



Offering Memorandum

Equicapita Income LP
Common A LP Units

May 11, 2017

Offering Memorandum

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 8 - *Risk Factors*.

Date: May 11, 2017
The Issuer: Equicapita Income L.P.
Address: #2210, 8561 – 8A Avenue SW, Calgary, Alberta T3H 0V5.
Phone: (587) 887-1541
Email: info@equicapita.com

Currently listed or quoted? **No. These securities do not trade on any exchange or market.**
Reporting issuer? No.
SEDAR filer? Yes.

The Offering

Securities Offered:	The offering consists of common A units (the " Common A LP Units ") of Equicapita Income L.P. (the " Partnership "). See Item 5.1 - <i>Terms of Securities</i> for the terms of the Common A LP Units.
Price per Security:	\$0.001 per Common A LP Unit.
Minimum/Maximum Offering:	There is no maximum or minimum offering. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish our proposed objectives. See Item 4 - <i>Capital Structure</i>.
Minimum Individual Subscription Amount:	There is no minimum subscription of Common A LP Units; however, each Common A LP Unit must be purchased as part of a Tied Unit (as defined herein). See Item 2.1 - <i>Structure</i> , Item 5.1 - <i>Terms of Securities</i> and Item 5.2 - <i>Subscription Procedure</i> .
Payment Terms:	Payment in full by cheque of the aggregate subscription amount payable to the Partnership with the delivery of a duly executed and completed subscription agreement. See Item 5.2 - <i>Subscription Procedure</i> .
Proposed Closing Date(s):	Closings will occur from time to time at the discretion of the General Partner.
Tax Consequences:	There are important tax consequences to these securities. See Item 6 - <i>Certain Income Tax Consequences</i> .
Selling Agent:	The Partnership will retain several non-exclusive securities dealers to effect sales of Common A LP Units. Where allowed by applicable securities legislation, the Partnership intends to pay a selling commission of up to 8% of the gross proceeds realized on the sale of Common A LP Units under this Offering. In addition to the foregoing, the Partnership may pay an administration fee to such securities dealers of up to 1% of the gross proceeds realized on the sale of Common A LP Units under this Offering. See Item 7 - <i>Compensation Paid to Sellers and Finders</i> .
Resale Restrictions:	The Common A LP Units are subject to restrictions on resale. There is no market for the Common A LP Units and none is expected to develop and, therefore, it may be difficult or impossible for the Subscriber to sell the Common A LP Units. You will be restricted from selling your Common A LP Units for an indefinite period. See Item 10 - <i>Resale Restrictions</i>.
Purchaser's Rights:	You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 - <i>Purchasers' Rights</i> .

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CAUTIONARY STATEMENTS

About this Offering Memorandum

This Offering is being made pursuant to certain prospectus exemptions contained in NI 45-106. This Offering Memorandum constitutes an offering of securities only in these jurisdictions and only to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.

Prospective investors should rely only on the information contained in this Offering Memorandum and should not rely on some parts of this Offering Memorandum to the exclusion of others. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

Forward Looking Information

This Offering Memorandum includes forward-looking information and forward-looking statements (collectively, "**forward-looking information**") with respect to the Partnership. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases including, but not limited to, "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking information". This information represents predictions and actual events or results may differ materially.

Forward-looking information contained in this Offering Memorandum includes, but is not limited to, statements with respect to: the number of Common A LP Units that a Subscriber may purchase; use of proceeds of the Offering; the structure of the Partnership; the business to be conducted by the Partnership and Investco; the expected debt levels of the Partnership; long term and short term objectives; timing and payment of distributions; the Partnership's investment objectives and strategy; the entering into of reimbursement agreements by the Partnership similar to the Reimbursement Agreement; treatment under government regulatory regimes and tax laws; dissolution of the Partnership and the results of investments, the timing thereof and the methods of funding.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although the Partnership believes that the expectations reflected in the forward-looking information is reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. In addition to other factors and assumptions which may be identified in this Offering Memorandum, assumptions have been made regarding, among other things: use of proceeds of the Offering; benefits of the Acquisitions; the retention of securities dealers in connection with the Offering and payment of service fees to those securities dealers; the business to be conducted by the Partnership and Investco; the general stability of the economic and political environment in which the Partnership operates; the Partnership's investment objectives and investment strategies; timing and payment of distributions; treatment under governmental regulatory regimes and tax laws; the ability of the General Partner of the Partnership to obtain qualified staff, equipment and services in a timely and cost efficient manner; valuation of the Partnership's investments; the timing of dissolution of the Partnership; the possibility of substantial redemptions of Preferred Units of the Trust, and accordingly, Preferred Units of the LP; and currency, exchange and interest rates. In addition, the Partnership bases forward-looking information on assumptions about future events, which may not prove to be accurate. In light of these risks, uncertainties and assumptions, you should be aware that events described in the forward-looking information set out in this Offering Memorandum may not occur.

Forward-looking information is based on the current expectations, estimates and projections of the Partnership and involve a number of known and unknown risks and uncertainties which would cause actual results or events to differ materially from those presently anticipated, including those risks described under Item 8 - *Risk Factors*, many of which are beyond the control of Management. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward-looking information include, but are not limited to, general economic, political, market and business factors and conditions; interest rate fluctuations; statutory and regulatory developments; unexpected judicial or regulatory proceedings; catastrophic events; and other factors set out under Item 8 - *Risk Factors*. Readers are cautioned that Item 8 - *Risk Factors* is not exhaustive.

The Partnership has included the above summary of risks related to forward-looking information provided in this Offering Memorandum in order to provide Common A LP Unitholders with a more complete perspective on the Partnership's current and future operations and such information may not be appropriate for other purposes. The Partnership's actual results, performance or achievement could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Partnership will derive therefrom. This forward-looking information is given as of the date of this Offering Memorandum and Management disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Marketing Materials

Any "OM marketing materials" (as such term is defined in NI 45-106) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective purchaser before the termination of such distribution will be, and will be deemed to be, incorporated by reference into this Offering Memorandum, provided that any OM marketing materials to be incorporated by reference into this Offering Memorandum is not part of the Offering Memorandum to the extent that the contents of such OM marketing materials have been modified or superseded by a statement contained in an amended or amended and restated Offering Memorandum or OM marketing materials subsequently delivered or made reasonably available to a prospective purchaser prior to the execution of the subscription agreement by the purchaser.

Market and Industry Data

This Offering Memorandum and OM marketing materials incorporated by reference contains statistical data, market research and industry forecasts that were obtained from government or other industry publications and reports or are based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. While the Administrator believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Neither the Partnership nor the General Partner has independently verified any of the data from independent third party sources referred to in this Offering Memorandum or ascertained the underlying assumptions relied upon by such sources.

GLOSSARY OF TERMS

"**A&R**" means A&R Metal Industries Ltd.

"**Acquisitions**" means the acquisitions of Levy's, Metercor, A&R, a 70% equity interest in NWC a 70% equity interest in CCMET and a 80% equity interest in Nutter's by Investco completed on May 7, 2014, May 26, 2014, December 31, 2014, May 31, 2015, March 21, 2016 and November 21, 2016 respectively.

"**Administration Agreement**" means the administration agreement dated April 23, 2013, between the Administrator and the Trust, as amended, supplemented or amended and restated from time to time.

"**Administrator**" means Equicapita Income GP Ltd., a corporation incorporated under the laws of Alberta, and all successors and permitted assigns thereof.

"**affiliate**" of a person means any other person controlling, controlled by, or under common control with, such person.

"**Asset Value**" means, with respect to the Partnership on any particular valuation date, the market value on the valuation date of the Partnership Property as determined by the General Partner.

"**associate**" means, in relation to another person ("**Other Person**"): (a) a person of which the Other Person beneficially owns or controls, directly or indirectly, (1) voting securities of such person (or securities currently convertible into voting securities) carrying more than 10% of the voting rights attached to outstanding securities of the person, or (2) a currently exercisable option or right to purchase those voting securities or those convertible securities; (b) any person who is a partner of the Other Person; (c) any trust or estate in which the Other Person has a substantial beneficial interest; or (d) in the case where the Other Person is an individual, a relative of that individual if the relative has the same home as that individual, including (1) the spouse of that individual; or (2) a relative of that individual's spouse.

"**Business**" means the business of investing in a diversified portfolio of operating businesses, primarily located in western Canada that have, among other things, demonstrated an ability to generate sustainable cash flow. The Partnership will invest for the purpose of exercising, or seeking to exercise, control of businesses or assets or will, through the General Partner, participate actively in the management of the businesses or assets in which it invests. The Partnership will primarily make equity investments however, on a selective basis, the Partnership will utilize vendor financing. The Partnership may, but is not obliged to, make some or all of its investments through one or more intermediary vehicles, such as Investco.

"**business day**" means any day other than a Saturday, Sunday, a statutory holiday in the Province of Alberta or a day on which the principal chartered banks located at Calgary, Alberta are not generally open for the transaction of commercial business.

"**CCMET**" means Canadian Construction Materials Engineering & Testing Ltd.

"**Closing**" means a closing of the issue of Common A LP Units pursuant to the Offering contemplated by this Offering Memorandum.

"**Common A LP Unit**" means a common A unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"**Common A LP Unitholder**" means a person whose name appears on the register of the Partnership as a holder of Common A LP Units.

"**Common B LP Unit**" means a common B unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"**Common B LP Unitholder**" means a person whose name appears on the register of the Partnership as a holder of Common B LP Units.

"**Common LP Units**" means the Common A LP Units or Common B LP Units, as the case may be, and references in this Offering Memorandum to Common LP Units shall mean a reference to Common A LP Units and/or Common B LP Units, as the context so requires.

"**control**", and related terms including "**controlling**" and "**controlled**", shall mean the possession by or on behalf of a person, or group of persons acting jointly or in concert, of the following in respect of another person: (i) in the case where the other person is a corporation, the power to vote more than 50% of the securities having ordinary voting power for the election of directors of such corporation; (ii) in the case where the other person is a limited partnership, the power to control the general partner of the limited partnership; and (iii) in the case where the other person is other than a corporation or limited partnership, any of: (1) the power to exercise more than 50% of the voting rights in such person; or (2) the right to receive more than 50% of the distributions made by that person.

"**Counsel**" means Norton Rose Fulbright Canada LLP, counsel to the Partnership.

"**Credit Facilities**" means (i) the \$5,000,000 evergreen line of credit facility, established in favour of Investco, as amended from time to time; and (ii) the \$3,000,000 operating loan facility established in favour of Investco, as amended from time to time.

"Declaration of Trust" means the amended and restated declaration of trust dated August 25, 2015 among the Trustees, the Administrator, the settlor of the Trust and each person who is or becomes a unitholder of the Trust, as such Declaration of Trust has been and may hereafter be amended from time to time.

"Distributable Cash" for, or in respect of, a Distribution Period shall be equal to (without duplication):

- (a) all cash or cash equivalents which are received by the Partnership for, or in respect of, such Distribution Period, including amounts on account of interest, income, dividends, returns of capital, amounts paid on debt held by the Partnership, capital gains, and such other amounts as may be determined from time to time by the General Partner to be included in "Distributable Cash" (which may include amounts taken, in the discretion of the General Partner, out of the Partnership's reserves as well as amounts from the proceeds of any debt or equity financing by the Partnership);

less the sum of:

- (b) all amounts paid on account of expenses and liabilities for, or in respect of, such Distribution Period as well as an amount for all expenses and liabilities of the Partnership which, in the opinion of the General Partner, may reasonably be considered to have accrued and become owing in respect of, or which relate to, such Distribution Period or a prior Distribution Period if not accrued in such prior period including, without limitation, any accrued liability in respect of undeclared and accumulated distributions on the Preferred Units of the LP;
- (c) all amounts which relate to the repayment, during the Distribution Period, of any amount (principal or interest) in respect of any indebtedness of the Partnership;
- (d) all cash amounts used during such Distribution Period for or in connection with loans, advances, investments or other acquisitions of assets by the Partnership;
- (e) the aggregate amount of all cash amounts used, or to be used, in respect of the redemption or repurchase of Preferred Units of the LP called for redemption or repurchase;
- (f) any amount, in addition to those amounts set forth (b) to (d) above (inclusive), which the General Partner may reasonably consider to be necessary to provide for (i) the payment of any liabilities which have been or will be incurred by the Partnership to the extent that such liabilities have not otherwise been taken into account in determining the Distributable Cash hereunder, or (ii) for pursuing any purpose or activity of the Partnership; and
- (g) an amount, as determined in the discretion of the General Partner, for reasonable reserves (or increases thereto) to be maintained in connection with the prudent operation of the Business of the Partnership.

"Distribution Amount" means, in respect of any Distribution Period, the portion of Distributable Cash declared payable by the General Partner to Unitholders of record as at the close of business on the Distribution Record Date for such Distribution Period.

"Distribution Payment Date" means, unless otherwise determined in the discretion of the General Partner, the 45th day which immediately follows a Distribution Period; and also refers to such other dates as may be hereafter determined from time to time by the General Partner.

"Distribution Period" means each three month period ending March 31, June 30, September 30 and December 31 in each calendar year, or such other periods as may be hereafter determined from time to time by the General Partner.

"Distribution Record Date" means the last business day in each Distribution Period or such other date as may be determined from time to time by the General Partner.

"Fiscal Year" means the fiscal year end of the Partnership for tax and financial reporting purposes, being December 31 in each calendar year or such other date as the General Partner may determine from time to time.

"General Partner" means Equicapita Income GP Ltd., or if it ceases to be the general partner of Equicapita Income L.P., any successor general partner appointed in the manner provided in the LP Agreement; and, as the context requires, reference in this Offering Memorandum to "General Partner" shall also be construed to mean any other general partner of a limited partnership(s) which is affiliated with Equicapita Income L.P.

"Income Tax Act" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time.

"Investco" means Equicapita Investment Corp., a subsidiary of the Partnership.

"Levy's" means Levy's Machine Works Ltd.

"Limited Partners" means holders of Preferred Units of the LP or Common LP Units whose names and other prescribed information appear on the record of limited partners of the Partnership pursuant to the Partnership Act.

"LP Agreement" means the amended and restated limited partnership agreement governing the Partnership dated August 25, 2015 among the General Partner, as general partner, the Trust, and such other persons who become Limited Partners in accordance with the terms of such agreement, as the same may be amended, supplemented or amended and restated from time to time; and, as the context requires, reference in this Offering Memorandum to "LP Agreement" shall also be construed to mean and include any other limited partnership agreement under which a limited partnership, affiliated with the Partnership, is formed, the terms of which will be substantially similar to above referenced limited partnership agreement under which the Partnership was formed.

"Management" means the General Partner and its directors and officers.

"Metercor" means Metercor Inc.

"NI 45-106" means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

"Nutter's" means Nutter's Bulk & Natural Foods Ltd.

"NWC" means North West Crane Enterprises Ltd.

"Offered Trust Units" means the Preferred C Trust Units offered pursuant to an offering memorandum of the Trust dated May 11, 2017.

"Offering" means the offering and distribution of Common A LP Units, as contemplated pursuant to this Offering Memorandum or such other later dated offering memorandum as may be distributed by the Partnership in respect of the offering of its Common A LP Units.

"Offering Memorandum" means this offering memorandum of the Partnership dated May 11, 2017 as the same may be amended or amended and restated from time to time.

"Partnership" means the limited partnership formed under the laws of the Province of Alberta pursuant to the LP Agreement and which is known as "Equicapita Income L.P." and, as the context requires, reference in this Offering Memorandum to "Partnership" shall also be construed to mean and include any other limited partnership(s) which are affiliated with Equicapita Income L.P., each of which will be formed under a limited partnership agreement which is substantially similar to the LP Agreement under which Equicapita Income L.P. was formed.

"Partnership Act" means the *Partnership Act* (Alberta) as amended and in force from time to time.

"Partnership Debt" means (i) all indebtedness of the Partnership for borrowed money, including borrowings of commodities, bankers' acceptances, letters of credit or letters of guarantee, (ii) all current liabilities of the Partnership evidenced by a note, bond, debenture or other evidence of debt, (iii) all obligations under leases that have been or should be, in accordance with applicable accounting rules, recorded as capital leases in respect of which such the Partnership is liable as lessee; and (iv) all obligations guaranteed by the Partnership, but shall not include (i) the Preferred Units of the LP; and (ii) deferred purchase price liabilities or obligations, earnouts, contingency payments, installment payments, seller notes, promissory notes, or similar liabilities and obligations, in each case, related to acquisitions by the Partnership in conducting the Business.

"Partnership Property", at any time, means all of the money, properties, securities and other assets of any nature or kind whatsoever as are, at such time, held by the Partnership or by the General Partner on behalf of the Partnership, and any reference to **"property of the Partnership"** or **"assets of the Partnership"** includes, in each case, the Partnership Property.

"person" includes an individual, corporation, limited partnership, general partnership, joint stock company, limited liability company, joint venture, society, syndicate, association, company, trust, bank, trust company, pension fund, labour union, business trust and other organization, whether or not a legal entity, and government and agency or political subdivision thereof.

"Portfolio Companies" means the businesses acquired by the Partnership, which includes the businesses acquired pursuant to the Acquisitions, being Levy's, Metercor, A&R, NWC, CCMET and Nutter's.

"Preferred A1 LP Unit" means a preferred A1 unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred B LP Unit" means a preferred B unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred B LP Unit, Series 2" means a preferred B unit, series 2 of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred B1 LP Unit" means a preferred B1 unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred B1 LP Unit, Series 2" means a preferred B1 unit, series 2 of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred B Trust Unit" means a preferred B unit of beneficial interest in the Trust issued from time to time in accordance with the Declaration of Trust and having the rights, privileges, restrictions and conditions set out in the Declaration of Trust.

"Preferred B Trust Unit, Series 2" means a preferred B unit, series 2 of beneficial interest in the Trust issued from time to time in accordance with the Declaration of Trust and having the rights, privileges, restrictions and conditions set out in the Declaration of Trust.

"Preferred C LP Unit" means a preferred C unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred C LP Unit, Series 2" means a preferred C unit, series 2 of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred C1 LP Unit" means a preferred C1 unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred C1 LP Unit, Series 2" means a preferred C1 unit, series 2 of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred C Trust Unit" means a preferred C unit of beneficial interest in the Trust issued from time to time in accordance with the Declaration of Trust and having the rights, privileges, restrictions and conditions set out in the Declaration of Trust.

"Preferred C Trust Unit, Series 2" means a preferred C unit, series 2 of beneficial interest in the Trust issued from time to time in accordance with the Declaration of Trust and having the rights, privileges,, restrictions and conditions set out in the Declaration of Trust.

"Preferred D LP Unit" means a preferred D unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred D1 LP Unit" means a preferred D1 unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred D Trust Unit" means a preferred D unit of beneficial interest in the Trust issued from time to time in accordance with the Declaration of Trust and having the rights, privileges, restrictions and conditions set out in the Declaration of Trust.

"Preferred E LP Unit" means a preferred E unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred E1 LP Unit" means a preferred E1 unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred E Trust Unit" means a preferred E unit of beneficial interest in the Trust issued from time to time in accordance with the Declaration of Trust and having the rights, privileges, restrictions and conditions set out in the Declaration of Trust.

"Preferred LP Unit" means a preferred unit of beneficial interest in the Partnership issued from time to time in accordance with the LP Agreement and having the rights, privileges, restrictions and conditions set out in the LP Agreement.

"Preferred LP Unitholder" means a person whose name appears on the register of the Partnership as a holder of Preferred Units of the LP.

"Preferred Trust Unit" means a preferred unit of beneficial interest in the Trust issued from time to time in accordance with the Declaration of Trust and having the rights, privileges, restrictions and conditions set out in the Declaration of Trust.

"Preferred Trust Unitholder" means a person whose name appears on the register of the Trust as a holder of Preferred Units of the Trust.

"Preferred Units of the LP" means, collectively, the Preferred LP Units, the Preferred A1 LP Units, the Preferred B LP Units, the Preferred B LP Units, Series 2, the Preferred B1 LP Units, the Preferred B1 LP Units, Series 2, the Preferred C LP Units, the Preferred C LP Units, Series 2, the Preferred C1 LP Units, the Preferred C1 LP Units, Series 2, the Preferred D LP Units, the Preferred D1 LP Units, the Preferred E LP Units and the Preferred E1 LP Units (including, for greater certainty, any series of the foregoing) and any other classes or series of LP Units created by the General Partner and designated as a "Preferred Unit of the LP".

"Preferred Units of the Trust" means, collectively, the Preferred Trust Units, the Preferred B Trust Units, the Preferred B Trust Units, Series 2, the Preferred C Trust Units, the Preferred C Trust Units, Series 2, the Preferred D Trust Units and the Preferred E Trust Units (including, for greater certainty, any series of the foregoing) and any other class or series of Units created by the Trustees and designated as "Preferred Units of the Trust".

"Proportionate Interest" means:

- (a) with respect to any exercise of tag-along rights by a Unitholder in respect of Common A LP Units or Common B LP Units, as applicable, the number of Common A LP Units or Common B LP Units of such Unitholder for which the Unitholder may exercise its tag-along rights; and
- (b) with respect to any exercise of drag-along rights against a Unitholder in respect of Common A LP Units or Common B LP Units, as applicable, the number of Common A LP Units or Common B LP Units of such Unitholder for which the Common B Selling Group may exercise its drag-along rights,

which number shall be determined by multiplying the number of Common A LP Units or Common B LP Units, as applicable, then held by the Unitholder by a fraction, (A) the numerator of which is the total number of Common B LP Units proposed to be transferred, and (B) the denominator of which is the total number of Common B LP Units then held by the Common B Selling Group.

"Proposed Amendments" means all specific proposals to amend the Income Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

"Redemption Notes" means, with respect to a redemption of Preferred Units of the LP as provided herein, promissory notes issued in series, or otherwise, by the Partnership, which may be issued pursuant to a note indenture or otherwise, and issued to redeeming Preferred LP Unitholders in principal amounts equal to all or a portion of the redemption price of each of the Preferred Units of the LP to be redeemed and having the following terms and conditions:

- (a) unsecured and bearing interest from and including the issue date of each such note at a market rate determined by the General Partner at the time of issuance, based on the advice of an independent financial advisor, with such interest payable only at the maturity date of the note (with interest after as well as before maturity, default and judgment at such rate);
- (b) subordinated and postponed to (1) all Senior Indebtedness (and which for greater certainty may be subject to specific subordination and postponement agreements to be entered into with holders of such Senior Indebtedness) and (2) all payments and other obligations owed by the Partnership in respect of the Preferred Units of the LP, including distribution entitlements and amounts payable on liquidation, dissolution or winding up of the Partnership;
- (c) except as otherwise set forth herein, due and payable prior to the first anniversary of the date of issuance, subject to earlier prepayment without premium or penalty; and
- (d) subject to such other customary terms and conditions as would be included in a note indenture for short-term promissory notes of this kind, as may be approved by the General Partner.

"Reimbursement Agreement" means the amended and restated reimbursement agreement, effective May 2, 2014, between the Trust, the Partnership, the General Partner and Investco, as amended, supplemented or amended and restated from time to time.

"Senior Indebtedness" shall mean, at any time, all indebtedness, liabilities and obligations of the Partnership which, by the terms of the instrument creating or evidencing the same, is not expressed to rank in right of payment in subordination to or *pari passu* with the indebtedness evidenced by the Redemption Notes or any of them.

"SME" means small or medium sized enterprise.

"Special Resolution" means:

- (a) a resolution passed by more than 66⅔% of the votes cast by those Unitholders who were entitled to vote and did vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution; or
- (b) a resolution approved in writing, in one or more counterparts, by Unitholders carrying more than 66⅔% of the votes represented by those Units entitled to be voted on such resolution.

"Subscriber" means a subscriber for Common A LP Units under this Offering Memorandum.

"Tied Unit" means a combination of Common A LP Units being offered under this Offering Memorandum and Offered Trust Units offered concurrently pursuant to the offering memorandum of the Trust.

"Trust" means Equicapita Income Trust, formed and governed pursuant to the Declaration of Trust.

"Trustee" means at any time, a person who is, in accordance with the provisions of the Declaration of Trust, a trustee of the Trust at that time, and **"Trustees"** means all of them collectively, who are currently Stephen Johnston, Michael Cook, and Greg Tooth.

"Unitholder" means a person whose name appears on the register of the Partnership as a holder of one or more Units, and such holders are collectively called **"Unitholders"**.

"Units" means Common A LP Units, Common B LP Units and/or Preferred Units of the LP, as the context so requires; and **"Unit"** means a Common A LP Unit, a Common B LP Unit and/or a Preferred Unit of the LP, as the context so requires.

In this Offering Memorandum, references to "dollars" and \$ are to the currency of Canada, unless otherwise indicated.

SUMMARY OF THIS OFFERING MEMORANDUM

The following is a summary of the principle features of this Offering Memorandum and should be read together with the more detailed information contained elsewhere in this Offering Memorandum.

Investment Objective: The Partnership is in the business (the "**Business**") of investing in a diversified portfolio of operating businesses, primarily located in western Canada that have, among other things, demonstrated an ability to generate sustainable cash flow.

Other than the Portfolio Companies, the Partnership is a blind pool and hence this Offering is a blind pool, meaning that future businesses to be acquired by the Partnership have not yet been identified.

To date, the Partnership has indirectly acquired interests in six active businesses, being Levy's Machine Works Ltd. ("**Levy's**"), Metercor Inc. ("**Metercor**"), A&R Metal Industries Ltd. ("**A&R**"), a 70% equity interest in North West Crane Enterprises Ltd. ("**NWC**"), a 70% equity interest in Canadian Construction Materials Engineering & Testing Ltd. ("**CCMET**") and a 80% equity interest in Nutter's Bulk & Natural Foods Ltd. ("**Nutter's**") as described below. The Partnership will continue to invest for the purpose of exercising, or seeking to exercise, control of businesses or assets or will, through the General Partner, participate actively in the management of the businesses or assets in which it invests. The Partnership will primarily make equity investments however, on a selective basis, the Partnership will utilize vendor financing. The Partnership may, but is not obliged to, make some or all of its investments through one or more intermediary vehicles, such as Investco. See Item 2 - *Business of the Partnership*.

Investment Criteria: The Partnership is not focused on one specific industry. The Partnership believes that there will be significant opportunities to make accretive acquisitions based on its investment criteria that will generally include the following:

- businesses with a durable competitive advantage and a track record of generating sustainable cash flow;
- EBITDA of greater than \$1 million;
- stable operating margins;
- modest capital intensity;
- consistent sales;
- strong customer relationships;
- ability to buy up to 100% of equity; and
- incumbent management will accept performance-linked compensation.

Portfolio Companies: The Portfolio Companies held by Investco as at the date hereof include Levy's, Metercor, A&R, NWC, CCMET and Nutter's.



Levy's is a custom design and specialty manufacturing company that services customers in the energy, electronics, medical, agriculture, aviation and instrumentation sectors.



Metercor is a utility meter solutions provider focusing on water and natural gas.



A&R is a manufacturer of high quality metal parts and manufactures accessories and specialty parts with trucking, automotive, commercial and agricultural applications.



NWC is a supplier of truck cranes, boom trucks/picker trucks and related services to clients in the oil and gas, pipeline, utilities, forestry and general construction sectors.



CCMET is provider of materials testing, materials engineering, geotechnical engineering, concrete restoration, environmental engineering and total quality management.



Nutter's is a retailer, franchisor and packager of vitamins, minerals, and natural, gluten free, and bulk foods located throughout Western Canada.

See Item 2.2.3 - *Portfolio Companies*.

Acquisitions:

On May 7, 2014, Investco indirectly acquired all of the outstanding shares of Levy's for aggregate consideration of \$6,222,406, comprised of cash and Preferred Trust Units.

On May 26, 2014, Investco indirectly acquired all of the outstanding shares of Metercor for aggregate consideration of \$7,210,687, comprised of cash and Preferred Trust Units.

On December 31, 2014, Investco indirectly acquired all of the shares of A&R for total potential consideration of \$11,127,636, comprised of cash and Preferred Trust Units.

On May 31, 2015, Investco indirectly acquired 70% of the shares of NWC for total potential consideration of \$16,312,804, comprised of cash and Preferred Trust Units.

On March 21, 2016, Investco indirectly acquired a 70% equity interest in CCMET for total consideration of \$26,979,262, comprised of cash and Preferred B Trust Units.

On November 21, 2016, Investco indirectly acquired a 80% equity interest in Nutter's for total consideration of \$11,160,800 (subject to final closing adjustments), comprised of cash and Preferred C Trust Units.

**Proposed Closing
Date(s):**

Closings will occur from time to time at the discretion of the General Partner.

**Income Tax
Consequences:**

There are important tax consequences to these securities. Potential investors should consult their own tax advisors in respect to an investment in Common A LP Units. See Item 6 - *Certain Income Tax Consequences*.

Selling Agent:

The Partnership will retain several non-exclusive securities dealers to effect sales of Common A LP Units. Where allowed by applicable securities legislation, the Partnership intends to pay a selling commission of up to 8% of the gross proceeds realized on the sale of Common A LP Units under this Offering. In addition to the foregoing, the Partnership may pay an administration fee to such securities dealers of up to 1% of the gross proceeds realized on the sale of Common A LP Units under this Offering.

See Item 7 - *Compensation Paid to Sellers and Finders*.

Conflicts of Interest:

The interests of Management may from time to time be in conflict with the activities of the Partnership. Such conflicts are expressly permitted by the terms of the LP Agreement. See Item 8 - *Risk Factors - Issuer Risk - Conflicts of Interest of Management*.

The Units:

The Offering consists of Common A LP Units, which are being issued as part of a Tied Unit. Tied Units are made up of a combination of Common A LP Units and Offered Trust Units which are being offered concurrently by the Trust pursuant to an offering memorandum dated May 11, 2017.

For every 10 Preferred Units of the Trust issued by the Trust, the Partnership will issue 10 Common LP Units in a combination of Common A LP Units and Common B LP Units. The ratio of Common A LP Units to Common B LP Units will be determined from time to time by the General Partner in its sole discretion. The Common A LP Units will form part of the Tied Unit and be available to the Subscriber for purchase for a nominal value and the Common B LP Units will be issued to J2 Holdings Ltd., Lexbury Holdings Ltd. and Tooth Holdings Ltd. in the amounts determined by them. While the ratio of Common A LP Units to Common B LP Units issued is at the sole discretion of the General Partner, an equal number of Common LP Units and Preferred Units of the Trust will be issued. The ratio of Common A LP Units to Common B LP Units is subject to change and it is expected that the amount of Common A LP Units available for purchase relative to Common B LP Units will go down as the Offering progresses. The General Partner will not accept a subscription agreement for Common A LP Units without the concurrent purchase of the applicable number of Offered Trust Units. See Item 2.1 - *Structure* and Item 5.1 - *Terms of Securities*.

Distributions:

Unitholders shall be entitled to receive non-cumulative distributions if, as and when declared by the General Partner.

The General Partner, in respect of any Distribution Period, may in its discretion declare payable to Unitholders of record as at the close of business on the Distribution Record Date for such Distribution Period, all or any part of the Distributable Cash for such Distribution Period. (such aggregate amount as so declared being herein referred to as the "**Distribution Amount**").

