

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum (the “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.

OFFERING MEMORANDUM

Date: July 5, 2017
The Issuer: BWS TV Productions Inc./Les productions TV BWS inc. (the “Corporation”)
Address: 3-7466 Lévesque Blvd. East
 Laval, Quebec H7A 1R8
Phone: (450) 665-0001
Fax: (450) 665-2479
E-mail: cbernier@beautyworldsearch.com
Currently listed or quoted? No. These securities do not trade on any exchange or market
Reporting Issuer? No.
SEDAR filer? No.

The Offering

Securities Offered	3-year 11.75% fixed-rate, senior secured bonds (the “ Bonds ”). See Item 5 – Securities Offered.
Price per Security	\$500 per Bond.
Minimum Offering	\$100,000 (200 Bonds). Funds available under the Offering may not be sufficient to accomplish our proposed objectives.
Maximum Offering	\$5,000,000 (10,000 Bonds).
Subscription and Payment Terms	If you wish to subscribe for Bonds, you must complete and execute a subscription agreement and all applicable schedules and appendices thereto (“ Subscription Agreement ”) and any other required document. You must also ensure that sufficient funds are available in the account specified in your Subscription Agreement or otherwise submit payment to the Corporation for the total amount of your subscription by wire transfer (or such other method accepted by the Corporation) along with your completed Subscription Agreement in accordance with the instructions set out under Item 5.2 – Subscription and Payment Procedure. The full amount of your subscription will be held by the Corporation in a separate trust account until midnight on the second business day following the signature of your subscription. This amount will be returned to you in full if you exercise your right to withdraw under Item 11 – Subscriber’s Rights and Item 5 – Securities Offered.
Minimum Subscription Amount Per Subscriber	\$2,500 (5 Bonds).
Proposed Closing Date(s)	Subscriptions will be received subject to the rights of the Corporation to reject or allot them in whole or in part and subject to the right to close the subscription books at any time without notice. The closing of the Minimum Offering is scheduled to occur on or prior to September 30, 2017. If the Minimum Offering amount is not met prior to that date, collected funds will be returned to the respective parties by October 31, 2017 without interest. Subsequent closings shall occur from time to time during the course of the Offering.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 – Tax Consequences and Funds from Tax Deferred Plans.
Purchaser’s Rights	You have 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 Subscription Agreement. See Item 11 – Purchasers’ Rights.
Resale Restrictions	You will be restricted from selling your Bonds for an indefinite period. You may never be able to resell these securities. See Item 10 – Resale Restrictions..
Selling Agents	Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to ten percent (10%) of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. See Item 7 – Compensation Paid to Sellers and Finders.
Marketing Materials	All marketing materials related to this Offering and delivered or made reasonably available to a prospective subscriber are hereby incorporated by reference into this Offering Memorandum.
Please print your name, sign and date below, and submit this page with your Subscription Agreement	
Investor Name: _____ Investor Signature: _____ Date: _____	

GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

“**Act**” means the *Income Tax Act* (Canada);

“**Administrative Fees**” means the fees payable by the Production to the Corporation under the Loan Agreement, which shall be equal to the total amount of Offering costs, selling commissions, Target Fees, and other fees payable by the Corporation in connection with the Offering and, upon completion of the Offering, equal to the operating costs and other fees payable by the Corporation from time to time until the earlier of the redemption of the Bonds by the Corporation and the maturity of the Bonds. See Item 1.1 – Funds

“**Annual Fee**” means the annual fee payable by the Corporation in cash to Target in an amount equal to: (i) \$2,500; plus (ii) one-half of one percent (being 0.5%) of the total Deferred Plan Capital outstanding on the last day of the month the Target Agreement anniversary date falls in that is in excess of \$500,000; plus (iii) applicable taxes.

“**Bondholders**” means the registered holders of Bonds purchased under the terms and conditions of this Offering Memorandum.

“**Bonds**” means the 3-year 11.75% fixed-rate, senior secured bonds issued by the Corporation pursuant to this Offering Memorandum.

“**Business**” means the development, production, and licensing for distribution of the television series “The Fashion Hero” and the related revenue generating lines of business to be pursued by the Production Company in connection with the television series, including advertising and merchandising. See Item 2.2 – Business.

“**Capital Raising Fee**” means the fee payable by the Corporation to Target in cash in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the total Deferred Plan Capital raised by the Corporation in excess of \$500,000.

“**Class A Shares**” means the voting Class A preferred shares of the Corporation.

“**Class B Shares**” means the non-voting Class B common shares of the Corporation.

“**CRA**” means Canada Revenue Agency.

“**Deed of Hypothec**” means the deed of movable hypothec to be entered into prior to the closing of the Minimum Offering between the Corporation and the Production Company, as guarantors, and the Hypothecary Representative (i.e., *fondé de pouvoir*) of the Bondholders within the meaning of Article 2692 of the *Civil Code of Québec*, and providing for a first-ranking movable hypothec, in favour of the Hypothecary Representative, for the benefit of the Bondholders, to the extent of \$5,000,000 with interest thereon at the rate of 25% per annum, charging as a universality, all corporeal and incorporeal movable property, assets, rights and undertakings of any nature and kind, now owned or hereafter acquired by the Corporation or the Production Company.

“**Deferred Plan**” means any one of or collectively a RRSP, RRIF, RESP and a TFSA.

“**Deferred Plan Capital**” means capital of any kind raised by the Corporation from a RRSP, RRIF, RESP or TFSA pursuant to this Offering.

“**Hypothecary Representative**” means Mr. Paul N. Kamateros, CPA.

“**Loan Advances**” means the unsecured loan advances to be made by the Corporation to the Production Company under the Loan Agreement from the aggregate gross proceeds of the Offering upon the closing of each tranche thereof in order to fund the Business of the Production Company, which shall:

- (i) be repaid by the Production Company as the Bonds sold by the Corporation to finance the advance mature or are otherwise redeemed by the Corporation;
- (ii) bear interest at a rate equal to the corresponding amount of interest payable by the Corporation to the holders of Bonds sold by the Corporation to finance the advance, payable at the time that the interest payments to such Bondholders become due; and
- (iii) be subject to the payment of the Administrative Fees by the Production Company to the Corporation.

See Item 1.2 – Use of Available Funds and Item 2.7 – Material Agreements.

“Loan Agreement” means the non-revolving loan facility agreement to be entered into between the Corporation and the Production Company prior to the closing of the Minimum Offering in respect of the Loan Advances.

“Material Breach” means one or more of the following events:

- (a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out herein within sixty (60) days of such amounts being owing to Target;
- (b) the Corporation failing to deliver signed copies of the Target Release for each Subscriber of the Corporation’s securities;
- (c) the Corporation failing to include in this Offering Memorandum or any future Offering Documents disclosure on such terms as required by the Target Agreement (the **“Required Disclosure”**);
- (d) the Corporation failing to deliver a signed copy of the “Consent to Release Information” form as required by the Target Agreement concurrent with the execution and delivery of the Target Agreement (the **“Consent to Release Information”**);
- (e) the Corporation failing to provide Target access to its books and records within thirty (30) days of receiving a written request from Target to review such documentation; and
- (f) the Corporation failing to raise any Deferred Plan Capital within twelve (12) months from the date of the Target Agreement.

“Maximum Offering” means the offering, issue, and sale of a maximum of up to 10,000 Bonds at a price of \$500 per Bond, on a private placement basis, for maximum gross proceeds of up to \$5,000,000, as more particularly described in this Offering Memorandum.

“Minimum Offering” means the offering, issue, and sale of a minimum of 200 Bonds at a price of \$500 per Bond, on a private placement basis, for minimum gross proceeds of \$100,000, as more particularly described in this Offering Memorandum.

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions*.

“Offering” means the offering, issue, and sale of a minimum of 200 Bonds and a maximum of up to 10,000 Bonds at a price of \$500 per Bond, on a private placement basis, for minimum gross proceeds of \$100,000 and maximum gross proceeds of up to \$5,000,000, as more particularly described in this Offering Memorandum.

“Offering Documents” means any offering memorandum, prospectus or term sheet, and applicable subscription agreement prepared by the Corporation in connection with a distribution of its securities.

“Offering Jurisdictions” means each of the provinces and territories of Canada and such other jurisdictions that the Corporation may designate.

“Offering Memorandum” means this offering memorandum in respect of the Offering, dated July 5, 2017, including any amendment, restatement, or update hereto.

“Principal Amount” means the aggregate dollar value of each Subscriber’s subscription for Bonds determined by multiplying the number of Bonds purchased by a Subscriber by \$500.

“Prior Sales” mean the prior sales of Bonds completed by the Corporation since the date of its constitution, on a private placement basis, as more fully described under Item 4.3 – Prior Sales.

“Production Company” means Les productions Beauty World Search inc., a company existing under the *Canada Business Corporations Act* that is producing the reality television series “The Fashion Hero”, which will be financed, in whole or in part, by the Corporation through the proceeds of the Offering. See Item 2.2 – Business.

“Regulations” means the Tax Act regulations.

“RESP” means registered Education Savings Plan as defined under the Tax Act.

“RRIF” means Registered Retirement Income Fund as defined under the Tax Act.

“RRSP” means Registered Retirement Savings Plan as defined under the Tax Act.

“Subscribers” means parties who subscribe for Bonds pursuant to this Offering.

“Subscription Agreement” means the Subscription Agreement entered into between a Subscriber and the Corporation with respect to the purchase of Bonds by a Subscriber under this Offering.

“Target” means Target Capital Inc., a publicly traded company listed on the TSX Venture Exchange and the Canadian Securities Exchange, trading under the symbol “TCI”, which holds 6,000 Class A Shares, representing 60% of the issued and outstanding Class A Shares of the Corporation.

