>Performance improvement</b>	<ul style="list-style-type: none"> <li>➤ Install systems to monitor and manage performance</li> <li>➤ Revise operational strategy and optimize service delivery efficiency</li> <li>➤ Optimize pricing</li> <li>➤ Develop metrics that focus on key areas of the business</li> <li>➤ Instil balance sheet and capital allocation discipline</li> </ul>
<b>Growth</b>	<ul style="list-style-type: none"> <li>➤ Drive organic growth through geographic and channel expansion</li> <li>➤ Broaden key customer relationships</li> <li>➤ Optimize marketing strategy</li> <li>➤ Source and complete add-on acquisitions</li> <li>➤ Attract additional customers and expand service offerings</li> </ul>

Based upon the experience of the General Partner’s management in senior operating roles and in providing strategic advice to major corporations, the Partnership believes that it is differentiated in its segment of the Canadian private equity market. The Partnership will seek to work diligently, both before and after closing an investment, to understand the specific actions required for growth and operational improvement in the base business. The Partnership will aim to be a valuable partner for management by bringing strategic discipline, operational experience, a focus on results and an entrepreneurial mindset to the table. The key components of the business plan are typically created with management early in the ownership period. Strong alignment of interests is obtained through co-ownership, management incentives and clear communication of goals and objectives.

4. **Build businesses that are more attractive to buyers.** A key objective in each of the Partnership’s investments will be to increase value by building higher-quality businesses that can attract a wider audience of potential buyers. If this is achieved,

the Partnership expects that once certain thresholds are attained for revenue and enterprise value, these higher quality businesses will command a higher multiple.

### 3.4.2 The Lower Middle-Market Opportunity

A number of characteristics and industry demographic trends in the lower end of the middle-market make this market segment very attractive. In particular, the Partnership believes that the large number of targets available, the limited level of competition, the opportunity to drive performance improvement and the opportunity to exit to a broader universe of buyers at a higher valuation multiple combine to make the lower middle-market a distinct and attractive segment in Canada.

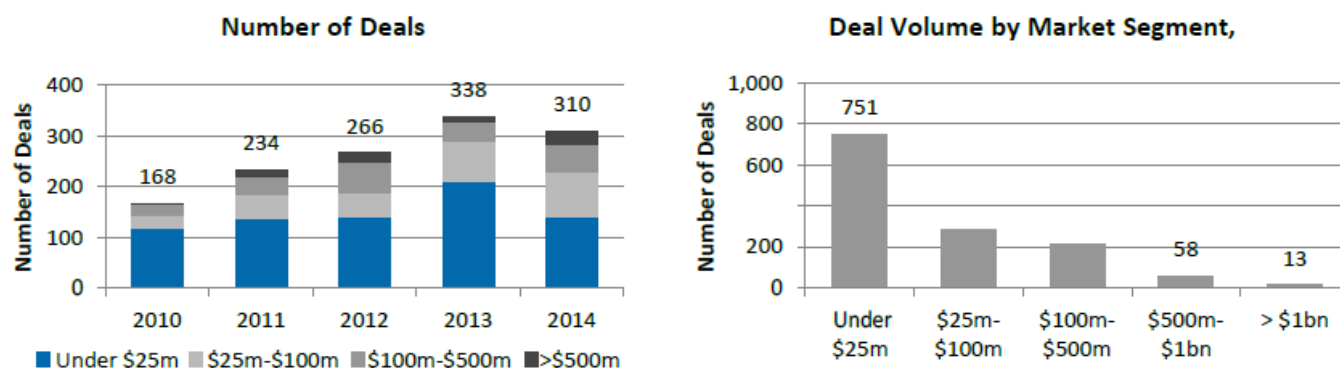
#### Significant share of small and medium-sized businesses

Small and medium-sized enterprises (“SMEs”)<sup>1</sup> account for 99.9% of all Canadian businesses, 89.9% of private sector employment and 52.0% of private sector GDP. 98.4% of SMEs have fewer than 100 employees and account for about 41.0% of private sector GDP.<sup>2</sup>

#### The lower middle-market is the most active deal segment

79% of buyouts taking place in Canada since 2010 have involved companies with enterprise value of less than \$100 million (lower middle-market).<sup>3</sup>

### Deal Sizes in Canada



#### Succession planning is a major issue among small-and medium-sized businesses

The exit rate among privately-owned businesses is expected to rise rapidly over the coming years, as shown in the graphs below. As of 2012, 250,000 businesses<sup>4</sup> in Canada were owned by someone aged 55 or older; this is forecasted to increase to 350,000 by 2022. Driven in part by this aging population of business owners, 550,000 businesses – or almost half of the total – were expected to undergo an ownership transition by 2022, with over 80% of these exits occurring between 2015 and 2022.<sup>5</sup>

<sup>1</sup> SMEs defined as companies with fewer than 500 employees.

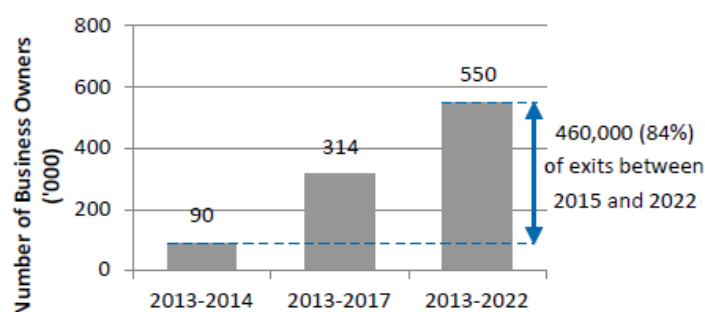
<sup>2</sup> Source: Industry Canada, Key Small Business Statistics – August 2013.

<sup>3</sup> Source: Pitchbook 2H 2015 Canada Breakdown Report.

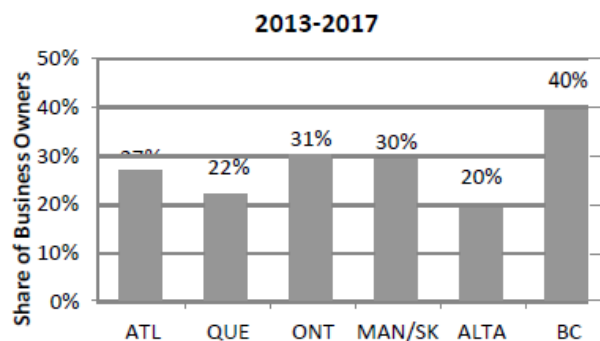
<sup>4</sup> Excludes sole proprietorships.

<sup>5</sup> Source: CIBC Economics, Inadequate Business Succession Planning-A Growing Macroeconomic Risk, November 2012.

## Business Owners Planning Exit



## Business Owners Planning Exit by Province



Sources: CIBC based on the Leger Marketing Poll, Statistics Canada.

### Limited Competition in the Lower Middle-Market

The Partnership believes that relatively few professional private equity investors are active in the Canadian lower middle-market. The space has been vacated by some Canadian private equity firms as they have moved their investment focus to deals above \$75 million of enterprise value. A limited number of new private equity firms have been successful in filling this void, due in part to challenges in raising capital from domestic investors.<sup>6</sup> This end of the market tends to be less accessible to non-Canadian investors due to the local nature of deal agent networks and vendors' preference to deal with a Canadian buyer in many cases. The Partnership believes that most of the competition in the lower middle market is from family offices, displaced corporate executives, pledge or search funds and corporate buyers, with relatively few institutional investors active in this end of the market.

### 3.4.3 Due Diligence

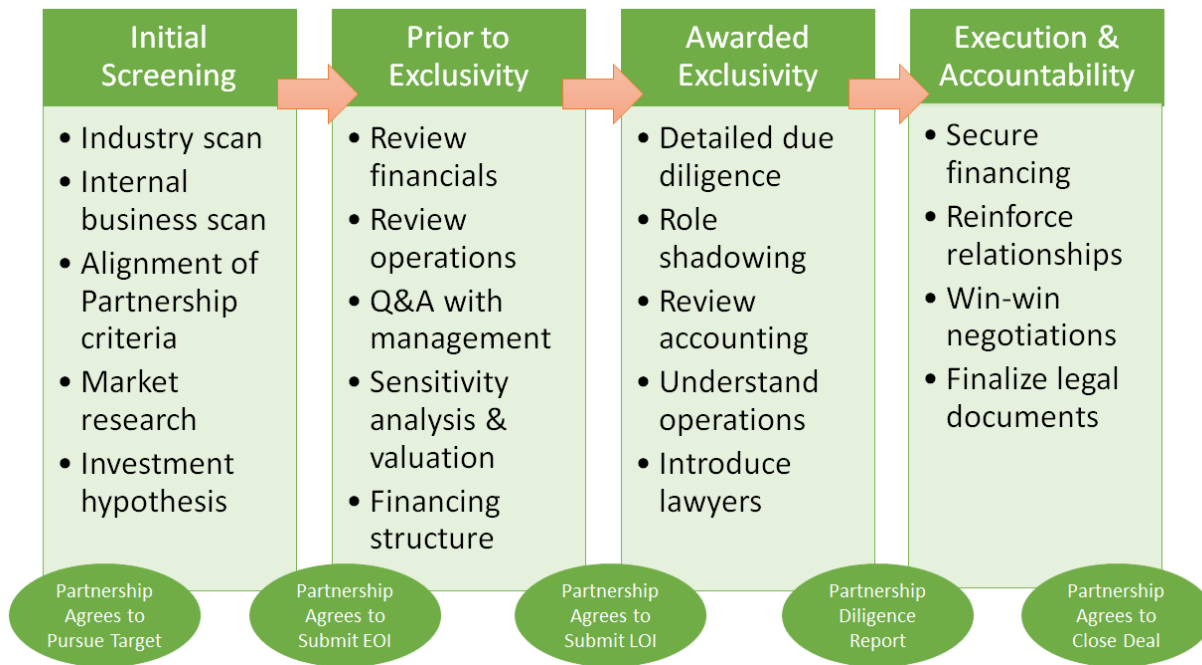
The Partnership is expected to conform to a standardized due diligence process that is comprised of a subset of steps developed to assist the General Partner in its decision making. An important aspect of this process includes various levels of interaction with the shareholders/management of the potential Portfolio Company to not only extract information but develop a strong relationship with them to assist with the process and ensure positive post-deal relations. Where the General Partner determines that it would be beneficial to the Partnership, the Partnership will engage third party experts to conduct due diligence at certain steps of the process.

The Partnership's due diligence process is expected to commence with diligence regarding operations and financial matters. Using the information from such due diligence, the Partnership will determine value added opportunities to grow the business whether in new products or services, channels, geographies or mergers and acquisition activity.

In the event that an exclusive letter of intent with the target Portfolio Company is executed, the Partnership will expand its due diligence efforts to such areas as accounting, operational, environmental and legal reviews. This process can range depending on available information, size of the business and location of the business. In parallel, the Partnership will seek to advance the administrative and legal processes forward to negotiate final documents and securing financial debt and equity positions to close the deal.

<sup>6</sup> As capital is concentrated in very large pension funds that generally make commitments of at least \$50 million, a limited number of funds of funds, endowments, foundations and family offices exist to support private equity funds in Canada.





Initial Screening:

1. The purpose of initial screening is to complete an initial assessment of the opportunity. This involves an internal review of the industry and business for the purpose of assessing alignment with the Partnership's established investment criteria. Criteria includes, but not limited to, the following:
  - a component of recurring service business;
  - maintenance contracts (contractual revenue);
  - code-driven maintenance;
  - diversified customer base; and
  - strong & consistent historical cash flow.

Internally, initial research is done on the market and an investment hypothesis is developed to help facilitate an internal decision to pursue the opportunity further.

Prior to Exclusivity:

1. Preliminary Due Diligence: This stage of the process includes introductory meetings with management, review of historical financials, collection and evaluation of industry data including reputation of the target, discussion with relevant third party industry experts, and high level business operations. With the added information gathered, the General Partner will reassess alignment with the Partnership's investment criteria.
2. Operational Due Diligence: This stage of the process requires the Partnership and its advisors to review the business operations and develop an understanding of internal business environment. Questions will be formed around management intentions, employees, customers, suppliers, competition, capital expenditures and strategic opportunities. In addition, high level financial questions will be noted around market compensation, CAPEX, quotes and revenue with the intent to build a realistic financial model and to understand the source of the maintenance and service revenue, gross margins and risk for financial due diligence.

3. **Financial Due Diligence:** The Partnership intends to drill down on historical financials to determine inconsistencies that raise questions related to efficiencies, unforeseen costs, and market trends. This analysis will be used to better understand the risks and results of internal or external events. Pro-forma financials will be prepared with information from management meetings and operational due diligence. Projections will be challenged using sensitivity analysis to determine conservative, realistic and optimistic scenarios. Using these scenarios, the Partnership will seek to determine the valuation of the business and what financial structure will work best for its partners. The Partnership will also approach multiple financial institutions to understand available financing options.

Awarded Exclusivity:

1. **Accounting:** The Partnership will review administrative and accounting software and processes to determine best practices and areas of risk. In person meetings are strongly recommended to understand the individual roles of office staff, efficiencies/inefficiencies and areas to unlock value with regards to adding industry specific software and increasing communication. This process will also require meetings with the target's accounting firm to verify company assumptions, policies and reviewed financial statements. Specialized consultants may be involved. Specialized consultants may be involved during this process when necessary.
2. **Operational:** The Partnership will review all aspects of the company with regard to management, employees, insurance, equipment, vehicles, culture, health & safety, IT systems, customer relationships and supplier relationships. Specialized consultants may be involved during this process when necessary.
3. **Environmental:** The Partnership will engage third party professionals to review environmental laws, corporate social responsibility, industry best practices as well as recommended business dues, licenses, permits and certifications. Specialized consultants may be involved during this process.
4. **Legal:** The Partnership will review all pending lawsuits and evaluate risk of future lawsuits to determine how to best protect its partners, the company and its reputation. In addition, lawyers are involved to create, tailor and complete all required legal paperwork to complete the transaction including the purchase & sale agreement, shareholders' agreement, employment agreements.
5. **Financing:** The Partnership will provide all relevant information that is requested from financial institutions in order to secure the debt financing prior to closing the deal. In addition, the Partnership will work closely with its lawyers, partners and investors to gather all relevant information and closing documents to secure the equity financing prior to closing the deal.

Execution & Accountability:

1. The Partnership will seek to utilize the negotiation experience of the General Partner's management, as well as its ability to meet deadlines and building strong relationships with all parties during the due diligence stage. More importantly, the Partnership will seek to take precautionary steps to learn and understanding the target's business without interfering in the target's everyday operations.
2. The Partnership may from time to time engage a third party to investigate, select, review and perform due diligence on a potential Portfolio Company investment and, in connection with such engagement, pay a fee to such third party (the "**Due Diligence Fee**"). The General Partner may also perform such services on behalf of the Partnership and in such instances the Partnership shall be permitted to pay to the General Partner the Due Diligence Fee in an amount no greater than the fee that would have been payable to an arm's length third party for comparable services.

### 3.5 Current Negotiations

Third parties related to the General Partner (collectively, the "**Related Vendors**") have over the past few years acquired majority equity positions in several industrial services companies that meet the investment criteria of Partnership. The Partnership has begun negotiations to acquire controlling interests or make strategic debt investments in three of those companies, being Direct Elevator Service Ltd., Multiservice Group Inc. and True Canadian Elevator Maintenance Company Ltd. (the "**Featured Portfolio Companies**"). The Partnership intends to acquire controlling interests in the Featured Portfolio Companies and other Portfolio Companies by issuing Class B LP Units or a combination of issuing Class B LP Units and paying cash to the owners of such Portfolio Companies in satisfaction of the purchase price.

Such acquisitions are conditional upon the successful completion of the Offering and the Partnership Offering. In exchange for such controlling interests, the Partnership intends to distribute to the Related Vendors Class B LP Units (or a combination of Class B LP Units and cash), in each case based on the fair market value of the controlling interest as determined by a valuation prepared by a nationally recognized independent business valuation firm retained by the Partnership. Based on such valuation report, the General Partner believes the enterprise value for 100% of the Featured Portfolio Companies would be \$24,650,000.

The Partnership is seeking to acquire from Related Vendors, directly, at least a 90% ownership in:

- (a) Multiservice Group Inc.; and
- (b) Direct Elevator Acquisition Company Ltd., which in turn owns a 60% ownership in each of:
  - (i) Direct Elevator Service Ltd.; and
  - (ii) True Canadian Acquisition Company Inc. (which in turn owns 100% of True Canadian Elevator Maintenance Company Ltd.).

See the pro forma organization chart set out at **Item 2.1.1 - Organizational Chart**.

### **3.5.1 Multiservice Group Inc.**

Multiservice Group Inc. (for purposes of this **Item 3.5.1, “Multiservice”**) is a Canadian-controlled corporation operating in Western Canada, with offices in Edmonton and Calgary. It is comprised of two divisions: the MultiGas division, which has 8 technicians, and the Reltech division, which has 3 technicians. Combined, Multiservice has 18 employees.

The Partnership believes that Multiservice has earned a high level of trust across the industry. In many cases, Multiservice is in the possession of keys to customers' facilities, and is permitted to conduct inspections and repairs without the presence of customers' representatives.

