



**WESTERNONE EQUITY INCOME FUND**  
**NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

**to be held September 5, 2012**

**and**

**INFORMATION CIRCULAR AND PROXY STATEMENT**

**with respect to**

**THE SPECIAL MEETING OF UNITHOLDERS**

**and**

**PLAN OF ARRANGEMENT**

**involving**

**WESTERNONE EQUITY INCOME FUND, WESTERNONE EQUITY OPERATING TRUST,  
WESTERNONE EQUITY LP, WESTERNONE EQUITY GP INC.,  
WEQ DEERFOOT RENTALS LP, WESTERNONE INC., BIG BASH INC.  
and the UNITHOLDERS**

**July 30, 2012**

**If you are in doubt as to how to deal with these materials or the matters they describe, please consult your professional advisor. If you require more information with respect to voting your securities of WesternOne Equity Income Fund, please contact Mr. Carlos Yam at 604-681-5959 or by email at [cyam@weq.ca](mailto:cyam@weq.ca).**

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## WESTERNO ONE EQUITY INCOME FUND

July 30, 2012

Dear Unitholders:

You are invited to attend a special meeting (the “**Meeting**”) of holders (“**Unitholders**”) of units (“**Units**”) of WesternOne Equity Income Fund (“**WesternOne Equity**” or the “**Fund**”) to be held at the Sutton Place Hotel, 845 Burrard Street, Vancouver, British Columbia, at 10:00 a.m. (Pacific Time) on September 5, 2012. At the Meeting, you will be asked to consider a proposed arrangement (the “**Arrangement**”) involving the Fund, WesternOne Equity Operating Trust (the “**Trust**”), WesternOne Equity LP (the “**Partnership**”), WesternOne Equity GP Inc. (the “**GP**”), WEQ Deerfoot Rentals LP (“**Deerfoot LP**”), WesternOne Inc. (“**WesternOne Inc.**”) and Big Bash Inc. (“**Big Bash**”).

Pursuant to the Arrangement, Unitholders will receive, for each Unit held, one common share of WesternOne Inc. (a “**WesternOne Inc. Share**”). Big Bash will participate in the Arrangement and will receive one WesternOne Inc. Share for each exchangeable unit (“**Exchangeable Unit**”) of Deerfoot LP held by it. Big Bash holds all of the Exchangeable Units issued and outstanding. The Arrangement has been structured to allow Unitholders resident in Canada to receive WesternOne Inc. Shares on a tax-deferred basis.

If approved, the Arrangement will result in the reorganization of the Fund into a corporation which will have the name “**WesternOne Inc.**” and will own the current business of the Fund. The board of directors of WesternOne Inc. is comprised of the members of the board of trustees of the Fund and the board of directors of GP, the general partner of the Partnership. Senior management of the GP will be senior management of WesternOne Inc. After the Arrangement is effective, upon conversion of the Fund’s convertible unsecured subordinated debentures (the “**Debentures**”) holders of Debentures will be entitled to receive WesternOne Inc. Shares rather than Units on the same basis as Units are now issuable upon conversion of the Debentures. Upon completion of the Arrangement, the WesternOne Inc. Shares will be listed for trading on the Toronto Stock Exchange (the “**TSX**”), subject to WesternOne Inc. satisfying certain listing conditions of the TSX.

The resolution approving the Arrangement and related matters (the “**Arrangement Resolution**”) must be approved by not less than two-thirds of the votes cast by the Unitholders in person or by proxy at the Meeting.

The Board is unanimously of the view that the Arrangement will address the elimination of tax legislation commencing in 2013 that allows for a tax deferred wind-up of the Fund and Trust, result in a simplified business structure, remove limitations on non-resident ownership of its securities and generally provide certainty to the market.

The Arrangement is also subject to the approval of the Supreme Court of British Columbia and receipt of all necessary regulatory approvals.

**The board of trustees of the Fund, based upon its own investigations, on information provided by the management of the Fund and on the legal advice of legal counsel of the Fund, has unanimously concluded that the Arrangement is fair to Unitholders, is in the best interests of WesternOne Equity and recommends that Unitholders vote in favour of the Arrangement Resolution.**

At the Meeting, you will also be considering and voting upon the adoption by the Fund of an employee purchase plan (the “**EPP**”). The key objectives of the EPP are to attract and retain senior officers and other key employees of the Fund and its subsidiaries and to motivate them to advance the interests of the Fund. The Arrangement

contemplates that all compensation plans of the Fund, including the existing unit option plan and EPP, will be assumed by WesternOne Inc. upon the completion of the Arrangement.

Finally, at the Meeting, you will be considering and voting upon the approval of a unitholder rights plan (the “**Rights Plan**”) for the Fund. If approved, the Rights Plan will ensure that, to the extent possible, Unitholders of the Fund are treated fairly in the event that a take-over bid is made for its Units, and will provide the board of trustees sufficient time to evaluate unsolicited take-over bids and to explore, develop and pursue alternatives that could maximize Unitholder value. In the event the Arrangement is approved and completed, the Rights Plan will automatically be assumed by WesternOne Inc. under the Arrangement, with such amendments as are necessary to give effect to the Rights Plan in respect of the shareholders of WesternOne Inc.

The accompanying Information Circular contains additional information respecting matters to be considered at the Meeting, including a detailed description of the Arrangement as well as detailed information regarding the Fund and WesternOne Inc. **Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.**

**If you cannot attend the Meeting, please complete the applicable enclosed form of proxy and submit it as soon as possible.** If you are a registered Unitholder and are unable to attend the Meeting in person, please complete and deliver the applicable enclosed form of proxy, in order to ensure your representation at the Meeting. If you are a non-registered Unitholder and received these materials through your broker or through another intermediary, please complete and return the form of proxy provided to you in accordance with the instructions provided by your broker or intermediary.

On behalf of the board of trustees of the Fund, I would like to express our gratitude for the support the Unitholders and employees have demonstrated with respect to our decision to move ahead with the proposed Arrangement. We believe that the Arrangement will allow us to continue to develop our business, for the benefit of our securityholders, our employees and the communities that we serve. We look forward to seeing you at the Meeting.

Yours very truly,

*(signed) “Robert W. King”*

Trustee of WesternOne Equity Income Fund

## WESTERNONE EQUITY INCOME FUND

### NOTICE OF SPECIAL MEETING OF UNITHOLDERS to be held September 5, 2012

NOTICE IS HEREBY GIVEN that, pursuant to an order (the “**Interim Order**”) of the Supreme Court of British Columbia dated July 27, 2012, a special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of units (“**Units**”) of WesternOne Equity Income Fund (the “**Fund**”) will be held at the Sutton Place Hotel, 845 Burrard Street, Vancouver, British Columbia at 10:00 a.m. (Pacific Time) on September 5, 2012, for the following purposes:

1. To consider pursuant to the Interim Order and, if thought advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix A to the accompanying information circular and proxy statement of WesternOne Equity dated July 30, 2012 (the “**Information Circular**”), to approve a plan of arrangement (the “**Arrangement**”) under Section 192 of the *Canada Business Corporations Act*, all as more particularly described in the Information Circular.
2. To consider and, if thought advisable, pass with or without variation, an ordinary resolution (the “**EPP Resolution**”), the full text of which is set forth in Appendix G to the Information Circular, to approve the adoption by the Fund of an employee purchase plan, all as more particularly described in the Information Circular.
3. To consider and, if thought advisable, pass with or without variation, an ordinary resolution (the “**Rights Plan Resolution**”), the full text of which is set forth in Appendix H to the Information Circular, to approve the adoption by the Fund of a unitholder rights plan, all as more particularly described in the Information Circular.
4. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Specific details of the matters to be put before the Meeting are set forth in the Information Circular that accompanies this Notice of Special Meeting.

The record date (the “**Record Date**”) for determination of Unitholders entitled to receive notice of and to vote at the Meeting is July 24, 2012. Only Unitholders whose names have been entered in the applicable register of Units on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Unitholders who acquire Units after the Record Date will not be entitled to vote such securities at the Meeting.

