ANNUAL INFORMATION FORM

For the year ended December 31, 2014

MARCH 27, 2015

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Corporation (as defined below) makes written and/or oral forward-looking statements, including in this document and in other filings with Canadian regulators. Forward-looking information consists of disclosure regarding possible events, conditions or results that is based on assumptions about future economic conditions and courses of action. Wherever used, the words “may”, “could”, “should”, “will”, “anticipate”, “intend”, “expect”, “plan”, “predict”, “believe”, and similar expressions identify forward-looking statements. These statements reflect management’s current beliefs and are based on information currently available to management, but indicate management’s expectations of future growth, results of operations, business performance, and business prospects and opportunities.

Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at which, such performance or results will be achieved. Forward-looking statements are based on information available at the time they are made, assumptions made by management, and management’s good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in forward-looking statements, historical results or current expectations. The Corporation assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

The Corporation operates in a dynamic environment that involves various risks and uncertainties, many of which are beyond the Corporation’s control and which could have an effect on the Corporation’s business, revenues, operating results, cash flow and financial condition, including without limitation:

- continuing access to required financing (and, for certain subsidiaries, securitization or bulk leasing facilities);
- continuing access to products to allow us to hedge our exposure to changes in interest rates;
- risks of increasing default rates on leases, loans and advances;
- our provision for credit losses;
- increasing competition (including, without limitation, more aggressive risk pricing by competitors);
- increased governmental regulation of the rates and methods we use in financing and collecting on our equipment leases or loans, on the legal funding business generally and on our working capital loans;
- dependence on key personnel;
- general economic and business conditions; and
- the risks that our expectations with respect to our recent acquisitions will not be met.

Readers should also carefully review the risk factors described under “Risk Factors” below and the risk factors described in the Corporation’s management’s discussion and analysis for the year ended December 31, 2014 filed with various Canadian securities regulatory authorities through SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

GLOSSARY

Unless the context indicates otherwise, all references to the "**Corporation**" or "**Chesswood**" refer to Chesswood Group Limited, and all references to "**we**", "**our**" and "**us**" refers to Chesswood Group Limited and its consolidated subsidiaries.

"**Administrator**" means Chesswood GP Limited, a subsidiary of the Fund that served as administrator of the affairs of the Fund prior to the Conversion.

"**Arrangement**" means the arrangement involving the Fund, the Corporation and certain other entities that was carried out pursuant to the OBCA, effective January 1, 2011.

"**Arrangement Agreement**" means the arrangement agreement dated as of March 25, 2010 among the Fund, Chesswood Holding Trust, the Corporation, the Administrator, and U.S. Acquisitionco providing for the Conversion.

"**Blue Chip**" means Blue Chip Leasing Corporation, a corporation incorporated under the laws of the Province of Ontario.

"**Case Funding**" means Case Funding Inc., a corporation incorporated under the laws of Delaware.

"**Chesswood Credit Facility**" means the Corporation's syndicated credit facility of US$150,000,000, with an accordance feature for up to a further US$50,000,000, as more fully described under "Development of Business – New Credit Facility".

"**Class A Acquisitionco Shares**" mean the Class A common shares of U.S. Acquisitionco.

"**Class B Acquisitionco Shares**" mean the Class B common shares of U.S. Acquisitionco.

"**Class C Acquisitionco Shares**" means the Class C common shares of U.S. Acquisitionco.

"**Common Shares**" means common shares in the capital of the Corporation.

"**Conversion**" means the Arrangement as set out in the plan of arrangement attached as a schedule to the Arrangement Agreement, pursuant to which the Fund converted from an income fund structure to the Corporation, and Units were exchanged for Common Shares on a one-for-one basis.

"**Corporation Entities**" means, collectively, the Corporation and each of its direct and indirect Subsidiaries.

"**Credit Facility Agreement**" means the credit agreement dated December 8, 2014, as amended as of March 17, 2015, providing for the Chesswood Credit Facility.

"**Debenture Indenture**" means the debenture indenture between the Corporation and Equity Financial Trust Company dated December 16, 2013.

"**Debenture Trustee**" means Equity Financial Trust Company in accordance with the terms of the Debenture Indenture.

"**Debentures**" means the $20,000,000 aggregate principal amount of 6.5% convertible unsecured subordinated debentures of the Corporation issued on December 16, 2013 and due on December 31, 2018.

"**Directors**" means the directors of the Corporation.

"**EcoHome**" means EcoHome Financial Inc., a corporation incorporated under the laws of the Province of Ontario.

"**Fund**" means Chesswood Income Fund.

"**General Partner**" means Chesswood General Partner Trust, an unincorporated limited purpose trust established under the laws of the Province of Ontario, and which is the general partner of the Holding LP.

"**GP Beneficiary Co**" means Chesswood GP Beneficiary Limited, a corporation incorporated under the laws of the Province of Ontario, and which is the sole beneficiary of the General Partner.

"**Holdco**" means Chesswood Holdings Ltd., a corporation incorporated under the laws of the Province of Ontario.

"**Holding LP**" means Chesswood Holding LP, a limited partnership established under the laws of the Province of Manitoba.

"**Northstar Leasing**" means Northstar Leasing Corporation, a corporation incorporated under the laws of the Province of Ontario.

"**OBCA**" means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16, as amended including the regulations promulgated thereunder.

"**Operating Companies**" means Pawnee, Blue Chip, EcoHome, Windset, Northstar Leasing, Sherway LP and Case Funding.

"**Pawnee**" means Pawnee Leasing Corporation, a corporation incorporated under the laws of the State of Colorado.

"**Pawnee Plan of Arrangement**" means the plan of arrangement under Section 182 of the OBCA which involved, among other things, the indirect exchange of outstanding cars4U Ltd. shares for Units.

"**Pawnee Vendors**" means Samuel L. Leeper, Robert J. Day and Monfort Family Limited Partnership I, the shareholders of Pawnee at the time of its indirect acquisition by the Fund.

"**Private Placement**" means the sale of 615,384 Subscription Receipts on a non-brokered private placement basis to certain directors, officers and other insiders on March 12, 2015.

"**Shareholders**" means holders of Common Shares.

"**Sherway LP**" means Sherway Limited Partnership, a limited partnership formed under the laws of the Province of Manitoba.

"**Special Voting Shares**" means the shares of the Corporation issued to represent voting rights in the Corporation that accompany securities convertible into or exchangeable for Common Shares, including the Class B Acquisitionco Shares and the Class C Acquisitionco Shares.

"**Subordinated Acquisitionco Debt**" means the US$33.5 million subordinated note issued by U.S. Acquisitionco to the Holding LP, which note was converted into equity in December 2009.

"**Subscription Receipts**" means the subscription receipts of the Corporation issued on March 12, 2015, each of which were automatically exchanged, on a one-for-one basis, for Common Shares upon the closing of the acquisition of Blue Chip and EcoHome on March 17, 2015.

"**Subsidiary**" means, with respect to an entity, an entity that is directly or indirectly controlled by such entity.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder.

"**Trustees**" means the trustees of the Fund.

"**TSX**" means the Toronto Stock Exchange.

"**Units**" means the trust units of the Fund (other than the special voting units of the Fund issued to represent voting rights in the Fund that accompanied securities convertible into or exchangeable for Units), each representing an equal undivided beneficial interest in the Fund, each of which was exchanged for a Common Share under the Conversion.

"**U.S. Acquisitionco**" means Chesswood US Acquisition Co Limited, a corporation incorporated under the laws of the State of Delaware.

"**Windset**" means Windset Capital Corporation, a corporation incorporated under the laws of the State of Delaware.

CHESSWOOD GROUP LIMITED
ANNUAL INFORMATION FORM

CORPORATE STRUCTURE

Chesswood Group Limited is governed by the OBCA pursuant to articles of arrangement dated January 1, 2011. The Corporation is a reporting issuer. The Common Shares are publicly traded on the TSX under the symbol "CHW" and the Debentures are publicly traded on the TSX under the symbol "CHW.DB". The principal and head office of the Corporation is located at 4077 Chesswood Drive, Toronto, Ontario, M3J 2R8.

The Fund, which was the predecessor to the Corporation, was an unincorporated open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust made on February 16, 2006, as amended and restated on May 2, 2006 in connection with the Fund's initial public offering. The Fund was created to invest in the financial services industry in Canada and the United States through the acquisition of cars4U Ltd. pursuant to the Pawnee Plan of Arrangement and the indirect acquisition of Pawnee.

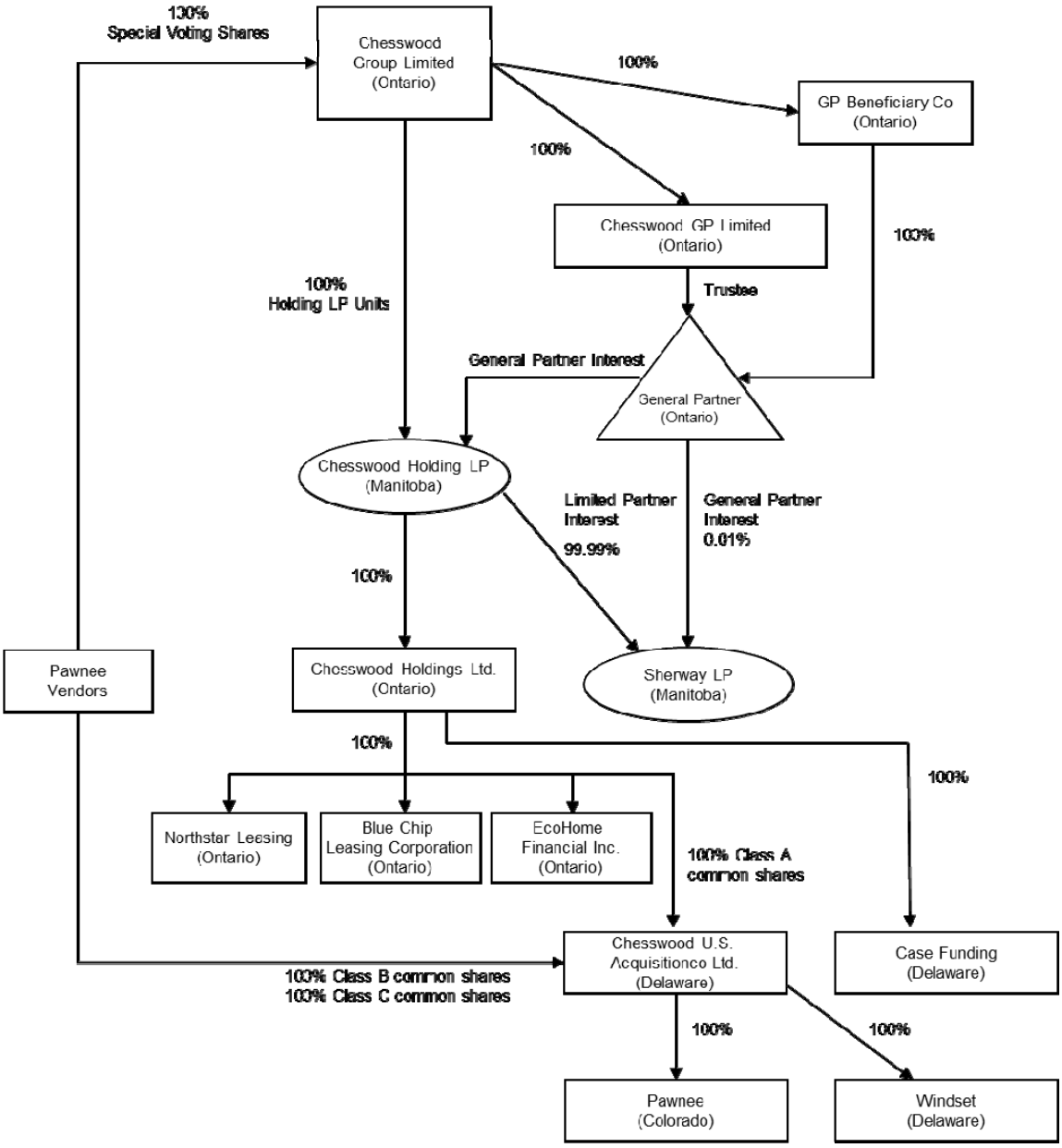
On January 1, 2011, the Fund completed the Conversion involving, among others, the Fund and the Corporation. As a result of the completion of the Conversion and related transactions, the Corporation now owns (in addition to the Corporation Entities created or acquired subsequent to the Conversion), directly and indirectly, the Subsidiaries that own and operate the businesses that were held and operated by the Fund and its Subsidiaries prior to the Conversion. Following the completion of the Conversion, on January 1, 2011, the Fund was wound up and dissolved.

The financial year end of the Corporation is December 31.

Intercorporate Relationships

The following diagram sets out the current structure of the Corporation Entities, and their respective jurisdictions of incorporation or organization.

STRUCTURE OF THE CORPORATION



As reflected above, each of the Corporation Entities (other than the Corporation itself) is wholly-owned by its direct parent except U.S. Acquisitionco (the Class A Acquisitionco Shares, which is the only class of voting shares, are indirectly owned by the Corporation and the Class B Acquisitionco Shares and Class C Acquisitionco Shares are owned by the Pawnee Vendors and are exchangeable for Common Shares). In addition, with the exception of U.S. Acquisitionco for which special arrangements have been made to provide for dividends on the Class B Acquisitionco Shares and Class C Acquisitionco Shares which provide economic equivalency to any dividends declared on the Common Shares, each of the Corporation Entities has adopted distribution policies which are intended to result in all of their respective distributable cash amounts being distributed through to the Corporation.

Accordingly, this annual information form includes detailed descriptions of (i) the Corporation's capital structure and the rights of our Shareholders (please see "Description of the Corporation") and (ii) the capital structure of U.S. Acquisitionco and the rights of its shareholders (please see "Capital Structure and Description of U.S. Acquisitionco"), but does not include descriptions of the capital structures or the attributes of the outstanding securities of the remaining Corporation Entities.

DEVELOPMENT OF BUSINESS

The following is a description of the development of Chesswood's business over the last three financial years.

Acquisition of Blue Chip and EcoHome

On March 18, 2015, the Corporation announced that it had completed its acquisition of all of the shares in the capital of, and certain shareholder loan receivables in respect of, Blue Chip and EcoHome. The aggregate purchase price for such acquisition (subject to additional purchase price in the event that the future performance of Blue Chip and EcoHome exceed target results) was $64,000,000 (of which approximately $19,444,000 was satisfied through the issue of 1,806,384 Common Shares and the balance was paid in cash).

Blue Chip is a tenured, prime, small ticket equipment finance company serving brokers and vendors from coast-to-coast in Canada. Blue Chip has almost two decades of experience in the Canadian commercial leasing industry, and had net finance receivables of $74 million as of September 30, 2014 (See "Business Description – Business of Blue Chip").

EcoHome provides financing solutions to the heating ventilating and air conditioning (HVAC) and home improvement markets. This is a consumer finance market generally characterized by the high credit quality that Canadian homeowners demonstrate along with longer terms on related loans and rentals. EcoHome had net finance receivables of $47 million as of October 31, 2014 (See "Business Description – Business of EcoHome").

Chesswood considers the acquisition of Blue Chip and EcoHome to be significant for the purposes of National Instrument 51-102 and will file a business acquisition report (Form 51-102F4) in respect of such acquisition.

Public Offering and Concurrent Private Placement of Subscription Receipts

On March 12, 2014, the Corporation completed a public offering (the "**Public Offering**") of 3,302,600 Subscription Receipts at a price of $9.75 per Subscription Receipt. Concurrent with the closing of the Public Offering, the Corporation also completed the sale of 615,384 Subscription Receipt on a non-brokered private placement basis (the "**Private Placement**" and, together with the Public Offering, the "**Offerings**") to certain directors, officers and other insiders at the same price per Subscription Receipt as under the Public Offering.

Each Subscription Receipt entitled the holder thereof to receive, for no additional consideration, one Common Share upon the closing of the acquisition of Blue Chip and EcoHome. The net proceeds from the Offerings were used to partially fund the purchase price for the acquisition of Blue Chip and EcoHome, and all Subscription Receipts were automatically exchanged for Common Shares upon the closing of such acquisition on March 17, 2015.

Sale of Case Funding Assets

On February 4, 2015, the Corporation announced that Case Funding had completed the sale of its operating assets and most of its portfolio of attorney loans for a purchase price of US$4,400,000. Case Funding retained an aggregate of US$8,000,000 of plaintiff advances, medical liens and attorney loans, which are being serviced (collections, recordkeeping, etc.) by a third party.

Case Funding was acquired by the Corporation on June 10, 2011, as a newly incorporated and organized corporation which acquired the tangible and intangible assets required to carry on the going forward business of Quick Cash Inc., a provider of legal financing to plaintiffs and attorneys throughout the United States.

New Credit Facility

On December 8, 2014, the Corporation entered into the Credit Facility Agreement with a syndicate of leading Canadian and U.S. banks. The Credit Facility Agreement was amended on March 17, 2015 to permit, and to provide changes to reflect, the acquisition of Blue Chip and EcoHome. The Credit Facility Agreement provides for the Chesswood Credit Facility of US$150,000,000 and includes an accordion feature to increase the Chesswood Credit Facility by up to a further US$50,000,000. The obligations under the Credit Facility Agreement are secured by first ranking security over all of the assets of the Corporation and guarantees and security from each of the other Corporation Entities (other than from Sherway LP). The Corporation used approximately US$94,000,000 of its availability under the Chesswood Credit Facility to repay and retire Pawnee's credit facility (which had been used to provide the operational funding for both Pawnee and Windset). The Credit Facility Agreement provides for a term to December 8, 2017.

The Chesswood Credit Facility not only provides significant additional funding to grow the respective financing portfolios of the Corporation's subsidiaries but also allows significantly enhanced flexibility for the Corporation to manage and allocated funding amongst its various operating entities.

The borrowing base for the Chesswood Credit Facility, which cannot exceed the commitment of the loan, is calculated as the sum of (i) either a percentage of eligible gross receivables, a percentage of the net present value of eligible gross receivables, or a percentage of the equipment cost of eligible equipment, of Pawnee, Northstar, Blue Chip and EcoHome plus (ii) a percentage of eligible gross receivables of Windset (to a maximum of US$20,000,000 of eligible gross receivables of Windset).

The Credit Facility Agreement contains customary representations, warranties, covenants, conditions to funding and events of default. In particular, the Credit Facility Agreement contains restrictive covenants with respect to certain business matters, including among others, restrictions on capital expenditures in excess of $1,000,000 in aggregate for the Corporation Entities (excluding Sherway LP) in any rolling twelve-month period.

As at March 27, 2015, the principal amounts outstanding under the Chesswood Credit Facility were approximately US$84 million and C$23 million.

Acquisition of Northstar Leasing

On January 31, 2014, the Corporation acquired the shares of Northstar Leasing, a long-standing non-prime commercial equipment finance company, located in Barrie, Ontario. Chesswood paid $10.4 million, in cash, for the shares of Northstar Leasing. (see "Business Description – Business of Northstar Leasing")

Public Offering of Debentures

On December 16, 2013, the Corporation completed a public offering of $20,000,000 aggregate principal amount of 6.5% convertible unsecured subordinated debentures of the Corporation due on December 31, 2018. (see "Capital Structural and Description of the Corporation – Debentures")

Launch of Windset

Windset was formed in August 2013, and formally launched in late September 2013. Windset offers working capital loans in amounts up to $125,000 to businesses in many of the 50 states of the U.S. These loans, made only to commercial borrowers, provide the borrowers with working capital to support their business operations.

Windset leverages off of the equipment finance business expertise of Pawnee, and uses Pawnee's experience, processes and broker channel to offer this new product to small businesses throughout the U.S. Windset also is assisted by Pawnee's documentation, collection and administrative departments that provide "back-office" support to Windset, under the terms of a managed services agreement between the two businesses (See “Business Description – Business of Windset”).

BUSINESS DESCRIPTION

Through its interest in Pawnee, Chesswood is involved in the business of micro and small-ticket equipment finance to small businesses in the start-up and “B” credit market in the lower 48 states of the United States. Through its interest in Windset, Chesswood is in the business of providing working capital loans to small businesses in the United States. Through its interest in Sherway LP, Chesswood is involved in selling, servicing and leasing Acura automobiles in the Province of Ontario. Through its interest in Northstar Leasing, Chesswood in involved in non-prime commercial equipment finance to small business in Ontario, Canada. Through its interest in Blue Chip (acquired on March 17, 2015), Chesswood is involved in the business of prime, small ticket equipment financing from coast-to-coast in Canada. Through its interest in EcoHome (acquired on March 17, 2015), Chesswood provides consumer financing solutions to the heating ventilating and air conditioning (HVAC) and home improvement markets in the Province of Ontario.

Business of Pawnee

Pawnee is engaged in the micro and small-ticket equipment leasing industry in the United States.

U.S. Equipment Financing Market Information

The equipment finance market is commonly divided into four segments that are differentiated by the cost or the ticket price of the equipment: micro-ticket (less than US$25,000), small-ticket (US$25,000 to US$250,000), mid-ticket (US$250,000 to US$5,000,000) and large-ticket (over US$5,000,000). The micro and small-ticket portions of the market are further segmented into ranges based on the creditworthiness of the lessee. “A” credit refers to lessees whose credit worthiness commands lease rates at or near the prime lending rate in the market, whereas “D” credit requires highly restrictive lease terms, higher lease rates, security deposits and generally more stringent terms and conditions.

Also active in the micro and small-ticket segment of the equipment finance market are lessees that are start-up businesses, whose creditworthiness does not fall into traditional credit categories because of their lack of business credit history. Pawnee defines “start-up” businesses to be those businesses with less than two years of operating history. Pawnee’s determination of whether to provide a lease to a “start-up” includes the requirement that the owner(s) and/or guarantors generally demonstrate an “A” rated personal credit history, and that they guarantee the obligations under the lease. The lack of business operating history prevents these businesses from obtaining credit at preferred rates. When deciding to advance credit to a start-up business, Pawnee does not categorize the business in a specific letter grade of credit quality, but views “start-ups” as a separate credit category altogether.

“B” credit businesses are those that have two or more years of operating history and have some unique aspect to their overall credit profile such that they are not afforded an “A” rated credit source or that the business owner(s) do not have an “A” rated personal credit history.

Pawnee and its competitors in the micro and small-ticket segment serve lessees that are almost entirely small businesses. Small businesses are an integral part of the U.S. economy and are often defined by the U.S. Small Business Administration Office of Advocacy as firms having fewer than 500 employees.

There are a variety of equipment finance sources available to small businesses in the United States, including leasing companies; national, regional and local finance companies; captive finance and leasing companies affiliated with major equipment manufacturers; home equity loans; credit cards; and financial services companies, including commercial banks, thrifts and credit unions.

Traditionally, depository institutions such as commercial banks and thrift institutions, as well as commercial finance, leasing, brokerage and insurance companies, have served the financing needs of small businesses. Small businesses with lengthy operating and credit histories often have access to numerous traditional credit sources to finance equipment acquisitions, from revolving credit lines to corporate credit cards to lease financing from banks, commercial finance companies and captive finance companies. However, tightened lending standards and consolidation in the banking and commercial finance industries have narrowed the range of alternatives available to many small businesses for financing the acquisition of business-essential equipment. In addition, many banks and other traditional financing sources are unable or unwilling to create the systems and business processes that are essential to effectively serve the credit needs of small businesses. As a result, small businesses have become more reliant on lease financing to acquire needed equipment.

There are other large leasing and financing companies who have competed with Pawnee in the past but do not operate exclusively or primarily in Pawnee's market segment.