All distributions of the Distribution Amount shall be made in accordance with the following order of priority and, in all cases, without duplication:

- (a) First, the Distribution Amount shall be distributed to:
 - (i) the holders of Preferred LP Units and Preferred A1 LP Units, a fixed distribution at the rate of \$0.10 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (ii) the holders of Preferred B LP Units and Preferred B1 LP Units, a fixed distribution at the rate of \$0.09 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (iii) the holders of Preferred C LP Units and Preferred C1 LP Units, a fixed distribution at the rate of \$0.08 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (iv) the holders of Preferred D LP Units and Preferred D1 LP Units, a fixed distribution at the rate of \$0.07 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (v) the holders of Preferred E LP Units and Preferred E1 LP Units, a fixed distribution at the rate of \$0.06 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;

to be distributed rateably among the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units,

pari passu, without preference or priority. In the event that a Preferred Unit of the LP was not issued and outstanding on each day within such Distribution Period then the Distribution Amount in respect of such Preferred Unit of the LP shall be adjusted to be the product obtained when the Distribution Amount in respect of such Preferred Unit of the LP is multiplied by the quotient obtained when (i) the number of days in the Distribution Period during which such Preferred Unit of the LP was issued and outstanding, is divided by (ii) the total number of days in the Distribution Period, and such amount shall be payable as the distribution in respect of such Preferred Unit of the LP. Such adjustment calculation shall be made in respect of each Preferred Unit of the LP which was not issued and outstanding on each day within the Distribution Period; and

- (b) second, the remaining Distribution Amount shall be distributed to the holders of Common LP Units. Each Common LP Unit issued and outstanding on the Distribution Record Date for a particular Distribution Period shall be entitled to an equal proportionate share of the remaining Distribution Amount, which share shall be determined by dividing the remaining Distribution Amount by the number of Common LP Units issued and outstanding as of the Distribution Record Date.

If the Distribution Amount is insufficient to permit the payment in full to the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units of all amounts to be distributed to them, then the Distribution Amount available for such distribution is to be distributed rateably among the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units, *pari passu*, without preference or priority, in proportion to the full distribution amount each such holder is otherwise entitled to receive.

The distributions per Unit payable to Unitholders in respect of a Distribution Period shall be paid in cash on or before the Distribution Payment Date which immediately follows a Distribution Record Date attributable to such Distribution Period, provided that if the Distribution Record Date is on or after October 1 in any calendar year then the distributions payable to Unitholders in respect of such distributions for the Distribution Period pertaining to such Distribution Record Date shall be due and payable as of 5:00 p.m. (Calgary time) on December 31 in such year and shall be paid forthwith.

See Item 2.7.1 - *LP Agreement - Distribution Policy* and Item 5.1 - *Terms of Securities - Distributions*.

Redemptions: A Common A LP Unitholder does not have any redemption rights under the LP Agreement. See Item 2.7.1 - *LP Agreement - Attributes of the LP Units - Rights of Redemption* and Item 5.1 - *Terms of Securities*.

Term of the Partnership: The Partnership will exist until it is dissolved in accordance with the LP Agreement. See Item 2.7.1 - *LP Agreement*.

Concurrent and Subsequent Offerings Concurrent with or subsequent to this Offering of Common A LP Units, which are being sold as part of Tied Units, the Partnership may also offer to the public additional Common A LP Units, Preferred LP Units, Preferred B LP Units, Preferred B LP Units, Series 2, Preferred C LP Units, Preferred C LP Units, Series 2, Preferred D LP Units and Preferred E LP Units, including, for greater certainty, any series of the foregoing. The Preferred A1 LP Units, the Preferred B1 LP Units, the Preferred B1 LP Units, Series 2, the Preferred C1 LP Units, the Preferred C1 LP Units, Series 2, the Preferred D1 LP Units and the Preferred E1 LP Units including, for greater certainty, any series of the foregoing, will only be offered to the Trust.

Tied Units are made up of a combination of Common A LP Units; and Offered Trust Units which are being offered concurrently by the Trust pursuant to an offering memorandum dated May 11, 2017. The Trust may offer Preferred Trust Units, Preferred B Trust Units, Preferred B Trust Units, Series 2, Preferred C Trust Units, Series 2, Preferred D Trust Units, Preferred E Trust Units and additional Preferred C Trust Units, including, for greater certainty, any other series of the foregoing.

In the past, the Partnership has offered Preferred LP Units at a price of \$0.95 per Preferred LP Unit, with a reduced commission rate of 5% per unit, which was reimbursed by Investco pursuant to the Reimbursement Agreement. The Partnership may in the future offer Preferred Units of the LP at discounted prices.

Risk Factors:

It is strongly recommended that each Subscriber, in order to assess tax, legal and other aspects of an investment in Common A LP Units, obtain independent advice with respect to the Offering and this Offering Memorandum. An investment in the Common A LP Units is subject to significant risk from, among other things, changing economic and market conditions. Following is a list of some of the most significant risk factors:

This is a speculative offering. An investment in Common A LP Units is appropriate only for Subscribers who have the capacity to absorb a total loss of their investment. Subscribers who are not willing to rely on the sole and exclusive discretion and judgment of Management should not subscribe for Common A LP Units.

There is no market for Common A LP Units and the transfer of Common A LP Units is significantly limited and in some circumstances prohibited. An investment in the Common A LP Units should only be considered by those Subscribers who are able to make and bear the economic risk of a long term investment and the possible total loss of their investment.

An investment in Common A LP Units should only be made after consultation with independent qualified sources of investment and tax advice. An investment in the Partnership is speculative and involves a high degree of risk and is not intended as a complete investment program.

There is a risk that an investment in the Partnership will be lost entirely. Only investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider the purchase of the Common A LP Units. See Item 8 - Risk Factors.

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Funds

The net proceeds of the Offering and the total funds that are anticipated to be available to the Partnership immediately following the Closing are as follows:

		Assuming \$30,000 Offering ⁽¹⁾
A	Amount to be raised by this Offering	\$30,000
B	Selling commissions and fees ⁽²⁾⁽³⁾⁽⁴⁾	(\$2,700)
C	Estimated Offering costs (e.g. legal, accounting, etc.) ⁽²⁾⁽³⁾⁽⁴⁾	(\$100)
D	Available Funds: $D = A - (B+C)$ ⁽⁵⁾	\$27,200
E	Additional Sources of Funding Required	\$0
F	Working Capital Deficiency	\$0
G	Total: $G = (D+E) - F$ ⁽⁵⁾	\$27,200

Notes:

- (1) There is no minimum or maximum amount of funds to be raised pursuant to the Offering. Assuming an offering of \$30,000,000 by the Trust pursuant to its concurrent offering of Offered Trust Units, 30,000,000 Common LP Units will be issued by the Partnership for gross proceeds of \$30,000. The ratio of Common A LP Units to Common B LP Units to be issued will be determined from time to time by the General Partner in its sole discretion.
- (2) The Partnership will pay securities dealers a commission of up to 8% of the gross proceeds realized on the sale of Common LP Units for soliciting subscriptions for Common LP Units. In addition to the foregoing, the Partnership may also pay securities dealers an administration fee of up to 1% of the gross proceeds realized on the sale of Common LP Units. Such commissions and administration fees will be paid irrespective of whether the Common LP Units sold are Common A LP Units or Common B LP Units. The ratio of Common A LP Units to Common B LP Units to be issued will be determined from time to time by the General Partner in its sole discretion. Assuming a \$30,000 Offering and that the Partnership pays the maximum commissions of 8% and an administration fee of 1% of the gross proceeds realized on the sale of the Common LP Units, the Partnership will incur commission payments of \$2,400, administration fee payments of \$300 and offering costs of \$100. See Item 7 - *Compensation Paid to Sellers and Finders*.
- (3) The Partnership may, from time to time, enter into agreements with third parties to provide marketing, administration and related services in connection with the Offering on such terms and conditions as may be deemed advisable by the General Partner. The above table does not assume any fees payable in connection with such arrangements.
- (4) Investco has agreed to reimburse the Partnership and the General Partner for, or pay directly, all costs and expenses to be incurred by the Partnership in connection with the Offering for funds invested in Investco. See Item 2.7.2 - *Reimbursement Agreement*. The Trust and the Partnership is expected to enter into similar agreements with other entities through which the Partnership invests in the Business, if not Investco.
- (5) The Partnership intends to invest the gross proceeds of \$30,000 it receives from the Offering in the Business. The net proceeds that will be available for investment in the Business following the Offering, after payment of the selling commissions, administration fees and offering costs by Investco, will be \$26,900 assuming a \$30,000 Offering.

1.2 Use of Available Funds

Description of intended use of available funds listed in order of priority	Assuming \$30,000 Offering ⁽¹⁾
The Partnership and Investco will invest the gross proceeds it receives from the Offering in the Business. See Item 2.2 - <i>Our Business</i> . ⁽²⁾	\$27,200

Notes:

- (1) There is no minimum or maximum amount of funds to be raised pursuant to the Offering.
- (2) Assuming a \$30,000 Offering, the Partnership anticipates incurring \$2,400 in commission payments, \$300 in administration fee payments and \$100 in offering costs assuming a \$30,000 Offering, which amounts shall be reimbursed by Investco. See Item 7 - *Compensation Paid to Sellers and Finders* and Item 2.7.2 - *Reimbursement Agreement*.

Investco has agreed to reimburse the Partnership and the General Partner for, or pay directly, all costs and expenses to be incurred by the Partnership in connection with the Offering for funds invested in Investco. See Item 2.7.2 - *Reimbursement Agreement*. The Trust and the Partnership is expected to enter into similar agreements with other entities through which the Partnership invests in the Business, if not Investco.

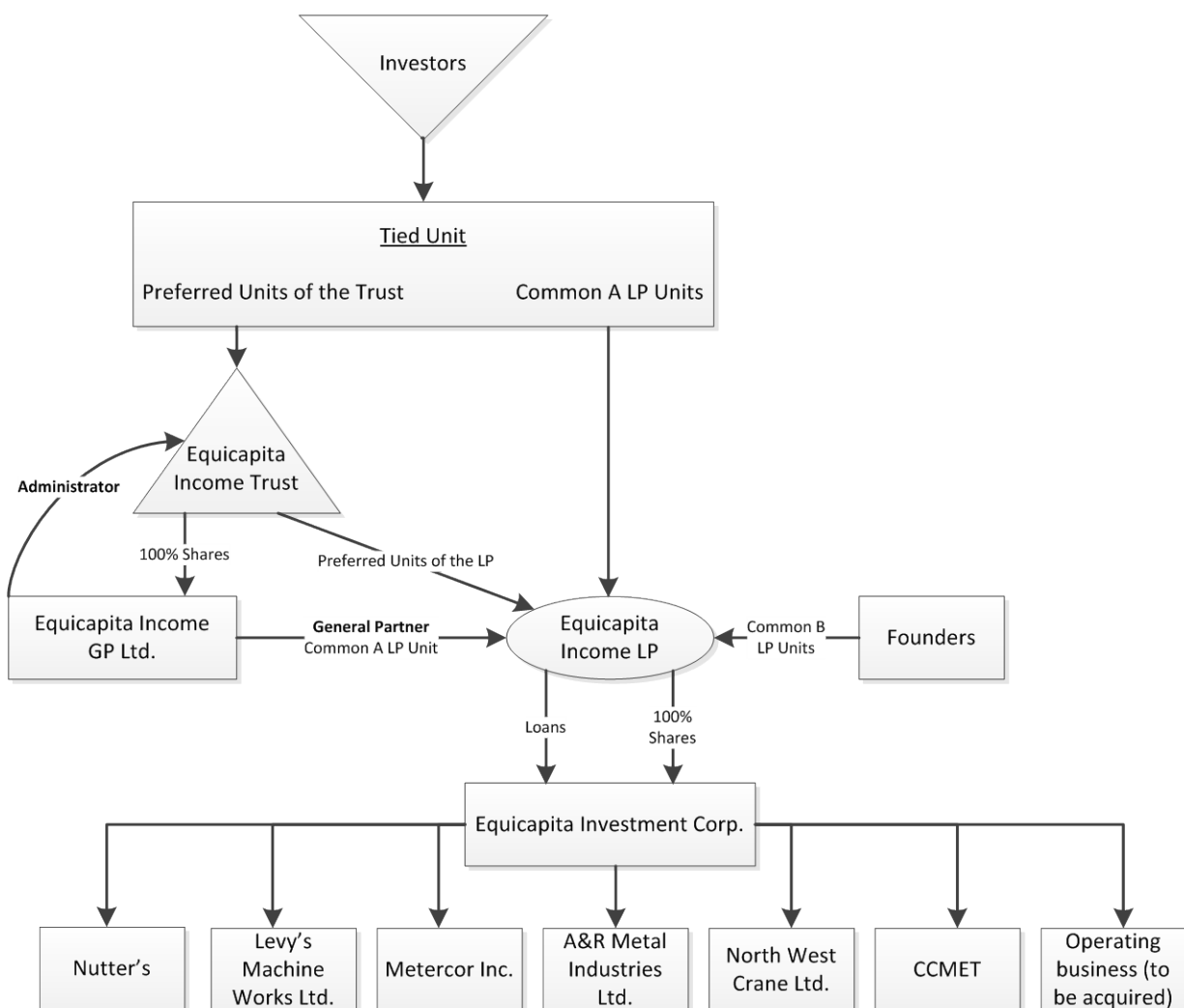
1.3 Reallocation

The Partnership intends to utilize the available funds (net proceeds) as stated above, and the Partnership will reallocate funds only for sound business reasons as determined at the sole discretion of the General Partner.

ITEM 2 - BUSINESS OF THE PARTNERSHIP

2.1 Structure

The following diagram sets out the relationship between the Trust, the Partnership and Investco.



The Offering consists of Common A LP Units which are being issued as part of a Tied Unit. Tied Units are made up of a combination of Common A LP Units and Offered Trust Units which are being offered concurrently by the Trust pursuant to an offering memorandum dated May 11, 2017. For every 10 Preferred Units of the Trust issued by the Trust, the Partnership will issue 10 Common LP Units in a combination of Common A LP Units and Common B LP Units. The ratio of Common A LP Units to Common B LP Units will be determined from time to time by the General Partner in its sole discretion. The Common A LP Units will form part of the Tied Unit and be available to the Subscriber for purchase for a nominal value and the Common B LP Units will be issued to J2 Holdings Ltd., Lexbury Holdings Ltd. and Tooth Holdings Ltd. in the amounts determined by them. While the ratio of Common A LP Units to Common B LP Units issued is at the sole discretion of the General Partner, an equal number of Common LP Units and Preferred Units of the Trust will be issued. The ratio of Common A LP Units to Common B LP Units is subject to change and it is expected that the amount of Common A LP Units available for purchase relative to Common B LP Units will go down as the Offering progresses. The General Partner will not accept a subscription agreement for Common A LP Units without the concurrent purchase of the applicable number of Offered Trust Units. See Item 5.1 - *Terms of Securities*.

2.1.1 The Trust

The Trust is an unincorporated open ended trust, governed by the laws of the Province of Alberta and Canada applicable thereto. The Trust was created on April 23, 2013, pursuant to the Declaration of Trust. Although it is intended that the Trust qualify as a "mutual fund trust" pursuant to the Income Tax Act, the Trust will not be a "mutual fund" under applicable securities laws. The head office of the Trust is located at #2210, 8561 – 8A Avenue SW, Calgary, Alberta T3H 0V5.

2.1.2 The Trustees

Stephen Johnston, Michael Cook, and Greg Tooth are the Trustees of the Trust. The Trustees are responsible for the management and control of the business and affairs of the Trust on a day to day basis in accordance with the terms of the Declaration of Trust. However, the Trustees, on behalf of the Trust, have retained the Administrator to carry out the duties of the Trustees under the Declaration of Trust and have delegated to the Administrator the power and authority to manage and direct the day to day business, operations and affairs of the Trust.

2.1.3 The Administrator

The Administrator, Equicapita Income GP Ltd., was incorporated on April 22, 2013, under the laws of the Province of Alberta and will manage, along with the Trustees, the affairs of the Trust.

The Administrator will provide and perform certain administrative, management and governance services as may be required or advisable from time to time in order to administer, manage and govern the operations of the Trust pursuant to the terms of the Declaration of Trust and the Administration Agreement. The Trustees are not at arm's length to the Administrator. The directors and officers of the Administrator are Stephen Johnston, Michael Cook, and Greg Tooth, who are also the Trustees. The Administrator is also the General Partner.

The head office of the Administrator is located at #2210, 8561 – 8A Avenue SW, Calgary, Alberta T3H 0V5.

2.1.4 The Partnership

The Partnership was formed in the Province of Alberta on April 23, 2013 pursuant to the Partnership Act, by the filing of the certificate of limited partnership in accordance with the Partnership Act.

The Partnership is in the Business of investing in a diversified portfolio of operating businesses, primarily located in western Canada that have, among other things, demonstrated an ability to generate sustainable cash flow.

To date, the Partnership has indirectly acquired interests in six active businesses, being Levy's, Metercor, A&R, NWC, CCMET and Nutter's. See Item 2.2.3 - *Portfolio Companies*. The Partnership will continue to invest for the purpose of exercising, or seeking to exercise, control of businesses or assets or will, through the General Partner, participate actively in the management of the businesses or assets in which it invests. The Partnership will primarily make equity investments however, on a selective basis, the Partnership will utilize vendor financing. The Partnership may, but is not obliged to, make some or all of its investments through one or more intermediary vehicles, such as Investco.

The head office of the Partnership is located at #2210, 8561 – 8A Avenue SW, Calgary, Alberta T3H 0V5.

The rights and obligations of the Limited Partners are governed by the terms of the LP Agreement. See Item 2.7.1 - *LP Agreement* for a description of certain terms of the LP Agreement.

2.1.5 The General Partner

Equicapita Income GP Ltd., the General Partner, was incorporated on April 22, 2013, under the laws of the Province of Alberta and is the general partner of the Partnership. The General Partner will control and have responsibility for the business of the Partnership, to bind the Partnership and to admit Limited Partners and do or cause to be done, in a prudent and reasonable manner, any and all acts necessary, appropriate or incidental to the business of the Partnership. The General Partner has exclusive authority to manage and control the activities of the Partnership and is liable by law, as a general partner, for the debts of the Partnership. The directors and officers of the General Partner are Stephen Johnston, Michael Cook, and Greg Tooth. The General Partner is also the Administrator.

The head office of the General Partner is located at #2210, 8561 – 8A Avenue SW, Calgary, Alberta T3H 0V5.

2.1.6 Investco

Equicapita Investment Corp. was incorporated on May 2, 2014, under the laws of the Province of Alberta and is a subsidiary of the Partnership. The business of the Partnership is expected to be conducted through Investco. Investco indirectly holds the Portfolio Companies and is expected to hold and have responsibility for all of the assets of the Business. The Partnership may acquire and hold shares, debt or other securities of Investco from time to time, and Investco may, from time to time, issue securities to additional investors. If the Partnership makes all of its investment in the Business through Investco, the ability of the Partnership to make cash distributions on Units would be principally dependent upon the Partnership receiving payments from Investco pursuant to the securities of Investco acquired by the Partnership. If the Partnership does not receive payment from Investco pursuant to the securities of Investco held by it, the Partnership will likely not have sufficient cash flow to make cash distributions to Unitholders. See Item 8 - *Risk Factors*.

The head office of Investco is located at #2210, 8561 – 8A Avenue SW, Calgary, Alberta T3H 0V5.

2.2 Our Business

The Partnership has been established with the objective of investing in the Business. The Partnership is raising funds pursuant to this Offering, and through the offering of Preferred C1 LP Units to the Trust, for the purpose of investing substantially all of the net proceeds in the Business.

2.2.1 Business Strategy

Other than the Portfolio Companies, the Partnership is a blind pool and hence this Offering is a blind pool, meaning that future businesses to be acquired by the Partnership have not yet been identified.

The Partnership intends to continue to make acquisitions to build a diversified portfolio of established, private, SMEs with a focus on western Canada. The Partnership's investment thesis is that there is a generational opportunity to acquire 'baby boomer' SMEs, there is a funding gap in the \$5 million to \$50 million enterprise value range and that there is limited organized capital pursuing these transactions. As a result, the General Partner believes these factors have created an environment with an abundance of opportunities to acquire SMEs with long-term operating histories at attractive cash flow multiples.

The Partnership will invest for the purpose of exercising, or seeking to exercise, control of a business or asset. The Partnership will manage its risk through extensive due diligence, transaction structuring and a close oversight of its businesses post acquisition. More specifically, this may be achieved, in part, by: (i) providing the management teams of acquired businesses mentoring support and advice to assist them to build on their core competencies with a view to sustaining profitability and, where possible, fostering growth; (ii) assisting management teams of the acquired businesses to identify and seek out opportunities to enter new markets, expand the products or services offered, vertically integrate and/or geographically grow; and (iii) selling assets, if and when appropriate, to maximize unitholder value.

The Partnership's capital structure will provide operational and financial flexibility to the underlying businesses it acquires given the limited use of leverage. The Partnership will adopt a long-term, custodial business model with a focus on stable cash flow generation, overseen by existing management teams.

Management has a breadth of experience gained through many years of involvement in numerous aspects of business, including; fund management, public and private mergers and acquisitions transactions, corporate restructurings, financings, venture capital and private equity investing, and corporate turn-arounds. While businesses acquired by the Partnership will continue to operate autonomously and maintain their individual identities, Management intends to provide to such businesses, as required, advisory support through its experience in strategy development, human resources, accounting, financial and legal expertise, among others.

2.2.2 Acquisition, Strategy and Investment Criteria

The Partnership is not focused on one specific industry. The Partnership believes that there will be significant opportunities to make accretive acquisitions based on its investment criteria that will generally include the following:

- businesses with a durable competitive advantage and a track record of generating sustainable cash flow;
- EBITDA of greater than \$1 million;
- stable operating margins;
- modest capital intensity;
- consistent sales;
- strong customer relationships;
- ability to buy up to 100% of equity; and
- incumbent management will accept performance-linked compensation.

The Partnership will also consider global macroeconomic trends when reviewing an acquisition.

The market for acquiring or investing in the types of businesses and assets which fit the Partnership's acquisition criteria is a competitive one. However, Management believes that its ability to be flexible in its transaction structuring, its "partnership approach" to its investee businesses, and its ability to contribute strategic, business, financial, human resource, accounting and legal expertise to its investee businesses are attributes considered attractive to potential business partners. Management is confident that its ongoing deal sourcing efforts combined with the desire of retiring SME owners to monetize the wealth tied up in their businesses will allow the Partnership to identify a suitable quantity of investment opportunities, which is then expected to lead to successful acquisitions.

It is within the General Partner's sole discretion to determine the utilization of available cash flow from the business and operations of the Partnership for matters beyond satisfying all mandatory liabilities and other payment obligations of the Partnership.

2.2.3 Portfolio Companies



Founded in 1980, Levy's is a custom design and specialty manufacturing company that services customers in the energy, electronics, medical, agriculture, aviation and instrumentation sectors. Levy's is headquartered in Calgary, Alberta and operates from an 11,680 square foot facility with 20 employees and 10 state of the art computer numerical control machine tools, four conventional lathes and mills, a gun-drill and support equipment. Computer-aided design and computer-aided manufacturing software is regularly used to produce Levy's complicated products.



Levy's has had strong normalized EBITDA margins historically and has been a top quartile performer amongst similar businesses in North America.



Founded in 1997, Metercor is a utility meter solutions provider focusing on water and natural gas. The company also services the emerging electricity smart metering market. Metercor's clients include municipalities, government bodies, gas co-ops, and private utilities.

Metercor has built a strong and loyal customer base by delivering reliable results and specializing in all aspects of meter services. Metercor provides turn-key solutions for Automated Meter Reading devices and handheld, mobile, or fixed network reading equipment to retrofit an existing meter, or install/exchange existing meters for new water meters. The turn-key solution includes supply of all necessary hardware and software, a complete project management strategy for program implementation, a customer care center that arranges necessary bookings with homeowners, public awareness campaigns, project reporting and ongoing maintenance.

Metercor is headquartered in Calgary, Alberta and operates from a 4,456 square foot office and warehouse.



In addition to Metercor's baseline meter installation and replacement business, the smart meter market is expected to grow significantly over the next decade. Metercor works in western Canada with Itron, Inc.



Founded in 1969, A&R is a manufacturer of high quality metal parts. Working from a 70,000+ square foot facility, A&R currently supplies a significant portion of the North American Class 8 truck market with stainless steel muffler shields, mirror brackets, grab handles and many other trim parts. In addition to Class 8 truck trim parts, A&R manufactures accessories and other specialty parts for automotive, commercial and agricultural applications. A&R is headquartered in Richmond, British Columbia.

A&R is a well-established western Canadian business with over 40 years of history operating in a stable industry. A&R has a steady history of strong profitability and cash flows, strong customer and supplier relationships and is led by a highly experienced and capable management team.



Founded in 1993, NWC is a supplier of truck cranes, boom trucks/picker trucks and related services to its clients in the oil and gas, pipeline, utilities, forestry and general construction sectors. With approximately 20 employees working in its locations in Leduc and Grande Prairie, NWC is a leader in crane solutions in western Canada. NWC is headquartered in Leduc, Alberta.

NWC is a well-established western Canadian business with over 20 years of operating history serving a cross-section of industries. NWC has a long history of strong profitability, diversified customer and industry base and is led by a strong management team.



Founded in 1987, CCMET is a provider of materials testing, materials engineering, geotechnical engineering, concrete restoration, environmental engineering and total quality management. With approximately 250 employees working across 12 locations in British Columbia and Alberta, CCMET's core revenue segments are: concrete testing, soils testing, asphalt testing, geotechnical testing, construction testing and environmental consulting.



Nutter's is a retailer, franchisor and packager of vitamins, minerals, and natural, gluten free, and bulk foods. With 23 stores (11 corporate and 12 franchised) located throughout western Canada and approximately 150 employees. Nutter's has developed a successful business model that attracts loyal customers, top quality staff, entrepreneurial franchisees and suppliers of unique natural personal care, health and organic products.

2.2.4 Acquisitions

On May 7, 2014, Investco indirectly acquired all of the outstanding shares of Levy's for aggregate consideration of \$6,222,406, comprised of cash and Preferred Trust Units.

On May 26, 2014, Investco indirectly acquired all of the outstanding shares of Metercor for aggregate consideration of \$7,210,687, comprised of cash and Preferred Trust Units.

On December 31, 2014, Investco indirectly acquired all of the shares of A&R for total potential consideration of \$11,127,636, comprised of cash and Preferred Trust Units.

On May 31, 2015, Investco indirectly acquired 70% of the shares of NWC for total potential consideration of \$16,312,804, comprised of cash and Preferred Trust Units.

On March 21, 2016, Investco indirectly acquired a 70% equity interest in CCMET for total consideration of \$26,979,262, comprised of cash and Preferred B Trust Units.

On November 21, 2016, Investco indirectly acquired a 80% equity interest in Nutter's for total consideration of \$11,160,800 (subject to final closing adjustments), comprised of cash and Preferred C Trust Units.

2.2.5 Debt of the Partnership and Investco

Promissory Note to the Trust

As of the date hereof, the Partnership has \$360,000 in debt outstanding pursuant to a promissory note issued by the Partnership to the Trust. The debt was issued in connection with the Trust's unsecured vendor financing loans in respect of the acquisition of Metercor. See Item 4.2 - *Long Term Debt*.

Credit Facilities

Investco's Credit Facilities are (i) a \$5,000,000 evergreen line of credit facility; and (ii) a \$3,000,000 operating loan facility. Notwithstanding the maximum principal amount under the \$3,000,000 operating loan facility, advances thereunder may be limited based on the level of certain accounts receivable and inventory. The Credit Facilities are available to finance (a) the purchase of equipment or companies or for capital expenditures; and (b) the day-to-day operating requirements and letters of credit of Investco and the guarantors, respectively.

The evergreen line of credit facility is available by way of a series of prime-based reducing loans and advances thereunder are determined by the lender. Each loan advanced under the evergreen line of credit facility will have a term of one to two years and can be amortized over a period of three to five years, as agreed between Investco and the lender.

The operating loan facility is available by way of prime-based loans, letters of credit and a corporate credit card and amounts outstanding by way of these loans, letters of credit and corporate credit card reduce the amount available under the operating loan facility.

As of the date hereof, there are no amounts outstanding under the Credit Facilities other than two letters of credit totaling \$373,450, which have been posted to a customer of a Portfolio Company.

The Credit Facilities are secured by all of the assets of Investco, and guaranteed by the Trust, the Partnership, the General Partner, Levy's, Metercor and A&R. In addition, the \$5,000,000 evergreen line of credit facility is secured by a registered first charge on the company or the assets of the business purchased by Investco. The Credit Facilities provide for customary positive and negative covenants, including limitations on liens, dispositions, amalgamations, hedging, liquidations and dissolutions. As well, none of the Partnership, the Trust nor Investco can consent or facilitate a change in the percentage ownership of its Common B LP Units, Common Trust Units or common shares, respectively, or allow a material change in management without the prior written consent of the lender.

A failure to comply with any of the covenants could result in an event of default which, if not cured or waived, would permit the bank to cancel all credit availability and demand repayment of the Credit Facilities in full, and would also prevent distributions from being paid by the Trust and the Partnership to their unitholders. Compliance with the terms of the covenants under the Credit Facilities could adversely impact the free cash flow of Investco. Additionally, under the Credit Facilities, Investco must maintain certain ratios, including a ratio of current assets to current liabilities of not less than 1.25:1, at all times.

Additional Indebtedness

The Partnership may incur additional indebtedness, including Partnership Debt, and such indebtedness may be secured by the Partnership's assets. Such additional indebtedness, if any, will be undertaken in the discretion of the General Partner and upon such terms and conditions as it determines appropriate or acceptable, provided that the Partnership Debt shall not, at the time of determination, exceed 25% of the Asset Value of the Partnership.

In the ordinary course of business, the Portfolio Companies may obtain credit facilities or incur additional indebtedness. Such additional indebtedness, if any, will be undertaken in the discretion of the Management and the management of the Portfolio Companies and upon such terms and conditions as they determine appropriate or acceptable. The Trust, the Partnership and Investco may enter into guarantees on behalf of such Portfolio Companies in respect of such credit facilities or indebtedness. Under these arrangements, the Trust, the Partnership or Investco would be required to make payments to third parties if the Portfolio Companies were to default on their related payment obligations.

2.3 Development of the Business

The Partnership was formed April 23, 2013. The Partnership was established for the purpose of investing in a diversified portfolio of operating businesses, primarily located in western Canada that have, among other things, demonstrated an ability to generate sustainable cash flow. Since inception, Management has reviewed over 375 acquisition opportunities with an estimated transaction value of over \$3 billion and pursued with greater interest a much smaller number of opportunities.

For a summary of the acquisitions completed by Investco, see Item 2.2.4 - Acquisitions.

The Partnership will continue to invest for the purpose of exercising, or seeking to exercise, control of businesses or assets or will, through the General Partner, participate actively in the management of the businesses or assets in which it invests. The Partnership will primarily make equity investments however, on a selective basis, the Partnership will utilize vendor financing. The Partnership may, but is not obligated to, make some or all of its investments through one or more intermediary vehicles, such as Investco.

2.4 Long Term Objectives

The long term objective of the Partnership and Investco are to achieve income generation from the Business. In order to achieve its objectives, the Partnership must successfully raise capital through the Offering and the sale of Preferred Units of the LP to the Trust for subsequent investment into the Business.

2.5 Short Term Objectives and How We Intend to Achieve Them

The primary objective of the Partnership and Investco for the ensuing 12 months are to (i) continue to acquire capital through the Offering; and (ii) invest the proceeds of the Offering in the Business.

What We Must Do and How We Will Do It	Target Completion Date	Cost to Complete ⁽¹⁾⁽²⁾
Complete the Offering and investment into the Business by the Partnership	6-12 months	\$30,000

Notes:

- (1) The Partnership will pay securities dealers a commission of up to 8% of the gross proceeds realized on the sale of Common LP Units for soliciting subscriptions for Common LP Units. In addition to the foregoing, the Partnership may also pay securities dealers an administration fee of up to 1% of the gross proceeds realized on the sale of Common LP Units. Such commissions and administration fees will be paid irrespective of whether the Common LP Units sold are Common A LP Units or Common B LP Units. The ratio of Common A LP Units to Common B LP Units to be issued will be determined from time to time by the General Partner in its sole discretion. Assuming a \$30,000 Offering and that the Partnership pays the maximum commissions of 8% and an administration fee of 1% of the gross proceeds realized on the sale of the Common LP Units, the Partnership will incur commission payments of \$2,400, administration fee payments of \$300 and offering costs of \$100. See Item 7 - *Compensation Paid to Sellers and Finders*.
- (2) Investco has agreed to reimburse the Partnership and the General Partner for, or pay directly, all costs and expenses to be incurred by the Partnership in connection with the Offering for funds invested in Investco. See Item 2.7.2 - *Reimbursement Agreement*. The Trust and the Partnership is expected to enter into similar agreements with other entities through which the Partnership invests in the Business, if not Investco.