“Target Markets” means the markets that the Production Company intends to target for distribution of the television series “The Fashion Hero”, including, but not limited to, Canada and the United States of America.

“Target Agreement” means the agreement between the Corporation and Target dated May 10, 2016, as more fully described under Item 2.5 – Material Agreements of this Offering Memorandum.

“Target Release” means the release to be executed by each Subscriber to this Offering in favour of Target as more particularly described under Item 2.5 – Material Agreements of this Offering Memorandum.

“Target Shares” means the 6,000 Class A Shares of the Corporation held by Target as of the date of this Offering Memorandum.

“Tax Act” means the *Income Tax Act* (Canada).

“Television Series” means the original reality television series “The Fashion Hero” to be financed, in whole or in part, by the Corporation from the proceeds of the Offering and to be developed, produced, and licensed for distribution by the Production Company.

“TFSA” means Tax-Free Savings Account as defined by the Tax Act.

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

ITEM 1. USE OF AVAILABLE FUNDS

1.1 Funds

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

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised	\$100,000	\$5,000,000
B.	Selling commissions and fees ⁽¹⁾	\$10,000	\$500,000
C.	Estimated costs (lawyers, accountants, auditors)	\$60,000	\$60,000
D.	Available funds: $D = A - (B+C)$	\$30,000	\$4,440,000
E.	Additional sources of funding required ⁽²⁾	\$82,500	\$632,500
F.	Total : $F = D + E$	\$112,500	\$5,072,500

Notes:

- (1) The Corporation shall offer as compensation to the selling agents up to 10% of the gross proceeds realized on the sale of Bonds. See Item 7 – Compensation Paid to Sellers and Finders.
- (2) Pursuant to the terms and conditions of the Loan Agreement, the Production Company shall pay Administrative Fees to the Corporation equal to the total amount of selling commissions, Offering costs, Target Fees, and other fees payable by the Corporation in connection with the Offering and, upon completion of the Offering, equal to the operating costs and other fees payable by the Corporation from time to time until the earlier of the redemption of the Bonds by the Corporation and the maturity of the Bonds.

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

1.2 Use of Available Funds

The following table provides a detailed breakdown of the total use of funds available as a result of the Offering:

Description of intended use of available funds listed in order or priority	Assuming Minimum Offering	Assuming Maximum Offering
Annual Fee x 5 years (2017 to 2021) ⁽¹⁾⁽²⁾	\$12,500	\$62,500
Capital Raising Fee ⁽¹⁾⁽²⁾	nil	\$10,000
Loan Advances to be made to the Production Company to finance the Television Series and the related Business ⁽³⁾	\$100,000	\$5,000,000
Total	\$112,500	\$5,072,500

Notes:

- (1) Assumes 50% of the aggregate gross proceeds of the Offering are raised with Deferred Plan Capital.
- (2) Excludes applicable sales taxes (5% GST and 9.975% QST) payable under the Target Agreement.
- (3) See Item 8 – Risk Factors.

After payment of all fees, including without limitation, the Annual Fee and Capital Raising Fee payable by the Corporation to Target Capital Inc. (“**Target**”) and payment of all costs incurred by the Corporation with respect to the Offering, the Corporation intends to use the proceeds of the Offering to market an original reality television series, currently in post-production under the working title “The Fashion Hero”. The Television Series showcases ordinary people as models in an international fashion and beauty competition, in which the contestants are paired with renowned international fashion designers and beauty experts and compete against one another for a chance to

win the title of 'Fashion Hero'. The aim and theme of the production is to challenge the often unattainable and unrealistic standards presented by the fashion and beauty industries. See Item 2 - Business of Corporation.

Target Agreement

Pursuant to an agreement between the Corporation and Target signed May 10, 2016 (the "**Target Agreement**"), the Corporation has undertaken to pay to Target an annual fee ("**Annual Fee**") in an amount equal to: (i) \$2,500; plus (ii) one-half of one percent (being 0.5%) of the total tax deferred plan capital outstanding on the last day of the month that the anniversary of the Target Agreement falls in that is in excess of \$500,000; plus (iii) applicable taxes. The capital associated with tax deferred plans means capital of any kind raised by the Corporation from an RRSP, RRIF, RESP or TFSA pursuant to the Offering ("**Tax Deferred Plan Capital**"). The Corporation shall also pay to Target a capital raising fee ("**Capital Raising Fee**") in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the Tax Deferred Plan Capital raised by the Corporation in excess of \$500,000 (together, the Annual Fee and the Capital Raising Fee, collectively referred to as the "**Target Fees**").

Target controls 60% of the Corporation's voting rights. Pursuant to the Target Agreement, Target's control and interest in the Corporation is to earn the Annual Fee and Capital Raising Fees and not to participate in the profits of the Corporation. See Item 2.1 – Structure.

A tax deferred plan is defined herein as a Registered Education Savings Plan ("**RESP**"), a registered retirement income fund ("**RRIF**"), a registered retirement savings plan ("**RRSP**") and a tax free savings account ("**TFSA**"), each as defined under the *Income Tax Act* (Canada) (the "**Act**"). In connection with the placement of Class A Bonds and assuming the entire amount of the Minimum Offering is raised with Tax Deferred Plan Capital, the Annual Fee would total \$2,500, plus applicable taxes, and no Capital Raising Fee would be payable to Target. In connection with the placement of Bonds and assuming the entire amount of the Maximum Offering (\$2,000,000) is raised with Tax Deferred Plan Capital, the Annual Fee would total \$10,000, plus applicable taxes, and the Capital Raising Fee would total \$7,500, plus applicable taxes to be paid to Target.

The foregoing represents the Corporation's best estimate of the allocations of the Available Funds based on its present plans and business conditions. However, there is no assurance that unforeseen events or changes in business conditions will not result in the application of Available Funds in a manner other than is described in this Offering Memorandum.

1.3 Reallocation

The Corporation intends to use the available funds to pursue the objectives set out under Item 1.2 – Use of Available Funds.

ITEM 2. BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation was incorporated on May 10, 2016 under the *Canada Business Corporations Act*. Its head office is located at 3-7466 Lévesque Blvd. East, Laval, Quebec, H7A 1R8.

The Corporation is controlled by Target, a public corporation listed on the TSX Venture Exchange and the Canadian Securities Exchange trading under the symbol "TCI". Target owns 60% of the issued and outstanding Class A Shares of the Corporation. See Item 3.1- Compensation and Securities Held.

Voting control of the Corporation by Target ensures that the Bonds issued by the Corporation pursuant to the present Offering qualify as Tax Deferred Investments. Target's control and interest in the Corporation is to earn financing fees and not to participate in the profits of the Corporation pursuant to the Target Agreement (see Item 6.1 – Tax Consequences and Funds from Tax Deferred Plans). Specifically:

- (a) Target's Class A Shares in the Corporation are non-participating; they are not entitled to dividends;

- (b) The Target Agreement states that Target cannot acquire any additional Class A Shares of the Corporation without the approval of a majority of the minority shareholders of the Corporation;
- (c) Target cannot increase the Annual Fee or the Capital Raising Fee without the approval of a majority of the minority shareholders of the Corporation;
- (d) Target will not sell its Class A Shares of the Corporation while the Target Agreement is in force and will, at the termination of the Target Agreement, return all of its shares to the treasury of the Corporation for a consideration of \$60; and
- (e) Target will not benefit from its position as shareholder except as described in the Target Agreement, and should it receive any benefit in addition to the Target Fees, then the benefit will be returned to the Corporation for a consideration of ten dollars (\$10).

Target's assets and its management are in no way committed to the activities of the Corporation. Target has not performed any due diligence on the Corporation, its assets or its management and neither encourages nor discourages an investment in the Corporation.

The Subscription Agreement to be signed by Subscribers contains a specific acknowledgement by Subscribers acknowledging that Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Bonds issued pursuant to the present Offering. Furthermore, by signing the Subscription Agreement, Subscribers are agreeing therein that Target shall not be liable to Subscribers for any liabilities, losses or damages suffered or incurred by Subscribers in connection with this investment, including any default by the Corporation in the payment of interest on and/or repayment of the principal of the Bonds issued by the Corporation pursuant to the present Offering.

As a term of this Offering, Subscribers are required to grant Target a specific release in the form attached as a Schedule to the Subscription Agreement (the "**Target Release**"). Pursuant to the terms of the Target Release, the Subscriber will acknowledge that:

- (a) Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation;
- (b) Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Bonds issued under this Offering;
- (c) Target shall not be liable to Subscribers for any liabilities, losses or damages suffered or incurred by Subscribers in connection with this investment, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Bonds issued pursuant to this Offering; and
- (d) the Subscriber will release and forever discharge Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Bonds of the Corporation or the acquisition of the Bonds from the Corporation.