The equipment finance industry originates business primarily through the following four channels: (i) equipment vendors; (ii) direct financing by lessee or borrower; (iii) equipment distributors and/or manufacturers; and (iv) third party brokers.

Start-up and "B" credit quality lessees and borrowers in need of equipment finance rely to a significant extent on independent brokers to arrange available financing options and to assist in obtaining financing to purchase equipment. Independent brokers are a significant origination source for new leases and loans in the start-up and "B" credit small-ticket business-essential financing market, and are Pawnee's only source of originations.

Pawnee Overview

Pawnee was founded in 1982 to finance purchases of computers at franchised computer stores and soon thereafter developed into a specialized commercial finance company that competes in the start-up and "B" credit segments of the micro and small-ticket equipment leasing market. Pawnee's start-up business lessees are small businesses with less than two years of business credit history whose owner(s) and/or guarantors generally demonstrate an "A" rated personal credit history. This lack of operating history prevents such businesses from obtaining credit at preferred rates. "B" credit businesses are those that have two or more years operating history and have some unique aspect to their overall credit profile such that they are not afforded an "A" rating, such as the equipment or industry not being of a type normally funded by an "A" rated credit source or that the business owner(s) do not have an "A" rated personal credit history. Pawnee, which originates equipment leases and loans in over 70 equipment categories, is a full-service process driven business which manages all aspects of origination, underwriting, credit approval, servicing and collection.

In late 2008 Pawnee added another product to their suite of existing B products. That product – lower risk based – allowed Pawnee to leverage their current origination channel and lease administration resources to gain experience and a foothold in a market significantly larger than their core market. Pawnee believes that this new product provides them with another avenue for profitable and incremental growth. At December 31, 2014, approximately 65% of Pawnee's lease and loan receivables consisted of this additional "B" product, referred to as "B+".

Pawnee's business model is different from certain other leasing, consumer sub-prime mortgage and finance companies in a number of important respects, including the following:

- unlike sub-prime mortgage companies, Pawnee does not provide funding to the consumer, and funds only "business essential" commercial equipment,

- Pawnee does not sell its receivables portfolio, but rather retains its leases and loans for their full term,

- Pawnee's revenues are derived directly from its leases and loans and are not derived from (and therefore, and more importantly, Pawnee's revenues are not dependent upon) fees from the sale of its portfolio of leases, and

- not only is there significant geographic diversification (within the United States) within Pawnee's portfolio of leases and loans, there is also significant diversification in terms of the business equipment funded and the industries in which Pawnee's lessees operate.

Pawnee's revenues and funding are not dependent upon continuously finding third party buyers for its lease and loan portfolio (where demand is driven by factors such as prevailing interest rates and the quality of other available portfolios and other available investments). Rather Pawnee has its continuing lending facility, as described below under "Funding". Pawnee has reduced its exposure (compared to such other companies) to the impact of movements in shorter-term interest rates and changing and/or difficult financial markets.

Through a network of over 550 independent brokers operating throughout the lower 48 states of the United States, Pawnee finances equipment leases and loans where generally (i) the equipment is fundamental to the core operations of the lessee's business; (ii) the cost of the equipment does not exceed US$75,000; (iii) a personal guarantee of at least the major shareholder/owner is obtained; and (iv) all scheduled payments are required to be paid by direct debit out of the lessee/borrower's account. Pawnee does not finance consumer goods.

Pawnee's segment of the micro and small-ticket financing market has historically been and continues to be more sensitive to monthly payment dollar amounts than to the effective rates. As a result, Pawnee's revenue as a percentage of its net investment in leases and loans (net of security deposits) has consistently exceeded 30%.

Pawnee introduced a new financing product, Equipment Finance Agreements ("**EFAs**") in the last quarter of 2011. This product is a loan and is secured by the equipment financed as well as personal guarantees. EFAs were introduced to capture business from customers that prefer a loan product when financing their equipment. EFAs are very common in the industry. Underwriting requirements and standards for EFAs are the same as those required for leases. Pawnee manages the EFAs as if they were leases and thus the discussion throughout this AIF includes both. For accounting purposes they are considered loans and not leases and are shown separately in the notes to the financial statements, and thus are referred to as loans therein.

As at December 31, 2014, Pawnee had 10,134 leases and loans under administration with remaining scheduled payments of approximately US$175.0 million. Pawnee derives substantially all of its revenues from the leases and loans it finances, holds and services which consist primarily of payments, fee income from late charges and other service and related fees. For the year ended December 31, 2014, approximately 87% of Pawnee's total revenues were from scheduled payments and approximately 13% were from late charges and other fees paid by lessees and borrowers.

Pawnee has a diversified portfolio which helps Pawnee manage and mitigate risk. As at December 31, 2014, no one state in the U.S. represented more than 11.8% of the number of Pawnee's total active leases, with the exception of California that represented 12.7%. Pawnee currently finances leases in over 70 equipment categories, with the top five categories by volume being restaurant equipment, titled trucks and trailers, auto repair equipment, fitness equipment, and medical equipment. As at December 31, 2014, Pawnee had an average lease term at origination of approximately 41 months. Original equipment cost of leases and loans in Pawnee's portfolio generally ranges from US$1,000 to US$75,000.

Pawnee originates its leases primarily through a network of over 550 independent brokers. Pawnee's target of start-up and "B" credit small business customers depend to a significant extent on independent brokers to assist them in obtaining financing for equipment purchases. Consequently, Pawnee's origination efforts rely on its network of independent brokers to originate its equipment leases and loans. Pawnee has developed and continually enhances specific origination programs that enable it to maintain strong relationships with its existing independent brokers, as well as to establish new relationships with other brokers.

Pawnee has developed customized systems and processes that have positioned it to capitalize on the growing market opportunity for micro and small-ticket equipment leases and loans for start-up and "B" credit small businesses.

Pawnee's scalable, integrated infrastructure allows it to better serve its segment of the micro and small-ticket financing market and administer a growing portfolio. Pawnee's customized technology systems, coupled with its business processes, enable it to efficiently originate, underwrite, service and collect on its portfolios of micro and small-ticket leases and loans. In particular:

- its experienced management and staff team emphasizes a personal, responsive and hands on business approach with its independent brokers, lessees and borrowers;

- its credit analysis system, including its proprietary credit matrix, enable its seasoned credit underwriting team to promptly assess whether an application meets its credit criteria;

- its accounting and servicing systems allow it to monitor the performance of its lease and loan portfolio, and based on this monitoring, continually refine its credit criteria; and its collections management system supports its systematic collection practices.

In addition, Pawnee's integrated technology infrastructure enables it to leverage its origination underwriting, servicing and collections platforms to serve a growing number of lease and loan transactions with minimal capital expenditure required.

Business Strengths

The following strengths have allowed Pawnee to operate its business effectively and compete in its market segment:

Disciplined and Proprietary Processes for Underwriting, Servicing and Collection

Pawnee maintains disciplined operating processes in underwriting, servicing and collecting on its equipment leases. Based on its extensive experience and historical performance data, Pawnee uses its proprietary credit analysis matrix in conjunction with a detailed subjective review by its credit staff to make disciplined credit decisions. Pawnee periodically refines its credit matrix to effectively evaluate credit risk and maintain a strict set of underwriting guidelines. In addition to its credit scoring, Pawnee's seasoned underwriting staff performs thorough reviews of all lease applications.

The ability to efficiently service and collect on leases and loans is critical in achieving attractive profit margins and stable cash flows. Management of Pawnee recognizes that its ultimate success is primarily based on the ability to collect, and as such, Pawnee identifies itself as a collection firm and a great deal of emphasis is placed on the employment and retention of experienced collection personnel. Over one-third of Pawnee's personnel dedicate their activities to the collections process. Pawnee's collections department is structured to systematically and quickly resolve delinquent leases, mitigate losses and collect post-default recovery dollars. A key component of Pawnee's collections process is the unique fact that all lease payments must be made through direct debit. The direct debit process serves as an early warning system for troubled accounts.

Attractive Margins

Pawnee's segment of the micro and small-ticket financing market has historically been and continues to be more sensitive to monthly payment dollar amounts than to the effective rates. As a result, Pawnee's revenue as a percentage of its net investment in leases and loans has consistently exceeded 30%.

Diversified Portfolio

Pawnee has a portfolio diversified by equipment cost, geography, equipment category, industry, number of lessees/borrowers and origination sources. Management believes all of these factors help Pawnee effectively manage and mitigate credit risk. At December 31, 2014:

- no state represented more than 11.8% of the number of Pawnee's total active leases, with the exception of California which represented 12.7%;

- it financed over 70 equipment categories, with its five largest categories by volume, being restaurant equipment, titled trucks and trailers, auto repair equipment, fitness equipment, and medical equipment which, combined, accounted for approximately 51.9% of the number of active leases and loans;

- its lessees and borrowers operated in over 85 different industry segments, with no industry concentration accounting for more than 17.1% of its number of active leases and loans;

- no lessee/borrower accounted for more than 0.01% of its total lease and loan portfolio; and

- its largest source of originations accounted for originations of only 4.5% of its gross lease and loan receivable, and its ten largest origination sources accounted for less than 31.5% of its gross lease and loan receivable.

Scalable Business Model

Pawnee has developed a scalable business model capable of handling greater volumes than its current business, supporting expansion in its current market segment as well as potential expansion into other segments of the micro and small-ticket leasing market with minimal capital expenditures required. Management believes there are opportunities within Pawnee's current market segment to continue to grow Pawnee's business in a stable manner with minimal capital investment. Pawnee's existing infrastructure can be leveraged to accommodate greater volumes of lease originations as well as new equipment categories, credit profiles and industries, with little or minimal additional overhead expenses.

Pawnee has established relationships with approximately 550 independent brokers covering the lower 48 states in the United States, and it continues to develop new relationships with quality brokers throughout the United States. Unlike some of its competitors, Pawnee does not have a direct sales force and only pays independent brokers on a completed transaction basis. Therefore, management believes that Pawnee's broker network gives it cost-effective access to its target market.

Reduced Exposure to Interest Rate Fluctuations

Unlike certain other equipment leasing and finance companies, Pawnee does not sell any of its lease receivable portfolio. All receivables originated by Pawnee are retained for their full term. This limits, to a certain extent, Pawnee's exposure to the impact of interest rate movements on financial instrument markets. Pawnee is not dependent on finding buyers for its lease portfolio in changing and/or difficult financial markets.

Other characteristics of the lease portfolio provide certain protection against interest rate movements, including substantial yields attributable to the risk profile of lessees, rapid turnover of the portfolio, the strong level of internally generated cash flow and margins which are maintained by Pawnee's ability to adjust lease rates on new leases to reflect the prevailing market interest rates at a given time.

Experienced Management Team

Pawnee's five member senior management team have combined experience of more than 122 years of relevant financial services experience, including 59 years of service with Pawnee. Prior to joining Pawnee, many of its key members of management were responsible for accounting, finance, sales and marketing, and underwriting and collection operation functions at leading financial services organizations.

Revenue

Pawnee derives substantially all of its revenues from (i) lease and loan payments from leases and loans it underwrites, holds and services, and (ii) fee income from late charges, and (iii) other service and lease related fees. Revenues derived from lease payments accrue over the life of a lease, while initial direct costs such as fees paid to

brokers for lease originations are paid at lease inception and such expenses are required to be amortized over the life of the lease, and offset against revenues for financial statement purposes. Pawnee's lease agreement provides for the collection of certain fees during the lease origination process and throughout the term of the lease. These fees include termination fees, late charges, administration fees, and an insurance surcharge.

Pawnee prices its leases and loans based primarily on the following factors: (i) the applicant's time in business; (ii) the initial dollar amount of the lease; (iii) the term of the lease; (iv) the amount of the security deposit; and (v) credit worthiness of the guarantors.

Lease and Loan Portfolio Overview

As of December 31, 2014, Pawnee had 10,134 equipment leases and loans in a well-diversified portfolio with remaining scheduled lease payments of approximately US$175.0 million over the next five years. Pawnee's leases and EFA's are non-cancellable and provide that the scheduled payments due during a term are sufficient to recover the cost of the equipment to Pawnee, not including the residual value of the equipment, plus a return on the amount of Pawnee's investment in the lease/loan. Pawnee underwrites equipment leases and EFA's where generally (i) the equipment is fundamental to the core operations of the lessee/borrower's business; (ii) the cost of the equipment does not exceed US$75,000; (iii) a personal guarantee of at least the major shareholder/owner is obtained; and (iv) all scheduled payments are required to be paid by direct debit out of the lessee/borrower's account. Pawnee's lease/loan terms generally range from 12 to 60 months. As of December 31, 2014, the average original term of the leases in its portfolio was approximately 41 months, while the average remaining term was 24 months.

Types of Leases and Loans

Pawnee currently offers fair market value leases which is a lease type that provides the lessee with the option of purchasing the equipment on the lease's expiration date at the then fair market value of the leased equipment. Pawnee does offer nominal purchase option leases from time to time. As at December 31, 2014, nominal purchase option leases accounted for approximately 4.05% (by number) and 5.51% (by dollar value) of Pawnee's portfolio.

Pawnee introduced EFAs in the last quarter of 2011. This product is a loan and is secured by the equipment financed as well as personal guarantees. EFAs were introduced to capture business from customers that prefer a loan product when financing their equipment. EFAs are very common in the industry. Underwriting requirements and standards for EFAs are the same as those required for leases. Pawnee manages the EFAs as if they were leases and thus the discussion throughout this AIF includes both. For accounting purposes they are considered loans and not leases and are shown separately in the notes to the financial statements, and thus are referred to as loans therein.

Terms

Pawnee's standard leases and loans generally require that lessees/borrowers: (i) provide a personal guarantee from an owner of the business; (ii) remit by direct debit all scheduled payments due under the contract, regardless of the performance of the equipment; (iii) operate the equipment in the manner for which it was designed and for commercial or business purposes only; (iv) maintain and service the equipment; (v) insure the equipment for the full insurable value and, where appropriate having regard to the nature of the equipment, for potential liability for injury to third parties; (vi) indemnify and hold Pawnee harmless for any liability resulting from the leased equipment; (vii) pay directly or reimburse Pawnee for all sales, use, property and other taxes associated with the equipment; and (viii) provide security deposits (not advance payments) which are held for the full term of the lease and then returned or applied to the purchase option of the equipment at the lessee's request, unless the lessee has previously defaulted (in which case the deposit is applied against the contract receivable). Historically, a very high percentage of customers' deposits are applied to the purchase option of the leased equipment at the end of the lease term.

In addition, Pawnee's standard lease generally provides that in the event of a default, Pawnee can, at its discretion, require payment of the entire balance due under the lease or loan and repossess the equipment for subsequent sale, refinancing or other disposal, subject to any limitations imposed by law.

Pawnee's leases and loans require that its lessees/borrowers pay or reimburse Pawnee for sales taxes along with any penalties or interest that may be due. Pawnee determines at the outset of each contract the amount of sales tax that will be due. Pawnee collects sales taxes on each contract payment and remits it to the relevant state monthly. Pawnee or the equipment vendor remit taxes at the time of a transaction when the equipment is to be financed as a loan or equipment finance agreement, rather than a lease. If a lease is determined to be a non-true lease, and the state recalculates the amount of tax due at the beginning of the lease and assesses penalties and interest, the contract terms would require that the lessee pay these additions, Pawnee would be required to collect such amounts from the lessee/borrower, possibly by legal action.

Pawnee's current form of leases and loans provides for various fees and other charges to be paid by the lessee/borrower, in most cases due to the maker's failure to comply with the terms of the lease/loan. If payable, these fees are due in addition to scheduled contract payments. Fees include late fees (for late payment of rent or other amounts), an administrative fee (for documentation and initiation of the contract), termination fees (for the return of the leased property if it is not purchased by the lessee at the expiration of the lease term), tax-filing fees (Pawnee files all property tax returns and charges a fee) and an insurance surcharge (payable if the lessee/borrower fails to provide evidence of insurance, thus increasing Pawnee's potential risk).

Pawnee's standard documentation also includes a cover letter delivered to the lessee/borrower with the execution documents warning of the potential for the insurance surcharge and reminding the lessee/borrower of its responsibilities. Pawnee also provides a letter for the lessee/borrower to deliver to its insurers describing the insurance requirements and notifies the lessee/borrower in writing if the insurance has not been provided or is about to expire before charging the insurance surcharge. Pawnee has never faced any legal challenge alleging that its disclosure of fees to lessees/borrowers was inadequate and has never had its ability to collect fees legally challenged.

If insurance is not obtained by the lessee/borrower in accordance with the terms of the contract, Pawnee's insurance surcharge is 1% of the equipment cost per month. This charge yields a low figure compared to the value of the leased/owned property in the early years of the contract but may result in a high dollar recovery as compared to the value of the property if the lessee/borrower continues to pay the surcharge (instead of providing insurance coverage) through the end of the contract term.

Business Process

The business process for Pawnee's equipment leases involves origination, application review and credit scoring, funding, servicing and collections. Pawnee's disciplined approach and processes are fundamental to management of credit risk and maintaining profit margins and cash flows. Pawnee's customized technology systems, coupled with its business processes, enable it to efficiently originate, underwrite, service and collect on the types of micro and small-ticket leases it targets.

Origination

All of Pawnee's leases are originated through its network of approximately 550 independent brokers located throughout the lower 48 states of the U.S. Historically, Pawnee has achieved its strong growth rates by concentrating its personnel and resources on delivering consistent, predictable and timely services to an established network of brokers that transact lease business in a variety of equipment categories and industries. Brokers refer equipment lease transactions to Pawnee while working with the potential lessee to complete the appropriate lease application and subsequent lease documents required by Pawnee. Pawnee pays these independent brokers their commissions in respect of a lease upon the funding of such lease. In the event a lessee defaults on a lease payment within the first 3 payments after origination, Pawnee is entitled to a refund of any commissions paid to the broker in relation to such lease.

Pawnee has developed and maintains strong relationships with its independent brokers and its top 20 brokers (by dollar amount funded) have been originating leases for Pawnee for an average of approximately 12 years. Management of Pawnee attributes the long standing business relationships with many of its brokers to the procedures it has established which enables Pawnee to process and close quickly, consistently and efficiently each lease application that it receives and approves. Management believes that its lease application processing ability has been a significant factor in contributing to repeat transactions with its existing brokers and to the continued growth of its independent broker base.

Pawnee's largest broker (by dollar amount funded) accounted for originations of 5.14% of its leases in the fiscal year ended December 31, 2014. The ten largest and twenty largest brokers (by dollar amount funded) accounted for less than 34.6% and 50.2% of originations, respectively, in such fiscal year.

Pawnee is an active member in the three national small-ticket leasing/financing associations in the United States which service independent brokers. Pawnee is a member of the following industry trade associations:

- National Association of Equipment Leasing Brokers (NAELB) – an association of approximately 600 member firms whose primary mission is oriented to serve the independent leasing broker/lessor.

- National Equipment Finance Association – an association of approximately 175 member firms offering networking opportunities among a national network of brokers, lessors and funding sources.

- Equipment Leasing and Finance Association (ELFA) – ELFA represents more than 575 member companies, including many of the nation's largest financial services companies and manufacturers, as well as regional and community banks and independent medium and small finance companies throughout the country.

Pawnee maintains and expands its broker relationships in these trade associations through an internal relationship management staff who make personal site visits at brokers' offices. Relationship development is also conducted by telephone from the Fort Collins office and through regular communication by facsimile, e-mail and quarterly newsletter mailings. The typical broker conducts business with a number of different funding sources. Pawnee enters into a non-exclusive non-agency agreement with each broker who is approved by it to operate under one of its broker and lessor programs. To qualify to do business with Pawnee, a broker generally must have: (i) been in business a minimum of one year or have relevant experience within the leasing, finance or banking industry; and (ii) acceptable credit at the owner level, with no prior bankruptcies, no current or past history of slow payments, no outstanding tax liens or judgments, and at least five years of data in the credit bureau, with a minimum of seven reported credit lines.

Through its website, Pawnee provides brokers with information on its current policies and procedures, training and lease products. This includes web cast audio training by Pawnee staff and prominent leasing industry sales trainers. Pawnee also publishes highly detailed broker guidelines and pricing schedules on a regular basis to keep brokers current with changes in policies and procedures.

In order to effectively establish and manage its broker relationships, Pawnee has instituted three primary broker programs:

- *Standard Program.* Brokers submit fully investigated lease/loan transactions to Pawnee for review and validation, and operate under Pawnee's standard program. Under this program, the broker is responsible for the validation of the lessee/borrower, vendor and equipment, and for completion of the lease/loan documentation. Pawnee is also listed as the named lessor/lender, and Pawnee's lease/loan documentation is utilized.

- *Assignment Program.* This program is substantially similar to Pawnee's standard program, except that the broker is listed as the named lessor/lender, using either Pawnee's lease/loan documents or the broker's form of documents (which are reviewed for acceptability by Pawnee). The lease/loan documentation is assigned to Pawnee, generally immediately after the time of funding.

- *Discounting Program:* This program differs from the above two programs as typically the broker's lease/loan documentation is utilized, and the broker collects and retains any advance payments. The broker assigns its rights under the lease/loan to Pawnee for an acquisition price which is based on a discount to future cash flow entitlements.

All of Pawnee's leases are originated under these programs. In addition, Pawnee is solely responsible for approving credit and purchasing the leased equipment under all programs. Pawnee provides all approved brokers access to secure areas of its web-site for video and audio training on specific aspects of Pawnee products or in the leasing

industry in general. Pawnee's initiatives with independent brokers are managed by broker relationship managers. These representatives are responsible for all aspects of the broker relationships within their assigned geographic region, including locating new and qualified lease origination sources, performing initial and ongoing training and managing existing contacts.

Pawnee uses the following main processes to regularly review the performance of its brokers to ensure critical aspects of Pawnee's relationships are maintained at acceptable levels:

- *Periodic Reviews*. Relationship managers perform monthly reviews of brokers to, among other things, evaluate performance measures with each relationship. For example, relationship managers target reviews especially for those brokers that do not meet specified performance measures, such as delinquency, charge-offs, or efficiency in application processing (approval, decline and funding ratios to submitted applications).

- *Training*. Relationship managers conduct telephone training sessions on an ongoing basis for all brokers. The training includes programs on Pawnee's credit policies, lease documentation procedures and general information, such as marketing and sales programs and protocols.

- *On-Site Visits.* Relationship managers periodically visit the offices of brokers to review performance, conduct on-site training and investigate future business opportunities.

Applications and Credit Scoring

Risk Management

A key aspect of Pawnee's business is managing potential risks in order to limit defaults to the greatest extent possible. Pawnee has developed a number of risk management tools and processes which it continually monitors and improves to match changes in its market and to the equipment leasing industry. The fundamental risk management processes and tools which Pawnee has developed by leveraging its experience in the micro and small-ticket equipment leasing market have primarily focused on application approval, credit scoring process, delivery and acceptance processes and a professional and proactive approach to monitoring and remedying defaults.

Credit Matrix System

Brokers submit lease applications to Pawnee through e-mail or by facsimile. All applications are captured in its information management system to enable Pawnee to track and monitor all aspects of business flow. Pawnee has developed a customized and proprietary credit matrix based on, among other things, historical information regarding its lease application and portfolio data gathered since 1982. Pawnee utilizes the credit matrix as an important tool in analyzing the credit risk of a particular application and uses its historical performance data to continually refine the credit matrix. Pawnee's current credit matrix uses a number of individually weighted credit characteristics to create a proprietary score. The characteristics include, among others, such things as an applicant's: (i) payment history; (ii) tenure of home ownership; (iii) number of credit inquiries; (iv) revolving debt availability; (v) time in business; (vi) credit score from a second reporting agency; (vii) number of years in the credit bureau; (viii) experience in the line of business; (ix) personal guarantors; and (x) type and quality of equipment.