The Gas Detection Calibration and Service Sales Lead and the VFD Technical Sales Specialist lead the sales team of 4 employees for both MultiGas and Reltech. The decision maker or purchaser in both MultiGas and Reltech's divisions is the same person, and as a result the company's sales strategy includes cross-selling of both services, with a focus on recurring revenue. Leads are shared and the intent of the sales team is to include the other division in their online and in-person communication.

The Partnership believes that MultiGas and Reltech are set apart from the competition by their specialization and certification. MultiGas maintains many more safety and compliance certifications than its commercial competition, such as Contractor Check, ISNetworld Comply Works, PICS and others. As the purchasing companies continue to increase their safety requirements, MultiGas expects to be awarded more contracts due to superior clearance and ratings.

#### **3.5.1.1 History**

Multiservice was found in 1985. In 1995 Multiservice secured the Reltech trademark (covering Reltech Drives & Controls), adding this as a second business segment servicing Variable Frequency Drives (VFDs). That same year, both business operations and the trademark were combined and renamed MultiGas Detection & Instrumentation Services Ltd.

Newlook acquired Multiservice in 2012, using the MultiService Group Holding company. Fabricon Systems Alberta 2008 Inc., of High River, AB, was acquired by Multiservice in March 2014 as an add-on acquisition. This added market presence in Calgary and southern Alberta.

#### **3.5.1.2 Operations**

##### **MultiGas**

MultiGas serves approximately 1600-1700 customers, with low concentration. The ten largest customers collectively accounted for approximately 22% of revenue in the last fiscal year. MultiGas technicians usually work alone, however certain service calls require two technicians. MultiGas mainly serves commercial buildings, parking garages, multi-family buildings, public arenas and pools, municipal buildings such as police and fire stations, maintenance and vehicle bays, manufacturing facilities, and oil and gas facilities.

Installation and regular inspection of gas detection systems is mandated by the Alberta Fire Code (and other Provincial codes throughout Canada), the American Society of Heating, Refrigerating, and Air-Conditioning Engineering (ASHRAE), and Occupational Health and Safety Code, which assists in terms of repeat business. Inspection is often compulsory every six months, although some industries and equipment require a different frequency. Failed or obsolete equipment requires replacement at which time MultiGas sells retrofit systems.

### Reltech

The Reltech division of Multiservice (also referred to as the "**Reltech**" or the "**Reltech business**") provides a similar scope of services for Variable Frequency Drives (VFDs), which are primarily used to control air handling systems in buildings. The divisions' customer bases are very similar and are often cross-sold to, allowing for greater saturation of the market.

Reltech provides sales, installation, commissioning, troubleshooting, repair, and preventative maintenance services, primarily for three-phase VFDs. Reltech sells both new and refurbished equipment. Over approximately 60% of its revenue recorded since purchase in 2011 is attributed to equipment and parts sales, and the remainder comprises labor charges.

Standard VFD preventative maintenance is comprised of inspecting, cleaning, and making adjustments to components of the VFD. Reltech recommends once annually in most applications, however some applications call for more frequent attention. VFD preventative maintenance is an ongoing focus and allows for more recurring revenue (see Business and Growth Strategy).

MultiGas and Reltech hire electrical technicians for low voltage work and journeyman electricians for high voltage work. Technical staff are certified by equipment suppliers. 8 field technicians are assigned to the gas monitoring business. They are paid a base hourly wage plus an additional amount for each unit serviced. Three additional full-time field employees work on the Reltech business in addition to one part-time technician.

#### **3.5.1.3 Strategy**

The Partnership believes the company has considerable opportunities for growth, including through market share gain within the current geographical radius (Alberta, Saskatchewan, British Columbia). This will be accomplished by traditional cold calling and prospecting, networking with large property management firms and within partner companies with regional or national representation, professional associations, SEO and online marketing, and public tender opportunities.

### MultiGas

As a result of the safety codes outlined above to which its customers are subject, the Partnership believes that MultiGas will grow its recurring revenues. In addition, most gas detection equipment has a planned obsolescence (by the manufacturer) of seven years and will then need to be replaced. Calibration and inspection is scheduled out 12 months and allows for revenue and operational planning. MultiGas has continued to improve on follow up procedures for quotes, and has seen conversion ratios rise in the last 12 months especially.

MultiGas has targeted the revenue that comes from calibrations by moving "upstream", working with engineers and wholesalers to spec and purchase equipment from MultiGas. Where customers have commissioned gas detection systems from MultiGas, MultiGas has been pleased with its ability to retain those customers, achieving a 95% conversion to a calibration and ongoing service customer. Focus on identifying additional future customers like those the company currently has remains a top priority.

In addition to organic growth regionally, acquisitions in both British Columbia and Ontario are being considered.

As a measure of the opportunity the Partnership recognizes, below is a graph of the Industrial Gas Detection Market size (equipment sales only. Data pulled from the Frost Report 2014).

Vertical Markets Fixed			
Canada	\$50M		
Can West	\$30M		
Can East	\$20M		
	East	West	Total
Recycling	\$1M	\$0.6M	\$1.6M
Water Municipal	\$2M	\$1M	\$3M
Downstream Gas	\$4M	\$10M	\$14M
Upstream gas	\$3M	\$10M	\$13M
Manufacturing	\$0.5M	\$0.3M	\$0.8M
Auto Mfg.	\$0.5M	\$0.1M	\$0.6M
P&P	\$0.5M	\$0.5M	\$1M
Chemical	\$1M	\$2M	\$1M
Food & Beverage	\$1M	\$1M	\$2M
Steel & Mining	\$4M	\$1.5M	\$5.5M
Landfill	\$0.5M	\$1M	\$1.5M
Government	\$2M	\$2M	\$4M
<b>Total</b>	<b>\$20M</b>	<b>\$30M</b>	<b>\$50M</b>

The commercial equipment market size is not as large as industrial due to the equipment costing less per unit. The Partnership believes the opportunity is approximately \$20 million in Canada. Service opportunities would be a smaller dollar value on the industrial side but par with commercial equipment opportunity at approximately \$20 million. The primary areas of opportunity are Alberta, British Columbia, Saskatchewan, Ontario and Quebec.

#### Reltech

The Partnership believes that the largest area of focus on growth is scheduled recurring revenue through the Preventative Maintenance Program. Demand for VFD preventative maintenance has gone up, due to both an increased number of VFDs being sold into the market, as well as the aging of VFDs in the last 15 years (when they began being commonly purchased).

Because Reltech also provides VFD equipment sales and troubleshooting services, the Partnership believes that its preventive maintenance program's legitimacy is increased, as is the likelihood that customers will choose Reltech over other electrical companies for additional VFD requirements due to the company's expertise. The Partnership believes that preventative maintenance relationships can lead to service call requests and equipment replacement opportunities when VFDs or components of the VFD fail. Likewise, service calls and replacement sales can lead to preventative maintenance agreements.

In order to encourage long-term contracts, Reltech has recently started promoting a service that is connected to preventative maintenance. Reltech now offers a 4-year extended warranty package for VFDs that Reltech technicians have installed. The warranty is upheld by a 4-year contract for VFD preventative maintenance. Prior to entering this extended warranty, a pre-warranty inspection is offered which allows any problems prior to manufacturer's warranty (one year) expiration to be identified and remediated by the manufacturer.

#### **3.5.1.4 Board and Management**

The Partnership expects that management and the board members of Multiservice will remain following investment by the Partnership.

#### **3.5.2 Direct Elevator Service Ltd.**

Direct Elevator Service Ltd. (for purposes of this **Item 3.5.2, "Direct"**) is an elevator maintenance company which the Partnership believes is operating a solid business, with a component of steady recurring revenue and promising growth opportunities within the elevator maintenance industry.

Direct's management team has over 28 years of market presence, which the Partnership believes has allowed it to develop a strong relationship with many of the largest names in the industry. The senior management of Direct, as owners, are expected to remain with Direct following the acquisition. Direct currently has a team of 52 employees, including 2 administration staff in the office. They have 14 modernization crews and 11 maintenance crews working daily, and a fleet of 20 service vehicles.

The Partnership believes that Direct is set apart from its competition both as a business and as a service provider by virtue of its recurring, contract-based revenue, conversion of their modernization projects to maintenance agreements over the past 9 years, 24 hour service agreements, its organization and efficiency of operations (including its customer service database system), the relationships it maintains with consultants, its ability to bid on almost every available modernization project and its relationship with the local Elevator Mechanics union.

In addition, Direct provides services that are required by government standards and Canadian building laws and regulations, which the Partnership believes will mean that the Direct's services are in constant demand and its revenue will not be significantly impacted by changing economic conditions.

#### **3.5.2.1 History**

Direct was founded in 1988. These partners are elevator mechanics by trade, formerly employed by Otis Elevator, who felt they could bring a company to market which would provide superior service to capture market share at the same time as building a solid, profitable platform for growth. Based out of east Toronto (Scarborough), Direct services the entire Greater Toronto Area.

#### **3.5.2.2 Operations**

Direct's modernization crews work in pairs and typically spend 8-11 weeks on each modernization project. Modernizing elevators improves safety, adds to the value of the building, and brings equipment up to the latest codes.

80% of Direct's revenue in the last three years was derived from modernization and 20% was derived from ongoing maintenance of existing elevators.

Direct operates with 12 modernization crews, 7 maintenance mechanics and 2 service crews that focus on service jobs, TSSA mandated jobs as well as modernizations. Service jobs refer to replacement of door operators, ropes, hoist cables, traction controls and motor generators. TSSA mandated jobs include machine room guarding, car top railings and cylinder replacements. Maintenance contracts require Direct to maintain their portfolio of elevators on a monthly basis with specific parameters around replacement parts and overtime. Direct always has a mechanic on call in case of emergencies or mandatory response situations.

#### **3.5.2.3 Strategy**

Direct has grown its business in a consistent and measured manner and the Partnership believes this can be continued. As a result of its utilizing all market channels for growth, including elevator consultant bid programs, internal sales, and now further acquisitions, the Partnership believes that Direct is poised for continued controlled and focused growth.

One particular area of potential growth for Direct is to secure additional commercial sector agreements, as the commercial sector offers higher margins than those offered by Direct's current modernization and maintenance agreements, which are currently focused in the residential sector.

The Partnership believes that Direct's most significant impediment to growth is the lack of available mechanics. Direct is unionized, and in addition to utilizing the union training program they develop their own elevator mechanics internally with their apprenticeship program. They have trained 6 elevator mechanics internally and continues to source additional qualified mechanics.

Direct's revenue has increased by 40% since 2014. This growth has been attributed to the increase in number of elevators under maintenance as well as adding more modernization crews to meet the demand for modernizations. The modernization crews are fully booked for 2016 and Direct is currently scheduling jobs for 2017. The Partnership believes that Direct's financial statements suggest that Direct will experience positive growth in the future.

#### **3.5.2.4 Board and Management**

The Partnership expects that the management and boards of Direct, as well as Direct Elevator Acquisition, will remain in place following investment by the Partnership.

### **3.5.3 True Canadian Elevator Maintenance Company Ltd.**

True Canadian Elevator Maintenance Company Ltd. (for purposes of this **Item 3.5.3**, "TC" or "True Canadian") is a business with a significant number of stable recurring revenue customers and which the Partnership believes offers opportunities to grow steadily within the elevator services industry. True Canadian is managed by a well-respected technician in the industry with 30 years of

experience who started the business to provide service and maintenance to an underserved market. True Canadian has developed strong relationships with its suppliers, consultants and property managers over the course of 10 years. The Partnership expects that True Canadian's management team, mechanics and administrative staff will remain with the company following the acquisition. Currently, True Canadian has a team of 33 employees, including 4 administration staff in the office, one shop manager and one sales manager. True Canadian has 7 modernization crews, one service crew, 9 maintenance mechanics that work daily, and a fleet of 19 service vehicles.

#### **3.5.3.1 Operations**

True Canadian modernization crews work in pairs and typically spend 7-10 weeks on each elevator modernization. Approximately 65% of its revenue originates from modernizations whereas approximately 35% of revenue stems from maintenance and service of its existing portfolio. True Canadian operates with 7 modernization crews, 9 maintenance mechanics and one service crew that focus on service jobs, TSSA mandated jobs as well as modernizations. Service jobs refer to replacement of door operators, ropes, hoist cables, traction controls and motor generators. TSSA-mandated jobs include machine room guarding, car top railings and cylinder replacements. Maintenance contracts require True Canadian to maintain their portfolio of elevators on a monthly basis with specific parameters around replacement parts and overtime. True Canadian always has a mechanic on call in case of emergencies or mandatory response situations.

#### **3.5.3.2 Strategy**

True Canadian has grown its business recently and the Partnership believes this can be continued by applying all market conduits for development, including elevator consultant bid programs, internal sales, and now further attainments. True Canadian grows its elevator portfolio by winning bids for 5 year maintenance contract with no modernization attached to the contract. These contracts are usually subject to older equipment; however, True Canadian mechanics are more trained on this older equipment due to their history of maintaining older elevators, and the leadership and technical expertise of management. Two-thirds of True Canadian's new elevators jobs originate from these 5 year maintenance contracts. True Canadian is proud to say that they are awarded the modernization bid with a 90% success rate.

True Canadian has sustained 20% growth in maintenance revenue year over year since 2014, consistently adding approximately 90 elevators per year. In addition, True Canadian has experienced 45% growth in normalized earnings since 2014. The growth has been attributed to the number of property managers diverting their service agreements away from larger elevator companies in hopes of receiving better quality and customer service.

#### **3.5.3.3 Board and Management**

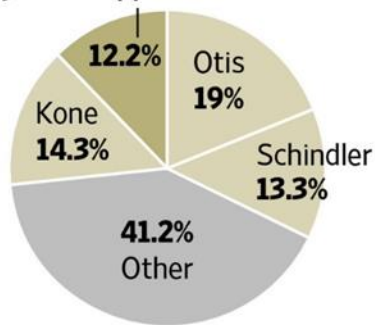
The Partnership expects that key board and management team members will remain with the company following completion of its acquisition.

### 3.5.4 Elevator Opportunity

#### Race to the Top

Global market share for elevator equipment, maintenance and modernization in 2015

Thyssenkrupp



Source: Credit Suisse

THE WALL STREET JOURNAL.

There is strong continued opportunity to consolidate elevator equipment, maintenance, and modernization in Canada. The Partnership will be exploring the market in Greater Toronto Area and other strategic areas of Canada.

As per Frost & Sullivan, the global elevator and escalator market was valued at \$76.83 billion in 2014 and expected to reach \$104.17 billion by the end of 2020 with a compound annual growth rate of 5.2% from 2015 to 2020.

#### Market drivers to the elevator industry include:

- **Increasing Urbanization:** The increasing movement of the people from rural to urban areas has pushed the demand for multi-storied residential apartments in the urban areas. Also with the increase in disposable income and aging population, the elevator and escalator market is expected to witness tremendous growth from the developing countries, especially from China and India.
- **Need of Rapid and Efficient Transit System at Public Places:** There is a significant rise in the construction of shopping malls, airports, railway stations over the past few years. Such constructions have created huge opportunity for vertical transit industry as elevators and escalators provide commuters/users with ease of transit to desired location in a very short time.
- **Technological Development:** With the advancement of technology, manufacturers are now capable of offering sophisticated elevators and escalators with better designs and attractive features. These include elevators that allow bird eye view of the city during transit, elevators with LED displays, music playback, and other features are witnessing soaring demand from five star hotels, and high end commercial and corporate complexes.
- **Pricing pressure:** the key players in the global elevator and escalator market are witnessing stiff price competition from the local players, especially in the area of maintenance and installed equipment.

#### Market challenges to the elevator industry include:

- **Lack of Trained Manpower:** Availability of a skilled workforce is one of the major bottlenecks of this market. Usually, there is an interval of one to three years for a newly installed elevator to demand repair work. Thus sufficient number of skilled workers is required to bolster the market growth.

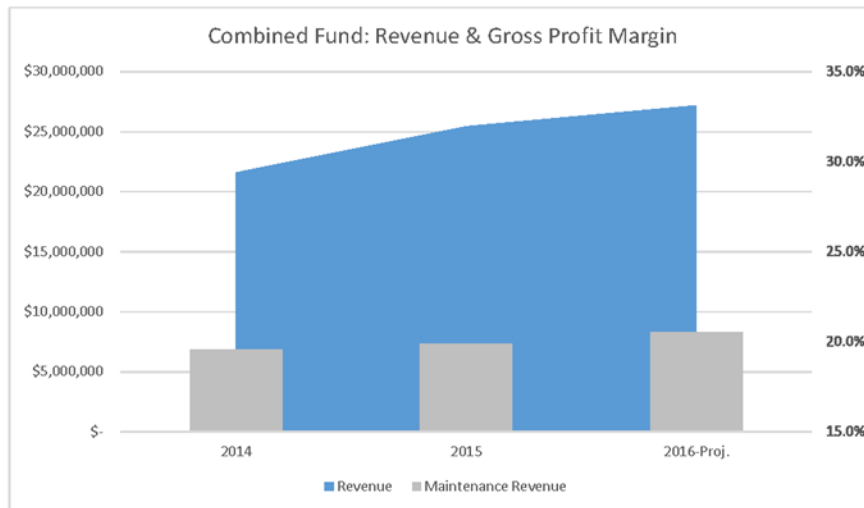


- **Stringent Government Regulation:** Overemphasis on regulatory measures, and related approvals required from the governing bodies affect the growth of the market. Further, government regulations on import and export of heavy equipment, regulation to carve investment, and other political issues hinder the growth potential of elevator and escalator market.

