

**BWS CAPITAL FUND AMENDED AND RESTATED OFFERING MEMORANDUM  
SUMMARY OF THE OFFERING**

*The following information is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum.*

**DATE:** April 28, 2020.  
**THE ISSUER:** BWS Capital Fund (the “Fund”).  
**Name:**  
**Head office:** 2004-3870 St-Elzear Boul. West Phone Number: (450) 665-0001  
Laval, Quebec H7P 0K6 Fax: N/A  
E-mail Address: cbernier@beautyworldsearch.com  
**Trustees** Caroline Bernier; and  
Catherine Dalcourt (collectively, the “Trustees”)  
**Currently listed or quoted:** No. **These securities do not trade on any exchange or market.** Reporting issuer: No.  
SEDAR Filer: Yes



**THE OFFERING:** Units of the Fund (the “Units”), which will use the proceeds from the subscription of Units to purchase Class B shares (the “Shares”) of the production company, Les Productions Beauty World Search inc. (“BWS”), a company incorporated under the *Canada Business Corporations Act* on September 27, 2012, and having a place of business at 2004-3870 St-Elzear Boul. West, Laval, Quebec H7P 0K6.

For further information regarding the ownership structure and operations of BWS, please see Section 2.1 - Structure.

The Units may be sold in different series (the “Series”) as determined by the Trustees from time to time.

**Price per Unit:** \$10.00 per Unit.  
**Minimum Offering:** \$100,000. **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**  
**Maximum Offering:** \$10,000,000  
**Minimum subscription amount:** The minimum subscription amount an investor must invest is \$500.

**Payment terms:** If you wish to subscribe for Units, you must complete and execute a subscription agreement and all applicable schedules and appendices thereto (“**Subscription Agreement**”) and any other required document and send the duly completed documents to the Trustees at the head office of the Fund mentioned above. You must also ensure that sufficient funds are available in the account specified in your Subscription Agreement or otherwise deliver payment to the Trustees for the total amount of your subscription by wire transfer (or such other method of payment accepted by the Fund) in accordance with the instructions set out under Section 5.2 - Subscription Procedure. The full amount of your subscription will be held by the Trustees in a separate trust account until midnight on the second business day following the signature of your subscription. This amount will be returned to you in full if you exercise your right to withdraw under Item 11 - Purchasers’ Rights and Item 5 – Securities Offered.

**Proposed closing date(s):** Subscriptions will be received subject to the rights of the Trustees to reject or allot them in whole or in part and subject to the right to close the subscription books at any time without notice. Closings shall occur from time to time during the course of the Offering or on any other date the Trustees determine.

**Income tax consequences:** There are important tax consequences to these securities. See section entitled *Income Tax Consequences and RRSP Eligibility*.

**Selling agent(s):** It is anticipated that WhiteHaven Securities Inc. (“**WhiteHaven**”) will act as a selling agent under the Offering. BWS shall offer up to 10% of the gross proceeds realized on the sale of Units as compensation to the selling agent. It should be noted that (i) the chief executive officer of WhiteHaven, Athanasios Baltzis, is also the Chairman and a director of BWS, (ii) Athanasios Baltzis is also the settlor of the Fund, and (iii) WhiteHaven is wholly-owned by WhiteHaven Holding Inc., which, as of April 28, 2020, owns 7.8% of the Class A voting shares of BWS. Consequently, BWS could be considered a “connected issuer” of WhiteHaven under applicable Canadian securities laws upon completion of the Offering.

**Conflict of Interest:** Canadian provincial and territorial securities laws provide that registered firms such as WhiteHaven and its dealing representatives, may only trade in or advise prospective subscribers with respect to the securities of issuers to which they (or certain parties related to them) are related or connected if they provide certain prescribed disclosures regarding the “connected issuer” status of the issuer of the securities. Prior to trading in such securities or advising their clients, dealers such as WhiteHaven are required to inform their clients of the relevant relationships and connections with the issuer of the securities, which in the case of the Offering detailed in this Offering Memorandum is the Fund. Purchasers should refer to the relevant provisions of applicable securities laws for further details regarding these requirements or consult with a legal advisor.

**The Fund will invest solely in BWS, such that prospective holders of Units (“Unitholders”) should note that if they purchase Units through WhiteHaven, they will not be purchasing securities from a dealer that is independent of BWS. In fact, as mentioned above, (i) the chief operating officer of WhiteHaven, Athanasios Baltzis, is also the Chairman and a director of BWS, (ii) Athanasios Baltzis is also the settlor of the Fund, (iii) WhiteHaven is wholly-owned by WhiteHaven Holding Inc., which, as of April 28, 2020, owns 7.8% of the Class A voting shares of BWS, and (iv) WhiteHaven Ventures Inc., a wholly-owned subsidiary of WhiteHaven Holdings Inc., will be providing corporate financing consulting services to the Fund and will be receiving compensation for such services. For further information, see Item 7 - Compensation paid to Sellers and Finders and the disclosure in bold under “Selling Agents” on the cover page of this Offering Memorandum.**

**RESALE RESTRICTIONS:** Unitholders will be restricted from selling their Units for an indefinite period. See section entitled Item 10 - Resale Restrictions. However, except in limited circumstances, a Unitholder may generally elect to redeem any or all of his, her or its Units on the last day of any quarter that is not a Saturday, a Sunday or a statutory holiday in Montreal, Quebec (a “**Business Day**”). See Section 5.1.3 - Rights of Redemption. It should be noted that the Trustees’ obligation to make payment of the redemption proceeds in cash is limited to the availability of Available Liquid Assets. See 5.1.3.2 - Proceeds Payable.

**PURCHASERS’ RIGHTS:** The Unitholders have two Business Days to cancel their agreement to purchase the Units. In addition, if there is a misrepresentation in this Offering Memorandum, Unitholders may have the right to sue for damages or to cancel the agreement. See Item 11 - Purchasers’ Rights.

**The Units described in this Offering Memorandum (the “Offering Memorandum”) are being offered on a private placement basis in reliance on exemptions from the requirement to prepare and file a prospectus with securities regulatory authorities. This Offering Memorandum constitutes an offering of Units only in those jurisdictions and to those persons where and to whom they may lawfully be offered for sale. This Offering Memorandum is not, and under no circumstances, is to be construed as, a prospectus or an advertisement for a public offering of these Units. No securities regulatory authority or regulator has assessed the merits of the Units offered in this Offering Memorandum or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 - Risk Factors.**

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## FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking information or statements with respect to the Fund. Notably, the information contained under the headings 2.2 - Our Business: Development, production, and licensing for distribution of the Television Series, 2.3 - Development of Business, 2.4 - Long-Term Objectives, and 2.5 - Short Term Objectives and How We Intend to Achieve Them, may constitute “forward-looking information” for the purposes of securities legislation, as it contains statements regarding the intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Trustees about the success of the Fund’s investment strategy in certain market conditions, relying on the experience of the Trustees and their knowledge of historical, economic and market trends. Investors are cautioned that the assumptions made and the success of the Fund’s investment strategy is subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Fund’s intended strategies as well as the Fund’s actual course of conduct. There are inherent risks with these investments, investors are urged to read the section entitled *Risk Factors* for a discussion of other factors that will impact the Fund.

### ITEM 1. USE OF AVAILABLE FUNDS

#### 1.1. Funds

##### 1.1.1. The Fund

The Fund will sell Units on a continuous basis, with closings, from time to time during the course of the Offering. The minimum amount to be raised pursuant to this Offering is \$100,000 and the maximum amount to be raised pursuant to this Offering is \$10,000,000.

The following table provides the general allotment of funds available as a result of the Offering under this Offering Memorandum:

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised	\$100,000	\$10,000,000
B.	Selling commissions and fees <sup>(1)</sup>	\$0	\$0
C.	Estimated costs (lawyers, accountants, auditors) <sup>(1)</sup>	\$0	\$0
D.	Available funds: $D = A - (B + C)$	\$100,000	\$10,000,000
E.	Additional sources of funding required <sup>(2)</sup>	\$0	\$0
F.	Working capital deficiency	\$0	\$0
G.	Total : $G = (D + E) - F$	\$100,000	\$10,000,000

**Notes:**

- (1) While the Fund will enlist the services of one or more selling agents, lawyers, accountants and auditors in connection with the Offering, all fees and commissions will be paid by BWS.
- (2) The Fund does not anticipate requiring additional funds to pursue its business objectives. However, BWS may require additional funding to pursue its own business objectives.

As of the date of this Offering Memorandum, the Fund has no working capital deficiency.

### 1.1.2. BWS

The following table provides the general allotment of funds that will be made available to BWS as a result of the Offering under this Offering Memorandum:

		<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
A.	Amount to be raised	\$100,000	\$10,000,000
B.	Selling commissions and fees <sup>(1)</sup>	\$10,000	\$1,000,000
C.	Estimated costs (lawyers, accountants, auditors) <sup>(1)</sup>	\$50,000	\$70,000
D.	Available funds: $D = A - (B + C)$	\$40,000	\$8,930,000
E.	Additional sources of funding required <sup>(2)</sup>	\$0	\$0
F.	Working capital deficiency	\$0	\$0
G.	Total : $G = (D + E) - F$	\$40,000	\$8,930,000

**Notes:**

- (1) BWS shall offer as compensation to the selling agents up to 10% of the gross proceeds realized on the sale of Units. See Item 7 - Compensation paid to Sellers and Finders.  
(2) As of the date hereof, BWS has not identified any additional source of funding.

As of the date of this Offering Memorandum, BWS has no working capital deficiency.

### 1.2. **Use of Available Funds**

#### 1.2.1. Use of available funds by the Fund

The following table provides a detailed breakdown of the total use of the available funds by the Fund:

<b>Description of intended use of available funds listed in order of priority</b>	<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
Fees	\$0	\$0
Costs	\$0	\$0
Purchase of Shares of BWS	\$100,000	\$10,000,000
Total:	\$100,000	\$10,000,000

After payment of all fees and costs associated with the Offering, the Fund will use the available funds from the sale of Units to purchase Shares of BWS.

### 1.2.2. Use of funds by BWS

BWS will in turn use the proceeds from the sale of Shares in order to finance the business, consisting of the development, production, and licensing for distribution of the television series “The Fashion Hero” (the “**Television Series**”) and the related revenue-generating lines of business to be pursued by BWS in connection with the Television Series, including advertising and merchandising (the “**Business**”). See Item 2.2 - Our Business: Development, production, and licensing for distribution of the Television Series.

Description of intended use of available funds listed in order or priority	Assuming Minimum Offering	Assuming Maximum Offering
Working capital	\$40,000	\$392,500
Production costs <sup>(1)</sup>	\$0	\$0
Management and employee salaries	\$0	\$690,000
Equipment	\$0	\$70,000
Marketing, and pre-production costs <sup>(2)(3)</sup>	\$0	\$977,500
Administrative fees equivalent to the interest payable under the Loan Agreement	\$0	\$800,000
Reimbursement of loans	\$0	\$6,000,000
<b>TOTAL</b>	<b>\$40,000</b>	<b>\$8,930,000</b>

**Notes:**

- (1) It should be noted that production costs are taken on by sponsors and broadcasters.
- (2) It should be noted that marketing and pre-production costs include behind the scenes videography as well as travel costs related to production of the Television Series, on the one hand, as well as travel required to sell the show in foreign jurisdictions.
- (3) Marketing and pre-production costs will be financed through additional sources of funding, if necessary. As of the date hereof, no additional source of funding has been identified.

It is anticipated that BWS will use a significant portion of the proceeds invested by the Fund to reimburse outstanding loans.

The administrative fees referred to in the above table pertain to a non-revolving loan facility agreement dated June 20, 2016 entered into between BWS, as borrower, and BWS TV Productions Inc./Les productions TV BWS inc. (the “**Corporation**”), as lender, as amended on October 2, 2019 (the “**Loan Agreement**”). In exchange for the Loan Advances (as defined in Section 2.7.2.1 - Loan Agreement), BWS pays the Corporation administrative fees equivalent to the costs of the Bond Offering (as defined in Section 2.7.2.1 - Loan Agreement), selling commissions and other fees payable by the Corporation in connection with the Bond Offering. Upon completion of a Bond Offering, BWS will continue to pay administrative fees to the Corporation equal to the operating costs and other fees payable by the Corporation. For further information regarding the Loan Agreement, please refer to Section 2.7.2.1 - Loan Agreement.

### 1.3. **Reallocation**

The Fund intends to use the available funds as stated under Section 1.2.1 - Use of available funds by the Fund.

BWS intends to use the proceeds from the sale of Shares to pursue the objectives set out under Section 1.2.2 - Use of funds by BWS. BWS will reallocate funds only for sound business reasons.

## ITEM 2. BUSINESS OF THE FUND

### 2.1. Structure

#### 2.1.1. *The Fund*

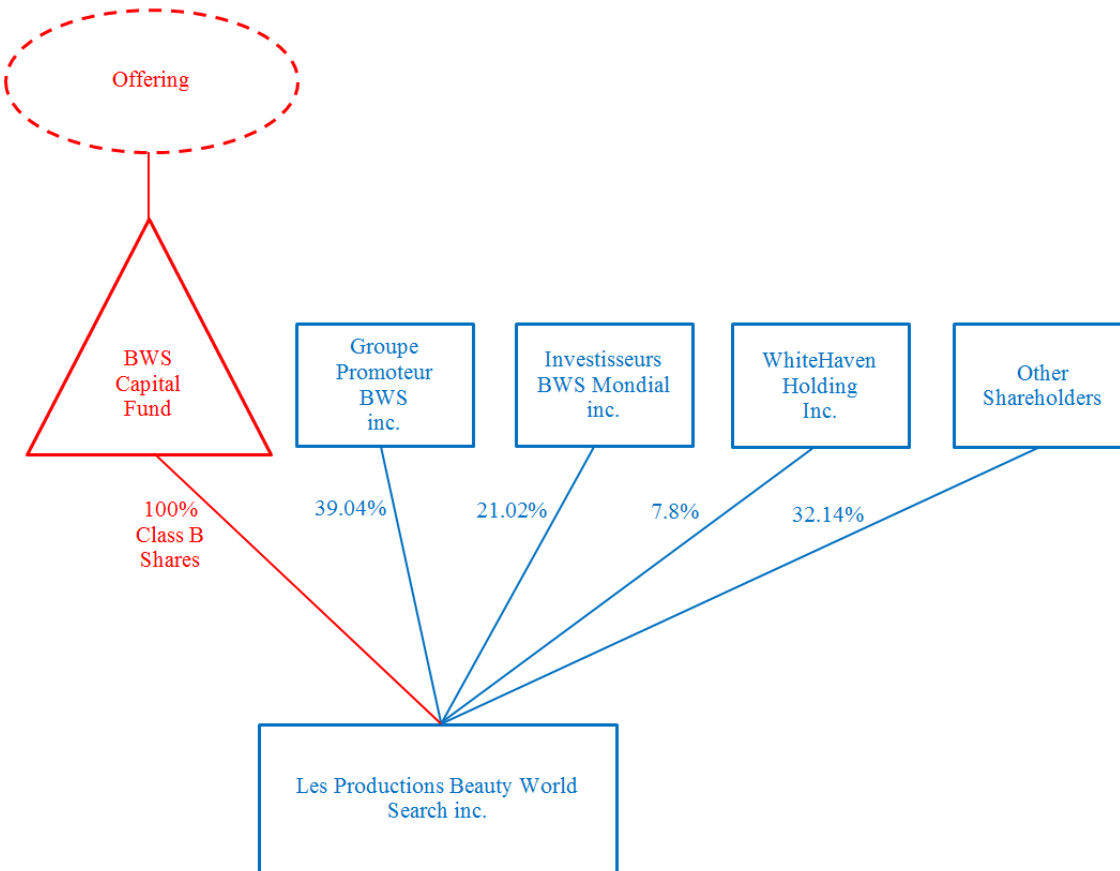
The Fund is a mutual fund trust, created pursuant to a Trust Agreement entered into by Caroline Bernier and Catherine Dalcourt (as trustees) and Athanasios Baltzis, as settlor, on July 17, 2019 (the “**Trust Agreement**”). The Fund is governed by the laws of the province of Quebec.

Caroline Bernier is the president and a director of BWS. Consequently, Caroline Bernier is not an independent trustee.

#### 2.1.2. *The Purpose of the Fund*

The purpose of the Fund is to purchase the Shares, for the benefit of the Unitholders.

#### 2.1.3. *Organizational Flow Chart*



### 2.2. Our Business: Development, production, and licensing for distribution of the Television Series

As the purpose of the Fund is to purchase Shares of BWS, the present section will describe the business and activities of BWS.

BWS has developed and produced the original reality Television Series, which is now being distributed through licensing agreements with broadcasters, digital platforms and other distributors of television programming in the markets that BWS intends to target for distribution of the Television Series (the

“**Target Markets**”). The Television Series showcases ordinary people as role models in an international competition, in which the contestants are paired with international mentors/influencers that coach them through a series of challenges as they compete for a chance to become the next ‘Fashion Hero’ and take part in a brand/designer’s international marketing campaign. The aim and theme of the production is to challenge the often unattainable, unhealthy and unrealistic standards presented by the fashion and beauty industries.

BWS’s strategy is focused on maximizing cash flow from the Television Series and the related Business. BWS’s experienced management team plans to capture the economic upside potential through licensing agreements with broadcasters and other distributors of television programming for the distribution rights to the Television Series and various related revenue streams.

The success of BWS is deeply connected to the “The Fashion Hero” brand. For this reason, BWS has developed a website to serve as an interactive social media hub and database for the contestants, their supporters, and the international community of The Fashion Hero enthusiasts that BWS is attracting now prior to the airing of Season 2 of the Television Series. It is anticipated that the website will offer additional revenue potential for BWS through paid advertising in the form of banner ads and blast promotions sent through the website’s email database and related social media sites. Additional revenue is expected to be generated through sponsorship deals with participating brands, monthly paid votes obtained from the contestants and their community on The Fashion Hero website and through sales of promotional items to be sold through an online web store.

### **2.3. Development of Business**

Since its creation on July 17, 2019, the Fund has raised capital, which it has invested in BWS.

BWS was incorporated under the *Canada Business Corporations Act* on September 27, 2012.

BWS began pre-production of the Television Series in May 2016, during which time it engaged service producers and crew, purchased props for the Television Series, commissioned the design of the logo for “The Fashion Hero”, secured hotel accommodations and location rentals, and booked transportation for the production and flights for the cast.