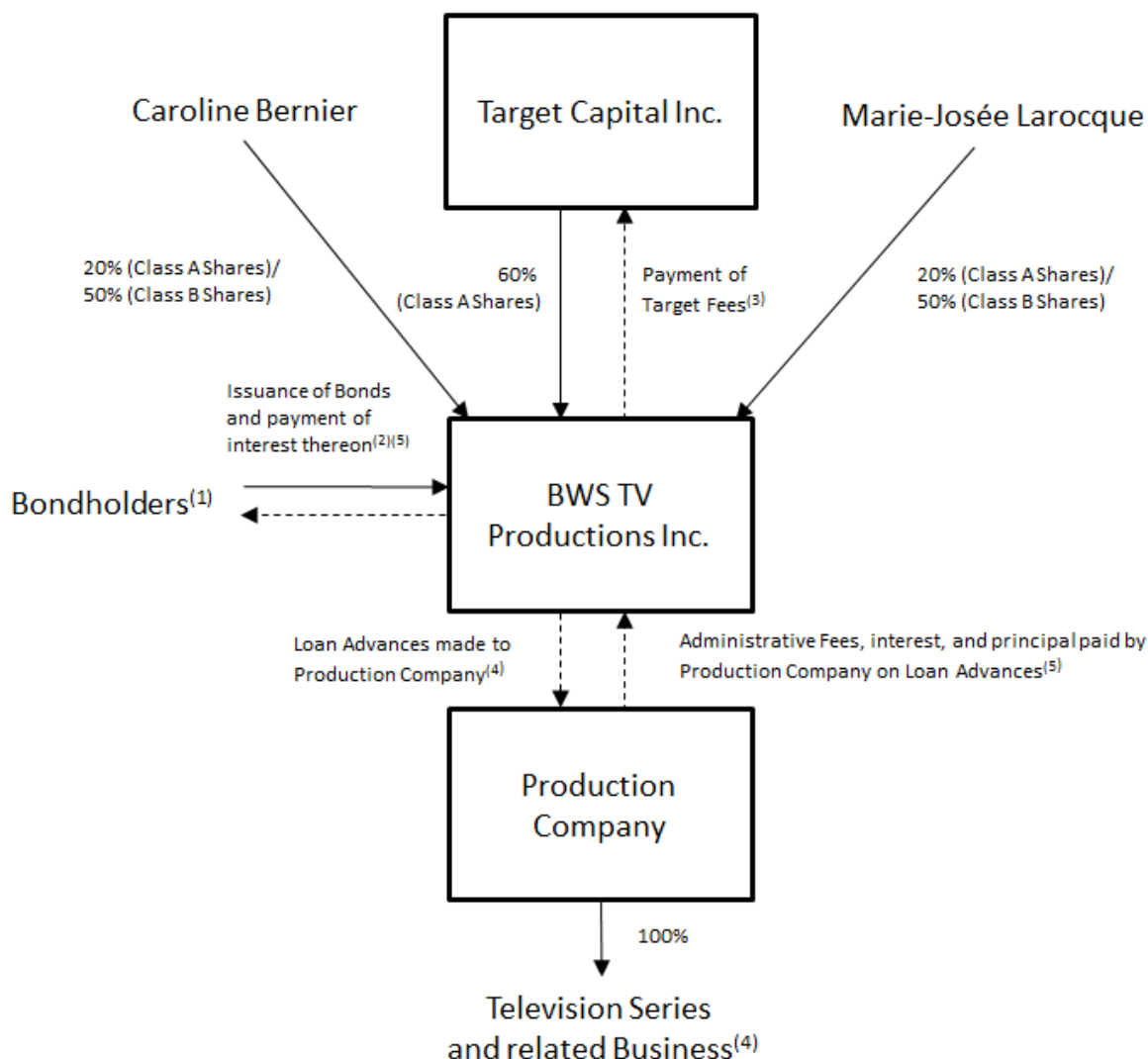
All Subscribers are encouraged to seek independent legal advice before executing and delivering the Target Release.

For additional information with respect to Target, please see Target's profile on SEDAR at www.sedar.com.

Caroline Bernier and Marie-Josée Larocque each hold 20% of the issued and outstanding Class A Shares of the Corporation and 50% of the issued and outstanding Class B Shares of the Corporation.

2.1.2 Corporate Organization and Investment Flow Chart

The following organizational diagram and accompanying notes describes the corporate structure and economic model underlying the Offering and provides an overview of the key transactions between the Bondholders, the Corporation, and Target.



Notes:

- (1) Subscribers purchase Bonds from the Corporation with funds from Deferred Plans or cash.
- (2) The Corporation issues Bonds to the Subscribers and pays interest on the Bonds. See Item 5.1 – Terms of Securities.
- (3) The Corporation will use a portion of the proceeds from the Offering to pay the Annual Fee and Capital Raising Fee to Target. See Item 1.1 – Funds and Item 2.7.1 – Target Agreement.
- (4) The Corporation will use the available funds to make Loan Advances to the Production Company from the proceeds of the Offering in order to finance the development and production of the Television Series and the related Business. See Item 2.2 – Business.
- (5) The Production Company pays Administrative Fees and interest to the Corporation and repays the Loan Advances as they become due, while the Corporation in turn uses such funds to pay interest to the Bondholders and to repay the principal to the Bondholders as the Bonds mature or are otherwise redeemed by the Corporation. See Item 5.1 – Terms of Securities.

2.2 Business

The Corporation was formed to conduct the Offering and to make Loan Advances to the Production Company from the proceeds of the Offering in order to finance the development and production of the original reality television series “The Fashion Hero” and the related Business.

The Production Company has developed and produced the Television Series, which it is now seeking to distribute through licensing agreements with broadcasters and other distributors of television programming in the Target Markets. The series showcases ordinary people as models in an international fashion and beauty competition, in which the contestants are paired with renowned international fashion designers and beauty experts who provide makeovers and fashion and beauty tips to the contestants as they compete against one another for a chance to win the title of ‘Fashion Hero’. The aim and theme of the production is to challenge the often unattainable and unrealistic standards presented by the fashion and beauty industries.

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

The Production Company has developed a website to serve as an interactive social media hub and database for the contestants, their supporters, and the international community of Fashion Hero enthusiasts that the Production Company will seek to attract to the site prior to the airing of the Television Series. It is anticipated that the website will offer additional revenue potential for the Production Company through paid advertising in the form of banner ads and blast promotions sent through the website’s email database and related social media sites. Additional revenue is expected to be generated through sponsorship deals with participating brands and through sales of promotional items to be sold through an online web store.

2.3 Development of Business

The Corporation was incorporated on May 10, 2016 under the *Canada Business Corporations Act*. Since that date, the Corporation has completed the Prior Sales and has used the proceeds therefrom to pay the costs, fees, and commissions incurred in connection therewith and to make Loan Advances to the Production Company from the gross proceeds of the Offering in order to finance the development and production of the original reality television series “The Fashion Hero” and the related Business.

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

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

Following the filming, the Production Company entered the post-production phase and began editing of over 3,000 hours of raw footage, which lasted several months and involved a team of offline editors, assistant editors, story producers, audio mixers, color correctors, a narrator, an animated graphics designer, and online editors. The editing of the 8-episode series has been completed and the Production Company is now preparing the episodes for delivery to broadcasters.

Throughout the post-production process, Caroline Bernier, the Executive Producer of the Television Series and the President and a director of the Corporation and the Production Company, attended various conferences around the world to promote the production, including the Marché International des Programmes de Communication (MIPCOM) in Cannes and the National Association of Television Program Executives (NATPE) conference in

Miami. Ms. Bernier also intends to promote the Television Series at the NATPE conference in Budapest in June 2017. Through these initiatives, the Production Company has developed a network of agents, distributors, and producers with whom it intends to work to secure distribution deals for the Television Series through cable and/or online platforms and networks in the Target Markets.

2.4 Long Term Objectives

The long term investment objective of the Corporation is to complete the Maximum Offering and generate interest income from Loan Advances to the Production Company pursuant to the Loan Agreement.

2.5 Short Term Objectives and How We Intend to Achieve Them

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

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Raise the Minimum Offering and advance one or more Loan Advances to the Production Company to finance a portion of the costs of the Television Series and the related Business.	On or prior to September 30, 2017 ⁽¹⁾	\$100,000 ⁽¹⁾

Notes:

- (1) Includes the initial Loan Advance(s) to be advanced to the Production Company, selling commissions, and Target Fees payable from the proceeds of the Minimum Offering, and the estimated Offering costs, less the amount of Administrative Fees payable to the Corporation by the Production Company. See Item 1 – Use of Available Funds and Item 7 – Compensation Paid to Sellers and Finders.

The Production Company's objectives for the 12 months following the date of this Offering Memorandum are as follows:

- Develop an international marketing and social media campaign to continue to promote “The Fashion Hero” brand targeting countries where the series will be airing or produced.
- Continue promoting the Television Series at industry trade shows to further develop relationships with agents, distributors, and producers that can help to secure distribution deals.
- Enhance the website for “The Fashion Hero” to monetize it and make it more accessible and user-friendly, with separate versions targeted to specific Target Markets.
- Develop new and updated sale agreements and purchase new promotional materials, including roll-up banners, posters, and other branded items for the Production Company's distribution team.
- Re-edit the Television Series, if necessary, to accommodate the needs of specific broadcasters with respect to the length of the episodes, language and subtitles requirements, and other requirements.

2.6 Insufficient Funds

The Corporation does not anticipate requiring additional funds to pursue its business objectives; however, it is anticipated that the Production Company will require additional sources of funding beyond the initial \$100,000 Loan Advance to be advanced by the Corporation to the Production Company upon completion of the Minimum Offering.

Closings shall occur from time to time during the course of the Offering. No alternate financing has been arranged for the Corporation or the Production Company. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Corporation will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum. See Item 8 - Risk Factors.

2.7 Material Agreements

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

The Production Company is a “related party” to the Corporation within the meaning of the term as defined under *Regulation 61-101 respecting Protection of Minority Shareholders in Special Transactions* (Quebec) (“**Regulation 61-101**”) by virtue of Ms. Caroline Bernier and Ms. Marie-Josée Larocque being officers, directors, and control persons of both companies. As a result, the Deed of Hypothec and the Loan Agreement are each deemed to be a “related party transaction” under Regulation 61-101.