Ongoing Enhancement of Credit Underwriting

Pawnee continually leverages its experience in its segment of the micro and small-ticket financing market to refine its credit matrix and improve its credit underwriting policies. Pawnee regularly monitors performance of its leases and continually adjusts its credit underwriting criteria. In consultation with Colorado State University's Department of Statistics and other third party consultants, Pawnee has continued to refine the predictive measures used in its customized credit matrix. Pawnee's management believes a periodically refined, more predictive credit matrix system gives its credit underwriting staff a higher probability of approving applications that appropriately meet its credit underwriting criteria.

Application Review Process

Information from an application is initially routed through Pawnee's information management systems, which retrieves an applicant's credit data from a credit reporting service. Every application is then reviewed and scored through Pawnee's proprietary credit matrix. The credit staff reviews subjective aspects of the application as well as accessing various business credit and other resources to compile a credit decision. Credit decisions are arrived at generally within three hours of receiving the complete application submission.

If an application falls below a provisional minimum score on Pawnee's credit matrix, the application is generally rejected and a notice of decline is generated and sent to the originating broker. However, a credit underwriter may continue to track a rejected application which scores slightly below the provisional minimum credit score if the underwriter believes that with additional guarantors or other credit enhancements such as additional collateral or increased security deposits, the score may reach an acceptable level. In this event, the originating broker is notified of the potential for approval on appropriate resubmission.

A credit underwriter may also reject an application meeting the provisional minimum score based on other information gathered from Pawnee's information management systems not evaluated in the credit matrix. In such a case, Pawnee may request additional information that may allow for future approval based on appropriate resubmission.

Accurate information is critical in determining many of the factors used to assess an application. Pawnee uses many third-party sources, for information gathering and verification such as Internet sites of secretaries of state, Dun & Bradstreet, Paynet, Business Credit USA and others. As part of their review, credit underwriters verify the lessee, vendor and equipment involved in the transaction, as well as confirm that submitted credit application information is representative and accurate. If the credit underwriter finds fraudulent information in an application, a note is made in Pawnee's information management systems and any future lease submissions involving that business or its principals will be declined, and action against the referring broker may be taken.

Funding

The Corporation used the Chesswood Credit Facility to repay and retire Pawnee's credit facility (which had been used to provide the operational funding for both Pawnee and Windset). The Corporation plans to use the Chesswood Credit Facility to provide operational funding for Pawnee.

Pawnee's funding coordinators are responsible for ensuring the requisite documentation is in place to fund the transaction and record the receivable. The funding coordinators confirm that the terms shown on the signed documents conform with the terms approved by the credit department. Funding personnel complete a detailed checklist of steps prior to funding. Legible copies of driver's licenses of all guarantors are required on all leases and are closely reviewed to match against the lease agreement and lease guaranty signatures; deviations in signatures are promptly rejected and may cause a cancellation of the lease or require notary signatures. All leases over US$15,000 (US$ 35,000 for "B+" leases) require a third party site inspection. This site inspection is arranged by Pawnee and is a mechanism to further validate the business enterprise as well as view the asset to be leased. Deviations discovered during this inspection phase are promptly acted on including cancellation of the pending transaction. The final step in the funding process for all leases is a confirmatory telephone call, termed a verbal delivery and acceptance contact, to verify and approve essential information regarding the lease transaction. If the call is completed in a satisfactory manner, and the vendor of the equipment is an acceptable vendor to Pawnee, the transaction is authorized for funding. The lease is funded and appropriate financing statements are filed in accordance with the provisions of the *Uniform Commercial Code* for leases greater than US$15,000 in equipment cost.

Recording and Auditing

After a lease is funded, Pawnee's contract processing department performs quality control, including auditing the file for data integrity prior to recording the transaction. Within one day of funding, Pawnee's contract processing department generally has each lease file audited and recorded. Within one day of funding, Pawnee generally has completed the remainder of the leasing process, including document distribution, duplication and scanning of key documents to the company's internal LAN for use by all customer service, credit, and collection personnel.

On a monthly basis, Pawnee reviews all leases that experience payment difficulty in the first 90 days after booking to ensure compliance with all terms and conditions of its credit and documentation policy, to identify possible errors in the entire application submittal, credit review, funding and booking process and to determine what changes, if any, in the process are needed. Changes are made as soon as possible following the identification of any appropriate changes. This monthly review is also used to uncover any negative trends in equipment types, geographic location, specific industries or brokers.

Servicing

Pawnee services all of the leases in its portfolio. Lease servicing involves a variety of functions, including: entering the lease into Pawnee's accounting and billing system, collecting scheduled payments through direct debit, timely depositing all other fees and charges if received other than by direct debit, reconciling accounts, collecting and remitting sales, use and property taxes, managing compliance with insurance requirements, providing customer service to lessees, communicating with brokers and lessors, providing brokers and lessors with titling services for titled equipment and reporting to lenders.

Collections

Management of Pawnee recognizes that its ultimate success is primarily based on the ability to collect, and as such Pawnee identifies itself as a collection and equipment finance firm. Accordingly, emphasis is placed on the employment and retention of experienced collection personnel. Pawnee provides substantial bonus potential for collection personnel and consequently, the collection employees are among the highest paid staff in the company. Over one-third of Pawnee's personnel dedicate their activities to the collections and default remediation process. The collections department is structured to systematically and quickly resolve delinquent leases, mitigate losses and collect post-default recovery dollars. A key component of Pawnee's collections process is the fact that a condition of all Pawnee leases is that all lease payments must be made through direct debit. Management believes this is unique in the segment it operates in. The direct debit process serves as an early warning system for troubled accounts. Use of direct debit allows Pawnee to manage the precise day of payment collection vs. traditional check collection means used by many other leasing companies. Direct debit permits immediate feedback on individual accounts so Pawnee's collection staff can rapidly act on delinquent accounts.

Pawnee has divided its collections department into groups enabling it to direct a troubled lease to an appropriately trained collection specialist immediately upon the recognition of a problem regardless of its aging. Pawnee also uses a settlement culture rather than a litigation approach, which coupled with the aforementioned direct debit, permits Pawnee to resolve many troubled accounts before other creditors are aware of any difficulties. To expedite and facilitate collections, Pawnee's collections department is organized into two groups: 30-Day Collections and Advanced Collections.

Pawnee's collections activities begin when a lease initially becomes delinquent. An account is recognized as past due if for any reason the direct debit payment is not successfully received on the required due date – the account is immediately considered delinquent. Delinquent accounts are assigned to a 30-Day Collection team member through Pawnee's information management software and are systematically reassigned to other groups should the accounts reach later stages of delinquency. Accounts remain in an assigned 30-day collector's pool until the required payments are made, the account becomes 31 days past due, or the collector recognizes that the problem is something more significant than a past due payment and the account is referred to the appropriate negotiation, repossession/remarketing, bankruptcy or legal specialist. A very high percentage of accounts that go initially past due are remedied and become current once again. As a result, accounts are not considered impaired just because they have gone initially past due.

Collectors use the telephone as the primary collections tool, making payment request calls to the lessee and to guarantors. In some cases, when collection proves difficult, collectors use third parties to attempt to make personal contact with a lessee or other parties as well as to inspect equipment, provide pictures of the leased equipment and complete equipment condition reports. Collectors input their notes directly into Pawnee's information management systems, enabling management to monitor the status of problem accounts.

If an account remains past due after 31 days and has not already been assigned to Pawnee's Advanced Collections team it will be automatically assigned to an Advanced Collections negotiation specialist to further evaluate

and initiate collection actions. The Advanced Collection team's objective is to minimize Pawnee's loss through a combination of collecting payments, writing forbearances, repossessing and selling leased equipment, initiating lawsuits and, most importantly, negotiating settlements. After 154 days of delinquency, or earlier if the Advanced Collection team determines the account is uncollectible, the account is charged off.

After an account is charged off, it may continue to be handled internally when collection prospects for recovery through a personal guarantor are considered good. If not, it is normally assigned to an independent collection agency for additional collection efforts. At this stage in the collections process, the primary sources of recovery are payments on restructured accounts, settlements with guarantors, occasional equipment sales, litigation (used infrequently) and bankruptcy court distributions.

Throughout the collections process, Pawnee's repossession/remarketing specialists perform a wide variety of functions, including acting on repossession requests from any collector, managing third-party vendors that perform repossession activities; and working with remarketers to establish and approve the selling price on all repossessed equipment.

Information Technology and Management

Pawnee's marketing personnel use its customized information management systems as a part of the origination platform as well as for monitoring and servicing activities, increasing customer base, improving operating efficiencies, reducing costs and improving overall service. Important components of Pawnee's business technology and management systems include:

- complete data records on all brokers/lessors including minute detail on all applications submitted, approved and funded including real time status information on all applications; and

- detailed reporting on daily, monthly and annual business activity by individual broker and by individual marketing territory.

Pawnee provides brokers with information on the performance of leases they originated. Brokers receive information on application submission results, lessee payment performance, past due payment status and general lease portfolio information. With this up-to-date information, Pawnee's brokers can participate in collections activities and target timely paying lessees for additional leasing opportunities.

A critical element of Pawnee's business operations is its ability to collect and integrate detailed information on its origination sources and lessees at all stages of a financing transaction and to effectively manage that information so that it can be used across all aspects of its business. Pawnee uses imaging technology that enables its employees to retrieve at their desktops all lease documents and instantly fax or email copies to the origination source or customer, improving its operating efficiencies and service levels.

Employees

At December 31, 2014, Pawnee employed 45 full-time equivalent employees: two in sales and marketing, 14 in credit/funding operations, 18 in collections, six in accounting and finance, four in technology and systems and one in executive and administration. In addition, Pawnee employed one part-time employee in collections. None of Pawnee's employees are covered by a collective bargaining agreement and Pawnee has never experienced any work stoppages. Management believes that its relations with its employees are excellent.

Facilities

Pawnee's headquarters are located in Fort Collins, Colorado, where it leases 10,800 square feet of office space under a lease that expires in 2016 with an option for an additional five-year term.

Competition

There are a variety of equipment financing sources available to small businesses in the United States, including leasing companies; national, regional and local finance companies; captive finance and leasing companies affiliated with major equipment manufacturers; home equity loans; credit cards; and financial services companies, including commercial banks, thrifts and credit unions.

The availability of lease financing for micro and small-ticket equipment acquisitions by small businesses with limited operating or credit histories or with prior credit difficulties also has been constrained by the obstacles inherent in efficiently originating and servicing equipment leases of relatively small size and the complexities of assessing and managing the start-up or non "A" credit rating of the lessees which characterize this segment of the micro and small-ticket equipment finance market. Because Pawnee focuses on a specific, highly fragmented segment of the small business credit market consisting generally of small businesses with limited operating or business credit history, or less traditional credit history, its competition comes primarily from independent leasing companies, home equity loans and credit cards.

Business of Blue Chip

Blue Chip Leasing Corporation was incorporated under the OBCA in 1996 and amalgamated with Enable Capital Corporation, its sister company, on October 1, 2014, to form the current Blue Chip.

Blue Chip is a small and medium-ticket commercial equipment finance company operating across Canada that focuses primarily on the prime credit market and specializes in financing small ticket equipment leases and loans for small and medium size businesses. Blue Chip focuses on the prime credit market (primarily in the "A" rated credit segment), although it also began offering more limited products tailored to the "B" credit segment of the market in 2013. "A" credit refers to lessees/borrowers whose credit-worthiness commands rates at or near the prime lending rate in the market. "B" credit businesses are those that have some unique aspect to their overall credit profile such that they are not afforded an "A" rated credit profile and/or have business owner(s) that do not have an "A" personal credit rating. Blue Chip also provides financing to a small number of condominium corporations for building improvements. These secured loans typically have terms ranging from three to five years with an amortization of three to 25 years. As of September 30, 2014, Blue Chip had three of these loans in its portfolio with a net investment of approximately $1.5 million.

Blue Chip has been able to grow originations and profitability by taking advantage of the Canadian banks' tendencies to prefer larger ticket size transactions and to be less nimble in addressing customer needs. Blue Chip has also been able to improve its competitiveness by successfully negotiating lower costs of funds.

The business model of commercial equipment finance companies is based on a number of factors, including the average transaction size. Different deal sizes require different expertise and service levels. Transaction size categories have been left unchanged for many years to allow for consistency of data collection and are as follows:

Commercial Equipment Transaction Size Categories

Market Segment Transaction Size Categories	
Market Segment	**Transaction Size**
Micro Ticket	Less than $25,000
Small Ticket	$25,000 - $250,000
Mid Ticket	$250,000 - $1,000,000
Large Ticket	Over $1,000,000

Business models in the commercial equipment finance industry are also divided by the origination strategy pursued by the equipment finance firms. These strategies include vendor, direct, captive and indirect (broker) origination models. The vendor segment requires trained sales people to solicit equipment vendors who expect sales people to have knowledge of the new and used equipment sold and the credit requirements needed to obtain funding for transactions.

Indirect origination involves the purchase of transactions from third parties who originate and package transactions that meet the credit requirements of funding sources like Blue Chip.

Blue Chip Business Overview

Blue Chip operates in both the micro and small ticket commercial markets. The micro ticket segment is a high volume, low touch business that requires technology to meet market demand for fast credit decisions, quick funding of transactions and customer service excellence. Blue Chip has invested in industry leading software that streamlines the application process, shortens credit decision time and automates the preparation of secure documents. Transactions in the small ticket segment have the additional requirement of some financial statement analysis and more detailed documentation. Blue Chip has successfully originated strong volumes of transactions from the micro and small ticket markets primarily through its established network of equipment dealers and brokers.

Loan and Lease Portfolio

As at September 30, 2014, Blue Chip had 7,494 leases and loans under administration with net finance receivables of approximately $74 million. Blue Chip derives substantially all of its revenues from the leases and loans it finances and services, which consist primarily of payments, fee income from late charges and other service and related fees. For the year ended September 30, 2014, approximately 71% of Blue Chip's total revenues were from scheduled payments and approximately 29% were from late charges and other ancillary lease revenue paid by lessees and borrowers.

Blue Chip has a diversified portfolio which helps it manage and mitigate risk. Blue Chip's top five equipment categories by volume are industrial equipment, computers, photographic equipment, medical and dental equipment and trailers. As at September 30, 2014, Blue Chip had an average lease term at origination of approximately 41 months.

Lease and Loan Terms

Lease and loan terms typically range from 24 to 66 months and Blue Chip does not take residual positions on leases or loans, other than a 5% position in a small number of fair market value leases and loans.

Blue Chip's standard leases and loans generally require that lessees/borrowers: (i) operate the equipment in the manner for which it was designed and for commercial or business purposes only; (ii) maintain and service the equipment; (iii) insure the equipment for the full insurable value and, where appropriate having regard to the nature of the equipment, for potential liability for injury to third parties; (iv) indemnify and hold Blue Chip harmless for any liability resulting from the leased equipment; and (v) pay directly or reimburse Blue Chip for all sales, use and other taxes associated with the equipment.

In addition, Blue Chip's standard lease generally provides that in the event of a default, Blue Chip can, at its discretion, require payment of the entire balance due under the lease or loan and repossess the equipment for subsequent sale, refinancing or other disposal, subject to any limitations imposed by law.

Blue Chip's leases require that its lessees/borrowers pay or reimburse Blue Chip for sales taxes along with any penalties or interest that may be due. Blue Chip determines at the outset of each contract the amount of sales tax that will be due. Blue Chip collects sales taxes on each lease's contract payment and remits it on a regular basis. Blue Chip's current form of lease and loan provides for various fees and other charges to be paid by the lessee/borrower. If payable, these fees are due in addition to scheduled contract payments. Fees include late fees (for late payment of rent or other amounts), an administrative fee (for documentation and initiation of the contract) and registration fees.

Origination Process

Blue Chip originates transactions through both direct and indirect channels, with approximately 30% resulting from direct in-house sales. Direct origination efforts are focused on soliciting transactions directly from equipment vendors.

Blue Chip has a network of more than 50 originators, with the largest originator (by dollar amount funded) accounting for originations of approximately 19% of its leases in the fiscal year ended September 30, 2014. The four largest originators (by dollar amount funded) accounted for approximately 45% of originations in such fiscal year. Blue Chip has a mutual territorial non-competition agreement with one such originator in the Maritime Provinces which restricts it from establishing direct sales efforts by its employees in such territory.

Blue Chip is an active member of the Canadian Finance and Leasing Association as well as the U.S. based National Equipment Finance Association. Blue Chip is also a member in the Canadian Machine Tool Distributors' Association a trade association dedicated to the marketing of machine tools and services in Canada.

Funding

Blue Chip utilizes a private securitization or bulk funding model to finance the majority of its loans and leases. The private securitization model replaces a public market rating with a thorough initial review of the finance company and very tight ongoing monitoring of operating performance. Pursuant to the securitization process, Blue Chip sells the future payment stream of a group of leases/loans (a 'tranche') to a funder such as a life insurance company or bank. The future stream is discounted at the time of funding the tranche and a relatively small percentage is held back in a loss reserve pool or supported by Blue Chip through a letter of credit in favour of the securitizer. The required amount of any one reserve is established based on the strength of the historical performance of the portfolio being funded. Blue Chip has facilities with multiple providers of funding. Funding partners have rigorous monitoring and audit processes which include site visits and file audits. In addition to validating credit decisions, documentation accuracy and security perfection, there is quarterly signing of compliance certificates attesting to the correctness of portfolio and financial statistics. The Corporation also plans to use the Chesswood Credit Facility to provide operational funding for Blue Chip.

Management and Employees

Blue Chip's management team represents a unique combination of equipment leasing experience and proven business success in multiple industries, including consumer finance. The management team has origination, business development, operations and treasury experience that have provided the knowledge, resources and structure for Blue Chip's growth.

At December 31, 2014, Blue Chip employed 24 full-time equivalent employees and one part-time equivalent employee who also serve part-time functions with EcoHome: four in sales and credit analysis, 13 in funding operations, administration, customer service and collections and seven in finance and accounting. None of Blue Chip's employees are covered by a collective bargaining agreement and Blue Chip has never experienced any work stoppages. Management believes that its relations with its employees are excellent.

Premises

Blue Chip shares leased office space with EcoHome located at 156 Duncan Mill Road, Suite 16, Toronto, Ontario.

Competition

There are a variety of equipment financing sources available to small businesses in Canada, including leasing companies; national, regional and local finance companies; captive finance and leasing companies affiliated with major equipment manufacturers; home equity loans; credit cards; and financial services companies, including commercial banks, thrifts and credit unions. The main competitors of Blue Chip include the following:

- National Leasing Group (owned by a Canadian chartered bank)
- RCAP Leasing (owned by a Canadian chartered bank)
- Roynat Lease Finance (owned by a Canadian chartered bank)

- CIT Financial Ltd. (International)

Business of EcoHome

EcoHome was incorporated pursuant to the OBCA in 2010 and currently operates exclusively in the Province of Ontario. EcoHome offers consumer financing solutions including loans and rentals for a variety of products, primarily in the home improvement space. EcoHome originates loans and rentals through an external network of heating ventilating and air conditioning (HVAC) dealers as well as manufacturer sales arms of companies producing windows, doors and siding. All transactions financed by EcoHome are entered into with homeowners with established credit.

The Ontario consumer financing market has become more accepting of long term rental contracts as a way to structure home investments. These contracts have favorable repayment terms and are expected to have a low prepayment ratio, making the payment stream very predictable. As a result of EcoHome's market focus, it has facilitated significant yet stable originations growth and shifted its product mix towards rentals.

EcoHome Business Overview

EcoHome was founded with an initial loan product that financed household improvements, and its loan business continues to be primarily focused on home renovation financing of critical assets (windows, doors, roofing, plumbing), whereas its rental business is oriented around HVAC equipment (furnaces, water heaters, air conditioners) with a long useful life.

All EcoHome financings are with homeowners and with two main product lines, rentals and loans, which have similar credit requirements. EcoHome's origination mix is diversified by customer, dealer and ticket size, with the majority of contracts being less than $7,500 at the time of origination.

For its rental product financing, EcoHome owns the equipment and rents it to the end user. These contracts generally have 120 month terms, the equipment is covered under warranty from the dealer and/or manufacturer to ensure that the customer and EcoHome are protected throughout the term of the rental agreement and these assets generally have a useful life that far exceeds EcoHome's 120 month maximum term. The financed assets are considered essential to homes in the Canadian climate.

Rental Product

The rental product has and continues to grow as a source of new originations. EcoHome owns the equipment and rents it to the end user. These contracts are generally 120 months in length and cover equipment including hot water tanks, furnaces and air conditioners. The rented equipment is covered under a warranty that matches the term of the rental and provides the customer with full service in the event there are performance issues with the equipment.

Loan Product

The loan product is targeted at funding critical household home improvements (windows, doors, roof etc.). These renovations are often driven by the desire of the homeowner to improve energy efficiency for the home and can be repaid through the billing platform of Enbridge Gas Distribution Inc. ("**Enbridge**"). Enbridge (together with its affiliates) is a Canadian based energy company that delivers energy to commercial and consumer clients across North America. They are the major utility in Ontario and the ability to leverage their billing platform is a significant advantage for EcoHome. Loan terms range from 24-120 months, but the average is shorter than the rental product. These contracts are open to prepayment and are generally repaid upon the refinancing of a mortgage or the sale of the home. EcoHome continues to see strong demand for the loan product, driven by home renovation spending at historically high levels.

Enbridge Open Bill Access Program

Under Enbridge's Open Bill Access Program, EcoHome entered into an amended and restated open bill access agreement with Enbridge dated January 6, 2014 (the "**OBA Agreement**"). Under the OBA Agreement, Enbridge provides billing and collection services to EcoHome in the Enbridge Distribution Area in Ontario until the end of the

March 2015 billing cycle, which has been renewed for a one-year term. The OBA Agreement will automatically renew for successive one-year terms unless otherwise terminated in accordance with the OBA Agreement; provided, however, that the OBA Agreement will not be automatically renewed if: (i) EcoHome is not in good standing under the financial assurances provided by EcoHome under the OBA Agreement or pursuant to an amended and restated proceeds transfer servicing and trust agreement dated February 4, 2010, entered into by, among others, EcoHome and Enbridge (the "**Receivables Trust Agreement**"), (ii) EcoHome is not in material compliance with all of its obligations or is in material breach of any of its representations or warranties set out in the OBA Agreement or the CIS Open Bill Access Biller User Manual established by Enbridge, or (iii) EcoHome has not provided the annual forecast, where required to do so, in accordance with the OBA Agreement.

Under the OBA Agreement, EcoHome is entitled to receive from Enbridge, subject to certain exceptions, 99.56% of all amounts for its products invoiced to customers on the Enbridge bill, subject to annual adjustment to reflect Enbridge's actual bad debt experience.

The OBA Agreement may be terminated by Enbridge upon the occurrence of certain stated events (subject to specified cure periods and/or notice periods), including upon: (i) EcoHome failing to perform or observe any of their respective obligations under the OBA Agreement or the Receivables Trust Agreement or being in breach of any representation or warranty made thereunder; (ii) the occurrence of various insolvency and bankruptcy events in respect of EcoHome; (iii) EcoHome ceasing to be a party to the Receivables Trust Agreement; (iv) the enforcement of any execution, distress or other enforcement process that would have a material adverse effect on the financial viability of EcoHome, (v) if a compliance order is issued against or in respect of EcoHome or EcoHome is the subject of any other order made under the Consumer Protection Act (Ontario); (vi) 30 days prior notice, if a regulatory change established by a governmental authority causes, results in, requires or necessitates such termination; and (vii) six months prior notice at the expiry of the term or renewal term, if EcoHome has not complied with its obligations under the OBA Agreement or has not acted in a good faith manner in the performance of its obligations under the OBA Agreement or the provision of customer service, as determined by Enbridge in its sole discretion. In connection with the expiration or termination of the OBA Agreement for any reason, Enbridge must co-operate with EcoHome to effect the orderly transition and migration from Enbridge to EcoHome (or a third-party service provider) of all the billing services then being performed under the OBA Agreement for a reasonable period of time.