An 8-episode season of the Television Series was filmed over the span of 30 days in August 2016 in Montreal, Quebec, with a crew of over 100 people involved, including camera operators, field producers, line producers, content producers, and other production staff. The episodes were shot in various locations around the city and the surrounding areas.

Following filming, BWS entered the post-production phase and began editing over 3,000 hours of raw footage, a process that lasted several months and involved a team of offline editors, assistant editors, story producers, audio mixers, color correctors, a narrator, an animated graphics designer, and online editors. BWS continues to send the finished episodes to additional broadcasters and digital platforms while ensuring that the show is delivered in accordance with the required technical specifications of such broadcasters and digital platforms. The show will also have subtitles or dubbing applied as needed. While Season 1 of the Television Series aired (and continues to air) around the world, the pre-production process for Season 2 is in motion.

Throughout the post-production process, Caroline Bernier, the Executive Producer of the Television Series and the President, and a director of BWS, attended various conferences, markets and trade shows around the world to promote the Television Series, including the *Marché International des Programmes de Communication (MIPCOM)* in Cannes, the National Association of Television Program Executives (NATPE) conference in Miami and the NATPE conference in Budapest in June 2017. Ms. Bernier continues to promote the Television Series at various events in order to distribute and sell the Television Series internationally, including in Los Angeles, Madrid, New York, Paris, Belgium, Rome, South Africa and Latin America, amongst other locations. Through these initiatives, BWS has developed a network of

agents, distributors, and producers with whom it intends to work to secure distribution deals for the Television Series through cable and/or online platforms and networks in the Target Markets.

As of August 20, 2019, BWS and its distribution team had already signed contracts with the following broadcasters and digital platforms which are available in various countries:

<b>Broadcasters and Digital Platforms</b>	<b>Locations in which the Television Series will be available</b>
Amazon Prime Video	USA, Canada, UK, Austria, Liechtenstein, Luxembourg, Switzerland, South Tyrol, Finland, Denmark, Iceland, New Zealand, Norway, Belize, Sweden, Ireland, Australia, South Africa
Tubi TV (digital platform)	North America
Vudu	North America
Pan African SVOD TracePlay	160 territories
Trace	20 countries where they are streaming and in all countries of Africa, France, and the United Kingdom
Siminn	Iceland
Nine Now and Nine Life	Australia
RTL II	Hungary
Lifetime	Turkey
Discovery	Latin America
TELEVISA	Latin America (except Brazil)
SUPER	Russia
FTV	Bosnia Herzegovina
SITEL	Macedonia
Prva TV Serbia / Prva M / PRVA LIFE / PRVA MAX	Montenegro
Prime Channel	Kosovo
Nova TV	Bulgaria
VTM / channel VITAYA	Flanders
AFRIKA XP	South Africa
RTL	France Belgium-Germany and parts of Europe
OutTV	Belgium, The Netherlands, Luxembourg, Germany, Austria, Alto Adige, German-speaking Switzerland, Central and Eastern Europe (comprising Poland, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Serbia, Montenegro, North Macedonia, Bosnia-Herzegovina, Kosovo, Albania, Romania, Moldova, Bulgaria, Israel, Spain, Portugal, Italy & the United Kingdom.
MyTV	United Kingdom
K24	Kenya
JOJ, PLUS and WAU	Slovakia
KTN	Kenya
Silverbird	Nigeria
TV3	Ghana
NTV	Uganda
CloudsTV	Tanzania
SABC	South Africa

A syndication contract was signed and began in July 2018 for the Television Series' airing in local stations (Examples: NBC, ABC, etc.) in the United States from July 1st to September 30th, 2018.

BWS has continued to distribute Season 1 of the Television Series to different broadcasters and digital platforms. BWS has found the producers, locations, and sponsors for the production of Season 2. Sun International, a resort hotel chain, has partnered with The Fashion Hero and will accommodate the contestants, mentors, host and the rest of the production team throughout the filming of Season 2, in South Africa at the Sun City Resort, at The Maslow Hotel in Johannesburg and at The Table Bay Hotel in Cape Town. For Season 2, BWS has recruited over 40 international influencers that are using their platforms to promote the mission and the Television Series to their audience. BWS has optimized the website and marketing campaigns to increase brand awareness, website traffic, registrations and more.

Through marketing efforts on social media, such as daily organic posting and advertising, and on casting groups and platforms from the BWS marketing team and its over 40 influencers, potential contestants from around the world are invited to go to The Fashion Hero's website to register and create their profile. Since the announcement of the location for Season 2, the The Fashion Hero database has been capturing a large number of new website visitors and has obtained a significant number of new contestants' registrations.

Due to the COVID-19 pandemic, Season 2, which was previously scheduled to be filmed from June 10, 2020 to June 30, 2020, has been tentatively postponed to August 29, 2020 to September 23<sup>rd</sup> 2020, so long as border restrictions related to the COVID-19 pandemic have been sufficiently eased to allow filming to occur. Season 2 will be produced by Rapid Blue (Pty) Ltd ("**Rapid Blue**"), a South African production company that is a partner of BBC Worldwide Ltd., and that has successfully produced thousands of hours of television, including international hits like X Factor, Got Talent and So You Think You Can Dance. It is anticipated that, if Season 2 can be filmed from August 29, 2020 to September 23<sup>rd</sup> 2020, the show will be edited and ready for distribution at the beginning of 2021.

Agents are in negotiation with celebrities who could potentially host The Fashion Hero Season 2 in South Africa. It is expected that when the celebrity host will be confirmed and announced, the exposure of the Television Series will increase significantly, thereby attracting the attention of millions of new fans.

Over a season of 10 episodes, 32 diverse contestants will compete in a series of challenges, where each one is designed to celebrate their personality/inner beauty, self-belief and strength of character. In the end, each of four contestants will be part of an international marketing campaign for a major brand (there are four brands), and one of them will be the overall winner and will become the face and an influencer of The Fashion Hero.

By promoting different standards of beauty, and a different take on fashion competition shows, BWS is confident that The Fashion Hero will find a wide and loyal audience both in the United States and around the world. Some of the Season 1 broadcasters have already agreed to distribute Season 2, and additional traditional networks and subscription video on demand platforms will be pursued to broadcast the series in new markets, including the Asian markets, which could reach a massive amount of new viewers.

In January 2020, Caroline Bernier, the executive producer of the Television Series, attended the National Association of Television Program Executives (NATPE) in Miami, where she had meetings with new potential distributors for both Season 1 and Season 2 of the Television Series. Ms. Bernier also traveled to South Africa in March 2020 to work on the preproduction of Season 2 with Rapid Blue and her South African partners and agents, as well as meet potential sponsors who could be one of the four brands that will recruit contestants to their teams during the filming.

It should be noted that the present section 2.3 - Development of Business contains forward-looking information. Actual results may vary from the forward-looking information contained in this paragraph.

## 2.4. Long-Term Objectives

The long-term investment objective of the Fund is to generate profit by means of investment in BWS for the benefit of Unitholders.

As for BWS, its long-term objective is to create a strategic partnership with a major American or international distributor or network to continue producing local and international content, or otherwise sell its intellectual property and all related assets to a major American or international distributor or network.

With the production of Season 2, BWS will be selling the program to larger broadcasters in different territories. BWS is working actively to ensure that Season 2 generates increased website revenues and brand awareness as well as increased viewership of the show. BWS has entered into a contract with the producers and is currently in negotiation of several agreements with regard to the distribution and sale of Season 2. With the growing notoriety of the Television Series and The Fashion Hero brand, BWS has plans to produce a third season of the Television Series (“**Season 3**”), and registrations by participants for Season 3 have already started. It should be noted that the present section 2.4 - Long-Term Objectives contains forward-looking information. Actual results may vary from the forward-looking information contained in this paragraph.

## 2.5. Short Term Objectives and How We Intend to Achieve Them

### 2.5.1. Short Term Objectives of the Fund and How it Intends to Achieve Them

The Fund’s objectives for the 12 months following the date of this Offering Memorandum are as follows:

<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our cost to complete</b>
Complete additional tranches of the Offering and subscribe for Shares of BWS for corresponding amounts.	12 months	\$0 <sup>(1)</sup>

(1) While the Fund may engage one or more Selling Agents, lawyers, accountants and auditors in connection with the private placement under this Offering Memorandum, all commissions and fees are assumed by BWS. See Item 1 – Use of Available Funds

### 2.5.2. Short Term Objectives of BWS and How They Intend to Achieve Them

BWS’s objectives for the 12 months following the date of this Offering Memorandum are as follows:

<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our cost to complete<sup>(1)</sup></b>
Reimburse outstanding loans. <sup>(2)</sup>	12 months	\$4,772,500
Consulting fees related to corporate financing	Ongoing	\$50,000
Marketing and pre-production costs		
Continue their international marketing and social media campaign to promote “The Fashion Hero” brand, targeting countries where the series will be airing or produced.	12 months	\$24,000 per month

<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our cost to complete<sup>(1)</sup></b>
Continue promoting the Television Series at industry trade shows to further develop relationships with agents, distributors, and producers that can help to secure additional distribution deals. This includes travel, registration, lining up distribution agents and renting kiosks.	15 months	\$100,000 per year
Continue to enhance the website for “The Fashion Hero” to monetize it and make it more accessible and user-friendly, with separate versions targeted to specific Target Markets.	Ongoing	\$7,500 per month
Continuously translating the website in additional languages to make it more accessible to international users.	Ongoing	\$10,000 per month
Develop new and updated sale agreements and purchase new promotional materials, including roll-up banners, posters, and other branded items for BWS’s distribution team.	Ongoing	\$4,000 per month
Re-edit the Television Series, if necessary, to accommodate the needs of specific broadcasters with respect to the length of the episodes, language and subtitle requirements, as well as any other requirements.	Ongoing	\$500 per day
Distribution and sale of production rights for local content versions of “The Fashion Hero” internationally.	Ongoing	Average of \$6,000 to 10,000 per trip <sup>(3)</sup>
Create strategic partnerships with major sponsors and advertisers for Season 2.	Ongoing	\$5,000 to \$10,000 per month
Solicitation and meetings with acquisition directors of major international digital platforms such as Facebook, Hulu, Google Play, Amazon Prime, Netflix, YouTube Red, Disney, Quibi TV and more to sell the Television Series.	Ongoing	\$3,000 in travel expenses <sup>(3)</sup>
Recruitment of contestants for Season 3 started in January 2020. BWS has entered into a contract with a South African production company, Rapid Blue, for the production of Season 2 in South Africa. BWS has appointed two consultants to assist with the development for Season 2.	Ongoing	\$56,000
Production is expected to take place from August 29 <sup>th</sup> to September 23 <sup>rd</sup> , 2020 in South Africa (if the borders are opened) and Season 2 will be ready for broadcast at the beginning of 2021. <sup>(4)</sup>	Summer/Fall of 2020	\$0

**Notes:**

- (1) The amounts indicated in this table represent the estimated costs of BWS accomplishing its goals for the next 12 months. As these amounts exceed the amount of the Maximum Offering, some of these goals may be achieved through additional sources of funding. As of the date hereof, no additional sources of funding have been identified.
- (2) It should be noted that the Bond Offering (as defined below in Section 2.7.2.1 - Loan Agreement) will continue to be offered, such that the outstanding loans pursuant to the Bond Offering will not be completely reimbursed. Some will be reimbursed as the Bonds mature three years after their issuance, but new Bonds will be issued, creating new loans to be reimbursed.
- (3) The costs will be covered by the sponsors, the producer and tax credits. Season 2 will be ready for broadcast at the beginning of 2021.
- (4) No travel will be undertaken during Covid-19 pandemic period, we expect travel to resume as the borders re-open

The Trustees may use proceeds from the Offering for uses that are not described herein or to attain an objective that is not described herein without requesting the consent from or notifying the Unitholders.

## **2.6. Insufficient Funds**

While the Fund does not require funding to pursue its activities, it will seek to make additional investments in BWS for it to be able to pursue its objectives. Consequently, closings of the Fund shall occur from time to time during the course of the Offering. The proceeds of the Offering that will be invested in BWS may not be sufficient to accomplish all of BWS objectives and there is no assurance that alternative financing will be available. See Item 8 - Risk Factors.

## **2.7. Material Agreements**

### ***2.7.1. Material Agreements Entered Into By the Fund***

The Fund has entered into, or will enter into, the material agreements set out below.

#### ***2.7.1.1. Trust Agreement***

The Fund was created pursuant to a Trust Agreement entered into by Caroline Bernier and Catherine Dalcourt (as trustees) and Athanasios Baltzis, as settlor, on July 17, 2019. The Fund is governed by the laws of the province of Quebec.

Caroline Bernier and Catherine Dalcourt act as the trustees of the Fund pursuant to the Trust Agreement. The Trustees have those powers and responsibilities in respect of the Fund as described in the Trust Agreement. The Trustees shall exercise the powers and discharge the duties of their office honestly and in good faith and, in connection therewith, shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in the circumstances.

Caroline Bernier is the president and a director of BWS. Consequently, Caroline Bernier is not an independent trustee.

For their services under the Trust Agreement, the Trustees shall be reimbursed all reasonable expenses incurred by the Trustees in the discharge of their duties under the Trust Agreement.

Each Trustee may be removed as trustee of the Fund by an ordinary resolution of all Unitholders of the Fund voting together or by the at least two other Trustees in either case upon 30 days' written notice to such Trustee.

Under the terms of the Trust Agreement, the Trustees benefit from a general disclaimer of liability and has a right of indemnification from the Fund for any claims or liabilities arising out of the execution of each of their duties as trustee, except in cases of wilful misconduct, bad faith, or material breach or default of its duties hereunder or breach of its standard of care.

#### ***2.7.1.2. Shareholders Agreement***

The Fund is a party to the Shareholders Agreement of BWS, along with Caroline Bernier, Groupe Promoteurs BWS Inc., Investisseurs BWS Mondial Inc., Fiducie Famille Yvon Michel and WhiteHaven

Holding Inc., and to which BWS is an intervening party (the “**Shareholders Agreement**”). Certain sections of the Shareholders Agreement constitute a unanimous agreement of the shareholders within the meaning of the *Canada Business Corporations Act*, RSC 1985, c C-44.

The Shareholders Agreement establishes the respective rights and obligations of the shareholders of BWS, which can be summarized as follows:

- (a) **Voting:** Class A common shares are voting shares, while Class B common shares are non-voting shares;
- (b) **Pre-emptive right:** Upon the issuance of new shares or convertible securities of BWS (“**New Shares**”), the New Shares shall first be offered to the shareholders proportionally to the number of voting shares that they hold. As a Class B common shareholder, the Fund will not possess a pre-emptive right;
- (c) **Right of First Offer:** Any shareholder wishing to transfer shares or convertible securities of BWS to a third party (“**Securities Contemplated by the Offer**”) shall first offer the Securities Contemplated by the Offer to shareholders holding voting shares (the “**Beneficiaries**”);
- (d) **Tag Along Right:** If, following the exercise of the Right of First Offer, a third party that is approved by all voting shareholders to become a voting shareholder of BWS (the “**Buyer**”) would hold a number of voting shares exceeding 50% of the votes attaching to the voting shares of BWS, any Beneficiary shall have the right to demand that the Buyer acquire all of the securities and convertible securities that it holds at the same price and on the same terms and conditions as those offered to the selling shareholder;
- (e) **Drag Along Right:** If, following the exercise of the Right of First Offer and the Tag Along Right, the Buyer holds more than 66 $\frac{2}{3}$ % of the votes attaching to the voting shares of BWS, the shareholders having sold their shares to the third party shall have the right to demand that all of the other Shareholders Transfer all of the Shares and convertible securities that they hold to the Buyer at the same price and on the same terms and conditions as those offered for the Securities Contemplated by the Offer;
- (f) **Involuntary Withdrawal Events:** In the event a shareholder holding voting shares in BWS is placed under trusteeship or curatorship, is absent for a period of six months, suffers a disability or dies, such shareholder irrevocably offers to sell to BWS all shares and convertible securities it owns in accordance with the determination of their fair market value as specified in Article 14 of the Shareholders Agreement;
- (g) **Compulsory Withdrawal Events:** In the event of any of the following events, shareholders of BWS irrevocably offer to sell to BWS all shares and convertible securities they own in accordance with Article 11.2 of the Shareholders Agreement:
  - (i) A shareholder makes an assignment for the benefit of creditors or filing for bankruptcy;
  - (ii) A shareholder refuses to comply with the Shareholders Agreement and failure to remedy the default within ten (10) days;
  - (iii) A shareholder becomes a party to a proceeding that may result in the transferring of shares or convertible securities of BWS to their spouse or former spouse;

- (iv) A shareholder fails to satisfy and cancel any process of execution enforced or levied upon the shares or convertible securities of BWS owned by such shareholder, within a period of thirty (30) days of such process or levy;
- (v) A shareholder fails to obtain the cancellation of any prior notice of exercise of a hypothecary right or any other entry affecting the shares or convertible securities of BWS owned by such shareholder in favour of any creditor within thirty (30) days of their publication or registration;
- (vi) A shareholder permits the shares or convertible securities of BWS it owns to be encumbered, transfers of any of its shares or convertible securities in breach of the Shareholders Agreement, and/or in the case of a controlling shareholder, permits a change of control and such default is not remedied within thirty (30) days;
- (vii) A shareholder is found guilty of an indictable offense and sentenced to a term of imprisonment of three (3) months or more; and
- (viii) found guilty by a court of competent jurisdiction of theft, fraud or embezzlement;
- (h) **Insurance:** BWS may take out, at its own expense, one or several insurance policies on the life of the voting shareholders or controlling shareholders; and
- (i) **Death:** The Corporation shall collect the proceeds of the insurance policies referred to above as soon as possible following the death of an insured person.

#### 2.7.1.3. Agreements With Selling Agents

The Fund will sign agreements with selling agents in connection with the issuance of the Units. The Fund intends to offer the following remuneration to the selling agents in connection with the Offering:

Offered Securities	Selling commissions and fees
Units	Up to 10% of the gross proceeds from the sale of the Units.

It is anticipated that WhiteHaven will act as a selling agent under the Offering.

It should be noted that Athanasios Baltzis, director, officer and control person of WhiteHaven, is the Chairman and a director of BWS and, as such, BWS and the Corporation could be considered “connected issuers” of WhiteHaven under applicable Canadian securities laws.