2.7.1 Target Agreement

The Corporation entered into the Target Agreement on May 10, 2016. The material terms of this Agreement are as follows:

- (a) The Corporation shall pay to Target:
 - (i) the Annual Fee on the date of the Target Agreement and on each anniversary date of the Target Agreement; plus
 - (ii) a Capital Raising Fee whenever the Corporation raises Deferred Plan Capital. Notwithstanding the preceding sentence, the Corporation shall not be required to pay any Capital Raising Fee until its total Deferred Plan Capital raised exceeds \$500,000.
- (b) **Access to Records.** If requested, the Corporation shall promptly provide Target with copies of all corporate records.
- (c) **Target Release/Required Disclosure.** The Corporation shall attach the Target Release to all Offering Documents used by the Corporation in the distribution of its securities and shall include the Required Disclosure in all such Offering Documents. The Corporation shall not sell any of its securities to any party unless such subscriber has executed and delivered an original copy of the Target Release to the Corporation. The Corporation shall promptly provide Target with the original copies of all such signed Target Releases.
- (d) **Indemnity.** The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target’s shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.
- (e) **Term.** The Target Agreement shall be in effect from the date of that Agreement until the date on which Target ceases to be the majority shareholder of the Corporation. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two (2) years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target any Annual Fees and Capital Raising Fees that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two (2) years.
- (f) **Termination by the Corporation.** Subject to the two year minimum payment obligations set out in sub-paragraph (e) above and the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.
- (g) **Termination by Target.** In the event of a Material Breach of the Target Agreement by the Corporation, such as failure to pay any Annual Fees or Capital Raising Fees within 60 days of invoicing, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00.

2.7.2 Deed of Hypothec

The Bonds to be issued under the Offering shall be collectively secured by a Deed of Hypothec to be entered into on or prior to the closing of the Minimum Offering between the Corporation, as grantor, the Production Company, as guarantor, and the Hypothecary Representative (i.e., *fondé de pouvoir*) of the Bondholders within the meaning of Article 2692 of the *Civil Code of Québec*, and providing for, *inter alia*, a first-ranking movable hypothec, in favour of the Hypothecary Representative, for the benefit of the Bondholders, to the extent of \$5,000,000 with interest thereon at the rate of 25% per annum, charging as a universality, all corporeal and incorporeal movable property, assets, rights and undertakings of any nature and kind, now owned or hereafter acquired by the Corporation or the Production Company, including, but not limited to, all of the Production Company's right, title, and interest in and to the Television Series and the related Business.

2.7.3 Loan Agreement

The Corporation, as lender, shall enter into the Loan Agreement with the Production Company, as borrower, on or prior to the closing of the Minimum Offering. Pursuant to the terms and conditions of the Loan Agreement, the Corporation will provide one or more Loan Advances to the Production Company in the aggregate amount of up to \$5,000,000 to finance the Television Series and the related Business.

Upon the closing of each tranche of the Offering and following payment of an Administrative Fee by the Production Company to the Corporation, the Corporation shall disburse a Loan Advance to the Production Company in an amount equal to the gross proceeds from the closing. The Corporation will use the Administrative Fees to pay the Offering costs, selling commissions, and Target Fees payable in connection with the Offering. Upon completion of the Offering, the Production Company shall continue to pay Administrative Fees to the Corporation equal to the operating costs and other fees payable by the Corporation from time to time until the earlier of the redemption of the Bonds by the Corporation and the maturity of the Bonds.

Each Loan Advance shall bear interest at rate equal to the corresponding amount of interest payable by the Corporation to the holders of Bonds sold by the Corporation to finance the advance, payable at the time that the interest payments to such Bondholders become due, and shall be repaid by the Production Company as the Bonds sold by the Corporation to finance the advance mature or are otherwise redeemed by the Corporation. See Item 5.1 – Terms of Securities.

2.7.4 Agreements with Selling Agents

The Corporation has retained Whitehaven Securities Inc., a registered exempt market dealer, as lead selling agent in respect of the distribution and sale of the Bonds and may choose to retain additional selling agents (collectively, the “**Selling Agents**”). The Corporation will enter into agreements with the Selling Agent(s) in respect of the distribution and sale of the Bonds, which will provide for cash compensation to the Selling Agent(s) in an amount equal to up to 10% of the gross proceeds realized on the sale of the Bonds under the Offering.

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

3.1 Compensation and Securities Held

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

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Corporation in the last financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Corporation held after completion of min. offering	Number, type and percentage of securities of the Corporation held after completion of max. offering
Caroline Bernier Laval, QC	President and Director since May 2016	2016: \$0 2017: \$0	2,000 Class A Shares (20%) 50 Class B Shares (50%)	2,000 Class A Shares (20%) 50 Class B Shares (50%)
Marie-Josée Larocque Beaconsfield, QC	Secretary and Director since May 2016	2016: \$0 2017: \$0	2,000 Class A Shares (20%) 50 Class B Shares (50%)	2,000 Class A Shares (20%) 50 Class B Shares (50%)
Target Capital Inc. Calgary, Alberta	Principal holder since May 2016	2016: \$24,614 2017: \$22,500 ⁽¹⁾	6,000 Class A Shares (60%)	6,000 Class A Shares (60%)

Notes:

- (1) Assumes payment of the maximum amount of Target Fees payable under the Target Agreement assuming completion of the Maximum Offering and assumes that 50% of the gross Offering Proceeds are raised from Deferred Plans.

3.2 Management Experience

Name	Principal occupation and related experience
Caroline Bernier	President and Executive Producer at Les productions Beauty World Search Inc.
Marie-Josée Larocque	Vice President of Business Development at Les productions Beauty World Search Inc. and professional model

Caroline Bernier, President and Director – Ms. Bernier has over 25 years of experience in the entertainment, fashion and television industries, in over 80 countries. She has been President and Executive Producer at Les productions Beauty World Search Inc. since 2010 and was the founder of IMPAK Productions Inc., which she operated from 1990 to 2011. She has worked in various roles, including direction, production, promotion development, product placement, event coordination, marketing planning, choreographing, and staging. Ms. Bernier has worked for a wide range of prominent companies including Miss Universe, Hawaiian Tropic, Guess, Victoria’s Secret, Star Search, and Planet Beach and has been involved in over 500 major events in countries around the world.

Marie-Josée Larocque, Secretary and Director – Ms. Larocque is a professional model and Vice President of Business Development at Les productions Beauty World Search Inc. She has worked as a model for several years and has represented some of the most prestigious modelling agencies, such as Casablanca in Toronto and Miami, Glamour in Paris, Das Aussehen in Zurich, and Constance Brown and Folio in Montreal. She has been a spokesperson for Honda Canada, participated in campaigns for Wonderbra, Sports Experts, Volkswagen, and Miller Beer, and has been photographed for various magazines including Elle, Clin d’Oeil, and Mod Mag.

3.3 Penalties, Sanctions and Bankruptcy

To the Corporation’s knowledge and subject to the above noted commitments, none of its directors or executive officers is, as of the date of this Offering Memorandum, or has been within the 10 years before such date, a director, chief executive officer or chief financial officer of any company (including the Corporation) that was subject to one of the following orders:

- (a) an order issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) an order issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such capacity.

On the other hand, to the knowledge of the Corporation, none of its directors or executive officers or shareholders holding a sufficient number of securities of the Corporation to materially affect control of it:

- (a) is, as at the date of this Offering Memorandum, or has been within the ten years before such date, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this Offering Memorandum, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or the shareholder.

ITEM 4. CAPITAL STRUCTURE

4.1 Share Capital

The following sets out the capital structure of the Corporation as at the date indicated below:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as of the date hereof	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Class A Shares	Unlimited	\$0.01	10,000	10,000	10,000
Class B Shares	Unlimited	\$0.10	100	100	100

The Corporation is authorized to issue an unlimited number of Class A Shares and an unlimited number of Class B Shares.

4.2 Long Term Debt

As of the date of this Offering Memorandum, the Corporation does not have any outstanding long term debt. Upon completion of the Offering, the Corporation will have the following number of Bonds outstanding.

Description of Security	Number authorized to be issued	Price per security	Number outstanding as of the date hereof	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Bonds ⁽¹⁾	20,000	\$500	9,358 ⁽²⁾	9,558 ⁽³⁾	19,358 ⁽⁴⁾

Note:

- (1) See Item 5.1 – Terms of Securities for the terms of the Bonds offered pursuant to the Offering.
- (2) Represents a debt obligation of \$4,679,000 to Subscribers under this Offering, plus applicable interest thereon.
- (3) Represents a debt obligation of \$4,779,000 to Subscribers under this Offering, plus applicable interest thereon.
- (4) Represents a debt obligation of \$9,679,000 to Subscribers under this Offering, plus applicable interest thereon.

4.3 Prior Sales

The Corporation issued the following Bonds within the last 12 months of the date of the Offering Memorandum:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
June 17, 2016	Bonds	997	\$500	\$498,500
July 5, 2016	Bonds	194	\$500	\$97,000
July 18, 2016	Bonds	800	\$500	\$400,000
July 29, 2016	Bonds	389	\$500	\$194,500
August 5, 2016	Bonds	611	\$500	\$305,500
August 15, 2016	Bonds	613	\$500	\$306,500
August 26, 2016	Bonds	491	\$500	\$245,500
September 19, 2016	Bonds	517	\$500	\$258,500
October 4, 2016	Bonds	653	\$500	\$326,500
October 13, 2016	Bonds	279	\$500	\$139,500
October 28, 2016	Bonds	877	\$500	\$438,500
November 7, 2016	Bonds	251	\$500	\$125,500
November 17, 2016	Bonds	375	\$500	\$187,500
December 20, 2016	Bonds	459	\$500	\$229,500
January 20, 2017	Bonds	576	\$500	\$288,000
March 10, 2017	Bonds	532	\$500	\$266,000
April 28, 2017	Bonds	284	\$500	\$142,000
TOTALS		8898		0

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

The securities being offered hereunder are secured bonds of the Corporation bearing interest at a rate of 11.75% per annum, maturing three (3) years from the date of their issuance. The price of each Bond is \$500 and the Bonds qualify as Deferred Plan Investments. Interest is payable to the Bondholders on a quarterly basis on July 31st, October 31st, January 31st, April 30th. The Bonds do not confer any voting rights upon the holders thereof.