### 3.5.5 Consolidated Financial Metrics

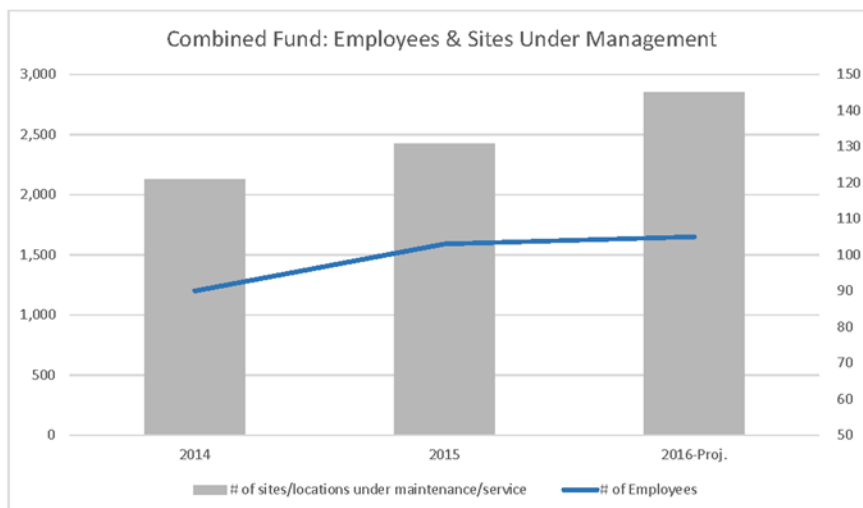
As illustrated below, the Featured Portfolio Companies, on a combined basis, have experienced increased maintenance and total revenues since the beginning of 2014 and in that time have also increased the number of employees and sites under management.

Figure 1: Combined Fund: Revenue & Gross Profit Margin



As illustrated above, maintenance revenue steadily increases year over year along with total revenue. Maintenance revenue hovers around 30% of total revenue. Gross profit margin is historically greater than 24%; however, gross profit margin will fluctuate based on large projects that are awarded with lower margins. That said, there is always a long-term maintenance and service component to each large project.

Figure 2: Combined Fund: Employees & Sites Under Management



As illustrated above, the combined fund has experience substantial growth over the last two years by hiring new service professionals to maintain the growing number of sites under management. Sites under management include buildings, landmarks and other structures as well as number of elevators.

### 3.6 Partnership Agreement

The mutual rights and obligations of the General Partner (sole general partner), the Fund (as the proposed sole Class A Limited Partner), the Class B Limited Partners, the Class C Limited Partners and the Class D Limited Partners as the partners of the Partnership are to be governed by the Partnership Agreement, which is to be entered into as of the Initial Closing Date with effect from the date of the Partnership's formation, September 13, 2016. The outstanding shares of the General Partner are currently held by Elroy Gust, as to 83.3% and Tony Diab, as to 16.7%. Consequently, Mr. Gust and Mr. Diab will receive income (indirectly) from their beneficial ownership of the General Partner through the GP Distribution. See **Item 6.2.2 – Funds Flow from the Portfolio Companies** for a description of the distributions from the Partnership to its partners, including the Fund as a proposed Limited Partner.

The following description of the Partnership Agreement and the descriptions set out elsewhere in this offering memorandum are a summary only of certain material terms and conditions of the Partnership Agreement, and do not purport to be complete. **The Partnership may, without prior notice to Trust Unitholders make changes to the terms and conditions of the Partnership Agreement that are different than as summarized in this offering memorandum, provided such changes would not reasonably be considered materially adverse to the affected partners.**

**The following is a summary only of certain provisions of the Partnership Agreement and is qualified in its entirety by the Partnership Agreement.** Prospective Investors may after the Initial Closing Date inspect a copy of the Partnership Agreement, during normal business hours at the offices of the Fund at 835 Harrington Court, Suite 2, Burlington, ON, L7N 3P3. In addition, each Trust Unitholder has the right to obtain from the Fund, on request without fee, a copy of the Partnership Agreement and any amendments thereto.

#### 3.6.1 Capital of the Partnership

The capital of the Partnership consists of the aggregate of all sums of money or other property contributed by the Limited Partners as capital contributions and not withdrawn by or returned to them. The Limited Partners' capital contributions will be made through investment in limited partnership units.

The interest of the Limited Partners is divided into an unlimited number of Class A LP Units, Class B LP Units, Class C LP Units and Class D LP Units, the units of each such class having attached to them the rights, privileges, restrictions and conditions ascribed thereto under the Partnership Agreement.

#### 3.6.2 Distributions of the Partnership

The Partnership will seek to make distributions to its Limited Partners on a quarterly basis. The amount of any such distributions will be determined by the General Partner, in its sole discretion, and will be based on any dividends or distributions received by the Partnership from the Portfolio Companies, and all of the net proceeds of the sale by the Partnership of any or all of its ownership interest in a Portfolio Company (gross proceeds less all related costs, expenses and taxes relating to any such disposition), net of the expenses of the Partnership.

Distributions, if any, will be made on a quarterly basis to Limited Partners of record on the final day of the applicable calendar quarter and will be paid on or before the 30<sup>th</sup> day of month following the calendar quarter. The General Partner may declare additional distributions out of the surplus funds of the Partnership, if any, as it determines, in its sole discretion, to be necessary or desirable.

Distributions will be apportioned, among the Limited Partners and the General Partner, to the extent such distributable cash is available, in the following order:

- (a) to creditors of the Partnership, in an amount equal to all reasonable accrued and unpaid operating costs of the Partnership and to fund a working capital reserve for the Partnership, in an amount determined by the General Partner in its discretion;
- (b) to the General Partner in an amount equal to all of the outstanding and accrued annual distribution entitlement of the General Partner to the GP Distribution;

- (c) then, to the Fund, as the holder of Class A LP Units, as one pool, and the holders of Non-Class A LP Units, as a second pool, in amounts equal to the Class A Designated Percentage and the Non-Class A Designated Percentage, respectively, of the available distribution, as set out below:
- (i) the Class A Designated Percentage of the available distribution will be distributed in the following order and priority:
- (I) as first priority, to Fund until it has received a return of all its capital contribution, provided that the capital contribution for purposes of this paragraph shall be deemed equal to the capital contribution (based on a price of \$1,000 per LP Unit) plus the Selling Commissions, capital advisory fee and Offering Costs;
  - (II) as second priority, to the Fund until it has received its outstanding and accrued Preferred Return, provided that the Preferred Return of the Fund shall be calculated based on an amount equal to the actual capital contribution plus the Selling Commissions, capital advisory fee and Offering Costs;
  - (III) as third priority, to the General Partner until the General Partner has received aggregate distributions under this paragraph (III) equal to 25% of the total distributions made pursuant to paragraphs (II) above and this paragraph (III) (for illustrative purposes if \$75 is distributed under paragraph (II) above and \$25 is distributed under this paragraph (III) then the total distribution under both paragraphs would be \$100); and
  - (IV) as fourth priority:
    - (1) 25% to the General Partner; and
    - (2) 75% to the Fund,
- (ii) the Non-Class A Designated Percentage of the available distribution will be distributed in the following order and priority:
- (I) as first priority, to the holders of Non-Class A LP Units on a pro rata basis until they have each received a return of their respective capital contribution (based on a price of \$1,000 per LP Unit);
  - (II) as second priority, to the holders of Non-Class A LP Units until they have each received their respective outstanding and accrued Preferred Return;
  - (III) as third priority, to the General Partner until the General Partner has received aggregate distributions under this paragraph (III) equal to 25% of the total distributions made pursuant to paragraphs (II) above and this paragraph (III); and
  - (IV) as fourth priority:
    - (1) 25% to the General Partner; and
    - (2) 75% to the holders of Non-Class A LP Units on a pro rata basis.

Distributions may be made to the Limited Partners as a return of their capital contributions, at the sole discretion of the General Partner.

### **3.6.3 Authority and Liability of the General Partner**

Under the terms of the Partnership Agreement, the General Partner, as general partner, will carry on the business of the Partnership and is given full and exclusive power and authority to manage, control, administer, advise and operate the business and affairs of the Partnership and to make decisions regarding the undertaking and business of the Partnership, subject to the provisions of the *Limited Partnerships Act* (Ontario) and except for certain matters being subject to approval of the Limited Partners.

The General Partner, as general partner, has unlimited liability for the debts, liabilities and obligations of the Partnership to the extent required by but, subject always to the provisions of the *Limited Partnerships Act* (Ontario) and other applicable legislation and terms of the Partnership Agreement.

The General Partner will exercise its powers and authorities, discharge its duties and manage and operate the Partnership and the undertaking, property and assets thereof, honestly, in good faith and in the best interests of the Limited Partners, and will exercise the care, diligence and skill of a reasonably prudent person, and will maintain the confidentiality of financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which may adversely affect the interests of the Partnership or its Limited Partners, except to the extent that disclosure is required by law or is in the best interests of the Partnership, and it will utilize the information and data only for the business and affairs of the Partnership.

The Partnership will directly or indirectly indemnify the General Partner and its directors, officers, employees and agents, against all claims, liabilities, damages and expenses (including legal fees) that they may suffer or incur or to which they may be or become subject by reason of their activities on behalf of the Partnership or in connection with any credit granted by the Partnership; provided, however, that such indemnity will not apply to any losses arising out of the fraud, wilful misconduct or gross negligence on the part of the indemnified party.

The General Partner, as the general partner of the Partnership, or an affiliate of the General Partner, may, in its discretion and to the extent desired or considered necessary by the General Partner, provide administrative, advisory, management, operational, due diligence and other services to the Partnership in connection with the acquisition of an interest in any Portfolio Company.

No Limited Partner is permitted to take part in the management of the business of the Partnership. No limited partner is liable for any debts, liabilities or obligations of the Partnership in excess of such Limited Partner's paid capital contributions and any unpaid capital contributions agreed to be paid in respect of such Limited Partner's units, provided such Limited Partner does not take part in the control or management of the business of the Partnership. Any action taken by the General Partner on behalf of the Partnership is deemed to be an act of the Partnership and binds the Partnership.

### **3.6.4 Reimbursement of Costs and Expenses**

The Partnership will pay all costs, disbursements and other fees and expenses incurred in connection with all matters under the Partnership Agreement and incurred in managing, controlling, administering and operating the business and affairs of the Partnership, including the issue and sale of limited partnership units, the admission of Limited Partners, the transfer of limited partnership units, maintenance and updates of the Partnership register, maintenance and updates of all capital or current accounts, all allocations of net income, net loss, taxable income and tax loss, all distributions of assets of (including cash available for distribution), and the dissolution of the Partnership.

The Partnership will reimburse the General Partner for all direct costs and expenses incurred on the Partnership's behalf by the General Partner in the exercise of its rights or performance of its duties under the Partnership Agreement, provided that the General Partner is not in default of its rights or duties, in connection with such costs and expenses.

### **3.6.5 Specific Powers of the General Partner**

The General Partner is authorized on behalf of and without further authority from the Limited Partners to do all things which in its sole judgment are necessary, proper or desirable to carry on the business and purposes of the Partnership, including but not limited to, the following:

- hire for usual and customary payment and expenses brokers, attorneys, accountants and such other advisors and employees for the Partnership as it may deem necessary or advisable, acting reasonably;
- file such declarations, returns or other documents and comply with all applicable regulatory requirements, and do such other acts required or advisable to maintain the status of the Partnership as a limited partnership where deemed appropriate, including without limitation the obligation to renew the Partnership declaration every five years or such other period as may be required under the *Limited Partnerships Act* (Ontario);
- subject to the terms of this agreement, incur liabilities for general operating purposes in the name of the Partnership from time to time as it may determine, acting reasonably, without limitation with regard to amount, cost or conditions of reimbursement of such liabilities and to grant security therefor, other than for matters which under the

terms of this agreement are the responsibility of the General Partner, and for greater certainty, does not include borrowing funds for investment into or the operation of a Portfolio Company;

- negotiate, execute and perform all agreements which require execution by or on behalf of the Partnership involving matters or transactions with respect to the Partnership's business, affairs or purpose (and such agreements may limit the liability of the Partnership to the assets of the Partnership, with the other party to have no recourse to the assets of the General Partner, even if the same results in the terms of the agreement being less favourable to the Partnership;
- commence or defend any action or proceeding in connection with the Partnership and handle and settle any claims of the Partnership;
- make, in its sole discretion, any and all elections for federal, provincial, state, local and foreign tax matters and make for and on behalf of each Limited Partner in respect of such Limited Partner's interest any and all elections, determinations, designations, objections, notices of objection, or filings of any kind under the Tax Act and the regulations thereunder or the taxation or other legislation or similar laws of Canada, any province, territory or foreign jurisdiction;
- negotiate contracts with third party providers of services, including obtaining any insurance coverage;
- enter into, execute, maintain, and/or terminate contracts, undertakings, agreements and any and all other documents and instruments in the name of the Partnership;
- determine the amount and type of insurance coverage to be maintained in order to protect the Partnership from all usual perils of the type covered in respect of properties and businesses comparable to that of the Partnership;
- admit new and/or substitute Limited Partners to the Partnership;
- open, maintain and close bank accounts and draw cheques or other orders for the payment of money;
- keep (or cause to be kept) financial and other records of the Partnership and report to the Partnership in the manner described in the Partnership Agreement;
- perform annual valuations of all investments made into Portfolio Companies ("**Investments**");
- provide administration, advisory, management, operational, due diligence and other services to the Partnership in connection with the Partnership acquiring interests in the Portfolio Companies;
- prepare financial statements, income tax returns, information returns and financial and accounting information and provide Limited Partners with financial statements and other reports, as required by this agreement or by applicable law; and
- make all decisions concerning the acquisition, management, structuring, restructuring, financing, commitment to or monitoring of and disposition of Investments;
- acquire, hold, sell, transfer, exchange, pledge and dispose of Investments, and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to Investments, including, without limitation, the voting of securities of any Portfolio Company, the approval of a restructuring of Investments, participation in arrangements with creditors of any Portfolio Company, the commencement and settlement or compromise of actions and administrative proceedings with respect to an Investment or the Partnership providing assistance and advice when necessary to any Portfolio Company including becoming actively involved with any Portfolio Company as the General Partner shall determine and other similar matters with respect to Investments;
- enter into acquisition agreements to make or dispose of Investments, which may include such representations, warranties, covenants, indemnities, guarantees and security as the General Partner deems necessary or advisable;

- manage all Partnership funds pending the making of Investments, by placing such funds in an interest-bearing account at any Schedule I Canadian chartered bank;
- cause the Partnership to guarantee the borrowings of a Portfolio Company, subject to a maximum debt to equity ratio of 1:1;
- in its sole discretion, waive or delay strict enforcement of the Partnership's rights under any subscription agreements between the Partnership and a Limited Partner pursuant to which the Limited Partner subscribes for units of the Partnership on a case-by-case basis;
- require the Partnership to retain, and not distribute, any amounts the General Partner deems necessary to enable the Partnership to defray current or reasonably anticipated future expenses and liabilities;
- make distributions to Partners in the manner contemplated in the Partnership Agreement;
- open, maintain and close brokerage and similar accounts; and
- do or perform all such things as may be necessary or advisable in furtherance of the Partnership's powers, objects, or purposes or to the conduct of the Partnership's activities.

The General Partner may contract with any person or entity to carry out any of the duties of the General Partner and may delegate to such person any power and authority of the General Partner, but no such contract or delegation relieves the General Partner of any of its obligations under the Partnership Agreement. The General Partner may, on behalf of the Partnership, pay reasonable costs incurred in delegating such duties.

### **3.6.6 Determination and Allocation of Net Income or Loss**

The net income or loss of the Partnership for each fiscal year shall be determined by the General Partner in accordance with IFRS. The net income or loss of the Partnership for each fiscal year shall be allocated between the General Partner and the Limited Partners, as well as among the Limited Partners by the General Partner in a manner consistent with the distribution provision in the Partnership Agreement. In so allocating the net income or loss, the General Partner shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the partners (including the General Partner), with a view to ensuring that, over the term of the Partnership, each partner is allocated a portion of the Partnership's net income that substantially corresponds to the income that is distributed to that partner.

### **3.6.7 Computation of Income or Loss for Tax Purposes**

The General Partner shall have the right, in computing the income or loss of the Partnership for tax purposes, to (i) adopt a different method of accounting than described in Item 3.6.6, (ii) adopt a different method of allocation than described in Item 3.6.6 and (iii) adopt different treatments of particular items and to make and revoke elections on behalf of the Partnership and the partners as the General Partner deems to be in the best interests of the Limited Partners and in the spirit of Partnership Agreement.