In addition, Athanasios Baltzis is the settlor of the Fund and WhiteHaven Holding Inc., sole shareholder of WhiteHaven, owns, as of April 28, 2020, 7.8% of the Class A voting shares of BWS. Lastly, WhiteHaven Ventures Inc., a wholly-owned subsidiary of WhiteHaven Holdings Inc., will be providing corporate financing consulting services to the Fund and will be receiving compensation for such services.

Consequently, BWS could be considered a “connected issuer” of WhiteHaven under applicable Canadian securities laws upon completion of the Offering.

#### 2.7.1.4. Auditor

The auditor for the Fund is Mazars, LLP, or such other auditor determined by the Trustees.

#### *2.7.1.5. Legal Counsel*

The legal counsel of the Fund is Fasken Martineau DuMoulin LLP, or such other party as the Trustees may retain.

#### *2.7.2. Material Agreements Entered Into By BWS*

BWS has entered into, or will enter into, the material agreements set out below.

##### *2.7.2.1. Loan Agreement*

The Corporation, as lender, and BWS, as borrower, entered into the Loan Agreement pursuant to which the Corporation has the right to advance secured loans to BWS (the “**Loan Advances**”) from the proceeds of an offering consisting of a minimum of 600 secured bonds and a maximum of 10,000 secured bonds of the Corporation (the “**Bonds**”) offered at a price of \$500 per bond, on a private placement basis, for minimum gross proceeds of \$300,000 and maximum gross proceeds of \$5,000,000. The Bonds are offered as secured bonds maturing 3 years from the date of their issuance bearing interest at an annual rate of 10.00%, payable on a monthly basis on the last business day of each month. Pursuant to an amendment to the Loan Agreement, dated October 2, 2019, the Loan Agreement was amended to increase the aggregate maximum to \$12,500,000, corresponding to an aggregate total of 25,000 Bonds (the “**Bond Offering**”).

In exchange for the Loan Advances, BWS pays the Corporation administrative fees equivalent to the costs of the Bond Offering, selling commissions and other fees payable by the Corporation in connection with the Bond Offering.

Upon the closing of each tranche of the Bond Offering and following payment of an administrative fee by BWS to the Corporation, the Corporation shall disburse a Loan Advance to BWS in an amount equal to the gross proceeds from the closing of the Bond Offering. The Corporation will use the administrative fees to pay the Bond Offering costs, selling commissions, and other fees payable in connection with the Bond Offering. Upon completion of a Bond Offering, BWS continues to pay administrative fees to the Corporation equal to the operating costs and other fees payable by the Corporation from time to time until the earlier of the redemption of the Bonds by the Corporation and the maturity of the Bonds.

Each Loan Advance bears interest at a rate equal to the corresponding amount of interest payable by the Corporation to the holders of Bonds sold by the Corporation to finance the advance, payable at the time that the interest payments to such holders of Bonds become due, and shall be repaid by BWS as the Bonds sold by the Corporation to finance the advance come to maturity or are otherwise redeemed by the Corporation. Loan Advances are secured by a hypothec entered into between the Corporation and BWS. See 2.7.2.2 - Deed of Hypothec.

##### *2.7.2.2. Deed of Hypothec*

The Bonds issued under the Bond Offering shall be collectively secured by a deed of hypothec dated October 2, 2019 (the “**Deed of Hypothec**”), between the Corporation and BWS, as guarantors, and a hypothecary representative (i.e., fondé de pouvoir) of the holders of Bonds within the meaning of Article 2692 of the Civil Code of Québec, and providing for a first-ranking movable hypothec, in favour of a hypothecary representative, for the benefit of the holders of Bonds, to the extent of \$25,000,000, charging as a universality, all corporeal and incorporeal movable property, assets, rights and undertakings of any nature and kind, now owned or hereafter acquired by the Corporation or BWS.

##### *2.7.2.3. Co Operation Agreement With Rapid Blue*

On February 25, 2020, BWS entered into an agreement with Rapid Blue, a South African media and production company that is partly owned by BBC Worldwide Ltd., whose activities include the

production of light entertainment, drama, reality, advertiser-funded and other genres of television and broadcast programming, distribution of finished programming, the sourcing of production financing where required through on and off-screen sponsorship and barter deals, and the provision of production facilitation and supervision services in South Africa and other markets in sub-Saharan Africa.

Pursuant to the agreement, Rapid Blue must use best endeavours to identify and source an agreed minimum level of funding for the production of the Second Series through sponsorship deals. It should be noted, however, that the agreed-upon production budget is less than the minimum level of funding that must be obtained by Rapid blue. In addition, Rapid Blue must produce Season 2 in South Africa, including putting together the full local production team. based upon qualified first-class freelance production and technical crew with experience in the production of reality television, who shall be appointed for the duration of the production and post-production.

If any subsequent local South African version of the Television Series is planned, Rapid Blue has the right to be exclusively offered the production of such a series.

Rapid Blue’s compensation pursuant to the agreement will be in the form of commissions on the funding it secures through sponsorship deals.

### **ITEM 3. INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS**

#### **3.1. Compensation and Securities Held**

##### **3.1.1. BWS**

The following table presents the information regarding compensation and securities held for each director, officer and promoter of BWS as well as each person who owns or exercises control or direction over more than 10% of the voting securities shares of BWS (a “**principal holder**”). It should be noted that only Class A shares of BWS are voting.

<b>Name and municipality of principal residence</b>	<b>Position held and date position was obtained</b>	<b>Compensation paid by BWS in the last financial year and compensation expected in the current financial year</b>	<b>Number, type and percentage of securities of BWS held prior to the Offering</b>	<b>Number, type and percentage of securities of BWS held after the Offering</b>
Caroline Bernier Laval, QC	President and Director since September 2012	2019: \$156,000 2020: \$156,000	0 Class A Shares (0%)	0 Class A Shares (0%)
Marie-Josée Larocque L’île-Perrot, QC	Vice-President and Director since February 2014	2019: \$0 2020: \$0	800,000 Class A Shares (2,46%)	800,000 Class A Shares (2,46%)
Yvon Michel, <sup>(1)</sup> Montréal, QC	Secretary and Director since June 2017	2019: \$0 2020: \$0	2,400,000 Class A Shares (7.39%)	2,400,000 Class A Shares (7.39%)

<b>Name and municipality of principal residence</b>	<b>Position held and date position was obtained</b>	<b>Compensation paid by BWS in the last financial year and compensation expected in the current financial year</b>	<b>Number, type and percentage of securities of BWS held prior to the Offering</b>	<b>Number, type and percentage of securities of BWS held after the Offering</b>
Athanasios Baltzis, Laval, QC	Chairman and Director since May 2017	2019: \$0 2020: \$0	0 Class A Shares (0%)	0 Class A Shares (0%)
Groupe Promoteur BWS inc.	n/a	2019: \$0 2020: \$0	12,675,000 Class A Shares (39.04%)	12,675,000 Class A Shares (39.04%)
Investisseurs BWS Mondial inc.	n/a	2019: \$0 2020: \$0	6,825,000 Class A common (21.02%)	6,825,000 Class A common (21.02%)
The Fund	n/a	2019: n/a 2020: n/a	537,112 Class B Shares	Assuming minimum offering : 537,112 Assuming maximum offering : 1,000,000

Notes:

(1) Yvon Michel holds the shares in his capacity as trustee for and on behalf of the Fiducie Famille Yvon Michel.

### 3.1.2. The Fund

The following table presents the information regarding compensation and securities held for each trustee of the Fund.

<b>Name and municipality of principal residence</b>	<b>Position held and date position was obtained</b>	<b>Compensation paid by the Fund in the last financial year and compensation expected in the current financial year</b>	<b>Number, type and percentage of securities of the Fund held prior to the Offering</b>	<b>Number, type and percentage of securities of the Fund held after the Offering</b>
Caroline Bernier Laval, QC	Trustee since July 17, 2019	2019: \$0 2020: \$0	0 Units (0%)	0 Units (0%)
Catherine Dalcourt Anjou, QC	Trustee since July 17, 2019	2019: \$0 2020: \$0	0 Units (0%)	0 Units (0%)

### 3.2. Management Experience

#### 3.2.1. Directors, Executive Officers and Consultants of the Fund and BWS

Following is a list of individuals who are directors and executive officers of BWS and of the Fund outlining information relating to the management experience of such directors and executive officers of as well as their principal occupation over the past five years or more.

<b>Name and position</b>	<b>Principal occupation and related experience</b>
Caroline Bernier, President and Director of BWS, Trustee of the Fund	Ms. Bernier has over 30 years of experience in the entertainment, fashion and television industries, in over 80 countries. She has been President and Executive Producer at BWS since 2012 and was the founder of IMPAK Productions Inc., which she operated from 1990 to 2011. She has worked in various roles, including direction, production, promotion development, product placement, event coordination, marketing planning, choreographing, and staging. Ms. Bernier has worked for a wide range of prominent companies including Miss Universe Globe, Hawaiian Tropic, Guess, Victoria's Secret Angel Tour, Star Search, and Planet Beach and has been involved in over 500 major events in countries around the world.
Catherine Dalcourt, Trustee of the Fund	A graduate of HEC Montréal, Catherine Dalcourt participated in the founding of Bélanger Dalcourt CPA Inc. in 2003, after working for a major accounting firm, where she took part in various audit engagements for public and private companies. Since then, she has participated in many engagements related to assurance, taxation, startups and business advice for companies in varied sectors, including health, manufacturing, real estate and services, and for non-profit organizations. Constantly alert to accounting standards and their evolution, she also works on assurance engagements for publicly traded companies and subsidiaries of large foreign corporations presenting their financial statements according to the International Financial Reporting Standards (IFRS).

### 3.3. Penalties, Sanctions and Bankruptcy

No director, executive officer or control person of the Fund, the Trustees or BWS:

- is, as at the date hereof, or has been within the ten years before the date hereof, a director, executive officer or control person of any company (including the Trustees) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became or declared bankrupt, made a voluntary assignment or proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustees appointed to hold its assets; or
- has, within the ten years before the date hereof, become or declared bankrupt, made a voluntary assignment or proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustees appointed to hold the assets of the proposed director.

No director, executive officer or control person of the Fund, the Trustees or BWS has, during the 10 years prior to this Offering Memorandum, been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- any other penalties or sanctions.

### 3.4. Loans

No loans are due to or from the directors, management, promoters and principal holders as at a date not more than 30 days prior to the date of this Offering Memorandum.

## ITEM 4. CAPITAL STRUCTURE

### 4.1. Share Capital

The following sets out the capital structure of the Fund as of the date of this Offering Memorandum:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at the date hereof	Number outstanding upon completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Units of the Fund	Unlimited	\$10	537,112	537,112	1,000,000

For information regarding the outstanding securities of BWS, please see Section 2.1.2 - The Purpose of the Fund.

### 4.2. Long Term Debt Securities

The Fund has no outstanding long term debt.

### 4.3. Prior Sales

As of the date of the present Offering Memorandum, the Fund has issued the following Units within the last 12 months of the date of the Offering Memorandum:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
October 17th, 2019	Units	14,500	\$10	\$145,000
October 28th, 2019	Units	17,951	\$10	\$179,510
November 6th, 2019	Units	14,490	\$10	\$144,900
November 28, 2019	Units	29,956	\$10	\$299,560
December 17th, 2019	Units	243,050	\$10	\$2,430,500

December 17th, 2019	Units	22,700	\$10	\$227,000
January 24th, 2020	Units	23,729	\$10	\$237,290
February 19th, 2020	Units	19,315	\$10	\$193,150
February 25th, 2020	Units	122,550	\$10	\$1,225,500
March 16th, 2020	Units	14,238	\$10	\$142,380
April 14th, 2020	Units	14,633	\$10	\$146,330
<b>TOTALS</b>		<b>537,112</b>		<b>\$5,371,120</b>

## ITEM 5. SECURITIES OFFERED

### 5.1. Terms of Securities

#### 5.1.1. Interest in the Fund

The beneficial interests in the Fund shall be divided into an unlimited number of Units. The Units of each Series of the Fund represent an equal undivided interest in the assets of the Fund attributable to that Series and each Unit of a Series of the Fund ranks equally with every other Unit of the Series in the Fund, without distinction, preference or priority. The Unitholders of each Series of Units of the Fund are entitled to participate *pro rata* in distributions to holders of such Series of Units when and as declared and, upon liquidation of the Fund, to participate equally in the net asset value (Section 5.1.3.2 - Proceeds Payable) of the Series. The Units of the Fund have the attributes that are determined by the Trustees.

A Unitholder shall be entitled to one vote for each whole Unit of the Fund (or each whole Unit of a Series of the Fund, if applicable) held by it. Units of the Fund shall be voted separately.

All Units of the same Series are entitled to participate *pro rata* in any payments or distributions made by the Fund to the Limited Partners and in any distributions upon liquidation of the Fund. The Fund currently has only one Series of Units.

Fractional Fund Units carry the same rights and are subject to the same conditions as whole Fund Units (other than with respect to voting rights) in the proportion that they bear to a whole Fund Unit.

#### 5.1.2. Status of Unitholders

The Unitholders do not hold any right of property or any real right with respect to the property and assets of the Fund held in trust by the Trustees pursuant to the terms of the Trust Agreement (the “**Fund Property**”), and are not entitled to claim or receive such property in whole or in part or to receive the profits and income earned by such property in ways other than as provided for in the Trust Agreement. However, each Unitholder is entitled to claim the value of the Units it holds, or of any part thereof, as determined on the first Redemption Date following receipt by the Trustees of a request to this effect, in consideration of the redemption of its Units, the whole subject to and in accordance with the provisions of Section 5.1.3.2 - Proceeds Payable.

#### 5.1.3. Rights of Redemption

Units are redeemable by the Unitholders by delivering to the Trustees a duly completed and properly executed notice requiring the Trust to redeem Units, in a form approved by the Trustees, together with written instructions as to the number of Units to be redeemed. Units are redeemable on the last Business Day of any quarter (the “**Redemption Date**”) and the Trust shall pay the Redemption Price ninety (90)

Business Days after the Redemption Date. The notice and all other supporting documentation or evidence must be received by the Trustee to the satisfaction of the Trustees, not less than 30 days prior to the applicable Redemption Date. On receipt of a notice to redeem Units, the Unitholder will no longer have

any rights with respect to the Units other than to receive any distribution accrued prior to receipt of the notice and the redemption amount. A redemption notice shall be irrevocable, except as provided in Section 5.1.3.4 - Suspension of Redemption Privilege.

#### *5.1.3.1. Right of the Fund to Redeem*

Units of the Fund may be redeemed by the Fund at any time on not less than five days' notice to the holder thereof.

The proceeds payable on a redemption of Units by the Fund will be the applicable Price per Unit (as defined below) multiplied by the number of Units to be redeemed, determined on the Redemption Date following the date upon which the Trustees notified the Unitholder of the redemption.

#### *5.1.3.2. Proceeds Payable*

The proceeds payable on a redemption of Units will be the Price per Unit (as defined in Section 5.2.2 - Price per Unit, below) that is applicable at the Redemption Date multiplied by the number of Units redeemed (for the purposes of this Section, the "**Price per Unit**"), applicable on relevant Redemption Date, less any applicable fees, or commissions.

No fee or other charge shall be deducted by the Trustees, in their capacity as such, or the Fund in respect of such payment, except as set out in any Offering Memorandum of the Fund or notified to the Unitholder at the time of subscription for Units of the Fund or at any time thereafter on at least 30 days' notice of such fee or charge. Any such redemption fee or charge may be deducted from the proceeds of redemption otherwise payable to the Unitholder. Payment for such redemption shall be made within ninety (90) Business Days following the applicable Redemption Date.

**It should be noted that the Trustees' obligation to make payment of the redemption proceeds in cash is limited to the availability of Fund Property that constitutes liquid assets and that is not otherwise required to satisfy any short-term liability of the Fund** (collectively, the "**Available Liquid Assets**"). If the Trustees receive more than one redemption request for any given Redemption Date, the value of which exceeds the anticipated value of the Available Liquid Assets as at that Redemption Date, the Trustees will provide a notice to the Unitholders having made redemption requests advising them that they will be paid in cash only up to the amount of Available Liquid Assets, if any, and subject to a *pro rata* distribution among each Unitholder having made a redemption request. With respect to the remaining balance of their redemption requests, Unitholders will then have the option to:

- (a) carry one hundred percent (100%) of that Unitholder's redemption request balance forward to the next Redemption Date on which there are Available Liquid Assets, with these same options becoming available to the Unitholder at such Redemption Date; or
- (b) receive a maximum payment of ninety percent (90%) of the balance of the net redemption proceeds (the "**Discounted Amount**") in kind, with payment of the Discounted Amount being made, at the Trustees' discretion,
  - (i) in the form of securities or other Fund Property having a fair market value that is equal to the Discounted Amount or
  - (ii) in the form of a debt instrument to be issued by the Fund, an existing Affiliate of the Fund, or an Affiliate of the Fund to be established, the principal amount of which will

be equal to the Discounted Amount and the other terms of which will be set out in the notice sent to each relevant Unitholder (a “**Debt Instrument**”),

with payment of the Discounted Amount through either option (i) or (ii) constituting a full satisfaction of the relevant Unitholder’s entitlement to further net redemption proceeds.

Each relevant Unitholder shall direct the Trustees in writing at the latest one (1) Business Day prior to the Redemption Date as to whether such Unitholder accepts option (a) or (b), above, for payment of the Discounted Amount, failing which the balance of such Unitholder’s redemption request shall be carried forward to the next Redemption Date on which there are Available Liquid Assets.

Payment of cash redemption proceeds shall be made by mailing or delivering a cheque or by wire or electronic transfer as the Trustees may in their discretion determine, in the relevant amount to the Unitholder at its last address as shown in the Unitholders’ register maintained by the Trustees pursuant to the Trust Agreement or to such other payee or address or account as the Unitholder may in writing direct. Any payment, unless not honoured, shall discharge the relevant Fund and the Trustees from all liability to such Unitholder in respect of the amount thereof and in respect of the Units redeemed. In no event shall the Fund or the Trustees be liable to a Unitholder for interest or income on the proceeds of any redemption pending the payment thereof.