2.6 Insufficient Funds

All of the gross proceeds raised pursuant to the Offering will be invested in the Business. The Partnership will also offer Preferred C1 LP Units to the Trust to raise funds to be invested in the Business. The available funds from the Offering and the offering of Preferred C1 LP Units to the Trust may not be sufficient to accomplish all of the Partnership's proposed objectives and there is no assurance that alternative financing will be available.

2.7 Material Agreements

2.7.1 LP Agreement

The rights and obligations of Limited Partners (including the Trust) are governed by the LP Agreement. A copy of the LP Agreement is available for review, upon request to the General Partner, at the offices of the General Partner during regular office hours.

The following is a summary only of certain provisions in the LP Agreement which, together with other summaries of additional terms of the LP Agreement appearing elsewhere in this Offering Memorandum, are qualified in their entirety by reference to the actual text of the LP Agreement, a review of which is recommended to Subscribers. See Item 2.1.4 - *The Partnership*.

Purpose

The Partnership was formed on April 23, 2013 under the Partnership Act and is governed by the LP Agreement. The Partnership was formed for the purpose of investing in a diversified portfolio of operating businesses, primarily located in western Canada that have, among other things, demonstrated an ability to generate sustainable cash flow. The Partnership will invest for the purpose of exercising, or seeking to exercise, control of businesses or assets or will, through the General Partner, participate actively in the management of the businesses or assets in which it invests. The Partnership will primarily make equity investments however, on a selective basis, the

Partnership will utilize vendor financing. The Partnership may, but is not obliged to, make some or all of its investments through one or more intermediary vehicles, such as Investco. The Partnership has an indefinite term as it is to continue in existence until an event of dissolution occurs.

Attributes of the LP Units

The interests in the Partnership shall be represented and constituted by twelve classes and four series of units, Common A LP Units, Common B LP Units, Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B LP Units, Series 2, Preferred B1 LP Units, Preferred B1 LP Units, Series 2, Preferred C LP Units, Preferred C LP Units, Series 2, Preferred C1 LP Units, Preferred C1 LP Units, Series 2, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units, each divided into an unlimited number of series. The Partnership is authorized to issue an unlimited number of Common LP Units and an unlimited number of Preferred Units of the LP. Each class may be divided into one or more series. Provided that the rights of the Limited Partners are not materially prejudiced thereby, the General Partner shall have sole discretion in creating additional classes or series of Units and determining the attributes that shall attach to such classes or series of Units and whether any class of series of Units may or will be redesignated as a different class or series of Units from time to time. Any class or series of Units created and authorized for the Partnership and not set out above shall be shown from time to time in an amendment or amendment and restatement to the LP Agreement.

The Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2 and the Preferred C1 LP Units, Series 2, were created by the General Partner on August 25, 2015. With the exception of redemption rights, described below, the Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2 and the Preferred C1 LP Units, Series 2 carry identical rights (including with respect to distributions) and are subject to the same limitations, restrictions and conditions as the Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units and the Preferred C1 LP Units, respectively, set out in the LP Agreement.

Common A LP Units form part of a Tied Unit to be purchased concurrently by Subscribers. The only securities being offered pursuant to this Offering Memorandum are Common A LP Units. See Item 2.1 - *Structure* and Item 5.2 - *Subscription Procedure*.

In respect of any issuance of Units, other than the initial issuance of Units to the General Partner and the initial Limited Partners, an equal number of Common LP Units and Preferred Units of the LP shall be issued such that, for every ten Preferred Units of the LP issued by the Partnership, the Partnership shall also issue ten Common LP Units in a combination of Common A LP Units and Common B LP Units. The ratio of Common A LP Units to Common B LP Units shall be determined from time to time by the General Partner in its sole discretion. Unless otherwise determined by the General Partner, the Common LP Units shall be issued for nominal consideration. The Units have certain rights, privileges, restrictions and conditions, a summary of which is set out below:

Voting Rights

(a) Common A LP Units

Except as provided in the LP Agreement, no Common A LP Unitholder shall be entitled to receive notice of or to attend any meeting of Limited Partners or to vote at any such meeting or to vote in respect of any matter whatsoever requiring Limited Partner approval pertaining to the Partnership (whether at a meeting or by written resolution). The Partnership shall call and hold a meeting of Limited Partners, at which only Common A LP Unitholders may attend and vote separately as a class for certain fundamental matters in respect of the Common A LP Units.

(b) Common B LP Units

Common B LP Unitholders shall be entitled to receive notice of and to attend all meetings of the Unitholders and to one (1) vote in respect of each Common B LP Unit held at all such meetings, except for meetings of only Common A LP Unitholders or Preferred LP Unitholders called for the purposes set forth in the LP Agreement. In addition to the above, the Partnership shall call and hold a meeting of Unitholders, at which only Common B LP Unitholders may attend and vote separately as a class for certain fundamental matters in respect of the Common B LP Units.

(c) Preferred Units of the LP

Except as provided in the LP Agreement, no Preferred LP Unitholder shall be entitled to receive notice of or to attend any meeting of Limited Partners or to vote at any such meeting or to vote in respect of any matter whatsoever requiring Limited Partner approval pertaining to the Partnership (whether at a meeting or by written resolution). The Partnership shall call and hold a meeting of Unitholders, at which only Preferred LP Unitholders may attend and vote separately as a class for certain fundamental matters in respect of the Preferred Units of the LP.

Participation upon Liquidation or Winding Up

(a) Common A LP Units

In the event of the liquidation, dissolution or winding up of the Partnership or other distribution of assets of the Partnership among the Unitholders for the purpose of winding up its affairs, the holders of the Common A LP Units shall, subject to the rights of the holders of any other class or series of Units entitled to receive assets of the Partnership upon such a distribution in priority to, or concurrently with, the holders of the Common A LP Units, be entitled to participate in the distribution. Such distribution to which the Common A LP Unitholders are entitled shall be made in equal amounts per Common A LP Unit and Common B LP Unit on all the Common A LP Units and Common B LP Units at the time outstanding without preference or distinction.

(b) Common B LP Units

In the event of the liquidation, dissolution or winding up of the Partnership or other distribution of assets of the Partnership among the Unitholders for the purpose of winding up its affairs, the holders of the Common B LP Units shall, subject to the rights of the holders of any other class or series of Units entitled to receive assets of the Partnership upon such a distribution in priority to, or concurrently with, the holders of the Common B LP Units, be entitled to participate in the distribution. Such distribution to which the Common B LP Unitholders are entitled shall be made in equal amounts per Common A LP Unit and Common B LP Unit on all the Common A LP Units and Common B LP Units at the time outstanding without preference or distinction.

(c) Preferred Units of the LP

In the event of the liquidation, dissolution or winding up of the Partnership, or other distribution of assets of the Partnership among the Unitholders for the purpose of winding up the affairs of the Partnership, each Preferred LP Unitholder shall be entitled to receive from the assets of the Partnership an amount of \$1 per Preferred Unit of the LP held by such holder and all such amounts shall be paid before any amount shall be paid to any Common A LP Unitholder, Common B LP Unitholders or holders of any LP Units of any other class or series ranking junior to the Preferred Units of the LP. After all payments as provided in the LP Agreement have been made to the holders of the Preferred Units of the LP, such holders shall have no further entitlement to participate in any further distributions of the Partnership Property upon any such liquidation, dissolution or winding up of the affairs of the Partnership.

Rights of Redemption

(a) Common A LP Units

Common A LP Unitholders have no redemption rights associated with Common A LP Units.

(b) Common B LP Units

Common B LP Unitholders have no redemption rights associated with Common B LP Units.

(c) Preferred Units of the LP

Right of the Preferred LP Unitholder – For so long as the Preferred Units of the LP are not a security that is an "exchange-traded security" or a "foreign exchange-traded security" (as those terms are defined in National Instrument 21-101 of the Canadian Securities Administrators), each Preferred LP Unitholder shall be entitled to require the Partnership to redeem at any time and from time to time at the demand of the holder, all or any part of the Preferred Units of the LP registered in the name of the Preferred LP Unitholder. There are certain procedural requirements, set forth in the LP Agreement, which must be adhered to by the Preferred LP Unitholder in connection with any redemption of Preferred Units of the LP. The redemption price per Preferred Unit of the LP (other than the Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2) to be received on redemption by Preferred LP Unitholders: (i) in the case of Preferred Units of the LP that were issued on a date that was five years or less prior to the date upon such Preferred Units of the LP were tendered for redemption, is the lesser of: (A) 90% of the fair market value of such redemption unit as at the date upon which such redemption unit was tendered for redemption; and (B) \$0.90; and (ii) in the case of Preferred Units of the LP that were issued on a date that was more than five years prior to the date upon such Preferred Units of the LP were tendered for redemption the lesser of: (A) the fair market value of such redemption unit as at the date upon which such redemption unit was tendered for redemption; and (B) \$1.00.

The redemption price per Preferred B LP Unit, Series 2, Preferred B1 LP Unit, Series 2, Preferred C LP Unit, Series 2, and Preferred C1 LP Unit, Series 2, to be received on redemption by Preferred LP Unitholders: (i) in the case of Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, that were issued on a date that was six years or less prior to the date upon such Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, were tendered for redemption, is the lesser of: (A) 90% of the fair market value of such redemption unit as at the date upon which such redemption unit was tendered for redemption; and (B) \$0.90; and (ii) in the case of Preferred B LP Units,

Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, that were issued on a date that was more than six years prior to the date upon such Preferred Units of the LP were tendered for redemption the lesser of: (A) the fair market value of such redemption unit as at the date upon which such redemption unit was tendered for redemption; and (B) \$1.00.

In the case of a redemption of Preferred Units of the LP by a Unitholder, the payment of the redemption price shall be paid by cash, provided that the Partnership shall only be obligated to pay up to \$10,000 in cash in respect of redemptions in any calendar month, unless the General Partner determines a greater cash amount. Such cash amount shall be paid pro-rata to redeeming Unitholders. The balance of the redemption price for Preferred Units of the LP (other than the Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2): (i) in respect of any Preferred Units of the LP that were issued on a date that was five years or less prior to the date upon which such Preferred Units of the LP have been tendered for redemption, will be paid through the issuance of Redemption Notes and/or distribution, in specie, of Partnership Property, provided that such Redemption Notes shall be due and payable prior to the sixth anniversary of the date of issuance of the Preferred Unit of the LP in respect of which such Redemption Note is issued; and (ii) in respect of any Preferred Units of the LP that were issued on a date that was more than five years prior to the date upon which such Preferred Units of the LP have been tendered for redemption, will be paid through cash, the issuance of Redemption Notes and/or distribution, in specie, of Partnership Property.

The balance of the redemption price for Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2: (i) in respect of any Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, that were issued on a date that was six years or less prior to the date upon which such Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, have been tendered for redemption, will be paid through the issuance of Redemption Notes and/or distribution, in specie, of Partnership Property, provided that such Redemption Notes shall be due and payable prior to the sixth anniversary of the date of issuance of the Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, in respect of which such Redemption Note is issued; and (ii) in respect of any Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, that were issued on a date that was more than six years prior to the date upon which such Preferred B LP Units, Series 2, Preferred B1 LP Units, Series 2, Preferred C LP Units, Series 2, and Preferred C1 LP Units, Series 2, have been tendered for redemption, will be paid through cash, the issuance of Redemption Notes and/or distribution, in specie, of Partnership Property.

Right of the Partnership – The Partnership is entitled at any time, and from time to time, to redeem all or any part of the issued and outstanding Preferred Units of the LP. There are certain procedural requirements, set forth in the LP Agreement, which must be adhered to by the Partnership in connection with any redemption of Preferred Units of the LP. The redemption price per Preferred Unit of the LP to be received upon redemption by the Partnership is the lesser of: (A) the fair market value of such redemption unit as at the date of the redemption notice; and (B) \$1.00.

In the case of a redemption of Preferred Units of the LP by the Partnership, the payment of the redemption price shall be paid by any combination of cash, the issuance of Redemption Notes and/or distribution, *in specie*, of Partnership Property.

Fair Market Value

The fair market value of a redemption unit shall be determined by the General Partner in its sole discretion, acting reasonably, but having regard to:

- (a) all prices at which trades of Preferred Units of the LP have been transacted, as reported to the General Partner, and which have occurred during the 6 month period (or such other period as the General Partner determines relevant and reasonable) immediately preceding the date on which such redemption units tendered for redemption or the date the Partnership gives notice of the redemption, as applicable;
- (b) the issue prices for Preferred Units of the LP issued in any offering during the 6 month period (or such other period as the General Partner determines relevant and reasonable) immediately preceding the date on which such redemption units tendered for redemption or the date the Partnership gives notice of the redemption, as applicable;
- (c) the fair market value of equity interests in, or enterprise values of, comparable entities substantially similar to the Partnership; and
- (d) any other considerations which the General Partner, in its discretion, determines relevant for purposes of determining the fair market value of such redemption units.

Discretionary Distributions to Unitholders

- (a) Unitholders shall be entitled to receive non-cumulative distributions if, as and when declared by the General Partner.
- (b) The General Partner, in respect of any Distribution Period, may in its discretion declare payable to Unitholders of record as at the close of business on the Distribution Record Date for such Distribution Period, the Distribution Amount.

Distribution Policy

All distributions of the Distribution Amount shall be made in accordance with the following order of priority and, in all cases, without duplication:

- (a) First, the Distribution Amount shall be distributed to:
 - (i) the holders of Preferred LP Units and Preferred A1 LP Units, a fixed distribution at the rate of \$0.10 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (ii) the holders of Preferred B LP Units and Preferred B1 LP Units, a fixed distribution at the rate of \$0.09 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (iii) the holders of Preferred C LP Units and Preferred C1 LP Units, a fixed distribution at the rate of \$0.08 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (iv) the holders of Preferred D LP Units and Preferred D1 LP Units, a fixed distribution at the rate of \$0.07 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (v) the holders of Preferred E LP Units and Preferred E1 LP Units, a fixed distribution at the rate of \$0.06 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;

to be distributed rateably among the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units, *pari passu*, without preference or priority. In the event that a Preferred Unit of the LP was not issued and outstanding on each day within such Distribution Period then the Distribution Amount in respect of such Preferred Unit of the LP shall be adjusted to be the product obtained when the Distribution Amount in respect of such Preferred Unit of the LP is multiplied by the quotient obtained when (i) the number of days in the Distribution Period during which such Preferred Unit of the LP was issued and outstanding, is divided by (ii) the total number of days in the Distribution Period, and such amount shall be payable as the distribution in respect of such Preferred Unit of the LP. Such adjustment calculation shall be made in respect of each Preferred Unit of the LP which was not issued and outstanding on each day within the Distribution Period; and

- (b) Second, the remaining Distribution Amount shall be distributed to the holders of Common LP Units. Each Common LP Unit issued and outstanding on the Distribution Record Date for a particular Distribution Period shall be entitled to an equal proportionate share of the remaining Distribution Amount, which share shall be determined by dividing the remaining Distribution Amount by the number of Common LP Units issued and outstanding as of the Distribution Record Date.

If the Distribution Amount is insufficient to permit the payment in full to the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units of all amounts to be distributed to them, then the Distribution Amount available for such distribution is to be distributed rateably among the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units, *pari passu*, without preference or priority, in proportion to the full distribution amount each such holder is otherwise entitled to receive.

The distributions per Unit payable to Unitholders in respect of a Distribution Period shall be paid in cash on or before the Distribution Payment Date which immediately follows a Distribution Record Date attributable to such Distribution Period, provided that if the Distribution Record Date is on or after October 1 in any calendar year then the distributions payable to Unitholders in respect of such distributions for the Distribution Period pertaining to such Distribution Record Date shall be due and payable as of 5:00 p.m. (Calgary time) on December 31 in such year and shall be paid forthwith.

Management and Control of the Partnership

Subject to the Partnership Act and to the limitations expressly set forth in the LP Agreement, the General Partner (which is wholly-owned by the Trust) will have exclusive authority to direct and manage the affairs of the Partnership, with full power and authority to administer, manage, control and operate the business carried on by the Partnership and to do any act, take any proceedings, make any decisions and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying on the Business.

The LP Agreement provides that the General Partner must act honestly, in good faith and in the best interests of the Partnership and, in connection therewith, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Removal of General Partner

The Limited Partners have no right to remove the General Partner except upon the occurrence of any one of the following defaults (herein a "**General Partner Default**") by the General Partner:

- (a) the General Partner (i) files a voluntary petition in bankruptcy or makes any assignment for the benefit of creditors of the General Partner, or (ii) consents to or acquiesces to the appointment of a trustee, receiver or liquidator of the General Partner;
- (b) the General Partner has commenced against it (i) the institution of any proceeding or the taking of any action seeking to adjudicate it bankrupt, or seeking liquidation, dissolution, winding-up, reorganization or protection of its property, (ii) the making of a proposal with respect to it under any law related to bankruptcy, insolvency, reorganization or other similar law, or (iii) the seeking of the appointment of a receiver, trustee, agent or other similar official for it for a substantial part of its assets, provided that any such proceeding, petition or action under this paragraph (b) has been commenced against the General Partner or any of its assets by a bona fide party and is not stayed, vacated or dismissed within 90 days; or
- (c) the General Partner breaches or fails to observe or perform any of General Partner's material obligations, covenants or responsibilities under this Agreement, and if such breach or failure is reasonably remediable within sixty (60) days of having received written notice from the Limited Partners specifying the nature of such breach or failure, the General Partner fails to cure such breach or failure within such sixty (60) day period, or if such breach or failure is not reasonably remediable within such sixty (60) day period, the General Partner fails to commence within such sixty (60) day period to take steps to remedy such default and to thereafter proceed diligently to cure or remedy such breach or failure.

Upon the occurrence of a General Partner Default, the Common B LP Unitholders may remove the General Partner by passage of a Special Resolution of the Common B LP Unitholders in favour of such removal, provided that such Special Resolution shall only be effective if it includes provision for the appointment of a substitute general partner of the Partnership to be appointed concurrent with the removal of the General Partner. The Limited Partners must provide the General Partner with written notice stating the effective date of the removal, provided that the removal of the General Partner shall only take effect, notwithstanding the Special Resolution, once the following has occurred (the later of (i) the stated effective date of removal, and (ii) the date on which all of the following have occurred, shall be the "**Effective Removal Date**"): (i) the full and unconditional release of the General Partner and its affiliates or associates (as the case may be) is obtained in respect of any mortgage or other indebtedness, liability or obligation of the Partnership to which they are subject, whether as a guarantor, co-covenantor or otherwise; (ii) the payment of all money owing to the General Partner as of the effective date of the resignation; and (iii) where the general partner being removed is Equicapita Income GP Ltd., the repayment in full of all outstanding indebtedness of the Partnership to the Trust, howsoever and whensoever incurred.

Reimbursement of General Partner

The Partnership will reimburse the General Partner, when and as invoiced, for all direct and indirect operating, general and administrative costs and expenses (including all costs of administration, overhead and remuneration paid to officers and employees of the Partnership or General Partner), as well as other costs and expenses whatsoever, that the General Partner or its affiliates or associates incur which are related to or in connection howsoever with the operation and conduct of the business and affairs of the Partnership.

Business Interests of the General Partner

The LP Agreement provides that Management, as well as their respective affiliates and associates, are permitted to have business and other interests or associations of whatever nature or kind apart from their activities related to the Partnership's business, including business and other interests or associations which consist of the Business. Management presently has, and may in the future have, other business interests and associations which consist of the Business.

Under the LP Agreement, Limited Partners acknowledge that there are and will continue to be potential or actual interests of Management (or their associates or affiliates), including conflicts of interest, with respect to business or other interests held directly or indirectly by, and/or contractual arrangements or transactions directly or indirectly involving, one or more of Management, the Partnership, the General Partner or any of the respective affiliates and associates of any of them, and the Limited Partners agree that (a) interests of the General Partner or any member of Management or their respective associates or affiliates ("**Interested Persons**"), including any conflicts of interest, will not form the basis for any claim against Management, the General Partner or any respective affiliate or associate thereof, or their respective shareholders, directors, officers or employees, nor will they form the basis for any attempt to challenge or attack the validity of any contract, transaction, arrangement or payment (or renewal, extension or amendments of same), and (b) any Interested Person is hereby expressly permitted to derive direct or indirect benefit, profit or advantage from time to time as a result of dealing with the Partnership or its affiliates or as a result of the relationships, matters, contracts, transactions, affiliations or other interests it may have and

such Interested Person shall not be liable in law or in equity to pay or account to the Partnership, or to any Unitholder for any such direct or indirect benefit, profit or advantage nor, in such circumstances, will any contract or transaction be void or voidable at the instance of the Partnership, Unitholder or any other person; provided, in each case, that the General Partner has otherwise exercised its powers and discharged its duties under the LP Agreement honestly and in good faith in respect to the matter, contract, transaction or interest in question.

The General Partner may employ or retain, on behalf of the Partnership, an affiliate or associate of the General Partner or any member of Management to provide goods or services to the Partnership, provided that the terms of such agreements or contracts are no less favourable to the Partnership than those that would be obtained from an independent third party.

Allocation of Net Income and Net Loss

Subject to the discretion of the General Partner as outlined in the LP Agreement, the net income or net loss of the Partnership (as the case may be) for each Fiscal Year, as well as its income or loss from a particular source or a source in a particular place, and its capital gains and capital losses, shall each be allocated among the Limited Partners by the General Partner in a manner consistent with the distribution provisions set out in the LP Agreement. In so allocating net income or loss, the General Partner shall act reasonably and fairly, taking into account the amount, timing and underlying character or source (whether as income or capital) of the actual and anticipated distributions to each of the partners with a view to ensuring that, over the term of the Partnership, each partner is allocated a portion of the net income or net loss that substantially corresponds to the amounts that are and are anticipated to be distributed to that partner.

Terms of Additional Financing

The Partnership is authorized to issue an unlimited number of Units, each of which has the rights, privileges, restrictions and conditions set forth in the LP Agreement. The only securities being offered pursuant to this Offering Memorandum are Common A LP Units. The General Partner has complete discretion in determining the timing, terms and conditions of any additional financing and may do all things which it deems necessary, convenient, appropriate or advisable in connection with any additional financing, including: (a) determine to whom to issue debt securities, or other securities of the Partnership, in connection with such additional financing; and (b) mortgage, pledge, charge, grant a security interest in or otherwise encumber all or any part of the Partnership Property, whether as security for obligations of the Partnership under any additional financing or otherwise. The Partnership Debt shall not, at the time of determination, exceed 25% of the Asset Value of the Partnership.

Without limiting the generality of the foregoing, the terms and conditions of any additional financing, as determined by the General Partner, may be set forth in a written agreement, instrument or other document to which the Partnership and the other persons involved with, participating in, or otherwise purchasing securities in connection with, such additional financing are together bound.

Distributions on Dissolution

Upon the dissolution of the Partnership, the net proceeds from the liquidation of the assets of the Partnership will be distributed in the following order of priority: (a) to pay the expenses of liquidation and the debts and liabilities of the Partnership to its creditors; and then (b) to provide for such reserves as the receiver considers reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership; and then (c) to pay to the General Partner the amount of its capital account balance together with the amount of any costs and expenses that the General Partner is entitled to receive from the Partnership; and (d) to pay to the Limited Partners the balance of the net proceeds in accordance with the rights of the respective Units held by the Limited Partners.

Restriction on Transfer

No partner may transfer any of the LP Units owned by it except to persons and in the manner expressly permitted in the LP Agreement. Any attempted transfer of LP Units made without compliance with, or in violation of, the LP Agreement will be null and void, and the General Partner will not approve any such transfer of LP Units and will not register, or permit the registration of, any such transfer.

No LP Unit may be transferred except in conformity with the following provisions: (i) A partner wishing to transfer any LP Units must deliver to the General Partner a transfer form (in form acceptable to the General Partner) duly completed and executed by the transferring partner and the intended transferee of the LP Units. The form of transfer must specify, inter alia, the number of LP Units to be transferred; (ii) LP Units may not be transferred to a person that is a "non-resident" of Canada within the meaning of the Income Tax Act or that is a "tax shelter" within the meaning of the Income Tax Act or an interest in which would be a "tax shelter investment" within the meaning of the Income Tax Act, and the transferee must deliver to the General Partner such instruments or other documents (including a statutory declaration of residency) as the General Partner may require to evidence the foregoing; and (iii) each transferee must, unless already a party hereto, become a party to and must become bound by the LP Agreement, and in connection therewith each transferee must deliver to the General Partner such instruments and other documents as the General Partner may request, including a duly authorized and executed signed counterpart of this Agreement, and no transfer will be effective unless such instruments and other documents are delivered.

Where the Transferring Partner and the Transferee comply with all applicable provisions of this Agreement, the General Partner is authorized to admit, and the Limited Partners shall be deemed to consent to the admission of and will admit, the transferee to the Partnership as a Limited Partner, without further acts of the partners. A transferee who becomes a Limited Partner will be subject to the

obligations and be entitled to the rights of a Limited Partner under the LP Agreement according to the class of LP Units of which it is the transferee.

Notwithstanding anything herein contained, the General Partner may refuse to effect a Transfer if it determines that, among other things, giving effect to such Transfer may adversely affect the Partnership.

Tag-Along Rights

If any individual Common B LP Unitholder or group of Common B LP Unitholders (the "**Common B Selling Group**") proposes to transfer some or all of its Common B LP Units issued and outstanding ("**Transferred Units**") to any person dealing at arm's length with the Common B Selling Group ("**Third Party Purchaser**") pursuant to a *bona fide* offer from the Third Party Purchaser to purchase the Transferred Units (the "**Third Party Offer**"), that Common B Selling Group must first send a written notice (in accordance with the LP Agreement) ("**Tag-Along Notice**") to all Common B LP Unitholders stating: (i) the number of Transferred Units proposed to be transferred to the Third Party Purchaser; (ii) the proposed purchase price per Transferred Unit; (iii) the date on which the proposed transfer is to occur; (iv) all other material terms and conditions of the Third Party Offer; (v) that the Tag-Along Holder may exercise Tag-Along Rights in accordance herewith; and (vi) contact information for the Common B Selling Group to which notice of an exercise of tag-along rights can be delivered. If the number of Transferred Units proposed to be transferred by the Common B Selling Group to the Third Party Purchaser represents more than 50% of the Common B LP Units then outstanding, then the Tag-Along Notice shall also be given to the Common A LP Unitholders. Upon satisfying certain requirements in accordance with the LP Agreement, each Unitholder receiving the Tag-Along Notice may sell a number of Common A LP Units or Common B LP Units, as applicable, held by such Unitholder up to its Proportionate Interest on the same terms and conditions (including price per unit) offered to the Common B Selling Group pursuant to the Third Party Offer.

Drag-Along Rights

In the event that any Common B Selling Group proposes to transfer some or all of its Transferred Units to a Third Party Purchaser pursuant to a Third Party Offer, then, notwithstanding the tag-along rights described above, the Common B Selling Group shall have the right to require all Common A LP Unitholders to transfer to the Third Party Purchaser such number of Common A LP Units held by the Common A LP Unitholder as is equal to its Proportionate Interest, upon the same terms and conditions offered to the Common B Selling Group as set forth in an Offering Notice delivered to all Common A LP Unitholders in respect of such proposed transfer. If such a proposed transfer represents more than 50% of the issued and outstanding Common B LP Units, the Common B Selling Group shall also have the right to require all other Common B LP Unitholders to transfer such number of Common B LP Units held by the other Common B LP Unitholder as is equal to its Proportionate Interest all in accordance with the LP Agreement.

2.7.2 Reimbursement Agreement

As the Trust and the Partnership are intended to be vehicles to obtain financing for Investco from time to time as may be required by Investco to enable it to invest in the Business, Investco has entered into the Reimbursement Agreement with the Trust, the General Partner and the Partnership effective May 2, 2014.

Under the terms of the Reimbursement Agreement, Investco has agreed to reimburse the Trust, the Administrator and the Partnership for, or pay directly, all costs and expenses to be incurred by them, for and on behalf of Investco, in connection with the Trust, the Administrator and the Partnership obtaining financing for Investco, including: (i) establishing the Trust's, the General Partner's and the Partnership's existence so as to be in a position to undertake such financings; (ii) maintaining the Trust's, the General Partner's and the Partnership's existence, which includes, but is not limited to, the Trust's obligations to unitholders under the Declaration of Trust and the Partnership's obligations to its unitholders under the LP Agreement, all accounting and legal costs and all costs of compliance with the Income Tax Act or any applicable taxation laws or regulations; (iii) costs and expenses incurred by the Trust, the General Partner and the Partnership in respect of an offering of securities including legal and selling agents' fees; (iv) marketing and related services associated with the distribution and sale of securities; (v) administration of any unitholder rights plans, distribution reinvestment plans, unit purchase plans, incentive options and other compensation plans; and (vi) costs of ongoing compliance by the Trust, the General Partner and the Partnership of applicable laws.

2.8 Legal Proceedings

In the normal course of the Business, Investco and its affiliates may become involved in various claims and litigation. The final outcome of any claim cannot be predicted, nor can Investco definitively estimate the amount of loss, or range of loss, if any, that may result from any proceedings.

ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information about each of the directors and officers of the General Partner and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Partnership.

Name and Municipality of Principal Residence/ Registered Office	Positions Held and Date of Obtaining that Position	Compensation Paid by the Partnership or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year ⁽¹⁾	Number, Type and Percentage of Securities of the Partnership held after Completion of Offering ⁽²⁾
Stephen Johnston Calgary, Alberta	Director of the Administrator/General Partner since April 22, 2013	2016 - \$180,000 2017 (expected) - \$180,000	Up to 28,864,614 Common B LP Units (33.33%) ⁽³⁾
Michael Cook Calgary, Alberta	Director of the Administrator/General Partner since April 22, 2013	2016 - \$180,000 2017 (expected) - \$180,000	Up to 28,864,613 Common B LP Units (33.33%) ⁽⁴⁾
Greg Tooth Calgary, Alberta	Director of the Administrator/General Partner since April 22, 2013	2016 - \$180,000 2017 (expected) - \$180,000	Up to 28,864,613 Common B LP Units (33.33%) ⁽⁵⁾

Notes:

- (1) In addition to the expected 2017 compensation, such individuals could be eligible for a bonus, which, as of the date hereof, has yet to be determined.
- (2) Assuming an offering of \$30,000,000 by the Trust pursuant to its concurrent offering of Offered Trust Units, all the proceeds of which are to be invested in Preferred C1 LP Units, and that an equal number of Common A LP Units and Common B LP Units are issued by the Partnership. The ratio of Common A LP Units to Common B LP Units to be issued will be determined from time to time by the General Partner in its sole discretion.
- (3) The Common B LP Units are held by J2 Holdings Ltd.
- (4) The Common B LP Units are held by Lexbury Holdings Ltd.
- (5) The Common B LP Units are held by Tooth Holdings Ltd.

3.2 Management Experience

Set forth below is a description of the principal occupation and business experience of each of the directors and officers of the General Partner and Investco.