**A Unitholder may attend the Meeting in person or may be represented by proxy. Unitholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the proxy must be received by Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 (toll-free facsimile 1-866-249-7775) by no later than 4:00 p.m. (Pacific Time) on the second last business day immediately preceding the date of the Meeting or any adjournment thereof.**

**A proxyholder has discretion under the accompanying form of proxy to consider such further and other business as may properly be brought before the Meeting or any adjournment thereof. Unitholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.**

**Unitholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement Resolution becomes effective, to be paid the fair value of their Units in accordance with the provisions of Section 190 of the *Canada Business Corporations Act*, as may be modified by the Interim Order and the Plan Arrangement. A Unitholder’s right to dissent is more particularly described in the Information Circular, and the text of Section 190 of the *Canada Business Corporations Act* and the Interim Order are set forth in Appendices E and B, respectively, to the Information Circular. A dissenting Unitholder must send to the Fund, c/o its counsel, Farris, Vaughan, Wills & Murphy LLP, 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, Attention: Brian R. Canfield, a written objection to the**

**Arrangement Resolution, which written objection must be received by 4:00 p.m. (Pacific Time) on the fourth last business day immediately preceding the date of the Meeting or any adjournment thereof.**

**Failure to strictly comply with the requirements set forth in Section 190 of the *Canada Business Corporations Act*, as may be modified by the Interim Order, may result in the loss of any right to dissent. Unitholders do not hold their securities in their own name. Persons who are beneficial owners of securities registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of securities are entitled to dissent. Accordingly, a beneficial owner of securities desiring to exercise the right to dissent must make arrangements for the securities beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by the Fund or, alternatively, make arrangements for the registered holder of such securities to dissent on behalf of the holder.**

**If you are a non-registered holder of securities and received these materials through your broker or through another intermediary, please complete and return the form of proxy provided to you in accordance with the instructions provided by your broker or intermediary as you are not automatically entitled, as such, to vote at the Meeting through a proxy. Regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial Unitholders in advance of the Meeting. Beneficial Unitholders should carefully follow the instructions of the intermediary/broker, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting.**

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of July, 2012.

**BY ORDER OF THE BOARD OF TRUSTEES OF  
WESTERNONE EQUITY INCOME FUND**

*(signed) "Robert W. King"*  
Trustee of WesternOne Equity Income Fund



No. S-125256  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**  
**IN THE MATTER OF SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT,**  
**R.S.C. 1985, c. C-44, as amended**

**AND**

**IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING**  
**WESTERNONE EQUITY INCOME FUND, WESTERNONE EQUITY OPERATING TRUST, WESTERNONE**  
**EQUITY LP, WESTERNONE EQUITY GP INC.,**  
**WEQ DEERFOOT RENTALS LP, WESTERNONE INC., BIG BASH INC. and THE HOLDERS OF UNITS**  
**IN WESTERNONE EQUITY INCOME FUND**

**WESTERNONE EQUITY INCOME FUND,**  
**WESTERNONE EQUITY OPERATING TRUST,**  
**WESTERNONE EQUITY LP, WESTERNONE EQUITY GP INC.**  
**and WESTERNONE INC.**

**PETITIONERS**

**NOTICE OF PETITION**

**NOTICE IS HEREBY GIVEN** that a petition (the “**Petition**”) has been filed with the Supreme Court of British Columbia (the “**Court**”) in the Vancouver Registry on behalf of WesternOne Equity GP Inc. (the “**GP**”), WesternOne Equity Income Fund (the “**Fund**”), WesternOne Equity Operating Trust (the “**Trust**”), WesternOne Equity LP (the “**Partnership**”) and WesternOne Inc. with respect to an arrangement (the “**Arrangement**”) under Section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “**CBCA**”), involving the Fund, the Trust, the GP, the Partnership, WEQ Deerfoot Rentals LP, WesternOne Inc., Big Bash Inc. and the holders of the Fund’s units (“**Units**” and “**Unitholders**”). The Arrangement is described in greater detail in the Information Circular and Proxy Statement of the Fund dated July 30, 2012, accompanying this Notice of Petition.

**AND NOTICE IS FURTHER GIVEN** that by an Interim Order of the Supreme Court of British Columbia, pronounced on July 27, 2012, the Court has given directions as to the calling and holding of a meeting of the Unitholders for the purpose of such Unitholders voting upon a resolution to approve the Arrangement. The Court has ordered that Unitholders shall have the right to dissent with respect to the Arrangement in a manner consistent with the provisions of Section 190 of the CBCA, as modified by the Interim Order.

**AND NOTICE IS FURTHER GIVEN** that the said Petition was directed to be heard before a Justice of the Court at 800 Smithe Street, Vancouver, British Columbia on the 6<sup>th</sup> day of September, 2012 at 9:45 a.m. (Pacific Time), or as soon thereafter as counsel may be heard. At the hearing of the Petition, the Petitioners intend to seek orders and declarations that:

- (a) the Arrangement is an arrangement within the meaning of Section 192 of the CBCA, and is fair to the persons affected by it;
- (b) the Arrangement pursuant to the provisions of Section 192 of the CBCA is approved;

- (c) the Arrangement will, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement under the provisions of Section 192 of the CBCA, become effective in accordance with its terms and binding on the Petitioners and all of the Fund's securityholders; and
- (d) such other and further orders, declarations and directions as the Court may deem just.

**AND NOTICE IS FURTHER GIVEN** that any Unitholder or any other interested party desiring to support or oppose the Petition may appear at the time of the hearing in person or by counsel for that purpose providing such person has filed with the Court at 800 Smithe Street, Vancouver, British Columbia, a Response to Petition in the form prescribed by the British Columbia *Rules of Court* and delivered a copy of the filed Response to Petition, together with all material on which such person intends to rely at the hearing of the Petition, including an outline of such person's proposed submissions, to the Petitioners at their address for delivery as set out below by or before 4:00 p.m. (Pacific Time) on August 31, 2012. If any Unitholder or any other such interested party does not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice.

**AND NOTICE IS FURTHER GIVEN** that the Fund, the Trust, the Partnership, the GP and WesternOne Inc. shall give no further notice of the Petition and that, in the event the hearing of the Petition is adjourned, only those persons who have filed a Response to Petition in the form prescribed by the *Rules of Court* of the Supreme Court of British Columbia will be notified.

**AND NOTICE IS FURTHER GIVEN** that the Court has been advised that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended, provided by Section 3(a)(10) thereof, with respect to the issuance of shares in WesternOne Inc. to Unitholders pursuant to the Arrangement.

A copy of the said Petition and other documents in these proceedings will be furnished to any Unitholder or other party who is affected by the Petition and who requests the same in writing from the under mentioned solicitors for the Petitioners:

Farris, Vaughan, Wills & Murphy LLP  
25<sup>th</sup> Floor, 700 West Georgia Street  
Vancouver, British Columbia V7Y 1B3  
**Attention: Brian R. Canfield**

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of July, 2012.

**BY ORDER OF THE BOARD OF TRUSTEES OF  
WESTERNONE EQUITY INCOME FUND**

*(signed)* "Robert W. King"  
Trustee of WesternOne Equity Income Fund

## INFORMATION CIRCULAR AND PROXY STATEMENT

**This information circular is furnished in connection with the solicitation of proxies by the trustees (the “Trustees”) of the Fund for use at the Meeting and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.**

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Exhibit A to the Arrangement Agreement, which agreement is attached as Appendix C to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

**Unitholders are encouraged to obtain independent legal, tax, financial and investment advice in their jurisdiction of residence with respect to this Information Circular, the consequences of the Arrangement and the holder of Units and WesternOne Inc. Shares.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under “*Glossary of Key Terms*”. Information contained in this Information Circular is given as of July 24, 2012, unless otherwise specifically stated.

### Forward-looking Statements

This Information Circular contains certain forward-looking statements and forward-looking information (collectively referred to herein as “**forward-looking statements**”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “expect”, “may”, “will”, “project”, “should”, or similar words suggesting future outcomes. In particular, this Information Circular contains forward-looking statements including, without limitation, in relation to:

- the benefits of the Arrangement;
- the timing of the Final Order;
- the occurrence of the Effective Date;
- the satisfaction of conditions for listing of the WesternOne Inc. Shares on the TSX;
- the treatment of Unitholders and holders of Debentures under tax laws;
- the attributes of WesternOne Inc.;
- the structure and effect of the Arrangement;
- the proposed dividend policy of WesternOne Inc.; and
- the business to be carried on by WesternOne Inc. following the Arrangement.

Forward-looking statements respecting:

- the perceived benefits of the Arrangement are based upon the financial and operating attributes of the Fund as at the date hereof, anticipated operating and financial results from the date hereof to the Effective Date, the views of the Trustees respecting the benefits associated with the Arrangement and current and anticipated market conditions. See “*Background to and Reasons for the Arrangement*”;
- the attributes of WesternOne Inc. following completion of the Arrangement are based upon the existing attributes of WesternOne Equity (including financial and operating attributes) and the opinions of the Trustees respecting perceived benefits associated with the Arrangement. See “*Appendix D – Information Respecting WesternOne Inc.*” and “*Background to and Reasons for the Arrangement*”;

- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the transactions contemplated thereby, assumptions that all conditions in the Arrangement Agreement will be met and assumptions that the representations and warranties in the Arrangement Agreement will be true and correct at all applicable times. See “*The Arrangement - Arrangement Agreement*”;
- the proposed dividend policy to be adopted by WesternOne Inc. is based on the financial and operating attributes of WesternOne Equity, current economic and market conditions and anticipated financial performance and business prospects;
- the consideration to be received by the Unitholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement; and
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel of WesternOne Equity relating to timing expectations.