#### *5.1.3.3. Distributions*

It is intended that sufficient net income and sufficient net taxable capital gains of the Fund will be distributed to Unitholders in each year so that the Fund will not be liable for income tax under Part I of the *Income Tax Act (Canada)*, R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.) (the “**Tax Act**”) and the equivalent sections of the *Taxation Act (Québec)*. If there is any change in the treatment under the Tax Act, and the equivalent sections of the *Taxation Act (Québec)*, of the net income or net taxable capital gains of the Fund which would frustrate the intention set out in Section 7.2 of the Trust Agreement, the Trustees may without the vote or assent of the Unitholders or any amendment to the Trust Agreement, alter the method of distribution or discontinue this distribution policy for the purpose of minimizing taxes payable by the Fund and/or the Unitholders.

#### *5.1.3.4. Suspension of Redemption Privilege*

The Trustees may, on behalf of the Fund, suspend or postpone the right or obligation of the Fund to effect redemptions of Units for the whole or any part of any period when normal trading is suspended on any stock exchange on which securities are listed and traded which represent more than 50% by value of the total assets of the Fund without allowance for liabilities.

The suspension shall apply to all requests for redemption received while the suspension is in effect, but shall not apply to requests for redemption made prior to the suspension but as to which payment has not been made. All Unitholders making such requests shall (unless the suspension lasts for less than 48 hours) be advised by the Trustees of the suspension and that the redemption will be effected on the basis of the applicable Price per Unit determined on the next Redemption Date following the suspension. All such Unitholders shall have, and shall (unless the suspension lasts for less than 48 hours) be advised that they have, the right to withdraw their requests for redemption in these circumstances.

The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent that it is not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the relevant Fund, any declaration of suspension made by the Trustees shall be conclusive.

Subscriptions for additional Units of the Fund shall not be accepted during any period when the obligation of the Fund to effect redemption of Units is suspended.

#### 5.1.4. Transfer of Units

Units of the Fund are transferable only in accordance with Applicable Law and with the prior written consent of the Trustees, which consent may be withheld at their discretion. Any purported transfer not effected in accordance with applicable laws or without the prior written consent of the Trustees shall be void and of no effect.

### **5.2. Subscription Procedure**

#### 5.2.1. Subscription for Units

Prospective Unitholders may purchase Units by delivering to the Trustees or a dealer approved by the Trustees a completed and executed subscription form accompanied by a cheque or a wire funds transfer for the full dollar amount of the Units subscribed for. All subscriptions will be subject to acceptance by the Trustees.

The subscription consideration will be held in trust by the Trustees at least for a 2 day period.

#### 5.2.2. Price per Unit

Upon the establishment of the Fund and its division into Units, the Trustees determined the initial offering price of each Unit being offered (the “**Price per Unit**”), which, as of the date of this Offering Memorandum, is \$10 per Unit. Thereafter, the subscription and redemption Price per Unit of the Fund will be the applicable Price per Unit at the time of the subscription or redemption. **It should be noted that the Trustees’ obligation to make payment of the redemption proceeds in cash is limited to the availability of Available Liquid Assets.** See 5.1.3.2 - Proceeds Payable.

The Price per Unit is calculated based on the Fund’s net asset value which shall equal the aggregate value of the Fund Property, less an amount equal to all liabilities of the Fund divided by the total amount of Units issued and outstanding.

#### 5.2.3. No Issuance of Unit Certificates

Units will be issued in registered, book-entry form only. No certificates evidencing ownership of Units will be issued to any Unitholder.

### **5.3. Amendments to the Trust Agreement**

#### 5.3.1. Amendment Without Prior Notice or Consent

Any provision of the Trust Agreement may be amended, deleted, expanded or varied in the discretion of the Trustees, without Unitholder approval or prior notice to the Unitholders, if the amendment is:

- (a) to make any change or correction which is of a typographical nature or is required to cure or correct a clerical omission or for the purpose of curing an ambiguity;
- (b) for the purpose of supplementing any provision of the Trust Agreement which may be defective or inconsistent with another provision;
- (c) for the purpose of bringing the Trust Agreement into compliance with Applicable Law;
- (d) for the purpose of conforming the Trust Agreement with current administrative or market practice;

- (e) for the purpose of facilitating the administration of the Fund or to respond to amendments to the Tax Act or the changes in tax policies of the relevant taxing authorities which might otherwise adversely affect the interests of the Fund or its Unitholders;
- (f) to effect the delegation by the Trustees of day-to-day management responsibilities for the business and affairs of the Fund to another entity;
- (g) to remove and replace the Auditor of the Fund pursuant to Section 8.3 of the Trust Agreement;
- (h) to change the name of the Fund; or
- (i) to provide additional protection to Unitholders.

### 5.3.2. Amendments Requiring Consent by Extraordinary Resolution

Notwithstanding any other provision in the Trust Agreement, any amendment to the Trust Agreement that would result in an increase in the liability of any Unitholder shall require the approval of a majority of holders of all Series of affected Units of the Fund then outstanding and shall require the approval of the Unitholders of the Fund given by resolution passed by Unitholders of the Fund or Series of the Fund, as applicable, holding not less than 66 $\frac{2}{3}$ % of such Units voting thereon at a meeting duly convened for consideration of that matter (an “**Extraordinary Resolution**”).

### 5.3.3. Amendment Without Consent

Any amendment to the Trust Agreement not described in Sections 5.3.1 and 5.3.2 may be made by the Trustees in respect of the Fund upon the Trustees delivering written notice of same to Unitholders of the Fund not less than 30 days prior to the effective date of such amendment, including, without limitation:

- (a) a material change to the Trust Agreement;
- (b) a change in the purpose of the Fund; or
- (c) a decrease in the frequency of calculating the net asset value of the Fund.

## **5.4. Termination**

The Fund shall be terminated in the event that:

- (a) an Extraordinary Resolution is passed by the Unitholders of all Series of the Fund approving the termination of the Fund;
- (b) each of the Trustees of the Fund resigns or is removed without replacement therefor as contemplated by Section 13.4 or Section 13.5 of the Trust Agreement respectively; or
- (c) the Trustees determine to terminate the Fund where, in the opinion of the Trustees, the net asset value of the Fund is reduced as the result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund or it would be in the best interests of the Unitholders to terminate the Fund.

The Trustees will provide Unitholders of the Fund with notice in writing no less than 30 days prior to the effective date of any such termination.

## ITEM 6. INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

### 6.1. General

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

*The comments set forth below are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice to any particular Subscriber and no representations are being made with respect to the income tax consequences to any particular Subscriber. Further, the comments below are limited to only certain tax considerations and do not address other tax considerations which may be relevant to a Subscriber. Each prospective Subscriber should obtain independent tax advice regarding income tax consequences of investing in the Fund based on the prospective Subscriber's own particular circumstances.*

### 6.2. Certain Canadian Federal Income Tax Considerations

In the opinion of Burstall LLP, the following is a fair summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires, as beneficial owner, Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is a person and who, for the purposes of the Tax Act and at all relevant times: (a) is or is deemed to be resident in Canada; (b) deals at arm's length with the Fund; (c) is not affiliated with the Fund; and (d) holds Units as capital property.

Units will generally be considered to be capital property unless the Unitholder acquires or holds the Units in the course of carrying on a business or is engaged in an adventure in the nature of trade with respect to the Units.

Certain Unitholders (other than certain traders or dealers in securities) who are resident in Canada for the purposes of the Tax Act and whose Units might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Units (provided that the Fund is a "mutual fund trust" for the purposes of the Tax Act), and any other "Canadian security" (as defined in subsection 39(6) of the Tax Act), owned or subsequently acquired by them, deemed to be capital property for the purposes of the Tax Act. Unitholders contemplating making such an election should first consult with their own tax advisors.

This summary is not applicable to a Unitholder: (a) that is a "financial institution", as defined in subsection 142.2(1) of the Tax Act for the purpose of the mark-to-market rules; (b) that is a "specified financial institution", as defined in subsection 248(1) of the Tax Act; (c) an interest in which is a "tax shelter", as defined in subsection 237.1(1) of the Tax Act, or a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act; (d) that reports its "Canadian tax results", as defined in subsection 261(1) of the Tax Act, in a currency other than Canadian currency; (e) who has entered into or will enter into, in respect of the Units, a "derivative forward agreement", as defined in subsection 248(1) the Tax Act; (f) that is a partnership; or (g) that is exempt from tax under Part I of the Tax Act, except for the limited discussion under the heading "Eligibility for Investment". Such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of the Units acquired pursuant to this Offering Memorandum. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Tax Regulations**") in force as of the date hereof, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), Counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") made publicly available prior to the date hereof, and a certificate as to certain matters from a Trustee of the Fund. Except for the Proposed

Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in the CRA's administrative policies and assessing practices, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. This summary assumes that the Proposed Amendments will be enacted as currently proposed, but no assurance can be given that this will be the case. There can be no assurance that the CRA will not change its administrative policies or assessing practices. The Fund has not obtained, nor sought, an advance tax ruling from the CRA in respect of any of the matters discussed herein.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Unitholder. Accordingly, each investor should obtain independent advice regarding the income tax consequences of investing in Units with reference to the investor's particular circumstances.**

### **6.3. Status of the Fund**

This summary assumes that the Fund will, at all relevant times, qualify as a "mutual fund trust" for the purposes of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established.

Counsel has been advised that the Fund meets, and intends to continue to meet the requirements necessary for it to qualify as a mutual fund trust for the purposes of the Tax Act. If the Fund were to not qualify as a mutual fund trust at any particular time, the tax considerations for the Fund and Unitholders could, in some respects, be materially and adversely different from those contained herein.

### **6.4. SIFT Rules**

This summary is also based on the assumption that the Fund will at no time be a "SIFT trust", as defined in subsection 122.1(1) of the Tax Act (a "**SIFT Trust**"). Counsel has been advised that the Fund intends to meet the requirements to not be a SIFT Trust on the basis that no Units or other investments in the Fund will be listed or traded on any stock exchange or public market, as defined in subsection 122.1(1) of the Tax Act.

If the Fund were a SIFT Trust, certain rules would apply that would effectively tax certain income of the Fund that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividend to its shareholders (the "**SIFT Rules**"). Pursuant to the SIFT Rules, a SIFT Trust is not permitted to deduct any amount that it pays or makes payable to its unitholders in respect of its aggregate: (a) net income from businesses it carries on in Canada; (b) net income (other than taxable dividends received by the SIFT Trust) from its non-portfolio properties; and (c) net taxable capital gains from its disposition of non-portfolio properties. Distributions which a SIFT Trust is unable to deduct will be taxed in the SIFT Trust at rates of tax which approximate the combined federal and provincial corporate tax rates. Distributions of a SIFT Trust's income that are not deductible to the SIFT Trust will be treated as taxable dividends received from taxable Canadian corporations. A Unitholder who is an individual (other than certain trusts) and receives such a distribution will be required to include the distribution in income as a dividend, subject to the enhanced gross-up and dividend tax credit rules normally applicable to "eligible dividends" received from a taxable Canadian corporation. In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The remainder of this summary is based on the assumption that no Units or other interests in the Fund will be listed or traded on any stock exchange or other public market and, accordingly, the Fund will not be a SIFT Trust. However, there can be no assurance that subsequent investments or activities undertaken by the Fund will not result in the Fund becoming a SIFT Trust subject to the SIFT Rules.

## **6.5. Taxation of the Fund**

The Fund is subject to tax on its income in each taxation year, including net realized taxable capital gains, dividends and interest received or receivable, less the portion thereof that is paid or payable in the year to Unitholders and which is deducted by the Fund in computing its income for the purposes of the Tax Act. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or such Unitholder is entitled in that year to enforce payment of the amount.

In computing its income, the Fund will be entitled to deduct reasonable current administrative and other expenses incurred by it to earn income. Reasonable expenses incurred in respect of the issuance of Units generally may be deducted by the Fund on a five-year, straight-line basis.

Counsel has made the assumption that the Fund's current intention is to make payable to Unitholders each year sufficient amounts such that the Fund is not expected to be liable for any material amount of tax under Part I of the Tax Act. However, there can be no assurance that the Fund will not adopt a different approach.

## **6.6. Taxation of Unitholders**

### **6.6.1. Fund Distribution**

A Unitholder will generally be required to include in computing the Unitholder's income for a particular taxation year, as income from property, the portion of the net income of the Fund, including taxable dividends and net realized taxable capital gains, that is paid or payable to the Unitholder in that taxation year, whether that amount is paid or payable in cash, additional Units, Fund assets or otherwise. Accordingly, a Unitholder's allocation of income for the purposes of the Tax Act in a particular year may exceed the amount of cash distributions received by such Unitholder. Any loss of the Fund cannot be allocated to or treated as a loss to a Unitholder.

Provided that appropriate designations are made by the Fund, certain types of income of the Fund from certain sources are deemed to have been received by a Unitholder as income from such sources, so that such income generally retains its character for tax purposes in the hands of the Unitholder. Sources of income that may be so designated include taxable dividends from taxable Canadian corporations, net taxable capital gains and income from foreign sources.

The non-taxable portion of net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year generally will not be included in computing the Unitholder's income for the year and will not reduce the adjusted cost base of the Unitholder's Units. Any other amount (other than as proceeds of disposition in respect of the redemption of Units) in excess of the net income of the Fund that is paid or payable by the Fund to a Unitholder in a year will generally not be included in the Unitholder's income for the year. However, where any such other amount is paid or payable to a Unitholder (other than as proceeds of disposition of Units) the adjusted cost base of the Units held by such Unitholder will be reduced by such amount. To the extent that the adjusted cost base to a Unitholder is less than zero at any time in a taxation year, such negative amount will be deemed to be a capital gain of the Unitholder from the disposition of the Unit in that year, and immediately thereafter the amount of such capital gain will be added to the adjusted cost base of such Unit.

### **6.6.2. Purchase of Units**

A Unitholder who purchases Units during a particular taxation year of the Fund may become taxable on a portion of the net income of the Fund that is accrued or realized by the Fund in a period before the time the Unit was purchased but which was not paid or made payable to Unitholders until the end of the period and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by the Fund in a year before the time the Unit was purchased

but which is paid or made payable by the Fund at year end and after the time the Unit was purchased by the Unitholder.

### 6.6.3. Disposition of Units

On the disposition or deemed disposition of Units, a Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Unitholder's proceeds of disposition (excluding any amount payable by the Fund which represents an amount that must otherwise be included in the Unitholder's income as described herein, including any capital gain or income realized by the Fund in connection with a redemption which the Fund has designated to the redeeming Unitholder) are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Units and any reasonable costs incurred by the Unitholder in connection with the disposition. The taxation of capital gains or capital losses is described below under "Capital Gains and Capital Losses".

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments provided for under the Tax Act. Units issued to a Unitholder as a non-cash distribution of income (including net capital gains) will have a cost amount equal to the amount of such income (including the applicable non-taxable portion of net capital gains). A Unitholder will generally be required to average the cost of all newly acquired Units with the adjusted cost base of Units held by the Unitholder as capital property in order to determine the adjusted cost base of the Unitholder's Units at any particular time. The adjusted cost base of Units disposed of is based on such average calculation immediately prior to the distribution.

Where the Fund redeems Units by distributing Debt Instruments or other property of the Fund to a Unitholder, the Unitholder will also be required to include in income any income, and the taxable portion of any capital gain, that the Fund realizes on or in connection with such *in specie* distribution of Debt Instruments or other property and designates to such Unitholder. The proceeds of disposition to the redeeming Unitholder will be equal to the net asset value less discounts and costs of the Debt Instruments or other property of the Fund so distributed, less any income or capital gain realized by the Fund in connection with such redemption to the extent the Fund designates such income or capital gain to the redeeming Unitholder. The cost of any Debt Instruments or other property distributed *in specie* by the Fund to a Unitholder upon the redemption of Units will be equal to the fair market value of that property at the time of distribution.

The Unitholder will thereafter be required to include in income interest or other income derived from the Debt Instruments or other property in accordance with the provisions of the Tax Act.

The consolidation of Units will not result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units will not change as a result of a consolidation of Units, although the adjusted cost base per Unit will increase.

## 6.7. **Capital Gains and Capital Losses**

A Unitholder must include in income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by the Unitholder on a disposition or deemed disposition of a Unit in the year, and the amount of any net taxable capital gains designated by the Fund to the Unitholder in the year. The Unitholder generally must deduct one-half of the amount of any capital loss ("**allowable capital loss**") realized by the Unitholder in a taxation year on the disposition or deemed disposition of a Unit against the Unitholder's taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains realized by the Unitholder in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted against net taxable capital gains in any subsequent year, subject to the detailed provisions of the Tax Act.

The amount of any capital loss otherwise realized by a Unitholder that is a corporation or a trust (other than a mutual fund trust) on the disposition of a Unit may be reduced by the amount of any dividend that

the Fund receives and designates to the Unitholder, except to the extent that a loss on a previous disposition of a Unit has been reduced by such amount. Unitholders to whom these rules may be relevant should consult their own tax advisors.

#### **6.8. Refundable Tax**

A Unitholder which is a Canadian-controlled private corporation (“CCPC”), as defined in the Tax Act, will be subject to a refundable tax in respect of its aggregate investment income for the year, which may include certain income and capital gains distributed to the Unitholder by the Fund and any capital gains realized on a disposition of Units.

Recent amendments to the Tax Act applicable to taxation years that begin after 2018 limit the extent to which a CCPC can claim a refund of a refundable tax in certain circumstances. These amendments also limit the availability of the small business deduction for CCPCs earning “adjusted aggregate investment income” exceeding \$50,000 in a taxation year that begins after 2018. CCPCs acquiring Units should consult their own tax advisors with respect to the implications of these provisions as they relate to the acquisition, holding and disposition of Units.

#### **6.9. Minimum Tax**

A Unitholder who is an individual or trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Units and net income of the Fund paid or payable, or deemed to be paid or payable, to the Unitholder and that is designated as taxable dividends or net taxable capital gains.

#### **6.10. Eligibility for Investment by Exempt Plans**

Provided that the Fund qualifies as a “mutual fund trust” for the purposes of the Tax Act, the Units will be a “qualified investment” under the Tax Act for Exempt Plans.

Notwithstanding the foregoing, if the Units are a “prohibited investment” for a particular trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or tax free savings account (“TFSA”) for the purposes of the Tax Act, the annuitant under the RRSP or RRIF, the subscriber of an RESP or the holder of the RDSP or TFSA, as the case may be, will be subject to a penalty tax under the Tax Act. The Units will generally not be a “prohibited investment” (as defined in subsection 207.01(1) of the Tax Act) for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA if the annuitant, beneficiary or holder thereunder: (a) deals at arm’s length with the Fund for the purposes of the Tax Act; and (b) does not hold a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Fund. In addition, Units will not be a prohibited investment if the Units are “excluded property” (as defined in subsection 207.01(1) of the Tax Act). Unitholders should consult their own tax advisors regarding whether Units would be a prohibited investment under the Tax Act having regard to their own particular circumstances.