The Corporation's debt obligations represented by the Bonds will be secured by a first-ranking movable hypothec granted in favour of the Hypothecary Representative, for the benefit of the Bondholders, to the extent of \$5,000,000 with interest thereon at the rate of 25% per annum, charging as a universality, all corporeal and incorporeal movable property, assets, rights and undertakings of any nature and kind, now owned or hereafter acquired by the Corporation or the Production Company, including, but not limited to, the Television Series and the related Business. The Bonds will rank *pari passu* among themselves.

5.2 Subscription and Payment Procedure

The minimum subscription amount is \$2,500 per Subscriber. Subscribers will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties covenants, and acknowledgements by the Subscriber that it is duly authorized to purchase the Bonds, that the Subscriber is purchasing the Bonds as principal for investment purposes and not with a view to resale, and that the Subscriber is eligible to subscribe for Bonds pursuant to an exemption from the prospectus requirements under applicable Canadian securities laws.

In order to subscribe for Bonds, Subscribers must complete, execute and deliver the following documentation to the Corporation via its counsel, BCF LLP, at 1100 René Lévesque Boulevard West, 25th floor, Montreal, Quebec H3B 5C9:

1. one duly completed and signed copy of the Subscription Agreement;
2. completed and executed copies of the applicable schedules and appendices to the Subscription Agreement, including the appropriate investor qualification and risk acknowledgement forms. The appropriate form(s) to be completed depend(s) on a Subscriber's place of residence and on the amount of his or her investment (see the cover page to the Subscription Agreement for instructions);
3. a wire transfer in an amount equal to the aggregate subscription amount (as set forth in the Subscription Agreement), payable to the following account:

For credit to:	National Bank of Canada 955, de Maisonneuve Ouest Montreal, Quebec H3A 1M4 CANADA
Swift Code:	BNDCCAMMINT
Bank number:	0006
Transit number:	1095-1
Account number:	07-574-28
Beneficiary's name:	BCF LLP, in trust
Beneficiary's address:	1100 René-Lévesque Blvd. West Suite 2500 Montreal, Quebec H3B 5C9 CANADA
Reference no.:	41575/1

Subject to applicable securities laws, and the purchaser's two-day cancellation right, a subscription for Bonds, evidenced by a duly completed Subscription Agreement delivered to the Fund shall be irrevocable by the Subscriber. See Item 11 – Purchasers' Rights.

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a subscription for Units is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The closing of the Minimum Offering amount is scheduled to occur on or prior to September 30, 2017. It is expected that the Bonds will be available for delivery within a reasonable period of time after the relevant closing date(s). If the Minimum Offering amount is not met prior to September 30, 2017, collected funds will be returned to the respective parties by October 31, 2017 without interest.

ITEM 6. TAX CONSEQUENCES AND FUNDS FROM TAX DEFERRED PLANS

6.1 Tax Consequences and Funds from Tax Deferred Plans

The Act and the regulations thereunder provide generally that bonds or similar obligation of a Canadian corporation (as defined in the Act) which is controlled directly or indirectly by one or more corporations whose shares are listed on a designated stock exchange in Canada will constitute a “qualified investment” for a tax deferred plan.

The Corporation is a Canadian corporation controlled by Target. As a result, the Bonds will constitute a “qualified investment” for tax deferred plans provided the shares of Target remain listed on a stock exchange designated by the Minister of Finance, which they currently are, and as long as Target controls the Corporation. There is no agreement which restricts the ability of Target to vote its Class A Shares of the Corporation or to appoint a majority of the board of directors of the Corporation. As such, Target should be considered to control the Corporation.

There are additional requirements for a TFSA, RRSP, RESP or RRIF in order for the Bonds not to be a “prohibited investment” which would be subject to a special tax under the Act. The Bonds will be a “prohibited investment” if the account holder does not deal at arm’s length with the Corporation or the account holder is a “specified shareholder” of the Corporation as defined in the Act, generally a person who has a ten percent (10%) or greater interest in the Corporation together with non-arm’s length persons. Assuming the Bondholder does not meet the above requirements, the Bonds will not be a “prohibited investment”.

There can also be additional special taxes for a TFSA, RRSP, RESP or RRIF on certain tax advantages that unduly exploit the attributes of a TFSA, RRSP, RESP or RRIF, including “advantages” on “prohibited investments” and on “non-qualified investments”. The rules in the Act that define an “advantage” are quite broad; Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

The income tax information contained in this section was provided by Spiegel Sohmer Inc., and it is based on the current provisions of the Act, the regulations thereunder and published administrative practices of the Canada Revenue Agency (the “CRA”). This summary does not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.

This summary is of a general nature only and is not intended to be legal, tax or business advice to the prospective Subscribers of Bonds. **You should consult your own professional adviser to obtain advice on the tax consequences that apply to you.**

ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

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

The Corporation has retained Whitehaven Securities Inc., a registered exempt market dealer, as lead selling agent in respect of the distribution and sale of the Bonds

ITEM 8. RISK FACTORS

Subscribers are cautioned that an investment in Bonds may involve risks and there is no assurance of a return or benefit on a Bondholder's investment. An investment in the Bonds offered hereunder should only be considered by sophisticated Subscribers able to assume the risk of total loss and to make long term investments. Investment in the Corporation is not a complete investment program, and Subscribers should fully understand and be capable of assuming the risks of investing in the Corporation. Subscribers should consider a number of risk factors before investing in the Bonds, including the following:

Distribution Rights

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

Television Series Production Risks

The television series production industry is affected by changes in consumer preferences and by national, regional, and local economic conditions and demographic trends. Discretionary spending priorities, consumer preference and tastes, critical reviews, word of mouth, accidents of chance involving lead actors, hosts or personalities, and the type, number, and screenings of competing television series will directly affect the success of a television program. While the Loan Advances are collateralized through various assets and security, changes in any of the above factors could adversely affect market performance, resulting in lower than expected returns due to changing market values and prices and greater risk of default by the Production Company under the Loan Agreement.

The Production Company is Subject to many of the Operating Risks Common to the Television Industry

Operating risks common to the television industry include but not limited to:

- change in general economic conditions, including the timing and robustness of recoveries from economic downturns;
- decreases in the demand for the product;
- the impact of intermediaries, labour union agreements, etc.
- changes in operating costs; and
- the availability of capital to fund operations.

The Production Company May not be able to Protect its Intellectual Property Rights

The Production Company relies on a combination of contractual agreements and trademark and copyright laws to protect proprietary aspects of the Television Series and the related Business. These legal measures afford limited protection and may not prevent others from gaining access to the Production Company's intellectual property and proprietary information. Any of the Production Company's intellectual property may be challenged, invalidated, circumvented or rendered unenforceable. The Production Company will take measures to enforce its intellectual property rights, to protect its trade secrets and to determine the scope of its proprietary rights. Any litigation could result in substantial expense, may reduce the Production Company's financial resources and may not adequately protect its intellectual property rights.

Sufficiency of Funds

There is no assurance that the Corporation will be able to raise sufficient funds to cover the estimated costs and the Target Fees under the Minimum Offering. As a result, if the Corporation does not manage to raise sufficient funds under the Offering, its financial position will have deteriorated at completion of the Offering. The Corporation's failure to raise said amounts would seriously impair its operations. There is no assurance either that the Corporation will be able to raise sufficient funds pursuant to the Offering.

Limited Operating History

The Corporation was created on May 10, 2016 and has limited operating history. There is no assurance that the Corporation will achieve all of its short- and long-term business objectives.

Diversification

The Corporation's only asset is its security interest in the Television Series and the related Business. Accordingly, a subscriber's investment in the Corporation does not alone provide optimal diversification for a balanced portfolio.

Key Management Personnel

The Corporation relies on the diligence and skill of Caroline Bernier and Marie-Josée Larocque (the executive officers of the Corporation and the Production Company) for the development, production, completion, and oversight of the Television Series and the related Business. The future success of the Television Series and the related Business is to a great extent dependent on its management team coordination and continuous services. The departure of executive officers from the Corporation and/or the Production Company could have a material adverse effect on the Corporation's ability to implement its business strategy.

Liquidity Risk

Debt securities are not publicly traded and are generally illiquid. It might accordingly prove difficult for the Corporation to access short-term liquidities should it need them. In addition to the effects noted above, this limited liquidity may have an adverse effect on the Corporation's investment performance.

Loss of Capital

All investments in securities involve risk of the loss of all or part of the investor's original capital. An investment in the Corporation carries such risk.

No Resale Market for Bonds

The Corporation's Bonds are not traded on any exchange or market. The Bonds are also subject to restrictions and conditions on their resale. These restrictions and conditions appear on the Bond certificate.

Securities Regulatory Risks

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

While the Corporation believes that its position regarding compliance with applicable Canadian securities laws is appropriate and supportable, it is possible that securities law matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Corporation.

There can be no assurance that applicable Canadian securities laws or the securities regulators interpretations thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Corporation.

Risk of Changes in the Tax Legislation or in Rulings

There can be no assurance that changes in the Tax Act, future judicial rulings or the implementation of new taxes will not have a negative impact on the Corporation or will not fundamentally alter the income tax consequences to Bondholders of purchasing, holding or disposing of the Bonds. The Corporation strongly encourages the Subscribers to consult their tax adviser about the tax consequences of the acquisition, ownership and disposition of the Bonds purchased pursuant to this Offering.