Other forward-looking statements regarding WesternOne Equity and WesternOne Inc. are located in the documents incorporated by reference in this Information Circular and are based on certain key expectations and assumptions of WesternOne Equity and WesternOne Inc. concerning anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services, the ability to obtain financing on acceptable terms, the approval of the Arrangement and the timing of the steps involved in the Arrangement which are subject to change based on market conditions and potential timing delays. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including those set out below and those detailed elsewhere in this Information Circular (and in documents incorporated herein by reference):

- failure of a party to the Arrangement Agreement to satisfy the conditions set out in the Arrangement Agreement;
- inability to meet TSX listing requirements;
- inability to obtain required consents, permits or approvals, including Court approval of the Arrangement and Unitholder approval of the Arrangement Resolution;
- failure to realize anticipated benefits of the Arrangement, including anticipated cost savings;
- liabilities inherent in the construction and infrastructure sectors;
- competition for, among other things, capital, equipment and skilled personnel; and
- the other factors discussed in the Fund AIF incorporated herein by reference and the risk factors set forth under “*Risk Factors*” in this Information Circular and “*Information Respecting WesternOne Equity Inc - Risk Factors*.” in Appendix D hereto.

**Readers are cautioned that the foregoing list is not exhaustive.**

The reader is further cautioned that the preparation of financial statements, including the unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss), in accordance with Canadian GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based on available economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

**The information contained in this Information Circular, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of WesternOne Equity and WesternOne Inc. The Fund urges you to carefully consider those factors.**

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Information Circular are made as of the date of this Information Circular and WesternOne Equity undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

### **Advice to Beneficial Holders of Units**

The information set forth in this section is of significant importance to Unitholders, as Unitholders do not hold Units in their own name. Unitholders who do not hold their Units in their own name (“**Beneficial Unitholders**” or “**Beneficial Unitholder**” individually) should note that only proxies deposited by Unitholders whose names appear on the records of the registrar and transfer agent for the Fund as the registered holders of Units can be recognized and acted upon at the Meeting. If Units are listed in an account statement provided to a Unitholder by a broker, then in almost all cases those Units will not be registered in the Unitholder’s name on the records of the Fund. Such Units will more likely be registered under the name of the Unitholder’s broker or an agent of that broker. In Canada, the vast majority of such Units are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Units held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, the broker/nominees are prohibited from voting Units for their clients. The Fund does not know for whose benefit the Units registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of unitholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to the form of proxy provided to registered Unitholders; however, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a scanable voting instruction form in lieu of the form of proxy. The beneficial holder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively the beneficial holder can call a toll-free telephone number or access the internet to vote the units held by the beneficial holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of units to be represented at a meeting. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Units directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Units voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Units registered in the name of your broker or other intermediary, you may attend at the Meeting as a proxyholder for the registered holder and vote your Units in that capacity. If you wish to attend the Meeting and vote your own Units, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the applicable form of proxy provided to you and return the document to your broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

### **Information for United States Unitholders**

The WesternOne Inc. Shares issuable to Unitholders in exchange for their Units, as applicable, under the Arrangement have not been and will not be registered under the 1933 Act, and such securities will be issued to Unitholders in reliance on the exemption from registration set forth in Section 3(a)(10) of the 1933 Act. The solicitation of proxies for the Meeting is not subject to the proxy requirements of Section 14(a) of the 1934 Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Unitholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act. Specifically, information concerning the operations of the Fund contained or incorporated by reference herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States

disclosure standards. The audited and unaudited historical financial statements of the Fund, the audited statement of financial position and the unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statements of comprehensive income (loss) of WesternOne Inc. included in or incorporated by reference in this Information Circular have been presented in Canadian dollars, were prepared in accordance with Canadian GAAP and, when audited, are subject to Canadian auditing and auditor independence standards, which differ from United States GAAP and auditing and auditor independence standards in certain material respects, and thus may not be comparable to financial statements of United States companies.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that the Fund, the Trust, the Partnership and WesternOne Inc., are organized under the laws of the Provinces of British Columbia or Manitoba or of Canada, that most or all of their respective trustees, directors and officers are residents of countries other than the United States, and that all or a substantial portion of the assets of the Fund, the Trust, the Partnership, WesternOne Inc. are located outside the United States.

The 1933 Act imposes restrictions on the resale of securities received pursuant to the Arrangement by Persons who are “affiliates” of WesternOne Inc. after the Arrangement or were affiliates of WesternOne Inc. within 90 days prior to completion of the Arrangement. See “*The Arrangement - Securities Law Matters - United States*” in this Information Circular.

**THE WESTERNO ONE INC. SHARES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

## GLOSSARY OF KEY TERMS

The following is a glossary of certain terms used in this Information Circular, including the Summary Information hereof. Terms and abbreviations used in the other Appendices to this Information Circular (except Appendix D) are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

“**1933 Act**” means the United States Securities Act of 1933, as amended;

“**1934 Act**” means the United States Securities Exchange Act of 1934, as amended;

“**2010 Debentures**” means the Fund’s 8.5% convertible unsecured subordinated debentures issued in February 2010;

“**2010 Trust Indenture**” means the trust indenture entered into by the Fund and the Indenture Trustee dated February 26, 2010, providing for the issuance of the 2010 Debentures;

“**2011 Debentures**” means the Fund’s 8.0% convertible unsecured subordinated debentures issued in June 2011;

“**2011 First Supplemental Trust Indenture**” means the trust indenture entered into by the Fund and the Indenture Trustee dated June 1, 2011, providing for the issuance of the 2011 Debentures;

“**Administration Agreement**” means the administration agreement between the Fund, the Trust and the Partnership, pursuant to which the Partnership acts as administrator of the Fund and the Trust;

“**affiliate**” has the meaning provided for in the CBCA, read as if the word “body corporate” includes a trust, partnership, limited liability company or other form of business organization;

“**Arrangement**” means the proposed arrangement pursuant to Section 192 of the CBCA, on the terms and conditions set forth in the Plan;

“**Arrangement Agreement**” means the arrangement agreement dated July 18, 2012, among the Fund, the Trust, the Partnership, the GP, Deerfoot LP, WesternOne Inc. and Big Bash Inc. pursuant to which the Fund, the Trust, the Partnership, the GP, Deerfoot LP, WesternOne Inc. and Big Bash Inc. have proposed to implement the Arrangement, a copy of which agreement is attached as Appendix C to this Information Circular, including any amendments thereto;

“**Arrangement Resolution**” means the special resolution in respect of the Arrangement, in substantially the form attached as Appendix A to this Information Circular, to be voted upon by Unitholders at the Meeting;

“**Articles of Arrangement**” means the articles in respect of the Arrangement required under Subsection 192(6) of the CBCA, to be filed with the Director after the Final Order has been granted;

“**Beneficial Unitholder(s)**” has the meaning ascribed to it under the heading “*Information Circular and Proxy Statement - Advice to Beneficial Holders of Units*”;

“**Big Bash**” means Big Bash Inc., a corporation incorporated under the laws of the Province of Alberta;

“**Board**” or “**Board of Trustees**” means the board of trustees of the Fund;

“**Board of Directors**” means the board of directors of the GP;

“**Broadridge**” means Broadridge Financial Solutions, Inc.;

“**Business**” means the infrastructure and construction services business of WesternOne Equity;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Vancouver, in the Province of British Columbia;

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 as amended, including the regulations promulgated thereunder;

“**CDS**” means CDS Clearing & Depository Services Inc. or a successor thereof;

“**Court**” means the Supreme Court of British Columbia, Vancouver Registry;

“**CRA**” has the meaning ascribed to it under the heading “*Canadian Federal Income Tax Considerations*”;

“**Credit Facility**” means the credit facility of the Fund with a major Canadian chartered bank as ascribed to it under the heading “*Financing*” in the Fund AIF;

“**Credit Facility Agreement**” means the credit facility agreement in place from time to time, between WesternOne Equity and a major Canadian chartered bank;

“**Debentureholders**” means holders of any outstanding Debentures of the Fund;

“**Debentures**” means, collectively, the 2010 Debentures, the 2011 Debentures and any other debentures issued by the Fund from time to time;

“**Deerfoot LP**” means WEQ Deerfoot Rentals LP, a limited partnership created under the laws of the Province of Manitoba;

“**Demand for Payment**” has the meaning ascribed to it under the heading “*The Arrangement - Right to Dissent*”;

“**Director**” means the Director appointed pursuant to Section 260 of the CBCA;

“**Dissent Rights**” means the right of a registered Unitholder to dissent to the Arrangement Resolution and to be paid the fair value of its Units in respect of which the holder dissents, all in accordance with Section 190 of the CBCA, as may be modified by the Interim Order;

“**Dissenting Resident Unitholders**” has the meaning ascribed to it under the heading “*Canadian Federal Income Tax Considerations - Unitholders Resident in Canada - Dissenting Resident Unitholders*”;

“**Dissenting Securityholders**” means registered Unitholders who validly exercise Dissent Rights and whose Dissent Rights remain valid immediately before the Effective Time;