Loan and Lease Portfolio

As at October 31, 2014, EcoHome had 11,641 finance contracts under administration, with net finance receivables of approximately $47 million. Of the 11,641 finance contracts as at October 31, 2014, 7,289 were rental contracts, representing 51% of the net investment in financial contracts, and 4,352 were loan contracts, representing 49% of the net investment in financial contracts. EcoHome derives substantially all of its revenues from the leases and loans it finances, holds and services, which consist primarily of scheduled payments. The EcoHome portfolio is with customers who are homeowners and have very good average credit scores. The portfolio risk is diversified across a large number of small transactions (average outstanding balance of loans is $4,931, and of rentals is $3,061).

EcoHome Portfolio Details as of October 31, 2014

Equipment Type	Percentage of portfolio
Furnace	37%
Hot Water Tank	19%
Window	18%
Air Conditioner	11%
Tankless Water Heater	3%
Others	12%
Total	**100%**

Lease and Loan Terms

EcoHome uses standard form consumer loan and rental documentation that management believes complies with all current laws and regulations. The documents are reviewed regularly by external legal counsel to confirm compliance with any changes to laws or regulations.

Origination Process

EcoHome originates its loan and rental products through an external network of dealers. Dealers are critical to the success of EcoHome in the short and long term. Each dealer has a key need to meet customers' expectations for quality installation and in many cases after installation service. EcoHome plays a key role in giving dealer sales people the tools and support required to provide homeowners an appealing financing solution that leads to a higher success rate. EcoHome's dealer network originates contracts primarily in Ontario, within the Enbridge gas distribution territory.

Dealers are carefully vetted during negotiations for a mutually beneficial agreement. Once an agreement is entered into, dealers are subject to regular monitoring of customer satisfaction and annual reviews of financial performance. At the time of each financing a recorded audit phone call is conducted with the customer to confirm their complete satisfaction with all work and equipment. The call also includes a review of the terms of the financing agreement being undertaken. If dealers are not meeting customer expectations or have poor service track records with customers, EcoHome can terminate their dealer agreements. The dealer agreements also have provisions for recourse for instances where dealers do not meet customer or financial requirements. EcoHome manages the dealer relationships through service level and reporting requirements combined with ongoing dealer monitoring.

EcoHome has been successful in attracting and retaining relationships with significant origination sources. Current vendor relationships have shown strong increases in performance in the most recent year. In addition to existing accounts, EcoHome has six new origination sources in late stages of negotiation. EcoHome's largest dealer (by dollar amount funded) accounted for originations of 38% of its active portfolio as of October 31, 2014.

EcoHome is an active Member of the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI).

Applications and Credit Scoring

EcoHome utilizes a similar application review and credit scoring process to Blue Chip. The EcoHome business differs from Blue Chip in that the transactions are with consumers. Consumer credit data is more in depth than commercial credit data and lends itself to automatic credit adjudication. EcoHome has developed a proprietary credit score card that combines the customer's credit bureau data, home ownership details, and transaction details to produce accurate and predictable credit decisions. If a transaction decision cannot be automatically approved or declined it is manually reviewed by credit analysts that use the same credit criteria.

Funding

Similar to Blue Chip, EcoHome utilizes a private securitization model to finance the majority of its loans and rentals. The private securitization model replaces a public market rating with a thorough initial review of the finance company and very tight ongoing monitoring of operating performance. Pursuant to the securitization process, EcoHome sells the future payment stream of a group of rentals/loans (a 'tranche') to a funder such as a life insurance company or bank. The future stream is discounted at the time of funding the tranche and a relatively small percentage is held back in a loss reserve pool. The required amount of any one reserve is established based on the strength of the historical performance of the portfolio being funded. The Corporation also plans to use the Chesswood Credit Facility to provide operational funding for EcoHome.

Management and Employees

Similar to Blue Chip, EcoHome's management team represents a unique combination of equipment leasing experience and proven business success in multiple industries, including consumer finance. The management team has origination, business development, operations and treasury experience that have provided the impetus and structure for EcoHome's growth.

At December 31, 2014, EcoHome employed 12 full-time equivalent employees and one part-time equivalent employee who also serves part-time functions with Blue Chip; five in funding operations, three in customer service and collections and four in finance and accounting. None of EcoHome's employees are covered by a collective bargaining agreement and EcoHome has never experienced any work stoppages. Management believes that its relations with its employees are excellent.

Premises

EcoHome shares leased office space with Blue Chip located at 156 Duncan Mill Road, Suite 16, Toronto, Ontario.

Competition

EcoHome's loan business has similar competition characteristics to the Blue Chip business. See "Business of Blue Chip – Competition" above. EcoHome's rental business is subject to several major sources of competition, including the following:

- Reliance Comfort Limited Partnership, Enercare Inc., National Home Services and Ontario Consumers Home Services Inc. (as subsidiary of Just Energy Group Inc.) provide water heaters and other HVAC equipment rental programs for Ontario residents similar to that provided by EcoHome. EcoHome provides a wholesale funding solution to dealers across Ontario that allows them to compete in this market.

- Home Trust, SNAP Financial and a Canadian chartered bank are large competitors in the consumer home improvement wholesale funding market.

- Customers may elect to purchase their own water heater rather than rent, principally from small HVAC contractors or larger retailers. Larger retailers offering water heaters for sale include Canadian Tire, Home Depot, Rona, Lowe's and Sears. Customers may also buy out their rented water heaters at prescribed prices.

- Some residents in Ontario prefer to rent or own electric or propane fuelled water heaters even when the property is connected to the gas distribution system. As an example, affiliates of municipal electricity utilities often operate electric water heater rental businesses. However, this area of competition is diminishing, as many of these utilities have sold their water heater portfolios and are no longer in the business of renting such units.

Business of Windset

Windset was formed in August 2013, and formally launched in late September 2013. Windset offers working capital loans in amounts up to $125,000 to businesses in most of the 50 states of the U.S. These loans, made only to commercial borrowers, provide the borrowers with working capital to support their business operations.

More than ever before, small business owners in the United States find that banks either will not consider them for working capital loans or the process of applying for a bank loan may take too long and the outcome is less than certain. Many U.S. banks can no longer afford to consider loans under $250,000 due to their high internal administration and regulatory costs. While the working capital loan market is a newer market that sprung primarily from the financial crisis, the significant demand for this product has been clearly demonstrated, as billions of dollars of loans have been

originated since 2008. Payments are processed automatically and deducted every business day from the borrowers' bank account. The terms of these loans can range from 3 months to 18 months but are typically 9-12 months on average, and extensions are common for those borrowers that have been in good standing during the initial term of the loan.

Windset leverages off of the equipment finance business expertise of Pawnee, and uses Pawnee's experience, processes and broker channel to offer this new product to small businesses throughout the U.S. Windset also is assisted by Pawnee's documentation, collection and administrative departments that provide "back-office" support to Windset, under the terms of a managed services agreement between the two businesses.

Windset's only office is located in Riverton, Utah (greater Salt Lake City area). It has a 3 year lease that expires in July, 2017, and options to extend for two additional periods of 3 years each. At December 31, 2014, Windset had 4 full time staff located in Riverton.

Notwithstanding the $125,000 limit on Windset loans, initial expectations are for loans that average $30,000 to $40,000. Capital for Windset's initial portfolio growth had been provided by making use of a modest portion of Pawnee's unused credit facility, allocated to Windset by agreement with Pawnee's lenders. The Corporation plans to use the Chesswood Credit Facility to provide operational funding for Windset.

At December 31, 2014, Windset had approximately U.S.$17.3 million in gross loan receivables outstanding.

Business of Northstar Leasing

On January 31, 2014, the Corporation acquired the shares of Northstar Leasing, a long-standing non-prime commercial equipment finance company, located in Barrie, Ontario. Northstar Leasing's business is similar to the business of Pawnee, except Northstar Leasing operates exclusively in Canada.

The five Northstar Leasing employees remained and applied their expertise in support of growth in Canada. Chesswood is a major competitor in commercial equipment finance market in the U.S. through its subsidiary Pawnee and, through Northstar Leasing, Chesswood began to offer its products and services to brokers and their customers in Canada. The Corporation is undergoing the process of integration of the businesses of Northstar and Blue Chip (which, as noted above, was acquired shortly before the date of this annual information form).

Business of Sherway LP

Sherway LP is a limited partnership formed under the laws of the Province of Manitoba on May 4, 2006, and is engaged in the vehicle sales and servicing in Canada. The Corporation's Acura Sherway dealership sells new Acura brand vehicles and related automobile services and products, and also sells used vehicles of various brands.

Vehicle Sales in Canada

The Acura Sherway dealership is located at 2000 The Queensway, in Toronto, Canada, immediately adjacent to Sherway Gardens shopping centre, a 972,000 square foot mall with major national department stores as anchor tenants. The 22,000 square foot premises on which the dealership is located are leased. The lease assumed at the time the dealership was acquired was for a term of five years concluding in May 2002 and included three option terms of five years each. Sherway LP and the landlord have agreed to terms for an additional five-year option term through 2017.

Acura Sherway began a renovation to re-image the dealership, in March 2014. This renovation was completed in December 2014 and included a complete change of the showroom section of the dealership, amongst other things. The renovation cost approximately $3.5 million, before receipt of funds from Acura Canada, in support of the renovation. Acura Canada has contributed approximately $1.4 million as a reimbursement to Acura Sherway.

Most major automobile manufacturers distribute their new vehicles through a network of dealerships. In addition to new car sales, dealerships generally operate approved service centres and sell after-market manufacturer branded parts and used vehicles of various brands.

According to market research reports made public by DesRosiers Automotive Consultants Inc., new sales in Canada of light vehicles totalled 1,851,373 for 2014. Of the total light vehicles sold in Canada in 2014, 761,572 were built by Asian manufacturers which made up 41.1% of all new light vehicles sales in Canada.

Acura Framework Agreement

Dealerships operate pursuant to a dealer agreement between the manufacturer and the dealership. The dealer agreement in respect of Acura Sherway is effective November 30, 1999 and had an initial term of three years with automatic renewal for successive terms of five years, subject to at least 180 days' prior notice of non-renewal. The dealer agreement is now in the second five year automatic renewal term.

In connection with the acquisition of Acura Sherway, cars4U, Sherway Fine Cars Limited and the three principal shareholders of cars4U entered into a framework agreement (the "**Acura Framework Agreement**") with Acura, a division of Honda Canada, Inc. Under the terms of the Acura Framework Agreement, a group of shareholders acceptable to Honda Canada, Inc. (the "**Approved Group**") must own (separate ownership being acceptable for such purposes) or exercise voting control in respect of matters related to compliance with the terms of the Acura Framework Agreement ("**Acura Matters**"), such that they would be in a position to exercise an effective controlling voting right on Acura Matters. The Acura Framework Agreement reflected Honda Canada, Inc.'s emphasis on appropriate criteria for the individuals who will be responsible for the operations, and for making operational and other related decisions, for Acura dealerships, and cars4U's commitment to uphold such ideals.

The completion of the Pawnee Plan of Arrangement, the Fund's initial public offering and the acquisition of Pawnee resulted in the Acura Sherway dealership being owned by Sherway LP and changes in the composition of the Trustees (as compared with cars4U Ltd.'s board of directors) and a significantly larger unitholder base (as compared with cars4U Ltd's shareholder base) under which the aggregate holdings of Units by the Approved Group was less than the minimum percentage contemplated in the Acura Framework Agreement. Accordingly, upon completion of the Pawnee Plan of Arrangement, the Acura Framework Agreement was amended and restated to provide that a majority of the board of directors of the general partner of Sherway LP are required to be comprised of members of the Approved Group, and the capital of Sherway LP must provide for a class of securities entitling one or more members of the Approved Group to exclusive voting rights in respect of Acura Matters.

On November 10, 2010, the Acura Framework Agreement was further amended and restated to reflect Honda Canada, Inc.'s consent for the completion of the Conversion and the elimination of certain intermediate holding entities as a result of the Conversion.

Employees

As of December 31, 2014, Acura Sherway had a total of 47 employees consisting of 41 full-time and 6 part-time employees. None of Acura Sherway's employees are governed by a collective bargaining agreement, and Acura Sherway has never experienced any work stoppages. Management believes that relations with employees are excellent.

Business of Case Funding

Case Funding was acquired by the Corporation on June 10, 2011, as a newly incorporated and organized corporation which acquired the tangible and intangible assets required to carry on the going forward business of Quick Cash Inc., a provider of legal financing to plaintiffs and attorneys throughout the United States.

On February 4, 2015, the Corporation announced that Case Funding had completed the sale of its operating assets and most of its portfolio of attorney loans for a purchase price of US$4,400,000. Case Funding retained an aggregate of US$8,000,000 of plaintiff advances, medical liens and attorney loans, which are being serviced (collections, recordkeeping, etc.) by a third party.

All of Case Funding's employees become employees of the purchaser of Case Funding's operations.

RISK FACTORS

Risks Related to the Businesses of the Operating Companies

Dependence on Key Personnel

The Operating Companies depend to a large extent upon the abilities and continued efforts of their key operating personnel and senior management teams. If any of these persons becomes unavailable to continue in such capacity, or if the Operating Companies are unable to attract and retain other qualified employees, it could have a material adverse impact on the respective businesses financial conditions and results of operations of the Operating Companies.

The Corporation is similarly dependent upon its senior management team.

As described in the Corporation's management discussion and analysis included in its 2014 Annual Report, management noted certain weaknesses in the internal controls over financial reporting, many of which related to the lack of segregation of duties.

Relationships with Brokers and Other Origination Sources

Pawnee has formed relationships with hundreds of origination sources, comprised primarily of equipment finance brokerage firms. Pawnee relies on these relationships to generate applications and originations. The failure to maintain effective relationships with its brokers and other origination sources or decisions by them to refer transactions to, or to sign contracts with, other financing sources could impede Pawnee's ability to generate transactions.

Similarly, the business models of Windset, Case Funding, Blue Chip, EcoHome and Northstar Leasing depend to a large extent on referral relationships.

Risk of Future Legal Proceedings

The Operating Companies are threatened from time to time with, or are named as defendants in, or may become subject to, various legal proceedings, fines or penalties in the ordinary course of conducting their respective businesses. A significant judgment or the imposition of a significant fine or penalty on an Operating Company (or on a company engaged in a similar business, to the extent the Operating Company operates in a similar manner) could have a material adverse impact on the respective business, financial condition and results of operation of the Operating Company and on the amount of cash available for dividends to Shareholders. By way of example, any successful challenge to a fee, charge, or procedure authorized by a lease form (including an insurance charge), or to a violation by an Operating Company (or a company engaged in a similar business) of any applicable federal, state or provincial law, would be likely to require a change in business practices of the Operating Company that is the subject of such challenge. This could include discontinuing the practice of demanding any payments that are deemed vulnerable to similar challenges with the Operating Companies suffering a loss of previously anticipated revenue as a result. There could also be a significant financial obligation by reason of a settlement or judgment involving the Operating Company, as well as risks pertinent to its loan facilities including acceleration and/or loss of funding availability. Publicity regarding involvement in matters of this type, especially if there is an adverse settlement or finding in the litigation, could result in adverse consequences to an Operating Company's reputation that could, among other things, impair its ability to attract further business. The continuing expansion of class action litigation in U.S. and Canadian court actions has the effect of increasing the scale of potential judgements. Defending such a class action or other major litigation could be costly, divert management's attention and resources and have a material adverse impact on the respective businesses, financial condition and results of operation of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

Interest Rate Fluctuations

The Operating Companies are exposed to fluctuations in interest rates under their borrowings. Increases in interest rates (to the extent not mitigated by interest hedging arrangements) may have a material adverse impact on the

respective businesses, financial condition and results of operation of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

The leases and loans are written at fixed interest rates and terms. The operating companies generally finances its activities using both fixed rate and floating rate funds. To the extent the operating companies finance fixed rate leases and loans with floating rate funds, they are exposed to fluctuations in interest rates such that an increase in interest rates could narrow or eliminate the margin between the yield on a lease and loan and the effective interest rate paid by the borrower. If this margin is too narrow or is eliminated it would have a material adverse impact on the respective businesses, financial condition and results of operation of the Operating Companies and on the amount of cash available for dividends to our Shareholders. While Pawnee enters into interest rate swaps to mitigate rate fluctuation risk, there can be no assurances that these arrangements will be sufficient to fully protect Pawnee against interest rate risks, or that Pawnee will be able to maintain such arrangements on a continuing basis.

Portfolio Delinquencies; Inability to Underwrite Lease and Loan Applications

Pawnee's receivables consist primarily of lease and loan receivables originated under programs designed to serve smaller, often owner-operated businesses that have limited access to traditional financing. There is a high degree of risk associated with equipment financing for such parties. The typical borrower in Pawnee's portfolio is a start-up business that has not established business credit or a more established business that has experienced some business or personal credit difficulty at some time in its history. As a result, such leases entail a relatively higher risk and may be expected to experience higher levels of delinquencies and loss levels. Pawnee cannot guarantee that the delinquency and loss levels of its receivables will correspond to the historical levels Pawnee has experienced on its portfolio and there is a risk that delinquencies and losses could increase significantly.

In addition, since defaulted leases and loans and certain delinquent leases and loans cannot be used as collateral under its variable rate financing facilities, higher than anticipated lease defaults and delinquencies could adversely affect Pawnee's liquidity by reducing the amount of funding available to it under these financing arrangements. Furthermore, increased rates of delinquencies or loss levels could result in adverse changes to the terms of future financing arrangements, including increased interest rates payable to lenders and the imposition of more burdensome covenants and increased credit enhancement requirements.

Analogous risks are faced by Windset, Blue Chip, EcoHome, Northstar Leasing and Case Funding in their businesses.

Deterioration in Economic or Business Conditions; Impact of Significant Events and Circumstances

The Operating Companies' operating results may be negatively impacted by various economic factors and business conditions, including the level of economic activity in the markets in which they operate. To the extent that economic activity or business conditions deteriorate, delinquencies and credit losses may increase. Delinquencies and credit losses generally increase during economic slowdowns or recessions such as that recently experienced in the United States. As our operating companies extend credit primarily to small businesses, many of their customers may be particularly susceptible to economic slowdowns or recessions, and may be unable to make scheduled lease or loan payments during these periods. Unfavourable economic conditions may also make it more difficult for our operating companies to maintain new origination volumes and the credit quality of new leases and loans at levels previously attained. Unfavourable economic conditions could also increase funding costs or operating cost structures, limit access to credit facilities, securitizations and other capital markets or result in a decision by lenders not to extend further credit. Sherway LP, as the operator of a premium brand, new car dealership, could also be negatively affected by deteriorating economic conditions which result in reduced new car sales. Any of these events would have a material adverse impact on the respective businesses, financial condition and results of operations of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

In addition, the leasing and working capital loan industries generally may be affected by changes in accounting treatment for leases and loans, and negative publicity with respect to, among other things, fraud or deceptive practices by certain participants in the industry. Greater governmental scrutiny is also a risk, especially as to the tax treatment of certain transaction structures or other aspects of these transactions that, if changed, could result in additional tax, fee or

other revenue to that governmental authority. Any of these factors may make leasing less attractive or diminish the profitability of the existing financing alternatives offered by the Operating Companies.

In addition to being impacted by factors or conditions in the United States, political, economic or other significant events or circumstances outside of North America (whether political unrest which impacts upon the prices of oil and other commodities or otherwise) can ultimately significantly impact upon North American economic conditions which, in turn, could result in the adverse implications described in the first paragraph under this heading. Similarly, natural disasters in any relevant place in the world may directly (through impact on supplies of goods or equipment to our businesses) or indirectly impact upon our operations or results.

Losses from Leases and Loans

Losses from leases and loans in excess of our operating companies' expectations would have a material adverse impact on our businesses, financial condition and results of operations, and on the amount of cash available for dividends to our Shareholders.

Changes in economic conditions, the risk characteristics and composition of the portfolio, bankruptcy laws, and other factors could impact our operating companies' actual and projected net credit losses and the related allowance for credit losses. Should there be a significant change in the above noted factors, then our operating companies may have to set aside additional reserves which could have a material adverse impact on its business, financial condition and results of operations and on the amount of cash available for dividends to our Shareholders.

Determining the appropriate level of the allowance is an inherently uncertain process and therefore the determination of this allowance may prove to be inadequate to cover losses in connection with a portfolio of leases and loans. Factors that could lead to the inadequacy of an allowance for credit losses may include the inability to appropriately underwrite credit risk of new originations, effectively manage collections, or anticipate adverse changes in the economy or discrete events adversely affecting specific customers, industries or geographic areas.

Adverse Events or Legal Determinations in Areas with High Geographic Concentrations of Leases or Loans

If judicial or other governmental rulings or actions or interpretations of laws adverse to the equipment finance business and\or the working capital loan business in general, or to business practices engaged in by our operating companies, or adverse economic conditions or the occurrence of other significant events such as natural disasters and terrorist attacks, were to occur in a geographic region with a high concentration of leases/loans or equipment financed from our operating companies, there could be a material adverse impact on the business, financial condition and results of operation and the amount of cash available for dividends to our Shareholders.

External Financing

The Operating Companies depend and will continue to depend on the availability of credit from external financing sources to continue to finance new leases/loans, refinance existing leases/loans and satisfy their other working capital needs. The Operating Companies may be unable to obtain additional financing on acceptable terms or at all. If any or all of their funding sources become unavailable on acceptable terms or at all, or if any of their credit facilities are not renewed or re-negotiated upon expiration of their terms, the Operating Companies may not have access to the financing necessary to conduct their respective businesses, which would limit their ability to finance their operations and could have a material adverse impact on the respective businesses, financial condition and results of operations of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

The long-term success of Windset will require that it obtain external financing on acceptable terms. There can be no assurance that external financing will be available.

"Characterization" Risks

If an applicable court or regulatory authority were to make an adverse finding, or take an adverse action on the basis that one of Pawnee's form of lease is not a true lease for commercial law, tax law, or other legal purposes, the following adverse consequences could result with respect to leases entered into in such form:

- The lessee, rather than Pawnee as lessor, would be considered to be the owner of the leased property (with Pawnee having only a security interest in the leased property), and Pawnee would not have the special rights of a lessor in a bankruptcy proceeding or otherwise that generally entitle a lessor to more speedy remedies and higher recoveries than exist for a mere secured party;

- If Pawnee did not file a financing statement describing the leased property, naming the lessee as a debtor/lessee with respect to the leased property, and otherwise complying with the *Uniform Commercial Code* (which Pawnee does not do for leases with an equipment value of less than US$15,000; and all EFAs) Pawnee would not be recognized as having a security interest in the leased property in the context of a bankruptcy of the lessee or otherwise, and could therefore be precluded from recovering significant amounts on its claim, since unsecured creditors often recover much less than their total claims;

- Such non-true lease could be subject to limitations on finance charges and other fees determined to constitute "interest" under a relevant state's usury laws, with excess "interest" (and, depending on the state, possibly the entire lease payment) being deemed uncollectible;

- Pawnee could be determined to owe additional federal income tax (and related penalties) as a result of the different inclusions and deductions applicable to income tax payments owed by lessors with respect to true and non-true leases; and

- Pawnee could be determined to owe additional state sales or similar taxes (and related penalties) as a result of timing differences with respect to the payment of sales taxes on true leases versus non-true leases.