### **3.6.8 Capital Accounts**

The contribution to the capital of each Limited Partner is the total amount of money paid or the fair value of other property contributed to the Partnership in respect of the limited partnership units held by such Limited Partner or a predecessor Limited Partner, which capital contribution is to be increased or reduced from time to time pursuant to the provisions of the Partnership Agreement.

The General Partner will maintain a separate capital account for each Limited Partner and will:

- (a) credit the capital account of the applicable Limited Partner with:
  - (i) on receipt of an amount in respect of a capital contribution, such capital contribution; and
  - (ii) the amount of any net income allocated to the Limited Partner in accordance with the Partnership Agreement; and
- (b) debit the capital account of the applicable Limited Partner with:

- (i) the amount of any net loss allocated to the Limited Partner in accordance with the Partnership Agreement; and
- (ii) any amount withdrawn or distributed (as a return of capital or otherwise) from time to time by the Partnership to the Limited Partner.

No Limited Partner is responsible for any losses of any other Limited Partner, nor will it share in the allocation of income or loss attributable to the limited partnership units of any other Limited Partner.

Except as expressly provided for in the Partnership Agreement, the interest of a Limited Partner in the Partnership does not terminate by reason of the return of capital contribution or by reason of there being a negative or nil balance in the Limited Partner's capital account.

The Partnership will not pay interest on any credit balance of the capital account or capital contribution of a Limited Partner. Except as provided in the Partnership Agreement or the *Limited Partnerships Act* (Ontario) or similar applicable legislation in Canada, no Limited Partner is required to pay interest to the Partnership on any capital contribution returned to the Limited Partner or on any negative balance in his capital account.

### 3.6.9 Dissolution

The General Partner shall dissolve the Partnership and, subject to any required payments in connection with a Limited Partners Catch-Up Shortfall, distribute the assets of the Partnership to the Limited Partners of the Partnership by the fifth (5<sup>th</sup>) anniversary of the Initial Closing Date. The General Partner may extend the term of the Partnership beyond five (5) years with three, one year extensions should it determine in its sole discretion that dissolution is not in the best interest of the Limited Partners at the applicable time. Following a distribution of all of the assets of the Partnership, the Partnership Agreement will be terminated and the Partnership will be wound up. As currently intended by the Trustee, immediately after the wind up of the Partnership, the Trustee will ensure all of the liabilities of the Fund are satisfied, then, subject to any reduction of the entitlement of the holders of Class A LP Units in the limited circumstances referenced in paragraph 8 of Item 3.6.2, distribute all remaining assets of the Fund to the unitholders on a *pro rata* basis and wind up the Fund.

### 3.6.10 Fiscal Year End

The Partnership's financial year end is December 31.

## ITEM 4 – INTERESTS OF THE DIRECTORS OF THE TRUSTEE

### 4.1 Compensation and Securities Held

No person directly or indirectly beneficially owns or controls 10% or more of any class of the Fund's voting securities, being the Trust Units other than the settlor of the Fund who holds the only outstanding Trust Unit which was issued for purposes of setting the Fund.

The following table sets out information about each of the directors of the Trustee.

<u>Name and Municipality of Principal Residence</u>	<u>Position held and the date of obtaining that position</u>	<u>Compensation paid by the Fund or related party in most recently completed financial year and the compensation anticipated to be paid in current financial year<sup>(1),(5)</sup></u>	<u>Number, type and percentage of securities held after completion of the Maximum Offering</u>
<b>Elroy Gust</b> Freelton, Ontario	President and Director of Trustee September 12, 2016	\$800 per month <sup>(2),(3)</sup>	Note (4)
<b>Tony Diab</b> Mississauga, Ontario	Secretary, Treasurer and Director of Trustee September 12, 2016	\$800 per month <sup>(2),(3)</sup>	Note (4)

**Notes:**

- (1) The Fund will reimburse the Trustee for all reasonable travel, promotional and other business expenses incurred by the Trustee's directors, officers and/or employees in the performance of their duties.
- (2) The outstanding shares of the General Partner are currently held by, Elroy Gust, as to 83.3% and Tony Diab, as to 16.7%. Consequently, Mr. Gust and Mr. Diab will receive income (indirectly) from his beneficial ownership of the General Partner through the GP Distribution. The General Partner may issue additional shares to one or more other persons.
- (3) The Partnership may from time to time engage the General Partner to investigate, select, review and perform due diligence on a potential Portfolio Company investment and, in connection with such engagement, pay Due Diligence Fees to the General Partner (in an amount no greater than the fee that would have been payable to an arm's length third party for comparable services). Consequently, Mr. Gust and Mr. Diab will receive income (indirectly) from their beneficial ownership of the General Partner through the Due Diligence Fees.
- (4) It is expected that, directly or indirectly, Mr. Gust and Mr. Diab, together with other management or stakeholders of the General Partner or its affiliates will subscribe for Class D LP Units pursuant to the Partnership Offering for aggregate proceeds of \$1 million.
- (5) The Fund and/or one or more of its affiliates intends to enter into indemnity agreements with the Trustee, directors and officers of the Trustee and other individuals representing the Fund, that will indemnify each such person in respect of the discharge of its, his or her duties, provided that the indemnified person acted honestly and in good faith with a view to the best interests of the Fund and its affiliates or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person seeking indemnity had reasonable grounds for believing that its, his or her conduct was lawful.

## 4.2 Management's Experience

The principal occupation and business background of each director and officer of the Trustee is as follows:

**Name**

**Principal Occupations and Related Experience**

**ELROY GUST**

President and a director of the General Partner, and President and a director of the Trustee

Mr. Gust is President, Managing Partner and founder of Newlook Capital, a private equity firm focused on the lower mid-market and Senior Vice President of Clear Sky Capital, a real estate investment firm and serves as trustee of the fund for Clear Sky Capital. Prior to founding Newlook Mr. Gust started his career with positions at several banks as a commercial lender and then held several senior level positions at a multinational logistics company. During the tenure of his 15 year career with Newlook, Mr. Gust has been directly involved with real estate and private equity investments totaling in excess of \$100 million.

**TONY DIAB**

Chief Financial Officer and a director of the General Partner, and Secretary, Treasurer and a director of the Trustee

Mr. Diab is Chief Financial Officer of Newlook Capital. Mr. Diab is involved in financial and strategic oversight of existing businesses as well as potential new acquisitions. Prior to joining Newlook Capital, Mr. Diab worked in public accounting for over nine years in the areas of audit, tax (with a specialty in international tax) and advisory. Mr. Diab's experience includes working with public and private corporations of varying sizes in the industrial services, real estate, manufacturing, consumer business, and financial services industries, providing accounting, tax compliance and advisory services. Mr. Diab holds a Bachelor of Arts - Honours Economics & Accounting from Wilfrid Laurier University and CPA and CA designations. He has been a member of the Board of Directors for the Big Brothers Big Sisters of Halton for the past four years, and is serving as Chair for the current year.



<b><u>Name</u></b>	<b><u>Principal Occupations and Related Experience</u></b>
<b>ABBAS OSMAN</b> Chief Investment Officer of the General Partner and Vice President of the Trustee	Mr. Osman is the Chief Investment Officer of the General Partner, and is expected to actively participate in the identification of and investment in the Portfolio Companies. Mr. Osman is the Managing Director of Vestarck Capital, an investment company that serves clients from the Middle East & North America. He recently closed two deals with Newlook Capital in his capacity as a Senior Advisor/Co-leader in Direct Elevator and New Taste Partners. Prior to Vestarck Capital, Mr. Osman was responsible for managing the investment department of the Abudawood Group. The Group is very well known in the Middle East as the partner of Procter & Gamble. He was responsible for the group's global investment portfolio that stretches across different asset classes and industries - mainly industrial, services, FMCG aviation, hospitality, real estate and financial services. In his 15+ year career, he has managed a team of professionals covering private equity funds, direct investments, public equities, M&A and real estate. Mr. Osman, to date, remains as an advisor to the group on their global investment portfolio. Mr. Osman holds a BA in Business Administration from the American University of Beirut and a Masters in Finance & Investments from the University of Nottingham, United Kingdom. In addition, he has attended several training sessions with Procter and Gamble, Citibank and London Business School. Moreover, Mr. Osman is a frequent speaker at private equity conferences alongside international and regional industry veterans.

### 4.3 Penalties, Sanctions and Bankruptcy

To the knowledge of management of the Fund, there has been: (a) no penalty or sanction that has been in effect during the last 10 years against a (i) a director of the Trustee, or an executive officer or control person of the Fund, or (ii) an issuer of which any of the persons or companies referred to in (i) was a trustee, director, executive officer or control person, at the time; and (b) no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last 10 years with regard to any director of the Trustee, or an executive officer or control person of the Fund or an issuer of which a director, trustee, executive officer or control person of the Fund was a trustee, director, executive officer or control person at that time.

### 4.4 Loans

As of the date of this offering memorandum, the directors of the Trustee have incurred certain Offering Costs on behalf of the Fund. Such Offering Costs will be reimbursed on the Initial Closing Date out of the Offering Proceeds. There is no other outstanding indebtedness between the Fund and its Trustee or the director of the Trustee.

## ITEM 5 – CAPITAL STRUCTURE

### 5.1 Equity Capital

The following table sets out the outstanding equity capital of the Fund:

<b><u>Description of Security</u></b>	<b><u>Number authorized to be issued</u></b>	<b><u>Number outstanding as of the date of this offering memorandum<sup>(1)</sup></u></b>	<b><u>Number outstanding after Maximum Offering</u></b>
Trust Units <sup>(2)</sup>	Unlimited	1	40,000 <sup>(3)</sup>

#### **Notes:**

- (1) On September 13, 2016, one Trust Unit was issued to constitute the Fund for \$10, all of the voting and participation rights of which Trust Unit will be extinguished pursuant to the Declaration of Trust on the Initial Closing Date. The Fund intends on making certain elections to qualify as a “mutual fund trust” as defined by the Tax Act, provided certain requirements in the Tax Act have been met, including completion of the Eligibility Distribution to at least 150 Trust Unitholders within certain time limits. See **Item 7.1.1 - Eligibility for Investment** and **Item 7.1.2 - Status of the Fund**.
- (2) See **Item 2.7.2 – Declaration of Trust** and **Item 6.1 – Trust Units** for a description of the Trust Units.
- (3) Assumes the completion of the Maximum Offering, pursuant to which the Fund would realize aggregate Offering Proceeds of \$40,000,000 through the issue and sale of 40,000 Trust Units. The Fund may complete the issue and sale of additional Trust Units at any time and from time to time at one or more Closings until the Maximum Offering is reached or the Offering is otherwise terminated. There is no assurance that the Maximum Offering amount will be achieved. The Fund may, without notice to Trust Unitholders, increase the Maximum Offering. The Fund determined the pricing under the Offering for the Trust Units.

## 5.2 Long-Term Debt Securities

As of the date hereof, the Fund has no long-term debt obligations.

## 5.3 Prior Sales

Since inception, the Fund has issued the following securities:

<u>Date of issuance</u>	<u>Type of security issued</u>	<u>Number of securities issued</u>	<u>Price per security</u>	<u>Total funds received</u>
September 13, 2016	Trust Unit	1 <sup>(1)(2)</sup>	\$10 <sup>(1)(2)</sup>	\$10 <sup>(1)(2)</sup>

### Notes:

- (1) On September 13, 2016, one Trust Unit was issued to constitute the Fund for \$10, all of the voting and participation rights of which Trust Unit will be extinguished pursuant to the Declaration of Trust on the Initial Closing Date.
- (2) As of the date of this offering memorandum, the Fund has one Trust Unitholder holding one Trust Unit. The Fund intends on making certain elections to qualify as a “mutual fund trust” as defined by the Tax Act provided certain requirements in the Tax Act have been met, including completion of the Eligibility Distribution to at least 150 Trust Unitholders within certain time limits. See **Item 7.1.1 - Eligibility for Investment** and **Item 7.1.2 - Status of the Fund**.

## ITEM 6 – SECURITIES OFFERED

The Fund is offering Trust Units for issue and sale under the Offering. Investors under the Offering will purchase Trust Units upon the Fund’s acceptance of the Investor’s Subscription Agreement and related documents and payment of the applicable subscription amounts for Trust Units, as the case may be. See **Item 6.3 – Subscription Procedure**.

The material terms of the Trust Units are summarized below. Other rights, privileges, restrictions, conditions and characteristics attaching to each Trust Unit are contained in the Declaration of Trust. See also **Item 2.7.2 – Declaration of Trust**.

**Prospective Investors are advised that any description of the Trust Units in this offering memorandum is a summary only of the material terms of those Trust Units and remains subject to the Declaration of Trust. Prospective Investors are advised to review the Declaration of Trust and the Trust Unit provisions in detail with their own legal, tax and investment advisors.**

### 6.1 Trust Units

The Declaration of Trust governs the rights and obligations of the Trust Unitholders and the Trustee. The following is a summary of certain material provisions of the Declaration of Trust. **This summary does not purport to be complete and reference should be to the Declaration of Trust itself, a copy of which is available from the Fund.**

The Fund is authorized to issue an unlimited number of Trust Units and to create additional classes or series of units of the Fund from time to time.

Each Trust Unit represents a holder’s undivided beneficial interest in a proportionate share of any allocation, advance or distribution from the Fund and carries and entitles the holder to the rights and privileges and is subject to the limitations, restrictions and conditions set out in the Declaration of Trust. Each Trust Unit entitles the Trust Unitholder to the same rights and obligations as any other Trust Unitholder and no Trust Unitholder is entitled to any privilege, priority or preference in relation to any other Trust Unitholders, except with respect to withholding taxes as provided in the Declaration of Trust. In particular:

- (a) each Trust Unitholder will participate in any and all allocations, and is entitled to participate equally with respect to any and all advances or distributions made by the Fund to the Trust Unitholders (including distributions of net income and net realized capital gains), subject to an adjustment in a Trust Unitholder’s proportionate share of distributions in the calendar year it was issued as a result of the date such Trust Unit was issued in the calendar year. See **Item 6.2 – Cash Distributions to Trust Unitholders**;
- (b) each Trust Unit confers the right to one vote at any meeting of Trust Unitholders. See **Item 2.7.2 – Declaration of Trust – Meetings and Resolutions of Trust Unitholders**; and
- (c) in the event of dissolution of the Fund, each Trust Unitholder will be entitled, on a pro rata basis, with other Trust Unitholders, in respect of each Trust Unit, to share with other Trust Unitholders in the remaining assets and property available for distribution upon dissolution, after discharge of the Fund’s liabilities and the return of capital.

No Trust Unitholder has or is deemed to have any right of ownership in any of the assets of the Fund.

Outstanding Trust Units may be subdivided or consolidated from time to time by the Trustee without Trust Unitholder approval. Fractional Trust Units, if any, will be issued on any subdivision or consolidation but no fractional Trust Unit entitles the holder thereof to vote in respect of such fractional interest. Trust Units are to be fully paid and non-assessable when issued (unless issued on an instalment receipt basis). Trust Unitholders cannot transfer their Trust Units except in very limited circumstances. See **Item 9 – Risk Factors – Trust Units are Not Liquid**.

#### **6.1.2 Redemption of Trust Units**

Trust Units are redeemable in certain circumstances. See **Item 2.7.2 – Declaration of Trust – Redemption of Trust Units**. See also **Item 4.1 – Equity Capital** for a description of any Trust Unit redemptions as of the date of this offering memorandum.

#### **6.1.3 Withholding Taxes**

The Declaration of Trust provides that the Trustee may deduct or withhold from distributions payable to any Trust Unitholder (including distributions *in specie* or proceeds distributed from the redemption of Trust Units) all amounts required by law to be withheld from such distribution. Trust Unitholders who are required by applicable law to pay withholding taxes are required to pay all withholding taxes payable in respect of any distributions (including distributions *in specie* or proceeds distributed from the redemption of Trust Units) by the Fund, whether such distributions are in the form of cash, additional Trust Units or otherwise. To the extent that amounts are deducted or withheld, such amounts are treated for all purposes of the Declaration of Trust as having been paid to the Trust Unitholders. If a Trust Unitholder, who is required by applicable law to pay withholding taxes, fails to pay all withholding taxes payable in respect of any distribution in the form of additional Trust Units, the Trustee may, on behalf of the Fund, sell Trust Units of such Trust Unitholder to pay such withholding taxes and pursuant to the Declaration of Trust, the Trustee has the power of attorney of such Trust Unitholder to do so. Upon such sale, the affected Trust Unitholder ceases to be the holder of such Trust Units.

#### **6.1.4 Transfers of Trust Units**

Trust Unitholders cannot transfer their Trust Units except in very limited circumstances. See **Item 2.7.2 – Declaration of Trust – Transfer of Trust Units**, **Item 9 – Risk Factors** and **Item 11 – Resale Restrictions**.

#### **6.1.5 Rights of Trust Unitholders**

Trust Unitholders are NOT shareholders and do not enjoy the rights and privileges generally offered to shareholders of a corporation incorporated under the OBCA. Although the Declaration of Trust confers upon a Trust Unitholder some of the same protections, rights and remedies that an investor would have as a voting shareholder of a corporation governed by the OBCA, significant differences do exist.