Assets received as a result of a distribution or redemption of Units may not be a qualified investment for Exempt Plans, which may give rise to adverse tax consequences to an Exempt Plan or the annuitant, holder or beneficiary thereunder. Unitholders should consult their own tax advisors in this regard.

#### **6.11. Taxation of Unitholders Not Resident in Canada**

Unitholders who, for the purposes of the Tax Act and any relevant tax treaty, are not resident in Canada and are not deemed to be resident in Canada should consult their own tax advisors regarding their particular circumstances.

## **ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS**

Where allowed by applicable securities legislation, the Fund intends to offer the Units through any one, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives on the exempt market, and parties related to BWS or consultants of such parties. The Fund will offer as remuneration to the selling agents a cash commission equal to up to ten percent (10%) of the gross proceeds from sale of the Units.

It is anticipated that Whitehaven will act as a selling agent under the Offering. Athanasios Baltzis, director, officer and control person of Whitehaven, is also the Chairman and a director of BWS. In addition, Athanasios Baltzis is the settlor of the Fund. Lastly, WhiteHaven is wholly-owned by WhiteHaven Holding Inc., which, as of April 28, 2020, owns 7.8% of the Class A voting shares of BWS. Consequently, BWS could be considered a “connected issuer” of WhiteHaven under applicable Canadian securities laws upon completion of the Offering.

## **ITEM 8. RISK FACTORS**

The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before deciding to invest in Units.

This Offering should be considered only by sophisticated prospective Unitholders able to assume the risk of total loss and to make long term investments. An investment in the Corporation is not a complete investment program, and prospective Unitholders should fully understand and be capable of assuming the risks of investing in the Corporation. Prospective Unitholders should consider a number of risk factors before investing in the Fund, including the following:

### **8.1. Investment Risk**

#### **8.1.1. General Investment Risk**

Investment risk includes the possible loss of the entire amount of capital that you invest. Your investment in the Fund represents an indirect investment in the securities owned by the Fund. The values of these securities may increase or decrease, at times rapidly and unexpectedly. Your investment in the Fund may at any point in the future be worth less than your original investment. Accordingly, it is important you periodically evaluate your investment in the Fund. All investments in securities involve risk of the loss of all or part of the investor’s original capital.

#### **8.1.2. General Economic and Market Conditions**

The success of the Fund’s activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of prices and the liquidity of the Fund’s investments. Unexpected volatility or illiquidity could impair the Fund’s profitability or result in losses.

In addition, unexpected and unpredictable events such as war, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to increased market volatility in the short term and may have adverse more general long-term effects on world economies and markets, including U.S., Canadian and other economies and securities markets. For instance, the recent spread of coronavirus disease (COVID-19) has caused volatility in the global financial markets, led to major disruptions of global business activity and exposed the global economy to a potential slowdown. The impact of COVID-19 may be limited to the short term or it may last for an extended period and could have a negative impact on a Fund. The effects of similarly unexpected disruptive events could impact world economies and securities markets in ways that cannot presently be anticipated, aggravate other existing risks, and cause

substantial market volatility, resulting in significant adverse effects on issuers. Such impacts could also affect a Fund's performance and significantly reduce the value of your investment in the Fund.

#### 8.1.3. Limited Access Liquidity Due to the COVID-19 Pandemic; Default Risk

Due to the COVID-19 global pandemic, BWS's access to liquidity has been impaired, which may have an adverse effect on its ability to fulfill its obligations and liabilities, including to reimburse the principal portion of some or all of its loans. Any default by BWS with regard to its obligations (including any loan repayment obligations) could have a material adverse effect on the value of its shares and, therefore, on the value of the Units.

#### 8.1.4. No Insurance against Loss

The Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.

#### 8.1.5. 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 applicable Canadian 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 under 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 applicable Canadian Securities Laws is appropriate and supportable, it is possible that securities law 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 Canadian Securities Laws or the securities regulators interpretations thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Fund.

#### 8.1.6. Return on Securities

There is no guarantee that the securities will earn any positive return in the short term or long term. A holding of securities is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable it to assume such risks and who have no need for immediate liquidity in their investment. A holding of securities is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

#### 8.1.7. Valuation of the Fund's Investments

While the Fund will be independently audited by the auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the Fund's investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Fund and the Price per Unit could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's investments. Valuation determinations will be made in good faith in accordance with the Trust Agreement.

There is risk that an investment in the Fund by a new investor (or an additional investment by an existing Unitholder) could dilute the value of investments for the other Unitholders if the actual value of such investments is higher than the value designated by the Fund. The Trustees do not intend to adjust the net asset value of the Fund retroactively. The valuation of assets of the Fund for the purpose of determining

subscription and redemption prices of Units and the calculation of applicable fees, may not be in accordance with IFRS but will generally be in accordance with industry practice.

#### 8.1.8. Changes in the Investment Objectives and Strategies

The Trustees may propose changes to the Fund's investment objectives, strategies and restrictions. However, the Fund's investment objective may only be changed with the approval of Unitholders of the Fund or Series of the Fund, as applicable, holding not less than 66⅔% of such Units.

#### 8.1.9. Concentration Risk

The Fund will be concentrating its investments in a particular company. When the Fund concentrates its investments, financial, economic, business, and other developments affecting issuers in that industry, market, or economic sector will have a greater effect on the Fund than if it had not concentrated its assets in that industry, market, or economic sector, which may increase the volatility of the Fund. Any such concentration may also limit the liquidity of the Fund.

#### 8.1.10. Illiquidity of Investment

An investment in the Units of the Fund is an illiquid investment. There will be no market through which the Units of the Fund may be sold. The Fund is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Units.

In addition, Units may not be assigned, encumbered, pledged, hypothecated or otherwise transferred except with the prior written consent of the Trustees, which may be withheld in the Trustees' sole and absolute discretion. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units. These redemptions will be subject to certain limitations. Unitholders may not be able to liquidate their investments in a timely manner. As a result, an investment in the Units is suitable only for sophisticated investors who do not require liquidity for their investment and are able to bear the financial risk of the investment for an extended period of time.

#### 8.1.11. Fees and Expenses

The Fund is obligated to pay fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether it realizes profits.

#### 8.1.12. Potential Indemnification Obligations

Under certain circumstances, the Fund might be subject to significant indemnification obligations in favour of the Trustees, and other service providers to the Fund or certain parties related to them. The Fund will not carry any insurance to cover such potential obligations and, to the Trustees' knowledge, none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the net asset value of such Fund and, by extension, the Price per Unit.

#### 8.1.13. Redemptions

There are circumstances in which the Fund may suspend redemptions. Accordingly, Units may not be an appropriate investment for investors seeking liquidity. Substantial redemptions of Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to Fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

#### 8.1.14. Series Risk

Since the Fund may have multiple Series of Units, each Series will be charged, as a separate Series, any Series Expenses such as management fees that are specifically attributable to that Series. However, the Trustees generally will allocate all other expenses of the Fund among the Series of Units in a fair and equitable manner and the creditor of the Fund may seek to satisfy its claims from the assets of the Fund as a whole, even though its claims relate only to a particular Series of Units.

### **8.2. Tax Risks**

#### 8.2.1. Canadian Tax Treatment of Units

The tax treatment of the Units constitutes a major factor when considering an investment in the Units. There is no guarantee that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a Unitholder will not be altered and, moreover, there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Units and the status of the Units. No guarantees can be given that Canadian tax laws will not be amended, that the amendments announced with respect to such laws will be adopted or that the current administrative practice of the tax authorities will not be modified.

#### 8.2.2. Minimum Number of Unitholders

The requirements for mutual fund trust status under the Tax Act include ongoing requirements that must be met at all times. These requirements include a requirement that before the 91<sup>st</sup> day after the Fund's first taxation year, the Fund must have at least 150 Unitholders holding not less than "one block" of a Series of Units (as defined in the Tax Act) having an aggregate fair market value of not less than \$500. In addition, the Fund may cease to be a mutual fund trust where it is considered to be established or maintained primarily for the benefits of non-residents unless certain requirements are met. If the Fund were not to qualify as a mutual fund trust under the Tax Act, the federal income tax considerations described in this Offering Memorandum would, in some respects be materially and adversely different. If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the Units will cease to be qualified investments for trusts governed by Deferred Plans. There can be no assurance that the Units will continue to be qualified investments for trusts governed by Deferred Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

#### 8.2.3. No Advance Tax Ruling

No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum.

### **8.3. Management Risk**

#### 8.3.1. Dependence on Key Personnel

The Trustees depend, to a great extent, on the services of a limited number of individuals in the administration of the Fund's activities. The loss of such individuals for any reason could impair their ability to perform their activities on behalf of the Fund.

#### 8.3.2. Limited Operational History

The Fund is newly-constituted entities and is subject to all the risks inherent in the establishment of a new business. 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.

### 8.3.3. Unitholders not Entitled to Participate in Management

Unitholders are not entitled to participate in the management or control of the Fund or its operations. Unitholders do not have any input into the Fund's trading. The success or failure of the Fund will ultimately depend on the indirect investment of the assets of the Fund by the Trustees, with which Unitholders will not have any direct dealings.

### 8.3.4. Non-Voting Shares and the Shareholders Agreement

The Fund has subscribed, and proposes to subscribe, to Class B common shares of BWS. As provided in Section 2.7.1.2 - Shareholders Agreement of this Offering Memorandum, the Class B common shares do not provide the holder, in this case the Fund, with the right to vote at shareholders' meetings of BWS. As a result, the Fund will not have the ability to influence decisions taken by other shareholders, including, but limited to, such decisions as the composition of the board of directors of BWS. The inability to vote on shareholder actions may have an adverse effect on the Fund.

In addition, as a holder of Class B common shares of BWS, the Fund is party to a unanimous shareholders agreement (more fully described in 2.7.1.2 - Shareholders Agreement of this Offering Memorandum). Pursuant to the Shareholders Agreement, the Fund may be subject to certain restrictions and obligations with regard to its ability to sell the Shares (including, notably, a right of first offer, a tag along right and a drag along right). Such rights and obligations may adversely affect the ability of the Fund to maximize the value of the Shares in the context of a sale of such Shares.

## **8.4. Status of the Fund**

As the Fund is not a mutual Fund offered by prospectus as defined under applicable securities legislation, it is not subject to the Canadian regulations, rules and policies that apply to mutual funds offered by prospectus.

Subscribers are cautioned that the Fund is not generally regulated by established corporate law and Unitholders' rights are governed primarily by the specific provisions of the Trust Agreement, which addresses such items as the nature of the Units, the entitlement of Unitholders to cash distributions, restrictions respecting non-resident holdings, meetings of Unitholders, delegation of authority, administration, Trust governance and liabilities and duties of the Trustees of the Fund to Unitholders. As well, under certain existing legislation such as the Bankruptcy and Insolvency Act and the Companies Creditor's Arrangement Act, the Fund is not a legally recognized entity within the definitions of these statutes. In the event of insolvency or restructuring of the Fund, the rights of Unitholders may be different from those of shareholders of an insolvent or restructuring of a Corporation as the Fund and its stakeholders would not be able to access the remedies and procedures available thereunder.

## **8.5. Risks Related to the Business and Industry of BWS**

### 8.5.1. Limited number of clients and profitability

BWS relies on a limited number of clients and therefore has not produced significant revenues. The television series being at its early stages, BWS has yet to be profitable, and showed a net loss in its last financial year.

### 8.5.2. Dependence on Key Personnel

The Fund's future success is substantially dependent upon the services of certain key personnel of BWS, including certain senior management, and creative, technical and sales and marketing personnel. The loss

of the services of any one or more of such individuals could have a material adverse effect on the business, results of operations or financial condition of BWS. Recruiting and retaining skilled personnel is costly and highly competitive. If BWS fails to retain, hire, train and integrate qualified employees and contractors, it may not be able to maintain and expand its business.

#### 8.5.3. Inability to Manage the Potential Growth of the Business

BWS may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of BWS to manage growth effectively will require it to continue to implement and improve its operations and financial systems and to expand, train, and manage its employee base. The inability of BWS to deal with potential growth could have a material adverse impact on its business, operating results, financial condition or profitability. Any expansion of operations BWS may undertake will entail risks; such actions may involve specific operational activities, which may negatively impact the profitability of BWS. Consequently, Shareholders must assume the risk that (i) such expansion may ultimately involve expenditures of funds beyond the resources available to BWS at that time, and (ii) management of such expanded operations may divert management's attention and resources away from any other operations, all of which factors may have a material adverse effect on BWS's present and prospective business activities.

#### 8.5.4. Public Announcement of Potential Future Corporate Developments

Management of BWS, in the ordinary course of BWS's business, regularly explores potential strategic opportunities and transactions. These opportunities and transactions may include strategic joint venture relationships, significant debt or equity investments in BWS by third parties, the acquisition or disposition of material assets, the licencing, acquisition or disposition of material intellectual property, the development of new product lines or new applications for its existing intellectual property, significant distribution arrangements and other similar opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of the Shares. BWS's policy is to not publicly disclose the pursuit of a potential strategic opportunity or transaction unless it is required to do so by applicable law, including applicable securities laws relating to continuous disclosure obligations. There can be no assurance that investors who buy or sell shares of BWS are doing so at a time when BWS is not pursuing a particular strategic opportunity or transaction that, when announced, would have a significant effect on the price of the shares.

In addition, any such future corporate development may be accompanied by certain risks, including exposure to unknown liabilities of the strategic opportunities and transactions, higher than anticipated transaction costs and expenses, the difficulty and expense of integrating operations and personnel of any acquired companies, disruption of BWS's ongoing business, diversion of management's time and attention, possible dilution to Shareholders and other factors as discussed below in more detail. BWS may not be able to successfully overcome these risks and other problems associated with any future acquisitions and this may adversely affect BWS's business and financial condition.

#### 8.5.5. Production and Distribution of Television Programs is Highly Competitive.

The business of producing and distributing television programs is highly competitive. BWS faces intense competition with other producers and distributors, many of whom are substantially larger and have greater financial, technical and marketing resources than BWS. BWS competes with other television production companies for ideas and storylines created by third parties as well as for actors, directors, writers and other personnel required for a production. BWS may not be successful in any of these efforts which may adversely affect business, results of operations or financial condition.

If BWS fails to compete effectively against larger, more established companies with greater resources, then its business may suffer. There can be no assurance that BWS's current or future products or services and the results of BWS's ongoing research and development efforts will result in products or services that will be viable for commercial applications that can effectively compete with established market

participants. Increased competition from such competitors may result in price reductions, reduced gross margins and loss of market share, any of which could materially and adversely affect BWS's business. BWS's editorial content is also distributed through certain national and international media partners, which it relies on distributing its content to a wide audience and building its brand reputation. The challenges facing such established market participants and traditional media outlets in the face of a shift toward digital media consumption and alternative models means that such mechanisms may not continue to operate in the future.

#### 8.5.6. Distribution Rights

BWS's primary collateral is the distribution rights to the Television Series, so the Fund will require that it is the first party paid out of proceeds of the sale of distribution rights in order to facilitate the payment of interest to the Shareholders. The value of this collateral is dependent on the ability to sell or license the distribution rights to the Television Series. The Television Series may not be purchased for distribution or the expected returns or projections may not be as high as predicted. The sale of television series is a very unpredictable business, and the ability of BWS to produce a television program of a quality sufficient to generate sales is unproven and depends upon the exercise of subjective judgments by the producers of the project, sales agents utilized by BWS, and the distributors to whom BWS will offer the Television Series. Accordingly, it is possible that the Television Series will not attract the interest of prospective purchasers and the Corporation may lose the full amount of its investment.

#### 8.5.7. Risks Inherent in Doing Business Internationally

BWS distributes television productions and conducts other business activities outside Canada and derives revenues from these sources. As a result, BWS's business is subject to certain risks inherent in international business, many of which are beyond its control. These risks include: changes in local regulatory requirements, including restrictions on content; changes in the laws and policies affecting trade, investment and taxes (including laws and policies relating to the repatriation of funds and to withholding taxes); differing degrees of protection for intellectual property; instability of foreign economies and governments; cultural barriers; wars and acts of terrorism; and the spread of viruses, diseases or other widespread health hazards.

Any of these factors could have a material adverse effect on BWS's business, results of operations or financial condition.

#### 8.5.8. Technological Changes May Diminish the Value of BWS's Existing Equipment and Programs

Technological change may have a material adverse effect on BWS's business, results of operations and financial condition if BWS is unable to adapt to these changes on a timely basis. The emergence of, among other things, new production or computer-generated imagery technologies may diminish the value of BWS's existing equipment and programs. Although BWS is committed to leading production technologies, there can be no assurance that it will be able to incorporate future production and post-production technologies which may become de facto industry standards.

#### 8.5.9. Industry Relationship Risks

If BWS fails to develop and maintain relationships with industry participants, its business could suffer. The business operations of BWS will depend, in part, on agreements with industry partners for the sale of its products and services.

#### 8.5.10. BWS's Entertainment Programming May Not Be Accepted by the Public

The entertainment industry involves a substantial degree of risk. Acceptance of entertainment programming represents a response not only to the production's artistic components, but also the quality and acceptance of other competing programs released into the marketplace at or near the same time, the

availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly or without notice and cannot be predicted with certainty. There is a risk that some or all of BWS's programming will not be purchased or accepted by the public generally, resulting in a portion of costs not being recouped or anticipated profits not being realized. There can be no assurance that revenue from existing or future programming will replace loss of revenue associated with the cancellation or unsuccessful commercialization of any particular production.

#### 8.5.11. BWS's Television Programs May Not Receive Favorable Reviews

Because the performance of television programs in ancillary markets, such as home video and pay and free television, is often directly related to reviews from critics and/or television ratings, poor reviews from critics or television ratings may negatively affect future revenue. BWS's results of operation will depend, in part, on the experience and judgment of its management to select and develop new investment and production opportunities. The Fund cannot make assurances that BWS's television programs will obtain favorable reviews or ratings, that its television programs will perform well in ancillary markets, or that broadcasters will license the rights to broadcast any of BWS's television programs in development or renew licenses to broadcast television programs in BWS's library. The failure to achieve any of the foregoing could have a material adverse effect on BWS's business, results of operations or financial condition.