“**Effective Date**” means the date the Arrangement is effective pursuant to the CBCA;

“**Effective Time**” means the time on the Effective Date at which the Arrangement is effective, as specified in the Plan;

“**EPP**” means the employee purchase plan of the Fund to be approved by the Unitholders at the Meeting, in substantially the form attached as Appendix G to this Information Circular;

“**EPP Resolution**” means the ordinary resolution in respect of the EPP, in substantially the form attached as Appendix F to this Information Circular, to be voted upon by Unitholders at the Meeting;

“**Exchange Agreement**” means the exchange agreement entered into among the Fund, the Trust, the Partnership, the GP, Deerfoot LP, WEQ Deerfoot Rentals GP Inc. and Big Bash dated February 15, 2008;

“**Exchangeable Unitholder**” means a holder of Exchangeable Units;

“**Exchangeable Units**” means the exchangeable units of Deerfoot LP which are exchangeable for Units;

“**Final Order**” means the final order of the Court approving the Arrangement to be applied for following the Meeting and to be granted pursuant to the provisions of Subsection 192(4) of the CBCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;



“**fully-diluted**” in respect to the number of securities of any person to be issued and outstanding at such time means the number of such securities of such person that would be issued and outstanding at such time if all rights to acquire or be issued such securities under all issued and outstanding rights of conversion, exchange, issue or purchase had been exercised at such time, including, in the case of the Fund, the exchange of all Exchangeable Units for Units;

“**Fund**” means WesternOne Equity Income Fund, an open-ended trust created under the laws of the Province of British Columbia and formed and governed by the Fund Declaration of Trust;

“**Fund AIF**” means the annual information form of the Fund dated March 29, 2012, in respect of the Fund’s financial year ended December 31, 2011, incorporated by reference in this Information Circular;

“**Fund Assets**” has the meaning ascribed to “Trust Assets” in the Fund Declaration of Trust;

“**Fund Declaration of Trust**” means the amended and restated declaration of trust by which the Fund is governed, as it may be amended, supplemented or restated from time to time;

“**GAAP**” means generally accepted accounting principles applicable to publicly accountable enterprises in Canada as in effect from time to time;

“**GP**” means WesternOne Equity GP Inc., a corporation incorporated under the CBCA;

“**Indenture Trustee**” means Computershare Trust Company of Canada or its successor;

“**Information Circular**” means this information circular and proxy statement of the Fund dated July 30, 2012, together with all appendices hereto, distributed to Unitholders in connection with the Meeting;

“**Initial WesternOne Inc. Share**” means the initial one WesternOne Inc. Share issued to the Fund in connection with, and at the time of, the incorporation of WesternOne Inc.;

“**Interim Order**” means the interim order of the Court dated July 27, 2012 under Subsection 192(4) of the CBCA containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant to the petition of the GP, WesternOne Inc. and others, a copy of which order is attached as Appendix B to this Information Circular, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Key Agreements**” has the meaning ascribed to it by the Arrangement Agreement, a copy of which is attached as Appendix C to this Information Circular;

“**LP Units**” means the units representing an interest as a limited partner of the Partnership designated as LP Units;

“**LTIP**” means the long-term incentive plan of the Fund, wherein Units are purchased and held for the benefit of eligible participants;

“**LTIP Rights**” means the Unit incentive rights issued under the LTIP;

“**LTIP Rightsholders**” means holders of LTIP Rights;

“**Management Group**” means the trustees of the Fund and the Trust and directors and executive officers of the GP and/or the Partnership;

“**Meeting**” means the special meeting of Unitholders to be held on September 5, 2012, and any adjournment(s) thereof, to consider and to vote on the Arrangement Resolution, the EPP Resolution and the Rights Plan Resolution;

“**Minister**” has the meaning ascribed to it under the heading “*Background to and Reasons for the Arrangement - Background to the Arrangement - Income Tax Changes*”;

“**NI 51-102**” means *National Instrument 51-102 - Continuous Disclosure Obligations*;

“**Non-Resident**” means: (i) a Person who is not resident in, nor deemed to be resident in, Canada for the purposes of the Tax Act; or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;

“**Non-Resident Dissenting Unitholder**” has the meaning ascribed to it under the heading “*Canadian Federal Income Tax Considerations - Unitholders Not in Canada - Dissenting Non-Resident Unitholder*”;

“**Non-Resident Unitholder**” has the meaning ascribed to it under the heading “*Canadian Federal Income Tax Considerations - Unitholders Not Resident in Canada*”;

“**Notice of Meeting**” means the Notice of Special Meeting of Unitholders which accompanies this Information Circular;

“**Notice of Objection**” has the meaning ascribed to it under the heading “*The Arrangement - Right to Dissent*”;

“**Offer to Pay**” has the meaning ascribed to it under the heading “*The Arrangement - Right to Dissent*”;

“**Option Plan**” means the Amended & Restated WesternOne Equity Incentive Unit Option Plan, as amended, restated or supplemented from time to time;

“**Partnership**” means WesternOne Equity LP, a limited partnership organized under the laws of the Province of Manitoba;

“**Partnership Agreement**” means the limited partnership agreement of Partnership;

“**Person**” means any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

“**Plan**” or “**Plan of Arrangement**” means the plan of arrangement attached as Exhibit A to Appendix C to this Information Circular, as amended or supplemented from time to time in accordance with the terms thereof;

“**Record Date**” means the close of business on July 24, 2012;

“**Regulations**” has the meaning ascribed to it under the heading “*Canadian Federal Income Tax Considerations*”;

“**Resident**” means a person who is not a Non-Resident;

“**Resident Unitholder**” has the meaning ascribed to it under the heading “*Canadian Federal Income Tax Considerations - Unitholders Resident in Canada*”;

“**Rights Plan**” means the unitholder rights plan of the Fund to be approved by the Unitholders at the Meeting, as summarized in Appendix I to this Information Circular;

“**Rights Plan Agreement**” means the unitholder rights plan agreement to be entered into between the Fund and Computershare Investor Services Inc., subject to approval of the Rights Plan Resolution;

“**Rights Plan Resolution**” means the ordinary resolution in respect of the Rights Plan, in substantially the form attached as Appendix H to this Information Circular, to be voted upon by Unitholders at the Meeting;

“**SIFT Conversion Rules**” has the meaning ascribed to it under the heading “*Summary Information - Background to and Reasons for the Arrangement - Income Tax Changes*”;

“**SIFT Rules**” means the legislative provisions governing the taxation of “specified investment flow-through” trusts and partnerships and their unitholders, which were announced by the Minister on October 31, 2006 and which were enacted on June 22, 2007, pursuant to Bill C-52, and all subsequent amendments thereto;

“**Special Committee**” has the meaning ascribed to it under the heading “*Summary Information - Background to and Reasons for the Arrangement – Deliberations of the Trustees*”;

“**SRP Rights**” means rights issued pursuant to the Rights Plan to holders of WesternOne Inc. Shares;

“**subsidiary**” means, with respect to any Person, a subsidiary (as that term is defined in the CBCA (for such purposes, if such person is not a corporation, as if such person were a corporation)) of such Person and includes any limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a subsidiary (as described above) if such entity were a corporation;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), including the regulations promulgated thereunder, as amended;

“**Tax Proposals**” has the meaning ascribed to it under the heading “*Canadian Federal Income Tax Considerations*”;

“**Trust**” means WesternOne Equity Trust, an unincorporated, open-ended trust established under the laws of the Province of British Columbia;

“**Trust Assets**” has the meaning ascribed thereto in the Trust Declaration of Trust;

“**Trust Company**” means Computershare Trust Company of Canada or such other trust company as may be determined from time to time by the Board to act as administrator of the EPP;

“**Trust Declaration of Trust**” means the declaration of trust by which the Trust is governed, as it may be amended, supplemented or restated from time to time;

“**Trust Indentures**” means, collectively, the 2010 Trust Indenture, the 2011 First Supplemental Trust Indenture and any other indenture or supplemental indenture entered into by the Fund from time to time with respect to Debentures;

“**Trust Units**” means units of the Trust;

“**Trustees**” means the trustees of the Fund;

“**TSX**” means the Toronto Stock Exchange;

“**Unit Option**” means all options to purchase Units granted by the Fund from time to time under the Option Plan or otherwise;

“**United States GAAP**” means generally accepted accounting principles in the United States as in effect from time to time;

“**Unitholders**” means holders of Units of the Fund;

“**Units**” means units of the Fund;

“**URP Rights**” means rights issued pursuant to the Rights Plan to Unitholders;

“**WesternOne Equity**” means, unless the context otherwise requires, the Fund, together with the Trust, the Partnership and the GP and any other direct or indirect subsidiaries and affiliates;

“**WesternOne Inc.**” means WesternOne Inc., a corporation incorporated under the CBCA;

“**WesternOne Inc. Options**” means options to purchase WesternOne Inc. Shares governed by the Option Plan or otherwise, following the Effective Time; and

“**WesternOne Inc. Share**” means a common share in the capital of WesternOne Inc.