Name	Principal Occupation and Related Experience
Stephen Johnston	Mr. Johnston is a co-founder of Capita Funds Asset Management, Agcapita Partners LP, a farmland investment fund, Petrocapita Income Trust, an energy and mid-stream assets investment fund, Enercapita Energy Trust, an oil and gas investment fund, Equicapita Income Trust, a private equity fund focused on acquiring controlling positions in small-medium enterprises, and Rhocore Income Trust, a fund focused on credit opportunities. In 1994, Mr. Johnston joined the London, England office of AT Kearney, a global consulting firm, as a strategy consultant implementing trading risk management systems, with a focus on default risk metrics of commercial real estate loan portfolios of Swedish investment banking clients. Mr. Johnston was then engaged as a banker by the European Bank for Reconstruction and Development on the Telecommunications and Media Team, providing debt and equity financing to companies based in Eastern Europe and the former Soviet Union until 1998. In 1998, Mr. Johnston became the head of the private equity team at Société Générale Asset Management - Emerging Markets UK. In this capacity he was responsible for closed-end funds covering the Baltics, Central and Eastern Europe and the Middle East with US\$285 million under management. In 2000, he became a principal and part owner of a £12 million early stage technology fund based in London, UK, investing in European based start-ups. Mr. Johnston earned a Bachelor of Science Degree (1987) and a Bachelor of Laws Degree (1990) from the University of Alberta and, after being admitted to the Alberta Bar in 1991, graduated with a Masters of Business Administration (MBA) from the London Business School in 1994.

Name	Principal Occupation and Related Experience
Michael Cook	Mr. Cook is a co-founder of Capita Funds Asset Management, Enercapita Energy Trust, an oil and gas investment fund, Equicapita Income Trust, a private equity fund focused on acquiring controlling positions in small-medium enterprises, and Rhocore Income Trust, a fund focused on credit opportunities. From 2005 until co-founding Equicapita in 2013, Mr. Cook ran his own advisory business, Lexbury Financial Inc. During his tenure with Lexbury Financial Inc., Mr. Cook, worked with SME businesses to improve operations, implement financial controls, introduce benchmarking and on mergers & acquisitions and financing transactions. From 1997 to 2005, Mr. Cook worked in corporate finance and private equity with: Synergy Partners Inc. (1998 to 2000), a boutique SME focused mergers & acquisitions firm (acquired by Ernst & Young), Ernst & Young Corporate Finance Inc. (2001 to 2004), and Mercantile Bancorp Limited (2004 to 2005), an SME focused private equity firm. Mr. Cook holds Chartered Accountant (1999) and Chartered Business Valuator (2002) designations in addition to a Bachelor of Commerce in Marketing (1993) from the University of Manitoba.
Greg Tooth	Mr. Tooth is a co-founder of Capita Funds Asset Management, Enercapita Energy Trust, an oil and gas investment fund, Equicapita Income Trust, a private equity fund focused on acquiring controlling positions in small-medium enterprises, and Rhocore Income Trust, a fund focused on credit opportunities. In 2011, Mr. Tooth worked in Private Equity, with North West Capital Partners Inc., to lead efforts to acquire a \$700 million gas-fired generation facility in Western Canada, with an aim to structure a high yield public equity offering. From 1998 to 2010, Mr. Tooth led business development efforts in the energy sector for a number of sophisticated, multinational commodity trading firms. In this capacity, Mr. Tooth was responsible for managing client energy portfolios in excess of \$300 million to achieve desired corporate risk management goals, in addition to identifying and evaluating associated energy infrastructure opportunities. Mr. Tooth has a Bachelor of Commerce Degree from the University of Alberta (1994) and holds the Chartered Financial Analyst (CFA) designation (1999).

3.3 Penalties, Sanctions and Bankruptcy

No director, executive officer or control person of the General Partner has, within the ten years prior to the date of this Offering Memorandum, been subject to any penalties or sanctions or cease trade orders, or been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

No director, executive officer or control person of the General Partner has been, in the past ten years, a director, executive officer or control person of an issuer that, while such individual served in such capacity, was subject to any penalty or sanction or cease trade order or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the issuer.

3.4 Loans

None of the directors or officers of the General Partner, or any of the promoters or principal securityholders of the Partnership are indebted to the Partnership or its affiliates.

ITEM 4 - CAPITAL STRUCTURE

4.1 Unit Capital

Description of Security	Number Authorized to be issued	Price per Security	Number Outstanding as at May 11, 2017	Minimum Number outstanding after Minimum Offering ⁽¹⁾	Maximum Number outstanding after 30,000,000 Offering ⁽²⁾
Common A LP Units ⁽³⁾	Unlimited	\$0.001	61,410,751	61,410,751	76,410,751 ⁽⁴⁾
Common B LP Units ⁽⁵⁾	Unlimited	\$0.001	71,593,840	71,593,840	86,593,840 ⁽⁴⁾
Preferred LP Units ⁽⁵⁾	Unlimited	\$0.95	23,050,785	23,050,785	23,050,785

Description of Security	Number Authorized to be issued	Price per Security	Number Outstanding as at May 11, 2017	Minimum Number outstanding after Minimum Offering ⁽¹⁾	Maximum Number outstanding after 30,000,000 Offering ⁽²⁾
Preferred A1 LP Units ⁽⁵⁾	Unlimited	\$1.00	67,365,651	67,365,651	67,365,651
Preferred B LP Units ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred B LP Units, Series 2 ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred B1 LP Units ⁽⁵⁾	Unlimited	\$1.00	28,164,201	28,164,201	28,164,201
Preferred B1 LP Units, Series 2 ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred C LP Units ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred C LP Units, Series 2 ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred C1 LP Units ⁽⁵⁾	Unlimited	\$1.00	13,529,414	13,529,414	43,529,414 ⁽⁶⁾
Preferred C1 LP Units, Series 2 ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred D LP Units ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred DI LP Units ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred E LP Units ⁽⁵⁾	Unlimited	\$1.00	0	0	0
Preferred E1 LP Units ⁽⁵⁾	Unlimited	\$1.00	0	0	0

Notes:

- (1) There is no minimum amount to be raised pursuant to this Offering.
- (2) Although there is no maximum amount to be raised pursuant to this Offering, this number assumes an offering of \$30,000,000 by the Trust pursuant to its concurrent offering of Offered Trust Units.
- (3) See Item 5.1 - *Terms of Securities* and Item 2.7.1 - *LP Agreement - Attributes of the LP Units* for the terms of the Common A LP Units.
- (4) Assuming an offering of \$30,000,000 by the Trust pursuant to its concurrent offering of Offered Trust Units, all the proceeds of which are to be invested in Preferred C1 LP Units, and that an equal number of Common A LP Units and Common B LP Units are issued by the Partnership. The ratio of Common A LP Units to Common B LP Units to be issued will be determined from time to time by the General Partner in its sole discretion.
- (5) See Item 2.7.1 - *LP Agreement - Attributes of the LP Units* for the terms of the Common B LP Units and Preferred Units of the LP.
- (6) Assuming an Offering consisting of \$30,000,000 of Preferred C Trust Units by the Trust pursuant to its concurrent offering of Offered Trust Units, all the proceeds of which are to be invested in Preferred C1 LP Units.

4.2 Long Term Debt

As of the date hereof, the Partnership and Investco has the following long term debt outstanding:

Description	Interest Rate	Repayment Terms	Amount Outstanding as of May 11, 2017
Credit Facilities (secured)	Based on the Prime Rate (Loans) ⁽¹⁾	Term ⁽²⁾	NIL (\$373,450 in letters of credit) ⁽³⁾
Metercor vendor financing	10%	Unsecured loan vendor financing repayable on May 26, 2017	\$360,000

Notes:

- (1) The operating loan facility, which forms a part of the Credit Facilities, is available by way of prime-based loans, letters of credit and a corporate credit card. The evergreen line of credit facility, which forms the remainder of the Credit Facilities, is available by way of a series of prime-based reducing loans.

- (2) The evergreen line of credit facility, which forms a part of the Credit Facilities, is advanced upon determination of the lender and each advanced loan thereunder will have a term of one to two years and can be amortized over a period of three to five years, as agreed between Investco and the lender.
- (3) As of the date hereof, Investco has two letters of credit totaling **\$373,450** issued under the Credit Facilities, which have been posted to a customer of a Portfolio Company.

Investco's Credit Facilities are: (i) a \$3,000,000 operating loan facility; and (ii) a \$5,000,000 evergreen line of credit facility. See Item 2.2.5 - *Debt of the Partnership and Investco - Credit Facilities*, for a description of the Credit Facilities.

The Partnership presently anticipates undertaking further borrowing in order to finance its operations and acquisitions. Such additional borrowing will be undertaken in the discretion of the General Partner in accordance with the LP Agreement and upon such terms and conditions as it determines appropriate or acceptable.

4.3 Prior Sales

The following table sets forth a description of the securities of the Partnership issued within the past 12 months. These securities have not been issued as part of this Offering.

4.3.1 Common A LP Units

Date of Issuance	Number of Securities Issued	Price per Security	Total Funds Received
June 13, 2016	476,940	\$0.001	\$476.94
June 24, 2016	150,000	\$0.001	\$150.00
July 11, 2016	44,000	\$0.001	\$44.00
July 11, 2016	246,740	\$0.001	\$246.74
August 15, 2016	743,191	\$0.001	\$743.191
August 24, 2016	715,470	\$0.001	\$715.47
September 28, 2016	8,000	\$0.001	\$8.00
September 28, 2016	524,619	\$0.001	\$524.619
October 20, 2016	225,000	\$0.001	\$225.00
October 20, 2016	727,180	\$0.001	\$727.18
October 27, 2016	45,000	\$0.001	\$45.00
November 21, 2016	1,600,000	\$0.001	\$1,600.00
November 24, 2016	695,356	\$0.001	\$695.356
December 7, 2016	2,000,000	\$0.001	\$2,000.00
December 12, 2016	342,234	\$0.001	\$342.234
December 15, 2016	327,000	\$0.001	\$327.00
January 1, 2017	15,000	\$0.001	\$15.00
January 1, 2017	31,620	\$0.001	\$31.62
January 30, 2017	687,968	\$0.001	\$687.968
February 3, 2017	247,500	\$0.001	\$247.50
February 27, 2017	466,261	\$0.001	\$466.261
February 27, 2017	990,500	\$0.001	\$990.50
March 2, 2017	4,500	\$0.001	\$4.50
April 10, 2017	846,653	\$0.001	\$846.653

Date of Issuance	Number of Securities Issued	Price per Security	Total Funds Received
April 10, 2017	1,191,250	\$0.001	\$1,191.25

4.3.2 Common B LP Units

Date of Issuance	Number of Securities Issued	Price per Security	Total Funds Received
June 13, 2016	715,410	\$0.001	\$715.41
June 24, 2016	150,000	\$0.001	\$150.00
June 30, 2016	221,220	\$0.001	\$221.22
June 30, 2016	39,604	\$0.001	\$39.604
July 11, 2016	66,000	\$0.001	\$66.00
July 11, 2016	305,460	\$0.001	\$305.46
August 15, 2016	908,339	\$0.001	\$908.339
August 24, 2016	715,470	\$0.001	\$715.47
September 28, 2016	12,000	\$0.001	\$12.00
September 28, 2016	641,201	\$0.001	\$641.201
September 30, 2016	229,843	\$0.001	\$229.843
September 30, 2016	49,490	\$0.001	\$49.49
September 30, 2016	6,723	\$0.001	\$6.723
October 20, 2016	225,000	\$0.001	\$225.00
October 20, 2016	888,780	\$0.001	\$888.78
October 27, 2016	55,000	\$0.001	\$55.00
November 24, 2016	850,434	\$0.001	\$850.434
December 7, 2016	2,000,000	\$0.001	\$2,000.00
December 12, 2016	418,286	\$0.001	\$418.286
December 15, 2016	327,000	\$0.001	\$327.00
December 31, 2016	234,992	\$0.001	\$234.992
December 31, 2016	50,191	\$0.001	\$50.191
December 31, 2016	27,840	\$0.001	\$27.84
January 30, 2017	840,852	\$0.001	\$840.852
February 3, 2017	247,500	\$0.001	\$247.50
February 27, 2017	569,876	\$0.001	\$569.876
February 27, 2017	980,500	\$0.001	\$980.50
March 2, 2017	5,500	\$0.001	\$5.50

Date of Issuance	Number of Securities Issued	Price per Security	Total Funds Received
April 10, 2017	1,034,801	\$0.001	\$1,034.801
April 10, 2017	1,191,250	\$0.001	\$1,191.25

4.3.3 Preferred A1 LP Units

Date of Issuance	Number of Securities Issued ⁽¹⁾	Price per Security	Total Funds Received
June 30, 2016	221,220	\$1.00	\$221,220
August 24, 2016	1,430,940	\$1.00	\$1,430,940
September 30, 2016	229,843	\$1.00	\$229,843
December 15, 2016	654,000	\$1.00	\$654,000
December 31, 2016	234,992	\$1.00	\$234,992

Note:

(1) Preferred A1 LP Units are purchased by the Trust with the proceeds of the offerings of Preferred Trust Units by the Trust.

4.3.4 Preferred B1 LP Units

Date of Issuance	Number of Securities Issued ⁽¹⁾	Price per Security	Total Funds Received
June 13, 2016	1,192,350	\$1.00	\$1,192,350
June 24, 2016	300,000	\$1.00	\$300,000
June 30, 2016	39,604	\$1.00	\$39,604
July 11, 2016	110,000	\$1.00	\$110,000
September 28, 2016	20,000	\$1.00	\$20,000
September 30, 2016	49,490	\$1.00	\$49,490
October 20, 2016	225,000	\$1.00	\$225,000
December 7, 2016	4,000,000	\$1.00	\$4,000,000
December 31, 2016	50,191	\$1.00	\$50,191
February 3, 2017	495,000	\$1.00	\$495,000
February 27, 2017	1,971,000	\$1.00	\$1,971,000
April 10, 2017	2,382,500	\$1.00	\$2,382,500

Note:

(1) Preferred B1 LP Units are purchased by the Trust with the proceeds of the offerings of Preferred B Trust Units by the Trust.

4.3.5 Preferred C1 LP Units

Date of Issuance	Number of Securities Issued ⁽¹⁾	Price per Security	Total Funds Received
July 11, 2016	552,200	\$1.00	\$552,200
August 15, 2016	1,651,530	\$1.00	\$1,651,530
September 28, 2016	1,165,820	\$1.00	\$1,165,820
September 30, 2016	6,723	\$1.00	\$6,723
October 20, 2016	1,615,960	\$1.00	\$1,615,960
October 27, 2016	100,000	\$1.00	\$100,000
November 21, 2016	1,600,000	\$1.00	\$1,600,000
November 24, 2016	1,545,790	\$1.00	\$1,545,790
December 12, 2016	760,520	\$1.00	\$760,520
December 31, 2016	27,840	\$1.00	\$27,840
January 1, 2017	15,000	\$1.00	\$15,000
January 1, 2017	31,620	\$1.00	\$31,620
January 30, 2017	1,528,820	\$1.00	\$1,528,820
February 27, 2017	1,036,137	\$1.00	\$1,036,137
March 2, 2017	10,000	\$1.00	\$10,000
April 10, 2017	1,881,454	\$1.00	\$1,881,454

Note:

(1) Preferred C1 LP Units are purchased by the Trust with the proceeds of the offerings of Preferred C Trust Units by the Trust.

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

The Offering consists of Common A LP Units which are being issued as part of a Tied Unit. Tied Units are made up of a combination of Common A LP Units and Offered Trust Units which are being offered concurrently by the Trust pursuant to an offering memorandum dated May 11, 2017. For every 10 Preferred Units of the Trust issued by the Trust, the Partnership will issue 10 Common LP Units in a combination of Common A LP Units and Common B LP Units. The ratio of Common A LP Units to Common B LP Units will be determined from time to time by the General Partner in its sole discretion. The Common A LP Units will form part of the Tied Unit and be available to the Subscriber for purchase for a nominal value and the Common B LP Units will be issued among J2 Holdings Ltd., Lexbury Holdings Ltd. and Tooth Holdings Ltd. in the amounts determined by them. While the ratio of Common A LP Units to Common B LP Units issued is at the sole discretion of the General Partner, an equal number of Common LP Units and Preferred Units of the Trust will be issued. The ratio of Common A LP Units to Common B LP Units is subject to change and it is expected that the amount of Common A LP Units available for purchase relative to Common B LP Units will go down as the Offering progresses. The General Partner will not accept a subscription agreement for Common A LP Units without the concurrent purchase of the applicable number of Offered Trust Units.

The price of each Common A LP Unit issued under this Offering Memorandum is \$0.001. There is no minimum subscription of Common A LP Units; however, each Common A LP Unit must be purchased as part of a Tied Unit. See Item 5.2 - *Subscription Procedure - Subscribing for Common A LP Units*.

Concurrent with or subsequent to this Offering of Common A LP Units, which are being sold as part of Tied Units, the Partnership may also occasionally offer to the public additional Common A LP Units, Preferred LP Units, Preferred B LP Units, Preferred B LP Units, Series 2, Preferred C LP Units, Preferred C LP Units, Series 2, Preferred D LP Units and Preferred E LP Units, including, for greater certainty, any series of the foregoing. The Preferred A1 LP Units, the Preferred B1 LP Units, the Preferred B1 LP Units, Series 2, the Preferred C1 LP

Units, the Preferred C1 LP Units, Series 2, the Preferred D1 LP Units and the Preferred E1 LP Units including, for greater certainty, any series of the foregoing, will only be offered to the Trust. In addition, the Trust may occasionally offer Preferred Trust Units, Preferred B Trust Units, Preferred B Trust Units, Series 2, Preferred C Trust Units, Series 2, Preferred D Trust Units, Preferred E Trust Units and additional Preferred C Trust Units, including, for greater certainty, any series of the foregoing.

In the past, the Partnership has offered Preferred LP Units at a price of \$0.95 per Preferred LP Unit, with a reduced commission rate of 5% per unit, which was reimbursed by Investco pursuant to the Reimbursement Agreement. The Partnership may in the future offer Preferred Units of the LP at discounted prices.

Common A LP Units: The Common A LP Units have those rights, privileges, restrictions and conditions ascribed thereto as set forth in the LP Agreement, including the following:

Voting Rights: Except as provided in the LP Agreement, no holder of Common A LP Units shall be entitled to receive notice of or to attend any meeting of Limited Partners or to vote at any such meeting or to vote in respect of any matter whatsoever requiring Limited Partner approval pertaining to the Partnership (whether at a meeting or by written resolution). The Partnership shall call and hold a meeting of the Limited Partners, at which only holders of Common A LP Units may attend and vote separately as a class, where the matter for which approval is being sought is:

- (a) to amend the rights, privileges, restrictions and conditions attaching to the Common A LP Units, including amendments to:
 - (i) remove or change rights to distributions in a manner materially prejudicial to holders of Common A LP Units;
 - (ii) add, remove or change, redemption rights in a manner materially prejudicial to holders of Common A LP Units;
 - (iii) reduce or remove a distribution preference or a liquidation preference; or
 - (iv) add, remove or change, in a manner materially prejudicial to holders of Common A LP Units, voting, transfer or pre-emptive rights, or rights to acquire other securities;
- (b) to carry out and give effect to any of the following actions if the resulting effect to the holders of Common A LP Units would be materially prejudicial thereto:
 - (i) effect an exchange, reclassification or cancellation of all or part of the Common A LP Units;
 - (ii) increase the rights or privileges of any Units of the Partnership having rights or privileges equal or superior to the Common A LP Units;
 - (iii) create a new class or series of units of the Partnership equal or superior to the Common A LP Units;
 - (iv) make any class or series of Units of the Partnership having rights or privileges inferior to the Common A LP Units equal or superior to the Common A LP Units; or
 - (v) effect an exchange or create a right of exchange of all or part of the units of another class or series of Units of the Partnership into the Common A LP Units;

provided however, that all matters set forth above must also be approved by the holders of Common B LP Units, voting separately as a class, in accordance with the terms of the LP Agreement.

At all such meetings of holders of Common A LP Units, matters put forth at such meetings, to be approved, must be approved by Special Resolution of the holders of Common A LP Units, voting separately as a class. At all such meetings, each holder of Common A LP Units shall be entitled to one (1) vote in respect of each Common A LP Unit held thereby.

Distributions: All distributions of the Distribution Amount shall be made in accordance with the following order of priority and, in all cases, without duplication:

- (a) First, the Distribution Amount shall be distributed to:
 - (i) the holders of Preferred LP Units and Preferred A1 LP Units, a fixed distribution at the rate of \$0.10 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
 - (ii) the holders of Preferred B LP Units and Preferred B1 LP Units, a fixed distribution at the rate of \$0.09 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;

- (iii) the holders of Preferred C LP Units and Preferred C1 LP Units, a fixed distribution at the rate of \$0.08 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
- (iv) the holders of Preferred D LP Units and Preferred D1 LP Units, a fixed distribution at the rate of \$0.07 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;
- (v) the holders of Preferred E LP Units and Preferred E1 LP Units, a fixed distribution at the rate of \$0.06 per unit per year, as adjusted (if necessary) to properly reflect the duration of the Distribution Period if other than 12 months;

to be distributed rateably among the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units, *pari passu*, without preference or priority. In the event that a Preferred Unit of the LP was not issued and outstanding on each day within such Distribution Period then the Distribution Amount in respect of such Preferred Unit of the LP shall be adjusted to be the product obtained when the Distribution Amount in respect of such Preferred Unit of the LP is multiplied by the quotient obtained when (i) the number of days in the Distribution Period during which such Preferred Unit of the LP was issued and outstanding, is divided by (ii) the total number of days in the Distribution Period, and such amount shall be payable as the distribution in respect of such Preferred Unit of the LP. Such adjustment calculation shall be made in respect of each Preferred Unit of the LP which was not issued and outstanding on each day within the Distribution Period; and

- (b) Second, the remaining Distribution Amount shall be distributed to the holders of Common LP Units. Each Common LP Unit issued and outstanding on the Distribution Record Date for a particular Distribution Period shall be entitled to an equal proportionate share of the remaining Distribution Amount, which share shall be determined by dividing the remaining Distribution Amount by the number of Common LP Units issued and outstanding as of the Distribution Record Date.

If the Distribution Amount is insufficient to permit the payment in full to the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units of all amounts to be distributed to them, then the Distribution Amount available for such distribution is to be distributed rateably among the holders of Preferred LP Units, Preferred A1 LP Units, Preferred B LP Units, Preferred B1 LP Units, Preferred C LP Units, Preferred C1 LP Units, Preferred D LP Units, Preferred D1 LP Units, Preferred E LP Units and Preferred E1 LP Units, *pari passu*, without preference or priority, in proportion to the full distribution amount each such holder is otherwise entitled to receive.

The distributions per Unit payable to Unitholders in respect of a Distribution Period shall be paid in cash on or before the Distribution Payment Date which immediately follows a Distribution Record Date attributable to such Distribution Period, provided that if the Distribution Record Date is on or after October 1 in any calendar year then the distributions payable to Unitholders in respect of such distributions for the Distribution Period pertaining to such Distribution Record Date shall be due and payable as of 5:00 p.m. (Calgary time) on December 31 in such year and shall be paid forthwith.

Participation upon Liquidation or Winding Up: In the event of the liquidation, dissolution or winding up of the Partnership or other distribution of assets of the Partnership among its Unitholders for the purpose of winding up its affairs, the holders of the Common A LP Units shall, subject to the rights of the holders of any other class or series of Units entitled to receive assets of the Partnership upon such a distribution in priority to, or concurrently with, the holders of the Common A LP Units, be entitled to participate in the distribution. Such distribution to which the Common A LP Unitholders are entitled shall be made in equal amounts per Common A LP Unit and Common B LP Unit on all the Common A LP Units and Common B LP Units at the time outstanding without preference or distinction.

Reference should be made to the LP Agreement for a complete description of all the terms of the Common A LP Units.

The Trust and the Partnership intend, following the five-year anniversary from the date of the issuance of Tied Units, to seek out a commercially appropriate liquidity event for all holders of Preferred Units of the LP which were issued at such issuance date. This may, among other possible options, include the redemption of such Preferred Units of the LP or a transaction resulting in the listing of the Preferred Units of the LP on an exchange or similar quotation system (or the listing of alternate securities as may be received in exchange for the Preferred Units of the LP in connection with a business combination, reorganization or other commercial transaction as may be completed by the Trust or the Partnership).

5.2 Subscription Procedure

Subscribing for Common A LP Units: An investor who wishes to subscribe for Common A LP Units must:

- (1) complete and execute the subscription form which accompanies this Offering Memorandum, including all applicable Schedules thereto;
- (2) pay the subscription price by cheque dated the date of the subscription in the amount of \$0.001 per Common A LP Unit made payable to "Equicapita Income L.P." (or as the General Partner otherwise directs); and
- (3) complete and execute any other documents deemed necessary by the General Partner to comply with applicable securities laws;

and deliver the foregoing to the Partnership at #2210, 8561 – 8A Avenue SW, Calgary, Alberta T3H 0V5 or such other location which the General Partner may specify.

Cheques will be held until at least midnight on the second business day after the Subscriber signs the subscription agreement. Thereafter the funds will be deposited and held in escrow by the Partnership pending closing of the sale Common A LP Units to the Subscribers. Closings will occur at such times and on such dates as may be determined by the General Partner from time to time. Interest will not be payable on a Subscriber's subscription funds held in escrow pending closing and interest earned, if any, will be paid to and retained by the Partnership. A Subscriber will become a Unitholder following the acceptance of a subscription by the General Partner. Subscriptions will be received subject to rejection or allotment in whole or in part and the Partnership reserves the right to close the subscription books at any time and without notice. The General Partner has the right, in its sole and absolute discretion, to reject any subscription for Common A LP Units, in whole or in part, for any reason. If subscriptions are not received and accepted and certain other conditions have not been satisfied or waived on or before the date selected by the General Partner (in its sole discretion), subscriptions and subscription funds will be returned to Subscribers without interest or deduction.

Upon acceptance by the General Partner on behalf of the Partnership of a Subscriber's subscription for Common A LP Units and receipt of the subscription price therefore and satisfaction of Closing conditions, the Subscriber shall become a Common A LP Unitholder. Following Closing, each Subscriber who becomes a Common A LP Unitholder will be entered in the records and/or registers of the Partnership as a Unitholder in respect of those Common A LP Units subscribed for and accepted by the Partnership. If so determined and instructed by the Partnership, the registrar and transfer agent for the Partnership will hold the Subscriber's Common A LP Units in their book-based system which means that no physical certificate will be produced but the Subscriber's Common A LP Units will be recorded in the unitholder registers. With Common A LP Units being held in the book-based system there is no risk of losing Unit certificates which can be costly to replace. **Based on the foregoing, Unit certificates representing the Subscriber's Common A LP Units may not be issued and sent to such Subscriber except where requested in writing by such Subscriber.**

Neither the Trust, the Trustees, the Administrator or the General Partner is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Common A LP Units having regard to any such investment needs and objectives of the potential investor.

Representation of Qualification to Purchase: By executing a subscription agreement for Common A LP Units, each Subscriber will make the representation that the Subscriber meets the conditions of the applicable prospectus exemption in purchasing Common A LP Units pursuant to this Offering and is thus entitled under such prospectus exemption to purchase such securities without the benefit of a prospectus qualified under applicable securities laws.

Acceptance of Subscription Form: The acceptance by the General Partner on behalf of the Partnership of a Subscriber's subscription for Common A LP Units, whether in whole or in part, constitutes an agreement between the Subscriber and the Partnership upon the terms and conditions set out in such subscription agreement whereby the Subscriber, among other things: (i) acknowledges that he or she, upon purchase of Common A LP Units, is bound by the terms of the LP Agreement; (ii) makes various representations and warranties as more particularly set forth in the subscription agreement; and (iii) irrevocably nominates, constitutes and appoints the General Partner as his or her true and lawful attorney with the full power and authority as set out in the subscription agreement and the LP Agreement. **The General Partner will only accept subscriptions for Common A LP Units that are part of a Tied Unit.**

ITEM 6 - CERTAIN INCOME TAX CONSEQUENCES

General

A potential Subscriber should consult their own professional advisers to obtain advice on the tax consequences that apply to such potential Subscriber.

The following summary has been prepared by Counsel and describes the principal Canadian federal income tax considerations pursuant to the Income Tax Act generally applicable to an individual (other than a trust) who acquires Common A LP Units pursuant to this Offering Memorandum and who, for purposes of the Income Tax Act, is resident in Canada, holds the Common A LP Units as capital property and deals at arm's length, and is not affiliated with, the Partnership. Generally, the Common A LP Units will be considered to be capital

property to a person provided the person does not hold the Common A LP Units in the course of carrying on a business of trading or dealing in securities and has not acquired the Common A LP Units in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a person: (i) an interest in which would be a "tax shelter investment" as defined in section 143.2 of the Income Tax Act; (ii) that is a "financial institution" as defined in section 142.2 of the Income Tax Act; (iii) that has elected to determine its Canadian tax results in a "functional currency" other than the Canadian dollar; or (iv) that has entered or will enter into a derivative forward agreement with respect to the Common A LP Units, all within the meaning of the Income Tax Act. This summary assumes that Units will not be acquired with financing for which recourse is, or is deemed to be, limited for purpose of the Income Tax Act. Financing is generally deemed to be limited recourse for purposes of the Income Tax Act unless: (i) bona fide arrangements were made in writing at the time the financing was obtained providing for repayment within a reasonable period, not exceeding 10 years; (ii) interest is payable at least annually at a rate that is not less than the rate prescribed by the Income Tax Act; and (iii) interest is paid no later than 60 days after the end of each taxation year. If a Limited Partner finances an acquisition of Common A LP Units with limited recourse financing there may be adverse tax consequences to the Limited Partners and to the Partnership.

This summary is based upon information set out in this Offering Memorandum, the provisions of the Income Tax Act in force as of the date hereof, all specific proposals to amend the Income Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and Counsel's understanding of the current published administrative and assessing policies of the Canada Revenue Agency (the "**CRA**") that have been made publicly available as of the date hereof. There can be no assurance that the Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Offering and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action or changes in the administrative policies or assessing practices of the Canada Revenue Agency. This summary does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be relied on as legal or tax advice or representations to any particular prospective purchaser of Common A LP Units. Consequently, prospective purchasers are urged to seek independent tax advice in respect of the consequences to them of an investment in the Common A LP Units having regard to their particular circumstances. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

Computation of Partnership Income

The Partnership is not itself liable for income tax, however, the income or loss of the Partnership will be computed for each fiscal period as if the Partnership were a separate person resident in Canada. The fiscal period of the Partnership ends on December 31.

In computing its income or loss for income tax purposes, the Partnership will be entitled to deduct its expenses in its fiscal period in which they are incurred provided that such expenses are reasonable and their deduction is permitted by the Income Tax Act. The Partnership may deduct from its income for the year up to 20% of its total issue expenses incurred as a result of the Offering, prorated for short taxation years, to the extent that the issue expenses were not otherwise deductible in a preceding year.

Computation of Income or Loss of a Limited Partner

The income or loss of the Partnership for each fiscal period will be allocated among those persons who are Limited Partners at the end of the Partnership's fiscal period in accordance with the provisions of the LP Agreement.

In general, a Limited Partner's share of any income or loss of the Partnership from a particular source will retain its character and any provisions of the Income Tax Act applicable to that type of income will also apply to each Limited Partner.

Each Limited Partner will be entitled to deduct in the computation of income (or loss) for tax purposes the Limited Partner's share of any losses allocated by the Partnership for the fiscal period of the Partnership ending in the taxation year of the Limited Partner to the extent that the Limited Partner's investment is "at risk" within the meaning of the Income Tax Act. To the extent that the loss is not deductible in the year and is not subject to the "at risk" rules discussed below, it will be available for a twenty year carry forward and three year carry back as a deduction in computing the taxable income of a Limited Partner. Losses from the Partnership which are not deductible by a Limited Partner because they exceed the "at risk" amount at the particular time generally may be carried forward indefinitely for deduction against any source of income in a subsequent year to the extent that a Limited Partner's "at risk" amount in the Partnership is otherwise positive for that year.