Licensed distributors' decisions regarding the timing of release of, and promotional support for, BWS's television programs and related products are important in determining the success of these programs and related products. BWS does not control the timing and manner in which BWS's licensed distributors distribute BWS's television programs or related products. Any decision by those distributors not to distribute or promote one of BWS's television programs or related products or to promote competitors' programs or related products to a greater extent than they promote BWS could have a material adverse effect on BWS's business, results of operations or financial condition.

It should be noted that the results anticipated in forward-looking statements such as those contained in section 2.4, above, may be adversely affected by the Television Series receiving less-than-favourable reviews. If Season 2 does not receive favourable reviews, plans for Season 3 could be affected.

#### 8.5.12. BWS Cannot Guarantee the Avoidance of Production Budget Overruns.

The operating model of production companies requires that they be diligent in managing their production expenses. Any cost overruns are unlikely to be recouped. There can be no assurance that BWS will be successful in minimizing production budget overruns. If BWS does experience significant budget overruns on current and future productions, it will have a material adverse impact on its business.

#### 8.5.13. BWS's Management Estimates for Revenues and Expenses for a Production May Not Be Accurate.

BWS makes numerous estimates as to its revenues and matching production and direct distribution expenses on a project by project basis. As a result of this accounting policy, earnings can widely fluctuate if BWS's management has not accurately forecast the revenue potential of a production.

#### 8.5.14. BWS's Failure to Adequately Manage Liquidity Could Adversely Affect It and Its Results of Operations.

BWS's production and distribution revenues for any period are dependent on the number and timing of content delivered, which cannot be predicted with certainty. Content distribution revenues can fluctuate significantly from period to period, driven by timing fluctuations and/or quarterly reporting from its distribution partners. While BWS intends to manage liquidity by forecasting and monitoring operating cash flows and through the use of interim production financing, any failure to adequately manage

liquidity could adversely affect the business and its results of operations, including by limiting its ability to meet its working capital needs. There can be no assurance that BWS will continue to have access to sufficient short term capital resources, on acceptable terms or at all, to meet its liquidity requirements.

*8.5.15. BWS may not be able to pay its obligations to the Fund on a timely basis.*

There is no assurance that BWS will not contract other debts that may limit its capacity to pay the indebtedness that BWS owes to the Fund on a timely basis.

*8.5.16. Access to financing*

BWS may require capital in the future in order to meet additional working capital requirements, to make capital expenditures, to take advantage of investment and/or acquisition opportunities or for other reasons. Accordingly, BWS may need to raise additional capital in the future. BWS's ability to obtain additional financing will be subject to a number of factors including market conditions and its operating performance. These factors may make the timing, amount, terms and conditions of additional financing unattractive or unavailable for BWS.

In order to raise such capital, BWS may sell additional equity securities in subsequent offerings and may issue additional equity securities. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect the prevailing market price for the securities. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and BWS may experience dilution in its earnings per share. Furthermore, additional financings may not be available on terms favourable to BWS, or at all. BWS's failure to obtain additional funding could prevent BWS from making expenditures that may be required to grow its business or maintain its operations.

*8.5.17. Changes in the Regulatory Environment of the Television Industry*

At the present time, the television industry is subject to a variety of rules and regulations. In addition to the regulatory risks applicable to BWS more particularly described elsewhere herein, BWS's television production and distribution operations may be affected in varying degrees by future changes in the regulatory environment of the television industry. Any change in the regulatory environment applicable to BWS's operations could have a material adverse effect on BWS's revenues and earnings. Management constantly monitors the regulatory environment to identify risks and opportunities resulting from any changes.

*8.5.18. Loss of Canadian Status May Result in Loss of Government Tax Credits and Incentives*

In addition to license fees from domestic and foreign broadcasters, BWS may finance a portion of its production budgets from federal and provincial governmental agencies and incentive programs, including, in some cases, the Canada Media Fund, provincial film equity investment and incentive programs, federal tax credits and provincial tax credits, and other investment and incentive programs. Tax credits are considered part of a business' equity in any production for which they are used as financing. There can be no assurance that individual incentive programs potentially available to BWS will not be reduced, amended or eliminated or that BWS or its productions will qualify for such incentive programs, or that BWS will not have compliance issues in respect of tax credits, any of which may have an adverse effect on BWS's results of operations or financial condition.

Furthermore, while BWS does not currently benefit from such Canadian government tax credits and incentives described above, it may lose its ability to exploit them if it ceases to be "Canadian" as defined under the *Investment Canada Act (ICA)*. The ICA establishes a number of rules and presumptions (the "**Canadian Status Rules**") for determining who is a "Canadian" for purposes of the ICA. Under the Canadian Status Rules, BWS would not be considered to be a Canadian if one non-Canadian or two or more members of a voting group who are non-Canadians own 50% or more of the voting shares of BWS.

In Canada and under international co-production treaties, under applicable regulations, a program will generally qualify as a “Canadian-content” production if, among other things: (i) it is produced and owned or co-owned by a Canadian-controlled entity with the involvement of Canadians in certain key prescribed principal functions; and (ii) a substantial portion of the budget is spent on Canadian elements and post-production in Canada. In addition, (and with the exception of a treaty co-production) the Canadian producer must have full creative and financial control of the project. Should any of BWS’s programs become contractually required by broadcasters to be certified as “Canadian-content” productions, in the event that a production does not qualify for “Canadian content” certification, the program supplier would be in default under any government incentive and broadcast licenses for that production which require “Canadian content” certification. In the event of such default, among other remedies, the broadcaster could refuse acceptance of BWS’s productions.

#### 8.5.19. Government Incentives in Locations Outside of Canada and Other Influences

Canada's successful tax credit model has been copied by other countries around the world and by many states in the United States. Some producers may select locations other than Canada to take advantage of tax credit programs they may conclude to be as attractive as those Canada offers. Other factors such as director or star preference may also have the effect of productions being shot in a location other than Canada.

#### 8.5.20. BWS May Be Subject to or Pursue Claims and Legal Proceedings

Governmental, legal or arbitration proceedings may be brought or threatened against BWS and BWS may bring legal or arbitration proceedings against third parties. Regardless of their merit, any such claims could be time consuming and expensive to evaluate and defend, divert management’s attention and focus away from the business and subject BWS to potentially significant liabilities.

#### 8.5.21. BWS May Not Successfully Protect and Defend Against Intellectual Property Infringement and Claims.

BWS’s ability to compete depends, in part, upon successful protection of its intellectual property. Furthermore, BWS’s revenues are dependent on the unrestricted ownership of its rights to television productions. Any successful claims to the ownership of these intangible assets could hinder BWS’s ability to exploit these rights. BWS does not have the financial resources to protect its rights to the same extent as some of its competitors. BWS attempts to protect proprietary and intellectual property rights to its productions through available copyright and trademark laws in a number of jurisdictions and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries in which BWS may distribute its products and in other jurisdictions no assurance can be given that challenges will not be made to BWS’s copyright and trademarks. In addition, technological advances and conversion of television programs into digital format have made it easier to create, transmit and share unauthorized copies of television programs. Users may be able to download and/or stream and distribute unauthorized or “pirated” copies of copyrighted material over the Internet. As long as pirated content is available to download and/or stream digitally, some consumers may choose to digitally download or stream material illegally. As a result, it may be possible for unauthorized third parties to copy and distribute BWS’s productions or certain portions or applications of its intended productions, which could have a material adverse effect on its business, results of operations or financial condition.

Litigation may also be necessary in the future to enforce BWS’s intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the diversion of resources and could have a material adverse effect on BWS’s business, results of operations or financial condition. BWS cannot provide assurances that infringement or invalidity claims will not

materially adversely affect its business, results of operations or financial condition. Regardless of the validity or the success of the assertion of these claims, BWS could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims, which could have a material adverse effect on BWS's business, results of operations or financial condition.

#### *8.5.22. Risks of Liability Claims for Content.*

As a distributor and producer of content, BWS may face potential liability for:

- defamation;
- invasion of privacy;
- negligence;
- copyright or trademark infringement; and
- other claims based on the nature and content of the materials distributed.

These types of claims have been brought sometimes, successfully, against producers and distributors of content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on BWS's business, financial condition, operating results or prospects.

## **ITEM 9. REPORTING OBLIGATIONS**

The Fund is not subject to continuous reporting and disclosure obligations which the securities legislation of any province or territory of Canada would require of a "reporting issuer" as defined in such legislation and, as such, except as noted below, there is no requirement that the Fund make disclosure of its affairs, including, without limitation, through the prompt notification of material changes by way of news releases.

The Fund is required, however, to file its audited annual financial statements within 120 days after the end of each of its financial years with the applicable securities commissions and provide a copy thereof to each subscriber in Quebec, Ontario, Saskatchewan, New Brunswick (subsection 2.9 (17.5) NI 45-106), Alberta (Section 2.9 (17.4) NI 45-106), and Nova Scotia (Section 2.9 (17.6) NI 45-106) that subscribes for Units pursuant to the "offering memorandum" exemption under subsection 2.9(2.1) of NI 45-106 (the "**OM Exemption**"). Additionally, the Fund is required to provide:

- (a) to the abovementioned subscribers, a notice detailing the use of the aggregate gross proceeds raised by the Fund under the OM Exemption; and
- (b) to subscribers in Ontario, New Brunswick, and Nova Scotia who subscribe for Units pursuant to the OM Exemption, a notice within 10 days of the occurrence of any of the following events: (a) a discontinuation of the Corporation's business; (b) a change in the Corporation's industry; or (c) a change of control of the Corporation.

## **ITEM 10. RESALE RESTRICTIONS**

### **10.1. General Statement**

No transfers of Units may be made other than by operation of law and with the consent of the Trustees.

## 10.2. Restricted Period

These securities 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 securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Investors are advised to seek legal advice prior to any resale of the Units. In addition, no Unit may be transferred without the approval of the Trustees. However, Unitholders may redeem their Units in accordance with the Trust Agreement. See the heading entitled *Redemption of Units*.

Unless permitted under securities legislation, you cannot trade the securities 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. However, the Trustees do not intend to cause the Fund to become a reporting issuer.

## 10.3. Manitoba Resale Restrictions

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

- (i) the Fund has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (ii) you have held the securities 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.

## ITEM 11. PURCHASERS' RIGHTS

Securities legislation in certain jurisdictions where the Offering is being made provide purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

However, these remedies must be exercised within the prescribed time limits and are described below. **Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.**

### *Rights for Purchasers in Alberta*

Securities legislation in Alberta provides that every purchaser of Units pursuant to this Offering Memorandum or any amendment thereto shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, against the purchased Fund and certain other persons if this Offering Memorandum or any amendment thereto contains a "misrepresentation" (as defined in the *Securities Act* (Alberta) (the "**Alberta Act**"). However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. In particular, Section 204 of the Alberta Act provides that if this Offering Memorandum or any amendment thereto contains a misrepresentation, a purchaser who purchases Units offered under this Offering Memorandum or any amendment will be deemed to have relied upon the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund and every person or company who signed this Offering Memorandum or, alternatively, for rescission against the Fund, provided that if the purchaser exercises its right of rescission against the Fund, the purchaser will not have a right of action for damages against the Fund or against any aforementioned person or company.

No action can be commenced to enforce the rights of action described above more than:

- (a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or
- (b) in the case of any action, other than an action for rescission, the earlier of:
  - (i) 180 days from the date that the purchaser first had knowledge of the facts giving rise to the cause of action, or
  - (ii) three years from the date of the transaction that gave rise to the cause of action.

No person or company referred to above is liable if the person or company proves that the purchaser had knowledge of the misrepresentation. In addition, no person or company will be liable in an action pursuant to section 204 of the Alberta Act if the person or company proves that:

- (c) this Offering Memorandum or any amendment thereto was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of it being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
- (d) on becoming aware of the misrepresentation in this Offering Memorandum, the person or company withdrew its consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (e) if, with respect to any part of this Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company proves had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the relevant part of this Offering Memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, no person or company is liable with respect to any part of this Offering Memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) failed to conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

In an action for damages, the defendant will not be liable for all or any part of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon. The amount recoverable under this right of action will not exceed the price at which the Units were offered under this Offering Memorandum or any amendment thereto. The rights of action for rescission or damages are in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Alberta Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

#### *Rights for Purchasers in Manitoba*

If the purchaser is resident in Manitoba and if this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature relating to the Units contains a misrepresentation, each purchaser in Manitoba, or otherwise subject to the applicable securities laws of Manitoba, to whom the Offering Memorandum has been sent or delivered and who purchases Units, will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, and the purchaser

has a right of action for damages against the Fund, and, subject to certain additional defenses, against the directors of the Fund who were directors at the date of the Offering Memorandum, and against any person or company who signed the Offering Memorandum and any amendment thereto, or alternatively, while still an owner of the Units, may elect instead to exercise a right of rescission against the Fund, in which case the purchaser will have no right of action for damages against the Fund or the directors of the Fund or any other person or company who signed this Offering Memorandum, provided that, among other limitations:

- (a) in an action for rescission or damages, no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, no person or company will be held liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable under the right of action described above exceed the price at which the Units were offered under the Offering Memorandum.

All persons or companies referred to above that are found to be liable or that accept liability are jointly and severally liable. A person or company that is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person that is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the course is satisfied that it would not be just and equitable.

In addition, no person or company, other than the Fund, is liable if the person or company proves that:

- (a) this Offering Memorandum or any amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of this Offering Memorandum or any amendment thereto and before the purchase of the Units by the purchaser, on becoming aware of any misrepresentation in this Offering Memorandum, or any amendment thereto, the person or company withdrew the person's or company's consent to the Offering Memorandum, or any amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the relevant part of this Offering Memorandum or any amendment thereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, no person or company, other than the Fund, is liable with respect to any part of this Offering Memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) failed to conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

In addition, no action shall be commenced to enforce these rights more than:

- (d) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

- (e) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days after the date on which the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) 2 years after the date of the transaction that gave rise to the cause of action.

In addition, if a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into the Offering Memorandum or any amendment thereof, the misrepresentation is deemed to be contained in the Offering Memorandum or any amendment thereto.

The rights discussed above are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of *The Securities Act* (Manitoba) and are subject to the defenses contained therein.

#### *Rights for Purchasers in New Brunswick*

The *Securities Act* (New Brunswick) (the “**New Brunswick Act**”) provides that, subject to certain limitations, where this Offering Memorandum or any amendment thereto, which is provided to a purchaser of the Units contains 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 (a “**misrepresentation**”), a purchaser who purchases those Units shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and the purchaser has, subject to certain defenses, a right of action for damages against the Fund or may elect to exercise a right of rescission against the seller, in which case he shall have no right of action for damages, provided that:

- (a) in an action for rescission or damages, the defendant will not be liable if it proves that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which the security was offered.

The right of action for rescission or damages described herein is conferred by section 150 of the New Brunswick Act and is in addition to and without derogation from any right the purchaser may have at law.

Pursuant to section 161 of the New Brunswick Act, no action shall be commenced to enforce a right of rescission unless such action is commenced not later than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for rescission, such action shall be commenced before the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

#### *Rights for Purchasers in Nova Scotia*

The *Securities Act* (Nova Scotia) provides that, subject to certain limitations, where this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature (as such terms are defined in the *Securities Act* (Nova Scotia)) disseminated in connection with the offering, contains an untrue statement of material fact or omits to state a material fact that is necessary to prevent a statement in this Offering Memorandum, any amendment thereto or advertising or sales literature from being misleading in light of the circumstances in which the statement was made (each, a “**Misrepresentation**”), that was a Misrepresentation at the time of purchase, a purchaser who purchases Units in a Fund has a right of action for damages against the Fund and, subject to certain additional defenses, every seller (other than the Fund) of Units, directors of the seller and persons who have signed this Offering Memorandum.

Alternatively, the purchaser may elect to exercise a right of rescission against the seller in which case the purchaser shall have no right of action for damages against the seller, directors of the seller or persons who have signed the Offering Memorandum.

The foregoing rights are subject to, among other limitations, the following:

- (a) no action shall be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the Units;
- (b) no person will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were offered under this Offering Memorandum or amendment thereto.

In addition, no person or company other than the Fund is liable if the person or company proves that:

- (a) this Offering Memorandum or any amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of this Offering Memorandum or any amendment thereto and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, or amendment thereto, the person or company withdrew the person's or company's consent to this Offering Memorandum, or amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part this Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or that the part of this Offering Memorandum or amendment thereto (i) did not fairly represent the report, opinion or statement of the expert, or (ii) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company other than the Fund is liable with respect to any part of this Offering Memorandum or any amendment thereto not purporting to be made on the authority of an expert; and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or amendment thereto, the Misrepresentation is deemed to be contained in this Offering Memorandum or in any amendment thereto.

The rights of action for rescission or damages are in addition to and without derogation from any other right the purchaser may have at law.

### *Rights for Purchasers in Ontario*

A purchaser of Units who is resident in Ontario and to whom this Offering Memorandum was delivered may, if the amount of the purchase does not exceed the sum of \$50,000, rescind the contract to purchase such Units by sending written notice to the Fund within 48 hours from the time the purchaser received the confirmation for the purchase of the Units. The amount the purchaser is entitled to recover on exercise of the right to rescind may not exceed the net asset value of the Units purchased at the time the right to rescind is exercised, but will be entitled to reimbursement from every registered dealer through whom such Units were purchased (if any) for the amount of sales charges and fees relevant to the investment of the purchaser in the Fund in respect of the Units for which the notice of rescission was given.

In the event that this Offering Memorandum or any amendment thereto contains a misrepresentation, a purchaser resident in Ontario who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages against the Fund or, alternatively, while still the owner of the Units, for rescission against the Fund provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Fund;
- (b) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) in the case of 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 the Units as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the Units were offered.

No action shall be commenced to enforce these rights more than:

- (e) in the case of an action for rescission, 180 days after the date the purchaser purchased the Units; or
- (f) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date the purchaser purchased the Units.

The rights of action for rescission or damages conferred by section 130.1 of the *Securities Act* (Ontario) is in addition to and without derogation from any other right the purchaser may have at law.

Not all defences upon which the Fund or others may rely are described herein. Please refer to the full text of the *Securities Act* (Ontario) for a complete listing.

This Offering Memorandum is being delivered in connection with a distribution made in Ontario in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to above do not apply if this Offering Memorandum is delivered to a prospective purchaser in Ontario in connection with a distribution made in Ontario in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in OSC Rule 45-501 Ontario Prospectus and Registration Exemptions);

- (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 paragraphs (a) and (b), 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.