## SUMMARY INFORMATION

*The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Capitalized terms not otherwise defined herein are defined in the "Glossary of Key Terms".*

### **The Meeting**

The Meeting will be held in Vancouver, British Columbia on September 5, 2012 commencing at 10:00 a.m. (Pacific time) for the purposes set forth in the accompanying Notice of Meeting. The business of the Meeting will be (i) to consider and vote upon the Arrangement Resolution; (ii) to consider and vote upon the EPP Resolution; (iii) to consider and vote upon the Rights Plan Resolution; and (iv) to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof. See "*The Arrangement*", "*WesternOne Employee Purchase Plan*", "*WesternOne Unitholder Rights Plan*" and "*Other Matters To Be Acted Upon at the Meeting*".

### **The Arrangement**

If approved, the Arrangement will result in the reorganization of the Fund into a corporation which will have the name "WesternOne Inc." and will operate the Business. WesternOne Inc. will retain the senior management of the GP in place as of the Effective Date. The members of the Board of Trustees and the Board of Directors currently in place comprise the board of directors of WesternOne Inc. See "*Appendix D – Information Respecting WesternOne Inc. - Description of the Business*".

The Arrangement will address the elimination in 2013 of tax legislation that allows for a tax deferred wind-up of the Fund and Trust, result in a simplified business structure, remove limitations on non-resident ownership of its securities and generally provide certainty to the market.

Pursuant to the Arrangement, Unitholders will receive, for each Unit held, one WesternOne Inc. Share. Big Bash, the holder of all outstanding Exchangeable Units, will participate in the Arrangement and receive one WesternOne Inc. Share for each Exchangeable Unit it holds. No Exchangeable Units will remain outstanding following the Effective Date.

In connection with the Arrangement, WesternOne Inc. will assume all of the covenants and obligations of the Fund under the Trust Indentures in respect of the outstanding Debentures. Provided the Arrangement is completed, upon conversion of the Debentures after the Effective Date holders of Debentures will be entitled to receive WesternOne Inc. Shares rather than Units on the same basis as Units are now issuable upon conversion of the Debentures.

Upon completion of the Arrangement, the WesternOne Inc. Shares will be listed for trading on the TSX, subject to WesternOne Inc. satisfying certain listing conditions of the TSX. The Debentures shall remain listed for trading on the TSX under their current symbols.

The Arrangement has been structured to allow Unitholders resident in Canada and Big Bash to receive WesternOne Inc. Shares on a tax-deferred basis.

See "*The Arrangement - Effect of the Arrangement on Unitholders*", "*The Arrangement - Details of the Arrangement*", "*The Arrangement - Arrangement Agreement*", "*The Arrangement - Procedure for Exchange of Units*" and "*Canadian Federal Income Tax Considerations*".

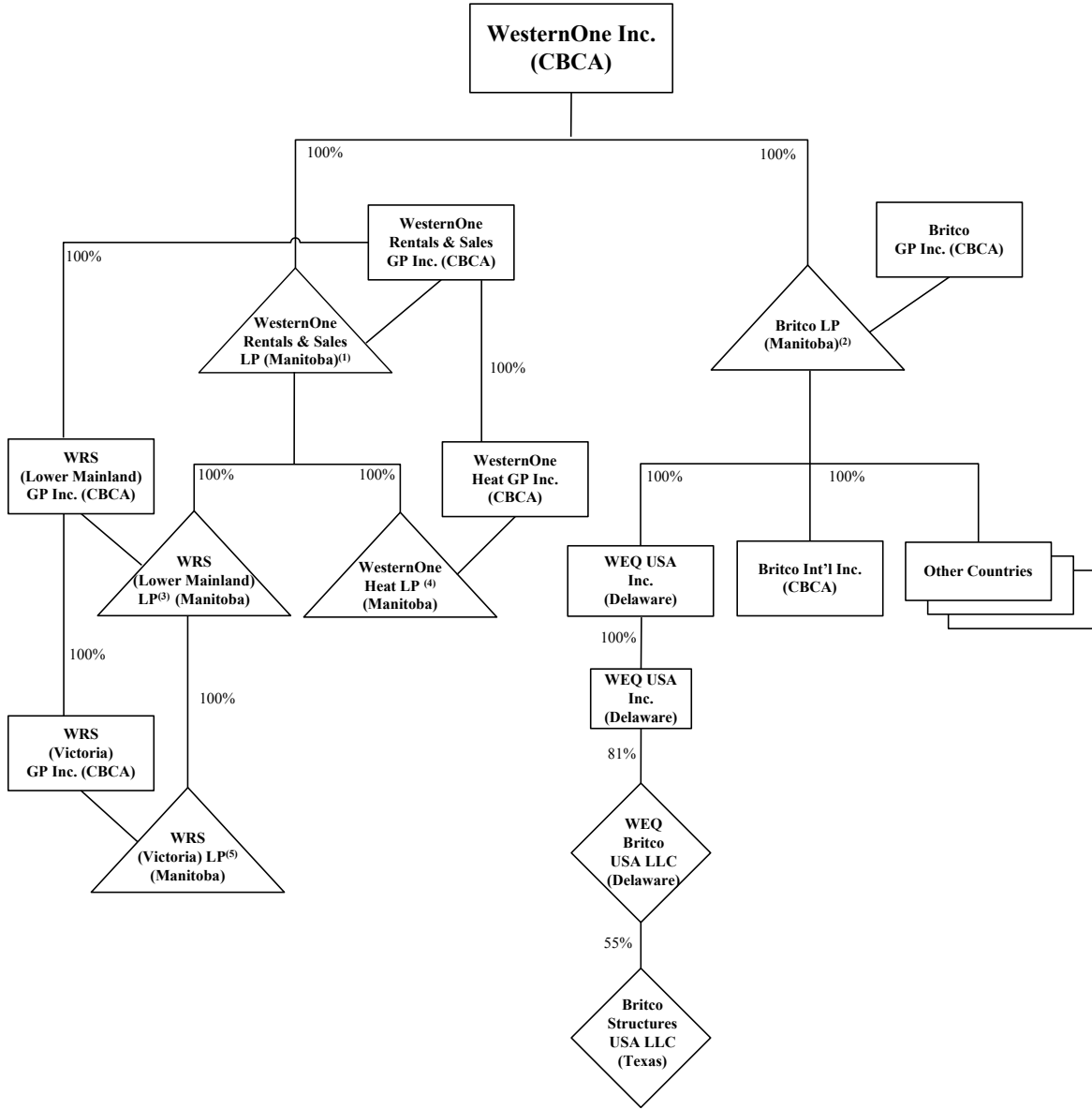
### **Dividend Policy**

Following the completion of the Arrangement, WesternOne Inc. expects to pay monthly dividends in a manner similar to the Fund's current approach to distributions. All decisions with respect to the declaration of dividends on the WesternOne Inc. Shares will be made by the board of directors of WesternOne Inc. on the basis of WesternOne Inc.'s earnings, financial requirements and other conditions existing at such future time, planned acquisitions, income tax payable by WesternOne Inc. and its subsidiaries and access to capital markets, as well as the satisfaction



**Post Arrangement Reorganization**

Following the Arrangement and the receipt of certain regulatory approvals and third party consents, it is expected that an internal reorganization of some of the subsidiaries of WesternOne Inc. will occur to streamline the current business platforms. The following diagram illustrates the structure of WesternOne Inc. assuming completion of the post arrangement reorganization.



(1) New name for WEQ Deerfoot Rentals LP.  
 (2) New name for WEQ Britco LP.  
 (3) New name for WEQ Production Equipment LP. Also holds business of WEQ C&N Rentals LP as a separate division.  
 (4) New name for WEQ Heat & Propane LP.  
 (5) New name for WEQ Old Country Rentals LP.

## **Background to and Reasons for the Arrangement**

### ***Income Tax Changes***

On October 31, 2006, the Federal Minister of Finance (the “**Minister**”) announced a “Tax Fairness Plan” which, in part, proposed changes to the manner in which certain flow-through entities and distributions from such entities are taxed. This announcement had an immediate impact on the Canadian capital markets resulting in a significant decline in trading prices for income trusts, partnerships and numerous other Canadian securities. Now enacted, the SIFT Rules impose a tax at the trust level on distributions of certain income from publicly traded mutual fund trusts at a rate of tax comparable to the combined federal and provincial corporate tax rates and treats income distributions as taxable dividends to unitholders of such publicly traded mutual fund trusts. Trusts that were publicly traded at the time of the Minister’s announcement were generally entitled to a four-year transition period and were not subject to the tax imposed under the SIFT Rules until January 1, 2011, provided such trusts experienced only “normal growth” and no “undue expansion” before that time. On December 15, 2006, the Minister issued normal growth guidelines which provided additional information on “normal growth” and “undue expansion” under the SIFT Rules.