Case Funding's non-recourse plaintiff advances may be re-characterized as loans or determined to be improper fee-splitting, which would adversely affect the collectability of the advances, and the ability to generate future advance originations.

Defenses to Enforcement of a Significant Number of Leases and Loans

Certain defenses and recovery impediments are more common in micro and small-ticket equipment finance transactions than with respect to equipment finance providers in other segments of the equipment finance industry. Management believes that certain of these risks are sufficiently addressed in Pawnee's existing lease documentation and related business practices. However, there are other risks that Pawnee has not addressed for various reasons, including that certain of these risks are not susceptible to being addressed either at all, or without incurring cost inefficiencies or taking other measures deemed unacceptable by Pawnee's management based on a risk-reward assessment. Pawnee has never experienced any material occurrence of these risks nor have these risks historically had a material adverse impact on Pawnee. However, there is no assurance that these risks will not have a material adverse impact on Pawnee's business, financial condition and results of operations in the future.

If, due to changes in law or adverse judicial or administrative determinations, lease provisions or business practices affecting a material portion of Pawnee's leases were determined to be unenforceable, illegal, or impracticable, there could be a material adverse effect on the business, financial condition, and results of operations of Pawnee and on the amount of cash available for dividends to our Shareholders. In this regard, successful challenges (a) to enforceability of (i) the leases and loans in general, (ii) finance charges or other portions of lease payments on categories of leases such as non-true leases, or (iii) charges representing significant portions of Pawnee's revenue, such as insurance surcharges or late fees and termination payments, or (b) to specific collection or other business practices of Pawnee, would be of more concern than challenges to less material portions of the leases or of Pawnee's business.

Analogous risks are faced by Windset, Blue Chip, EcoHome and Northstar Leasing in their businesses.

Origination, Funding and Administration of Transactions

Our operating companies' origination, funding and transaction administration practices could result in certain vulnerabilities in its enforcement rights. For example, certain of leases and loans are assignments of transactions already documented by its brokers. Acquiring leases/loans by this "indirect" process subjects our operating companies to various risks, including risks that might arise by reason of the broker's insolvency, administrative inadequacies or fraudulent practices, as well as any third party claims against the broker or its rights with respect to the assigned lease or loan. Any of these broker related risks can impair our operating companies' rights with respect to recovering the rents and/or property under its leases and loans. Pawnee has not been involved in any claims or litigation in relation to such risks and Pawnee does not conduct lien searches in the name of, require lien releases from, or file financing statements against, the lease broker.

If the lessee/borrower or broker is the party to whom the vendor of the equipment has agreed to sell the property at the time of its delivery, then, under applicable commercial law, the lessee/borrower or broker, as applicable, may be deemed to have acquired title to the leased property prior to Pawnee's having funded the transaction. It has not been Pawnee's practice to ensure that the title to the property has not already passed or to obtain assurances that it is acquiring good title to that property free of liens and other third party claims. The manner in which Pawnee purchases the equipment is typical in this market segment, especially with respect to similarly situated equipment financing providers. Pawnee has not yet faced any meaningful challenge or adverse consequence from this practice, but there can be no assurance that such a challenge or consequence will not occur in the future. A majority of Pawnee's portfolio is made up of leases and loans originated by brokers and subsequently assigned to Pawnee. These leases and loans are originated by a large number of brokers and no single broker is responsible for the origination and assignment of more than 5.14% of the leases and loans in Pawnee's portfolio. Accordingly, the occurrence of the foregoing broker related risks could likely have a material impact on the business, financial condition and results of operations of Pawnee and the amount of cash available for dividends to our Shareholders only if the occurrence of such risks were related to a high concentration of leases and loans originated by a single broker or a number of higher volume brokers.

In most circumstances where the equipment is less than US$15,000 (or US$10,000, if for a home business) for Pawnee's core product and US$35,000 for the "B+" product, Pawnee's practice of requiring only a verbal confirmation that the property has been delivered and irrevocably accepted under the subject lease or loan, and/or inspecting the property to confirm the same, could make Pawnee vulnerable to certain defenses. By way of example, Pawnee's deemed failure to deliver conforming property under the lease or loan documents could be a defense to a lessee's/borrower's "unconditional" obligation to pay the rents and certain other amounts. Pawnee has not suffered any material losses relating to these practices, however, there can be no assurance that it would not in the future.

Analogous risks are faced by Windset, Blue Chip, EcoHome and Northstar Leasing in their businesses.

Changes in Governmental Regulations, Licensing and Other Laws and Industry Codes of Practice

Finance companies are subject to laws and regulations relating to extending financing generally and are also members of industry associations which have adopted, among other things, codes of business practice. Laws, regulations and codes of business practice may be adopted with respect to existing leases and loans or the leasing, marketing, selling, pricing, financing and collections processes, which might increase the costs of compliance, or require it to alter its business, strategy or operations in a fashion that could hamper the ability to conduct business in the future and which could have a material adverse impact on the business, financial condition and results of operations of the Operating Companies and the amount of cash available for dividends to our Shareholders.

Licensing Requirements

If an applicable court or regulatory authority were to make an adverse finding or otherwise take adverse action with respect to our operating companies based on their failure to have a finance lender's or other license or registration required in the applicable state, our operating companies would have to change business practices and could be subject to financial or other penalties.

Fees, Rates and Charges

Some of our operating companies' documents often require payment of late payment fees, late charge interest, and other charges either relating to the non-payment, or enforcement of its leases and loans. It could be determined that these fees and/or the interest rates charged exceed applicable statutory or other legal limits. If the charges are deemed to be punitive and not compensatory, or to have other attributes that are inconsistent with or in violation of applicable laws, they could be difficult to enforce.

A number of charges payable with respect to equipment finance transactions in the micro and small-ticket equipment finance market have been the subject of litigation by customers against financing parties over the past few years. Insurance non-compliance fees, in particular, have been the subject of recent class action litigation in Alabama and California, a state in which many of Pawnee's lessees and borrowers are located. Several of these cases have settled with the payment of large sums by the lessors/funders. Many cases involved "force-placed" insurance programs, under which the lessor/funder collected a charge to defray the costs of arranging insurance protection where the lessee/borrower failed to do so as required by the lease or loan. Among other things, the lessees/borrowers alleged that the insurance fees they paid were unreasonably higher than the actual cost or insurance that the lessor/funder arranged or could have arranged and that the lessors/funders did not adequately disclose the risk that the lessee/borrower would suffer this additional cost or the fact that the lessor/funder might profit from the insurance charges. Pawnee levies a non-compliance fee of 1% of the equipment cost per month on its lessees/borrowers who fail to provide timely evidence of insurance to Pawnee or insure the equipment. While this surcharge has never been successfully challenged, there can be no assurance that a successful claim may not be brought in the future. Although our subsidiaries are not currently the subject of any such litigation, there can be no assurance that a lessee/borrower or a group of lessees/borrowers will not attempt to bring a lawsuit against our subsidiaries in relation to fees and charges, which our subsidiaries may or may not be successful in defending.

Other litigation to which certain lessors/funders have been subject has focused on late fees and administrative costs, generally based on similar claims of deceptive statements regarding the purpose of the fee, inadequate disclosure and unreasonable amounts. Pawnee has never been and currently is not a party to any such lawsuits claiming that any such provisions are deceptive, do not contain all adequate disclosure which are made in the lease/loan document and by written notice to the lessee/borrower before collection or the fees are unreasonable.

Our Operating Companies believe that fee programs are designed and administered so as to comply with legal requirements and are within the range of their industry practices in their market segments. Nevertheless, certain attributes of these fees or charges, and their practices, including that its leases and loans typically provide for several different fees and charges resulting in a substantial amount of fee income and the possibility that the fees and charges may exceed actual costs involved or may otherwise be deemed excessive, could attract litigation, including class actions, that would be costly even if our subsidiaries were to prevail and as to which no assurance can be given of their successful defense. In addition to the risk of litigation, fee income is important to our subsidiaries and the failure of our subsidiaries to continue to collect most or all of these fees could have a material adverse impact on the business, financial condition and results of operations and on the amount of cash available for dividends to our Shareholders.

Possible Acquisitions

The growth strategy for the Corporation includes seeking out acquisitions in the financial services industries. Acquisitions by the Corporation, if they occur, may increase the size of the operations as well as increase the amount of indebtedness that may have to be serviced by the Corporation and its subsidiaries. There is no assurance that such acquisitions can be made on satisfactory terms, or at all. The successful integration and management of acquired businesses involve numerous risks that could adversely affect the growth and profitability of the Corporation and its subsidiaries, including: (i) the risk that management may not be able to successfully manage the acquired operations and that the integration may place significant demands on management, diverting their attention from existing operations; (ii) the risk that existing operational, financial and management systems may be incompatible with or inadequate to effectively integrate and manage acquired systems; (iii) the risk that acquisitions may require substantial financial resources that otherwise could be used in the development of other aspects of the business; (iv) the risk that acquisitions may result in liabilities and contingencies, that could be significant to the operations of the Operating Companies; (v) the risk that personnel from the acquisitions and the existing business may not be able to work together successfully; and (vi) the risk that the acquisition may not be accretive to the Corporation, which could affect the operation of the businesses of the

Operating Companies. There is no assurance that such acquisitions will be successfully integrated, and the failure to do so could have a material adverse impact on the respective businesses, financial condition and results of operations of the Operating Companies and the amount of cash available for dividends to our Shareholders.

Insurance

A lease or loan requires that the lessee/borrower maintain insurance covering a loss of, or physical damage to, the related equipment or vehicle in an amount that, if paid pursuant to a total loss, is intended to allow the lessor/funder to recover its investment in the property suffering that loss. It is the lessee's/borrowers responsibility to purchase insurance for the equipment and Pawnee's documents state that Pawnee will not purchase insurance or replacement insurance. Additionally, Pawnee's documents state that any charges or fees payable for the lessee's/borrower's failure to purchase insurance do not constitute insurance.

To ensure that the lessor or funder of the item of leased or financed property suffering a loss receives the related insurance proceeds, the lease or loan also requires that the lessor or funder be named as a loss payee under the requisite casualty coverage. However, each lessee/borrower is ultimately relied upon to obtain and maintain the required coverage for financed equipment but there is no certainty that they will obtain the requisite coverage either conforming to the requirements of the lease or loan, or at all. Additionally, there are often policy provisions including exclusions, deductibles and other conditions that by their terms, or by reason of a breach, could limit, delay or deny coverage. There can be no assurance that any insurance will protect the Operating Companies' interest in the equipment, and the failure by the lessee/borrower to obtain insurance or the failure by the Operating Companies to receive the proceeds from such insurance policies could have a material adverse impact on the business, financial condition and results of operations of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

The casualty insurance requirements under the lease or loan may not be a reliable source for Pawnee to recover its investment if the leased property is either damaged and not repaired by the lessee or suffers a casualty.

Lessor Liability

There is a risk that a lessor, such as Pawnee, Blue Chip or Northstar Leasing, could be deemed liable for harm to persons or property in connection with, among other things, the ownership or leasing of the leased property, or the conduct or responsibilities of the parties to the lease relating to that property. The liability may be contractual (such as warranties regarding the equipment), statutory such as federal, state or provincial environmental liability or pursuant to various legal theories (such as negligence). There have been cases in which a lessor has been held responsible for damage caused by leased property without a showing of negligence or wrong-doing on the lessor's part. Even if a lessor ultimately succeeds in defending itself or settling any related litigation, the related costs and any settlement amount could be significant, which could have a material adverse impact on the business, financial condition and results of operations of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

Liability for Misuse of Leased Equipment

There is no practical manner to ensure that leased equipment or a leased vehicle will be used, maintained or caused to comply with applicable law. Pawnee, Blue Chip and Northstar Leasing requires its lessees to deliver evidence of compliance with same as a condition to funding but has no assurance that a lessee will take the appropriate actions during the lease term to address any use, maintenance or compliance issues which may arise. A lessee's conduct (or lack thereof) could subject Pawnee, Blue Chip or Northstar Leasing, as applicable, to liability to third parties, which could have a material adverse impact on the business, financial condition and results of operations of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

Estimates Relating to Value of Leases

Based on the particular terms of a lease, equipment finance companies estimate the residual value of the financed equipment, which is recorded as an asset on its statement of financial position. At the end of the lease term, equipment finance companies seek to realize the recorded residual for the equipment by selling the equipment to the lessee or in the secondary market or through renewal of the lease by the lessee. The ultimate realization of the recorded

residual values depends on numerous factors, including: accurate initial estimate of the residual value; the general market conditions and interest rate environment at the time of expiration of the lease; the cost of comparable new equipment or vehicle; the obsolescence of the leased equipment; any unusual or excessive wear and tear on or damage to the equipment; and the effect of any additional or amended government regulations.

If Pawnee, Blue Chip or Northstar Leasing (in connection with those leases where the lessee is not obligated to either purchase the equipment or guarantee the residual value of the equipment at the end of the term of the lease) is unable to accurately estimate or realize the residual values of the leased equipment subject to their leases, the amount of recorded assets on its statement of financial position will have been overstated.

Competition from Alternative Sources of Equipment Financing

The business of micro and small-ticket equipment finance in the United States is highly fragmented and competitive. Pawnee focuses its business on the segment of the micro and small-ticket equipment finance market involving start-up businesses that have not established business credit or established businesses that have experienced some credit difficulty in their history that do not meet the credit standards of more traditional financing sources. Pawnee's main competition comes from leasing companies, home equity loans, and credit cards.

If Pawnee expands its suite of products to target potential lessees with higher credit scores or if the creditworthiness of its potential customers increases for various external reasons, it can expect to face competition from more traditional financing sources as well, including: national, regional and local finance companies; captive finance and equipment finance companies affiliated with major equipment manufacturers; and financial services companies, such as commercial banks, thrifts and credit unions.

Many of the firms and institutions providing financing alternatives are substantially larger than Pawnee and have considerably greater financial, technical and marketing resources. Some of them may have a lower cost of funds and access to funding sources that are unavailable to Pawnee. A lower cost of funds could enable a competitor to offer leases with pricing lower than that of Pawnee, potentially forcing Pawnee to decrease its prices or lose origination volume. In addition, some financing sources may have higher risk tolerances or different risk assessments, which could allow them to establish more origination sources and customer relationships to increase their market share. In particular, Pawnee expects to continue to see origination pressure in Pawnee's main market, as certain competitions continue to offer underwriting terms which Pawnee does not believe are consistent with sustainable risk adjusted returns.

Further, because there are fewer barriers to entry with respect to the micro and small-ticket equipment finance market, new competitors could enter this market at any time, especially if an improvement in the economy leads to a greater ability of small businesses to establish improved levels of creditworthiness. For example, firms and institutions that typically provide financing for large-ticket or mid-ticket transactions, which generally require higher levels of creditworthiness, could begin competing with Pawnee on micro and small-ticket leases. Also, due to the already large number of diverse financing alternatives for customers with higher creditworthiness, it may be difficult for Pawnee to develop additional products to attract customers with whom it has not historically done business. Because of all these competitive factors, Pawnee may be unable to sustain its operations at its current levels or generate growth in revenues or operating income, which could have a material adverse impact on the business, financial condition and results of operations and on the amount of cash available for dividends to our Shareholders.

Similarly, competition from a variety of other funding sources may result in a decrease in demand for Windset's, Blue Chip's, EcoHome's and Northstar Leasing's financing products.

Fraud by Lessees, Borrowers, Vendors or Brokers

While our Operating Companies make every effort to verify the accuracy of information provided to them when making a decision whether to underwrite a lease or loan and have implemented systems and controls to protect against fraud, in a small number of cases in the past our operating companies have been a victim of fraud by lessees, borrowers, vendors and brokers where any one of the following events have occurred: (i) a signature has been forged or the lease/loan is not with the properly documented entity; (ii) the equipment is purported to be new, but is used; (iii) Pawnee believes the equipment exists, but in fact it does not; (iv) not all of the lessees/borrowers have been identified or the

actual lessees/borrowers have not executed the lease/loan documentation; (v) the lessee/borrower has sold the equipment and ceases to make payments; (vi) the equipment has been moved from the location that Pawnee believes it to be; (vii) the equipment was included in a sale of the business to an unsuspecting or sometimes a conspiring, buyer; (viii) the soft costs are hidden in the cost of the equipment where, if known, would greatly exceed the soft cost allowance set out in the Pawnee's broker guidelines; or (ix) titled equipment has not been properly documented. Further, there are other incidents of fraud in broker transactions which to date Pawnee has not experienced. These include: (i) the broker funding the lease/loan transaction with more than one finance company; (ii) the selling of equipment where there is no lessee/borrower; or (iii) the equipment being delivered is substantially different from that included in the lease/loan. In cases of fraud, it is difficult and often unlikely that our operating companies will be able to collect amounts owing under a lease/loan or repossess the related equipment. Increased rates of fraud could have a material adverse impact on the business, financial condition and results of operations of Pawnee and on the amount of cash available for dividends to our Shareholders.

Analogous risks are faced by Windset, Blue Chip, EcoHome and Northstar Leasing in their businesses.

Protection of Intellectual Property

Chesswood's operating subsidiaries continually develop and improve their brand recognition, which are an important factor in maintaining a competitive position. No assurance can be given that others will not independently develop substantially similar branding. Despite the efforts of our operating subsidiaries to protect their proprietary rights, unauthorized parties may attempt to obtain and use information that they regard as proprietary. Stopping unauthorized use of such proprietary rights may be difficult, time-consuming and costly. There can be no assurance that our operating subsidiaries will be successful in protecting their proprietary rights.

Consumer Protection

The majority of the customers of EcoHome are consumers, and EcoHome is subject to consumer protection laws and regulations (including the Consumer Protection Act, 2005 (Ontario)). Although the Corporation believes that EcoHome is in compliance with such consumer protection laws and regulations in all material respects, given the likelihood that regulatory determinations are generally likely to favour consumers in the event of any ambiguity in such laws or regulations (of which there are many), no assurance can be given that EcoHome will be able to fully comply with such laws or regulations.

Uncertainty of Outcome of Cases

The returns on loans and/or advances made by Case Funding, and thus the returns for Chesswood, depend on litigation outcomes in the form of judgments or settlements. Litigation of individual cases entails a large degree of uncertainty, including (1) the legal liability of the defendant, (2) the level of actual or perceived damages assessed by a judge or a jury, (3) the ability of the defendant, or the defendant's insurance company, to pay a settlement or judgment, (4) the abilities of plaintiff's counsel, (5) the assessment of fault and causation, (6) the legal nature of the claim, and (7) the amount of monetary damages ultimately awarded. It is also possible that a claimant may die or abandon his or her case, that the lawyer may abandon the plaintiff's case, or that the defendant, the law firm, or the defendant's insurance carrier may declare bankruptcy. Case Funding is also reliant on the capabilities of the attorneys handling the cases in which it provides funding to effectively litigate claims with due skill and care. If an attorney fails to perform his or her duties effectively, the outcome of the case could be negatively impacted, which could have a material adverse effect on Case Funding's level of returns. Any negative event, including but not limited to those described above, may prevent Case Funding from realizing expected returns. While Case Funding undertook to review the capabilities, experience and track records of the attorneys litigating cases for which it has provided loans, there is no guarantee that the actual outcome of a case will be in line with the expected outcome of that case, and Case Funding will not have any right to control, influence or manage the litigation or settlement of a case. Although Case Funding sought to weigh such uncertainties in the due diligence conducted before making a funding decisions, and intended to reduce risk by funding in a broad array of cases, there can be no assurance that the outcome of any given litigated claim or basket of claims can be predicted, whether or not the probabilities were correctly assessed by Case Funding.

Uncertainty in the Timing of Litigation Settlements and Awards

The nature of litigation recoveries, including the timing and amounts recovered, are outside the control of Case Funding. Individual claims may be resolved over drastically varying times: for example, as short as one month, or longer than three years. Case Funding will be required to wait for an indeterminate period of time after an advance/loan is made to fully collect money from judgment recoveries. Therefore, there is no assurance as to collection times, and collections will likely be irregular.

Case Funding May Have Difficulty Collecting on its Investments

If plaintiffs or law firms to which Case Funding has advanced or loaned funds do not pay Case Funding pursuant to the terms of the advances/loans made, Case Funding may be required to pursue costly legal actions to collect. It is also possible that a plaintiff's attorney or a law firm may attempt to renegotiate the ultimate amount owed to Case Funding or that there is not enough proceeds from the case to repay Case Funding in full.. In these situations, Case Funding may accept a smaller return than anticipated in order to accommodate and maintain business relationships or avoid litigation. In either event, the failure of Case Funding to collect or the necessity of legal action to collect could ultimately harm or reduce the potential cash flow.

Limited Underwriting Experience or Underwriting Errors

Case Funding had, and Windset has, a limited history of precedents upon which to base its case and loan evaluation. While the Corporation believes that its management and underwriters have the experience to evaluate borrowers, plaintiffs, cases, and attorney loans, Case Funding and Windset are newer entities and thus Case Funding had, and Windset has, limited history in underwriting upon which shareholders may rely. There is no guarantee that Case Funding was, and that Windset will be, able to successfully assess the merits of all loans and cases for which it provided or provides funding, which, in turn, could adversely affect the financial results and cash flows of the business and/or the Corporation.

Case Funding and Windset may have, and Windset may, fail to correctly apply their own underwriting standards for a loan and/or advance, or may fail to account for or identify a material risk factor which could impact the success or value of a loan and/or advance thereby impacting the value of the Corporation's interests in such a loan and/or an advance.

Concentration Risk

Certain loans may represent a significant proportion of Case Funding's total assets. As a result, the impact on Case Funding's performance and the potential returns will be more adversely affected if any one of those loans were to perform badly, than would be the case if Case Funding's portfolio of loans were more diversified.

Failure of Computer and Data Processing Systems

The Operating Companies are dependent upon the successful and uninterrupted functioning of their computer and data processing systems. The failure of these systems could interrupt operations or materially impact upon the ability of our operating subsidiaries to originate and service their lease and loan portfolio and broker networks. If sustained or repeated, a system failure could negatively affect these operations. Our operating companies maintain confidential information regarding lessees and borrowers in their computer systems. This infrastructure may be subject to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. A security breach of computer systems could disrupt operations, damage reputation, result in liability and could have a material adverse impact on the respective businesses, financial condition and results of operation of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

Competition in the Automobile Retailing Industry

The automotive retailing industry is competitive. In large metropolitan areas, consumers have a number of choices in deciding where to purchase a new or used vehicle and where to have such vehicle serviced.

In the new vehicle area, dealerships compete with other franchised dealers in their marketing areas. The Acura Sherway dealership does not have any cost advantage in purchasing new vehicles from manufacturers, and typically relies on advertising and merchandising, sales expertise, service reputation and location of its dealership to sell new vehicles. In recent years, automobile dealers have also faced increased competition in the sale or lease of new vehicles from independent leasing companies and on-line purchasing services.

In used vehicles, dealerships compete with other franchised dealers, independent used car dealers, automobile rental agencies, private parties and used car "superstores" for supply and resale of used vehicles.

Management believes that the principal competitive factors in vehicle sales are the marketing campaigns conducted by the manufacturers, the ability of dealerships to offer a wide selection of the most popular vehicles, the location of dealerships and the quality of customer service. Other competitive factors include customer preference for particular brands of automobiles, pricing (including manufacturer rebates and other special offers) and warranties. Management believes that the Acura Sherway dealership is competitive in all of these areas.