In general, the amount "at risk" for an investor in a limited partnership at any time in a taxation year will be the adjusted cost base of the investor's limited partnership interest at that time (plus, where that time is the end of the limited partnership's fiscal period, income allocated to the limited partner for the fiscal period) less any amount owing by the limited partner (or a person with whom the limited partner does not deal at arm's length) to the limited partnership (or a person or partnership not dealing at arm's length with the limited partnership) and less the amount of any benefit, guarantee or indemnity provided to a limited partner to protect the limited partner against any loss of the limited partner's investment in the limited partnership.

Disposition of Common A LP Units

The disposition by a Limited Partner of a Common A LP Unit will result in the realization of a capital gain (or capital loss) by such Limited Partner to the extent the proceeds of disposition of the Common A LP Unit, less reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Common A LP Unit. In general, the adjusted cost base of a Limited Partner's Common A LP Unit will be equal to the cost of the Common A LP Unit (excluding, in certain circumstances, the portion thereof financed with limited recourse indebtedness) plus the Limited Partner's share of the income of the Partnership allocated to the Limited Partner for the fiscal periods ending before the relevant time less the aggregate of: (i) the Limited Partner's share of losses of the Partnership allocated to the Limited Partner (other than losses which cannot be deducted because they exceed the Limited Partner's "at risk" amount) for the fiscal years ending before the relevant time; and (ii) the distributions from the Partnership to the Limited Partner made before the relevant time. The adjusted cost base of each Common A LP Unit will be the average of the adjusted cost base of all Common A LP Units held by a Limited Partner. On the cancellation of a Limited Partner's Common A LP Units for no consideration pursuant to the Partnership's retraction right, a Limited Partner will generally realize a capital loss equal to the adjusted cost base of such Common A LP Units.

If a Limited Partner disposes of all of the Limited Partner's Common A LP Units, that person will no longer be a Limited Partner of the Partnership and will be deemed to have disposed of the Common A LP Units either at such time or, if the Limited Partner has a residual interest in the Partnership, on the later of: (i) the end of the fiscal period of the Partnership during which the disposition has occurred; and (ii) the date of the last distribution made by the Partnership to which the Limited Partner was entitled.

A Limited Partner will be deemed to realize a capital gain if the adjusted cost base of the Limited Partner's Common A LP Unit is negative at the end of any fiscal period of the Partnership. If the adjusted cost base of a Limited Partner's Common A LP Unit becomes negative and a capital gain is realized, the adjusted cost base of the Limited Partner's Common A LP Unit will be deemed to be nil at the beginning of the next fiscal period of the Partnership. If the adjusted cost base of a Limited Partner's Common A LP Unit is positive in a subsequent taxation year, then, to the extent that the Limited Partner has realized a deemed capital gain, the Limited Partner can elect to reduce the adjusted cost base of the Common A LP Unit by the lesser of the adjusted cost base of the Common A LP Unit and the amount of the deemed capital gain. The amount elected can be carried back to offset a deemed capital gain realized when the adjusted cost base of a Common A LP Unit is negative.

Generally, one-half of any capital gain realized or deemed to be realized by a Limited Partner in a taxation year will be included in the Limited Partner's income for the year as a taxable capital gain. Subject to specific rules in the Income Tax Act, one-half of any capital loss realized or deemed to be realized by a Limited Partner in a taxation year is an allowable capital loss which is deducted from any taxable capital gain realized by the holder in the year of disposition. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances provided for in the Income Tax Act. Capital gains realized by a Limited Partner may affect a Limited Partner's liability for alternative minimum tax.

Filing Requirements

A person that is a Limited Partner at any time in a fiscal period of the Partnership is required to make an information return in the prescribed form containing specified information for that year, including the income or loss of the Partnership and the names and shares of such income or loss of all the Limited Partners. The filing of an annual information return by the General Partner on behalf of the Limited Partners will satisfy this requirement and the General Partner has agreed to make such filings. The General Partner will also provide the Limited Partners with information relevant to the allocation of the Partnership's income earned.

Exempt Plan Eligibility

Units will not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts. The holder, annuitant or beneficiary of such plans may, together with such plans, have adverse tax consequences if they hold a non-qualified investment.

Taxation of Investco

Investco will be subject to tax in each taxation year on its taxable income for the year. In calculating its taxable income, Investco will generally be entitled to deduct reasonable expenses incurred to earn income including interest paid on loans from the Partnership.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

The Partnership will retain several non-exclusive securities dealers to effect sales of Common A LP Units. Where allowed by applicable securities legislation, the Partnership intends to pay a selling commission of up to 8% of the gross proceeds realized on the sale of the Common LP Units under this Offering to such securities dealers. In addition to the foregoing, the Partnership may pay an administration fee of up to 1% of the gross proceeds realized on the sale of Common LP Units under this Offering. Such commissions and administration fees will be paid irrespective of whether the Common LP Units sold are Common A LP Units or Common B LP Units. The ratio of Common A LP Units to Common B LP Units to be issued will be determined from time to time by the General Partner in its sole discretion.

The Partnership may also incur marketing and other professional services expenses in connection with the Offering.

Investco has agreed to reimburse the Partnership and the General Partner for, or pay directly, all costs and expenses to be incurred by the Partnership in connection with the Offering for funds invested in Investco. See Item 2.7.2 - *Reimbursement Agreement*. The Trust and the Partnership is expected to enter into similar agreements with other entities through which the Partnership invests in the Business, if not Investco.

ITEM 8 - RISK FACTORS

The Offering should be considered highly speculative due to the nature of the Partnership's business and the fact that the Partnership has limited operating history. An investment in Common A LP Units should only be made after consultation with independent qualified sources of investment, tax and legal advice. The General Partner does not provide investment or tax advice. There is no established market for the Common A LP Units and none is expected to develop. Therefore, it may be difficult or impossible for a Subscriber to sell such securities. The subscription price per Common A LP Unit (\$0.001) was determined arbitrarily by the Partnership.

An investment in the Partnership is speculative and involves a high degree of risk. There is a risk that an investment in the Partnership will be lost entirely or in part. Only investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider the purchase of Common A LP Units.

The following is a summary of certain risk factors pertaining to Partnership but does not purport to be a complete summary of all of the risks associated with an investment in securities of the Partnership. The business, operations, financial condition, revenues and profitability of the Partnership could be materially adversely affected by any of these risks.

Investment Risk

Risks that are specific to the Common A LP Units being offered hereunder include the following:

Blind Pool Offering: Other than the Portfolio Companies, this is a "blind pool" offering, meaning the assets to be acquired by the Partnership or Investco with the proceeds of this Offering, and the sale of Preferred C1 LP Units to the Trust, have not yet been identified or determined. Therefore, there can be no assurances that the Partnership will identify potential investments that warrant acquisition. Even if assets are identified and the acquisition of the same or an interest therein is determined to be in the best interest of the Partnership, the Partnership may not be able to finance the acquisition and additional funds may be required to complete the acquisition. If the Partnership is unable to identify and acquire suitable investments, its business, operating results and financial condition could be adversely affected. The Partnership will not have earnings to support payment of distributions to Unitholders should the properties acquired with the proceeds of this Offering, and the sale of Preferred C1 LP Units to the Trust, not prove to be profitably productive.

No Guaranteed Return or Distributions: The recovery of your initial investment is at risk, and the anticipated return on your investment is based on many performance assumptions. There is no guarantee that an investment in Common A LP Units will earn any positive return in the short or long-term. While the Partnership intends to make distributions to its Unitholders out of Distributable Cash, no assurance can be given that such distributions, if made, will continue or that they won't be reduced or eliminated. A return on, or of, investment in Common A LP Units is dependent upon the success of the Partnership in generating sufficient earnings on the assets of the Partnership. Common A LP Units will only receive distributions, if any, after the full payment of the distributions to Preferred Units of the LP by the Partnership. As a result, there is no assurance or guarantee that the Partnership and, correspondingly, the purchasers of Common A LP Units pursuant to the Offering will earn a return on, or of, their investment.

Distributions: The ability of the Partnership to make cash distributions on the Common A LP Units (and the timing of the commencement of any distributions and actual amounts distributed, if any) will be affected by a number of factors, including working capital requirements of the Partnership, the profitability of carrying out the Business, and any restrictive covenants pursuant to third-party debt financing arrangements. If the Business is unsuccessful, the Partnership will likely not have sufficient cash flow to make cash distributions to Unitholders; therefore, there is no certainty as to when or if the Partnership will make distributions of cash to its Unitholders. In such a circumstance it is possible that the Partnership will make non-cash distributions and accordingly a Unitholder's tax liability for a year arising from its status as a Common A LP Unitholder may exceed the amount of cash distributions received from the Partnership by the Unitholders, including the Trust.

The Partnership may acquire and hold shares, debt or other securities of Investco from time to time. If the Partnership makes all of its investment in the Business through Investco, the ability of the Partnership to make cash distributions on Units would be principally dependent upon the Partnership receiving payments from Investco pursuant to the securities of Investco acquired by the Partnership. If the Partnership does not receive payment from Investco pursuant to the securities of Investco held by it, the Partnership will likely not have sufficient cash flow to make cash distributions to Unitholders.

Distributions may Consist of Proceeds of Offerings: Distributions to Common A LP Unitholders may consist, directly or indirectly, of the proceeds from the sale of securities by the Partnership (including this Offering) and may also, in certain circumstances, exceed the cash flow of the Partnership for any particular distribution period.

Lack of Marketability of Common A LP Units: There is currently no market through which the Common A LP Units may be sold and purchasers may not be able to resell Common A LP Units purchased under this Offering Memorandum. Common A LP Units are transferable subject to the terms of the LP Agreement and Canadian securities law restrictions. An investment in Common A LP Units is hence suitable only for investors who are able to make a long-term investment and do not need full liquidity with respect to this investment.

No Voting Rights: The Common A LP Units are non-voting except in certain limited circumstances as set forth in the LP Agreement, which includes where there is a proposal to amend the rights, privileges, restrictions and conditions attaching to the Common A LP Units. Accordingly, Unitholders will have no ability to affect the governance or management of the Partnership.

Redemption of Common A LP Units: Common A LP Unitholders have no redemption rights under the LP Agreement. Holders of Preferred Units of the Trust may redeem their Preferred Units of the Trust in accordance with the Declaration of Trust.

Substantial Redemption of Preferred Units of the LP: Preferred Trust Unitholders have the right to redeem their Preferred Units of the Trust upon the terms outlined in the Declaration of Trust and Preferred LP Unitholders have the right to redeem their Preferred Units of the LP upon the terms outlined in the LP Agreement. As the Trust will be the primary Preferred LP Unitholder, and the contributions of the Trust to the Partnership rely on the capital acquired by the issuance of Preferred Units of the Trust, a substantial redemption of Preferred Units of the Trust may lead to the Trust redeeming a substantial amount of Preferred Units of the LP. A substantial redemption of Preferred Units of the LP may adversely affect the available capital required by the Partnership to carry out the Business.

Possible Loss of Limited Liability and Liability for Return of Capital: Maintenance of the limited liability of a Limited Partner requires compliance with certain legal requirements in jurisdictions in which the Partnership will operate. There is a risk that Limited Partners could lose their limited liability in certain circumstances and be liable beyond their contribution and share of undistributed net income of the Partnership. Where a Limited Partner has received a distribution from the Partnership, such Limited Partner may be liable to return to the Partnership or, if the Partnership is dissolved, to its creditors, any amount, not in excess of the amount distributed to such Limited Partner with interest, as may be necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before such distribution.

Loss of Liability in Dissolution: Upon dissolution of the Partnership, the Limited Partners may receive undivided interests in the Partnership assets and will no longer enjoy limited liability with respect to the ownership of such assets.

Tax Risks: No assurance can be given that changes in the Income Tax Act, or changes in the administrative policies and assessing practices of the Canada Revenue Agency, or future court decisions, or the implementation of new taxes will not adversely affect the Partnership or fundamentally alter the income tax consequences to Unitholders with respect to acquiring, holding or disposing of Common A LP Units. Legal, tax or administrative changes, which occur during the life of the Partnership, could have an adverse effect on the Partnership, the Unitholders or both. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Common A LP Units purchased pursuant to the Offering. There can be no assurance that cash distributions, if any, made by the Partnership will be sufficient to satisfy a Unitholder's tax liability for a year arising from its status as a Unitholder of the Partnership. See Item 6 - *Certain Income Tax Consequences*.

Acquisition Risk

Risks that are specific to acquisitions, including the Acquisitions include the following:

Competitive marketplace: The Partnership will be competing for investment opportunities with other entities including banks, private equity funds, institutional investors, strategic investors, as well as the public equity markets. As a result of this competition, there can be no assurance that the Partnership will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its capital contributions. In addition, if the Partnership makes only a limited number of investments, the aggregate returns realized by the Partnership could be adversely affected in a material manner by the unfavourable performance of even one such investment.

Investment Timing: The General Partner has not yet identified all of the potential investments that it will make. The General Partner intends to conduct extensive due diligence with respect to the Partnership's investments and, as a result, suitable investment opportunities may not be immediately available. The Partnership cannot predict how long it will take to deploy its capital in investments. Timing will depend on, among other things, the availability of suitable investment opportunities.

Difficulty in Valuing the Acquisitions: Management may value the investments of the Partnership from time to time at their fair market values. The valuation of investments is inherently highly subjective and imprecise and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. In establishing the value of the Partnership's investments, Management may also consult with accounting firms, investment banks and other third parties when needed, to assist with the valuation of the Partnership's investments. The value set by Management may not reflect the price at which the Partnership could dispose of its interests in a particular investment at any given time.

Potential Undisclosed Liabilities Associated with Acquisitions: There may be liabilities and contingencies that the Partnership does not discover in its due diligence prior to consummation of an acquisition for which the Partnership has to bear responsibility for and which could have a material adverse effect on the business, financial condition, liquidity and results of operation of the Partnership.

Future Acquisitions: The Partnership may undertake future acquisitions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on having the acquired assets perform as expected, successfully consolidating functions, retaining key employees and customer relationships, and integrating operations and procedures in a timely and efficient manner. Such integration may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters and ultimately the Partnership may fail to realize anticipated benefits of other acquisitions.

Continued Success of Acquisitions: The Partnership's success following completion of the Acquisitions depends in large part on whether the Portfolio Companies fulfill their obligations with clients and maintain client satisfaction. If the Portfolio Companies fail to satisfactorily perform their obligations, or make professional errors in the services that they provide, their clients could terminate contracts, including current master service agreements or purchase orders, exposing the themselves to risk of loss or reduced profits, which in turn would have a negative effect on the Partnership's profits.

Limited Information Regarding the Portfolio Companies: There is generally little or no publicly available information about the Portfolio Companies, and the Partnership must rely on the diligence of their own employees and the consultants they hire to obtain the information necessary for their decision to invest in them. There can be no assurance that the diligence efforts of the Partnership will uncover all material information about the Portfolio Companies necessary for them to make a fully informed investment decision.

Issuer Risk

Risks that are specific to the Partnership include the following:

Achievement of Investment Objective: There can be no assurance that the Partnership's investment strategies will be successful, that its investment objective will be achieved or that it will be able to make distributions. The Partnership and the business in which the Partnership invests could realize substantial losses.

Limited Operating History: The Partnership has a limited operating history. The past investment performance of Management should not be construed as a guarantee or expectation of future results of any investment in the Partnership.

Operational Dependence: The distributions to the Unitholders are dependent upon the ability of the Partnership to generate cash flow. The success of the Partnership will, to a large extent, depend on the good faith, experience, ability and judgment of Management to make appropriate decisions with respect to the operations of the Partnership. Investors must rely on the good faith, experience, ability and judgment of Management, and this investment would not be appropriate for those unwilling to do so.

Although Management believes that it will be able to replace key personnel within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on the business, financial condition, liquidity and results of operations of the Partnership. The Partnership does not carry any key man insurance.

Other companies from time to time may operate some of the assets in which the Partnership has an interest. As a result, the Partnership has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Partnership's financial performance. The Partnership's return on assets operated by others therefore depends upon a number of factors that may be outside of the Partnership's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Conflicts of Interest of Management: The General Partner is solely responsible for the administration, management and operation of the Partnership and its business. There may be situations in which conflicts of interest may arise between the Partnership and the General Partner or its directors and officers or their respective affiliates and associates. Under the LP Agreement, officers and directors of the General Partner are permitted to engage in (and it is anticipated that they will in the future engage in) activities that are the same as, or similar to, the activities of the Partnership. The directors and officers of the General Partner currently are directors and/or officers and/or controlling persons of other entities that are engaged in activities that are the same as, or similar to, the business and activities which are to be undertaken by the Partnership. Management of the General Partner will not devote their full time and attention to the affairs of the Partnership and, when acting on their own behalf and on behalf of others, may at times act in competition with the interests of the Partnership.

The LP Agreement provides that Management, as well as their respective affiliates and associates, are permitted to have business and other interests or associations of whatever nature or kind apart from their activities related to the Partnership's business, including business and other interests or associations which consist of the Business. Management presently has, and may in the future have, other business interests and associations which consist of the Business. See Item 2.7.1 - *LP Agreement - Business Interests of the General Partner*.

Sale of Additional Common A LP Units: The Partnership may issue additional Common A LP Units in the future. The authorized number of Common A LP Units for issuance by the Partnership is unlimited. Such additional Common A LP Units may be issued without

the approval of Unitholders, and may be issued in such number and for such price as is determined in the sole discretion of Management. Common A LP Unitholders have no pre-emptive rights in connection with such additional issuances. It is not possible to predict the effect, if any, that future issuances of Common A LP Units will have on the fair market value of the Common A LP Units. With any additional issuance of Common A LP Units, Unitholders will experience dilution.

Sale of Additional Common B LP Units: The Partnership may issue additional Common B LP Units in the future. The ratio of Common B LP Units to Common A LP Units issued as part of the Tied Units is at the sole discretion of Management, and this ratio is expected to go up as the Offering progresses. Because distribution is made to Common LP Units equally, the ratio of Common B LP Units to Common A LP Units may affect distributions to Common A LP Unitholder and the fair market value of Common A LP Units.

Financing Risks: In addition to the net proceeds of the Offering, and the net proceeds raised through the sale of Preferred Units of the LP to the Trust, the Partnership may require additional capital to implement and achieve its objectives. There can be no assurance that debt or equity financing will be available or sufficient to meet the requirements of the Partnership to implement its objectives or, if debt or equity financing is available, that it will be on terms acceptable to the Partnership. The inability of the Partnership to access sufficient capital to support future growth opportunities and for its operations could have a material adverse effect on the Partnership's financial condition, results of operations or prospects which in turn would likely have a material adverse effect on the Partnership.

Lack of Independent Counsel Representing Unitholders: The Partnership and the General Partner have consulted with and retained for their benefit Counsel to advise them in connection with the formation and terms of the Partnership and the offering of Units. Unitholders have not, however, as a group been represented by independent legal counsel. Therefore, to the extent that the Unitholders could benefit by further independent review, such benefit will not be available unless individual Unitholders retain their own legal counsel.

Changes in Applicable Law: Legal, tax and regulatory changes in law may occur that can adversely affect the Partnership and Unitholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions received by the Unitholders.

Common A LP Units Not Insured: The Partnership is not a member institution of the Canada Deposit Insurance Corporation and the Common A LP Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

Nature of Investment: An investment in the Partnership requires a long-term commitment with no certainty of return. While an investment may be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most of the Partnership's investments will not occur for a number of years after such investments are made.

Lack of Liquidity: Most, if not all, of the investments of the Partnership will be highly illiquid, and there can be no assurance that the Partnership will be able to realize on its investments in a timely manner or at all, which may also make the Partnership difficult to value. Illiquidity may result from the absence of an established market for the investments as well as legal or contractual restrictions on their resale. In addition, private equity investments by their nature are often difficult or time consuming to liquidate.

Risks upon Dispositions of Investments: In connection with the disposition of an investment in a Portfolio Company, the Partnership may be required to make representations about the business and financial affairs of such investment typical of those made in connection with the sale of a business. It may also be required to indemnify the purchasers of such investment to the extent that any such representation turns out to be inaccurate. These arrangements may result in contingent liabilities of the Partnership, which might ultimately have to be funded by the Unitholders to the extent that such contingent liabilities exceed the reserves and other assets of the Partnership and such Unitholders have received prior distributions from the Partnership.

Preferred Units of the LP are not a Direct Investment in the Business: The Partnership's financial performance will be directly tied to the performance of Investco and to the performance of the property of Investco. The Preferred Units of the LP are not a direct investment in Investco or the property of Investco but an investment in the Partnership that owns shares in Investco.

Recourse to the Partnership's Assets: The Partnership's assets, including any investments made by the Partnership and any capital held by the Partnership, are available to satisfy all liabilities and other obligations of the Partnership. If the Partnership itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Partnership's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Risks Pertaining to the Business

Risks that are specific to the Business include the following:

Operating Hazards: The operations to be conducted by the Partnership will be subject to all of the operating risks normally attendant upon such businesses. The Partnership will seek to acquire insurance when and as, and in such amounts as, the General Partner best sees fit, but there is no assurance that such insurance will be available or adequate.

Debt Related Risks: Investco, the Partnership, the General Partner, the Trust and the Portfolio Companies will be required to comply with covenants under the documentation for the Credit Facilities and any other credit facilities entered into by the Portfolio Companies. In the

event that such parties do not comply with such covenants, access to capital could be restricted or repayment could be required on an accelerated basis by the lender, and the ability to make distributions to unitholders may be restricted. The lender has security over substantially all of the assets of Investco. If Investco becomes unable to pay its debt service charges or otherwise commits an event of default that is not cured, the lender may foreclose on or sell the businesses acquired by Investco. Amounts paid in respect of interest and principal on debt may reduce distributions. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service before payment of distributions by Investco to the Partnership and by the Partnership to the Trust. Certain covenants in the documentation for the Credit Facilities may also limit distributions. Although Management believes the Credit Facilities will be sufficient for the near term, there can be no assurance that the amount will be adequate for the parties' future financial obligations or that additional funds will be able to be obtained. Failure to obtain financing may result in the Partnership and Investco not being able to pursue acquisition opportunities and/or a decrease in distributions. The Credit Facilities contain certain covenants which affect and, in some cases, significantly limit, among other things, the activities in which Investco, the Partnership, the General Partner, the Trust and the Portfolio Companies may engage. For more information, see Item 2.2.5 - *Debt of the Partnership and Investco - Credit Facilities*.

A high level of indebtedness increases the risk that the Trust, the Partnership, Investco and/or its subsidiaries may default on their debt obligations. Such parties' ability to meet their debt obligations and to reduce their level of indebtedness depends on future performance. General economic conditions, business and other factors affect operations and future performance. Many of these factors are beyond the control of such parties. The Trust, the Partnership, Investco and its subsidiaries may not be able to generate sufficient cash flows to pay the interest on debt and future working capital or to repay all or part of their indebtedness and borrowings or equity financing may not be available to pay or refinance such debt on commercially reasonable terms. Factors that will affect the ability to raise cash through an offering of units or a refinancing of debt include financial market conditions, the value of units, the value of assets and performance at the time the Trust, the Partnership, Investco or any of its subsidiaries need capital. The occurrence of any of these events could have a material adverse effect on the results of operations and financial condition of the Trust, the Partnership, Investco or its subsidiaries, which in turn could negatively affect the amount of distributions paid to unitholders.

There is a risk that the Credit Facilities will not be renewed for the same principal amount or on the same terms. Any of these events could materially adversely affect the ability of the Trust, the Partnership, Investco and its subsidiaries to fund ongoing operations and the ability of the Trust and Partnership to distribute cash to unitholders.

Uninsured and Underinsured Losses: The Partnership uses its discretion in determining amounts, coverage and limits and deductibility provisions of insurance for its operations and assets, with a view to maintaining appropriate insurance coverage on its assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. Further, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. A judgment against the Partnership in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on our business and financial condition. A substantial loss without adequate insurance coverage could have a material adverse effect on the business, financial condition, liquidity and results of operation for the Partnership.

Reliance on Management: Decisions regarding the management of the Partnership's affairs will be made exclusively by the officers and directors of the General Partner and not by the Limited Partners. Accordingly, Subscribers must carefully evaluate the personal experience and business performance of the officers and directors of the General Partner. The General Partner may retain independent contractors to provide services to the Partnership. These contractors have no fiduciary duty to the Limited Partners and may not perform consistently with the fiduciary duty owed to Limited Partners by the General Partner. The ability of the General Partner to successfully implement the Partnership's business strategy will depend in large part on the continued involvement of the officers and directors of the General Partner. Neither the General Partner nor the Partnership maintains key person life insurance for the management team of the General Partner. If the General Partner loses the services of its key individuals, the business, financial condition and results of operations of the Partnership may be materially adversely affected.

Management of Growth: The General Partner or Investco may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the General Partner or Investco to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the General Partner or Investco to deal with this growth may have a material adverse effect on the Partnership's or Investco's business, financial condition, results of operations and prospects.

Fluctuations in Foreign Currency Exchange Rates: Fluctuations in foreign currency exchange rates could adversely affect the Portfolio Companies, and could subsequently affect payments of distributions to unitholders. The Portfolio Companies could be subject to unfavourable exchange rate changes to the extent that they conduct business with U.S. suppliers and purchasers and to the extent that they have engaged, or in the future engage, in risk management activities related to foreign exchange rates, through entry into forward foreign exchange contracts or otherwise.

General Economic Conditions: Changes in general economic conditions may affect the Partnership's activities. The businesses acquired or to be acquired by the Partnership operate in a variety of sectors, all of which are affected by trends in general economic conditions in their respective markets. Changes in interest rates, commodity prices, exchange rates, availability of capital and general

levels of economic activity may affect the value of investments made by the Partnership. The Partnership's investment can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer and business confidence may result in increased market volatility and reduced liquidity, both of which could have a material adverse effect on the performance of the Partnership's investments. No assurance can be given as to the effect of these events on the Partnership's investment or investment objectives.

In addition, economic conditions in North America and globally may be affected, directly or indirectly, by political events throughout the world. In particular, any attempt by the United States to withdraw from or materially modify the North American Free Trade Agreement and certain other international trade agreements as well as conflicts or, conversely, peaceful developments, arising in the Middle East or Eastern Europe and other areas of the world that have a significant impact on the price of important commodities can have a significant impact on financial markets and the global economy. Any such negative impacts could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Trust, the Partnership and Investco.

Seasonality: While the Business of the Partnership is not influenced by seasonal weather patterns, the operating businesses in which the Partnership invests may be. Seasonal factors and unexpected weather patterns may lead to declines in profitability of the operating businesses in which the Partnership invests, leading to lower returns to the Partnership.

Third Party Credit Risk: The Partnership may be exposed to third party credit risk through its contractual arrangements with its future joint venture partners and other parties. In the event such entities fail to meet their contractual obligations to the Partnership, such failures may have a material adverse effect on the Partnership's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Partnership's ongoing capital program, potentially delaying the program and the results of such program until the Partnership finds a suitable alternative partner.

Use of Leverage: The General Partner has the discretion to incur indebtedness to fund investments and obligations of the Partnership. While there are limitations on the amount of indebtedness that may be incurred by the Partnership, the use of financial leverage adds financial risk to any investment.

Interest Rate Fluctuations: The Partnership may be required to obtain third party financing in or to fund the Business, which indebtedness, if any, would likely be subject to interest rates based on variable lending rates that may fluctuate over time and which will cause fluctuations in the Partnership's cost of borrowing.

Product Liability: The Portfolio Companies will each be subject to potential product liabilities connected with their operations, including liabilities and expenses associated with product defects.

Equipment Risks: The Portfolio Companies' ability to meet customer demands in respect of performance and cost will depend, in some part, upon continuous improvements in operating equipment. There can be no assurance that the Portfolio Companies will be successful in their efforts in this regard or that they will have the resources available to meet this continuing demand. The Portfolio Companies' failure to do so could have a material adverse effect on them. No assurances can be given that competitors will not achieve technological advantages over the Portfolio Companies.

Inability to Attract and Retain Employees with Skills: The future success of the Partnership depends, in part, upon the ability of their Portfolio Companies to attract additional skilled employees and retain their current key personnel. They may not be able to hire and retain such personnel at compensation levels consistent with their existing compensation and salary structure. Their future also depends on the continued contributions of their executive management team and other key management and technical personnel, each of whom would be difficult to replace. The loss of any of their executive officers or key personnel or the inability to continue to attract qualified personnel could harm their business, financial condition and operating results.

Failure or Delay in Successful New Product Development: The Portfolio Companies may have customers with high demands regarding access to a broad range of products and technologies and the Portfolio Companies may have to continue to develop their expertise to design, manufacture and market their products successfully. Customers rigorously evaluate their suppliers on the basis of a number of factors, including product quality, reliability and timeliness of delivery, accuracy, new product innovation, price competitiveness, technical expertise and development capability, product design capability, operational flexibility, customer service and overall management. The Portfolio Companies' success may therefore depend, to a significant extent, on their development of new products and technologies and their ability to continue to meet their customers' changing requirements.

As a result, in addition to enhancing their current product and solutions portfolio, the Portfolio Companies may have to continually strive to offer new products and design new technologies and software solutions. This would require continued investment in product and technology development to help them maintain or increase their current market position and to allow them to respond to changing customer needs. However, they may be unable to develop or commercialize technological advances and introduce new products in a manner and to an extent sufficient for them to remain competitive within their industry. For example, they may, among other things, lack capacity to invest the required level of human and financial resources necessary to develop these products, commit errors or misjudgments in their planning in these areas or experience difficulties in implementing rollouts. In addition, they may not be able to meet their product development and delivery schedules as a consequence of unforeseen problems during the design or development phases of

new product and technology introductions. If they fail to enhance existing products, develop new products or keep pace with developing technology, growth opportunities could be lost or they may lose existing customers. In addition, they have made commitments within some existing contracts with customers, to develop and deliver new products.

Inability to Win or Maintain Contracts with Existing Customers: Individual orders of products under master agreements or purchase and service orders are subject to cancellation or rescheduling due to many factors that may lead the Portfolio Companies' customers to redeploy resources. Customers may also cease placing orders or cancel these agreements in their entirety, in which case the Portfolio Companies' remedies may be limited. In addition to potential changes in their views regarding Portfolio Companies' products, customers may also take such steps in response to changes in economic conditions generally or in the public procurement or regulatory environments. Cancellation or postponement of one or more of these significant contracts, or parts thereof, could have a material adverse effect on the Portfolio Companies' results of operations, cash flows and financial condition.

Expansion of Manufacturing Capacity: The Portfolio Companies' may not be able to pursue many large customer orders or sustain their historical growth rates if they do not have sufficient manufacturing capacity to enable them to commit to provide customers with specified quantities of products. If their customers do not believe that the Portfolio Companies have sufficient manufacturing capacity, they may: (i) outsource all of their production to another source that they believe can fulfill all of their production requirements; (ii) look to a second source for the manufacture of additional quantities of the products that the Portfolio Companies currently manufacture for them; (iii) manufacture the products themselves; or (iv) otherwise decide against using the services of the Portfolio Companies for their products. In the event that the Portfolio Companies are unsuccessful in their attempts to expand their manufacturing capacity, their business, financial condition and operating results could be harmed.

Compliance with Applicable Environmental Laws and Regulations: The sale and manufacturing of products or provision of services may subject the Portfolio Companies to environmental laws and regulations. Although Management does not currently anticipate any material adverse effects based on the nature of the Portfolio Companies' operations and these laws and regulations, they will need to ensure that they and their suppliers comply with such laws and regulations as they are enacted. If the Portfolio Companies fail to timely comply with such laws and regulations, their customers may cease doing business with them, which would have a material adverse effect on their business, results of operations and financial condition. In addition, if they were found to be in violation of these laws, they could be subject to governmental fines, liability to their customers and damage to their reputation, which would also have a material adverse effect on their business, results of operations and financial condition.