On July 14, 2008, the Minister released specific proposals to amend the Tax Act that were intended to facilitate the conversion of SIFTs, such as the Fund, into taxable Canadian corporations (the “**SIFT Conversion Rules**”) without any undue tax consequences where such conversions occur prior to 2013. The SIFT Conversion Rules, as revised on February 2, 2009, received Royal Assent on March 12, 2009. A vast majority of income trusts and partnerships in Canada have now converted to corporate status.

Historically, the Fund was not liable for any amounts of income tax under the Tax Act because it generally was entitled to deduct (and did fully deduct) distributions to Unitholders in computing its income that would otherwise have been subject to tax. Since January 1, 2011, the Fund has become liable, under the SIFT Rules, to pay income tax under the Tax Act at a rate comparable to the combined federal and provincial corporate tax rate on certain distributions to Unitholders. Consequently, the tax advantage of remaining a trust no longer exists.

### ***Deliberations of the Trustees***

The Board of Trustees and management regularly review the Fund’s strategic objectives and options available to it to ensure that the Fund’s capital structure is efficient and that Unitholder value is being maximized. Following the announcement of the SIFT Rules, management has updated the Board of Trustees from time to time on the impact of the SIFT Rules and the Board of Trustees discussed the strategic alternatives that might be available to the Fund as a result of the adoption of these rules. In early 2012, management, at the request of the Board of Trustees, continued to carry out more detailed analysis concerning the impact of the SIFT Rules upon the Fund and the amounts it may have available for distribution to Unitholders under the SIFT Rules and the various structures that might be adopted by the Fund as a result of the SIFT Rules.

On May 8, 2012, the Board of Trustees held a special meeting to consider and review the alternative structures available to the Fund as a result of the SIFT Rules. At this meeting, the Board of Trustees resolved to create a special committee of its independent Trustees (the “**Special Committee**”) consisting of Robert W. King, the Chair of the Board of Trustees, Douglas R. Scott and T. Richard Turner, to review and consider, in more detail, the strategy that should be adopted by the Fund as a result of the SIFT Rules. The Board of Trustees also determined that the other members of the Board of Trustees and of the Board of Directors could attend the meetings of the Special Committee as observers.

On May 31, 2012 the Special Committee met to consider the matters that it would review relating to the structure the Fund might adopt as a result of the SIFT Rules. At that meeting, Douglas R. Scott was appointed Chair of the Special Committee and Brian R. Canfield of the Fund’s legal counsel, Farris, Vaughan, Wills & Murphy LLP, was appointed as secretary to the Committee. Mr. Canfield reviewed with the members of the Special Committee, their duties and responsibilities in carrying out their mandate and provided them with an outline of the procedures they should follow in reviewing and considering the Arrangement. Mr. Canfield also responded to questions from members of the Special Committee and observers present at this meeting. At this meeting, the Special Committee also determined to recommend to the Board of Trustees that members of the Special Committee be paid \$1,500 for each meeting attended, and to pay the Chair of the Special Committee an additional fee of \$6,500. The Special Committee also determined to recommend to the Board of Trustees that any observer who attends meetings of the

Special Committee be paid the same fees as members of the Special Committee provided that they are not executives of WesternOne Equity.

At its meeting of May 31, 2012, the Special Committee requested management to provide it with projections showing the impact of the SIFT Rules on the amounts otherwise available for distribution to Unitholders. The Special Committee also discussed other issues that it would take into consideration in making its recommendation to the full Board of Trustees, including the effective date for the implementation of the Arrangement and the dividend policy to be adopted by WesternOne Equity should the Arrangement be approved.

On June 22, 2012 the Special Committee met to consider the projections and other information requested from management, the effective date for implementation of the Arrangement, the dividend policy to be adopted by WesternOne Equity and other matters including possible post-Arrangement reorganization structures. As part of this meeting, management presented a detailed operations review and analysis and, in connection with that presentation, management updated the Board of Trustees regarding its ongoing analysis and presented the Board of Trustees with a comparison between maintaining the status quo and conversion to a corporation.

On July 1, 2012, WesternOne Inc. was incorporated.

On July 5, 2012, the Special Committee met to review a number of matters including the summary of the background and reasons for the Arrangement, as set forth in this Information Circular, the agreement by the Trustees and management of the Fund to enter into agreements to vote their Units in favour of the resolution to approve the Arrangement and other matters. At this meeting, the members of the Special Committee determined that the Arrangement was in the best interests of the Fund and fair to the Unitholders, and unanimously resolved to recommend to the full Board of Trustees that they approve the Arrangement Agreement and recommend to Unitholders that they vote in favour of the Arrangement Resolution.

On July 18, 2012, after duly considering the financial aspects and other considerations relating to the proposed Arrangement, including the terms of the proposed Arrangement and the duties and responsibilities of the Board of Trustees to Unitholders, the Board of Trustees unanimously approved the Arrangement and concluded that the Arrangement was fair to the Unitholders, was in the best interests of the Fund, and unanimously resolved to recommend that the Unitholders vote their Units in favour of the Arrangement Resolution. At this meeting, the Board of Trustees reviewed a news release regarding the Arrangement and authorized the publication of this release.

On July 18, 2012, the Board also unanimously resolved to approve the contents of this Information Circular and its delivery to Unitholders.

Finally, on July 18, 2012, the Arrangement Agreement was entered into and the Fund announced the proposed Arrangement to the public.

See "*Background to and Reasons for the Arrangement*".

### **Fairness of the Arrangement**

The Board of Trustees have considered the fairness of the Arrangement to the Unitholders. When the Arrangement is implemented, Unitholders will exchange their Units for WesternOne Inc. Shares on a one-for-one basis. As it is the current intention of the Board of Trustees to implement the Arrangement at the end of 2012, a Unitholder subject to tax in Canada should be indifferent, from a financial point of view, as to whether such securityholder holds a Unit or a WesternOne Inc. Share. If the Arrangement is approved and becomes effective at the end of 2012, a Unitholder will be exchanging an equity interest in the Fund for an equity interest in WesternOne Inc., and will own, on a fully-diluted basis, the same number and percentage of equity interest in WesternOne Inc. immediately after the Arrangement becomes effective as the number and percentage of equity interest in the Fund immediately before the Arrangement becomes effective with the only exception being the 125,000 WesternOne Inc. Shares issued to Big Bash for the Exchangeable Units. As a result, the Trustees have determined, based upon their own investigations and on information provided by management of WesternOne Equity and legal counsel to the Fund, that the Arrangement is fair to the Unitholders.

See "*Background to and Reasons for the Arrangement - Fairness of the Arrangement*".



### **Benefits of the Conversion to a Corporation**

Based on its review of the Fund's current income trust structure, the Board of Trustees has unanimously determined that the proposed corporate structure will be better suited to the Fund's strategy for the following reasons:

- (a) a tax deferred wind-up of the Fund and Trust is only permitted under the SIFT Rules if it is implemented before 2013 and the Arrangement provides for a tax-deferred method of exchanging Units for WesternOne Inc. Shares;
- (b) management of WesternOne Equity believes that continuing to carry on business under a trust structure will be more cumbersome from a tax perspective;
- (c) the corporate form of business entity is based upon a comprehensive statute and a significant body of law which is better understood by market participants, lenders and suppliers and customers of the Fund than the more complex structure of the Fund and its subsidiary entities;
- (d) converting to a corporation would eliminate the additional administrative cost associated with an income trust structure and permit WesternOne Inc.'s financial and operational performance to be more easily valued relative to its corporate peers;
- (e) converting to a corporation would result in all equity holders owning the same form of security, rather than Units and Exchangeable Units; and
- (f) the limitations upon non-resident ownership of units of a mutual fund trust would not be applicable to shares of a corporation, thereby possibly providing WesternOne Inc. with a broader base of investors.

See *"Background to and Reasons for the Arrangement - Benefits of the Conversion to a Corporation"*.

### **Recommendation of the Board of Trustees**

**The Board of Trustees has determined that the Arrangement is fair to Unitholders and in the best interests of WesternOne Equity and unanimously recommends that Unitholders vote in favour of the Arrangement Resolution.**

As of July 24, 2012, the Management Group and their associates, who beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,465,088 Units, representing approximately 12.32% of all of the Units entitled to vote at the Meeting, have indicated that they intend to vote for the Arrangement.

See *"Background to and Reasons for the Arrangement - Recommendation of the Board of Trustees"*.

### **Procedure for Exchange of Units**

**From and after the Effective Time, any certificates formerly representing the Units and Exchangeable Units exchanged pursuant to the Arrangement shall represent only the right to receive WesternOne Inc. Shares to which the Unitholders thereof are entitled under the Arrangement.**

As the Units trade only in the "book-entry" system administered by CDS, CDS is the only registered Unitholder, and no certificates have been issued, or can be issued, to non-registered (beneficial) Unitholders. No new certificates representing WesternOne Inc. Shares will be issued to beneficial holders of Units following the completion of the Arrangement and the beneficial holders of Units need not take any action. WesternOne Inc. will issue a global certificate to CDS representing the issued and outstanding WesternOne Inc. Shares as of the Effective Date.