*Rights for Purchasers Prince Edward Island*

The right of action for rescission or damages described under this heading is conferred by section 112 of the Securities Act (Prince Edward Island). Section 112 provides, that in the event that this Offering Memorandum contains a “misrepresentation”, a purchaser who purchased the Units during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Fund, every person who signed the Offering Memorandum. Alternatively, the purchaser who purchases the Units during the period of distribution may elect to exercise a statutory right of action for rescission against the Fund. For the purposes of section 112, “misrepresentation” means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the Securities Act (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made.

Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

- (a) no action may be commenced to enforce the rights of action described above more than:
  - (i) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
  - (ii) in the case of any action other than an action for rescission:
    - (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or
    - (B) three years after the date of the transaction that gave rise to the cause of action;

whichever period first expires;

- (b) no person will be liable if the person proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) no person, other than the Fund, will be liable if the person proves that:
  - (i) the Offering Memorandum was sent to the purchaser without the person’s knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the knowledge and consent of the person;
  - (ii) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn the person’s consent to the Offering Memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
  - (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that:

- (A) there had been a misrepresentation; or
- (B) the relevant part of the Offering Memorandum:
  - (I) did not fairly represent the report, statement or opinion of the expert; or
  - (II) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Units were offered to and purchased by the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

The foregoing statutory rights of action for rescission or damages conferred by section 112 are in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the Securities Act (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

#### *Rights for Purchasers in Québec*

Legislation has been adopted in Québec, but is not yet in force, that will provide the purchasers of Units with a statutory right to sue (if proclaimed in force). Until such time as this legislation is in force, in addition to any other right or remedy available to the purchasers of Units under ordinary civil liability rules, purchasers are granted the same rights of action for damages or rescission as purchasers in Ontario. If and when this legislation is in force, then purchasers of Units residing in the Province of Québec will no longer have the rights granted to purchasers in Ontario and the following will apply, in addition to any other right or remedy available to purchasers of Units residing in the Province of Québec under ordinary civil liability rules:

If there is a misrepresentation in this Offering Memorandum, purchasers will have a statutory right to sue:

- (a) to cancel subscription agreement to buy the Units or to revise the price at which the Units were sold to the purchaser; and
- (b) for damages against the Fund, the persons in charge of the Fund's patrimony, the dealer(s) under contract to the Fund in connection with the sale of these Units and any expert whose opinion appears in this Offering Memorandum if such opinion contains a misrepresentation.

This statutory right to sue will be available to purchasers whether or not purchasers have relied on the Offering Memorandum. Purchasers will be able to elect to cancel their agreement to buy these Units or to bring an action to revise the price without prejudice to their claim for damages.

However, there will be various defences available to the persons that purchasers will have a right to sue. For example, they will have a defence if purchasers knew of the misrepresentation when they purchased the Units. In an action for damages, a person listed above, other than the Fund or the persons in charge of the Fund's patrimony, will not be liable if that person acted with prudence and diligence.

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, 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; and
- (b) there was a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If purchasers of Units intend to rely on the rights described in (a) or (b) above, they will have to do so within strict time limitations. Purchasers will have to commence an action to cancel the agreement or revise the price within three years after the date of the purchase. Purchasers will have to commence an action for damages within the earlier of (i) three years after they first had knowledge of the facts giving rise to the cause of action (except on proof of tardy knowledge imputable to purchasers negligence) or (ii) five years after the filing of this Offering Memorandum with the *Autorité des marchés financiers*.

#### *Rights for Purchasers in Saskatchewan*

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Offering Memorandum) or any amendment thereto is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a Unit covered by this Offering Memorandum or any amendment thereto has, without regard to whether the purchase relied on their misrepresentation, a right of action for rescission against the Fund or has a right of action for damages against:

- (a) the Fund;
- (b) every promoter of the Fund at the time this Offering Memorandum or any amendment thereto was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed this Offering Memorandum or any amendment thereto; and
- (e) every person who or company that sells Units on behalf of the Fund under this Offering Memorandum or amendment thereto.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the Fund, it shall have no right of action for damages against it;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Units resulting from the misrepresentation relied on;
- (c) no person or company, other than the Fund, will be liable for any part of this Offering Memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide

reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

- (d) in no case shall the amount recoverable exceed the price at which the Units were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Fund, will be liable in an action pursuant to section 138 of the Saskatchewan Act if the person or company proves that:

- (a) this Offering Memorandum or any amendment thereto was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of this Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, no person or company will be liable in an action pursuant to section 138 of the Saskatchewan Act if that person or company proves that in respect of a misrepresentation in forward looking information (as defined in the Saskatchewan Act), such person or company proves that with respect to the document containing the forward looking information, proximate to that information, there is contained 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, the person or company had a reasonable basis for drawing the conclusions or making the forecast and projections set out in the forward looking information.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or

delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:
  - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
  - (ii) six years after the date of the transaction that gave rise to the cause of action.

Section 80.1 of the Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act, a right to withdraw from the agreement to purchase securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two Business Days of receiving the amended offering memorandum.

*Rights for Purchasers in British Columbia (when not relying on the Offering Memorandum Exemption) and Newfoundland and Labrador*

Investors in British Columbia (when not relying on the Offering Memorandum Exemption) and Newfoundland and Labrador are granted the same rights of action for damages or rescission as residents of Ontario who purchase Units.

*Rights for Purchasers in British Columbia (when relying on the Offering Memorandum Exemption)*

According to NI 45-106, you can cancel your agreement to purchase the securities (the “**Cancellation Right**”). To do so, you must send a notice to us by midnight on the second Business Day after you sign the agreement to buy the securities.

In addition to the Cancellation Right and to any other rights or remedies available at law, the *Securities Act* (British Columbia) (the “**BC Securities Act**”) provides Unitholders with the rights, in certain circumstances, to seek damages or to cancel their agreement to purchase Units. These rights are available if this Offering Memorandum contains a misrepresentation or if the Trustees fail to deliver the Offering Memorandum within the prescribed time. Pursuant to the BC Securities Act, a “misrepresentation” means an untrue statement about a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

Certain of the rights granted to Unitholders under the BC Securities Act are summarized below. For more complete information about such rights, Unitholders should seek legal advice.

More specifically, the BC Securities Act provides that if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Fund to cancel your agreement to buy the securities; or

- (b) for damages against the Fund and for damages against the Trustees, every person who was a trustee 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 they relied on the misrepresentation. If you choose to rescind their purchase, they 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 the Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Units were offered. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

Moreover, under the BC Securities Act, the defendant will not be liable for a misrepresentation in forward-looking information if the Fund 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.

Finally, if you intend to rely on the rights described above in paragraphs (a) or (b), you do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after you signed the agreement to purchase the securities.

The rights summarized above are in addition to and without derogation from any other rights or remedy which investors may have at law.

**ITEM 12. FINANCIAL STATEMENTS**

The audited financial statements of the Fund dated December 31, 2020, are attached.

The audited financial statements of BWS for financial year 2019, as well as the interim financial statements of BWS dated January 31<sup>st</sup>, 2020, are attached.



**BWS CAPITAL FUND**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2019**

MAZARS, LLP

215, SAINT-JACQUES STREET - SUITE 1200  
MONTRÉAL - QUÉBEC - CANADA - H2Y 1M6  
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**BWS CAPITAL FUND****FINANCIAL REPORT  
DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Unitholders and Trustees of  
**BWS CAPITAL FUND**

### *Opinion*

We have audited the financial statements of **BWS CAPITAL FUND** (the "Fund"), which comprise the statement of financial position as at December 31, 2019, and the statements of net income and comprehensive income, changes in equity and cash flows for the 123-day period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Fund as at December 31, 2019, and its results of operations and its cash flows for the 123-day period then ended, in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of a financial statements that is free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Mazars, LLP

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Mazars, LLP*<sup>1</sup>

Montréal, April 29, 2020

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

---

2019

**ASSETS****CURRENT ASSETS**

Cash and cash equivalents	\$	29
Advance receivable from a company managed by a common director, without interest nor repayment terms		801,655
		801,684

Equity securities accounted for using the equity method (Note 3)		3,426,470
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<b>TOTAL ASSETS</b>	<b>\$</b>	<b>4,228,154</b>
---------------------	-----------	------------------

**LIABILITIES****CURRENT LIABILITIES**

Trade and other payables	\$	167,546
Advance payable to an associate, without interest nor repayment terms		634,138

<b>TOTAL LIABILITIES</b>		<b>801,684</b>
--------------------------	--	----------------

**EQUITY**

Unitholders' equity (Note 4)		3,426,470
Retained earnings		-

<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b>4,228,154</b>
-------------------------------------	-----------	------------------

Commitments (Note 5)  
 Subsequent events (Note 10)

The accompanying notes are an integral part of these financial statements.

(s) Caroline Bernier, Trustee

(s) Catherine Dalcourt, Trustee

**STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME  
FOR THE 123-DAY PERIOD ENDED DECEMBER 31, 2019**

		2019
<b>Expenses charged back to an associate</b>	<b>\$</b>	<b>22,952</b>
<b>Expenses</b>		
Professional fees		22,800
Bank fees		152
	<b>\$</b>	<b>22,952</b>
<b>Net and comprehensive income</b>	<b>\$</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE 123-DAY PERIOD ENDED DECEMBER 31, 2019**

---

	Number of Units	Unitholders' Capital	Distributions to Unitholders	Retained Earnings	Unitholders' Equity
Units issued during the period	342,647	\$ 3,426,470	\$ -	\$ -	3,426,470
Issuance costs	-	(229,089)	-	-	(229,089)
Chargeback of issuance costs	-	229,089	-	-	229,089
Net and comprehensive income	-	-	-	-	-
Balance as at December 31, 2019	342,647	\$ 3,426,470	\$ -	\$ -	3,426,470

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE 123-DAY PERIOD ENDED DECEMBER 31, 2019**

---

	2019
<b>OPERATING ACTIVITIES</b>	
Net income for the period	\$ -
Change in non-cash working capital items:	
Change in an advance receivable	(801,655)
Change in trade and other payables	167,546
Change in an advance payable	634,138
<b>Net cash flows from operating activities</b>	<b>29</b>
<b>INVESTING ACTIVITIES</b>	
Acquisition of equity securities in an associate and net cash flows used in investing activities	(995,970)
<b>FINANCING ACTIVITIES</b>	
Proceeds from the issuance of units, net of issuance costs and net cash flows from financing activities	995,970
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>29</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 29</b>

Non-cash transactions include the conversion of a portion of Les productions TV BWS Inc.'s bonds into 243,050 units in the Fund for an amount of \$2,430,500.

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

---

**1. DESCRIPTION OF THE FUND AND NATURE OF ACTIVITIES**

BWS Capital Fund (the "Fund") is a trust for private utility, perpetual or otherwise created by a Declaration of Trust on July 17, 2019, which was amended and restated on August 30, 2019. The head office is located at 3870, Saint-Elzéar boulevard West, Suite 2004, Laval, Québec, H7P 0K6.

The Fund qualifies as a "mutual fund trust" under the Tax Act and was formed for the purpose of purchasing Class B shares of Beauty World Search Production Inc. ("BWS"). BWS intends to use the proceeds from the sale of the shares to reimburse maturing bonds, finance the business, consisting of the development, production, and licensing for distribution of the television series "The Fashion Hero" and the related revenue-generating lines of business to be pursued by BWS in connection with the television series, including advertising and merchandizing.

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were approved by the Trustees for issue on April 28, 2020.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial statements are set out below.

**Basis of Presentation**

The preparation of the financial statements is in accordance with IFRS. The following is a summary of significant accounting policies that will be followed by the Fund in the preparation of these financial statements.

These financial statements have been prepared on the historical-cost basis, with the exception of certain financial instruments, which are measured at fair value. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

**Functional and Presentation Currency**

These financial statements are presented in Canadian dollars, which is the functional and the presentation currency of the Fund.

**Estimates**

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amount of assets and liabilities, and disclosures of contingent assets and liabilities as at the date of the financial statements. These estimates are changed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Offering Costs**

All costs related to the issuance of units and the Offering Memorandum (“OM”) are assumed by BWS. Costs incurred in connection with the issuance of units are accounted in deduction of the Unitholders’ equity.

**Income Taxes**

The Fund is considered a mutual fund trust for income tax purposes. If the Fund distributes all taxable income directly earned by the Fund to Unitholders, no provision for income taxes is required. However, if all taxable income is not distributed, then a provision for income tax must be accounted for accordingly.

**Cash and Cash Equivalents**

Cash and cash equivalents presented in the statement of financial position include components of cash that are readily available or convertible to known amounts of cash and which are subject to no significant risk of changes in value.

**Financial Instruments**

All financial assets are initially recognized at fair value in the statement of financial position and are subsequently classified as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on the Fund’s assessment of the business model within which the financial asset is managed and the financial asset’s contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis.

Cash and cash equivalents and advance receivable are classified as financial assets at amortized cost.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments (continued)**

Under IFRS 9, at each reporting date, the Fund recognizes a loss allowance for expected credit losses for debt instruments classified as at amortized cost or as at fair value through other comprehensive income. This allowance is estimated based on an impairment model that comprises three stages:

- Stage 1: For financial instruments that have not had a significant increase in credit risk since initial recognition and are not considered as credit-impaired financial assets, a loss allowance amounting to 12-month expected credit losses is recognized.
- Stage 2: For financial instruments that have had a significant increase in credit risk since initial recognition but are not considered as credit-impaired financial assets, a loss allowance amounting to the lifetime expected credit losses is recognized.
- Stage 3: For financial instruments considered as credit-impaired, a loss allowance amounting to the lifetime expected credit losses continues to be recognized.

Financial instruments may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and the level of expected credit losses. Instruments are always classified in the various stages of the impairment model based on the change in credit risk between the reporting date and the initial recognition date of the financial instrument and an analysis of evidence of impairment.

To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, the Fund bases its assessment on the change in default risk over the expected life of the financial instrument, which requires significant judgment.

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

Trade and other payables and advance payable to an associate are classified as financial liabilities at amortized cost.

**Equity securities accounted for using the equity method**

Equity securities accounted for using the equity method include an investment in an associate.

The Fund has a significant influence over an associate when it holds equity securities giving it the power to participate in the financial and operating policy decisions of the investee, without having control or joint control over those policies.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity securities accounted for using the equity method (continued)**

The equity method is a method of accounting whereby the equity interests are initially recognized at cost, including transaction costs. After initial recognition, the financial statements include the Fund's share in the investees' profit or loss and other comprehensive income, up to the date significant influence or joint control ceases.

**3. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD**

During the year ended December 31, 2019, the Fund acquired 6,229,945 Class B common shares of Les productions Beauty World Search Inc. for a total of \$3,426,470 (of which \$2,430,500 correspond to the conversion of the bonds of the company Les productions TV BWS Inc. and have no effect on cash). These shares do not carry any voting rights and are participating pari passu with the ordinary Class A shares of the other shareholders.

**4. UNITHOLDERS' EQUITY**

The following table summarizes the changes in units during the period:

	2019
Balance at beginning of period	\$ -
Units issued and outstanding (342,647 units)	3,426,470
Issuance costs	(229,089)
Chargeback of issuance costs to the associate	229,089
<b>Balance at end of period</b>	<b>\$ 3,426,470</b>

The units issued include 243,050 units (\$2,430,500) relating to the conversion of part of the bonds of Les Productions TV BWS Inc., without effect on cash.

As at December 31, 2019, there is no difference between the net asset value per unit and the net assets attributable to holders of redeemable units per unit which is equal to \$10.

**Issuance**

The Fund is undertaking the issuance of units, in certain provinces and territories of Canada. Each unit will be offered at \$10 per unit and the minimum subscription is of \$500 (50 units) per subscriber. The minimum offering is \$100,000 (10,000 units) and the maximum offering is fixed at \$10,000,000 (1,000,000 units).

The price per unit is calculated based on the Fund's net asset value which shall equal the aggregate value of the Fund property, less an amount equal to all liabilities of the Fund divided by the total amount of units issued and outstanding.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**4. UNITHOLDERS' EQUITY (CONTINUED)****Issuance (continued)**

The Fund is authorized to issue an unlimited number of units in each series that would be created.

**Redemption**

The units are redeemable at the option of the Unitholders, at the price per unit on the last business day of any quarter (the "Redemption Date"), less any applicable fees, or commissions, but certain conditions apply.

Units of the Fund may be redeemed by the Fund at any time on not less than five days' notice to the holder thereof. The proceeds payable on a redemption of units by the Fund will be the applicable price per unit multiplied by the number of units to be redeemed, determined on the Redemption Date following the date upon which the Trustees notified the Unitholder of the redemption.

Trustees' obligation to make payment of the redemption proceeds in cash is limited to the availability of Fund property that constitutes liquid assets and that is not otherwise required to satisfy any short-term liability of the Fund (collectively, the "Available Liquid Assets"). If the Trustees receive more than one redemption request for any given Redemption Date, the value of which exceeds the anticipated value of the Available Liquid Assets as at that Redemption Date, the Trustees will provide a notice to the Unitholders having made redemption requests advising them that they will be paid in cash only up to the amount of Available Liquid Assets, if any, and subject to a pro rata distribution among each Unitholder having made a redemption request. With respect to the remaining balance of their redemption requests, Unitholders will then have the option to:

- a) carry one hundred percent (100%) of that Unitholder's redemption request balance forward to the next Redemption Date on which there are Available Liquid Assets, with these same options becoming available to the Unitholder at such Redemption Date; or
- b) receive a maximum payment of ninety percent (90%) of the balance of the net redemption proceeds (the "Discounted Amount") in kind, with payment of the Discounted Amount being made, at the Trustees' discretion,
  - i. in the form of securities or other Fund property having a fair market value that is equal to the Discounted Amount or
  - ii. in the form of a debt instrument to be issued by the Fund, an existing Affiliate of the Fund, or an affiliate of the Fund to be established, the principal amount of which will be equal to the Discounted Amount and the other terms of which will be set out in the notice sent to each relevant Unitholder (a "Debt Instrument"), with payment of the Discounted Amount through either option (i) or (ii) constituting a full satisfaction of the relevant Unitholder's entitlement to further net redemption proceeds.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**4. UNITHOLDERS' EQUITY (CONTINUED)****Redemption (continued)**

Each relevant Unitholder shall direct the Trustees in writing at the latest one business day prior to the Redemption Date as to whether such Unitholder accepts option (a) or (b), above, for payment of the Discounted Amount, failing which the balance of such Unitholder's redemption request shall be carried forward to the next Redemption Date on which there are Available Liquid Assets.