Energy and Commodity Price Increases: The Portfolio Companies and their suppliers rely on various energy, raw materials and commodities sources in their manufacturing and transportation activities. Energy, raw materials and commodities prices may be subject to increases and volatility caused by market fluctuations, supply and demand, currency fluctuation, production and transportation disruption, world events and government regulations. While significant uncertainty currently exists about the future levels of energy, raw material and commodity prices, a significant increase is possible. Increased energy prices could increase raw material, commodities and transportation costs. In addition, increased transportation, raw materials and commodities costs of their suppliers and customers could be passed along to them. The Portfolio Companies may not be able to sufficiently offset costs by increasing their own prices, engineering products with reduced commodity content, engaging in hedging strategies or otherwise. In addition, any increase in their prices may reduce their future customer orders which could harm their business, financial condition and operating results.

Need for Follow-On Investments: Following its initial investment in the Portfolio Companies, the Partnership may decide to provide additional funds to them or may have the opportunity to increase its investment in them. There is no assurance that the Partnership will make follow-on investments or that the Partnership will have sufficient funds to make all or any of such investments. Any decision by the Partnership not to make follow-on investments or its inability to make such investments may have a substantial negative effect on the Portfolio Companies in need of such an investment or may result in a lost opportunity for the Partnership to increase its participation in a successful operation.

General Litigation Risk: In the normal course of the Partnership's operations, whether directly or indirectly, it may become involved in, named as a part to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relation to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Partnership and as a result, could have a material adverse effect of the Partnership's investments, liabilities, business, financial condition and results of operations. Even if the Partnership prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of Management and key personnel from the Partnership's business operations, which could have a material adverse effect on the Partnership's business, cash flow, financial condition and results of operations and ability to make distributions to Unitholders, including the Trust.

Risks of the Portfolio Companies

Risks that are specific to each of the Portfolio Companies include the following:

Levy's

Risks Associated with Complex Manufacturing Processes: The manufacturing processes of Levy's depend on certain sophisticated and high-value equipment. Unexpected failures of this equipment may result in production delays, revenue loss and significant repair costs. In addition, equipment failures could result in injuries to its employees. Moreover, the competitive nature of its businesses requires them continuously to implement process changes intended to achieve product improvements and manufacturing efficiencies. These process changes may at times result in production delays, quality concerns and increased costs. Any disruption of operations at its facilities due to equipment failures or process interruptions could have a material adverse effect on Levy's business.

Intellectual Property Infringement Claims: The services of Levy's involve the creation and use of intellectual property rights, which subject it to the risk of intellectual property infringement claims from third parties and claims arising from the allocation of intellectual property rights among Levy's and its customers. Levy's customers may require that Levy's indemnify them against the risk of intellectual property infringement arising out of its manufacturing processes. If any claims are brought against Levy's or its customers for such infringement, whether or not these claims have merit, Levy's could be required to expend significant resources in defense of such claims. In the event of an infringement claim, Levy's may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. Levy's may not be successful in developing such alternatives or obtaining such licenses on reasonable terms or at all, which could harm its business, financial condition and operating results.

Customers' Intellectual Property: Levy's focuses on manufacturing precision machined components for its customers. These products often contain its customers' intellectual property, including trade secrets and know-how. The success of Levy's depends, in part, on its ability to protect its customers' intellectual property. The steps taken by Levy's to protect its customers' intellectual property may not adequately prevent its disclosure or misappropriation. If Levy's fails to protect its customers' intellectual property, its customer relationships could be harmed and Levy's may experience difficulty in establishing new customer relationships. In addition, Levy's customers might pursue legal claims against Levy's for any failure to protect their intellectual property.

Economic Dependence: A substantial portion of Levy's revenue is generated from a small number of customers. There can be no guarantee that Levy's will retain these customers in the future or of the amount of revenues that will be generated from these customers in the future. Levy's is subject to the cyclical and long-term trends of the economy and the industries in which its customers compete.

Metercor

Dependence on the Utility Industry: Metercor derives the majority of its revenues from sales of products and services to the utility industry. Purchases of its products may be deferred as a result of many factors including mergers and acquisitions, regulatory decisions, weather conditions, rising interest rates, utility specific financial situations and general economic downturns. Metercor has experienced, and may in the future experience, variability in operating results, on both an annual and a quarterly basis, as a result of these factors.

The utility industry depends substantially on governmental regulation. Historically, a key driver in Metercor's business has been the replacement cycle of existing meters, especially the length of that cycle. Local or national regulations often determine when meters are to be replaced, and manual-read meter replacement cycles have been between 5 and 30 years, depending on the specific geographic market and the type and usage of the meter. Likewise, much of the impetus for the growth in Metercor's industry arises from regulatory initiatives.

Utility Industry Sales Cycles: Sales cycles with customers in the utility industry, both domestic and foreign, are generally long and unpredictable due to customers' budgeting, purchasing and regulatory processes that can take up to several years to complete. Metercor's utility customers typically issue requests for quotes and proposals, establish evaluation committees, review different technical options with vendors, analyze performance and cost/benefit justifications and perform a regulatory review, in addition to applying the normal budget approval process within a utility.

Interruption in Information Technology Operation:

The efficient operation of Metercor's business is dependent on its information technology systems. Metercor relies on its information technology systems to effectively manage its business data, communications, computing needs and production and supply chain, and conduct order entry, order fulfillment, inventory replenishment, e-commerce and other business processes. The failure of Metercor's information technology systems to perform as anticipated could disrupt its business and could result in decreased sales, increased overhead costs, excess inventory and product shortages, causing its business and results of operations to suffer. In addition, Metercor's information technology systems are vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, power loss and computer systems failure and viruses. Any such interruption could have a material adverse effect on Metercor's business.

Risks Associated with Smart Meters: Since their introduction into Canada, smart meters have been subject to substantial controversy. As a result of health issues purported to be caused by radiofrequency fields produced by smart meters, a number of municipalities in British Columbia have moratoriums against the use of smart meters. Additionally, a number of public interest groups have formed in Canada to create publicity campaigns attempting to bring awareness to such purported health risks. While Health Canada has definitively

stated that radiofrequency energy exposure levels produced by smart meters are far below Canadian and international safety limits and that it does not consider that any precautionary measures needed to reduce radiofrequency energy exposure from smart meters, certain individuals may have negative perceptions of smart meters in Canada. As a result of this bad publicity, Metercor may be subject to litigation related to its involvement with smart meters, further provincial or federal regulation in the smart meter industry or otherwise suffer from negative media attention related to smart meters generally.

Economic Dependence: A substantial portion of Metercor's revenue is generated from a small number of customers. There can be no guarantee that Metercor will retain these customers in the future or of the amount of revenues that will be generated from these customers in the future. Metercor is subject to the cyclical and long-term trends of the economy and the industries in which its customers compete.

A&R

Shifts in Truck Market: While A&R supplies parts for a wide variety of trucks produced globally, A&R does not supply parts for all trucks produced, nor is the number or value of parts evenly distributed among the trucks for which A&R does supply parts. Shifts in market share among trucks or truck segments, particularly shifts away from trucks on which A&R has significant content and shifts away from truck segments in which A&R sales may be more heavily concentrated, could have a material adverse effect on A&R's profitability.

Work Stoppages and Scheduled Shutdowns: Some of the employees at A&R's manufacturing facilities are unionized, as are many manufacturing facilities of its customers and suppliers. Unionized facilities are subject to the risk of labour disruptions from time to time, including as a result of restructuring actions taken by A&R, A&R's customers and other suppliers. A&R cannot predict whether or when any labour disruption may arise, or how long such a disruption could last if it does arise. A significant labour disruption could lead to a lengthy shutdown of A&R or A&R's customers' and/or our suppliers' production lines, which could have a material adverse effect on operations and profitability.

A&R's business is generally not seasonal. However, A&R sales and profits are closely related to A&R's customers' production schedules. Scheduled shutdowns of A&R's customers' production facilities could cause sales and profitability to fluctuate when comparing fiscal quarters in any given year.

Economic Dependence: A substantial portion of A&R's revenue is generated from a small number of customers. There can be no guarantee that A&R will retain these customers in the future or of the amount of revenues that will be generated from these customers in the future. A&R is subject to the cyclical and long-term trends of the economy and the industries in which its customers compete.

Outsourcing Risk: A&R depends on the outsourcing of components, by truck manufacturers. The extent of truck manufacturer outsourcing is influenced by a number of factors, including: relative cost, quality and timeliness of production by suppliers as compared to truck manufacturers; capacity utilization; truck manufacturers' perceptions regarding the strategic importance of certain components/modules to them; labour relations among truck manufacturers, their employees and unions; and other considerations. A reduction in outsourcing by truck manufacturers, or the loss of any material production or assembly programs combined with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on A&R's profitability.

NWC

Manufacturer Risk: Most of NWC's business consists of selling and servicing mobile equipment products manufactured by others. As such, NWC's financial results may be directly impacted by: (i) the ability of the manufacturers it represents to provide high quality, innovative and widely accepted products on a timely and cost effective basis; and (ii) the continued independence and financial viability of such manufacturers. Some of NWC's business is governed by distribution agreements with the original equipment manufacturers. These agreements typically grant the right to distribute the manufacturers' products within defined territories which typically cover an entire province. It is generally industry practice that, within a defined territory, a manufacturer grants distribution rights to only one or more distributors. This is true of all the distribution arrangements entered into by NWC. Most distribution agreements are cancellable upon 60 to 90 days' notice by either party. The termination of one or more of NWC's distribution agreements with its original equipment manufacturers, as a result of a change in control of the manufacturer or otherwise, may have a negative impact on the operations of NWC.

Economic Dependence: A substantial portion of NWC revenue has been generated from customers in the oil & gas sector. Recent events relating to global oil and natural gas markets, including global excess oil and natural gas supply, actions taken by the Organization of the Petroleum Exporting Countries, slowing growth in China, volatility and disruptions in various areas of the world and sovereign debt levels in various countries, have caused significant weakness and volatility in these commodity prices in the oil & gas sector. This weakness and volatility in prices has been further affected by uncertainty surrounding regulatory, tax and royalty changes that may be implemented by the Government of Alberta and the Government of Canada. The weakness and volatility in prices may have a material adverse effect on NWC's customers and accordingly on NWC. There can be no guarantee that A&R will retain these customers in the future or of the amount of revenues that will be generated from these customers in the future. NWC is subject to the cyclical and long-term trends of the economy and the industries in which its customers compete.

CCMET

Key Personnel: As a professional and technical engineering and consulting solutions provider, CCMET's business is labor intensive and, therefore, its ability to attract, retain, and expand its senior management, sales personnel, and professional and technical staff is an important factor in determining CCMET's future success. The market for qualified scientists, engineers, and sales personnel is competitive and CCMET may not be able to attract and retain such professionals. It may also be difficult to attract and retain qualified individuals in the timeframe demanded by CCMET's clients. CCMET's failure to attract and retain key individuals could impair its ability to provide services to its clients and conduct its business effectively. The loss of the services of any key personnel could adversely affect CCMET's business.

Cyclical Demand: Demand for services from CCMET's provincial and local government and private clients is cyclical and vulnerable to economic downturns, which may result in clients delaying, curtailing, or canceling proposed and existing projects. CCMET's business traditionally lags the overall recovery in the economy. Therefore, CCMET's business may not recover immediately when the economy improves. If the economy remains weak or client spending declines further, then CCMET's revenue, profits, and overall financial condition may deteriorate. CCMET's provincial and local government clients may face budget deficits that prohibit them from funding new or existing projects. In addition, CCMET's existing and potential clients may either postpone entering into new contracts or request price concessions. Difficult financing and economic conditions may cause some of CCMET's clients to demand better pricing terms or delay payments for services it performs, thereby increasing the average number of days CCMET's receivables are outstanding and the potential of increased credit losses on uncollectible invoices. Further, these conditions may result in the inability of some of CCMET's clients to pay CCMET for services that it have already performed. If CCMET is not able to reduce its costs quickly enough to respond to the revenue decline from these clients, CCMET's operating results may be adversely affected.

Dependence on Government: CCMET derives a significant portion of its gross revenues from government agencies. Any disruption in government funding or in CCMET's relationship with such agencies could adversely affect its business. The demand for CCMET's government-related services is generally driven by the level of government program funding. Accordingly, the success and further development of CCMET's business depends significantly, upon the continued funding of these government programs, and upon CCMET's ability to obtain contracts and perform well under these programs

Nutter's

Competition: The grocery and natural food/health retail channels in Canada are highly competitive. Other national and regional food grocery and natural food/health companies, along with non-traditional competitors, such as mass merchandisers and warehouse clubs, represent a competitive risk to Nutter's ability to attract customers and operate profitably in its markets. Nutter's inability to effectively predict market activity or compete effectively with its current or future competitors could result in, among other things, reduced market share and reduced profitability, which could have a material adverse impact on Nutter's financial results.

Product Liability and Food Safety: Nutter's is subject to potential liability connected with its business operations, including potential liabilities and expenses associated with product defects, food safety and product handling. Such liabilities may arise in relation to product manufacturing, packaging and labelling, design, preparation, warehousing, distribution and presentation. Nutter's cannot assure that active management of these risks, including maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems, will eliminate all of the risks related to food and product safety. Nutter's could be adversely affected in the event of a major outbreak of food-borne illness or an increase in public health concerns regarding certain food products. Such events could materially affect Nutter's financial performance.

Product Costs: Nutter's is a significant purchaser of food product which is at risk of cost inflation given rising commodity prices and other costs of production to food manufacturers. Should rising costs of product materialize in excess of expectations and should Nutter's not be able to offset such cost inflation through higher retail prices or other cost savings, there could be a negative impact on sales and financial performance.

Franchisees and Affiliates: A substantial portion of Nutter's revenues and earnings comes from amounts paid by franchisees. Franchisees are independent businesses and, as a result, their operations may be negatively affected by factors beyond Nutter's control. If franchisees do not operate their stores in accordance with Nutter's standards or otherwise in accordance with good business practices, franchisee fees paid to Nutter's could be negatively affected, which in turn could adversely affect Nutter's reputation, operations or financial performance. In addition, Nutter's reputation could be harmed, if a significant number of franchisees were to experience operational failures, health and safety exposures or were unable to pay Nutter's for products or other fees.

Nutter's franchise system is also subject to franchise legislation enacted by a number of provinces. Any new legislation or failure to comply with existing legislation could negatively affect operations and could add administrative costs and burdens, any of which could affect Nutter's relationship with its franchisees.

Supply Chain: Nutter's is exposed to potential supply chain disruptions and errors that could result in obsolete merchandise or an excess or shortage of merchandise in its retail store network. A failure to implement and maintain effective supplier selection and procurement practices could adversely affect Nutter's ability to deliver desired products to customers and adversely affect Nutter's ability to attract and retain customers. A failure to maintain an efficient supply and logistics chain may adversely affect Nutter's ability to sustain and meet growth objectives and maintain margins.

Government Regulation: Nutter's is subject to extensive laws, rules, regulations and policies with respect to the preparation, distribution, packaging and labelling of its food products. Changes to any of the laws, rules, regulations or policies related to the Nutter's business, including the preparation, distribution, packaging and labelling of its products, could have a significant impact on its financial and operational performance. In the course of complying with such changes, Nutter's may incur significant costs. There can be no assurance that Nutter's will be able to comply with any future laws, rules, regulations and policies.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective investors should read this entire Offering Memorandum and consult their own counsel and financial advisors before deciding to invest in the Partnership.

Neither the General Partner, the Partnership nor Management is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Common A LP Units having regard to any such investment needs and objectives of the potential investor.

ITEM 9 - REPORTING OBLIGATIONS

The Partnership will send to Limited Partners (or make available if sending is not required by applicable laws) within 120 days after the end of each Fiscal Year (or within such shorter time as may be required by applicable securities law): (i) the audited annual consolidated financial statements of the Partnership for such Fiscal Year, together with comparative audited financial statements for the preceding Fiscal Year, if any; and (ii) so long as required by applicable securities laws, a notice of the Partnership disclosing in reasonable detail the use of the aggregate gross proceeds raised by the Partnership under Section 2.9 of NI 45-106.

The Partnership shall send to Limited Partners (or make available if sending is not required by applicable laws) a notice of specified events under subsection 2.9(17.20) of NI 45-106.

In each year, the General Partner shall, on or before such date as may be required under applicable law, provide such information as may reasonably be necessary to permit Limited Partners to report their respective share of net income or net loss of the Partnership for income tax purposes. Each Limited Partner will be solely responsible for filing all income tax returns and reporting its share of the Partnership income or loss.

The Partnership is not a "reporting issuer" or equivalent under the securities legislation of any jurisdiction. Accordingly, other than the disclosure set forth above, the Partnership is not subject to the "continuous disclosure" requirements of any securities legislation and there is no requirement that the Partnership make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Partnership.

ITEM 10 - RESALE RESTRICTIONS

The Common A LP Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Common A LP Units unless you comply with an exemption from the prospectus requirements under applicable securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is four (4) months and a day after the date the Partnership becomes a reporting issuer in any province or territory of Canada.

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:

- (a) the Partnership 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
- (b) you have held these securities for at least twelve 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.

Since the Partnership is not a reporting issuer in any province or territory, the applicable hold period for Subscribers may never expire, and if no further exemption may be relied upon and if no discretionary order is obtained, this could result in a Subscriber having to hold the Common A LP Units acquired under the Offering for an indefinite period of time.

The General Partner must approve of any proposed disposition of Units. The LP Agreement provides that no transfer or other disposition of Units shall be effective unless the transferor provides the proper documentation described in the LP Agreement to the General Partner. Units may not be transferred to a person that is a "non-resident" of Canada within the meaning of the Income Tax Act. Unless already a Limited Partner, the person to whom Units are being transferred must become a Limited Partner by becoming party to, and bound by, the LP Agreement. See Item 2.7.1 - *LP Agreement - Restriction on Transfer*.

The foregoing is a summary only of resale restrictions relevant to a purchaser of the securities offered hereunder. It is not intended to be exhaustive. All Subscribers under this Offering should consult with their legal advisors to determine the applicable restrictions governing resale of the securities purchased hereunder including the extent of the applicable hold period and the possibilities of utilizing any further statutory exemptions or obtaining a discretionary order.

ITEM 11 - PURCHASERS' RIGHTS

If you purchase Common A LP Units you will have certain rights, some of which are described below. These rights may not be available to you if you purchase the Common A LP Units pursuant to a prospectus exemption other than the offering memorandum exemption in Section 2.9 of NI 45-106. For complete information about your rights, you should consult a lawyer.

Two Day Cancellation Right

You can cancel your agreement to purchase these Common A LP Units. To do so, you must send a notice to us by midnight on the second (2nd) business day after you sign the agreement to buy the Common A LP Units.

Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defenses and limitations contained under the applicable securities legislation. Purchasers of Common A LP Units resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Limited Partnership in connection with this Offering.

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces of Canada and the regulations, rules and policy statements thereunder. Purchasers should refer to the securities legislation applicable in their province along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

Rights of Purchasers in Alberta

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the date you purchased the securities.

Rights of Purchasers in British Columbia

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the Partnership.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the date you purchased the securities.

Rights of Purchasers in Saskatchewan

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership to, every promoter of the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum, every person whose consent has been filed respecting the offering but only with respect to reports, opinions or statements that have been made by them, every person who or company that signed this Offering Memorandum and every person who or company that sells securities on behalf of the Partnership under this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the Partnership.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six (6) years after the date you purchased the securities.

Rights of Purchasers in Manitoba

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or two (2) years after the date you purchased the securities.

Rights of Purchasers in Ontario

If you are a resident of Ontario, and if there is a misrepresentation in this Offering Memorandum, you have a right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the Partnership.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities.

Securities legislation in Ontario does not extend the statutory rights of action for damages or rescission to a purchaser who is purchasing the securities in reliance on the "accredited investor" exemption set out in section 2.3 of NI 45-106 if the purchaser is: (a) a "Canadian financial institution" or a "Schedule III Bank" (each as defined under applicable securities laws); (b) the Business Development Bank of Canada; or (c) a subsidiary of any person referred to in (a) or (b), if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary (collectively, the "**Excluded Ontario Purchasers**"). The Excluded Ontario Purchasers will be entitled to a contractual right of action for damages or rescission that is equivalent to the statutory right of action for damages or rescission available to purchasers resident in Ontario as described above (including insofar as such rights may be subject to the defences and limitations provided for under the Securities Act (Ontario)).

Rights of Purchasers in Nova Scotia

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to enforce the right of action discussed above not later than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Rights of Purchasers in New Brunswick

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the Partnership.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the date you purchased the securities.

Rights of Purchasers in Newfoundland and Labrador

If you are a resident of Newfoundland and Labrador and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities.

Rights of Purchasers in Prince Edward Island, Northwest Territories, Yukon and Nunavut

If you are a resident of Prince Edward Island, Northwest Territories, Yukon or Nunavut and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these securities, or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

If you elect to exercise a right to cancel your agreement to buy these securities against the Partnership, you will have no right of action against the persons described in (b) above.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. 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. In an action for damages, the amount recoverable shall not exceed the price at which the securities were offered and the defendant will not be liable for all or any portion of such damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the date you purchased the securities.

ITEM 12 - FINANCIAL STATEMENTS



Consolidated Financial Statements
Equicapita Income Trust
For the year ended December 31, 2016



Tel: 403 266 5608
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BDO Canada LLP
620, 903 - 8th Avenue SW
Calgary AB T2P 0P7 Canada

Independent Auditor's Report

To the Trustees of Equicapita Income Trust

We have audited the accompanying consolidated financial statements of Equicapita Income Trust, which comprise the consolidated statement of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of comprehensive income, changes in unitholders' deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Equicapita Income Trust as at December 31, 2016 and December 31, 2015 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants
Calgary, Alberta
April 28, 2017

Equicapita Income Trust
Consolidated Statement of Financial Position
As at December 31, 2016

\$	Notes	2016	2015
ASSETS			
Cash		237,228	960,866
Accounts receivable		448	-
Distributions receivable from Partnership	7	1,929,364	1,276,027
Promissory note receivable from Partnership	7	360,000	360,000
Promissory note interest receivable from Partnership	7	-	43,200
Total current assets		2,527,040	2,640,093
Investment in Partnership units	4	99,482,256	67,138,733
Promissory note receivable from Partnership	7	-	360,000
Total assets		102,009,296	70,138,826
LIABILITIES			
Accounts payable and accrued liabilities		126,300	22,797
Distributions payable	7	1,940,017	1,276,027
Promissory note interest payable	7	21,600	43,200
Investor deposits	7	3,278	579,995
Due to related parties	5	76,928	359,157
Preferred trust units – current	7	120,000	120,000
Promissory note payable	7	360,000	360,000
Total current liabilities		2,648,123	2,761,176
Preferred trust units – long-term	7	99,362,256	67,018,733
Promissory note payable	7	-	360,000
Total liabilities		102,010,379	70,139,909
UNITHOLDERS' DEFICIT			
Common trust units	8	4	4
Deficit		(1,087)	(1,087)
Total unitholders' deficit		(1,083)	(1,083)
Total liabilities and unitholders' deficit		102,009,296	70,138,826

Subsequent events 11

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Trustees

“Signed”

 Michael Cook
 Director

“Signed”

 Greg Tooth
 Director

Equicapita Income Trust
Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2016

\$	Notes	2016	2015
Operating expenses			
Net finance expense	9	-	-
General and administration expenses		1,337	758,917
Costs reimbursed by Partnership	5	(1,337)	(758,917)
Total operating income (expense)		-	-
Forgiveness of related party loan	5	-	189,273
Income and comprehensive income		-	189,273

The accompanying notes form an integral part of these consolidated financial statements.

Equicapita Income Trust
Consolidated Statement of Changes in Unitholders' Deficit
For the Year Ended December 31, 2016

\$	Number of Common Units	Trust Units Stated Value	Deficit	Unitholders' Deficit
Balance, December 31, 2014	4	4	(190,360)	(190,356)
Income and comprehensive income	-	-	189,273	189,273
Balance, December 31, 2015	4	4	(1,087)	(1,083)
Income and comprehensive income	-	-	-	-
Balance, December 31, 2016	4	4	(1,087)	(1,083)

The accompanying notes form an integral part of these consolidated financial statements.

Equicapita Income Trust
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2016

\$	Notes	2016	2015
Operating activities			
Income and comprehensive income		-	189,273
Forgiveness of related party loan	5	-	(189,273)
Distribution expense	9	8,083,772	4,162,272
Gain on redemption of preferred trust units	9	(22,891)	
Loss on redemption of partnership units	9	22,891	
Changes in working capital related to operating activities:			
Accounts receivable		(448)	3,345
Accounts payable and accrued liabilities		103,503	19,677
Cash generated from operating activities		8,186,827	4,185,294
Investing activities			
Investment in Partnership	4&7	(26,806,023)	(37,010,900)
Receipt of promissory note receivable	7	360,000	360,000
Changes in working capital related to investing activities	4&7	(610,137)	(806,488)
Cash used in investing activities		(27,056,160)	(37,457,388)
Financing activities			
Repayments to related parties		(282,229)	277,544
Issuance of preferred trust units	7	6,570,940	29,283,902
Issuance of preferred B trust units	7	11,966,300	6,937,848
Issuance of preferred C trust units	7	7,391,820	-
Redemptions of preferred units	7	(226,053)	-
Payment of distributions	7	(6,316,766)	(2,545,034)
Repayment of promissory note payable	7	(360,000)	(360,000)
Receipt of investor deposits	7	-	579,995
Changes in non-cash working capital relating to financing activities	7	(598,317)	(21,600)
Cash generated from financing activities		18,145,695	34,152,655
Change in cash during the year		(723,638)	880,561
Cash, beginning of year		960,866	80,305
Cash, end of year		237,228	960,866

Non-cash transactions 4&7

The accompanying notes form an integral part of these consolidated financial statements.

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

1. Organization and nature of the business

Equicapita Income Trust ("the Trust") was formed pursuant to a Declaration of Trust dated April 23, 2013. The Trust has been established with the objective of earning a fixed return of up to 10% through an indirect investment in a diversified portfolio of operating businesses through its acquisition of Limited Partnership units of Equicapita Income LP ("the Partnership").

The Partnership is managed by the Administrator, Equicapita Income GP Ltd. ("the General Partner"), which is a wholly-owned subsidiary of the Trust.

The address and principal place of business of the Trust is Suite 2210, 8561 – 8A Avenue SW, Calgary, Alberta, T3H 0V5.

The beneficiaries of the unincorporated Trust are the unitholders.

The consolidated financial statements present only the assets, liabilities, and results of operations of the Trust and its subsidiary. These consolidated financial statements were authorized for issue by the Administrator on April 27, 2017.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Reporting entity

The consolidated financial statements of the Trust as at December 31, 2016 and for the year ended December 31, 2015 comprise the Trust and its wholly-owned subsidiary, Equicapita Income GP Ltd.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, the Trust's functional currency ("the functional currency"). All information is presented in whole dollars, except the number of units or the weighted average number of units, which are presented in whole numbers.

3. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the year presented in these consolidated financial statements:

Basis of consolidation

All entities, in which the Trust has a controlling interest, specifically when it has the power to direct the financial and operational policies of these entities to obtain benefit from their operations, are consolidated. The consolidated financial statements include the activities of the Trust and its subsidiary, Equicapita Income GP Ltd. Intercompany balances and transactions are eliminated on consolidation.

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

Cash

Cash consists of amounts on deposit with banks.

Investment in Partnership units

The Trust does not control or have significant influence over the operations of the Partnership and therefore accounts for the investment as an available-for-sale financial asset.

Income taxes

The Trust is a taxable entity under the Income Tax Act (Canada) and is taxable only on income that is not allocated to Unitholders.

The consolidated entity includes a controlled company. The income or loss of the Trust is taxable to the consolidated entity and not taxable to the Trust.

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Financial instruments

Classification and measurement

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as “fair value through profit or loss”, “loans and receivables”, “available-for-sale”, “held-to-maturity”, or “financial liabilities measured at amortized cost” as defined by IAS 39, “Financial Instruments: Recognition and Measurement”.

Financial assets and financial liabilities at “fair value through profit or loss” are either “held for trading” or “designated at fair value through profit or loss” and are measured at fair value with changes in fair value recognized in the income statement. Transaction costs are expensed when incurred. The Trust has not designated any assets or liabilities in these categories.

Financial assets and financial liabilities classified as “loans and receivables”, “held-to-maturity” are measured at amortized cost using the effective interest method of amortization. “Loans and receivables” are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. “Held-to-maturity” financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity.

“Financial liabilities measured at amortized cost” are those financial liabilities that are not designated as “fair value through profit or loss” and that are not derivatives. The Trust has designated cash and accounts receivables and promissory note receivable as “loans and receivables” and accounts payable and due to related parties, preferred trust units and promissory note payable as “financial liabilities measured at amortized cost”.

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

Financial assets classified as “available-for-sale” are measured at fair value unless they are equity investments that do not have a quoted market price and whose fair values cannot be reliably measured, with changes in fair value recognized in other comprehensive income. “Available-for-sale” financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Trust has designated the investment in Partnership units as “available-for-sale”. The fair value of the investment in Partnership units cannot be reliably measured; accordingly it is measured at cost.

Equity instruments

The Trust’s common units are classified as equity. Incremental costs directly attributable to the issue of units are recognized as a deduction from equity, net of any tax effects.

Impairment

The Trust assesses at each reporting date whether there is objective evidence that financial assets, other than those designated as “fair value through profit or loss” are impaired. When impairment has occurred, the cumulative loss is recognized in the statement of profit or loss. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. When an “available-for-sale” financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss in the period. Impairment losses may be reversed in subsequent periods.

Recent accounting pronouncements

The following accounting pronouncements have been released but have not yet been adopted by the Trust:

IFRS 9 - “*Financial Instruments*” is the first phase in an ongoing project to revise IAS 39. The effective date for adoption of this standard is January 1, 2018. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Trust’s consolidated financial statements.

IFRS 15 – “*Revenue from Contracts with Customers*” was issued in May 2014. This standard sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue standards: IAS 18, Revenue and IAS 11, Construction Contracts, and the related interpretations on revenue recognition: IFRIC 13, Customer Loyalty Programs, IFRIC 25, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. This standard is effective from January 1, 2018. Earlier application is permitted. Management has not yet determined the potential impact of the adoption of IFRS 15 on the Trust’s consolidated financial statements.

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

4. Investment in limited partnership units

As at December 31, 2016, the Trust has invested in 99,482,256 (December 31, 2015 – 67,138,733) Preferred Limited Partnership Units of the Partnership at a total cost of \$99,482,256 (December 31, 2015 - \$67,138,733), including 2,382,644 (December 31, 2015 – 1,271,349) limited partnership units with a cost of \$2,382,644 (December 31, 2015 - \$1,271,349) that were received as a result of reinvesting distributions received from the Partnership. The units are redeemable on demand at the option of the Trust, however redemptions are limited to \$10,000 per month, and any redemption requested in excess of that amount will be repaid through the issuance of a redemption note or distribution of Partnership property. The Trust does not control the Partnership.

During the year ended December 31, 2016, the Trust earned and received distributions of \$8,083,772 (December 31, 2015 - \$4,162,272) on the preferred limited partnership units, which has been recorded as distribution income (Note 9).

5. Related parties

The amounts outstanding at December 31, 2016 and December 31, 2015 are due to the Partnership. The amounts are unsecured, due on demand and non-interest bearing.

During the year, the Partnership and its subsidiaries reimbursed \$1,337 (December 31, 2015 - \$758,917) of costs incurred by the Trust and its subsidiaries. The Trust has a reimbursement agreement with the LP and its subsidiaries whereby it will be reimbursed for costs incurred for activities related to LP or its subsidiaries.

During the year ended December 31, 2015 the General Partner was forgiven related party advances from the Partnership in the amount of \$189,273 which had been advanced in 2013 prior to the execution of the reimbursement agreement.

Total remuneration for directors of the General Partner included in general and administrative expenses was \$nil for the year ended December 31, 2016 (December 31, 2015 - \$693,000).