Eligibility of Bonds for Tax Deferred Plans Risk

No advance income tax ruling has been applied for or received with respect to the eligibility of the Bonds for tax deferred plans. If Target ceases to control the Corporation, ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for purposes of the Act, there may be adverse tax consequences to a Bondholder as the Bonds will cease to constitute a “qualified investment” for tax deferred plans unless the Corporation can make suitable arrangements to maintain eligibility for the Bonds. If the Bonds cease to be eligible Deferred Plan Investments, an annuitant which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired with funds in a tax deferred plan. The annuitant may also incur penalties and may have the registration of the tax deferred plan revoked. There is also a risk that CRA reassess Bondholders in respect of their investment in the Bonds.

No Insurance against Loss

The Bonds are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.

Risk of Challenge

The structuring of this Offering in general and the fact that Target controls the Corporation justify the eligibility of the Bonds as Tax Deferred Investments. However, this interpretation of “qualified investment” for purposes of the Tax Act may be challenged under the anti-avoidance provisions. No advance income tax ruling or other comfort has been obtained from any professional firm as to whether or not the general anti-avoidance provisions would apply to this case.

Control by Target Risk

The Corporation’s Class A Shares are held by Target and the Corporation. Pursuant to the *Canada Business Corporations Act* and the incorporation documents of the Corporation, the holders of the Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target’s ability to vote its Class A Shares of the Corporation.

ITEM 9. REPORTING OBLIGATIONS

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

The Corporation is required, however, to file its audited annual financial statements within 120 days after the end of each of its financial years with the applicable securities commissions and provide a copy thereof to each subscriber in Quebec, Ontario, Alberta, Saskatchewan, New Brunswick, and Nova Scotia that subscribes for Bonds

pursuant to the “offering memorandum” exemption under s. 2.9 of NI 45-106 (the “**OM Exemption**”). Additionally, the Fund is required to provide:

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

ITEM 10. RESALE RESTRICTIONS

The Bonds offered hereunder will be subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the Bonds unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

10.1 General Statement

For trades in Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories:

The Bonds 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 Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period

For trades in Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories:

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

The Corporation does not intend to become a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

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

- (i) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- (ii) you have held the securities for at least 12 months.

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

ITEM 11. PURCHASERS’ RIGHTS

If you purchase Bonds pursuant to the OM Exemption you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

11.1 2 Day Cancellation Right

If you purchase Bonds pursuant to the OM Exemption, you can cancel your agreement to purchase these securities. To do so, you must send a notice to the Corporation by midnight on the 2nd business day after you sign the agreement to buy the securities.

11.2 Statutory and Contractual Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to sue to cancel your agreement to buy the securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. In addition, any marketing materials in respect of the Offering delivered or made reasonably available before the termination of the Offering to Subscribers in Ontario, Quebec, Alberta, Saskatchewan, New Brunswick, and Nova Scotia that purchase Bonds pursuant to the OM Exemption are incorporated by reference into this Offering Memorandum.

Unless otherwise noted, in this section, a “misrepresentation” means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are 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 addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. By its execution of the Subscription Agreement, the Corporation will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors.

Statutory Rights of Action for Subscribers in the Province of British Columbia

Securities legislation in British Columbia provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against the Corporation in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the British Columbia securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

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

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the “Insiders” for this section).

If this Offering Memorandum or any amendment thereto contains a misrepresentation and it was a misrepresentation on the date of investment, a purchaser to whom such Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Insiders. A purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Insiders;
- (b) the Insiders are not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages pursuant to subsection (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Alberta

Securities legislation in Alberta provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the Corporation or selling security holder on whose behalf the distribution is made if the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

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

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has the right to sue. In particular, the Corporation would have a defence if the purchaser knew of the misrepresentation when the purchaser purchased the Bonds.

If the purchaser intends to rely on the rights described in (a) or (b) above, the purchaser must do so within strict time limitations. The purchaser must commence its action to cancel the agreement by notice to the Corporation within 180 days and must commence its action for damages by notice to the Corporation within one year from the date of the transaction.

If this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact which is required to be stated or which is necessary in order to make any statement therein not misleading in light of the circumstances in which it was stated (herein called a “misrepresentation”) and it was a misrepresentation on the date of investment, a purchaser to whom this Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Corporation, while still the owner of any of the securities offered hereunder. provided that, if the Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Corporation;

- (b) the Corporation is not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages pursuant to subsection (a), the Corporation is not liable for all or any portion of the damages that the Corporation proves does not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Saskatchewan

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a “material fact”) or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (herein called a “misrepresentation”), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Corporation, the promoters and “directors” (as defined in *The Securities Act, 1988* (Saskatchewan)) of the Corporation, every person or company whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of the Corporation under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased the securities from the Corporation, the purchaser may elect to exercise a right of rescission against the Corporation.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied on.

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

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

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

Statutory Rights of Action for Subscribers in the Province of Manitoba

In the event that this Offering Memorandum (including any amendment hereto) delivered to a purchaser of Bonds resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights they may have at law: (a) a right of action for damages against (i) the Corporation, (ii) every director of the Corporation at the date of this Offering Memorandum (collectively, the “**Directors**”), and (iii) every person or company who signed this Offering Memorandum (collectively, the “**Signatories**”); and (b) a right of rescission against the Corporation.

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

A purchaser may elect to exercise a right of rescission against the Corporation, in which case the purchaser will have no right of action for damages against the Corporation, Directors or Signatories.

The Corporation, the Directors and Signatories will not be liable if they prove that the purchaser purchased Bonds with knowledge of the misrepresentation.

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

A Director or Signatory will not be liable:

- (a) if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to the Corporation that it was delivered without their knowledge and consent;
- (b) if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to the Corporation of their withdrawal and the reasons therefore;
- (c) if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert (“Expert Opinion”), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or
- (d) with respect to any part of this Offering Memorandum not purporting to be made on an expert’s authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, the Corporation, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the Bonds were offered for sale.

A purchaser of Bonds to whom this Offering Memorandum was not delivered prior to such purchase in circumstances where such Offering Memorandum was required to be delivered has a right of rescission or a right of action for damages against the Corporation or any dealer who failed to deliver the Offering Memorandum within the prescribed time.

A purchaser of Bonds to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Bonds by sending a written notice of rescission to the Corporation not later than midnight on the second day, excluding Saturdays, Sundays and statutory holidays, after the purchaser signs the agreement to purchase the Bonds.

Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised not later than:

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

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

Statutory Rights of Action for Subscribers in the Province of Ontario

Section 6.2 of Ontario Securities Commission Rule 45-501 (“**Rule 45-501**”) provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the prospectus exemption contained in section 2.3 [*accredited investor*] of National Instrument 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (the “**Act**”) shall be described in the offering memorandum.

Section 130.1 of the Act and Rule 45-501 provide that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to a prospective purchaser in the Province of Ontario and contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, a purchaser in Ontario who purchases securities offered by this Offering Memorandum (other than a purchaser purchasing under the accredited investor exemption that is a Canadian financial institution or a Schedule III Bank, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada) or a subsidiary of any such entity if the such entity owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) will have a right of action against the Corporation for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:
 - i. 180 days after the investor had knowledge of the facts giving rise to the course of action; or
 - ii. three years after the date of the transaction giving rise to the cause of action;
- (b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;

- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Reference is made to the *Securities Act* (Ontario) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the Securities Act (Ontario).

Statutory Rights of Action for Subscribers in the Province of Quebec

If this Offering Memorandum, together with any amendment to it, is delivered to a Subscriber resident in Quebec and contains a misrepresentation that was a misrepresentation at the time of purchase, the Subscriber will be deemed to have relied upon the misrepresentation and will have a statutory right of action against the issuer, the officers and directors of the issuer or any dealer under contract with the issuer for damages or for rescission or revision of the price.

This right of action is subject to the following limitations:

- (a) the right of action for rescission or revision of the price must be exercised within three years of the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission or revision of the purchase price, the earlier of: (i) three years after the plaintiff first had knowledge of the facts giving rise to the cause of action unless the delay in knowledge is caused by the negligence of the plaintiff, or (ii) five years after the Offering Memorandum is filed with the *Autorité des marchés financiers*;
- (b) no person or company will be liable if it proves that the Subscriber acquired the Bonds with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the officers or directors of the issuer or the dealer under contract with the issuer will not be liable if they acted with prudence and diligence; and
- (d) a defendant may defeat an action based on a misrepresentation in forward-looking information by proving that
 - i. the document containing the forward-looking information contained, proximate to that information,
 - (A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (B) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and
 - ii. the defendant had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

Statutory Rights of Action for Subscribers in the Province of New Brunswick

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in New Brunswick:

- (a) the Corporation to cancel your agreement to buy the Bonds; or

- (b) for damages against the Corporation and a selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Bonds as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Bonds were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the Bonds.

In New Brunswick, the defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

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

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

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

In New Brunswick, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) one year after you knew of the misrepresentation, or (ii) six years after the transaction.

Statutory Rights of Action for Subscribers in the Province of Prince Edward Island

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in Prince Edward Island:

- (a) the Corporation to cancel your agreement to buy these securities; or
- (b) for damages against the Corporation, any selling security holder on whose behalf the distribution is made and any director of the Corporation (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

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

However, in Prince Edward Island, the above defence does not relieve a person of liability respecting forward-looking information in a financial statement required to be filed under Prince Edward Island securities laws. If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Prince Edward Island, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

Statutory Rights of Action for Subscribers in Newfoundland and Labrador

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue:

- (a) to cancel your agreement to buy these Bonds; or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Bonds as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Bonds were offered. There are various defences available to the Corporation should you exercise a right to sue. For example, it has a defence if you knew of the misrepresentation when you purchased the Bonds.