Many of the provisions of the OBCA respecting the governance and management of a corporation have been incorporated in the Declaration of Trust. For example, Trust Unitholders are entitled to exercise voting rights in certain circumstances in respect of their holdings of Trust Units in a manner comparable to voting shareholders of an OBCA corporation. The Declaration of Trust also includes provisions modeled after comparable provisions of the OBCA dealing with the calling and holding of meetings of Trust Unitholders. The matters in respect of which Trust Unitholder approval is required under the Declaration of Trust are significantly less extensive than the rights conferred on the shareholders of an OBCA corporation. See **Item 2.7.2 – Declaration of Trust** – Error! eference source not found.. Certain of those Trust Unitholder approval rights may be supplemented by provisions of applicable securities laws.

The Declaration of Trust does not contain conflict of interest provisions, similar to those contained in the OBCA, that require individuals to disclose any interest in a material contract or transaction with the Fund. Given the relationship between the Fund and the Partnership there are no restrictions relating to conflicts of interest in the Declaration of Trust.

Trust Unitholders do not have recourse to a dissent right under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken, such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares. As an alternative, but only following certain events, Trust Unitholders seeking to terminate their investment in the Fund are entitled to receive, subject to certain conditions and limitations, an amount in respect of their investment in Trust Units, through the exercise of the redemption rights provided by the Declaration of Trust, as described under **Item 2.7.2 –**

**Declaration of Trust – Redemption of Trust Units.** However, Trust Unitholders have a right to dissent under the Declaration of Trust in respect of an arrangement (described below).

Unless dissent rights that are comparable or analogous to dissent rights under the applicable corporate legislation are provided to Trust Unitholders in connection with an arrangement, a Trust Unitholder may dissent if a Special Resolution is passed or adopted to approve an arrangement pursuant to which (a) the Declaration of Trust is amended to add, change or remove any provisions restricting or constraining the issue or transfer of Trust Units, (b) the Declaration of Trust is amended to add, change or remove any restrictions on the business or businesses that the Fund may carry on, (c) the Declaration of Trust is amended to add an express statement establishing the unlimited liability of Trust Unitholders or to add or change any provision whereby the limited liability of Trust Unitholders under applicable legislation is compromised or diminished to a material extent, (d) the Trust Units of each Trust Unitholder are to be exchanged for securities issued by another person, or (e) the Fund sells, leases or exchanges all or substantially all its property.

Trust Unitholders do not have recourse to the statutory oppression remedy that is available to shareholders of an OBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties. Shareholders of an OBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Trust Unitholders could rely only on the general provisions of the Declaration of Trust, which permit the termination and dissolution of the Fund with the approval of a Special Resolution of the Trust Unitholders. Shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of Trust Unitholders to commence or participate in legal proceedings with respect to the Fund.

For further information on terms contained in the Declaration of Trust which affect the rights of Trust Unitholders, including provisions regarding activities of the Fund, the Trustee, certain rights of the Trustee subject to Special Resolution, and amendments to the Declaration of Trust, see **Item 2.7.2 – Declaration of Trust**. For information with respect to the terms of the Declaration of Trust regarding transfer of Trust Units, see **Item 2.7.2 – Declaration of Trust – Transfer of Trust Units**. For information regarding distributions by the Fund on Trust Units, see **Item 6.2 – Cash Distributions to Trust Unitholders**.

## **6.2 Cash Distributions to Trust Unitholders**

As of the date of this offering memorandum, the Fund has declared no cash distributions on the outstanding Trust Unit.

### **6.2.1 Distribution Policy**

The Fund intends to distribute all or any part of the distributable cash of the Fund (if any) that the Trustee prudently determines as being available for distributions, to Trust Unitholders of record on the last day of each calendar quarter. The Fund may also distribute cash (if any) that the Trustee prudently determines as being available for distributions, to Trust Unitholders for other distribution periods, as the Trustee determines, in its discretion, from time to time. It is expected that no cash will be distributed to Trust Unitholders until cash flows are sufficiently stabilized. Where a distribution of distributable cash is declared by the Trustee, such distribution will be made no later than the last day of the calendar month following the calendar quarter in respect of which such distribution has been declared and if the distribution period is not a calendar quarter then as determined by the Trustee.

The amount of distributable cash will be calculated by the Trustee and will include the amount earned or receivable by the Fund in the distribution period and received on or before the payment date in respect of the distribution period, including, in particular, income from the Class A LP Units. See **Item 3.6 – Partnership Agreement** for a description of the distribution rights attaching to the Class A LP Units and each other class of the Partnership's units. In addition, distributable cash may arise from interest, distributions, dividends, proceeds from the disposition (other than by way of security interest) of securities, returns of capital and repayments of indebtedness together with amounts, if any, received by the Fund from financing activities (unless for a specific use of proceeds), less amounts the Fund estimates will be required for expenses of the Fund and other obligations of the Fund, cash redemptions or repurchases of Trust Units, any tax liability and any reserves established by the Trustee, in its sole discretion. See **Item 6.2.2 – Funds Flow from the Portfolio Companies** below for a description of the distributions of the Partnership to the Fund.

The Declaration of Trust provides that there will be payable to Trust Unitholders in respect of each year ending December 31 not less than such amount (in respect of the taxable income and net realized capital gains, if any, of the Fund for such year) as is necessary to ensure that the Fund will not be liable for ordinary income taxes under the Tax Act in such year. Any income of the Fund that is applied to repurchases or redemptions of Trust Units or is otherwise unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not have an income tax liability under Part I of the Tax Act, be distributed to Trust Unitholders in the form

of additional Trust Units. Those additional Trust Units will be issued under exemptions provided for by applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. Unless the Trustee determines otherwise, immediately after any pro rata distribution of these additional Trust Units, the number of outstanding Trust Units will be consolidated such that each Trust Unitholder will hold after the consolidation the same number of Trust Units as the Trust Unitholder held before the non-cash distribution, except where tax was required to be withheld in respect of the Trust Unitholder's share of the distribution.

The Declaration of Trust provides that to the extent distributions are calculated in respect of a distribution period and payable at the end of such distribution period, if for any reason, including the termination of the Fund, such distribution period is not completed or such amounts are no longer payable, then the distribution will be pro-rated to the end of the shortened distribution period and be payable at the end of such shortened distribution period. In addition, where a Trust Unitholder has held its Trust Unit for less than the entire distribution period for which a distribution is payable, the Trust Unitholder is only entitled to a proportionate share of the distributions based on the proportion that the number of days between the date of first issue of its Trust Unit and the last day of the distribution period bears to the aggregate total number of days in such distribution period.

The Trustee has the right but not the obligation to distribute and allocate distributable cash, income, capital gains and any other applicable amounts among Trust Unitholders in such a manner so as to ensure where possible that they are treated equitably taking into account differences that may arise as a result of the acquisition of Trust Units at different times in a fiscal year or in different fiscal calendar years.

**The return on an investment in the Trust Units is not comparable to the return on an investment in fixed-income securities.** Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Fund. Any receipt of cash distributions by a Trust Unitholder is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Fund intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Fund to make cash distributions and the actual amount distributed depends on the operations of the Portfolio Companies acquired by the Partnership, and will be subject to various factors including those referenced in **Item 9 – Risk Factors**. The value of the Trust Units may decline if the Fund is unable to meet its cash distribution targets in the future and that decline may be significant.

## **6.2.2 Funds Flow from the Portfolio Companies**

The Fund will be eligible to receive distributions from the Partnership in respect of its Class A LP Units. This structure allows the Fund to, indirectly through its investment in the Partnership, earn income derived from the investment by the Partnership in the Portfolio Companies. The Fund is reliant, to a significant degree, on receiving distributions from the Partnership in order to realize any distributable cash from time to time. See **Item 3.6 – Partnership Agreement** for a description of the distribution rights attaching to the Class A LP Units and each other class of the Partnership's units.

The amount of distributable cash distributed by the Fund will equal the amount earned or receivable by the Fund in the distribution period and received on or before the payment date in respect of the distribution period less amounts the Fund estimates will be required for expenses of the Fund and other obligations of the Fund, to fund redemptions or repurchases of Trust Units, any tax liability and any reserves established by the Trustee, in its sole discretion.

## **6.3 Subscription Procedure**

The securities being offered pursuant to the Offering are Trust Units.

Each Investor must subscribe for a minimum of 10 Trust Units, subject to the direction of the Trustee. Subject to applicable securities law, there is no maximum number of Trust Units allocated to any subscriber, subject to the limits under the Maximum Offering or otherwise pursuant to the Declaration of Trust. The Maximum Offering will be reached upon the Fund realizing Offering Proceeds of \$40,000,000 through the issue and sale of Trust Units under the Offering. The Fund may, without notice to Investors, increase the Maximum Offering.

The Initial Closing Date is currently scheduled to be completed by the end of September, 2016 and on that date the offering price per Trust Unit will be \$1,000. In the event that the Maximum Offering proceeds of \$40,000,000 are not raised on the Initial Closing Date, the Fund may hold subsequent closings. The Fund expects to hold Closings approximately every month for up to one year from the Initial Closing Date or such longer period as may be determined by the Trustee. For any Closing subsequent to December 31, 2016, the offering price per Trust Unit will be equal to \$1,000 plus \$1,000 x 0.0219% per day from January 1, 2017 to the applicable

Closing date, which is reflective of the Preferred Return payable to the Fund as a holder of Class A LP Units (the applicable price being the “**Graduated Unit Price**”).

The Graduated Unit Price structure has been implemented to reflect the time value of investing money in private equity investments. Private equity investments may initially accumulate negative cash flows before recovering to levels above the initial value as they typically need time to mature before being gradually exited. Initial and early subscriptions therefore enable the timely commencement of the private equity investments which benefit subsequent subscribers. The benefit of this time invested is therefore reflected in the Graduated Unit Price structure.

An example of how the Graduated Unit Price is calculated is set out below. This example provides the Graduated Unit Price as of several indicative dates. Closing dates will be determined by the Trustee in its discretion and are not necessarily as set out below.

<b>Closing Date Examples</b>	<b>Purchase Price per Trust Unit</b>
Up to December 31, 2016	\$1,000
March 31, 2017	\$1,021.02
June 30, 2017	\$1,040.73
September 30, 2017	\$1,060.66
December 31, 2017	\$1,080.81

The Trustee may, in its discretion, accept a different price; however, such price will not be lower than the offering price on the Initial Closing Date. The Fund intends to issue all Trust Units at the same Graduated Unit Price on each Closing date.

Investors wishing to subscribe for Trust Units are required to enter into a Subscription Agreement with the Fund containing, among other things, representations, warranties, certifications, acknowledgments and covenants by you, as the Investor. The procedure for your Trust Unit subscription is set out in the Subscription Agreement. Please read the instructions in the Subscription Agreement closely. You may subscribe for Trust Units by delivering the completed and signed subscription documents set out in the Subscription Agreement together with payment for the Trust Units to the Fund at the address set out therein.

Subject to the rights of rescission described in **Item 12 – Investor’s Rights**, your subscription, as evidenced by your completed and signed Subscription Agreement delivered to the Fund, is irrevocable. No prospective Investor has any right to withdraw his subscription for Trust Units unless the Fund terminates the Offering or does not accept the subscription.

The Fund will hold your aggregate subscription price in trust until at least midnight on the second business day after the day on which you signed your Subscription Agreement, after which time those funds will be held in trust until the Fund’s has accepted or rejected such subscription, in whole or in part, in connection with a Closing of the Offering. Holding your aggregate subscription price in this manner does not constitute acceptance of your subscription for Trust Units.

At any Closing of the Offering:

- proceeds from subscriptions for Trust Units will be available to the Fund for its use, as described in this offering memorandum; and
- the Fund will arrange for delivery to or as directed by you (as the Investor), one or more certificates representing fully paid Trust Units, provided the aggregate subscription price has been paid in full. It is expected that certificates representing the Trust Units will be available for delivery within a reasonable period of time after the relevant Closing Date.

No interest will be paid to or accrued for the benefit of the subscriber for Trust Units on any portion of your aggregate subscription price held prior to closing. Any interest earned on such funds belongs to the Fund irrespective of its acceptance or rejection of your subscription for Trust Units.

By purchasing Trust Units pursuant to the Offering, you have consented to and requested that all documents evidencing or relating in any way to the sale of the Trust Units be drawn up in the English language only. *En souscrivant à des titres en vertu de ce placement, chaque souscripteur reconnaît et convient par les présentes qu’il ou elle a consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à ce placement d’unités agrafées, soient rédigés en anglais seulement.*

The Fund may, in connection with completing the Eligibility Distribution, or otherwise in the Trustee's discretion, reduce the number of Trust Units that any Investor must subscribe for under the Offering, at any time and from time to time.

The Fund may close the subscription books at any time without notice. Any subscription funds for subscriptions that the Fund does not accept will be returned promptly after the Fund has determined not to accept such subscription.

**This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy securities within the United States or by residents of the United States. There shall be no sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.**

#### **6.4 Auditors, Transfer Agent and Registrar**

The auditors of the Fund are BDO Canada LLP.

### **ITEM 7 – INCOME TAX CONSEQUENCES**

**You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.**

#### **7.1 Certain Canadian Federal Income Tax Considerations**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act that generally applies to the holding and disposition of Trust Units acquired pursuant to the Offering.

This summary only applies to an individual (other than a trust) who, for purposes of the Tax Act, is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds Trust Units as capital property (a **"Holder"**). Generally, Trust Units will be considered to be capital property to a Holder provided that the Holder does not hold such Trust Units in the course of carrying on a business, and has not acquired such Trust Units in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that the Fund is a mutual fund trust for purposes of the Tax Act, a Holder who might not otherwise be considered to hold Trust Units as capital property may, in certain circumstances, be entitled to have such Trust Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the terms of the Offering, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the **"Tax Proposals"**), and an understanding of the current published administrative policies and assessing practices of the CRA publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as currently proposed, although no assurance can be given that such proposals will be enacted in that form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or administrative policy and assessing practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial or foreign tax legislation or consideration, which may differ materially from those described herein.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Trust Units. Moreover, the income tax and other tax consequences of acquiring, holding or disposing of securities will vary according to the status of the Investor, the province or provinces in which the Investor resides or carries on business and, generally, the Investor's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular Investor. Investors should consult their own tax advisors with respect to the income tax and other tax consequences of the Offering and an investment in Trust Units, based upon such security holder's particular circumstances and review the tax related risks outlined in this offering memorandum.**

##### **7.1.1 Eligibility for Investment**

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, the Trust Units will be qualified investments for Exempt Plans under the Tax Act.

The Fund currently does not qualify as a mutual fund trust under the Tax Act. In order for the Fund to qualify as a mutual fund trust (and hence for Trust Units to be a qualified investment for Exempt Plans), the Fund must have at least 150 different Trust Unitholders in a particular class of Trust Units, each of whom holds at least 100 Trust Units of the class worth at least \$500.

However, provided the Fund meets such conditions by March 31, 2017 and the Fund makes an election under subsection 132(6.1) of the Tax Act in its first income tax return filed under the Tax Act, it will be deemed to be a mutual fund trust from the date of its creation until the date that it met the requirements. Thereafter, the Fund will be a mutual fund trust as long as it continues to meet the requirements.

**There can be no assurance that the Fund will meet the requirements by March 31, 2017, or maintain “mutual fund trust” status thereafter.**

The holder of a TFSA or, the annuitant under a RRSP or RRIF, that holds Trust Units will be subject to a penalty tax if such Trust Units are a “prohibited investment” for the purposes of the Tax Act. Trust Units will generally be a “prohibited investment” if the holder of the TFSA (or the annuitant under a RRSP or RRIF) does not deal at arm’s length with the Fund for the purposes of the Tax Act or the holder of the TFSA (or the annuitant under a RRSP or RRIF) has a “significant interest” (as defined in the Tax Act) in the Fund. A person has a significant interest in a trust where the person, together with non-arm’s length persons, holds 10% or more of the fair market value of the Trust Units. Investors should consult their own tax advisors regarding their particular circumstances.

The Redemption Notes which may be delivered to Trust Unit Holders on a redemption of Trust Units will not be qualified investments for Exempt Plans. Accordingly, Exempt Plans that own Trust Units should consult their own tax advisors prior to exercising redemption rights.

Upon dissolution of the Fund, unitholders may receive property that will not be a qualified investment for Exempt Plans. Accordingly, Exempt Plans that own Trust Units prior to the dissolution of the Fund should consult their own tax advisors prior to participating in the dissolution of the Fund.

#### **7.1.2 Status of the Fund**

##### **Mutual Fund Trust**

This summary is based on the assumption that the Fund will at all relevant times qualify as a “mutual fund trust” (as defined in the Tax Act).

Generally, to qualify as a mutual fund trust, (i) the Fund must be a Canadian resident “unit trust” for the purposes of the Tax Act, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or right in immovables) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Trust Units. The Trustee intends that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust and will file the necessary election under the Tax Act so that the Fund will qualify as a mutual fund trust throughout its first taxation year.

Another condition that must be satisfied for the Fund to be a “mutual fund trust” under the Tax Act is the requirement that the Fund has not been established and will not be maintained primarily for the benefit of persons who are not resident in Canada unless not more than 10% of the Fund’s property is at such time “taxable Canadian property” within the meaning of the Tax Act.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described herein would, in some respects, be materially and adversely different.