Under the CBCA, every shareholder is entitled at their option to a certificate representing the WesternOne Inc. Shares held by such shareholder, or a non-transferable written acknowledgement of their right to obtain such certificate from WesternOne Inc. in respect of the WesternOne Inc. Shares held by them.

See *“The Arrangement - Procedure for Exchange of Units”*.

### **Convertible Debentures**

As at July 24, 2012, there were \$13,208,000 aggregate principal amount of 2010 Debentures and \$86,230,000 aggregate principal amount of 2011 Debentures outstanding. Following completion of the Arrangement, holders of Debentures who convert their Debentures will receive WesternOne Inc. Shares rather than Units on the same basis as Units are now issuable upon conversion of the Debentures. As the Debentures trade in the “book-entry” system and no certificates are issued to unregistered holders, no new certificates for Debentures will be issued to beneficial holders of Debentures following the completion of the Arrangement and the beneficial holders of Debentures need not take any action.

### **Approvals**

#### ***Unitholder Approvals***

Pursuant to the Interim Order, the number of votes required to pass the Arrangement Resolution shall be not less than two-thirds of the votes cast by Unitholders, either in person or by proxy, voting together as a single class at the Meeting. Unitholders are entitled to one vote for each Unit. See *“The Arrangement - Approvals - Unitholder Approvals”* and *“General Proxy Matters - Voting Units and Principal Holders Thereof”*.

#### ***Court Approval***

Implementation of the Arrangement requires the approval of the Court. An application for the Final Order approving the Arrangement is expected to be made on September 6, 2012 at 9:45 a.m. (Pacific Time) at the Supreme Court of British Columbia, 800 Smithe Street, Vancouver, British Columbia. On the application, the Court will consider the fairness of the Arrangement. See *“The Arrangement - Approvals - Court Approvals - Final Order”*.

#### ***Stock Exchange Listing Approvals***

The TSX has conditionally approved the listing of the WesternOne Inc. Shares issuable pursuant to the Arrangement and the WesternOne Inc. Shares issuable upon conversion of the Debentures, subject to WesternOne Inc. fulfilling the requirements of the TSX. See *“The Arrangement - Approvals - Stock Exchange Listing Approvals”*.

### **Right to Dissent**

Pursuant to the Interim Order and the Plan of Arrangement, registered Unitholders have the right to dissent with respect to the Arrangement Resolution by providing a written objection to the Arrangement Resolution to the Fund, c/o Farris, Vaughan, Wills & Murphy LLP, 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3, Attention: Brian R. Canfield, by 4:00 p.m. (Pacific Time) on the fourth Business Day immediately preceding the date of the Meeting, provided such holder also complies with Section 190 of the CBCA, as may be modified by the Interim Order and the Plan of Arrangement. It is important that Unitholders strictly comply with this requirement and understand that it is different from the statutory dissent provisions of the CBCA which would permit a written objection to be provided at or prior to the Meeting. Provided the Arrangement becomes effective, each registered Unitholder who exercises Dissent Rights will be entitled to be paid the fair value of the Units in respect of which the holder dissents in accordance with Section 190 of the CBCA, as may be modified by the Interim Order. See Appendices B and F of this Information Circular for a copy of the Interim Order and the provisions of Section 190 of the CBCA, respectively.

The statutory provisions covering the right to dissent are technical and complex. **Failure to strictly comply with the requirements set forth in Section 190 of the CBCA, as may be modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right to dissent. Persons who are beneficial owners of Units registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered holder is entitled to dissent.** Accordingly, a beneficial owner of Units desiring to exercise the right to dissent must make arrangements for such Units beneficially owned to be registered in such holder’s name prior to the time the written objection to the Arrangement Resolution is required to be received by the Fund or, alternatively, make arrangements for the registered holder of such Units to dissent on such

holder's behalf. Pursuant to the Interim Order, a registered Unitholder may only exercise the right to dissent in respect of all of such holder's Units.

**It is a condition to the Arrangement that Unitholders holding not more than 5% of the Units combined shall have exercised rights of dissent in relation to the Arrangement that have not been withdrawn as at the Effective Date.**

See "*The Arrangement - Right to Dissent*".

#### **Canadian Federal Income Tax Considerations**

This Information Circular contains a summary of the principal Canadian federal income tax considerations relevant to Residents and Non-Residents and which relate to the Arrangement and the below comments are qualified in their entirety by reference to such summary.

The exchange of Units for WesternOne Inc. Shares pursuant to the Arrangement should not give rise to any capital gain or capital loss to the Unitholders under Canadian federal income tax laws.

See "*Canadian Federal Income Tax Considerations*".

#### **Other Tax Considerations**

**This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations. Unitholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning WesternOne Inc. Shares after the Arrangement.**

**Unitholders should also consult their own tax advisors regarding provincial or territorial tax considerations of the Arrangement or of holding WesternOne Inc. Shares.**

#### **Timing of Completion of the Arrangement**

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions at that point in time are satisfied or waived, the Fund and the GP will apply for the Final Order approving the Arrangement on September 6, 2012. If the Final Order is obtained on September 6, 2012 in form and substance satisfactory to the Fund, the Trust, the Partnership, the GP and WesternOne Inc., and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Fund expects the Effective Date will be on or before December 31, 2012. It is not possible, however, to state with certainty when in 2012 the Effective Date will occur. The Plan of Arrangement to be approved pursuant to the Arrangement Resolution provides that the Board of Trustees may establish a date for the effectiveness of the Arrangement earlier than December 31, 2012 if it would be in the best interests of the Fund to do so based on circumstances that arise after the date of this Information Circular. The Effective Date could also be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order; notwithstanding the foregoing, a condition precedent for completion of the Arrangement is that it shall have become effective on or prior to December 31, 2012.

The Arrangement will become effective upon the issuance of a Certificate of Arrangement under the CBCA following the filing with the Director of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director.

#### **Selected Financial Information**

An audited statement of financial position of WesternOne Inc. is included as Schedule A of Appendix D to this Information Circular. An unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss) of WesternOne Inc. after giving effect to the Arrangement is included as Schedule B of Appendix D to this Information Circular.

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss), including that the Arrangement is completed. The unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss) are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited consolidated pro forma statement of financial position and consolidated statements of comprehensive income (loss) or of the results expected in future periods.

### **Risk Factors**

For a description of certain risk factors in respect of the Business and the industry in which the Fund operates which will continue to apply to WesternOne Inc. after the Effective Date, see “*Appendix D – Information Respecting WesternOne Inc. – Risk Factors*” and the risk factors found in the “Risk Factors” section of the Fund AIF.

**Moreover, the following is a list of certain risk factors relating to the Arrangement, the activities of WesternOne Inc. and its affiliates and the ownership of WesternOne Inc. Shares which Unitholders should carefully consider before making a decision with respect to the Arrangement:**

- The completion of the Arrangement in the form contemplated by the Arrangement Agreement is subject to a number of conditions precedent, some of which are outside the control of the Fund. There can be no certainty, nor can the Fund provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.
- In certain circumstances, the Arrangement Agreement may be terminated in the event of a change that constitutes a Material Adverse Effect (as such term is defined in the Arrangement Agreement). Although a Material Adverse Effect excludes certain events that are beyond the control of the parties to the Arrangement Agreement, there can be no assurance that a change that constitutes a Material Adverse Effect will not occur prior to the Effective Date, in which case, the Arrangement Agreement may be terminated and the Arrangement would not proceed.
- WesternOne Equity continues to seek and obtain certain necessary consents and approvals, in order to implement the Arrangement and related transactions as currently structured. If certain approvals and consents are not received prior to the Effective Date, the Fund may decide to proceed with the Arrangement nonetheless, or it may be required or choose to either delay or amend the implementation of all or part of the Arrangement.
- If the Arrangement is not completed, the Fund will continue to face all of the existing operational and financial risks of its business as described herein and the documents incorporated by reference herein.
- If the Arrangement is not completed, there may be a negative impact on the trading price of the Units and future business and operations, to the extent that the current trading price of the Units reflects an assumption that the Arrangement will be completed. The price of the Units may decline if the Arrangement is not completed.
- The future payments of dividends by WesternOne Inc. are dependent upon, among other things, operating cash flow generated by the Business, financial requirements of WesternOne Inc. and the satisfaction of solvency tests on the payment of dividends pursuant to the CBCA.
- WesternOne Inc.’s level of indebtedness from time to time could impair WesternOne Inc.’s ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.
- WesternOne Inc. may make future acquisitions or enter into financing or other arrangements involving the issuance of securities of WesternOne Inc. which may be dilutive to existing shareholders.

- It is possible that WesternOne Inc. Shares may not be listed or, if listed, may cease to be listed on the TSX.