Time limitations

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

In Newfoundland and Labrador, you must commence your action to rescind your agreement to purchase Bonds within 180 days after you signed the agreement to purchase the Bonds or commence your action for damages within the earlier of: (1) 180 days after learning of the misrepresentation, or (2) three years after the transaction.

Statutory Rights of Action for Subscribers in the Province of Nova Scotia

If this offering memorandum, together with any amendment thereto, contains a misrepresentation, an investor in Nova Scotia who purchases a security offered by this offering memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Corporation and every person or company who signed the offering memorandum or, at the election of the investor, a right of rescission against the Corporation (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action:
 - i. for rescission more than 180 days after the date of the purchase; and

- ii. for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Corporation or any person or company is not liable for damages:
 - i. if it is proven that the purchaser had knowledge of the misrepresentation;
 - ii. if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - iii. if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - iv. if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
 - v. with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;
- (c) the amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;
- (d) subsection (b)(ii) to (v) do not apply to the Corporation;
- (e) in an action for damages, the Corporation or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the security was offered.

Statutory Rights of Action for Subscribers in the Northwest Territories

If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied on the misrepresentation, a right of action for damages against the Corporation, the selling holder of a Bond on whose behalf the distribution is made, every director of the Corporation at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has a right of action for rescission against the Corporation or the selling security holder on whose behalf the distribution is made. If the Subscriber elects to exercise a right of action for rescission, the Subscriber shall have no right of action for damages.

A defendant is not liable if he or she proves that the Subscriber purchased the securities with knowledge of the misrepresentation. A person, other than the Corporation and selling security holder, is not liable if he or she proves that:

- (a) the Offering Memorandum was sent to the Subscriber without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the Corporation of the withdrawal and the reason for it;
- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - i. there had been a misrepresentation, or
 - ii. the relevant part of the Offering Memorandum:
 - (A) did not fairly represent the report, statement or opinion of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

A defendant, other than the Corporation and selling holder of a Bond, is not liable with respect to any part of an Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (b) believed that there had been a misrepresentation.

A defendant is not liable with respect to a misrepresentation in forward-looking information if the offering memorandum containing the forward-looking information also contains, proximate to the forward-looking information,

- (a) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward- looking information; and
- (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (c) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward - looking information.

In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Bonds resulting from the misrepresentation. The amount recoverable by a plaintiff must not exceed the price at which the Bonds purchased by the plaintiff were offered. The right of action for rescission or damages is in addition to and without derogation from any other right the Subscriber may have at law. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

Statutory Rights of Action for Subscribers in the Yukon Territory

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, then you have a statutory right to sue in Yukon:

- (a) for the Corporation to cancel your agreement to buy these securities; or

- (b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

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

However, in Yukon, the above defence does not relieve a person of liability respecting forward -looking information in a financial statement required to be filed under Yukon securities laws.

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

In Yukon, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of:

- (a) 180 days after learning of the misrepresentation, or
- (b) three years after the transaction.

Statutory Rights for Failure to Deliver the Offering Memorandum in Yukon

If you reside in Yukon and you did not receive a copy of this Offering Memorandum before you signed your Subscription Agreement, you have a right to sue for damages, or if you still own your securities, you can choose to cancel your agreement instead of suing for damages.

Statutory Rights of Action for Subscribers in the Nunavut Territory

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

- (a) the Corporation to cancel your agreement to buy the Bonds; or
- (b) for damages against the Corporation, any selling security holder on whose behalf the distribution is made, any director of the Corporation (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

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

not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Corporation proves that:

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

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

In Nunavut, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of:

- (a) 180 days after learning of the misrepresentation, or
- (b) three years after the transaction.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

General

The foregoing summaries are subject to the express provisions of the applicable securities legislation and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. The rights of action described herein are in addition to and without derogation from any other right or remedy that the Subscriber may have under applicable laws.

ITEM 12. FINANCIAL STATEMENTS

The audited financial statements of the Corporation as at May 10, 2016 and the unaudited interim financial statements of the Corporation for the 9-month period ended January 31, 2017 are attached hereto as Schedule A.

SCHEDULE A
AUDITED FINANCIAL STATEMENTS
and
UNAUDITED INTERIM FINANCIAL STATEMENTS
(See attached)

MDR CPA Inc.

Accounting • Taxation • Advisory

Financial statements

BWS TV PRODUCTIONS INC.

May 10, 2016

BWS TV PRODUCTIONS INC.

Financial statements

May 10, 2016

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Independent auditor's report

To the Board of Directors of BWS TV PRODUCTIONS INC.

We have audited the accompanying financial statements of BWS TV PRODUCTIONS INC. (the "Corporation") which comprise statement of financial position as at May 10, 2016, and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with those requirements of 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 audit. We conducted our audit 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 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, if any, 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 the Corporation as at May 10, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

MDR CPA Inc.

Marco Della Rocca, CPA Auditor, CA

Marco Della Rocca, CPA auditor, CA

Quebec, Canada

May 12, 2016

BWS TV PRODUCTIONS INC.

Statement of financial position

As at May 10

	2016
ASSETS	
Current assets	
Cash and cash equivalents	\$ 11
Sales tax receivable	-
	<u>11</u>
Non-current assets	
Deferred charges - Series A bond issue costs	<u>53,000</u>
Total assets	<u>\$ 53,011</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	
Accounts payable and accruals - Professional fees	\$ 57,500
Salaries and payroll taxes payable	-
	<u>57,500</u>
Shareholders' equity	
Share capital (Note 4)	11
Deficit	(4,500)
	<u>(4,489)</u>
Commitment and contingencies (Note 5)	
Total liabilities and Shareholders' equity	<u>\$ 53,011</u>

See accompanying notes to the financial statements.

Approved by the Board of Directors of BWS TV PRODUCTIONS INC.

_____, Director

BWS TV PRODUCTIONS INC.

Statement of income

For the period from incorporation on May 10, 2016 to May 10, 2016

	2016
Income	<u>\$ -</u>
Expenses	
Professional fees	2,500
Bank charges	-
Salaries	-
General and administrative	<u>2,000</u>
	<u>4,500</u>
Net income (loss)	<u><u>\$ (4,500)</u></u>
Basic and diluted loss per common share	<u>\$ (450)</u>

See accompanying notes to the financial statements

BWS TV PRODUCTIONS INC.

Statement of changes in equity

For the period from incorporation on May 10, 2016 to May 10, 2016

	2016
Deficit - at incorporation date	\$ -
Net income (loss)	<u>(4,500)</u>
Deficit - End of year	<u>\$ (4,500)</u>

See accompanying notes to the financial statements

BWS TV PRODUCTIONS INC.

Statement of cash flows

For the period from incorporation on May 10, 2016 to May 10, 2016

	2016
Operating activities	
Net income (loss)	\$ (4,500)
Changes in non-cash working capital:	
Sales tax receivable	-
Accounts payable and accruals - Professional fees	57,500
Salaries and payroll taxes payable	-
	<u>57,500</u>
Net cash generated from operating activities	<u>53,000</u>
Investing activities	
Net cash used for investing activities	<u>-</u>
Financing activities	
Proceeds from issuance of Class A and Class B shares	11
Deferred charges - Series A bond issue costs	(53,000)
Issuance of long-term debt	-
Net cash generated from financing activities	<u>(52,989)</u>
Net increase/(decrease) in cash and cash equivalents	11
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u><u>\$ 11</u></u>

See accompanying notes to the financial statements

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

1. Formation and description of business

Les BWS TV PRODUCTIONS INC. (the "Corporation") was incorporated on May 10, 2016 under the *Canada Business corporations Act*. Its head office is located at 3-7466 Levesque Blvd. East, Laval, Quebec H7A 1R8.

The Corporation is in a start-up phase and has no business prior to the Offering Memorandum ("OM") and no development history. Since the date of incorporation, the Corporation has been engaged in preparation for the OM. The Corporation intends to carry on business in TV production. The series will have the following

- The first and only reality fashion, beauty primetime television series showcasing real people and real beauty, matching them with famous international designers;
- A web-based competition covering over 80 countries with real people, aiming to change the unattainable and unrealistic standards of the fashion, beauty industries;
- Ongoing worldwide events and promotions in over 80 countries that invite people to register and then vote for their favorite participants on The Fashion Hero website;
- Showcasing and matching famous international designers with participants from the TV show;
- This program consists of a 10 week TV series filmed in the summer of 2016.

The strategy will be focused on maximizing cash flow from the TV show and the Corporation's experienced management team plans to capture the economic upside potential through various revenue streams. The business model of The Fashion Hero rests on various interconnected revenue streams that support one another. It is a diverse source of income.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") assuming the Corporation will continue on a going-concern basis. The Corporation has incurred a loss since inception. The ability of the Corporation to continue as a going concern in the long-term depends upon its ability to raise adequate financing. Management is actively targeting sources of financing through the OM. These conditions indicate the existence of a material uncertainty that may give rise to significant doubt about the entity's ability to continue as a going concern.

2. Summary of significant accounting policies

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

Basis of preparation

The financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS requires management to exercise its judgement in the process of applying the Corporation's accounting policies and making certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses during any reporting year. Actual results could differ from those estimates. The following is a summary of significant accounting policies that will be followed by the Corporation in the preparation of its financial statements.

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

2. Summary of significant accounting policies (continued)

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

These consolidated financial statements were approved by the directors for issue on May 12, 2016.

Functional currency and presentation currency

The financial statements are presented in Canadian dollars, which is the Corporations functional and presentation currency.

Issue costs

Issue costs incurred in connection with the offering will be charged against the capital raised by the OM.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid marketable investments with an original maturity date of 90 days or less from the date of acquisition. Cash equivalents are designated as Fair Value Through Profit and Loss ("FVTPL") and accounted for at fair value.