##### **SIFT Rules**

The Tax Act contains rules regarding the taxation of specified investment flow-through entities (the “**SIFT Rules**”). If the Fund were subject to the SIFT Rules, it would effectively be taxed in a manner similar to a public Canadian corporation and its distributions would be taxed as though they were taxable dividends from a taxable Canadian corporation.

However, the SIFT Rules will not apply to the Fund as long as none of its units are listed or traded on a stock exchange or other public market and no right that replicates the return on, or value of the Trust Units is so listed or traded.

This summary assumes that at all material times the Fund is not subject to the SIFT Rules.



### 7.1.3 Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized capital gains, dividends and all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year, less the portion thereof that it claims in respect of the amount paid or payable to Trust Unitholders in the year. An amount will be considered payable to a Trust Unitholder in a taxation year only if it is paid in the year by the Fund or the Trust Unitholder is entitled in the year to enforce payment of the amount.

The Fund will be entitled to deduct reasonable current administrative and other expenses that are incurred to earn income. Any losses incurred by the Fund may not be allocated to Trust Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund, in accordance with the detailed rules in the Tax Act.

The Fund intends to make distributions to Trust Unitholders as described in **Item 6.2 – Cash Distributions to Trust Unitholders** and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism. However, no assurances can be given in this regard.

### 7.1.4 Taxation of Trust Holders

A Holder will generally be required to include in computing income for a particular taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Holder (whether in cash or in Trust Units) in the taxation year, whether or not the amount was actually paid to the Holder. Income of a Holder from a Trust will generally be considered to be income from property for the purposes of the Tax Act. However, provided that appropriate designations are made by the Fund, such portion of (i) net realized taxable capital gains of the Fund, (ii) the income of the Fund from foreign sources, if any, and (iii) the taxable dividends received or deemed to be received by the Fund on shares of taxable Canadian corporations, as is paid or becomes payable to a Holder, will effectively retain its character and be treated as such in the hands of the Holder for the purposes of the Tax Act. The availability of foreign tax credits in respect of foreign source income designated to a Holder by the Fund is subject to the foreign tax credit rules under the Tax Act and the Holder's particular circumstances. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations.

The non-taxable portion of the Fund's net realized capital gains paid or payable and designated to a Holder in a taxation year will not be included in the Holder's income for the year. Any other amount in excess of the Holder's share of the Fund's net income for a taxation year paid or payable to the Holder in the year will not generally be included in the Holder's income, but will generally reduce the adjusted cost base of the Holder's Trust Units. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Trust Unit, and the Holder's adjusted cost base will be increased by the amount of such deemed capital gain to zero.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to use, in the taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually.

Any losses of the Fund for the purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Trust Unit (whether on a sale, redemption or otherwise), a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Fund which represents an amount of capital gain allocated to the Holder or that is otherwise required to be included in the Holder's income) exceed (or are less than) the adjusted cost base of such Trust Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Trust Units to a Holder, when Trust Units are acquired, the cost of the newly acquired Trust Units will be averaged with the adjusted cost base of the Trust Units owned by the Holder as capital property immediately before that time. The cost of Trust Units acquired as a distribution of income or capital gains from the Fund will generally be equal to the amount of the distribution. The taxation of capital gains and capital losses is described below under **Item 7.1.5 - Taxation of Capital Gains and Capital Losses**.

A redemption of Trust Units in consideration for cash, Redemption Notes, or property of the Fund distributed *in specie*, as the case may be, will be a disposition of such Trust Units for proceeds equal to the amount of such cash or the fair market value of such consideration, less any income or capital gain realized by the Fund in connection with the redemption of those Trust Units which has

been designated by the Fund to the Holder. The Declaration of Trust provides that the Trustee has the discretion to designate certain net income and any capital gain realized by the Fund as a result of the redemption of Trust Units to the Holder redeeming Trust Units as is reasonable in the circumstances. The Holder will be required to include in income any such net income so designated. Holders who redeem Trust Units will consequently realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (less any portion thereof that is considered a distribution of the Fund's income) exceeds (or is less than) the aggregate of the Holder's adjusted cost base of the Trust Units and any reasonable costs of disposition.

In general terms, net income of the Fund paid or payable to a Holder that is designated as taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by the Holders on the disposition of Trust Units may increase the Holder's liability for alternative minimum tax.

### **7.1.5 Taxation of Capital Gains and Capital Losses**

Generally, one half of any capital gain (a "**taxable capital gain**") realized on the disposition of a Trust Unit by a Holder must be included in the Holder's income for the taxation year of disposition and one half of any capital loss (an "**allowable capital loss**") must normally be deducted by the Holder against any taxable capital gains realized by the Holder in the same taxation year. Any excess of allowable capital losses over taxable capital gains for the year of disposition is generally deductible against net taxable capital gains realized in any of the three prior taxation years or in any subsequent taxation year, in the circumstances and to the extent described in the Tax Act.

## **ITEM 8 – COMPENSATION PAID TO SELLERS**

The decision to distribute the Trust Units and the determination of the structure and pricing and other terms and conditions of the Offering have been and will continue being made by the Fund.

The distribution of Trust Units pursuant to the Offering will be subject to payment by the Fund of the Selling Commission, which shall be paid from the Offering Proceeds. The Selling Commission is comprised of (a) the Lead Arranger Fee, equal to 1% of the Offering Proceeds, which shall be payable on all distributions of Trust Units other than those to Investors already known to the Fund, the Trustee, the Partnership or the General Partner, and (b) the Agency Fee, equal to 9% of the Offering Proceeds, which shall be payable on all distributions of Trust Units effected through registered exempt market dealers, other than those to Investors already known to the Fund, the Trustee, the Partnership or the General Partner. Accordingly, the maximum amount of Selling Commissions payable is \$4,000,000 under the Offering (unless the Fund increases the Maximum Offering).

Raintree Financial Solutions ("**Raintree Financial**"), has been engaged by the Fund pursuant to an exempt market dealer services agreement dated September 13, 2016 to provide: (i) advisory services to the Fund as Lead Arranger in connection with the Offering, including analyzing historical and forecasted financial performance of targeted Portfolio Companies, assessing the current and forecasted balance sheet structure of the Fund and facilitating the sharing of information relating to the Offering, the Fund, the Partnership and the Portfolio Companies among potential agents or sub-agents and (ii) non-exclusive agency services to offer the Trust Units for sale on a private placement basis and use commercially reasonable efforts to secure subscriptions therefor. Raintree Financial will earn the Agency Fee in respect of Trust Units distributed through it, other than distributions to Investors already known to the Fund, the Trustee, the Partnership or the General Partner.

The Fund may from time to time enter into further agency or sub-agency agreements containing terms and conditions customary in respect of offerings of the nature of the Offering, pursuant to which the Fund will appoint agents or sub-agents in addition to Raintree Financial that are (i) exempt market dealers registered under applicable securities laws in Canada and (ii) members of the Investment Industry Regulatory Organization of Canada, or (iii) exempt from registration requirements under applicable securities laws in Canada, to offer Trust Units for sale under the Offering. The Fund may also enter into permitted referral arrangements in accordance with applicable securities laws in Canada.

Raintree Financial and any other agents or sub-agents appointed by the Fund to sell Trust Units will also be reimbursed for reasonable expenses incurred in connection with the Offering.

No agent or sub-agent appointed by the Fund to offer Trust Units for sale under the Offering will receive any benefit in connection with the Offering other than its portion of Selling Commissions payable to it as agent for the Offering as described herein.

**No person has been authorized to give any information or to make any representation not contained in this offering memorandum. Any such information or representation that is given or received must not be relied upon.**

## **ITEM 9 – RISK FACTORS**

Investment in the Trust Units at this time is highly speculative and involves a number of risks. The purchase of Trust Units pursuant to the Offering should only be made after consulting with independent and qualified investment, legal and tax advisors. Prospective Investors should review the risks associated with the Trust Units and the Fund with such advisors before investing.

The risks discussed in this offering memorandum can adversely affect the Partnership's and/or the Fund's prospects, results and financial condition. These risks could cause the value of the Trust Units to decline, cause the Fund to be unable to pay distributions on the Trust Units, and also cause Investors to lose part or all of their investment. In addition to the risk factors set out below and elsewhere in this offering memorandum, other material risks and uncertainties of which the Fund is not presently aware may also harm the Fund's business and its investments. Trust Unitholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the Trustee and the management of the Fund and the General Partner in respect of the operation of the Partnership.

This offering is suitable for Investors who are willing to rely solely upon the Trustee and the management of the Fund and the General Partner and who can afford a total loss of their investment.

In addition to factors set forth elsewhere in this offering memorandum, potential Investors should carefully consider the following factors, many of which are inherent to the ownership of Trust Units. The following is a summary only of the risk factors involved in an investment in the Trust Units.

### **Blind Pool Investment**

The Trust Units represent a partially "blind pool" investment. The Fund expects that the Available Funds from the Offering will be applied by the Partnership to acquire controlling interests or make strategic debt investments in the Portfolio Companies. Other than as set forth in **Item 3.4 – Investment**, specific Portfolio Companies in which the Partnership will be invested have not been identified as of the date of this offering memorandum.

While the Fund anticipates that the Partnership will be able to identify and complete the purchase of (or investment in) Portfolio Companies on an on-going basis that satisfies the Fund's investment and business objectives and achieves acceptable returns, there is no assurance that they will be able to do so.

### **Limited Operational History**

The Fund was formed for a limited purpose and will carry on no business other than to:

- distribute Trust Units;
- invest proceeds from the issue and sale of Trust Units in and hold Class A LP Units of the Partnership; and
- pay distributions to Trust Unitholders in each distribution period pursuant to the Declaration of Trust.

The Fund's business is subject to all the risks inherent in the establishment of a new business enterprise. There is no certainty that the Fund's business strategy will be successful. The likelihood of success of the Fund must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Fund fails to address any of these risks or difficulties adequately, its business will likely suffer. There is no assurance that the Fund can operate profitably.

### **No Guarantee that Investment will be Successful**

There is no guarantee that Investors will not realize losses from an investment in Trust Units and there can be no assurance that the Fund's objective of earning a profit on its investment in the Portfolio Companies, indirectly through the Partnership, will be achieved. The success of the Fund depends to a certain extent on the efforts and abilities of the management of the General Partner on behalf of the Partnership and on external factors such as, among other things, the industries in which the Portfolio Companies are operating and the general political and economic conditions that may prevail from time to time, which factors are out of the Fund's control. A return on investment for a purchaser of Trust Units depends upon the net revenues received by the Partnership from its investment in

Portfolio Companies. As a result, there is no guarantee that the Fund and, correspondingly, the Trust Unitholders will earn a return on their investment.

**The return on an investment in the Trust Units is not comparable to the return on an investment in fixed-income securities.**

Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Fund; any receipt of cash distributions by a Trust Unitholder is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Fund intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Fund to make cash distributions and the actual amount distributed depends on the operations of the Portfolio Companies in which the Partnership invests and will be subject to various factors including those referenced in this **Item 9 – Risk Factors**. The value of the Trust Units may decline if the Fund is unable to meet its cash distribution targets, if any, in the future and that decline may be significant.

Once the Fund distributions are paid in a given distribution period, the Trustee may, in its discretion, make distributions on the Trust Units. However, the Trustee is under no obligation to make any such other distributions.

**Trust Units are Not Liquid**

There is currently no market through which the Trust Units may be sold and it is very unlikely that one will develop. The Fund intends to restrict the transfer of Trust Units to prevent the development of a market for the Trust Units. In addition, redemption of Trust Units is limited. None of the Trust Units will be listed or posted for trading on a recognized stock exchange or other trading or quotation system. The Fund has not prepared, filed or delivered to potential Trust Unitholders a prospectus. The Trust Units are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Trust Units unless you comply with an exemption from the prospectus under securities legislation.

Unless permitted under securities legislation, no Trust Unitholder can trade Trust Units before the date that is four months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada. The Fund is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore the Trust Units will be subject to an indefinite hold period. The Trust Units may only be transferred under limited exemptions under applicable securities laws. Consequently, Trust Unitholders may not be able to sell the Trust Units readily or at all, and they may not be accepted as collateral for a loan. Trust Unitholders should be prepared to hold the Trust Units indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in Trust Units is suitable solely for persons able to make and bear the economic risk of a long-term investment.

As stated above, none of the Trust Units may be sold, assigned or transferred by a Trust Unitholder, in whole or in part, (i) without prior written consent of the Trustee, (ii) except to a person who is an affiliate of the Trust Unitholder or (iii) as otherwise expressly provided in the Declaration of Trust, subject to compliance with applicable law (including applicable securities laws and regulatory policy) and the transfer requirements in the Declaration of Trust.

**Redemption Right**

Redemption rights under the Declaration of Trust are restricted and provide limited opportunity for Investors to liquidate their investment in Trust Units. Investors should carefully review **Item 2.7.2 – Declaration of Trust – Redemption of Trust Units**. Upon a redemption of Trust Units or termination of the Fund, the Trustee may issue Redemption Notes directly to the Trust Unitholders (subject to obtaining any required regulatory approvals). Redemption Notes so issued will not be qualified investments for Exempt Plans which could give rise to adverse consequences to an Exempt Plan or the annuitant under an Exempt Plan, including the redeeming unitholder becoming subject to a penalty tax or having its tax exempt status revoked depending on the circumstances. **See Item 7.1.1 - Eligibility for Investment.**

The Fund may at any time, upon giving a retraction notice as described in the Declaration of Trust, redeem one or more of the then outstanding Trust Units in accordance with the provisions of the Declaration of Trust as if such Trust Units were tendered by the applicable Trust Unitholders for redemption as at the date of the retraction notice. The provisions of the Declaration of Trust apply *mutatis mutandis* with respect to such deemed redemption, provided that the Fund may pay the redemption price by a distribution *in specie* of any Fund assets.

The Redemption Price, being the price at which Trust Units are to be redeemed or retracted is to be determined from time to time in accordance with the Declaration of Trust and may be higher or lower than the price per Trust Unit paid by the Trust Unitholder. There is no assurance that investors will be paid the whole amount of their investment through any exercise of redemption rights or through the Fund's retraction of Trust Units.

See **Item 5.1 – Equity Capital** for a description of any Trust Unit redemptions as of the date of this offering memorandum.

### **Less than Full Offering**

As of the date of this offering memorandum, the Fund has only one Trust Unitholder. There can be no assurance that any level of subscription by Investors, or any level of Offering Proceeds, under the Offering will be reached. The Fund may issue and sell Trust Units under the Offering from time until the Maximum Offering is reached or the Offering is otherwise terminated. However, there can be no assurance that the Maximum Offering will be reached or that the Offering will provide funding that is sufficient to permit the Fund to acquire (through the Partnership) any interest in any Portfolio Company or to otherwise advance the business or prospects of the Fund and the Partnership, in whole or in part. If less than all of the \$40,000,000 of Trust Units is sold pursuant to the Maximum Offering, then less than the maximum proceeds will be available to the Fund and the Partnership. Consequently, the Fund's business development plans and prospects could be adversely affected, since fewer Portfolio Company investments would be made.

There is no minimum offering size. Accordingly, upon completing your subscription for Trust Units under the Offering, you might be the only Trust Unitholder or one of only a few Trust Unitholders. As of the date of this offering memorandum, the Fund has one Trust Unitholder, holding one Trust Unit.

In order for the Fund to qualify as a mutual fund trust, and hence be a qualified investment for Exempt Plans, it must have at least 150 Trust Unitholders, each holding at least \$500 worth of Trust Units. Provided the Fund has at least 150 Trust Unitholders, each holding at least \$500 worth of Trust Units, by March 31, 2017, the Fund will be eligible to elect under subsection 132(6.1) of the Tax Act to be deemed to be a mutual fund trust from inception.

**There can be no assurance that the Fund will have at least 150 Trust Unitholders, each holding at least \$500 of worth of Trust Units, by March 31, 2017, or ever.**

### **Cash Distributions**

There is no assurance that there will be adequate cash flow of the Fund to meet the anticipated obligations and economic objectives described in this offering memorandum. The Fund's sources of capital are primarily subscriptions for Trust Units and distributions from the Partnership. The Fund may not have any available funds to distribute cash or pay expenses, even where it has established and funded a working capital reserve for such purposes. The Fund will rely on the cash flow of the Fund to fund, in the Trustee's discretion, distributions (if any) of distributable cash (if any).

Cash distributions of the Fund will substantially depend upon the success of the investment in the Portfolio Companies. There can be no assurance that the Fund's income from the distributions from the Partnership will sufficiently fund distributions (if any) to Trust Unitholders, including the Fund's payment of Trust distributions during each distribution period.

If, for any reason, the Fund is unable to meet its obligations to distribute distributable cash (if any), the Fund will need to find other sources of financing to pay for its ongoing costs and expenses or to fund distributions (if any), which other sources of financing may not be available or may not be available under terms that are acceptable to the Fund. There is no assurance regarding the actual levels of distributable cash by the Fund. In addition, the composition of distributable cash for tax purposes may change over time and may affect after-tax return for Trust Unitholders.