6. Income taxes

Income tax expense differs from that which would be expected from applying the combined effective Canadian federal and provincial corporate tax rates of 25.00% (December 31, 2015 – 25.00%) to income before income taxes as follows:

\$	2016	2015
Income before income taxes	-	189,273
Tax rate	25%	25%
Expected income tax provision	-	(47,318)
Loss carry forward	-	47,318
Total	-	-

The Company has non-capital loss carry forwards of \$nil at December 31, 2016 (December 31, 2015 - \$nil).

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

7. Preferred trust units

Authorized - unlimited number of preferred units

Each preferred unit ("preferred unit") holder is entitled to one vote per unit but may only vote on matters related to the rights of the preferred unitholders. Such unitholders shall be entitled to receive a fixed preferential distribution at a rate of \$0.10 per unit per annum. All preferred units are redeemable on demand by the unitholder or the Trust. If the redemption is demanded by the Trust, the redemption amount is the lesser of the fair market value of such redemption unit as at the date of the redemption notice and \$1.00. If the redemption is demanded by the unitholder, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$0.90. For preferred trust units issued and outstanding for more than five years, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$1.00.

Authorized – unlimited number of preferred B units

Each preferred B unit ("preferred B unit") holder is entitled to one vote per unit but may only vote on matters related to the rights of the preferred B unitholders. Such unitholders shall be entitled to receive a preferential distribution at a rate of \$0.09 per unit per annum. All preferred B units are redeemable on demand by the unitholder or the Trust. If redemption is demanded by the Trust, the redemption amount is the lesser of the fair market value of such redemption unit as at the date of the redemption notice and \$1.00. If the redemption is demanded by the unitholder, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$0.90. For preferred B units issued and outstanding for more than five years, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$1.00.

Authorized – unlimited number of preferred C units

Each preferred C unit ("preferred C unit") holder is entitled to one vote per unit but may only vote on matters related to the rights of the preferred C unitholders. Such unitholders shall be entitled to receive a preferential distribution at a rate of \$0.08 per unit per annum. All preferred C units are redeemable on demand by the unitholder or the Trust. If redemption is demanded by the Trust, the redemption amount is the lesser of the fair market value of such redemption unit as at the date of the redemption notice and \$1.00. If the redemption is demanded by the unitholder, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$0.90. For preferred C units issued and outstanding for more than six years, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$1.00.

Cash redemptions on the preferred and preferred B units are limited to \$10,000 per month, and any redemption requested in excess of that amount will be repaid through the issuance of a redemption note or distribution of Trust property which are not due until five years from the preferred trust unit's issuance date.

During the year ended December 31, 2016, the Trust received proceeds of \$7,473,077 (December 31, 2015 - \$31,565,052) from the issue of 7,473,077 (December 31, 2015 - 31,565,052) preferred trust units which included \$902,137 (December 31, 2015 - \$781,150) of distributions reinvested through the Distribution Re-Investment Program at a rate of 1:1. The Trust redeemed 219,390 preferred trust units for \$219,230 in the year (2015 - \$nil).

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

During the year ended December 31, 2016, the Trust received proceeds of \$16,070,116 (December 31, 2015 - \$6,945,848) from the issue of 16,070,116 (December 31, 2015 - 6,945,848) preferred B trust units which included \$166,316 (December 31, 2015 - \$8,000) of distributions reinvested through the Distribution Re-Investment Program at a rate of 1:1. The Trust redeemed 6,663 preferred B trust units for \$6,663 in the year (2015 - \$nil).

During the year ended December 31, 2016, the Trust received proceeds of \$9,026,383 (December 31, 2015 - \$nil) from the issue of 9,026,383 (December 31, 2015 - nil) preferred C trust units which included \$34,563 of distributions reinvested through the Distribution Re-Investment Program at a rate of 1:1. The Trust redeemed no preferred C trust units in the year (2015 - \$nil).

At December 31, 2016, the Trust has accrued \$1,940,017 (December 31, 2015 - \$1,276,027) in distributions payable to preferred unitholders and distributions receivable from the Partnership.

During the year ended December 31, 2016, 3,937,500 preferred B trust units valued at \$3,937,500 were issued in connection with the acquisition of CCMET Inc.; 1,600,000 preferred C trust units valued at \$1,600,000 were issued in connection with the acquisition of Nutter's Bulk & Natural Foods Inc..

During the year ended December 31, 2015, 1,500,000 preferred trust units valued at \$1,500,000 were issued in connection with the acquisition of North West Crane.

During the year ended December 31, 2014, 1,200,000 preferred trust units were redeemed in exchange for a promissory note payable in the amount of \$1,080,000 in relation to the Partnership's acquisition of Metercor. The promissory note is payable in three equal annual instalments of \$360,000 plus accrued interest and bears interest at a rate of 10%. As the units were simultaneously redeemed in the Trust and the Partnership, the Trust has a promissory note receivable from the Partnership and a promissory note payable to the redemption note holder. At December 31, 2016, \$360,000 (December 31, 2015 - \$720,000) remains to be paid of the principle and \$21,600 (December 31, 2015 - \$43,200) in interest has been accrued.

At year end, \$3,278 in investor deposits were received relating to a preferred unit offering which closed subsequent to year end.

The preferred units are considered to be a financial liability. The amount outstanding consists of the following:

Issued and outstanding preferred units		
\$	Number of Units	Total Amount
Balance at December 31, 2014	28,627,833	28,627,833
Issuance by offering memorandum	1,008,192	1,008,192
Issuance by accredited investors	28,088,310	28,088,310
Issuance by acquisition	1,500,000	1,500,000
Issuance by way of DRIP	781,150	781,150
Issuance as employee compensation	187,400	187,400
Balance at December 31, 2015	60,192,885	60,192,885
Issuance by offering memorandum	6,570,940	6,570,940
Issuance by way of DRIP	902,137	902,137
Redemptions	(219,390)	(219,390)
Balance at December 31, 2016	67,446,572	67,446,572

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

Issued and outstanding preferred B units		
\$	Number of Units	Total Amount
Balance at December 31, 2014	-	-
Issuance by offering memorandum	3,221,268	3,221,268
Issuance by accredited investors	3,716,580	3,716,580
Issuance by way of DRIP	8,000	8,000
Balance at December 31, 2015	6,945,848	6,945,848
Issuance by offering memorandum	7,354,010	7,354,010
Issuance by accredited investors	4,549,665	4,549,665
Issuance by acquisition	3,937,500	3,937,500
Issuance by way of DRIP	166,316	166,316
Issuance as employee compensation	62,625	62,625
Redemptions	(6,663)	(6,663)
Balance at December 31, 2016	23,009,301	23,009,301

Issued and outstanding preferred C units		
\$	Number of Units	Total Amount
Balance at December 31, 2015	-	-
Issuance by offering memorandum	7,391,820	7,391,820
Issuance by acquisition	1,600,000	1,600,000
Issuance by way of DRIP	34,563	34,563
Balance at December 31, 2016	9,026,383	9,026,383

Total preferred and preferred B and C units	99,482,256	99,482,256
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Current and long term	
Current portion	120,000
Long-term portion	99,362,256
Total	99,482,256

8. Common trust units

Authorized - Unlimited number of common units

Each unitholder is entitled to one vote per unit. All units are redeemable on demand by the unitholder with the redemption price determined as the lesser of the fair market value of such redemption unit as at the date which such redemption unit was tendered for redemption and \$1.00 per unit. The market value is determined solely by the Administrator of the Trust. Cash redemptions are limited to \$10,000 per month, and any redemption requested in excess of that amount will be repaid through the issuance of a redemption note or distribution of Trust property.

The common trust unitholders are not entitled to distributions.

The Trust has issued four common units to management for gross proceeds of \$4 under a private placement.

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

9. Net finance expense

Net finance expense for the years ended December 31, 2016 and 2015 is as follows:

\$	2016	2015
Distribution income	8,083,772	4,162,272
Distribution expense to preferred unitholders	(8,083,772)	(4,162,272)
Interest income	50,400	86,400
Interest expense	(50,400)	(86,400)
Gain on redemption of preferred trust units	22,891	-
Loss on redemption of limited partnership units	(22,891)	-
Net finance expense	-	-

10. Financial risk management

The Trust is exposed through its operations to the following financial risks:

- Market risk
- Liquidity risk
- Fair value risk

In common with all other businesses, the Trust is exposed to risks that arise from its use of financial instruments. This note describes the Trust's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Trust's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Interest rate risk is a market risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates or availability of capital. The Trust does not have any short or long-term borrowings and is therefore not exposed to any material interest rate cash flow risk.

(b) Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they are due. The Partnership's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Partnership's ongoing liquidity is impacted by various external events and conditions.

Equicapita Income Trust
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

The following are the contractual maturities of financial liabilities at December 31, 2016:

\$	< 1 Year	1-3 Years	Thereafter	Total
Accounts payable and accrued liabilities	126,300	-	-	126,300
Distributions payable	1,940,017	-	-	1,940,017
Due to related parties	76,928	-	-	76,928
Investor deposits	3,278	-	-	3,278
Preferred trust unit liability	120,000	360,000	99,002,256	99,482,256
Promissory note payable	360,000	-	-	360,000
Promissory note interest payable	21,600	-	-	21,600

(c) Fair value risk

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts of cash, accounts receivable, distributions receivable from Partnership, promissory note receivable from the Partnership, promissory note interest receivable from Partnership, accounts payable and accrued liabilities, distributions payable, promissory note payable and promissory note interest payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The carrying amount of long-term investment is equal to fair value based on recent transactions of the instruments.

11. Subsequent events

Subsequent to the year end, the Trust issued 4,848,500 preferred B trust units and 4,503,031 preferred C trust units for proceeds of \$4,848,500 and \$4,503,031, respectively.



Financial Statements
Equicapita Income GP Ltd.
For the year ended December 31, 2016



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BDO Canada LLP
620, 903 - 8th Avenue SW
Calgary AB T2P 0P7 Canada

Independent Auditor's Report

To the Directors of Equicapita Income GP Ltd.

We have audited the accompanying financial statements of Equicapita Income GP Ltd., which comprise the statements of financial position as at December 31, 2016 and December 31, 2015 and the statements of comprehensive income, changes in retained earnings and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Equicapita Income GP Ltd. as at December 31, 2016 and December 31, 2015 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 28, 2017

Equicapita Income GP Ltd.
Statement of Financial Position
As at December 31, 2016

\$	Notes	2016	2015
ASSETS			
Cash		-	24
Due from related party		-	-
Total current assets		-	24
Investment in Partnership units	9	1	1
Total assets		1	25
SHAREHOLDER'S EQUITY			
Share capital	6	1	1
Retained earnings		-	24
Total Shareholder's equity		1	25
Total liabilities and shareholder's equity		1	25

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

Approved on behalf of the board of directors

"Signed"

Michael Cook
Director

"Signed"

Greg Tooth
Director

Equicapita Income GP Ltd.
Statement of Comprehensive Income
For the Year Ended December 31, 2016

\$	Notes	2016	2015
Operating expenses:			
General and administration expenses	4	124	706,066
Costs reimbursed by Partnership	4	(100)	(706,066)
Total operating expenses		24	-
Forgiveness of related party loan		-	189,273
Net and comprehensive income (loss)		(24)	189,273

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

Equicapita Income GP Ltd.
Statement of Changes in Retained Earnings
For the Year Ended December 31, 2016

\$	Number of shares	Share capital	Retained earnings (deficit)	Shareholder's equity (deficit)
Balance, December 31, 2014	1	1	(189,249)	(189,249)
Net and comprehensive income (loss) for the year	-	-	189,273	189,273
Balance, December 31, 2015	1	1	24	25
Net and comprehensive income (loss) for the year	-	-	(24)	(24)
Balance, December 31, 2016	1	1	-	1

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

Equicapita Income GP Ltd.
Statement of Cash Flows
For the Year Ended December 31, 2016

\$	Notes	2016	2015
Operating activities			
Net and comprehensive income (loss)		(24)	189,273
Adjustments for:			
Forgiveness of related party loan	4	-	(189,273)
Change in non-cash working capital related to operating expenses paid by the Partnership:			
Accounts payable		-	(2,846)
Cash generated used in operating activities		(24)	(2,846)
Financing activities			
Due to related parties		-	(5,370)
Cash generated from used in financing activities		-	(5,370)
Cash used in the year		(24)	(8,216)
Cash, beginning of year		24	8,240
Cash, end of year		-	24

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

Equicapita Income GP Ltd.

Notes to the Financial Statements

For the year ended December 31, 2016

1. Organization and nature of the business

Equicapita Income GP Ltd. ("the Company") was incorporated on April 22, 2013 under the Business Corporations Act (Alberta) to act as the general partner of Equicapita Income L.P. ("the Partnership") and administrator of Equicapita Income Trust ("the Trust").

The address and principal place of business of the Company is Suite 2210, 8561 – 8A Avenue SW, Calgary, Alberta, T3H 0V5.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Directors of the Company on April 27, 2017.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are measured at fair value as disclosed in Note 3.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. During 2016, management did not make any significant estimates or judgments.

Equicapita Income GP Ltd.
Notes to the Financial Statements
For the year ended December 31, 2016

3. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the years presented in these financial statements:

Cash

Cash consists of amounts on deposit with banks.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions and contingent liabilities

Provisions are recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

Financial instruments

Classification and measurement

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity," or "financial liabilities measured at amortized cost" as defined by IAS 39, "Financial Instruments: Recognition and Measurement."

Financial assets and financial liabilities at "fair value through profit or loss" are either "held for trading" or "designated at fair value through profit or loss" and are measured at fair value with changes in fair value recognized in the statement of comprehensive income. Transaction costs are expensed when incurred. The Company has not designated any assets or liabilities in these categories.

Financial assets and financial liabilities classified as "loans and receivables" or "held-to-maturity" are measured at amortized cost using the effective interest method of amortization. "Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. "Held-to-maturity" financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity. "Financial liabilities measured at amortized cost" are those financial liabilities that are not designated as "fair value through profit or loss" and that are not derivatives. The Company has designated cash as "loans and receivables".

Equicapita Income GP Ltd.

Notes to the Financial Statements

For the year ended December 31, 2016

Financial assets classified as “available-for-sale” are measured at fair value unless they are equity investments that do not have a quoted market price and whose fair values cannot be reliably measured, with changes in fair value recognized in other comprehensive income. “Available-for-sale” financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company has designated investment in partnership units as “available-for-sale.”

Equity instruments

The Company’s common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Impairment

The Company assesses at each reporting date whether there is objective evidence that financial assets, other than those designated as “fair value through profit or loss” are impaired. When impairment has occurred, the cumulative loss is recognized in the statement of profit or loss. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. When an “available-for-sale” financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss in the period. Impairment losses may be reversed in subsequent periods.

Recent accounting pronouncements

The following new standards, amendments and interpretations, have not been early adopted in these financial statements. The Company is currently assessing the impact, if any, of this new guidance on its future results and financial position:

IFRS 9 Financial Instruments: The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The mandatory effective date of IFRS 9 has been determined pending the finalization of the new impairment model and limited amendments to the classification and measurement requirements. IASB has determined a tentative adoption date of IFRS 9 for annual periods beginning January 1, 2018. IFRS 9, in its current form, as described above, is available for early adoption until IFRS 9 is finalized. The Company does not expect the implementation of this standard to have a significant impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. IFRS 15 will be adopted by the Company on January 1, 2017 and the Company does not expect the implementation of this standard to have a significant impact on the financial statements.

Equicapita Income GP Ltd.
Notes to the Financial Statements
For the year ended December 31, 2016

4. Related party transactions

The Company has a reimbursement agreement with EIC where it will be reimbursed for costs incurred for activities related to EIC. During the year, EIC reimbursed \$100 (December 31, 2015 - \$706,066) of the Company's costs. Of the total costs reimbursed, \$nil (December 31, 2015 - \$693,000) related to remuneration of directors of the Company.

5. Income taxes

Income tax expense differs from that which would be expected from applying the combined effective Canadian federal and provincial corporate tax rates of 25.00% (December 31, 2015 - 25.00%) to income before income taxes as follows:

	2016	2015
Income before income taxes	-	189,273
Tax rate	25%	25%
Expected income tax provision	-	(47,318)
Loss carry forward	-	47,318
Total	-	-

The Company has loss carry forwards of \$nil at December 31, 2016 (December 31, 2015 - \$nil).

6. Share capital

Authorized

Unlimited number of common shares.

Issued

On April 22, 2013, the Company issued one common share at a price of \$1.

7. Financial risk management

Overview

The company's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as credit risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company was exposed to credit risk through its cash, and its maximum exposure to credit risk at December 31, 2016 is \$nil (December 31, 2015 - \$24). The Company managed its credit exposure related to cash by selecting financial institutions with high credit ratings.

Equicapita Income GP Ltd.
Notes to the Financial Statements
For the year ended December 31, 2016

Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any financial instruments which are carried at fair value.

8. Capital management

The Company's capital is comprised of share capital and retained earnings. The Company's objective in managing capital is to ensure it has sufficient working capital and access to sources of capital sufficient to finance operations. The Company manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying investments.

The Company does not have any externally imposed capital requirements.

9. Investment in Partnership units

The Company contributed \$1 to the capital of the Partnership in exchange for a common A unit in the Partnership in the year of inception.



Consolidated Financial Statements
Equicapita Income LP
For the year ended December 31, 2016



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BDO Canada LLP
620, 903 - 8th Avenue SW
Calgary AB T2P 0P7 Canada

Independent Auditor's Report

To the Partners of Equicapita Income LP

We have audited the accompanying consolidated financial statements of Equicapita Income LP, which comprise the consolidated statement of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in partners' deficit and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Equicapita Income LP as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants
Calgary, AB
April 28, 2017

Equicapita Income LP
Consolidated Statement of Financial Position
As at December 31, 2016

\$	Notes	2016	2015
ASSETS			
Cash and restricted cash	6	36,612,883	46,139,283
Accounts receivable	15	11,655,661	4,562,406
Inventory	7	19,134,088	20,630,119
Prepaid expenses and deposit		654,235	387,664
Corporate taxes receivable	10	162,492	558,070
Due from related parties	14	761,631	414,406
Total current assets		68,980,990	72,691,948
Prepaid deposits		-	11,160
Property and equipment	8	6,141,008	3,812,683
Intangibles	6&9	26,610,517	9,160,010
Goodwill	6&9	36,305,852	14,239,318
Total assets		138,038,367	99,915,119
LIABILITIES			
Bank indebtedness	13	2,830,105	4,006,740
Accounts payable and accrued liabilities	15	13,863,351	10,392,172
Deferred revenue		260,238	-
Distributions payable to preferred unitholders	14	2,508,782	1,817,204
Preferred unit liability	4	120,000	120,000
Promissory notes payable to related parties	11	360,000	360,000
Promissory notes interest payable to related parties	11	1,945,979	409,639
Due to related parties	14	327,499	-
Corporate taxes payable	10	370,353	-
Total current liabilities		22,586,307	17,105,755
Long-term debt		79,040	74,489
Preferred unit liability	4	115,838,496	84,179,642
Promissory note payable	11	19,695,441	5,427,850
Deferred tax liability	10	-	152,560
Total liabilities		158,199,284	106,940,296
PARTNERS' DEFICIT			
Common units	5	123,858	91,392
Deficit		(19,748,347)	(8,525,235)
Total partners' deficit		(19,624,489)	(8,433,843)
Non-controlling interest		(536,428)	1,408,666
Total liabilities, partners' deficit and non-controlling interest		138,038,367	99,915,119
Commitments and contingencies	16		
Subsequent events	17		

The accompanying notes form an integral part of these consolidated financial statements.

Approved by Equicapita Income GP Ltd. as Administrator

"Signed"

Michael Cook
Director

"Signed"

Greg Tooth
Director

Equicapita Income LP
Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2016

\$	Notes	2016	2015
Revenue		55,898,449	33,360,741
Cost of goods sold		37,627,744	21,822,875
Gross profit		18,270,705	11,537,866
Operating expenses:			
General and administration	14	15,915,493	8,345,704
Amortization	8&9	3,346,862	1,863,079
Total operating expenses		19,262,355	10,208,783
Operating income (loss) before other items:		(991,650)	1,329,083
Other income (expense)			
Other income (expense)		(69,177)	(842)
Foreign exchange gain	15	399,546	253,265
Finance expense	12	(13,420,645)	(8,166,833)
Net other expense		(13,090,276)	(7,914,410)
Operating loss before taxes		(14,081,926)	(6,585,327)
Income tax expense – current	10	(569,840)	(333,838)
Income tax recovery– deferred	10	1,483,560	1,877,398
Net and comprehensive loss		(13,168,206)	(5,041,767)
Non-controlling interest	6	(1,945,094)	(339,835)
Net and comprehensive loss attributable to controlling interest		(11,223,112)	(4,701,932)

The accompanying notes form an integral part of these consolidated financial statements.

Equicapita Income LP
Consolidated Statement of Changes in Partners' Deficit
For the Year Ended December 31, 2016

\$	Number of Common Units	Common Units Stated Value	Deficit	Total Partners' Deficit	Non- Controlling Interest
Balance, December 31, 2014	52,158,913	52,162	(3,823,303)	(3,771,141)	-
Issuance of common A limited partnership units (Note 5)	19,139,714	19,140	-	19,140	-
Issuance of common B limited partnership units (Note 5)	20,090,397	20,090	-	20,090	-
Acquisition of North West Crane (Note 6)	-	-	-	-	1,748,501
Loss and comprehensive loss for the year	-	-	(4,701,932)	(4,701,932)	(339,835)
Balance, December 31, 2015	91,389,024	91,392	(8,525,235)	(8,433,843)	1,408,666
Issuance of common A limited partnership units (Note 5)	13,478,885	13,379	-	13,379	-
Issuance of common B limited partnership units (Note 5)	19,091,036	19,087	-	19,087	-
Loss and comprehensive loss for the year	-	-	(11,223,112)	(11,223,112)	(1,945,094)
Balance, December 31, 2016	123,958,945	123,858	(19,748,347)	(19,624,489)	(536,428)

The accompanying notes form an integral part of these consolidated financial statements.

Equicapita Income LP
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2016

\$	Notes	2016	2015
Operating activities			
Net loss and comprehensive loss		(13,168,206)	(5,041,767)
Adjustments for:			
Deferred tax	10	(1,483,560)	(1,877,398)
Amortization	8,9	3,346,862	1,863,079
Accretion	4 & 12	1,395,156	1,264,134
Bad debts		245,881	135,371
Distributions paid to preferred unit holders	12	10,388,850	6,455,218
Foreign exchange gain		(399,546)	(253,265)
Inventory write down		406,198	-
Units issued for employee compensation	4	62,625	-
Loss on disposal of property and equipment		69,177	167,416
Related party forgiveness	14	-	189,273
Change in non-cash working capital		3,621,866	(3,216,683)
Cash used in operating activities		4,485,303	(314,622)
Investing activities			
Acquisitions, net of cash acquired	6	(27,111,533)	(10,363,062)
Additions to property and equipment	8	(505,343)	(1,337,272)
Advances to related parties	14	-	(329,896)
Proceeds on disposition of property and equipment	8	3,674	990,350
Office lease deposit		11,160	(11,160)
Cash used in investing activities		(27,602,042)	(11,051,040)
Financing activities			
Repayment of equipment loan		-	(15,427)
Repayment of long term debt		(56,339)	(25,173)
Issuance of Common Limited Partnership Units	5	32,466	39,230
Issuance of Preferred Limited Partnership Units	4	25,866,435	37,694,150
Issue costs	4	(2,079,608)	(2,460,745)
Redemptions of Preferred Limited Partnership Units	4	(226,053)	-
Advances received from related parties		(90,304)	-
Increase (decrease) in bank indebtedness	13	(1,176,635)	446,645
Distributions paid	12	(8,594,473)	(5,597,690)
Promissory notes advanced	11	274,850	-
Repayment of promissory note and interest payable		(360,000)	(468,000)
Changes in non-cash working capital relating to financing activities		-	114,633
Cash generated by financing activities		13,590,339	29,727,623
Change in cash and restricted cash during the year		(9,526,400)	18,361,961
Cash and restricted cash, beginning of year		46,139,283	27,777,322
Cash and restricted cash, end of year		36,612,883	46,139,283

The accompanying notes form an integral part of these consolidated financial statements.

Equicapita Income LP
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

1. The Partnership and its operations

Equicapita Income Limited Partnership ("the Partnership") was formed under the Partnership Act (Alberta) on April 23, 2013. The Partnership has been established with the objective of providing its Limited Partners with an opportunity to maximize long-term total returns on their investments in the Partnership through both capital appreciation and income generation on assets of the Partnership, principally through investing in a diversified portfolio of operating businesses.

The Partnership is managed by the Administrator, Equicapita Income GP Ltd (the "General Partner"). All of the preferred limited partnership units are owned by Equicapita Income Trust (the "Trust").

The head office of the Partnership is located at Suite 2210, 8561 – 8A Avenue SW, Calgary, Alberta, T3H 0V5.

Products and services are provided through the Company's subsidiaries. As at December 31, 2016, the Partnership includes the subsidiaries listed in the table below:

Subsidiaries	Ownership %	
	2016	2015
Equicapita Investment Corp. ("EIC")	100%	100%
Levy's Machine Works Ltd. ("LMW")	100%	100%
Metercor Inc. ("MI")	100%	100%
A&R Metal Industries Ltd. ("ARM")	100%	100%
North West Crane Enterprises Ltd. ("NWC")	70%	70%
Canadian Construction Materials Engineering & Testing Inc. ("CCMET")	70%	-
Nutters Bulk & Natural Foods Inc. ("NBNF")	80%	-

2. Basis of preparation

Statement of compliance

These consolidated financial statements ("the financial statements") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

A summary of the Partnership's significant accounting policies under IFRS are presented in Note 3. These policies have been consistently applied throughout the year ended December 31, 2016.

These consolidated financial statements were authorized for issue by the Administrator on April 25, 2017.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars (unless otherwise stated), the functional currency of the Partnership and each of its subsidiaries. All information is presented in whole dollars, except the number of units or the weighted average number of units, which are presented in whole numbers.

Equicapita Income LP
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

Preferred unit liability - The carrying value of the preferred unit liability is based on an estimate of the redemption value of the preferred units, which is dependent on the timing of redemption requests from unitholders.

Property, equipment and intangible assets – estimates are used in determining useful economic lives and residual values of property and equipment for the purpose of calculating depreciation and judgment is applied in determining the appropriateness of the amortization method used.

Acquired intangible assets - The partnership uses the income approach to value acquired customer relationship intangible assets. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life. The Partnership utilizes the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows are then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets.

Tangible and intangible assets - are reviewed annually with respect to their useful lives, or more frequently if events or changes in circumstances indicate that the assets might be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. As a result, any impairment losses are a result of management's best estimates of expected revenues, expenses and cash flows at a specific point in time. These estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control. In addition, by their nature impairment tests involve a significant degree of judgement as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

Deferred income taxes – assumptions and estimates are made regarding the amount of utilization and timing of realization and/or settlement of the temporary differences between the accounting carrying value of the Partnership's assets versus the tax basis of those assets, and the tax rates at which the differences will be recovered or settled in the future. By its nature, this estimate is subject to measurement uncertainty.

Equicapita Income LP
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

3. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the period presented in these consolidated financial statements:

Consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Partnership obtains control, and continue to be consolidated until the date when control ceases. The financial statements of each subsidiary are prepared for the same reporting period of the Partnership using consistent accounting policies. All intercompany balances and transactions are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Business combinations

Business combinations are accounted for using the acquisition method where the acquisition of companies and assets meet the definition of a business under IFRS. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Following initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Any deficiency of the purchase price below the fair value of the net assets acquired is recorded in the consolidated statement of comprehensive income as a gain. Associated transaction costs are expensed when incurred.

Cash and restricted cash

Cash consists of amounts held with financial institutions. Restricted cash consists of cash held in trust with legal counsel (Note 6).

Inventory

Inventory consists of raw materials, finished goods and work-in-progress and is measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost in LMW, MI, NWC and NBNF and using standard costs in ARM. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and any related selling costs. When circumstances that previously caused inventory to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is reversed. Provisions are made for obsolete, unusable and/or unsaleable inventory.

Property and equipment

Upon initial recognition property and equipment is recorded at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Partnership. Subsequent measurement is at cost less accumulated amortization less any accumulated impairment losses. When parts of property and equipment have different useful lives, they are accounted for as separate components of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Partnership and the cost of the item can be measured reliably. The carrying amount of a replaced asset is derecognized after replacement. Repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they occur.

Equicapita Income LP
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

Amortization is provided using the methods and rates intended to amortize the cost of assets over their estimated useful lives as follows:

	Basis	Rate
Production and installation equipment	Declining balance	10-20% per year
Leasehold improvements	Straight-line	10 years
Other assets	Declining balance	20-100% per year

Vehicles, computer equipment and furniture and fixtures are included within other assets.

Intangible assets

Intangible assets consist of value attributed to customer relationships, brand, franchise agreements and non-compete agreements, which are carried at cost less accumulated amortization and impairment losses; except for brand which is considered an indefinite life intangible and is reviewed at least annually, or when circumstances arise that would indicate impairment. Intangible assets are amortized on a straight-line basis over the expected period of benefit. Customer relationships are amortized over 10 years, franchise agreements are amortized over their economic life which range between 2 and 10 years and non-compete agreement are amortized over 3-5 years.

Goodwill

Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Partnership enters into a business combination, the acquisition method of accounting is used. Goodwill is assigned, as of the date of the business combination, to cash generating units ("CGU") that are expected to benefit from the business combination. Each CGU represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment. Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized but is subject to impairment testing at least once a year, or more frequently if events or changes in circumstances indicate the carrying amount may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods. When the excess of the consideration transferred less the assets and liabilities acquired is negative, a bargain purchase gain is recognized immediately in the consolidated statement of comprehensive income.

On disposal of a subsidiary, the amount of goodwill attributable to the subsidiary is included in the determination of the gain or loss recognized on disposal.

Income taxes

As a partnership, the income tax consequences are deemed to be those of the partners individually, and, as such, are not reflected in the consolidated financial statements. However, the Partnership's subsidiaries are corporations and follow the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the estimated effect of any differences between the accounting and tax basis of assets and liabilities, using enacted or substantively enacted income tax rates expected to apply when the deferred tax asset or liability is settled. The effect of a change in income tax rates on deferred income taxes is recognized in net income in the period in which the change occurs. Deferred tax assets are recognized to the extent that they are more likely than not to be realized.

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Provisions and contingent liabilities

Provisions are recognized by the Partnership when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

Revenue recognition

Revenue from the sale of goods and services are recognized when the significant risks and rewards of ownership have been transferred to the customer and there are no significant obligations remaining, the sales price is fixed and determinable, persuasive evidence of an arrangement exists and collectability is reasonably assured. This usually occurs at the time the goods are shipped to the customer or service has been completed.

Finance expenses and other income

Other income, consisting of interest income, is recognized as it accrues in the consolidated statement of comprehensive income, using the effective interest method.

Finance expense comprises interest expense on borrowings, accretion of commissions and other costs for the issue of preferred units, distributions paid to preferred unit holders, and impairment losses recognized on financial assets.

Borrowing costs incurred for the acquisition or construction of qualifying assets are capitalized during the period required to complete and prepare the assets for their intended use or sale. A qualifying asset is one that takes substantial time to get ready for use or sale.

When funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs. When the funds used to finance a project form part of general borrowing, the amount capitalized is calculated using the weighted average of rates applicable to the Partnership's relevant general borrowing during the period.

Financial instruments

Classification and measurement

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement subsequent to initial recognition depends on whether the financial instrument has been classified as fair value through profit and loss ("FVTPL"), "loans and receivables", "available-for-sale", "held-to-maturity", or "financial liabilities measured at amortized cost" as defined by International Accounting Standards (IAS) 39, "Financial Instruments: Recognition and Measurement".