Financial instruments - classification and measurement

Financial assets

Financial assets are classified as either financial assets at FVTPL, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Corporation determines the classification of its financial assets at initial recognition. When, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, the investment is reclassified into the available-for-sale category.

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

2. Summary of significant accounting policies (continued)

Financial instruments - classification and measurement (Continued)

Financial assets at FVTPL

The Corporation may designate any financial asset as fair value through profit or loss on initial recognition with transaction costs recognized in profit or loss. Financial assets are also classified as financial assets at FVTPL if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in profit or loss.

Derivatives that are financial assets are classified as financial assets at FVTPL unless they are designated as, and are effective, hedging instruments.

Financial liabilities

The Corporation classifies its financial liabilities on initial recognition as either FVTPL or other liabilities measured at amortized cost. Financial liabilities are initially recognized at fair value less related transaction costs. Financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in comprehensive income over the expected life of the debt. The Corporation's financial liabilities that are classified as FVTPL are initially recognized at fair value and are subsequently remeasured at fair value each reporting period, with changes in the fair value recognized in comprehensive income.

Loans and receivables

Loans and receivables (including trade, other receivables and long-term receivables with terms of more than one year) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either FVTPL or available-for-sale. Such assets are carried at amortized cost using the effective interest rate method, less any impairment losses, with gains and losses recognized in profit and loss when the asset is derecognized or impaired. Loans yielding interest at normal market rates are reported at face value, while non-interest bearing loans and loans not at market rates are discounted to present value using a risk adjusted discount rate.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Corporation has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are measured at amortized cost using the effective interest rate method, less any impairment losses. Impairment losses are recognized in profit and loss.

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

2. Summary of significant accounting policies (continued)

Financial instruments - classification and measurement (Continued)

Available-for-sale financial asset

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other three stated categories. After initial recognition, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the asset is derecognized, or impaired, at which time the cumulative gain or loss previously reported in Other Comprehensive Income is included in profit or loss.

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

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

Credit:

This refers to the risk that the Corporation will incur a financial loss if the other party to a financial instrument fails to discharge an obligation. The maximum exposure to credit risk for the Corporation at the end of a given period usually corresponds to the carrying amount of its financial assets exposed to such risk. The Corporation does not plan to lend significant funds in the near future.

Liquidity:

This refers to the possibility that the Corporation will encounter difficulties in meeting the obligations associated with its financial liabilities, such as repayment to the bondholders as the bonds become due. It might prove difficult for the Corporation to access short-term liquidities should it need them. In addition to the effects noted above, this limited liquidity may have an adverse effect on the Corporation's investment performance. The Corporation will constantly scrutinize its financial assets vis-à-vis its financial liabilities to keep the proper balance between having sufficient funds available to meet all its obligations, as they come due, and investing said funds to earn the best possible returns.

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

2. Summary of significant accounting policies (continued)

Financial instruments - classification and measurement (Continued)

Market:

This refers to the variability in the fair value or future cash flows of a financial instrument caused by a change in market prices in items such as currency rates, interest rates and equity prices. The foreign exchange risk will be mitigated by investing in Canada only in the short-term. As for interest rates, there is a risk that the rates will fluctuate depending on market conditions and therefore impact the financial assets and liabilities of the Corporation. The interest rate risk will be mitigated by having a fixed interest rate on the Series A bond being issued in the OM.

Impairment of financial assets

Financial assets, other than those at FVTPL and those available-for-sale measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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. The carrying amount of the asset is reduced, with the amount of the loss recognized in net income.

When an available-for-sale financial asset is considered to be impaired, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to net income. Impairment losses previously recognized in net income are not reversed through net income. Any increase in fair value subsequent to an impairment is recognized in other comprehensive income.

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

2. Summary of significant accounting policies (continued)

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive income, except to the extent that it relates directly to equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured on a non-discounted basis using the enacted or substantively enacted tax rates at the end of the period, and which are expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Income (Loss) per share

Basic income (loss) per share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is computed similar to basic income (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

3. Sale of securities series A and B bonds

The Corporation is undertaking an issuance of securities, Series A bonds (11.75% unsecured fixe rate), in certain provinces and territories of Canada, with gross proceeds of up to \$2,500,000 (5,000 bonds), with aggregate minimum gross proceeds from the sale of securities of \$100,000 (200 bonds). The price per bond is \$500 and the minimum subscription is \$2,500 per subscriber (5 bonds).

4. Share capital

Authorized:

Unlimited Class A preferred voting shares without par value, non-participating
Unlimited Class B common non-voting shares without par value, participating

Issued:

		May 10, 2016
Class A shares - 100	\$	1
Class B shares - 100		10
	\$	<u>11</u>

5. Commitments

The Corporation intends to offer the Series A bond through anyone, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives on the exempt market, parties related to the Corporation or consultants of such parties. The Corporation will offer the selling agents as compensation 10% on the gross proceeds of the offering for Series A bond.

The Corporation entered into an agreement with Target Capital Inc. ("Target"), the majority shareholder holding 60% of the Class A preferred shares. Target is a publicly traded company listed on the TSX Venture Exchange, trading under the symbol "TCI". As per the agreement, the Corporation has undertaken to pay to Target an annual fee in an amount equal to: (i) \$2,500; plus (ii) one-half of one percent (being 0.5%) of the total tax deferred plan capital outstanding on the last day of the month that the anniversary of the agreement falls in that is in excess of \$500,000; plus (iii) applicable taxes.

BWS TV PRODUCTIONS INC.

Notes to the financial statements

May 10, 2016

6. Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	2016
Income (Loss) for the period before income tax	\$ (4,500)
Expected income tax (recovery)	(900)
Unrecognized tax loss	900
Total income tax (recovery)	-

Operating losses carried forward expiring in 2016 total \$4,500.

Tax attributes are subject to review, and potential adjustment, by tax authorities.



BWS TV PRODUCTIONS INC.
QUARTERLY FINANCIAL REPORT
FOR THE QUARTER ENDING JANUARY 31, 2017

TLC_{PRO}

COMPTABILITÉ ET IMPÔTS

BWS TV PRODUCTIONS INC.

**QUARTERLY FINANCIAL REPORT
FOR THE QUARTER ENDING JANUARY 31, 2017**

NOTICE TO READER	1
FINANCIAL STATEMENTS	
Profit & Loss	2
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NOTICE TO READER

Based on management's data, we have compiled the balance sheet of "Les Productions TV BWS Inc." for the quarter ended January 31, 2017 and the income statement for the quarter ended January 31, 2017

We have not performed any audit or review engagement with respect to these financial statements and, as a result, do not express any assurance to them.

The reader should keep in mind that these statements may not be suitable for their needs.

During our term of office, we recorded the financial transactions and made adjusting entries.

TLC PRO

A handwritten signature in black ink, appearing to read 'Seb Groulx', is positioned above the printed name.

Sébastien Groulx, CPA, CMA

Laval, le 26 mai 2017

BWS TV PRODUCTIONS INC.
Profit & loss
From May 10, 2016 to January 31, 2017

	2017 (9 Month)
<u>Revenue</u>	
Interest Revenue	181 118 \$
Gestion Fees	<u>676 945 \$</u>
	858 063 \$
 <u>Administration Fees</u>	
Professionnal fees	206 654 \$
Commission	<u>438 100 \$</u>
	644 754 \$
 <u>Financial Fees</u>	
Bank Fees	665 \$
Interest on Long term debt	<u>212 644 \$</u>
	<u>213 309 \$</u>
 Total Expenses	<u>858 063 \$</u>
 Profit	 <u><u>- \$</u></u>

Unaudited

BWS TV PRODUCTIONS INC.
Balance Sheet
As at January 31, 2017

January, 31, 2017

Assets

Cash & Cash equivalents	662 506 \$
Investment in a company	2 916 610 \$
Interest to receive	181 118 \$
Gestion fees to receive	<u>676 944 \$</u>

Total assets	<u>4 437 179 \$</u>
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Liabilities

Current liabilities

Accounts payable	28 800 \$
Interest to paid	<u>27 279 \$</u>
	56 079 \$

Long term liabilities

Long term debt	<u>4 381 000 \$</u>
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Total Liabilities	4 437 079 \$
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Equity

Share Capital	100 \$
Retained Earnings	<u>- \$</u>

Total of Equity	<u>100 \$</u>
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Total of liabilities and equity	<u>4 437 179 \$</u>
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BWS TV PRODUCTIONS INC.**Additional Notes For the quarter ended January 31, 2017****(Not Audited - see Notice to Reader)**

1. CONSTITUTIVE ARTICLES AND NATURE OF THE ACTIVITIES

The Company, incorporated on May 10, 2016 by virtue of the law on Canadian joint-stock companies. The Company makes investments in a linked company.

2. Long-term bonds

Long-term bond bearing interest at 11.75%, with interest payable quarterly and capital repayable after 3 years. The repayment deadline is as follows.

May 2019 :	\$ 320 000
June 2019 :	\$ 615 500
July 2019 :	\$ 612 500
August 2019 :	\$ 839 500
September 2019 :	\$ 585 000
October 2019 :	\$ 578 000
November 2019:	\$ 313 000
December 2019 :	\$ 229 500
January 2020 :	\$ <u>288 000</u>
 Total	 \$ <u>4 381 000</u>

3. CAPITAL STOCK**Issued and paid**

	<u>2017</u>
100 common shares	\$ 100

ITEM 13. DATE AND CERTIFICATE

Dated July 5, 2016

This Offering Memorandum does not contain any misrepresentation.

(s) *Caroline Bernier*

Caroline Bernier
President and Director

(s) *Marie-Josée Larocque*

Marie-Josée Larocque
Secretary and Director