In service, dealerships compete with other franchised dealers to perform warranty repairs and against other automobile dealers, franchised and independent service centre chains and independent garages for non-warranty repair and routine maintenance business. Dealerships compete with other automobile dealers, service stores and auto parts retailers in their parts operations. Management believes that the principal competitive factors in parts and service sales are price, the use of factory approved replacement parts, the familiarity with a manufacturer's brands and models and the quality of customer service. A number of regional or national chains offer selected parts and services at prices that may be lower than the dealership prices.

By reducing its relative share in the areas Acura Sherway serves, the above competitive forces could have a material adverse impact on the business, financial condition and results of operations of the Acura Sherway dealership and on the amount of cash available for dividends to our Shareholders.

Manufacturers' Control over Dealerships and the Acura Framework Agreement

Automobile dealerships operate pursuant to dealer agreements with automobile manufacturers. Through the terms and conditions of these dealer agreements, automobile manufacturers exert considerable influence over the operations of dealerships. These dealer agreements generally include provisions for the termination or non-renewal of the manufacturer-dealer relationship for a variety of causes. In connection with a change of ownership or management of a dealership, prior approval of the applicable vehicle manufacturer may be required under the dealer agreement.

Prior approval of the relevant vehicle manufacturer is required with respect to acquisitions of automobile dealerships, and a manufacturer may deny an application to make an acquisition or seek to impose further restrictions as a condition to granting approval for an acquisition. Informal policies of certain manufacturers may make it more difficult to acquire automotive dealerships for certain brands. To date, management has entered into agreements with respect to, among other things, the terms and provisions relating to acquisitions of Honda and Acura dealerships.

The success of an automobile dealership is highly dependent upon the overall success of the line of vehicles that each dealership sells. Sherway LP's business is affected to varying degrees by the demand for its manufacturers' vehicles, and by the financial condition, management, marketing, production and distribution capabilities of such manufacturers. In addition, the timing, structure and amount of manufacturer incentives may impact the timing and profitability of sales transactions. Events such as labour disputes and other production disruptions that may adversely affect a manufacturer may also adversely affect Sherway LP. Similarly, the delivery of vehicles from manufacturers later than scheduled or diminished availability to Sherway LP of popular makes, models and/or accessories, which may occur particularly during periods of new product introductions, can lead to reduced sales during such periods. Moreover, any event that causes adverse publicity involving such manufacturers may have an adverse effect on Sherway LP. Any of these events could have a material adverse impact on the business, financial condition and results of operations and on the amount of cash available for dividends to our Shareholders.

Security Risks

Despite implementation of network security measures similar to most other on-line e-commerce sites, the infrastructure of the Corporation's and operating subsidiaries' websites and the Corporation's management network is potentially vulnerable to computer break-ins and similar disruptive problems.

Cyclicality and Seasonality

Sales of motor vehicles, particularly new vehicles, historically have been subject to cyclical and seasonal variations. Management believes that the industry is affected by many factors, including general economic conditions, consumer confidence, and the level of personal discretionary spending, interest rates and credit availability. There can be no assurance that the industry will not experience sustained periods of decline in vehicle sales, particularly new vehicle sales, in the future.

Imported Products

A significant portion of the new vehicle business of the Sherway LP dealership involves the sale of vehicles, parts or vehicles composed of parts that are manufactured outside North America. As a result, the operations of the Sherway LP dealership are subject to customary risks of selling imported merchandise, including fluctuations in the value of currencies, changes in import duties, exchange controls, trade restrictions, work stoppages and general political and economic conditions in foreign countries. Canada, the United States, or the countries from which Sherway LP's products are imported may, from time to time, impose new quotas, duties, tariffs or other restrictions or adjust presently prevailing quotas, duties or tariffs, which could affect the operations of the Sherway LP dealership and its ability to purchase imported vehicles and/or parts which could have a material adverse impact on the business, financial condition and results of operations of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

Environmental Matters

Sherway LP is subject to a wide range of federal, provincial and local environmental laws and regulations, including those governing discharges to the air and water, the storage of petroleum substances and chemicals, the handling and disposal of wastes and the remediation of contamination arising from spills and releases. As with automobile dealerships generally, and parts, service and collision service centre operations in particular, Sherway LP's business involves the generation, use, handling and disposal of hazardous or toxic substances or wastes.

Operations involving the management of hazardous and non-hazardous wastes are subject to the requirements of federal and comparable provincial statutes. Pursuant to these laws, federal and provincial environmental agencies have established approved methods for storage, treatment and disposal of regulated wastes with which Sherway LP must comply.

Sherway LP's business also involves the use of above ground storage tanks. Under applicable laws and regulations, Sherway LP is responsible for the proper use, maintenance and abandonment of regulated storage tanks owned or operated by it and for the remediation of subsurface soils and ground water impacted by releases from such existing or abandoned above ground or underground storage tanks. Sherway LP is also subject to laws and regulations governing remediation of contamination at facilities it operates or to which it sends hazardous or toxic substances or wastes for treatment, recycling or disposal.

Environmental laws and regulations have become very complex and it has become very difficult for businesses that routinely handle hazardous and non-hazardous wastes to achieve and maintain full compliance with all applicable environmental laws. From time to time, Sherway LP can be expected to experience incidents and encounter conditions that will not be in compliance with environmental laws and regulations.

However, Sherway LP has not been subject to any material environmental liabilities in the past and it is not anticipated that any material environmental liabilities will be incurred by it in the future. In addition, to minimize the risk

of environmental liability related to acquired dealerships, Sherway LP intends to obtain environmental studies on such dealerships as a condition to their acquisition.

Environmental laws and regulations and their interpretation and enforcement are changed frequently and the trend of more expansive and stricter environmental legislation and regulations is likely to continue. Hence, there can be no assurance that compliance with environmental laws or regulations or the future discovery of unknown environmental conditions will not require additional expenditures or that such expenditures would not be material which could have a material adverse impact on the business, financial condition and results of operations of Sherway LP and on the amount of cash available for dividends to our Shareholders.

Risks Related to the Structure of the Corporation and Exchange Rate

Fluctuations

The dividends expected to be paid to our Shareholders will be denominated in Canadian dollars, however, a significant percentage of the revenues of the Corporation are expected to be derived from the U.S. dollar revenues of our U.S. operating subsidiaries, which are in U.S. dollars. Changes in the value of the U.S. dollar could have a negative impact on the amount in Canadian dollars available for dividends to our Shareholders.

Unpredictability and Volatility of Share Price

A publicly-traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. The annual yield on the Common Shares as compared to the annual yield on other financial instruments may also influence the price of Common Shares in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Common Shares.

Leverage, Restrictive Covenants

The Corporation, Northstar Leasing and Sherway LP have third party debt service obligations under their respective credit facilities. The degree to which Subsidiaries of the Corporation are leveraged could have important consequences to our Shareholders, including: (i) the ability of such subsidiaries to obtain additional financing for working capital in the future may be limited; (ii) a portion of the cash flow from the assets of such subsidiaries may be dedicated to the payment of the principal of, and interest on, their respective indebtedness, thereby reducing funds available for distribution to the Corporation; and (iii) certain of the respective borrowings of such subsidiaries will be at variable rates of interest, which will expose them to the risk of increased interest rates. The ability of such subsidiaries to make scheduled payments of the principal of or interest on, or to refinance, their indebtedness will depend on their future cash flow, which is subject to their respective assets prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond their control.

The Credit Facility Agreement and the credit facility for Sherway LP contain numerous restrictive covenants that limit the decision of management with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Operating Companies to create liens or other encumbrances, to pay distributions or to make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Credit Facility Agreement and the credit facility for Sherway LP contain financial covenants that require the Operating Companies to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in Operating Companies' respective credit facilities could result in a default which, if not cured or waived, could permit acceleration of relevant indebtedness and could result in termination of distributions by the Operating Companies and, in turn, result in termination of dividends by the Corporation to our Shareholders. If any of the Operating Companies' indebtedness were to be accelerated, there can be no assurance that the assets of the Operating Companies would be sufficient to repay in full that indebtedness and the Operating Companies would not be able to fund any new leases. Such a default and the acceleration of the indebtedness

would have a material adverse effect on the business, financial condition and results of operations of the Operating Companies and on the amount of cash available for dividends to our Shareholders.

Structural Subordination of the Common Shares

In the event of a bankruptcy, liquidation or reorganization of Holdco, U.S. Acquisitionco, or any of its Subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of Holdco and U.S. Acquisitionco and those Subsidiaries before any assets are made available for distribution to Holding LP and, in turn, the Corporation. The Common Shares are effectively subordinated to most of the indebtedness and other liabilities of the Corporation Entities. None of the Corporation Entities is limited in its ability to incur secured or unsecured indebtedness.

Capital Investment

The timing and amount of capital expenditures by the Corporation Entities will directly affect the amount of cash available for dividends by the Corporation.

Restrictions on Potential Growth

The payout by Operating Companies of a significant portion of their earnings available for distribution will make additional capital and operating expenditures dependent upon increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of the Operating Companies and their cash flow.

Canadian Income Tax Matters

The income of the Company and its related entities must be computed in accordance with Canadian and foreign tax laws, as applicable, and the Company is subject to Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of distributable cash.

United States Income Tax Matters

There can be no assurance that U.S. federal income tax laws and administrative policies will not develop or be changed in a manner that adversely affects our Shareholders.

There is a risk that the "portfolio interest exemption" may not be available to any of the Corporation's non-U.S. Shareholders. If that occurs, U.S. withholding tax at a rate of 30% (subject to possible reduction to 10% under the Canada - U.S. tax treaty) may be imposed on interest payments on the Subordinated Acquisitionco Debt, and thus the cash flow of the Corporation available for dividends to our Shareholders may be adversely affected. U.S. Acquisitionco has taken the position that the "portfolio interest exemption" should apply for those non-U.S. Shareholders who meet certain ownership, identity and certification requirements, provided that the Corporation is classified as a partnership for U.S. federal income tax purposes (and as long as it meets the "qualifying income exception" to the U.S. publicly traded partnership rules). U.S. Acquisitionco has received an opinion from U.S. tax counsel that the portfolio interest exemption should apply to non-U.S. Shareholders. There is limited, non-binding IRS authority that the 10% threshold should be determined at the Shareholder level, not at the Corporation level, which generally would allow for the portfolio interest exemption to apply. There can be no certainty, however, that the IRS will not take a contrary position. Furthermore, Treasury or the U.S. Congress may enact regulations or legislation, respectively, that supersede this position. If the portfolio interest exemption did not apply, U.S. withholding tax would arise on the interest payments made to the Corporation that are attributable to non-U.S. Shareholders. This would have an adverse effect on the cash flow of the Corporation available for dividends to our Shareholders.

Although the burden of the U.S. tax liability would fall ultimately upon the non-U.S. Shareholder that does not qualify for the portfolio interest exemption, the obligation to withholding the U.S. taxes due would fall on U.S. Acquisitionco. U.S. Acquisitionco is not anticipating the imposition of any withholding obligation provided that the ownership, identity and certification requirements are met, and is not establishing any reserves or hold-backs to fund any such obligation. If the IRS were to seek collection of unpaid withholding taxes from U.S. Acquisitionco, U.S.

Acquisitionco may also be subject to interest and penalties, which would reduce the available cash flow for all our Shareholders.

U.S. Acquisitionco has not established any procedure for monitoring the level of investment of non-U.S. Shareholders, so its assumption that individual non-U.S. Shareholders will hold less than 10% of the stock of U.S. Acquisitionco (after the application of U.S. attribution rules) is based solely upon its observations of patterns of trading in similar Canadian investment funds.

It is possible that new U.S. "corporate inversion" tax rules could apply to U.S. Acquisitionco's acquisition of Pawnee. If these rules were to apply, they could prevent certain types of income of Pawnee from being offset by certain tax attributes such as loss carryforwards. However, because it is not anticipated that Pawnee will have significant amounts of the types of income that are subject to these rules, the potential adverse effect of these rules should not be significant.

This discussion does not deal with all aspects of U.S. federal taxation that may be relevant to non-U.S. Shareholders including, without limitation, non-U.S. Shareholders subject to special treatment under the U.S federal income tax laws, non-U.S. Shareholders who are engaged in a U.S. trade or business or who have relinquished U.S. citizenship or ceased to be treated as U.S. resident aliens. It also does not address U.S. state, local, gift, estate or alternative minimum tax issues. Each person should seek advice based on the person's particular circumstances from an independent tax advisor.

DISTRIBUTIONS AND DIVIDENDS

The Corporation paid dividends of $0.05 per Common Share in respect of each of the months after the Conversion to April 2012, reflecting an increase from the distribution rate of $0.045 per Unit prior to the Conversion. On May 4, 2012, the Corporation announced an increase in the monthly cash dividend to $0.055 per Common Share (an increase of $0.005 per Common Share), effective with the dividend for the month of May 2012. On February 7, 2013, the Corporation announced an increase in the monthly cash dividend to $0.06 per Common Share (an increase of $0.005 per Common Share), effective with the dividend for the month of February 2013. On November 4, 2013, the Corporation announced an increase in the monthly cash dividend to $0.065 per Common Share (an increase of $0.005 per Common Share), effective with the dividend for the month of November 2013, payable in December 2013. The Corporation paid dividends of $0.65 per Common Share in respect of each of the months from December 2013 to present.

Cautionary Note Regarding Future Dividends

The amount of any dividends payable by the Corporation will be at the discretion of the board of Directors, will be evaluated on an ongoing basis, and may be revised subject to business circumstances and expected capital requirements depending on, among other things, the Corporation's earnings, financial requirements for its operating entities, growth opportunities, the satisfaction of applicable solvency tests for the declaration and payment of dividends and other conditions existing from time to time.

CAPITAL STRUCTURE AND DESCRIPTION OF THE CORPORATION

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares of which 16,144,722 are issued and outstanding as of March 27, 2015.

Each Common Share entitles the holder thereof to receive notice of, to attend, and to one vote at all meetings of the Shareholders. The holders of Common Shares will be entitled to receive any dividends, if, as and when declared by the Directors. The Shareholders will also be entitled to share equally, share-for-share, in any distribution of the assets of the Corporation upon the liquidation, dissolution or winding-up of the Corporation or other distribution of its assets among its Shareholders for the purpose of winding-up its affairs. Additional information relevant to the Common Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's Articles and by-laws, which have been filed under the Corporation's profile on SEDAR at www.sedar.com.

Special Voting Shares and Exchange Rights for Holders of U.S. Acquisitionco Shares

In connection with the acquisition of Pawnee by U.S. Acquisitionco, U.S. Acquisitionco issued to the Pawnee Vendors an aggregate of 1,274,601 Class B Acquisitionco Shares and 203,936 Class C Acquisitionco Shares. Each Class B Acquisitionco Share and Class C Acquisitionco Share is exchangeable (for no additional consideration) on a one-for-one basis for Common Shares, and are exchangeable at any time (prior to the Conversion, such shares were exchangeable on a one-for-one basis for Units). The Class B Acquisitionco Shares and Class C Acquisitionco Shares entitle the holders to per share distributions equal to any dividends made on the Common Shares.

In order to provide voting equivalency to the holders thereof with the rights of the holders of Common Shares, the Class B Acquisitionco Shares and Class C Acquisitionco Shares are non-voting, but one special voting share of the Corporation (each, a "**Special Voting Share**") was issued for (and effectively attached to) each Class B Acquisitionco Share and Class C Acquisitionco Share (prior to the Conversion, one special voting unit of the Fund was issued for each such share). Each Special Voting Share entitles the holder thereof to a number of votes at any meeting of Shareholders equal to the number of Common Shares which may be obtained upon the exchange of the Class B Acquisitionco Share or the Class C Acquisitionco Share to which the Special Voting Share relates. As of March 27, 2015, the Corporation had 1,478,537 issued and outstanding Special Voting Shares.

Except for the right to be counted towards a quorum and to requisition, vote at, and receive materials for, meetings of Shareholders, the Special Voting Shares do not confer any other rights upon the holders.

The amended and restated share exchange agreement with the Pawnee Vendors provides that if a non-exempt take-over bid from a person acting at arm's length to the holders of Class B Acquisitionco Shares and Class C Acquisitionco Shares (the "**Exchangeable Securities**") (or any affiliated entity or associate thereof) is made for the Common Shares and a contemporaneous identical offer is not made for the Exchangeable Securities (in terms of price, timing, proportion of securities sought to be acquired and conditions; provided that the offer for Exchangeable Securities may be conditional on Common Shares being taken up and paid for under the take-over bid), then all limitations on the exchange and transfer of Exchangeable Securities will terminate and, provided that (i) not less than 25% of the Common Shares (other than Common Shares held at the date of the take-over bid by or on behalf of the offeror or associates or affiliated entities of the offeror) are taken-up and paid for pursuant to the non-exempt bid from and after the date of first take-up of Common Shares under the said take-over bid and (ii) the take-over bid is not for any and all Common Shares tendered or is not structured such that holders of Exchangeable Securities can exchange into Common Shares conditional on take-up, the Exchangeable Securities will be exchangeable at an exchange ratio equal to 100% of the exchange ratio previously in effect, such that, based on the current one-to-one exchange ratio, on exchange the holder of Exchangeable Securities will receive one Common Share for each Common Share that the holder would otherwise have received. Notwithstanding any adjustment on completion of an exclusionary offer as described above, the voting rights attaching to the Special Voting Shares will not be similarly adjusted, and the distribution rights attaching to the Exchangeable Securities will not be adjusted until the exchange right is actually exercised.

Dividend Policy

The Corporation paid dividends of $0.05 per Common Share in respect of each of the months after the Conversion to April 2012, reflecting an increase from the distribution rate of $0.045 per Unit prior to the Conversion. On May 4, 2012, the Corporation announced an increase in the monthly cash dividend to $0.055 per Common Share (an increase of $0.005 per Common Share), effective with the dividend for the month of May 2012. On February 7, 2013, the Corporation announced an increase in the monthly cash dividend to $0.06 per Common Share (an increase of $0.005 per Common Share), effective with the dividend for the month of February 2013. On November 4, 2013, the Corporation announced an increase in the monthly cash dividend to $0.065 per Common Share (an increase of $0.005 per Common Share), effective with the dividend for the month of November 2013, payable in December 2013. The amount of any dividends payable by the Corporation will be at the discretion of the Directors, will be evaluated on an ongoing basis, and may be revised subject to business circumstances and expected capital requirements depending on, among other things, the Corporation's earnings, financial requirements for its operating entities, growth opportunities, the satisfaction of applicable solvency tests for the declaration and payment of dividends and other conditions existing from time to time. See also "Distributions and Dividends".

Repurchase of Common Shares

The Corporation will be allowed, from time to time, to purchase Common Shares for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof (or, if applicable, available exemptions therefrom). See "Normal Course Issuer Bid".

Information and Reports

The Corporation furnishes to Shareholders and holders of Special Voting Shares, in accordance with applicable securities laws, all financial statements of the Corporation (including quarterly and annual financial statements and certifications) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Shareholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Shareholders, the Directors will provide to the Shareholders and the holders of Special Voting Shares (along with notice of the meeting) all information, together with such certifications, as is required by applicable law to be provided to Shareholders and holders of Special Voting Shares.

The Directors and the directors and senior officers of the other Corporation Entities are required to file insider reports and comply with insider trading provisions under applicable Canadian securities legislation in respect of trades made by such persons in Common Shares.

Book-Entry Only System

Registration of interests in, and transfers of, the Common Shares are made only through the book-entry only system (the "**Book-Entry Only System**") administered by The Canadian Depository for Securities Limited ("**CDS**"). Common Shares must be purchased and transferred through a participant in the CDS depository service. All rights of a Shareholder must be exercised through, and all payments or other property to which a Shareholder is entitled will be made or delivered by, CDS or the CDS participant through which the Shareholder holds the Common Shares. Upon a purchase of any Common Shares, the Shareholder will receive only a customer confirmation from the registered dealer which is a CDS participant and from or through which the Common Shares are purchased. References in this annual information form to a Shareholder means, unless the context otherwise requires, the owner of the beneficial interest in those Common Shares.

The ability of a beneficial owner of Common Shares to pledge those shares or otherwise take action with respect to the Shareholder's interest in those shares (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Common Shares through the Book-Entry Only System, in which case certificates for the Common Shares in fully registered form would be issued to beneficial owners of those Common Shares or their nominees.

Debentures

The Debentures were issued pursuant to the terms of the Debenture Indenture and the following is a description of the such terms of the Debenture Indenture. The following summary of certain provisions of the Debenture Indenture is subject to, and is qualified in its entirety by reference to, all the provisions of the Debenture Indenture, a copy of which has been filed with the Canadian securities regulatory authorities and is available under Chesswood's profile on SEDAR at www.sedar.com.

General

The Debentures were limited to $20,000,000 aggregate principal amount and issued in denominations of $1,000 or in integral multiples thereof and unless otherwise converted, redeemed or purchased, as described below, the Debentures will mature on December 31, 2018 (the "**Maturity Date**").

The Debentures bear interest from the date of issue at 6.5% per annum, payable semi-annually in arrears on June 30 and December 31 in each year (each, an "**Interest Payment Date**"). Each payment of cash interest on the Debentures include interest accrued for the period commencing on and including the immediately preceding Interest Payment Date to but excluding the applicable Interest Payment Date (or redemption or purchase date, as the case may be). Any payment required to be made on any day that is not a business day will be made on the next succeeding business day. Interest for all periods is computed on the basis of a 365 day year (or 366 days in the case of a leap year).

The Debentures are general unsecured obligations of the Corporation and are subordinated in right of payment to all existing and future Senior Indebtedness (as defined in the Debenture Indenture) to the extent and in the manner described below under "Subordination" and are convertible into Common Shares as described below under "Conversion Privilege". The Debentures are direct, unsecured obligations of the Corporation and rank equally with one another and with all other existing and future unsecured indebtedness of the Corporation that is not Senior Indebtedness, and except as prescribed by law.

Subordination

The payment of the principal and premium, if any, of, and interest on, the Debentures is subordinated in right of payment, to the extent and in the manner set forth in the Debenture Indenture, to the prior payment in full of all Senior Indebtedness of the Corporation.

The Debenture Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, creditor enforcement, liquidation or other similar proceedings relative to the Corporation, or to its property or assets, whether voluntary or involuntary, partial or complete, or in the event of any proceedings for liquidation, dissolution or winding-up of the Corporation, whether or not involving insolvency or bankruptcy, and whether voluntary or involuntary, partial or complete, or any marshalling of the assets and liabilities of the Corporation, then holders of Senior Indebtedness will receive payment in full (or provision must be made for such payment) before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon.

The Debenture Indenture provides that the Corporation will not make any payment, and the holders of Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures at any time when a default or an event of default has occurred under any Designated Indebtedness (as defined in the Debenture Indenture) and is continuing permitting a holder of Designated Indebtedness to demand payment or accelerate the maturity thereof and the notice of such default, event of default or acceleration has been given by or on behalf of holders of such Designated Indebtedness to the Corporation or the Corporation otherwise has knowledge thereof.

Optional Redemption

The Debentures are not redeemable by the Corporation before December 31, 2016. On and after December 31, 2016 and prior to December 31, 2017, the Debentures may be redeemed at the option of the Corporation, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest thereon up to but excluding the date set for redemption, provided that the current market price of the Common Shares at the date of notice is at least 125% of the Conversion Price (as defined below). On or after December 31, 2017 and prior to the Maturity Date, the Corporation may at its option redeem the Debentures, in whole or in part, from time to time, on not more than 60 days and not less than 30 days

prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest thereon up to but excluding the date set for redemption.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to regulatory approvals.

In the event that a holder of Debentures exercises their conversion privilege following a notice of redemption being given by the Corporation and during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date, such holder shall be entitled to receive accrued and unpaid interest in addition to the applicable number of Common Shares, for the period from the last Interest Payment Date to (but excluding) the date of conversion.