The return on an investment in the Trust Units is not comparable to the return on an investment in fixed-income securities. Cash distributions to Trust Unitholders are not guaranteed and are not fixed obligations of the Fund; any receipt of cash distributions by a Trust Unitholder is at any time subject to the terms of the Declaration of Trust. Any anticipated return on investment is based upon many performance assumptions. Although the Fund intends to distribute its available cash to Trust Unitholders, cash distributions may be reduced or suspended at any time and from time to time. The ability of the Fund to make cash distributions and the actual amount distributed depends on the operations of the Portfolio Companies in which the Partnership invests and will be subject to various factors including the other factors referenced in **Item 9 – Risk Factors**. The value of the Trust Units may decline if the Fund is unable to meet its cash distribution targets in the future and that decline may be significant.

### **The Fund has Limited Assets and Working Capital**

The Fund has no assets, and will undertake no activities, other than as described in this offering memorandum (being the Fund's investment in the Partnership through the purchase of Class A LP Units). The Portfolio Companies will represent the primary assets of the Fund (through the Partnership).

The Fund will not carry on an active business and will have limited sources of Working Capital. There is no assurance that the Fund will have adequate Working Capital to meet the anticipated requirements. In addition, there is no assurance that the Fund will have access to additional debt or equity financing when needed or at all, or on acceptable terms. It is unlikely that the Fund and its subsidiaries will have sufficient assets to satisfy any claim that a Trust Unitholder may have against such entities.

### **Reliance upon the Partnership**

The Fund is an open-ended limited purpose investment trust that will entirely depend upon the Partnership since the Fund's primary asset is its interest in the Partnership, as a Limited Partner. Distributions, if any, to Trust Unitholders will depend upon numerous factors, including profitability, fluctuations in working capital, the sustainability of margins and capital expenditures of the Partnership.

The controlling interests and strategic debt investments in the Portfolio Companies will represent the primary asset of the Partnership. The Fund's financial performance is directly tied to the performance of the Partnership and consequently directly tied to the performance of the Portfolio Companies. Neither the Partnership nor the Fund has any other investments of significance; therefore, the Fund's success depends solely on the success of the Partnership.

### **Financing**

The proceeds raised by the issuance of Trust Units may not be sufficient to accomplish all of the objectives of the Fund and its affiliates or meet all the obligations of the Fund and its affiliates and there is no assurance that alternative financing to pay for such objectives will be available. The Fund will depend upon future financing to fund its business objectives. The Fund or its subsidiaries may, to the extent available on acceptable terms, obtain institutional financing or other arm's length, third party financing to fund, in part, its objectives. No alternate financing has been arranged for the Fund or its affiliates. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Fund will have adequate working capital to meet the anticipated requirements described in this offering memorandum.

### **Reliance on Assumptions**

The Fund's investment objectives and strategy have been formulated based on the Partnership's analysis and expectations regarding recent economic developments in the industrial services sector. Such analysis may be incorrect and such expectations may not be realized, in which event the Fund, through the Partnership, may not generate sufficient funds to pay the expected distributions.

### **Management's experience is not indicative of the future results of an investment in Trust Units**

While the officers and directors of the Trustee and of the General Partner have experience in the private equity and industrial service sectors, there is no assurance that any success achieved by those individuals in their prior opportunities will be similarly enjoyed by the Portfolio Companies, the Partnership or the Fund.

### **Industry Risks**

It is expected that certain of the Portfolio Companies will be involved in the gas detection and elevator industries. The following sets out certain risks associated with operating in those industries, but other Portfolio Companies may operate in other industries, which Portfolio Companies would therefore be subject to the risks associated with those particular industries.

The gas detection and elevator industries are industries in which a number of Portfolio Companies are expected to operate, has requirements and applications that are extremely diverse. With increasing attention to health and safety across all industries, the market for gas detection systems and elevator maintenance looks to remain stable and in fact to increase. However, there are several areas of risk for Portfolio Companies operating in those industries.

1. Changes to technology in equipment: There can be no assurance that such technology will not be developed, which could have a negative effect on the revenues of Portfolio Companies offering such services.
2. Some manufacturers selling less sophisticated equipment: This tends to encourage a cheap replacement rather than a long-term investment in service and Preventative Maintenance. However, this is only true in certain applications. Other applications must invest in large voltage and high quality products, so the risk is mitigated.
3. Electrical contractors entering the market: In a move to expand their offering and audience in the current economy, some contractors have attempted to offer VFD sales and/or service.
4. Downward price pressure: Due to an increase in competition, service could become less specialized than in the past, which would place pressure on service rates.

### **Risks Relating to Labour Issues**

The Partnership may invest in Portfolio Companies that engage organized labour groups including, but not limited to, elevator mechanics, electricians and plumbers. The Partnership intends to diligently review and analyze the risk with all labour groups to minimize disruptions in business as a disruption in business may directly affect the Portfolio Company and the desired investor returns. Notwithstanding the foregoing, the Portfolio Companies may from time to time be subject to strikes or other labour interruptions that may have a negative impact on the returns paid to the Partnership and, accordingly, the Fund.

Portfolio Companies that engage organized labour groups are limited in terms of growth in workforce. The union controls the flow of new apprentices and seniority between all unionized elevator companies. The demand in labour does not correlate to the demand in work available. Portfolio Companies that engage organized labour will also face competition from non-unionized companies, which companies may have a cost advantage as non-unionized labour can be much cheaper than unionized labour.

### **Risks Relating to Holding Controlling Interests**

It is the intention of the Partnership to acquire a controlling interest in each Portfolio Company in which it invests or to make a strategic debt investment where its interests are protected through appropriate covenants by the Portfolio Companies. However, investments in certain Portfolio Companies may be for less than the entire Portfolio Company and accordingly the Partnership may have co-investors. Notwithstanding its controlling interest or the applicable covenants, the Partnership may be limited by its co-investors in the manner in which it can oversee the Portfolio Companies and may also be required to buy out its co-investors' minority interests. There can be no assurance that any such transaction would be effected on terms favourable to the Partnership.

### **Risks Relating to Debt Investments**

Strategic debt investments made by the Partnership in the Portfolio Companies are subject to the risk that the applicable Portfolio Company may default in its obligation to pay the Partnership the principal and/or interest owed to the Partnership pursuant to the terms of its investment. There is also the risk that the Portfolio Company does not comply with the covenants for the Partnership's benefit set out in the applicable debt investment document, which could alter the value of the investment and/or subject the Partnership to costly and time-consuming litigation in order to enforce such covenants.

### **Acquisitions and Investments**

The Partnership's growth depends in large part on identifying suitable acquisition or investment opportunities, pursuing such opportunities and consummating acquisitions and investments. The acquisition of or investment in Portfolio Companies entails risks that investments will fail to perform in accordance with expectations. It is not possible to manage all risks associated with such acquisitions in the terms and conditions contained in commercial agreements pertaining to such acquisitions or investments. The Portfolio Companies may be subject to unknown, unexpected or undisclosed liabilities that may materially and adversely affect the Partnership's operations and financial condition and results. The representations and warranties, if any, given by arm's length third parties to the Partnership may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Portfolio Companies may not achieve anticipated success levels and the estimates relating to the future performance of a Portfolio Company may prove inaccurate or may not have the intended results.

### **Timing for Investment of Net Offering Proceeds**

The time period for the full investment of net proceeds of the Offering is not certain. The timing of such investment will depend, among other things, upon the identification by the Partnership of suitable Portfolio Companies. There is a risk that the Fund may not invest all net proceeds of the Offering in Class A LP Units in a timely manner and as a result the Partnership may not be able to invest in Portfolio Companies in the intended time frame and therefore may not be able to generate sufficient funds to pay cash distributions on the Class A LP Units, which will negatively impact the Fund's ability to pay distributions to the Trust Unitholders.

### **Nature of the Trust Units**

The Trust Units do not represent a direct investment in the Partnership or any Portfolio Company and should not be viewed by Trust Unitholders as a direct interest in the Partnership or any Portfolio Company. As holders of Trust Units, Trust Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. See also **Item 6.1.5 – Rights of Trust Unitholders**.

### **Trust Units are Not Insured**

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation or any other insurance company or program.

### **Eligibility for Investment**

#### **(a) Trust Units**

In order for Trust Units to be qualified investments for Exempt Plans, the Fund must qualify as a mutual fund trust under the Tax Act. As of the date of this offering memorandum, the Fund does not meet the Eligibility Distribution requirement to be a mutual fund trust. However, if the Fund meets such requirement by March 31, 2017, the Fund will be eligible to elect under subsection 132(6.1) of the Tax Act to be deemed to be a mutual fund trust from the date of its creation to the date it met the Eligibility Distribution requirement.

**Accordingly, there can be no assurance that the Fund will attain or thereafter maintain status as a "mutual fund trust" under the Tax Act.**

Moreover, the rules in the Tax Act relating to qualified investments for Exempt Plans are complex subject to change and subject to interpretation. If the Trust Units not be qualified investments for Exempt Plans, then material adverse tax consequences would arise for Exempt Plans and their annuitants or beneficiaries.

#### **(b) Redemption Notes**

Redemption Notes received as a result of a redemption of Trust Units will not be qualified investments for Exempt Plans under the Tax Act.

#### **(c) Property Received on Dissolution**

Upon dissolution of the Fund, Trust Unitholders may receive property that will not be a qualified investment for Exempt Plans.

### **Declaration of Trust:**

To the extent such amounts of Income of the Trust or Net Realized Capital Gains for a particular taxation year are not paid in cash, such amounts shall be paid at the end of the taxation year by the issuance of additional Trust Units at the Net Asset Value per Trust Unit computed at the end of such taxation year. Unless the Trustee determines otherwise, Trust Units so issued will be automatically consolidated immediately after the issuance such that the Trust Unitholders will hold the same number of Trust Units after the consolidation as they held prior to the distribution of additional Trust Units. No notice to Trust Unitholders shall be required for such consolidation.

Notwithstanding the foregoing paragraph, if tax is required to be withheld from a Trust Unitholder's share of a distribution paid in the form of Trust Units, the consolidation will result in such Trust Unitholder holding that number of Trust Units that are equal to: (i) the



number of Trust Units that were held by such Trust Unitholder prior to the distribution plus the number of Trust Units received by such Trust Unitholder in connection with the distribution (net of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of Trust Units outstanding prior to the distribution by the aggregate number of Trust Units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Trust Unitholder. Upon the direction of the Trustee, each Trust Unitholder will be required to surrender the certificates, if any, representing such Trust Unitholder's original Trust Units in exchange for a certificate representing such Trust Unitholder's post-consolidation Trust Units.

### **Income Tax Risks**

Canadian federal and provincial tax aspects and local tax aspects should be considered prior to purchasing Trust Units under the Offering. Trust Unitholders are urged to consult their own tax advisors, prior to purchasing Trust Units, with respect to the specific tax consequences to them. No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this offering memorandum.

There can be no assurance that Canadian federal income tax laws or the judicial interpretation thereof or the administrative or assessing practices of the CRA respecting the treatment of trusts or limited partnerships will not be changed in a manner that adversely affects Trust Unitholders or fundamentally alters the income tax consequences of investing in, holding or disposing of the Trust Units.

It is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. If such challenge were to succeed, it could have a material adverse effect on the tax position of the Fund and Trust Unitholders.

It is intended that the Fund not be subject to SIFT Rules of the Tax Act. Under the SIFT Rules, the Fund will effectively be taxed as a Canadian public corporation and its distributions will be taxed as taxable dividends from a public corporation. If at any time the Trust Units (or any right that replicates their return or value) become listed or traded on any stock exchange or other public market, the Fund will be subject to the SIFT Rules.

The possibility exists that a Trust Unitholder will receive distributions of income without receiving cash distributions from the Fund in the year sufficient to satisfy the Trust Unitholder's tax liability for the year arising on such income.

### **Securities Regulatory Risks**

In the ordinary course of business, the Fund may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under securities laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for in the securities laws where the regulator considers it necessary to do so to protect investors or the public interest.

While the Fund believes that its position regarding compliance with securities laws is appropriate and supportable, it is possible that securities matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Fund. There can be no assurance that applicable securities laws or the securities regulators interpretation thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Fund.

### **Conflicts of Interest**

The Fund is subject to various conflicts of interest arising from its relationship with other businesses run by Elroy Gust, Tony Diab and Abbas Osman. In addition, there may be situations where the interests of the Fund or the directors of the Trustee conflict with the interests of the Fund's affiliates and/or the officers and directors of various other organizations or business managed by Elroy Gust, Tony Diab or Abbas Osman with which any of them is involved.

Without limiting the generality of the foregoing, each of Elroy Gust, Tony Diab and Abbas Osman has economic interests in or acts as senior management for other organizations, which are investing in entities which are in direct competition with the Fund for prospective Portfolio Companies to be purchased. In addition, any of Elroy Gust, Tony Diab or Abbas Osman may in the future be involved with other organizations or businesses that participate in a business that directly competes with that of the Fund and the

Partnership. Elroy Gust, Tony Diab or Abbas Osman and their affiliates or associates may, from time to time, also own interests in the Portfolio Companies.

Nevertheless, the Declaration of Trust includes a covenant of the Trustee to exercise its powers in good faith and in the best interests of the Fund, and in connection therewith, to exercise the care, diligence and skill of a reasonably prudent person. The Fund and directors of the Trustee (including Elroy Gust, Tony Diab and Abbas Osman) intend to consider a number of factors to determine whether the Fund (through the Partnership) will indirectly acquire or invest in a suitable Portfolio Company when identified or if such Portfolio Company will be acquired by another business or organization managed by Elroy Gust, Tony Diab or Abbas Osman or with which any of them is involved. These criteria include, but are not limited to, which entity has adequate funds at the appropriate point in time and how well a particular Portfolio Company would complement such entity's portfolio of Portfolio Companies.

Transactions between the Fund and the directors of the Trustee and one or more of the affiliates or associates of the Trustee may be entered into without the benefit of arm's length bargaining. Therefore, situations may arise in which the Trustee may be making determinations which could benefit themselves, affiliates or their respective associates, officers or directors to the detriment of the Fund. Trust Unitholders must rely on the standard of care owed by the Trustee and its directors to all Trust Unitholders as set out in the Declaration of Trust to prevent overreaching by others in transactions with the Fund.

Other than the standard of care specified in the Declaration of Trust, the Trustee and its affiliates are not in any way limited or affected in their ability to carry on business ventures for their own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Fund and its subsidiaries. There is no obligation for the Trustee, Elroy Gust, Tony Diab or Abbas Osman or their affiliates to present any particular property or other business opportunity to the Fund or its affiliates and such persons may recommend to others such investment or business opportunity to the exclusion of the Fund and its subsidiaries. In addition, Elroy Gust, Tony Diab and Abbas Osman have established and may establish, in the future, other limited partnerships or other investment vehicles which have or may have investment objectives that are the same as or similar to those of the Fund and its subsidiaries. Any of those individuals may act as adviser, manager, trustee, director, officer and/or general partner to such organizations. Although none of the directors of the Trustee or officers of the Fund devotes his full time to the business and affairs of the Fund, and none of the directors, officers or employees of the General Partner devotes his full time to the business and affairs of the Partnership, they will devote as much time as is necessary for the management of the business and affairs of the Fund and its subsidiaries.

Elroy Gust and Tony Diab are shareholders, directors and officers of the Trustee. Elroy Gust and Tony Diab currently beneficially own the General Partner as to 83.3% and 16.7% respectively. Consequently, Messrs. Gust and Diab will earn income from the operations of the Partnership through the GP Distribution. See **Item 6.2 – Cash Distributions to Trust Unitholders** and **Item 6.2.2 – Funds Flow from the Portfolio Companies**. Therefore, Messrs. Gust and Diab may be personally subject to a number of conflicts of interest. There is no assurance that any conflict will be resolved in the best interests of the Fund or the Trust Unitholders.

### **Non-Arm's Length Transactions**

Certain transactions contemplated by the Fund's structure involve non-arm's length parties. As such, certain contractual terms usually contained in documentation that is negotiated at arm's length are not necessarily included in the agreements among the Fund and the Partnership as those terms would not have the same effect as they would have in transactions between unrelated parties.

### **Trust Unitholders have limited voting rights**

Trust Unitholders are NOT shareholders and do not enjoy the rights and privileges offered to shareholders under corporate statutes. The Fund is not generally regulated by established corporate law and Trust Unitholders' rights are governed primarily by the specific provisions of the Declaration of Trust. Subject to the Declaration of Trust, Trust Unitholders have rights to attend and vote at meetings of Trust Unitholders. However, the Fund may but is not required to hold annual meetings of Trust Unitholders or any Trust Unitholder meetings on a periodic basis.

The Trustee is appointed for an indefinite period and can be removed in only limited circumstances.

Further, unlike an OBCA corporation, Trust Unitholders do not have the right to appoint the Fund's auditor; rather such right is held by the Trustee.

See also **Item 6.1.5 – Rights of Trust Unitholders**.

## **Statutory Remedies**

The Fund is not generally regulated by established corporate law and Trust Unitholders' rights are governed primarily by the specific provisions of the Declaration of Trust.