Financial assets and financial liabilities classified as FVTPL are measured subsequent to initial recognition at fair value with changes in fair value recognized in the consolidated statement of comprehensive income. Transaction costs are expensed when incurred. The Partnership has not designated any financial assets or liabilities as FVTPL.

Financial assets and financial liabilities classified as "loans and receivables", "held-to-maturity", or "financial liabilities measured at amortized cost" are initially measured at fair value net of transaction costs and are measured subsequent to initial recognition at amortized cost using the effective interest method of amortization. "Loans and receivables" are

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non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. “Held-to-maturity” financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity. “Financial liabilities measured at amortized cost” are those financial liabilities that are not designated as “FVTPL” and that are not derivatives. The Partnership has designated due to related parties, promissory note payable and equipment loan as “loans and payables”, accounts payable and accrued liabilities and preferred unit liability as “financial liabilities measured at amortized cost”. The Partnership has designated cash and restricted cash, accounts receivable and due from related parties as loans and receivables and has designated accounts payable and accrued liabilities, distributions payable to preferred unitholders, preferred unit liability, long-term debt, promissory note payable and due to related parties as financial liabilities measured at amortized cost.

Financial assets classified as “available-for-sale” are measured at fair value with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. The Partnership has not designated any financial assets as “available-for-sale”.

Common units

Common units are classified as equity. Incremental costs directly attributable to the issue of common units are recognized as a deduction from equity.

Impairment

The Partnership assesses at each consolidated statement of financial position date whether there is objective evidence that financial assets are impaired. When impairment has occurred, the cumulative loss is recognized in the consolidated statement of comprehensive income. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to income in the period. Impairment losses may be reversed in subsequent periods, if the tests yield results greater than the carrying amount at the end of the period. Impairment losses may only be reversed to the extent they bring the carrying value up to the original cost, net of any amortization that would have been reported had no impairment been recognized in prior periods.

Recent accounting pronouncements

IFRS 9 – Financial Instruments

IFRS 9 was issued in November 2009 as the first step to replace IAS 39 Financial Instruments: Recognition and Measurement’. IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB has deleted the previous effective date of periods beginning on or after January 1, 2015, with early adoption permitted, and has adjusted for the effective date for periods beginning on or after January 1, 2018. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Partnership is currently assessing the impact of this standard on the consolidated financial statements.

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IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. IFRS 15 will be adopted by the Partnership on January 1, 2018.

IFRS 16 – Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on the consolidated statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2018, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Partnership expects this change to have a significant impact as it will result in the recognition of substantial lease assets and liabilities (Note 16).

IAS 12 – Income Taxes

The IASB has published final amendments to IAS 12 'Income Taxes'. The IASB had concluded that the diversity in practice around the recognition of a deferred tax asset that is related to a debt instrument measured at fair value is mainly attributable to uncertainty about the application of some of the principles in IAS 12. Therefore the amendments consist of some clarifying paragraphs and an illustrating example. The amendment is effective for periods beginning on or after January 1, 2017 and the Partnership is currently evaluating the impact of the standard on the consolidated financial statements.

IAS 7 – Statement of Cash Flows

The IASB has published amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

The Partnership has not yet completed its assessment and evaluation of the effect of adopting the new and amended standards and the impact they may have on its consolidated financial statements.

4. Preferred partnership units

Authorized – unlimited number of preferred limited partnership units

Each preferred limited partnership unit ("preferred unit") holder is entitled to one vote per unit but may only vote on matters related to the rights of the preferred unit holders. Such unit holders shall be entitled to receive a preferential distribution at a rate of \$0.10 per unit per annum. All preferred units are redeemable on demand by the unit holder or the Trust. If redemption is demanded by the Trust, the redemption amount is the lesser of the fair market value of such redemption unit as at the date of the redemption notice and \$1.00. If the redemption is demanded by the unit holder, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$0.90. For preferred units issued and outstanding for more than five years the

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redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$1.00.

Authorized – unlimited number of preferred B and C limited partnership units

Each preferred B or C limited partnership unit (“preferred B unit” or “preferred C unit”) holder is entitled to one vote per unit but may only vote on matters related to the rights of the preferred B and C unit holders. Such unit holders shall be entitled to receive a preferential distribution at a rate of \$0.09 or \$0.08 per unit per annum for each preferred B or C unit respectively. All preferred B units are redeemable on demand by the unit holder or the Trust. If redemption is demanded by the Trust, the redemption amount is the lesser of the fair market value of such redemption unit as at the date of the redemption notice and \$1.00. If the redemption is demanded by the unit holder, the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$0.90. For preferred B units issued and outstanding for more than five years the redemption price is the lesser of the fair market value of such redemption unit at the date upon which such redemption unit was tendered for redemption and \$1.00.

Cash redemptions on the preferred units, preferred B units and the preferred C units are limited to \$10,000 total per month, and any redemption requested in excess of that amount will be repaid through the issuance of a redemption note or distribution of Trust property which are due and payable prior to the sixth anniversary of the preferred, preferred B unit or preferred C unit’s issuance date.

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The preferred, preferred B and preferred C units are considered to be financial liabilities due to their redemption features.

The amount outstanding for each class of units is as follows:

Issued and outstanding preferred units		
\$	Number of Units	Total Amount
Balance at December 31, 2014	50,958,913	46,640,309
Issuance by offering memorandum	1,727,403	1,691,442
Issuance by accredited investors	28,088,310	28,088,310
Issuance by acquisition	1,500,000	1,500,000
Issuance by way of DRIP	781,150	781,150
Issuance as employee compensation	187,400	187,400
Issuance costs	-	(1,766,961)
Accretion	-	890,954
Balance at December 31, 2015	83,243,176	78,012,604
Issuance by offering memorandum	6,570,940	6,570,940
Issuance by way of DRIP	901,920	901,920
Redemptions	(219,390)	(219,390)
Issuance costs	-	(382,558)
Accretion	-	1,151,249
Balance at December 31, 2016	90,496,646	86,034,765

Issued and outstanding preferred B units		
\$	Number of Units	Total Amount
Balance at December 31, 2014	-	-
Issuance by offering memorandum	3,221,268	3,221,268
Issuance by accredited investors	3,716,580	3,716,580
Issuance by way of DRIP	8,000	8,000
Issuance costs	-	(693,784)
Accretion	-	34,974
Balance at December 31, 2015	6,945,848	6,287,038
Issuance by offering memorandum	7,354,010	7,354,010
Issuance by accredited investors	4,549,665	4,549,665
Issuance by acquisition	3,937,500	3,937,500
Issuance by way of DRIP	166,316	166,316
Issuance as employee compensation	62,625	62,625
Redemptions	(6,663)	(6,663)
Issuance costs	-	(967,868)
Accretion	-	209,878
Balance at December 31, 2016	23,009,301	21,592,501

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Issued and outstanding preferred C units		
\$	Number of Units	Total Amount
Balance at December 31, 2015	-	-
Issuance by offering memorandum	7,391,820	7,391,820
Issuance by acquisition	1,600,000	1,600,000
Issuance by way of DRIP	34,563	34,563
Issuance costs	-	(729,182)
Accretion	-	34,029
Balance at December 31, 2016	9,026,383	8,331,230
Total preferred, preferred B, and preferred C units outstanding	122,532,330	115,958,496
Current portion		120,000
Long-term portion		115,838,496

5. Common limited partnership units

At December 31, 2016, the Partnership has issued 90,496,646 preferred units, 23,009,301 preferred B units and 9,026,383 preferred C units in the limited partnership which are entitled to a preferential distribution at a rate of \$0.10, \$0.09 and \$0.08 per unit respectively, per year (Note 4). The common A, common B and common C LP units are entitled to receive, on a pro rata basis, residual distributions after payment of the preferential distributions on the preferred, preferred B and preferred C units.

During the year ended December 31, 2016, the Limited Partnership issued 13,478,885 (December 31, 2015 – 19,139,714) common A LP units for proceeds of \$13,379 (December 31, 2015 - \$19,140) and 19,091,036 (December 31, 2015 – 20,090,397) common B LP units for proceeds of \$19,087 (December 31, 2015 - \$20,090). All of the common B LP units are held by the founders.

6. Business combinations

Nutter's Bulk & Natural Foods Inc.

Effective November 21, 2016, the Partnership, by way of a wholly owned subsidiary, completed the acquisition of an 80% interest in NBNF. The acquisition of NBNF was completed as part of the Partnership's business plan to make long-term investment in SME businesses.

The acquisition was accounted for using the acquisition method, whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value. The fair values of the net assets acquired were determined by management using a combination of available third party market prices, the condition of the assets acquired, current industry conditions and discounted future cash flows expected to be received from the assets and paid to settle the outstanding liabilities. NBNF's operating results will be included in Equicapita's consolidated statement of income from November 22, 2016. If the acquisition had occurred on January 1, 2016, management estimates that the Partnership's revenue would have increased by approximately \$23,657,656 and gross profit for the period would have increased by approximately \$1,769,139.

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The following summarizes the estimated allocation of the aggregate consideration for the acquisition:

	\$
Working capital	3,671,947
Property and equipment	1,185,000
Intangible assets	8,610,000
Goodwill	1,006,053
Deferred tax liability	(573,000)
Gross assets acquired	13,900,000
Promissory note payable	(2,780,000)
Net assets acquired	11,120,000

Consideration for the acquisition consisted of the following:

	\$
Cash paid at close	8,500,000
Cash held in Trust	500,000
Preferred units issued at close	1,600,000
Estimated working capital and net debt adjustments	520,000
Total consideration	11,120,000

Intangible assets recognized on the acquisition are attributable mainly to the tradename, franchise agreement and a non-compete agreement. Goodwill includes intangible assets that do not qualify for separate recognition including an established workforce at each of NBNF's locations.

Canadian Construction Materials Engineering & Testing Inc.

Effective March 21, 2016, the Partnership, by way of a majority-owned subsidiary, completed the acquisition of a 70% interest in CCMET. The acquisition of CCMET was completed as part of the Partnership's business plan to make long-term investment in SME businesses.

The acquisition was accounted for using the acquisition method, whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value. The fair values of the net assets acquired were determined by management using a combination of available third party market prices, the condition of the assets acquired, current industry conditions and discounted future cash flows expected to be received from the assets and paid to settle the outstanding liabilities. CCMET Inc.'s operating results will be included in Equicapita's consolidated statement of income from March 22, 2016. If the acquisition had occurred on January 1, 2016, management estimates that the Partnership's revenue would have increased by approximately \$5,471,415 and gross profit for the period would have increased by approximately \$2,558,568.

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The following summarizes the estimated allocation of the aggregate consideration for the acquisition:

	\$
Working capital	5,402,010
Property and equipment	1,716,202
Intangible assets	11,182,000
Goodwill	21,060,481
Deferred tax liability	(758,000)
Long-term debt	(60,890)
Gross assets acquired	38,541,803
Preferred shares (Note 11)	(11,562,541)
Net assets acquired	26,979,262

Consideration for the acquisition consisted of the following:

	\$
Cash paid at close	18,562,500
Cash held in Trust	3,750,000
Preferred units issued at close	3,937,500
Estimated working capital and net debt adjustments	729,262
Total consideration	26,979,262

Intangible assets recognized on the acquisition are attributable mainly to customer relationships. Goodwill includes intangible assets that do not qualify for separate recognition including the established workforce and future cash flows from future customers through existing sales channels.

Sensitivity of key assumptions

The estimation of the initial recognition amount of the intangible assets involved the use of significant accounting estimates which were subject to a high degree of estimation uncertainty. The assumptions that were used in the initial measurement and recognition of the intangible assets were revenue growth, earnings before interest taxes depreciation and amortization ("EBITDA") margin and attrition. The sensitivities of each assumption have been calculated independently of any changes in other assumptions. The sensitivity analysis provided is hypothetical and should be used with caution. Actual experience could result in changes in a number of assumptions simultaneously.

In estimating the value of the intangibles an attrition rate of 20% was used. An increase or decrease in the attrition rate by 5% would result in a change of \$1.6 million. Any increase or decrease to the intangible assets at initial recognition would have resulted in a corresponding change in goodwill.

Cash and restricted cash

At December 31, 2016, the Partnership held restricted cash of \$3,754,000 and \$500,000 related to the CCMET and NBNF acquisitions which will be paid two years after the respective acquisition dates to the vendors of CCMET and a finalization of the working capital to the vendors of NBNF.

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North West Crane Enterprises Ltd.

Effective May 31, 2015, the Partnership, by way of a wholly owned subsidiary, completed the acquisition of a 75% interest in North West Crane Ltd. ("NWC"). The acquisition of NWC was completed as part of the Partnership's business plan to make long-term investment in SME businesses.

The acquisition was accounted for using the acquisition method, whereby the assets acquired and the liabilities assumed were recorded at estimated fair value. The fair values of the net assets acquired were determined by management using a combination of available third party market prices, the condition of the assets acquired, current industry conditions and discounted future cash flows expected to be received from the assets and paid to settle the outstanding liabilities. NWC's operating results will be included in the Partnership's consolidated statement of income from June 1, 2015. If the acquisition had occurred on January 1, 2015, management estimates that the Partnership's revenue would have increased by approximately \$10,189,209 and gross profit for the period would have increased by approximately \$4,462,868.

The following summarizes the estimated allocation of the aggregate consideration for the acquisition:

	\$
Working capital	15,264,809
Property and equipment	1,169,362
Intangible assets	1,610,000
Goodwill	5,749,855
Promissory notes	(4,077,500)
Deferred tax liability	(490,021)
Gross assets acquired	19,226,505
Promissory notes payable	(1,748,501)
Net assets acquired	17,478,004

Consideration for the acquisition consisted of the following:

	\$
Cash paid at close	10,732,500
Preferred units issued at close	1,500,000
Estimated working capital and net debt adjustments	5,245,504
Total consideration	17,478,004

Estimated working capital and net debt adjustment included \$2,622,752 which was paid during the year and \$2,622,753 which was paid in cash during the year ended December 31, 2015.

Intangible assets recognized on the acquisition are attributable mainly to customer relationships. None of the goodwill is expected to be deductible for tax purposes.

Immediately after the transaction closed, the Partnership sold 1/15 of its interest in NWC (5% of the outstanding shares) to an arm's length party for proceeds of \$990,350. The transaction resulted in an effective transfer of promissory notes receivable from NWC of \$990,350 to the new shareholder. The Partnership retained a 70% interest in NWC.

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7. Inventory

Inventory is comprised of the following:

\$	2016	2015
Raw materials and consumables	4,843,358	2,938,545
Work in progress	858,897	260,926
Finished goods	13,431,833	17,430,648
Total	19,134,088	20,630,119

8. Property and equipment

\$	Production and Installation Equipment	Vehicles	Furniture And Fixtures	Computer Equipment	Leasehold Improvements	Total
Cost						
Balance, December 31, 2014	1,726,181	165,300	33,891	27,370	132,139	2,084,881
Additions	519,112	47,416	187,530	48,417	534,797	1,337,272
Disposals	(6,534)	(174,804)	-	-	(25,000)	(206,338)
Additions from acquisitions	418,712	449,632	32,906	40,949	227,163	1,169,362
Balance, December 31, 2015	2,657,471	487,544	254,327	116,736	869,099	4,385,177
Additions	225,775	24,037	53,431	118,851	83,249	505,343
Disposals	-	(110,754)	-	-	(83,698)	(194,452)
Additions from acquisitions	1,251,725	152,940	545,279	122,983	828,275	2,901,202
Balance, December 31, 2016	4,134,971	553,767	853,037	358,570	1,696,925	7,597,270
Accumulated amortization						
Balance, December 31, 2014	53,132	15,170	609	4,129	16,628	89,668
Disposals	(3,200)	(37,063)	-	-	-	(40,263)
Amortization for the period	294,977	108,358	30,378	25,012	64,364	523,089
Balance, December 31, 2015	344,909	86,465	30,987	29,141	80,992	572,494
Disposals	-	(97,717)	-	-	(23,884)	(121,601)
Amortization for the period	519,964	163,738	78,864	99,145	143,658	1,005,369
Balance, December 31, 2016	864,873	152,486	109,851	128,286	200,766	1,456,262
Net book value						
Balance, December 31, 2015	2,312,562	401,079	223,340	87,595	788,107	3,812,683
Balance, December 31, 2016	3,270,098	401,281	743,186	230,284	1,496,159	6,141,008

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9. Intangible assets and goodwill

Intangible assets

\$	Customer Relationships	Non-compete	Franchise Agreements	Tradename	Total
Cost					
Balance, December 31, 2014	8,250,000	1,150,000	-	-	9,400,000
Additions from acquisitions	1,610,000	-	-	-	1,610,000
Balance, December 31, 2015	9,860,000	1,150,000	-	-	11,010,000
Additions from acquisitions	11,182,000	190,000	3,282,000	5,138,000	19,792,000
Balance, December 31, 2016	21,042,000	1,340,000	3,282,000	5,138,000	30,802,000
Accumulated amortization					
Balance, December 31, 2014	380,000	130,000	-	-	510,000
Amortization for the year	959,000	380,990	-	-	1,339,990
Balance, December 31, 2015	1,339,000	510,990	-	-	1,849,990
Amortization for the year	1,922,000	386,693	32,800	-	2,341,493
Balance, December 31, 2016	3,261,000	897,683	32,800	-	4,191,483
Net book value					
Balance, December 31, 2015	8,521,000	639,010	-	-	9,160,010
Balance, December 31, 2016	17,781,000	442,317	3,249,200	5,138,000	26,610,517

The Partnership assesses at the end of each reporting period whether there is any indication that the above noted intangible assets might be impaired. As at December 31, 2016, no such indicators were present (2015 - \$Nil).

Goodwill

Goodwill recognized by the Partnership in relation to business combinations stated in Note 6 do not have a finite life and, as such, are not amortized. Goodwill is tested for impairment as at each year end, resulting in no impairment charge as at December 31, 2016 (2015 - \$Nil).

The carrying amounts of goodwill allocated to each CGU is as follows:

\$	2016	2015
Nutters Bulk & Natural Foods Inc.	1,006,053	-
Canadian Construction Materials Engineering & Testing Inc.	21,060,481	-
North West Crane Enterprises Ltd.	5,749,855	5,749,855
Levy's Machine Works Ltd.	3,287,557	3,287,557
Metercor Inc.	2,472,351	2,472,351
A&R Metal Industries Ltd.	2,729,555	2,729,555
Total	36,305,852	14,239,318

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The recoverable amounts of the CGUs were determined based on value-in-use calculations using cash flows based on financial forecasts approved by the management covering a period of five years. Key assumptions used by management to determine its cash flow projections for testing impairment of each CGU for the year ended December 31, 2016 are as follows:

\$	Average Growth Rate	Discount Rate	EBITDA Margin Rate
Nutters Bulk & Natural Foods Inc.	2.0%	16.3%	10.8%
Canadian Construction Materials Engineering & Testing Inc.	8.0%	18.5%	22.2%
North West Crane Enterprises Ltd.	27.0%	18.0%	16.6%
Levy's Machine Works Ltd.	15.7%	19.5%	13.8%
Metercor Inc.	5.3%	19.0%	21.0%
A&R Metal Industries Ltd.	4.9%	23.0%	20.0%

If the average growth rate decreased by 10% for NWC, LMW and CCMET it would result in a deficiency of recoverable amount over carrying value of \$325,000 , \$1,100,000, and \$265,000 respectively. Furthermore if the EBITDA margin decreased by 5% it would result in a deficiency of recoverable amount over carrying value of \$3,300,000, \$1,400,000 and \$1,394,000 respectively for NWC, LMW and CCMET.

10. Income taxes

Income tax expense differs from that which would be expected from applying the combined effective Canadian federal and provincial corporate tax rates of 26.95% (December 31, 2015 – 26.14%) to income before income taxes as follows:

\$	2016	2015
Loss before income taxes	(14,081,926)	(6,585,327)
Tax rate	26.95%	26.14%
Expected income tax provision	(3,795,079)	(1,721,028)
Non-deductible expenses	556,928	100,552
Other	109,702	76,916
Change in unrecognized deferred tax assets	2,214,729	-
Total	(913,720)	(1,543,560)

Significant components of the deferred tax assets and liabilities are as follows:

\$	2016	2015
Property and equipment	(294,559)	(347,126)
Intangible assets	(3,297,990)	(2,371,300)
Share issue costs and others	(148,703)	(108,600)
Deferred tax liabilities	(3,741,252)	(2,827,026)
Non-capital losses	5,955,981	2,674,466
Unrecognized deferred tax assets	(2,214,729)	-
Total	-	(152,560)

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11. Promissory note payable and long-term debt

Promissory notes were issued as a result of the redemption of \$1,200,000 preferred units by Equicapita Income Trust ("the Trust") during 2014. As the redemption occurred before the 5 year maturity date, 90% of the face value of the preferred units were redeemed in the form of a promissory note in the amount of \$1,080,000 payable in three equal annual installments and bearing interest at a rate of 10%. During the year ended December 31, 2016, the second instalment payment was made in the amount of \$360,000 (2015 - \$360,000) principal and \$50,400 (2015 - \$108,000) accrued interest. At year end, interest of \$21,600 (2015 - \$43,200) was included within promissory notes interest payable to related parties. The final instalment is due during the year ended December 31, 2017.

Promissory notes were issued as a result of the acquisition of NBNF during the year (Note 6). The notes totaling \$2,780,000 are due to the non-controlling interest shareholders of NBNF and bear interest at 12% compounded monthly and due quarterly. The Partnership advanced NBNF an additional \$100,000 post acquisition for working capital which also bears interest at 12% compounded monthly and due quarterly. At year end, interest of \$38,095 was accrued and included within promissory notes interest payable to related parties. The promissory notes mature on November 21, 2021 and are secured by a first priority interest on NBNF's assets.

Preferred shares were issued as a result of the acquisition of CCMET during the year (Note 6). These preferred shares have characteristics of a liability and as such are included in promissory notes payable. The preferred shares totalling \$11,562,541 are due to the non-controlling interests of CCMET and bear interest at 12% compounded monthly and due quarterly. At year end, interest of \$823,522 was accrued and included within promissory notes interest payable to related parties.

Promissory notes were issued as a result of the acquisition of NWC during 2015 (note 6). The notes totaling \$5,242,700 (2015 - \$5,067,850) are due to the non-controlling interest shareholders of NWC and bear interest at 12% compounded monthly and due quarterly. At year end, interest of \$703,022 (2015 - \$359,739) was accrued and \$1,062,743 (2015 - \$359,739) was included within promissory notes interest payable to related parties. The promissory notes mature on May 31, 2020 and are secured by a first priority interest on NWC's assets.

12. Finance expense

\$	Notes	2016	2015
Distributions paid to preferred unit holders	4	10,388,850	6,455,218
Accretion	4	1,395,156	1,264,134
Promissory note interest expense	11	1,636,639	447,481
Total finance expense		13,420,645	8,166,833

13. Bank indebtedness

Bank indebtedness represents amounts outstanding under NWC's \$12,000,000 revolving credit facility. Bank indebtedness bears interest at a rate of prime plus 1% which is payable monthly and secured by a general security agreement. The credit facility requires NWC to meet the following financial covenants:

- Maintain current ratio of at least 1.1:1.0.
- Total liabilities to tangible net worth is not to exceed 2.5.
- Fixed charge ratio must be at least 1.2:1.

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NWC was in violation of the fixed charge ratio at the Partnership's December 31, 2016 year end. However, the covenant was waived by the bank until December 31, 2016 and is not in effect until 2017.

14. Related party transactions

Included in due from related parties is \$161,289 owed from companies with common directors for expenses paid by the Partnership on behalf of these entities. These balances are non-interest bearing and are made on normal trade terms. Also included in due from related parties is \$600,342 of cash deposits due which was paid to companies related to NBNH.

Amounts due to related parties of \$327,499 consist of amounts owing to companies with common management of CCMET and represent expenses paid by the those entities that related to CCMET. The balances are non-interest bearing and are made on normal trade terms.

The amounts outstanding at December 31, 2016 and 2015 and included within due from related parties relate to amounts advanced to the Trust and other parties related by virtue of common directorship. The amounts receivable are unsecured, due on demand and are non-interest bearing.

Included within distributions payable to preferred unitholders is \$1,929,364 (December 31, 2015 - \$1,276,027) owing to the Trust.

Included within promissory note payable to related parties of \$20,055,441 (December 31, 2015 - \$5,787,850), is \$360,000 (December 31, 2015 - \$720,000) owing to the Trust of which \$360,000 (December 31, 2015 - \$360,000) is current and \$7,532,558 (December 31, 2015 - \$5,067,850) owing to non-controlling interest holders of which \$nil is current.

For the year ended December 31, 2016, the Partnership issued 7,472,860 preferred, 16,070,116 preferred B and 9,026,383 preferred C units to the Trust with values of \$7,472,860, \$16,070,116 and \$9,026,383 respectively (2015 - 32,284,263 preferred and 6,945,848 preferred B with values of \$31,372,295 and \$6,945,848 respectively) and paid distributions to the Trust of \$8,083,773 (December 31, 2015 - \$4,162,272).

During the year 62,625 preferred B units (2015 – 187,400 preferred units) were issued to various members of management in forms of compensation. Additionally 19,091,036 common B units with a value of \$19,087 (2015 – 20,090,397 common B units with a value of \$20,090) were issued to parties related to the Partnership.

During the year ended December 31, 2015 the Partnership, through EIC reimbursed \$890,338 of expenses incurred by the General Partner. Of the total expenses reimbursed by the General Partner, remuneration for executive officers and directors of the General Partner included in general and administrative expenses was \$602,250. The amount reimbursed includes the write off of \$189,273 due to the Partnership, for amounts that were advanced before the reimbursement agreement was put into effect.

During the year ended December 31, 2015, the Partnership charged \$43,982 to parties related by virtue of common directorship for rent and operating costs. The amounts charged offset a portion of rent and operating expense included within general and administrative expense.

During the year the Partnership paid \$1,108,820 (2015 - \$608,598) in rent to management and individuals related to management.

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15. Financial risk management

The Partnership's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk (including interest rate and currency risk).

This note presents information about the Partnership's exposure to each of the above risks, the Partnership's objectives, policies and processes for measuring and managing risk, and the Partnership's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Partnership employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Partnership's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the establishment and oversight of the Partnership's risk management framework, management has the responsibility to administer and monitor these risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Partnership if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk at December 31, 2016 is as follows:

Cash and restricted cash

The Partnership manages the credit exposure related to cash and restricted cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Accounts receivable

The Company's accounts receivable are comprised of trade receivables and GST receivable. All amounts over 90 days outstanding are considered overdue. Trade receivables are aged as follows:

\$	2016	2015
Current	6,042,814	2,566,928
31 to 60 days	2,480,133	1,482,122
61 to 90 days	1,391,098	262,298
91+ days	2,470,066	383,910
Allowance for doubtful accounts	(728,450)	(132,852)
Total	11,655,661	4,562,406

As at December 31, 2015, the Partnership had one customer whose receivables represented 19.6% of total accounts receivable. Additionally, the Partnership had two customers who accounted for 40.1% of the Partnership's total revenue. At December 31, 2016 there were no customers which resulted in a significant concentration of revenue or accounts receivable.

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Due from related parties

The Partnership manages the credit exposure related to amounts due from related party by monitoring the activities of the related parties.

(b) Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they become due. The Partnership's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Partnership's ongoing liquidity is impacted by various external events and conditions.

The following table represents the contractual maturities of the Partnership's financial liabilities:

December 31, 2016				
\$	< 1 year	1-3 years	Thereafter	Total
Bank indebtedness	2,830,105	-	-	2,830,105
Accounts payable and accrued liabilities	13,863,351	-	-	13,863,351
Distributions payable to preferred unit holders	2,508,782	-	-	2,508,782
Preferred unit liability	120,000	360,000	115,478,496	115,958,496
Promissory notes payable to related parties	360,000	-	19,695,441	20,055,441
Promissory notes interest payable to related parties	1,945,979	-	-	1,945,979
Long-term debt	-	79,040	-	79,040
Due to related parties	327,499	-	-	327,499
December 31, 2015				
\$	< 1 year	1-3 years	Thereafter	Total
Bank indebtedness	4,006,740	-	-	4,006,740
Accounts payable and accrued liabilities	10,392,172	-	-	10,392,172
Distributions payable to preferred unit holders	1,817,204	-	-	1,817,204
Preferred unit liability	120,000	360,000	83,819,642	84,299,642
Promissory notes payable to related parties	360,000	360,000	5,067,850	5,787,850
Promissory notes interest payable to related parties	409,639	-	-	409,639
Long-term debt	-	74,489	-	74,489

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Partnership's net earnings or the value of financial instruments. The objective of the Partnership is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Partnership's interest bearing debt at December 31, 2016 is at fixed interest rates and the preferred unit distributions are at a fixed amount per unit. Consequently the Partnership is not directly exposed to material interest rate cash flow risk.

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However, inherently, changes in interest rates may affect the general economy. The Partnership had no interest rate swaps or financial contracts in place as at or during the year ended December 31, 2016.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from financial instruments (including cash, accounts receivable and accounts payable and accrued liabilities) that are denominated in a currency other than Canadian dollars. If the Canadian dollar had strengthened or weakened by 5% in relation to the US dollar as at December 31, 2016, net loss would have decreased or increased by approximately \$74,389 (December 31, 2015 – \$109,917).

(d) Fair value of financial instruments

The fair values of current financial assets and liabilities approximate their carrying values due to the relatively short-term nature of these instruments. The fair value of the preferred unit liability and promissory note payable to related parties approximates carrying value as distribution and interest rates respectively approximates market rates of return.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on Level 1 inputs.

(e) Capital management

The Partnership's capital is defined to be partners' deficit and the preferred unit liability. The Partnership's objective in managing capital is to ensure it has sufficient working capital and access to sources of capital sufficient to finance its operations and to make planned capital expenditures or capital acquisitions as opportunities present themselves. The Partnership manages its capital structure and makes changes to it in light of changes in economic conditions, anticipated or planned capital expenditures, opportunities for acquisitions and the risk characteristics of the underlying investments.

The Partnership has entered into an agreement with the Trust whereby the Trust will access capital markets to raise capital to be invested in the Partnership.

The Partnership is not subject to any externally imposed capital requirements other than the redemption feature of the preferred and preferred B units (note 6) and the preferential distributions on those units.

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16. Commitments and contingencies

The Partnership has entered into rental lease agreements for shop and office space with estimated minimum annual payments as follows:

\$	
2017	2,579,311
2018	1,923,387
2019	1,710,090
2020	1,540,214
Thereafter	1,944,989

The Partnership, through EIC and ARM is in arbitration, arising in the normal course of the acquisition, to resolve post-closing adjustments prior to the release of contingent final acquisition payments. Although the outcomes of these claims cannot be predicted with certainty, the Partnership does not expect these matters to have a material adverse effect on the subsidiaries' or Partnership's financial position, cash flows, or results of operations. As at December 31, 2016 the Partnership has not recognized an accrual for litigation or claims beyond contingent final acquisition payments as management believes further claims are without merit.

17. Subsequent events

Subsequent to year-end, the Partnership issued 9,351,531 preferred B and C units for total proceeds of \$9,351,531, net of issuance costs of \$379,796 to accredited investors and through the offering memorandum.

ITEM 13 - DATE AND CERTIFICATE

DATED: May 11, 2017

This Offering Memorandum does not contain a misrepresentation.

EQUICAPITA INCOME GP LTD., as General Partner.

(signed) "Stephen Johnston"

Stephen Johnston
Director

(signed) "Michael Cook"

Michael Cook
Director

(signed) "Greg Tooth"

Greg Tooth
Director

By the Board of Directors of EQUICAPITA INCOME GP LTD.

(signed) "Stephen Johnston"

Stephen Johnston
Director

(signed) "Michael Cook"

Michael Cook
Director

(signed) "Greg Tooth"

Greg Tooth
Director