Conversion Privilege

Holders may convert their Debentures into Common Shares in whole or in part (in integral multiples of $1,000) at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; or (ii) if called for redemption, on the business day immediately preceding the date specified by the Corporation for redemption of the Debentures; based on an initial conversion ratio of 47.0588 Common Shares per $1,000 principal amount of Debentures (reflecting the initial "**Conversion Price**" of $21.25). The conversion rate is subject to adjustment in certain circumstances described below.

Upon a debenture holder's election to convert, the Corporation may elect to pay such holder cash in lieu of delivering Common Shares provided it provides such notice at least one business day prior to the date on which such Debentures would otherwise be converted. If the Corporation elects to settle the conversion obligation in cash, then the Corporation will deliver to the Debenture holder an amount in cash based on the daily volume weighted average price of the Common Shares on the TSX as measured over a period of ten consecutive trading days commencing on the third day following the conversion date.

No adjustment to the Conversion Price will be made for dividends (except as set forth below) on Common Shares issuable upon conversion or for interest accrued on Debentures surrendered for conversion; however, holders converting their Debentures are entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect thereof for the period up to, but excluding, the date of conversion from, and including, the most recent Interest Payment Date.

Holders of Debentures surrendered for conversion during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date will receive the semi-annual interest payable on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion.

The Debenture Indenture provides for the adjustment of the Conversion Price in certain events, including: (i) the subdivision or consolidation of the outstanding Common Shares; (ii) the distribution of Common Shares to shareholders by way of dividend or otherwise (other than the issue of Common Shares to shareholders who have elected to receive dividends in the form of Common Shares in lieu of cash dividends paid in the ordinary course on the Common Shares, provided that such ordinary course dividends are no greater than $0.195 per Common Share per quarter); (iii) the issuance of certain options, rights or warrants to shareholders entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then current market price of the Common Shares; (iv) the distribution to shareholders of securities in the capital of the Corporation, other than Common Shares, or evidences of indebtedness or other assets of the Corporation, including securities (except to the extent the conversion rate has already been adjusted for the distribution of such securities); and (v) the payment to all shareholders of cash or any other consideration in respect of an issuer bid for Common Shares by the Corporation or any of the Corporation's subsidiaries to the extent that the cash and fair market value of any other consideration included in the payment per Common Shares exceeds the current market price of the Common Shares on the date of expiry of any such offer (provided that no adjustment will be made for a normal course issuer bid through the facilities of the TSX).

There will be no adjustment of the Conversion Price in respect of any event described above if the holders of Debentures are allowed to participate as though they had converted their Debentures prior to the applicable regular record date for the payment of interest or effective date. Subject to certain exceptions, the Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

If there is (i) a reclassification of the Common Shares or capital reorganization of the Corporation, (ii) a consolidation, amalgamation, arrangement, merger, binding securities exchange, acquisition of the Corporation or other combination pursuant to which the Common Shares are converted into or acquired for cash, securities or other property, or (iii) any sale or conveyance of all or substantially all of the property and assets of the Corporation as an entirety or substantially as an entirety to any person or entity (other than a direct or indirect wholly owned subsidiary), at the effective time of the transaction the right to convert a Debenture into Common Shares will be changed into the right to convert it into the kind and amount of cash, securities or other property which the Debenture holder would have received if the holder had converted their Debenture immediately prior to the transaction. The Corporation will give notice to the Debenture holders (at least 30 days prior to the effective date of such transaction in accordance with the terms of the Debenture Indenture) of the consideration into which Debentures will be convertible following such transaction.

Change of Control

In the event of an acquisition by any person, or group of persons acting jointly or in concert (within the meaning of Multilateral Instrument 62-104 – *Take Over Bids and Issuer Bids*) of voting control or direction of an aggregate of more than 66 2/3% of the votes attaching to the outstanding Common Shares (determined for such purposes after giving deemed effect to the exchange of the currently outstanding exchangeable shares of U.S. Acquisitionco, (a "**Change of Control**"), the Corporation is required to offer to purchase all of the outstanding Debentures (a "**Change of Control Purchase Offer**") on a date (the "**Change of Control Purchase Date**") that is within 30 days after the date that such Change of Control has occurred, at a purchase price equal to 101% of the principal amount of the Debentures (the "**Change of Control Purchase Price**"), plus accrued and unpaid interest, if any, to, but not including, the Change of Control Purchase Date. If such Change of Control Purchase Date is after a regular record date for the payment of interest but on or prior to an Interest Payment Date, the interest payable on such date will be paid to the Debenture holders of record as of the relevant record date.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to the Change of Control Purchase Offer, the Corporation has the right to redeem all of the remaining Debentures at the Change of Control Purchase Price.

Method of Payment

On redemption or at maturity of the Debentures, to the extent and in the manner set forth in the Debenture Indenture, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada the amount required to repay the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. Subject to required regulatory approvals, the Corporation may, at its option, elect to satisfy its obligation to pay all or a portion of the principal amount of the Debentures, together with accrued and unpaid interest thereon, on redemption or at maturity through, in whole or in part, the issuance of freely tradeable Common Shares.

The number of freely tradeable Common Shares a holder will receive in respect of a Debenture is determined by dividing the principal amount of the Debenture that is to be redeemed or repaid at maturity, as the case may be, and that is to be paid in freely tradeable Common Shares, together with accrued and unpaid interest, by 95% of the current market price of the Common Shares as at the date of redemption or maturity.

Interest Payment Option

The Corporation may elect, from time to time and subject to regulatory approval, provided that there is not a current event of default in respect of the Debentures, to satisfy its obligation to pay interest on the Debentures (the "**Interest Obligation**"), on an Interest Payment Date (including following conversion, at the time of redemption, or at

the time of maturity) by delivering sufficient Common Shares to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Debenture Indenture (the "**Share Interest Payment Election**"). The Debenture Indenture provides that, upon such election, the Debenture Trustee shall: (i) accept delivery of the Common Shares; (ii) accept bids with respect to, and consummate sales of, such Common Shares on behalf of the Corporation by registered brokers or dealers, each as the Corporation directs in its absolute discretion; (iii) invest the proceeds of such sales in short-term Canadian government obligations, which mature prior to the applicable Interest Payment Date; (iv) use the proceeds received from such permitted Canadian government obligations, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation; and (v) perform any other action necessarily incidental thereto.

The Debenture Indenture sets forth the procedures to be followed by the Corporation and the Debenture Trustee in order to effect the Share Interest Payment Election. If a Share Interest Payment Election is made, the sole right of a Debenture holder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Corporation attributable to any fractional Common Shares) in an amount equal to the applicable interest payment in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Corporation in respect of the Interest Obligation.

Neither the Corporation's making of the Share Interest Payment Election nor the consummation of sales of Common Shares will: (i) result in the holders of Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation on such Interest Payment Date; or (ii) entitle the holders of Debentures to receive any Common Shares in satisfaction of the Interest Obligation.

Events of Default

The Debenture Indenture provides that an event of default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing: (a) failure to pay interest on the Debentures within 30 days following the due date; (b) failure to pay principal or premium (whether by way of payment of cash or delivery of Common Shares), if any, on the Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (c) default in the delivery, when due, of any Common Shares or other consideration, including any make whole premium, payable upon conversion with respect to the Debentures, which default continues for 15 days; (d) default in the observance or performance of any covenant or condition of the Debenture Indenture and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or from Debenture holders of not less than 25% in aggregate principal amount of the Debentures specifying such default and requiring the Corporation to rectify or obtain a waiver for same; (e) certain events of bankruptcy, insolvency or reorganization of the Corporation under applicable bankruptcy or insolvency laws; or (f) if a resolution is passed for the winding-up or liquidation of the Corporation, except as permitted under the Debenture Indenture. If an event of default in respect of the Debentures has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon request of holders of Debentures of not less than 25% in aggregate principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In the case of certain events of bankruptcy or insolvency, the principal amount of the Debentures, together with any accrued and unpaid interest through the occurrence of such event, shall automatically become due and payable. In certain cases, the holders of Debentures of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of all Debenture holders, waive any event of default and/or cancel any such declaration upon such terms and conditions as such holders prescribe.

Consolidation, Mergers or Sales of Assets

The Debenture Indenture provides that, unless certain conditions are met, the Corporation, may not, without the consent of the holders of the Debentures, enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the direct or indirect property of any other entity, whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise

Upon the assumption of the Corporation's obligations by such other entity, assuming the required conditions are met, subject to certain exceptions, the Corporation will be discharged from all obligations under the Debentures and the Debenture Indenture.

Modifications of the Debenture Indenture

The rights of the holders of Debentures may be modified in accordance with the terms of the Debenture Indenture. For that purpose, among others, the Debenture Indenture contains certain provisions which make binding on all Debenture holders resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 662⁄3% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders Debentures of not less than 662⁄3% of the principal amount of the Debentures then outstanding.

Global Debenture

The Debentures were issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "**Participant**"). The Debentures are evidenced by a single book-entry only certificate (the "**Global Debenture**"). Registration of interests in and transfers of the Global Debenture will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Global Debenture (a "**Beneficial Owner**") will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Pursuant to the Offering, purchasers will receive a confirmation of purchase from the Underwriter or other registered dealer from whom the Debentures are purchased.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Global Debenture; or (c) any advice or representation made by or with respect to CDS and contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depositary for the Participants. As a result, Participants must look solely to CDS, and Beneficial Owners must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificated form ("**Debenture Certificates**") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to the Debentures and the Corporation has not appointed a qualified successor depositary; (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an event of default in respect of the Debentures, provided that Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, and provided further that the Debenture Trustee has not waived the event of default in accordance with the terms of the Debenture Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the single certificate representing the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Corporation will recognize the holders of such Debenture Certificates as Debenture holders under the Debenture Indenture.

CAPITAL STRUCTURE AND DESCRIPTION OF U.S. ACQUISITIONCO

General

U.S. Acquisitionco is a corporation incorporated under the laws of the State of Delaware for the purpose of acquiring all of the outstanding shares of Pawnee.

Share Capital

The authorized capital of U.S. Acquisitionco consists of an unlimited number of Class A Acquisitionco Shares, Class B Acquisitionco Shares and Class C Acquisitionco Shares. All of the Class A Acquisitionco Shares are owned by Holdco and all of the Class B Acquisitionco Shares and Class C Acquisitionco Shares are owned by the Pawnee Vendors.

The Class A Acquisitionco Shares are voting common shares in the capital of U.S. Acquisitionco and the Class B Acquisitionco Shares and the Class C Acquisitionco Shares are non-voting common shares in the capital of U.S. Acquisitionco. The Class B Acquisitionco Shares and Class C Acquisitionco Shares are exchangeable, indirectly, on a one-for-one basis (subject to customary anti-dilution provisions and dilutive adjustments in certain circumstances as described under "Exchange Rights") for Common Shares at the option of the holders (prior to the Conversion, such shares were exchangeable on a one-for-one basis for Units). Exchange rights in respect of the Class B Acquisitionco Shares and the Class C Acquisitionco Shares may be exercised at any time. In addition, distributions or advances to be made to holders of Class B Acquisitionco Shares and Class C Acquisitionco Shares are, to the greatest extent practicable, economically equivalent to any cash dividends made on the Common Shares.

While a majority of the source of cash to date for monthly distributions by the Fund on Units prior to the Conversion and by the Corporation since the Conversion originated from the business of Pawnee, a portion originates from the business of Sherway LP, and such cash is not distributed through U.S. Acquisitionco. As a result, in order to provide distributions on the Class B Acquisitionco Shares and the Class C Acquisitionco Shares which reflect a *pro rata* entitlement as contemplated above, the distributions on the Class B Acquisitionco Shares and Class C Acquisitionco Shares represent a disproportionately larger portion per share of the aggregate distributions paid by U.S. Acquisitionco than the distributions paid on the Class A Acquisitionco Shares.

Distributions

Each Class B Acquisitionco Share and each Class C Acquisitionco Share entitles the holder thereof to dividends, to be declared and paid substantially concurrently with the declaration and payment of dividends by the Corporation to the Shareholders, with the amount to be distributed per share to be the U.S. dollar equivalent of the per Common Share amount being paid by the Corporation. The U.S. dollar equivalent of the per Common Share amount being paid will be determined using a spot rate on the date a dividend is paid to the holders of Class B Acquisitionco Shares or Class C Acquisitionco Shares. The balance of U.S. Acquisitionco's distributable cash will be distributed to Holdco, as the holder of all of the Class A Acquisitionco Shares.

Distributions are made on the Class A Acquisitionco Shares, Class B Acquisitionco Shares and Class C Acquisitionco Shares in a manner consistent with the Corporation's payment of dividends; however U.S. Acquisitionco may, in addition, make a distribution at any other time.

U.S. Acquisitionco's distributable cash will represent, in general, all of its cash, after:

- satisfaction of its debt service obligations (principal and interest);
- satisfaction of its other obligations (including withholding and other applicable taxes); and
- retaining reasonable reserves for administrative and other expense obligations and reasonable reserves for capital expenditures (if any) as may be considered appropriate by its board of directors.

Exchange Rights

On completion of the Fund's indirect acquisition of Pawnee, the Fund, U.S. Acquisitionco and the Pawnee Vendors entered into a share exchange agreement. This share exchange agreement granted the Pawnee Vendors the right to effectively exchange, on a one-for-one basis, through a series of steps, all or any portion of their Class B Acquisitionco Shares and Class C Acquisitionco Shares for Units. This share exchange agreement was amended and restated to reflect the exchange of Units for Common Shares as a result of the Conversion. Exchange rights in respect of the Class B Acquisitionco Shares and Class C Acquisitionco Shares may be exercised at any time.

The exchange procedure may be initiated at any time by the holder of a Class B Acquisitionco Share or a Class C Acquisitionco Share so long as all of the following conditions have been met:

(i) the Corporation is legally entitled to issue the Common Shares in connection with the exercise of the exchange rights; and

(ii) the person receiving the Common Shares upon the exercise of the exchange rights complies with all applicable securities laws.

The amended and restated share exchange agreement provides that if requested by a holder of Class B Acquisitionco Shares and/or Class C Acquisitionco Shares, the Corporation will cause a purchaser (other than the Corporation or an affiliate of the Corporation) of securities of U.S. Acquisitionco or any permitted assignee to purchase a *pro rata* portion of the securities of U.S. Acquisitionco held by such holder, on the same terms and subject to the same conditions as are applicable to the purchase of securities of U.S. Acquisitionco by the purchaser. The Corporation will be entitled, in connection with the direct or indirect sale of all of its interests in U.S. Acquisitionco, to require holders of Class B Acquisitionco Shares or Class C Acquisitionco Shares, as applicable, or any permitted assignee to sell its securities in U.S. Acquisitionco on the same conditions as are applicable to the Corporation's direct or indirect sale of all other interests in U.S. Acquisitionco, and upon the Corporation making such request and completing such sale, the holder of the Class B Acquisitionco Shares or Class C Acquisitionco Shares, as applicable, or any permitted assignee will have no further interest in U.S. Acquisitionco.

With the exception of administrative changes for the purpose of adding covenants for the protection of the holders of the Class B Acquisitionco Shares and Class C Acquisitionco Shares, and the making of necessary amendments or curing ambiguities or clerical errors (in each case provided that the Directors and the board of directors of U.S. Acquisitionco are of the opinion that such amendments are not prejudicial to the interests of the holders of the Class B Acquisitionco Shares or Class C Acquisitionco Shares), the share exchange agreement may not be amended without the approval of all the holders of the Class B Acquisitionco Shares and the Class C Acquisitionco Shares.

CURRENCY HEDGING POLICY

Certain Corporation Entities generate cash flows and earn income in Canadian dollars, while others (most notably Pawnee) generate cash flows and earn income in U.S. dollars in the ordinary course. The currency mix of cash flows and earnings depends on factors which vary from period to period. In particular, cash flows from Pawnee (which are expected to continue to represent a significant majority of the cash flows of the Operating Companies) will be in U.S. dollars, while any dividends the Corporation makes to Shareholders in Canadian dollars. At December 31, 2014, the Corporation did not have any currency hedging arrangements with respect to the anticipated amounts of U.S. dollars to be paid up from its U.S. Corporation Entities. Management from time-to-time may enter into foreign exchange hedges as it deems appropriate.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the symbol "CHW". The following table summarizes the high and low sales prices of the Common Shares and the average daily trading volume for each month in the period from January 1, 2014 to December 31, 2014, as reported by the TSX.

2014	High	Low	Average Daily Volume
January	$19.44	$15.59	39,598
February	$18.49	$16.20	12,146
March	$18.33	$14.14	64,033
April	$15.29	$12.80	24,466
May	$14.73	$13.31	13,207
June	$14.28	$12.59	20,190
July	$14.85	$13.31	7,121
August	$15.29	$13.60	11,091
September	$15.40	$14.89	10,757
October	$15.30	$12.90	10,148
November	$14.70	$11.28	23,675
December	$12.37	$10.93	17,989
	$19.44	$10.93	21,277

On December 16, 2013, the Corporation issued an aggregate of $20,000,000 principal amount of 6.5% convertible unsecured subordinated debentures which are listed on the TSX under the trading symbol CHW.DB. The following table summarizes the high and low sales prices of the Debentures and the average daily trading volume for each month in the period from January 1, 2014 to December 31, 2014, as reported by the TSX.

2014	High	Low	Average Daily Volume
January	$104.00	$101.99	68,000
February	$103.49	$102.00	41,842
March	$104.00	$102.51	34,429
April	$104.00	$103.01	20,905
May	$103.59	$100.01	20,809
June	$102.00	$100.99	10,357
July	$103.51	$101.65	11,865
August	$104.14	$103.05	10,550
September	$104.00	$103.01	12,786
October	$103.99	$100.00	11,000
November	$102.00	$100.01	13,300
December	$103.00	$99.99	19,333
	$104.14	$99.99	22,956

NORMAL COURSE ISSUER BID

Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid dated August 24, 2012, the Corporation commenced a normal course issuer bid ("**NCIB**") to purchase up to 658,943 of its outstanding Common Shares, representing approximately 10% of the public float of Common Shares outstanding as of August 21, 2012. Purchases under this NCIB were permitted to commence on the TSX on August 25, 2012 and were to terminate on August 24, 2013. In December 2012, 21,436 Common Shares were repurchased under this NCIB for a total cost of $177,740 or approximately $8.29 per Common Share. Common Shares purchased under this NCIB were cancelled and such purchases were made in accordance with the rules and policies of the TSX, including purchasing such shares at the market price of such Common Shares at the time of acquisition.

Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid dated August 22, 2013, the Corporation commenced a NCIB to purchase up to 688,614 of its outstanding Common Shares, representing approximately 10% of the public float of Common Shares outstanding as of August 22, 2013. Purchases under this NCIB were permitted to commence on the TSX on August 25, 2013 and were to terminate on August 24, 2014. No shares were repurchased under this NCIB.

Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid dated August 21, 2014, the Corporation commenced a NCIB to purchase up to 746,331 of its outstanding Common Shares, representing approximately 10% of the public float of Common Shares outstanding as of August 12, 2014. Purchases under this NCIB were permitted to commence on the TSX on August 25, 2014 and will terminate on August 24, 2015. Common Shares purchased under this NCIB will be cancelled. Purchase and payment for the Common Shares are made by the Corporation in accordance with the rules and policies of the TSX and the price the Corporation paid for any Common Shares acquired by it is made at the market price of the Common Shares at the time of acquisition. As of March 27, 2015, no Common Shares had been purchased under this NCIB.

DIRECTORS AND OFFICERS

The names, province or state, and country of residence of each of the persons who are Directors and officers of the Corporation, their respective positions and offices held, their respective principal occupations during the five preceding years, and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, is set out below. The term of office for each of the Directors will expire at the time of the next annual meeting of the Shareholders. Each of the following current Directors of the Corporation has been nominated for re-election at the Corporation's next annual meeting, to be held on May 12, 2015 as more fully described in the Corporation's management information circular dated as of March 27, 2015. As described in such management information circular, Daniel Wittlin, the recently appointed chief operating officer of the Corporation, has also been nominated for election as a Director at the Corporation's May 12, 2015 annual meeting.

Name and Municipality of Residence	**Position(s)**[5]	**Principal Occupation**	**Common Shares held**[6]
FREDERICK W. STEINER[1][2][3] Toronto, Ontario Canada	Director Former Trustee and Director of the Administrator	Chief Executive Officer of Imperial Coffee and Services Inc. (an office food and beverage distribution company)	1,121,956 Common Shares
BARRY SHAFRAN Toronto, Ontario Canada	Chief Executive Officer of the Corporation, Director, Chief Executive Officer of Pawnee Former Chief Executive Officer of the Administrator and Director of the Administrator	President and Chief Executive Officer of the Corporation	103,900 Common Shares
DAVID OBRONT[1][3] Toronto, Ontario Canada	Director Former Director of the Administrator	President of Carpool Two Ltd. (a private investment company)	25,000 Common Shares
CLARE R. COPELAND[1][3][4] Toronto, Ontario Canada	Director Former Trustee and Director of the Administrator	Vice-Chair, Falls Management Company	20,085 Common Shares
JEFFREY WORTSMAN[1][3][4] Toronto, Ontario Canada	Director Former Trustee and Director of the Administrator	President and Chief Executive Officer of Danier Leather Inc. (an apparel retailer)	8,886 Common Shares
SAMUEL L. LEEPER[1][4] Greeley, Colorado United States	Director Former Director of the Administrator	Retired	254,920 Special Voting Shares (related to Class B Acquisitionco Shares) 40,787 Special Voting Shares (related to Class C Acquistionco Shares)

Name and Municipality of Residence	Position(s)[5]	Principal Occupation	Common Shares held[6]
			127,243 Common Shares
ROBERT J. DAY[1] Incline Village, Nevada United States	Director Former Director of the Administrator	Retired	117,612 Common Shares 594,474 Special Voting Shares (related to Class B Acquisitionco Shares) 95,116 Special Voting Shares (related to Class C Acquisitionco Shares)
LISA STEVENSON Toronto, Ontario Canada	Director of Finance of the Corporation Former Director of Finance of the Administrator	Director of Finance of the Corporation	54,670 Common Shares
DANIEL WITTLIN Toronto, Ontario Canada	Chief Operating Officer of Corporation Chief Executive Officer of Blue Chip Chief Executive Officer of EcoHome	Chief Operating Officer of the Corporation	1,806,384 Common Shares

Notes:

(1) Independent Director.

(2) Chairman of the board of Directors.

(3) Member of the Audit and Governance Committee.

(4) Member of the Compensation Committee.

(5) Each of the persons above who is a Director has been a Director since December 24, 2010 (other than Mr. Shafran, who has been a Director since March 19, 2010). Prior to the Conversion, each of the persons above held such positions with the Fund and Administrator as noted from May 2006 (other than Mr. Steiner who was appointed as a Trustee in July of 2006, but was a director of the Administrator since the commencement of operations of the Fund on May 10, 2006) until the effective date of the Conversion, being January 1, 2011.

(6) As of March 27, 2015.

As of March 27, 2015, the Directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, approximately 24.80% of the outstanding Common Shares (assuming the exchange of 985,297 Class B Acquisitionco Shares and the Class C Acquisitionco Shares held by certain Directors).

The biographies for each of the Directors and senior officers of the Corporation are set out below and where not otherwise stated, the current position and occupation as set out in their respective biography has been held by such person for the last five years.