Trust Unitholders are NOT shareholders and do not enjoy the rights and privileges generally offered to shareholders of a corporation incorporated under the OBCA. Although the Declaration of Trust confers upon Trust Unitholders some of the same protections, rights and remedies that an Investor would have as a non-voting shareholder of a corporation governed by the OBCA, significant differences do exist. See **Item 6.1.5 – Rights of Trust Unitholders** for additional details.

The matters in respect of which Trust Unitholder approval is required under the Declaration of Trust are significantly less extensive than the rights conferred on the shareholders of an OBCA corporation.

Other than as described in the Declaration of Trust, Trust Unitholders do not have recourse to a dissent right under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken, such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares. See **Item 6.1.5 – Rights of Trust Unitholders for additional details.**

Trust Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an OBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of security holders and certain other parties. Shareholders of an OBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Trust Unitholders could rely only on the general provisions of the Declaration of Trust, which permit the termination of the Fund with the approval by Special Resolution. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of Trust Unitholders to commence or participate in legal proceedings with respect to the Fund.

In the event of an insolvency or restructuring of the Fund, the rights of Trust Unitholders will be different from those of shareholders of an insolvent or restructuring corporation.

## **Liability of Trust Unitholders**

Notwithstanding certain provisions of the Declaration of Trust, there is a risk that a party may seek to assert that Trust Unitholders be held personally liable for the obligations of the Fund or in respect of claims against the Fund. Such risks are expected to be limited since the Fund intends to limit its investments to Class A LP Units of the Partnership and the Fund does not intend to carry on any other business. However, there is no assurance that Trust Unitholders will not be personally liable for the obligations of the Fund.

Pursuant to the Declaration of Trust, if any Trust Unitholder is held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of the Fund, or any action taken on behalf of the Fund, such Trust Unitholder is entitled to indemnity and reimbursement out of the Fund assets to the full extent of such liability for all costs of any litigation or other proceedings in which such liability has been determined, including all reasonable fees and disbursements of counsel. The rights accruing to a Trust Unitholder do not exclude any other rights to which such Trust Unitholders may be lawfully entitled, nor does anything contained in the Declaration of Trust restrict the right of the Trustee to indemnify or reimburse a Trust Unitholder out of the Fund's assets in any appropriate situation not specially provided herein but, for greater certainty, the Trustee has no liability to reimburse a Trust Unitholder for taxes assessed against them by reason of or arising out of his ownership of Trust Units.

## **Key Personnel**

The Fund, the Partnership and the General Partner are highly dependent on Elroy Gust, Tony Diab and Abbas Osman to implement their respective business plans, including with respect to identifying potential Portfolio Companies and negotiating the pricing and other terms of the agreements leading to the acquisition of Portfolio Companies. The ability of the Partnership to successfully implement its investment strategy will depend in large part on the continued employment and involvement of these key executives and the loss of their services may materially adversely affect the business, financial condition and results of operations of the Partnership and consequently the Fund. Neither the Partnership nor the Fund maintains key-person life insurance for any of these named

individuals. In addition, each of the Portfolio Companies may be highly dependent on certain of their respective directors or officers for the success of its business and the loss of any of those individuals may materially adversely affect the business, financial condition and results of operations of the Portfolio Company and consequently the Partnership and the Fund. There can be no assurance that any of the key individuals of the Portfolio Companies, the Partnership, the General Partner or the Fund will remain in their current positions.

### **General Economic Risks**

The performance of the Portfolio Companies will be impacted by general economic factors impacting the regions in which they provide services. While some aspects of revenue are generally recurring, as they relate to maintenance and replacement of faulty equipment based on legal requirements, other aspects are complementary to code enforcement and during difficult economic times customers may elect not to seek such complementary services.

### **Environmental Matters**

The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, or restrictions imposed by environmental laws on the manner in which such properties may be operated or developed could adversely affect the Partnership's ability to sell its interest in such Portfolio Company and pay cash distributions and could potentially also result in claims against the Portfolio Company.

Environmental laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could be substantial and reduce cash distributions to the Fund.

Portfolio Companies may be subject to liability for undetected pollution or other environmental hazards against which they cannot insure, or against which they may elect not to insure where premium costs are disproportionate to the Portfolio Company's perception of relative risk. Such factors may impact the Partnership's ability to pay cash distributions, which in turn will have an adverse impact on the Fund.

### **Uninsured Losses**

The Portfolio Companies intend to carry comprehensive general liability, fire, flood and extended coverage, insurance with policy specifications, limits and deductibles customarily carried for similar companies. However, there are certain types of risks, generally of a catastrophic nature, such as wars, terrorist attacks or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, a Portfolio Company could suffer a loss, which could impact the distributions payable to the Partnership and, in turn, the Fund and the Trust Unitholders.

From time to time a Portfolio Company may be subject to lawsuits as a result of the nature of its business. The Portfolio Companies intend to maintain business and property insurance policies in amounts and with such coverage and deductibles as are deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards. However, there can be no assurance that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against a Portfolio Company that is not covered by, or in excess of, a Portfolio Company's insurance could materially affect such entity's operating results and financial condition, which would have an adverse effect on Trust Unitholders. Claims against a Portfolio Company, regardless of their merit or eventual outcome, will require management to devote time to matters unrelated to the operation of the business.

### **No Review of Offering Memorandum by Regulatory Authorities**

Investors will not have the benefit of a review of this offering memorandum, the Declaration of Trust, or any other documents in relation to the Offering by any regulatory authorities.

## **Legislative Changes**

Legal, tax and regulatory changes may occur that can adversely affect the Fund or the Trust Units. There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Fund or the Trust Units.

## **No Independent Counsel for Trust Unitholders**

Legal counsel that assisted in preparing the documentation in connection with the Offering, including the Declaration of Trust, acted as legal counsel for the Fund. No independent counsel was retained on behalf of the Trust Unitholders. There has been no review by independent counsel on behalf of the Trust Unitholders of this offering memorandum, the Declaration of Trust or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Trust Unitholders by counsel.

## **Dilution/Concentration**

The Fund is authorized to issue an unlimited number of Trust Units. Any issuance of additional Trust Units may have a dilutive or concentrative effect on the value of Trust Units. Trust Unitholders who invest after a particular Portfolio Company is invested in will be entitled to receive the same distributions as a Trust Unitholder who invested before such Portfolio Company was acquired and will therefore be entitled to the equivalent benefits or disadvantages as each other Trust Unitholder.

## **Disclosure of Personal Information**

Investors are advised that their names and other specified information, including the number and aggregate value of the Trust Units owned: (i) will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of such information; (ii) is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; and (iii) is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation.

**The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing the Trust Units. Potential investors should read this entire offering memorandum and consult with their legal and other professional advisors before determining to invest in the Trust Units.**

## **ITEM 10 – REPORTING OBLIGATIONS**

The Fund is not, and has no current intention of becoming, a reporting issuer (or holding an equivalent reporting status) in any jurisdiction in Canada or the United States and, accordingly, is not required to report, financially or otherwise, to the Trust Unitholders (except as otherwise provided in the Declaration of Trust). As a result, the Fund is not subject to the continuous disclosure requirements under applicable securities laws, and is not required, among other things, to prepare, file, disseminate or send to securities holders audited annual financial statements, unaudited interim financial statements, annual or interim versions of management's discussion and analysis of financial condition and operating results, news releases disclosing material changes or facts about the activities of the Fund.

The Trustee will provide the Trust Unitholders with copies of the audited financial statements of the Fund and the Partnership within ninety (90) days following the end of the Fund's fiscal year and such other information that may be required by applicable securities laws.

On or before March 31 in each year (or within such other time required by the Tax Act), the Fund will provide to Trust Unitholders who received income allocations or designations from the Fund in the prior calendar year, such information regarding the Fund required by Canadian law to be submitted to Trust Unitholders for income tax purposes to enable Trust Unitholders to complete their tax returns in respect of the prior calendar year.

The Fund will file, on behalf of itself and the Trust Unitholders, annual trust information returns and any other information returns required to be filed under the Tax Act and any other applicable tax legislation in respect of the Fund.

**Financial or other information relating to the Fund and provided to you in the future may not by itself be sufficient for you to assess the performance of your investment.**

Certain information regarding the Fund's distribution of securities from time to time may be publicly available at the offices of applicable securities regulatory authorities.

Within ninety (90) days following the end of the Partnership's fiscal year, the General Partner will provide the Limited Partners with (i) a report summarizing the status of the activities of the Limited Partnership with will include an internal valuation of each Portfolio Company and (ii) financial statements accompanied by a review engagement report prepared by the Partnership's accountant. The General Partner shall send, in a timely manner, to each person who was a Limited Partner at any time during a fiscal year, such information and documents as are reasonably necessary for such person to make the appropriate tax filings. The Fund, in its capacity as Class A Limited Partner, will receive quarterly consolidated financial reporting from the Partnership.

## **ITEM 11 – RESALE RESTRICTIONS**

### **11.1 General**

The Trust Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Trust Units unless you comply with an exemption from the prospectus and registration exemptions under securities legislation. Investors are advised to consult with a legal advisor before effecting any resale of the Trust Units.

### **11.2 Investors in British Columbia, Alberta, Saskatchewan and Ontario**

The distribution of the Trust Units is being made on a private placement basis exempt from the requirement that the Fund prepare and file a prospectus with Canadian securities regulatory authorities with respect to such distribution. Unless permitted under securities legislation, you cannot trade the Trust Units before the date that is four months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada. **The Fund is not, and has no intention of becoming, a reporting issuer in any province or territory of Canada, and therefore the Trust Units will be subject to an indefinite hold period.** The Trust Units are not listed on any stock exchange in Canada or in any other jurisdiction and there is currently no public market for the securities in Canada or in any other jurisdiction. The Fund currently has no intention of becoming a reporting issuer in Canada or in any other jurisdiction, filing a prospectus with any securities regulatory authority in Canada or in any other jurisdiction to qualify the resale of the securities to the public, or listing its securities on any stock exchange in Canada or in any other jurisdiction. Accordingly, to be made in accordance with securities laws, any resale of the Trust Units in Canada must be made under available statutory exemptions from prospectus and, if applicable, registration requirements or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers of the Trust Units should consult with their professional advisors prior to the resale of any Trust Units.

### **11.3 Investors in Manitoba**

Unless permitted under securities legislation, you must not trade the Trust Units without the prior written consent of the regulator in Manitoba unless:

- (a) the Fund has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator has issued a receipt for that prospectus, or
- (b) you have held the Trust Units for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

### **11.4 Transfer Restrictions in Declaration of Trust**

Trust Unitholders may only transfer their Trust Units in accordance with the provisions of the Declaration of Trust. The Declaration of Trust provides that no Trust Units are to be sold, assigned, transferred, encumbered or otherwise disposed of without the prior written consent of the Trustee, which consent will not be unreasonably withheld. See **Item 9 – Risk Factors**.

## **ITEM 12 – INVESTOR'S RIGHTS**

The securities laws in your jurisdiction may provide you with the statutory right, in certain circumstances, to seek damages or to cancel your agreement to buy Trust Units. Most often, those rights are available, if we make a misrepresentation in this offering

memorandum but, in some jurisdictions, you may have those rights in other circumstances, including if we fail to deliver the offering memorandum to you within the required time or if we make a misrepresentation in any advertisements or sales literature regarding Trust Units. Generally, a “misrepresentation” means an untrue statement about a material fact or the failure to disclose a material fact that is required to be stated or that is necessary in order to make a statement not misleading in light of the circumstances in which it was made. The meaning of “misrepresentation” may differ slightly depending on the law in your jurisdiction.

Generally, most Investors under the Offering will purchase Trust Units under a prospectus exemption that provides them with the statutory rights described below. However, if you purchase Trust Units in reliance upon a prospectus exemption that does not provide you with such statutory rights, the Fund hereby grants you the same rights, on a contractual basis, as the statutory rights of your jurisdiction that are described below.

**If you purchase Trust Units, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.**

### **12.1 Two-day cancellation right for all Investors**

You can cancel your agreement to purchase these Trust Units. To do so, you must send a notice to us by midnight on the second business day after you sign the Subscription Agreement to buy the Trust Units.

### **12.2 Statutory and Contractual rights in the event of a misrepresentation**

#### **12.2.1 Investors in British Columbia, Alberta or Manitoba**

In addition to, and not in derogation from, any other right or remedy available to you at law, if there is a misrepresentation in this offering memorandum, you have a statutory right to sue:

- (a) to cancel your agreement to buy these Trust Units; or
- (b) for damages against the Fund, every person who was a Trustee of the Fund at the date of this offering memorandum and any other person who signed this offering memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Trust Units as a result of the misrepresentation. Further, the amount recoverable in an action for damages will not exceed the price at which the Trust Units were offered.

There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, the defendant will not be liable for a misrepresentation in forward-looking information if the defendant proves that:

- (a) this offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Alberta and Manitoba the above defence does not relieve a person of liability respecting forward-looking information in a financial statement.

#### **Statutory rights for failure to deliver the offering memorandum**

If you reside in British Columbia or Alberta and you do not receive a copy of this offering memorandum before you sign your Subscription Agreement, you have a right to sue for damages, or if you still own your Trust Units, you can choose to cancel your agreement instead of suing for damages.

### Time limitations

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations.

In British Columbia or Alberta you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

In Manitoba, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) two years after the day of the transaction.

#### **12.2.2 Investors in Saskatchewan**

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this offering memorandum together with any amendments to the offering memorandum, you have a statutory right to sue in Saskatchewan:

- (a) the Fund to cancel your agreement to buy Trust Units; or
- (b) for damages against the Fund, every promoter of the Fund and every Trustee at the time the offering memorandum was sent or delivered, every person that signed the offering memorandum and every person who sells securities on behalf of the Fund.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Trust Units as a result of the misrepresentation. As well, the amount recoverable in an action for damages will not exceed the price at which the Trust Units were offered.

If there is a misrepresentation in any “advertising” or “sales literature” (as defined in The Securities Act, 1988 (Saskatchewan)) that is disseminated in connection with your purchase of Trust Units and it was a misrepresentation at the time you purchased your Trust Units, regardless of whether you relied on that misrepresentation you will have a right to sue for damages against the Fund, every promoter of the Fund and every Trustee at the time the advertising or sales literature was disseminated, and every person who, at the time the advertising or sales literature was disseminated, sells securities on behalf of the Fund in the offering with respect to which the advertising or sales literature was disseminated. Alternatively, if you still own your Trust Units, and you purchased Trust Units from the Fund, you can elect to cancel your agreement instead of suing for damages.

If there is a misrepresentation in an oral statement made to you about the Trust Units either before or at the time that you purchased your Trust Units and it was a misrepresentation at the time you purchased your Trust Units, you will be deemed to have relied on the misrepresentation and you will have a right to sue the person who made the statement to you for damages.

There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the Trust Units. Further, the defendant will not be liable for a misrepresentation in forward looking information if the defendant proves that:

- (a) this offering memorandum contains reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward looking information.

### Statutory rights if Vendor Not Entitled to Trade

If you reside in Saskatchewan and the person or company who sells you your Trust Units is selling in contravention of securities laws of Saskatchewan or in contravention of an order of the Saskatchewan Financial Services Commission, you may choose to void your contract or to recover all the money paid by you for your Trust Units.



Time limitations

If you intend to rely on the rights described above, you must do so within strict time limitations.

In Saskatchewan, you must commence an action to cancel your agreement not more than 180 days after the day you purchased your Trust Units or commence your action for damages within the earlier of: (i) one year from the date that you had knowledge of the facts giving rise to the cause of action; and (ii) six years after the transaction.

**12.2.3 Investors in Ontario**

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this offering memorandum, you have a statutory right in Ontario to sue:

- (a) the Fund, to rescind the purchase and cancel your agreement to buy Trust Units; or
- (b) for damages against the Fund.

This statutory right is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. The Fund will not be liable if it proves that you purchased the Trust Units with knowledge of the misrepresentation. In addition, in an action for damages, the Fund will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Trust Units as a result of the misrepresentation. Furthermore, in no case will the amount recoverable in an action for damages exceed the price at which the Trust Units were sold to you. The Fund will not be liable for a misrepresentation in forward-looking information if it proves that: (a) this offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and (b) the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information. The foregoing rights do not apply if you are: (a) a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank; (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or (c) a subsidiary of any person referred to in clause (a) and (b) of this sentence, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Time limitations

If you intend to rely on the statutory rights described above, you must do so within strict time limitations.

In Ontario, you must commence your action to rescind your purchase and cancel the agreement within 180 days after the purchase or commence your action for damages within the earlier of: (i) 180 days after first having knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of purchase.

**ITEM 13 – FINANCIAL STATEMENTS**

Audited financial statements of the Fund are set out below.

**[Insert Financial Statements]**

Dated: September 13, 2016

**This offering memorandum does not contain a misrepresentation.**

**Newlook Capital Industrial Services Trust  
By its trustee Newlook Capital Services I Inc.**

\_\_\_\_\_  
(signed) Elroy Gust  
President

\_\_\_\_\_  
(signed) Anthony Diab  
Treasurer

**On behalf of the Board of Directors of  
Newlook Capital Services I Inc.**

\_\_\_\_\_  
(signed) Elroy Gust  
Director

\_\_\_\_\_  
(signed) Anthony Diab  
Director