Although redeemable at the option of the Unitholders, the units have been classified as equity because they entitle the holders to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. In addition, there is no other outstanding financial instrument that has total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized net assets of the Fund and whose units have a redemption clause.

**Suspension**

The Trustees may, on behalf of the Fund, suspend or postpone the right or obligation of the Fund to effect redemptions of units for the whole or any part of any period when normal trading is suspended on any stock exchange on which securities are listed and traded which represent more than 50% by value of the total assets of the Fund without allowance for liabilities.

The suspension shall apply to all requests for redemption received while the suspension is in effect, but shall not apply to requests for redemption made prior to the suspension but as to which payment has not been made. All Unitholders making such requests shall (unless the suspension lasts for less than 48 hours) be advised by the Trustees of the suspension and that the redemption will be effected on the basis of the applicable Price per Unit determined on the next Redemption Date following the suspension. All such Unitholders shall have, and shall (unless the suspension lasts for less than 48 hours) be advised that they have, the right to withdraw their requests for redemption in these circumstances.

**Termination**

The Fund shall be terminated in the event that:

- a) an extraordinary resolution is passed by the Unitholders of the Fund approving the termination of the Fund;
- b) each of the Trustees of the Fund resigns or is removed without replacement therefore as contemplated; or
- c) the Trustees determine to terminate the Fund where, in the opinion of the Trustees, the net asset value of the Fund is reduced as the result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund or it would be in the best interests of the Unitholders to terminate the Fund.

The Trustees will provide Unitholders of the Fund with notice in writing not less than 30 days prior to the effective date of any such termination.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**5. COMMITMENTS**

The Fund signed agreements with selling agents in connection with the issuance of the units. The Fund offers remuneration up to 10% of the gross proceeds from the sale of the units to the selling agents in connection with the OM. WhiteHaven Securities Inc. acts as a selling agent under the OM and is a related party (see Note 9).

**6. FINANCIAL RISKS**

The Fund's risk management policies are established to identify, analyze and manage the risks faced by the Fund and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are periodically reviewed in response to the Fund's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Fund's use of financial instruments include credit risk, liquidity risk and interest rate risk. These risks, and the actions taken to manage them, include:

**Credit risk**

This refers to the risk that the Fund will incur a financial loss if the other party to a financial instrument fails to discharge an obligation. The maximum exposure to credit risk for the Fund at the end of a given period usually corresponds to the carrying amount of its financial assets exposed to such risk. The Fund intends to mitigate this risk (if applicable) by securing collateral when possible. The credit risk related to advances receivable is attributable to a possible inability of companies to meet their obligations to the Fund as agreed.

**Liquidity risk**

This refers to the possibility that the Fund will encounter difficulties in meeting the obligations associated with its financial liabilities, such as repayment upon the redemption of units and the repayment of the advance from a Trustee. It might prove difficult for the Fund to access short-term liquidities should it need them. The Fund will constantly scrutinize its financial assets regarding its financial liabilities to make sure that it has sufficient funds available to meet all its obligations as they come due.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is a risk that the rates will fluctuate depending on market conditions and, therefore, impact the future financial assets and liabilities of the Fund. The Fund does not have any financial instruments that carry an interest rate.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**7. CAPITAL MANAGEMENT DISCLOSURES**

The Fund's capital structure has been defined by management as being comprised of Unitholder's equity. The Fund's objectives when managing its capital structure is to ensure that capital resources are sufficient for its operations and development, while maximizing returns for Unitholders.

The Fund is not subject to any externally imposed capital requirements.

**8. FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value reflects market conditions at a given date and, for this reason, may not be representative of future fair values or of the amount that will be realized upon settling the instrument.

The Fund's financial instruments include cash and cash equivalents, advances receivable and payable and trade and other payables. The carrying amounts of these financial instruments represent a reasonable estimate of their fair value.

The fair values of the Fund's financial instruments as at December 31, 2019, are as follows:

- Financial assets at amortized cost \$ 801,684
- Financial liabilities at amortized cost \$ 801,684

The Fund has implemented a system to test fair value measurements. Management is responsible for overseeing any significant fair value measurements, specifically those categorized within Level 3.

Management regularly reviews key unobservable inputs and measurement adjustments. If fair value is measured using third-party information (broker ratings or external valuation services), management analyzes the information obtained to ensure that it complies with IFRS requirements and that the estimated fair value is categorized appropriately

To the extent possible, the Fund uses data from observable markets to measure the fair value of an asset or liability. Fair value measurements are established based on a three-level hierarchy that categorizes the inputs to valuation techniques.

**Level 1**

Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities.

**Level 2**

Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**8. FAIR VALUE (CONTINUED)****Level 3**

Fair value measurement using inputs that are not based on observable market data (unobservable inputs).

Management considers that cash is of Level 1 in the hierarchy of fair value measurements. The carrying amount of cash is \$29 and it is considered to be its fair value.

Other financial assets and financial liabilities are classified as Level 2. Where there are no quoted prices in active markets, Level 2 fair value is determined on the basis of valuation models and techniques that maximize the use of observable market data. The techniques used by the Fund include discounted cash flows and other techniques commonly used by market participants, if these techniques have been demonstrated to provide reliable results.

**9. RELATED PARTIES AND RELATED PARTIES TRANSACTIONS**

Main related parties of the Fund include the Trustees, the Settlor and all parties of the shareholders agreement of BWS.

As WhiteHaven Securities Inc. acts as a selling agent under the Offering, it should be noted that Athanasios Baltzis, director, officer and control person of WhiteHaven Securities Inc., is the chairman of the board and a director of BWS and, as such, BWS and the Fund could be considered as “connected issuers” of WhiteHaven Securities Inc. under applicable Canadian securities laws.

In addition, Athanasios Baltzis is also the settlor of the Fund and WhiteHaven Holding Inc.’s sole shareholder, is also a shareholder of 7.8% of the Class A voting shares of BWS.

Lastly, WhiteHaven Ventures Inc., a wholly owned subsidiary of WhiteHaven Holdings Inc., will provide corporate financing consulting services to the Fund and will be receiving compensation for such services.

**10. SUBSEQUENT EVENTS**

From January 1, 2020, the Fund issued an additional 194,465 units at a price of \$10 per unit, for gross proceeds of \$1,944,650.

These additional amounts collected by the Fund were used to invest in additional Class B units of Les productions Beauty World Search Inc.

In March 2020, the World Health Organization declared a global pandemic due to the new coronavirus (COVID-19). This situation is constantly changing and the measures put in place have numerous economic impacts at the global, national, provincial and local levels.

Given all the information available to date, management of the associated company (BWS) is unable to provide a precise estimate of the impact of this epidemic on its financial performance.

As a result, the Fund's Trustees are unable to provide an accurate estimate of the financial impact associated with this disruption at this time.

**LES PRODUCTIONS BEAUTY WORLD SEARCH INC.**  
**UNAUDITED CONDENSED FINANCIAL STATEMENTS**  
**JANUARY 31, 2020**

**SUMMARY**

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**LES PRODUCTIONS BEAUTY WORLD SEARCH INC.**

**CONDENSED STATEMENTS FINANCIAL POSITION**

**AS AT**

(unaudited)

(all amounts are in Canadian dollars)

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	<i>January 31, 2020</i>	<i>July 31, 2019</i>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 517,250	\$ 495,526
Accounts receivable	73,646	7,424
Prepaid expenses	78,540	54,366
	<u>669,436</u>	<u>557,316</u>
Capital assets	<u>1,760</u>	<u>2,428</u>
	<u>\$ 671,196</u>	<u>\$ 559,744</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 217,146	\$ 57,603
Interest payable to a related company (Note 7)	4,538	4,538
Current portion of short-term loans from related companies (Notes 4 and 7)	3,574,000	3,424,216
	<u>3,795,684</u>	<u>3,486,357</u>
Loans from related companies (Notes 4 and Note 7)	3,713,490	3,558,284
Chargebacks payable to related companies (Notes 5 and 7)	<u>2,153,495</u>	<u>1,275,284</u>
	<u>9,662,669</u>	<u>8,319,925</u>
<b>Shareholders' deficit</b>		
Share capital (Note 6)	2,649,852	2,662,352
Retained Earnings	<u>(11,641,325)</u>	<u>(10,422,533)</u>
	<u>( 8,991,473 )</u>	<u>( 7,760,181 )</u>
	<u>\$ 671,196</u>	<u>\$ 559,744</u>

**On behalf of the Board,**

(s) Caroline Bernier, Director

(s) Yvon Michel, Director

**LES PRODUCTIONS BEAUTY WORLD SEARCH INC.**

**CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

**FOR THE THREE-MONTH AND THE SIX-MONTH PERIODS ENDED**

(unaudited)

(all amounts are in Canadian dollars)

Page 2

	<i>Three-month periods ended</i>		<i>Six-month periods ended</i>	
	<i>January 31,</i>	<i>January 31,</i>	<i>January 31,</i>	<i>January 31,</i>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>	\$ <u>31,203</u>	\$ <u>14,756</u>	\$ <u>84,217</u>	\$ <u>23,562</u>
<b>Expenses</b>				
Interest on loans from a related company (Note 6)	225,334	–	470,106	54,999
Administration fees	172,343	119,468	314,452	225,150
Marketing expenses	71,517	71,749	146,204	128,366
Production fees	28,888	19,693	109,406	155,281
Professional fees	62,278	38,139	212,026	77,076
Travel expenses	17,329	8,217	35,297	21,423
Rent	7,425	–	14,850	17,999
Amortization – equipment	334	539	668	539
	<u>585,448</u>	<u>257,805</u>	<u>1,303,009</u>	<u>680,833</u>
<b>Net loss and comprehensive loss</b>	\$ <u>( 554,245 )</u>	\$ <u>( 243,049 )</u>	\$ <u>( 1,218,792 )</u>	\$ <u>( 657,271 )</u>

**LES PRODUCTIONS BEAUTY WORLD SEARCH INC.**  
**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIODS ENDED JANUARY 31**  
(unaudited)  
(all amounts are in Canadian dollars)

Page 3

	<b>Share Capital (Note 6)</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
Balance as at July 31, 2018	\$ 2,662,352	\$ (8,031,916)	\$ (5,369,564)
Net loss and comprehensive loss	—	(657,271)	(657,271)
Balance as at January 31, 2019	<u>\$ 2,662,352</u>	<u>\$ (8,689,187)</u>	<u>(6,026,835)</u>
Balance as at July 31, 2019	\$ 2,662,352	\$ (10,422,533)	\$ (7,760,181)
Redemption of shares	(12,500)	—	(12,500)
Net loss and comprehensive loss	—	(1,218,792)	(1,218,792)
<b>Balance as at January 31, 2020</b>	<b><u>\$ 2,649,852</u></b>	<b><u>\$ (11,641,325)</u></b>	<b><u>\$ (8,991,473)</u></b>

**LES PRODUCTIONS BEAUTY WORLD SEARCH INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIODS ENDED JANUARY 31**  
(unaudited)  
(all amounts are in Canadian dollars)

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	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Net loss	\$ (1,218,792)	\$ (657,271)
Non-cash items:		
Amortization – equipment	<u>668</u>	<u>539</u>
	(1,218,124)	(656,732)
Net change in non-cash working capital items:		
Accounts receivable	(66,222)	32,648
Prepaid expenses	(24,174)	(21,409)
Accounts payable	159,543	18,243
Chargebacks payable to related companies	<u>878,211</u>	<u>251,344</u>
	<u>(270,766)</u>	<u>(375,906)</u>
<b>Investing Activity</b>		
Acquisition of capital assets	<u>–</u>	<u>(3,093)</u>
<b>Financing Activity</b>		
Increase in loans from related companies	2,600,490	750,000
Repayment of loans from related company	(2,295,500)	–
Redemption of shares	<u>(12,500)</u>	<u>–</u>
	<u>292,490</u>	<u>750,000</u>
<b>Increase in cash and cash equivalents</b>	21,724	371,001
<b>Cash and cash equivalents, beginning of the period</b>	<u>495,526</u>	<u>317,904</u>
<b>Cash and cash equivalents, end of the period</b>	<u>\$ 517,250</u>	<u>\$ 688,905</u>

**1. Incorporation and nature of activities**

Les Productions Beauty World Search Inc. (the "Company") was incorporated on September 27, 2012 under the Canada Business Corporations Act. The head office is located at 870 St-Elzéar Street West, Suite 2400, Laval, Québec, H7P OK6.

The Company produces television series and promotes international events.

The accompanying condensed interim unaudited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") assuming the company will continue on a going-concern basis.

The condensed financial statements were approved by the Board of Directors on April 28, 2020.

**2. Going concern**

The condensed financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate in the foreseeable future and will be able to realize its assets and deliver on its commitments and obligations in the future in the normal course of business.

The Company's ability to continue operating is dependent on its ability to generate revenue from the broadcast of its television series that it develops and produces. More specifically, success is linked to its ability to convince producers about its concept in order to broadcast it. During the year ended July 31, 2019, the Company had broadcasted the first season throughout several platforms around the world. This broadcast did not generate any significant revenue, as it was broadcasted for advertising purposes to promote the series. Since then, the Company has been actively negotiating with producers for the production and broadcasting of a second season and has already begun the selection of candidates. The Company has obtained written agreements for distribution in various countries as well as production option contracts.

The Company must also have the ability to repay the related company's loans to meet its financial commitments. In order to honor its liabilities, the Company makes financial projections and intends to generate revenue. As a result, the Company expects to receive funding related to episodes and formats distribution revenue as well as online votes over the next 12 months. The Company also plans to obtain new funding through Les Productions TV BWS Inc. and BWS Capital Fund. These two sources of funding should enable the Company to cover its repayment commitments.

# LES PRODUCTIONS BEAUTY WORLD SEARCH INC.

## NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JANUARY, 2020 AND 2019

(unaudited)

(all amounts are in Canadian dollars)

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### 2. Going concern (continued)

The facts and circumstances above indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These condensed financial statements do not reflect the adjustments, which could be material, to the carrying amount of assets and liabilities, the expenses and the classification within the statement of financial position that would be required if the going concern assumption proved inappropriate.

### 3. Significant accounting policies

#### Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements do not include all financial information required for full annual financial statements and should be read in conjunction with the Corporation's annual financial statements for fiscal year ended July 31, 2019 prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed interim financial statements have been prepared based on accounting policies and methods of application consistent with those used in the preparation of the most recently prepared annual financial statements.

### 4. Loans from related companies

	January 31, <b>2020</b>	July 31, <b>2019</b>
BWS TV Productions Inc.	4,687,000	6,982,500
BWS Capital Fund	2,600,490	—
	<u>7,287,490</u>	<u>6,982,500</u>
Short-term portion of loans	<u>3,574,000</u>	<u>3,424,216</u>
Non-current loans	<u>3,713,490</u>	<u>3,558,284</u>

LES PRODUCTIONS BEAUTY WORLD SEARCH INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JANUARY, 2020 AND 2019

(unaudited)

(all amounts are in Canadian dollars)

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5. Chargebacks payable to related companies

	<i>January 31, 2020</i>	<i>July 31, 2019</i>
BWS TV Productions Inc.	2,148,305	1,275,284
BWS Capital Fund	5,190	–
	<u>2,153,495</u>	<u>1,275,284</u>

6. Share capital

	<b>Number of shares</b>	<b>Value</b>
<b>Issued:</b>		
<b>Class AO Common Shares</b>		
Balance as at July 31, 2018 and January 2019	<u>31,671,196</u>	<u>\$ 2,662,352</u>
Balance as at July 31, 2018	31,671,196	2,662,352
Redemption of shares	<u>( 125,000 )</u>	<u>( 12,500 )</u>
<b>Balance as at January 31, 2020</b>	<u>31,546,196</u>	<u>\$ 2,649,852</u>

**LES PRODUCTIONS BEAUTY WORLD SEARCH INC.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIODS ENDED JANUARY, 2020 AND 2019**

(unaudited)

(all amounts are in Canadian dollars)

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**7. Related parties**

The related parties of the Company are BWS TV Productions Inc. and BWS Capital Fund, companies with common directors, shareholders and managers. The following transactions occurred between related parties during these periods:

	<i>Three-month periods ended</i>		<i>Six-month periods ended</i>	
	<i>January 31, 2020</i>	<i>January 31, 2019</i>	<i>January 31, 2020</i>	<i>January 31, 2019</i>
Interest on loans	\$ 225,334	\$ –	\$ 470,106	\$ 54,999
Interest on loans payable	\$ –	\$ –	\$ 4,538	\$ –
Chargebacks repayable	\$ 449,826	\$ 95,112	\$ 878,211	\$ 251,344
Loans received	\$ 286,990	\$ 500,000	\$ 2,600,490	\$ 750,000
Loans repaid	\$ –	\$ –	\$ ( 2,295,500 )	\$ –

The compensation paid to the main directors, namely the administrators, is detailed in the table below:

	<i>Three-month periods ended</i>		<i>Six-month periods ended</i>	
	<i>January 31, 2020</i>	<i>January 31, 2019</i>	<i>January 31, 2020</i>	<i>January 31, 2019</i>
Directors – contractual fees	\$ 39,000	\$ 33,000	\$ 78,000	\$ 63,000

**8. Subsequent events**

In March 2020, the World Health Organization has declared a worldwide pandemic of Covid-19. Countries have adopted different measures in order to respect experts' recommendations and to control the spread of the virus. This situation is constantly evolving and the measures taken have many economic impacts at the global, national, provincial and local levels. Management closely follows the developments but the impact on the Company and its activities is too uncertain to be assessed at this time. The impacts will be accounted for when they will be known and can be assessed.

**ITEM 13. DATE AND CERTIFICATE**

Dated: April 28, 2020

This offering memorandum does not contain a misrepresentation.

**Each signatory below signing in its capacity as trustee, manager and executive officers of the BWS CAPITAL FUND.**

*(s) Caroline Bernier*  
\_\_\_\_\_  
CAROLINE BERNIER

*(s) Catherine Dalcourt*  
\_\_\_\_\_  
CATHERINE DALCOURT

**The signatory below is signing in its capacity as a promoter of the BWS CAPITAL FUND.**

LES PRODUCTIONS BEAUTY  
WORLD SEARCH INC.

By: *(s) Caroline Bernier*  
\_\_\_\_\_  
Caroline Bernier

Title: President