Clare R. Copeland

Mr. Copeland is the Vice-Chair of Falls Management Company, a commercial development and casino in Niagara Falls, Ontario. Mr. Copeland is a former Chairman of Toronto Hydro Corporation, a position held from 1999 until May 2014, Mr. Copeland was Chairman and Chief Executive Officer of OSF Inc., a manufacturer of retail store interiors, from the beginning of 2000 until April 2002 and he was Chief Executive Officer of People's Jewellers Corporation, a jewellery retailer, from 1993 to May 1999. Mr. Copeland is also a trustee of RioCan Real Estate Investment Trust and is a director of Danier Leather Inc., Entertainment One and MDC Partners.

Jeffrey Wortsman

Mr. Wortsman is President and Chief Executive Officer and a director of Danier Leather Inc., a publicly traded company listed on the TSX. Mr. Wortsman joined Danier Leather Inc. in 1986 and has overseen its growth from $15

million in sales to current sales of approximately $164 million. Mr. Wortsman holds a B.A. in Economics, as well as LL.B. and MBA degrees.

Frederick Steiner

Mr. Steiner is founder and Chief Executive Officer of Imperial Coffee and Services Inc., a company he started in 1974. Imperial is the largest independent coffee and vending company in Canada. Mr. Steiner, a co-founder of the Corporation's predecessors, has been a board member of Chesswood and its predecessor organizations since their inception and was Chair of the Audit Committee for more than ten years.

Barry Shafran

Mr. Shafran is the President and Chief Executive Officer of the Corporation, Chief Executive Officer of Pawnee, and was the President and Chief Executive Officer of the Administrator since the commencement of the Fund's operations. Prior thereto, Mr. Shafran was President and Chief Executive Officer of cars4U Ltd. From June 1998 to July 1999, Mr. Shafran served as the Director of Business Development and Senior Vice-President of Operations of CryptoLogic Inc. From November 1996 to June 1998, Mr. Shafran was President of Modern Building Cleaning Inc., a founding shareholder of Brukar Inc., an importer of custom metal components for the food services industry, and served as President of Selena Coffee Ltd. from 1989 to 1994. A Chartered Accountant, Mr. Shafran also holds a Bachelor of Arts degree in Commerce from the University of Toronto.

David Obront

Mr. Obront joined cars4U Ltd. following the sale of his dealership, Acura Sherway, to cars4U Ltd. in November 1999. He is currently President of Carpool Two Ltd., an investment holding company. Mr. Obront holds an MBA from the University of Western Ontario and a BA Commerce/Economics from the University of Toronto.

Robert J. Day

Robert J. Day founded Pawnee in 1982 and continues to serve on the board of directors of both Pawnee and the Corporation. Mr. Day received his B.S. degree in Finance from the University of Tennessee in 1965. Following graduation he spent four years with the U.S. Marine Corps. Upon discharge from the Marines, he spent two years in banking and finance before returning to school and obtaining a degree in Optometry from Southern California College of Optometry in 1976.

Samuel L. Leeper

Sam L. Leeper joined Pawnee in 1997. Mr. Leeper's professional career includes 27 years in banking, with a focus on credit and general administration. From 1982 to 1987, he served as President of Intra West Bank of Greeley and from 1987 to 1988 served as President of United Banks of Fort Collins, Colorado and prior to joining Pawnee, Mr. Leeper served as Senior Vice President of Bank One Colorado. He received his B.S. degree in Engineering from the University of Illinois in 1963 and an MBA from Indiana University in 1968.

Lisa Stevenson

Ms. Stevenson is the Director of Finance of the Corporation and was the Director of Finance of the Administrator since the commencement of the Fund's operations. Prior thereto, Ms. Stevenson was the Director of Finance of cars4U Ltd. since February 2000. From 1997 to 1999, Ms. Stevenson served as Controller of CryptoLogic Inc. A Chartered Accountant, Ms. Stevenson also has an MBA from Saint Mary's University as well as a Bachelor of Business Management from Ryerson Polytechnic University.

Daniel Wittlin

Mr. Wittlin joined the Corporation as the Chief Operating Officer in March 2015. He is also the Chief Executive Officer of Blue Chip and the Chief Executive Officer of EcoHome. Mr. Wittlin is a graduate of the Ivey Business School and has been involved in the equipment leasing and finance industry for over a decade.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Corporation's knowledge, based on information supplied by the Directors and executive officers, no Director or executive officer has, within the ten years preceding the date of this AIF, (i) become bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or become subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee, or (ii) been a director or executive officer of any company or other entity that, while the nominee was acting in that capacity (or within a year of 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. Further, to the knowledge of the Corporation, and based upon information provided to it by the Directors and executive officers, no Director or executive officer has, within the ten years preceding the date of this AIF, been a director, chief executive officer or chief financial officer of a company that, during the time the Director or executive officer was acting in such capacity or as a result of events that occurred while the Directors or executive officer was acting in such capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days.

AUDIT COMMITTEE INFORMATION

Composition of the Audit Committee

The Audit Committee of the Corporation is comprised of Frederick Steiner, Clare R. Copeland, David Obront and Jeffrey Wortsman (Chairman). Prior to the Conversion, each of the Fund and the Administrator had an Audit Committee, each made up of the same individuals currently comprising the Audit Committee of the Corporation. The following chart sets out the assessment of each Audit Committee member's independence, financial literacy and relevant educational background and experience supporting such financial literacy.

Name	Independent	Financially Literate	Relevant Education and Experience
Frederick Steiner	Yes	Yes	In addition to his role on cars4U Ltd.'s audit committee since 1998, Mr. Steiner is a business executive with more than 30 years' experience in business, including ownership in a wide range of businesses in Canada and the United States. He has extensive experience with reading and interpreting financial statements.
Clare R. Copeland	Yes	Yes	Mr. Copeland has over 35 years' experience in industry. He has held senior executive positions with major corporations such as Peoples Jewellers and OSF Inc. He currently is the Chairman of Toronto Hydro Corporation and Chief Executive Officer of Falls Management Company. He serves as a trustee of RioCan Real Estate Investment Trust and also serves on their Audit Committees. He also chairs the Audit Committee of MDC Partners Inc.
David Obront	Yes	Yes	Mr. Obront is President of Carpool Two Ltd., an investment holding company. Mr. Obront holds his MBA from the University of Western Ontario and a BA

			Commerce/Economics from the University of Toronto
Jeffrey Wortsman	Yes	Yes	Mr. Wortsman has been the President and Chief Executive Officer of Danier Leather Inc. for over ten years. He served on the Audit Committee of cars4U Ltd. since 1999. Mr. Wortsman also holds a B.A. in economics, as well as an MBA degree.

External Auditor Audit Fees

The following table sets forth the audit service fees paid or accrued by the Corporation to BDO Canada LLP for the year ended December 31, 2014:

Audit fees – year-end	$250,000
Taxation services	0
All other fees	49,450
Total	$299,450

In addition, Pawnee paid fees of approximately US$70,000 to its auditor with respect to financial statements prepared by Pawnee provided to its lender in the United States.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation and its subsidiaries by the external auditors, as described in the Audit Committee Charter attached hereto as Schedule "A".

LEGAL PROCEEDINGS

Management of the Corporation is not aware of any litigation of a material nature outstanding, threatened or pending as of the date hereof by or against the Corporation or Holding LP or any of the Operating Companies.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Daniel Wittlin, an officer of the Corporation and one of the nominees for election as a director of the Corporation, is the controlling shareholder of the corporate vendor from which the Corporation acquired all of the shares in the capital of, and certain shareholder loan receivables in respect of, the Blue Chip and EcoHome. The aggregate purchase price for such acquisition (subject to additional purchase price in the event that the future performance of Blue Chip and EcoHome exceed target results) was $64,000,000 (of which approximately $19,444,000 was satisfied through the issue of 1,806,384 Common Shares and the balance was paid in cash).

The 615,384 Subscription Receipts issued under the Private Placement were purchased by Directors, officers and other insiders of the Corporation. Each Subscription Receipt was automatically exchanged for one Common Share upon the closing of acquisition of Blue Chip and EcoHome on March 17, 2015.

Except as described in the preceding paragraphs, there have been no other transactions in the three most recently completed fiscal years and are no proposed transactions which in either case have materially affected or are reasonably expected to affect the Corporation in which any of the Directors or officers of the Corporation had or has any material, direct or indirect, interest.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Equity Financial Trust Company at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, that were either (i) entered into by the Corporation Entities in 2014, or (ii) entered into by the Corporation Entities prior to 2014, which were still in effect on December 31, 2014:

(a) the Holding LP limited partnership agreement;

(b) Credit Facility Agreement, referred to under "Development of Business – New Credit Facility";

(c) the shareholders' agreement of U.S. Acquisitionco;

(d) the amended and restated share exchange agreement related to the Class B Acquisitionco Shares and Class C Acquisitionco Shares;

(e) the credit agreement for Sherway LP; and

(f) the Debenture Indenture with Equity Financial Trust Company relating to the issuance of the Debentures.

The Corporation also entered into a share purchase agreement related to the acquisition of Northstar Leasing on January 31, 2014 and a share purchase agreement related to the acquisitions of Blue Chip and EcoHome on February 25, 2015.

Copies of these and certain other agreements have been filed by the Corporation on SEDAR and are available through the SEDAR website at www.sedar.com.

INTEREST OF EXPERTS

Our auditors are BDO Canada LLP. BDO Canada LLP provided an opinion on our financial statements for the year ended December 31, 2014 contained in filings pursuant to National Instrument 51-102 during the year ended December 31, 2014. BDO Canada LLP has informed us that they are independent in accordance with applicable rules of professional conduct.

ADDITIONAL INFORMATION

Information including securities authorized for issuance under the Corporation's equity incentive plan and remuneration of the Directors and officers of the Corporation and principal holders of the Common Shares is contained in the Corporation's management information circular for its annual meeting. Additional information of the Corporation is provided in the Corporation's consolidated financial statements and MD&A for the Corporation's fiscal year ended December 31, 2014.

Additional information about the Corporation is available:

- At the www.chesswoodgroup.com website
- At the www.sedar.com website
- Via email to investorrelations@chesswoodgroup.com, or

- Via phone at 416-386-3099

SCHEDULE A – AUDIT COMMITTEE CHARTER

CHARTER OF THE AUDIT AND GOVERNANCE COMMITTEE OF

BOARD OF DIRECTORS OF CHESSWOOD GROUP LIMITED

I. Adoption

This Audit and Governance Committee Charter (this "**Charter**") has been adopted by the board of directors (the "**Board**") of Chesswood Group Limited (the "**Corporation**") as of March 24,2015.

II. Background

The Corporation is a corporation incorporated under the laws of the Province of Ontario and has succeeded to the various ownership interests of Chesswood Income Fund as a result of the conversion of such fund into a corporate structure through a plan of arrangement.

The Corporation is the sole limited partner of Chesswood Holding Limited Partnership (the "**Holding LP**"). The Holding LP is the holding entity through which the Corporation has its ownership interests in various operating entities (the Corporation, together with its direct and indirect subsidiary entities are collectively referred to herein as the "**Corporation Entities**").

III. Purpose

The Audit and Governance Committee of the board of directors (the "**Board**") of the Corporation (the "**Audit and Governance Committee**") is a committee of the directors of the Corporation (the "**Directors**") and appointed by the Directors to assist the Board in fulfilling its oversight responsibilities relating to (i) the financial accounting and reporting process and internal controls for the Corporation and (ii) the nominating of Directors and the enhancement of governance.

The Audit and Governance Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Part VI ("Responsibilities and Duties") of this Charter. The primary function of the Audit and Governance Committee is to assist the Directors in fulfilling their legal and fiduciary obligations and responsibilities.

IV. Composition and Meetings

Audit and Governance Committee

The Audit and Governance Committee will be composed of three or more Directors as shall be determined by the Directors from time to time, all of whom must be Independent (as defined below). In accordance with National Instrument 58-101, a Director is considered **"Independent"** to the Corporation if he or she has no direct or indirect "material relationship" with any of the Corporation Entities which could, in the view of the Directors, reasonably interfere with the exercise of his or her independent judgment. Notwithstanding the foregoing, a Director will be deemed to have a "material relationship" with the Corporation (and therefore be considered as not Independent) if he or she falls in one of the categories listed in Appendix "A" attached hereto. All members of the Audit and Governance Committee must also be "financially literate" (meaning that he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the

breadth and complexity of the issues that can reasonably be expected and be raised by the Corporation's financial statements).

The members of the Audit and Governance Committee will be elected by the Directors at the annual organizational meeting of the Directors or until their successors are duly elected and qualified. Unless a Chairman is elected by the Directors, the members of the Audit and Governance Committee may designate a Chairman by majority vote of the full Audit and Governance Committee membership.

The Audit and Governance Committee is to meet as frequently as circumstances require (but at least quarterly). The Audit and Governance Committee will meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion and analysis ("**MD&A**"), and will meet prior to filing the annual audited financial statements to review and discuss the audited financial results for the year and related MD&A. As part of its job to foster open communications, the Audit and Governance Committee should meet at least annually with management of the Corporation and the external auditors in separate executive sessions to discuss any matters that the Audit and Governance Committee or each of these groups believe should be discussed privately.

Quorum for the transaction of business at any meeting of the Audit and Governance Committee is the presence in person or by telephone or other communication equipment of a majority of the number of members of the Audit and Governance Committee or such greater number as the Audit and Governance Committee shall by resolution determine.

If within one hour of the time appointed for a meeting of the Audit and Governance Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

If and whenever a vacancy exists, the remaining members of the Audit and Governance Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Notice of a meeting of the Audit and Governance Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purposes of the meeting.

Minutes are to be kept of meetings of the Audit and Governance Committee which are to be submitted to the Directors. The Audit and Governance Committee may, from time to time, appoint any person, who need not be a member, to act as secretary at any meeting.

All decisions of the Audit and Governance Committee will require the vote of a majority of its members present at a meeting at which a quorum is present.

V. Authority of the Audit and Governance Committee

The Audit and Governance Committee has the authority to (a) engage independent counsel and other advisors as it determines necessary to carry out its duties; (b) to set and pay the compensation for any advisors employed by it; and (c) to communicate directly with the Corporation's internal and external auditors.

The Audit and Governance Committee also has the authority to conduct or authorize investigations into any matters within the scope of its responsibilities.

The Audit and Governance Committee may request the external auditors as well as any Director or member of management of the Corporation, outside counsel of the Corporation or others, to attend an Audit and Governance Committee meeting or to meet with members of, or advisors to, the Audit and Governance Committee and to provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit and Governance Committee are to have full access to the books and records of the Corporation Entities and are to be

permitted to discuss such information and any other matters relating to the financial position of the Corporation Entities with senior employees, management and external auditors and advisors of the Corporation Entities.

VI. Responsibilities and Duties

To fulfill their responsibilities and duties, the Audit and Governance Committee is expected to:

General Responsibilities

2. Review and assess this Charter at least annually, as conditions dictate, and submit any proposed revisions to the Board for approval.

3. Create an agenda for each meeting and for the ensuing year.

4. Report periodically (but no less frequently than quarterly) to the Board.

Review of Financial Documents

Annual Financial Statements

5. Meet with management and external auditors to review the financial statements and the results of the audit as well as to discuss significant issues regarding accounting principles, practices and judgments of management.

6. Review the audited annual financial statements to satisfy itself that, to the best of the knowledge of its members, such statements are presented in accordance with generally accepted accounting principles ("**GAAP**"), including any reconciliation of Canadian and applicable non-Canadian GAAP..

7. Recommend to the Board whether or not the audited financial statements and all related documents should be approved, prior to their being publicly disclosed and filed with the appropriate regulatory authorities.

8. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of such procedures.

9. Review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.

10. Review the MD&A relating to annual financial statements.

11. Review complex and/or unusual transactions, and judgmental areas such as significant claims and contingencies that could materially impact the Corporation's consolidated financial position.

Interim Financial Statements

12. Review the interim financial statements.

13. Meet with management to review the financial statements and to obtain explanations from management on whether, to the best of management's knowledge, information and belief, after reasonable inquiry:

    (a) actual financial results for the interim period varied significantly from budgeted or forecasted results;

    (b) changes in financial ratios and the relationships between the interim financial statements are consistent with changes in the operations and financing practices of the Corporation Entities;

(c) GAAP has been consistently applied, including any reconciliation of Canadian and applicable non-Canadian GAAP;

(d) there are any actual or proposed changes in accounting or financial reporting practices;

(e) there are any significant or unusual events or transactions; and

(f) the interim financial statements contain adequate and appropriate disclosures.

14. Recommend to the Board whether (and, if so, the nature of) review of interim financial statements and/or related documents by the Corporation's external auditors is in the best interests of the Corporation and its shareholders having regard to cost and other relevant factors.

15. Recommend to the Board whether or not the interim financial statements and all related documents should be approved, prior to their being publicly disclosed and filed with the appropriate regulatory authorities.

16. Review the MD&A relating to interim financial statements.

Other

17. Review the Corporation's interim and annual earnings press releases and any other public disclosure documents that are required to be reviewed by the Audit and Governance Committee under any applicable laws prior to their public disclosure and/or filing with any governmental body.

18. Review policies and procedures with respect to the non-chargeable expenses of the Directors and the senior management of the Corporation.

19. Review all related party transactions entered into by Corporation Entities.

External Audit

20. Recommend to the Directors (i) the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review and attest services for the Corporation, and (ii) the compensation of the external auditors.

21. Instruct the external auditors that they are to report directly to the Audit and Governance Committee and ensure that significant findings and recommendations made by the external auditors are received and discussed by the Audit and Governance Committee on a timely basis.

22. Pre-approve all audit and non-audit services not prohibited by law to be provided to the Corporation Entities by the external auditors.

23. Review the external auditors' audit plan, including scope, approach, procedures and timing of the audit and ensure no unjustified restrictions or limitations have been placed on the scope of the audit.

24. Monitor and assess the relationship between management and the external auditors including reviewing any management letters or other reports of the external auditor and discussing and resolving any material differences of opinion between management and the external auditors.

25. Monitor, confirm, review and discuss, on an annual basis, with the external auditors all significant relationships they have with Corporation Entities and the range of services provided to determine the independence and objectively of the external auditors.

26. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.

27. Periodically consult with the external auditors out of the presence of management about any matters that the Audit and Governance Committee or the external auditors believe should be discussed privately.

28. Review the draft audit opinion on annual financial statements, including matters related to the conduct of the audit.

29. Arrange for the external auditors to be available to the Audit and Governance Committee, and the Directors as needed.

30. Review the fees paid to the external auditors and other professionals in respect of audit and non-audit services for Corporation Entities on an annual basis.

31. Review and approve the hiring policies of the Corporation regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation (and its predecessor entities).

Internal Controls

32. Review the plans of the internal (if any) and external auditors to determine whether the Audit and Governance Committee believes that the proposed combined evaluation and testing of control would be comprehensive, well coordinated, cost effective and appropriate to risks, business activities and changing circumstances.

33. Review the qualifications of senior management of the Corporation.

34. Review management control procedures.

35. Consider how management is held to account for security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

36. Gain an understanding of whether internal control recommendations made by the external auditors have been implemented by management.

Financial Reporting Processes

37. Review, in consultation with the external auditors, the integrity of the organization's financial reporting processes, both internal and external.

38. Consider the external auditor's judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.

39. Consider and approve, if appropriate, major changes to the accounting principles and practices of the Corporation Entities as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

40. Establish regular and separate systems of reporting to the Audit and Governance Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

41. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit and Governance Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit and Governance Committee may deem desirable.

42. Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.

43. Review and resolve any significant disagreements among management and the external auditors in connection with financial reporting or the preparation of the financial statements.

44. Ensure, where there are significant unsettled issues, that there is an agreed course of action for the resolution of such matters.

45. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit and Governance Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit and Governance Committee.

Risk Management

46. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation Entities and how effectively such risks are being managed or controlled.

Ethical and Legal Compliance

47. Establish procedures for the receipt, retention and treatment of reports ("**Reports**") received by the Corporation regarding accounting, internal accounting controls, auditing matters or violations of the Corporation's Code of Business Conduct and Ethics relating to financial matters, and the confidential, anonymous submission by employees of Reports.

48. Review management's monitoring of the systems that are in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

49. Obtain regular updates from management and others, including internal and external auditors and legal counsel, concerning the compliance of Corporation Entities with financial related laws and regulations such as tax and financial reporting laws and regulations and legal withholding requirements.

50. Review insider stock trades for compliance with the Corporation's Timely Disclosure, Confidentiality and Insider Trading Policy.

51. Be satisfied that, to the best of the knowledge of its members, all regulatory compliance matters have been considered in the preparation of financial statements.

52. Review the findings of any examination by regulatory agencies.

Nominating Responsibilities

53. Establish competencies and skills the Directors, as a group, should possess, recognizing that the particular competencies and skills required for one issuer may not be the same as those required for another.

54. Assess competencies and skills of each of the existing Directors as well as of the Directors, as a group, recognizing the personality and other qualities of each Director.

55. Establish procedures for identifying possible nominees who meet these criteria (and who are likely to bring the competencies and skills the Corporation needs as a whole.

56. Establish an appropriate review selection process for new nominees for election as Directors.

57. Establish procedures and approve appropriate orientation and education programs for new Directors.

58. Analyze the needs of the Corporation when vacancies arise among the Independent members and identify and recommend nominees who meet such needs for election as Independent members.

59. Establish procedures for filling vacancies.

Governance Responsibilities

60. Ensure that there is an appropriate number of Independent Directors.

61. Facilitate the independent functioning and maintain an effective relationship between the Directors and management of the Corporation.

62. Assess the effectiveness of the Chairman's agenda.

63. Annually review performance and qualification of existing Directors in connection with their re-election.

64. Assess, at least annually, the composition and effectiveness of the Board, committees of the Board and the contribution of individual Directors, including making recommendations where appropriate that sitting Directors be removed or not re-appointed.

65. Keep up to date with regulatory requirements and other new developments in governance and develop and review the quality of the Corporation's governance and suggest changes to such governance practices as determined appropriate.

66. Consider annually the appropriateness of the number of Directors.

67. Ensure that disclosure and securities compliance policies, including communications policies, are in place and that such policies are reviewed annually.

VII. Other Responsibilities

While the Audit and Governance Committee has the responsibilities and duties as set out in this Charter, it shall perform any other activities consistent with this Charter, the *Business Corporations Act* (Ontario), the constating documents of the Corporation and all applicable legal, regulatory and listing requirements (including, without limitation, those of the Ontario Securities Commission and the Toronto Stock Exchange), as it or the Board deems necessary or appropriate.

VIII. Caveat

The Audit and Governance Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with GAAP.

APPENDIX "A"

Meaning of "material relationship"

A "material relationship" is a relationship that could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. The following individuals are considered to have a material relationship with the issuer:

A. an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

B. an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

C. an individual who: (i) is a partner of a firm that is the issuer's internal or external auditor, (ii) is an employee of that firm, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

D. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (i) is a partner of a firm that is the issuer's internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

E. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

F. an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

An individual will not be considered to have a material relationship with the issuer solely because (a) he or she had a relationship identified above if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified above by virtue of such relationship being with a subsidiary entity or a parent of that issuer, if that relationship ended before June 30, 2005.

An individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member (a) has previously acted as an interim chief executive officer of the issuer, or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

For the purposes of "C" and "D" above, a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

For the purposes of "F" above, direct compensation does not include: (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Despite any determination made whether an individual has a material relationship with an issuer, an individual who (a) accepts directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with

the issuer. The indirect acceptance by an individual of any such consulting, advisory or other compensatory fee includes acceptance of a fee by (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

"**company**" - any corporation, incorporated association, incorporated syndicate or other incorporated organization;

"**control**" - the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise;

"**executive officer**" of an entity – means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

"**issuer**" includes a subsidiary entity of the issuer and a parent of the issuer;

"**person**" - an individual partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

"**subsidiary entity**" - a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.