**The risk factors summarized above are a list of risk factors contained elsewhere or incorporated by reference in this Information Circular. See “Risk Factors” in this Information Circular for risk factors relating to the Arrangement and “Appendix D – Information Respecting WesternOne Inc. - Risk Factors” for risk factors specific to WesternOne Inc. and the ownership of WesternOne Inc. Shares. In addition, for a description of risk factors in respect of the Fund, see the section entitled “Risk Factors” in the Fund AIF and the management’s discussion and analysis, which are incorporated herein by reference. Unitholders should carefully consider all such risk factors.**

#### **WesternOne Employee Purchase Plan**

Unitholders will be asked to consider and, if thought advisable, to pass an ordinary resolution of Unitholders approving and authorizing the adoption of the EPP. The form of the EPP Resolution is attached as Appendix F and a copy of the EPP is attached as Appendix G.

In the event the Arrangement is approved and completed, the EPP will automatically be assumed by WesternOne Inc. under the Arrangement with such amendments as are necessary to apply the EPP to the shareholders of WesternOne Inc. and terminate the application of the EPP to the Fund thereafter.

The Board of Trustees has reviewed the terms of the EPP and has unanimously determined that it is in the best interests of the Fund. Accordingly, the Board of Trustees unanimously recommends that Unitholders vote for the EPP Resolution.

**The persons whose names are printed on the Proxy intend to vote FOR the EPP Resolution unless specifically instructed otherwise on the Proxy.**

See: “*WesternOne Employee Purchase Plan*”.

#### **WesternOne Unitholder Rights Plan**

The Unitholders will also be asked to consider and, if thought advisable, to pass an ordinary resolution approving and authorizing the adoption of a unitholder Rights Plan for the Fund. The form of the Rights Plan Resolution is attached as Appendix H and a summary of the Rights Plan is attached as Appendix I.

The purpose of the Rights Plan is to ensure that, to the extent possible, Unitholders are treated fairly in the event that a take-over bid is made for Units, and will provide the Board of Trustees sufficient time to evaluate unsolicited take-over bids and to explore, develop and pursue alternatives that could maximize Unitholder value. The exchange of Units for WesternOne Inc. Shares will not, however, be considered a triggering event under the Rights Plan.

In the event the Arrangement is approved and completed, the Rights Plan will automatically be assumed by WesternOne Inc. under the Arrangement with such amendments as are necessary to apply the Rights Plan to the shareholders of WesternOne Inc. and terminate the application of the Rights Plan to the Fund thereafter.

The Board of Trustees has reviewed the terms of the Rights Plan and has unanimously determined that it is in the best interests of WesternOne Inc. Accordingly, the Board of Trustees unanimously recommend that Unitholders vote for the Rights Plan Resolution.

**The persons whose names are printed on the Proxy intend to vote FOR the Rights Plan Resolution unless specifically instructed otherwise on the Proxy.**

See: “*WesternOne Unitholder Rights Plan*”.

## GENERAL PROXY MATTERS

### Solicitation of Proxies

It is expected that the solicitation of proxies for the Meeting will be primarily by mail, but proxies may be solicited personally, by telephone or by other means of communication by the Trustees and by the directors, officers and regular employees of the GP, the administrator of the Fund, who will not be specifically remunerated therefor. All costs of solicitation of proxies by or on behalf of the Trustees will be borne by the Fund.

### Appointment of Proxies

**The persons named in the accompanying Form of Proxy are Trustees of the Fund. A Unitholder desiring to appoint some other person, who need not be a Unitholder, to attend and act on the Unitholder's behalf at the Meeting has the right to do so, either by inserting the desired person's name in the blank space provided in the Form of Proxy or by completing another proper Form of Proxy.**

A Form of Proxy must be in writing and signed by the Unitholder or by the Unitholder's attorney duly authorized in writing or, if the Unitholder is a body corporate or association, under its seal or by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing. If an attorney executes the Form of Proxy, evidence of the attorney's authority must accompany the Form of Proxy. A proxy will not be valid unless the completed Form of Proxy is received by Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 (toll-free facsimile: 1-866-249-7775) not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment thereof.

**Beneficial Unitholders who hold their Units of the Fund through an intermediary/broker are not entitled, as such, to vote at the Meeting through a proxy. Regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of the Meeting. Beneficial Unitholders should carefully follow the instructions of their intermediary/broker, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting. See "Beneficial Unitholders".**

### Revocation of Proxies

A Unitholder who has given a Form of Proxy may revoke it by an instrument in writing that is signed and delivered to Computershare Investor Services Inc. in the manner as described above so as to arrive at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the Form of Proxy is to be used, or to the chair of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner provided by law. A revocation of a Form of Proxy does not affect any matter on which a vote has been taken prior to the revocation.

### Voting of Proxies

**The Trustee representatives designated in the accompanying Form of Proxy will vote or withhold from voting the Units in respect of which they are appointed proxy on any ballot that may be called for in accordance with the instructions of the Unitholders as indicated on the Form of Proxy and, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. Where no choice is specified in the Form of Proxy, such Units will be voted "for" the matters described therein and in this Information Circular.**

The accompanying Form of Proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting, other than for the appointment of an auditor and the election of Trustees. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the Trustee representatives designated in the accompanying Form of Proxy to vote in accordance with their best

judgment on such matters or business. At the time of the printing of this Information Circular, the Trustees know of no such amendment, variation or other matter, which may be presented to the Meeting.

### **Beneficial Unitholders**

These meeting materials are being sent to both registered and non-registered Unitholders. If you are a non-registered Unitholder and the Fund or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary/broker holding on your behalf.

**The information set forth in this section is important to all Unitholders.** Unitholders who do not hold their Units in their own name are referred to in this Information Circular as “Beneficial Unitholders”. **Beneficial Unitholders should note that only a Unitholder whose name appears on the records of the Fund as a registered holder of Units or a person they appoint as a proxy can be recognized and vote at the Meeting.** Currently, all issued and outstanding Units are in a book-based system administered by CDS. Consequently, all Units are currently registered under the name of CDS & Co. (the registration name for CDS). CDS also acts as nominee for brokerage firms through which Beneficial Unitholders hold their Units. Units held by CDS can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder.

Applicable regulatory policy requires intermediaries/brokers to whom meeting materials have been sent to seek voting instructions from Beneficial Unitholders in advance of Unitholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the Form of Proxy supplied to a Beneficial Unitholder by its broker is identical to that provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically prepares a special voting instruction form, mails those forms to the Beneficial Unitholders and asks for appropriate instructions respecting the voting of Units to be represented at the Meeting. Beneficial Unitholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Unitholders can call a toll-free telephone number or access Broadridge’s dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and vote the Units held by them. Broadridge then tabulates the results of all voting instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Units directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Units voted. Beneficial Unitholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Units at the Meeting.

**Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of depositing a Form of Proxy. If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your intermediary/broker well in advance of the Meeting to determine how you can do so.**

Beneficial Unitholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting.

### **Fund Structure**

The Fund is an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia and by the Fund Declaration of Trust to acquire and hold Trust Units and all the outstanding shares of the GP.

The Trust is an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia and by its declaration of trust. It is a limited partner of the Partnership owning 100% of the LP Units of the Partnership. All of the Trust’s 16,771,631 units are held by the Fund.

The Partnership is a limited partnership formed under the laws of the Province of Manitoba. The GP is the general partner of the Partnership.

The GP is a corporation incorporated under the laws of Canada and, as general partner of the Partnership, has the authority to manage and control the business and affairs of the Partnership. The affairs of the GP are supervised by the Board of Directors. The Fund holds 100 common shares in the capital of the GP.

The Fund does not carry on an active business but rather is restricted to holding the debt or equity securities of: (i) the Trust, and (ii) the GP.

### **Voting Units and Principal Holders Thereof**

As at July 24, 2012, there are 20,010,480 Units issued and outstanding, each of which entitles the holder to one vote on a ballot. In addition, Big Bash holds 125,000 Exchangeable Units which entitles Big Bash to exchange them, in certain circumstances, for Units on a one-for-one basis.

On a show of hands, every person present and entitled to vote will be entitled to one vote per Unit held. Only registered holders of Units at the close of business on the Record Date are entitled to vote at the Meeting.

To the knowledge of the Trustees, no person beneficially owns, directly or indirectly, or exercises control or direction over, Units carrying more than 10% of the voting rights attached to all the issued and outstanding Units other than:

<u>Name</u>	<u>Class and Number of Securities</u>	<u>Percentage of Units Outstanding at July 24, 2012</u>
Fred Hurdman Portfolio Manager	2,822,713 Units	14.11%

## **BACKGROUND TO AND REASONS FOR THE ARRANGEMENT**

### **Background to the Arrangement**

#### ***Income Tax Changes***

On October 31, 2006, the Federal Minister of Finance (the “**Minister**”) announced a “Tax Fairness Plan” which, in part, proposed changes to the manner in which certain flow-through entities and distributions from such entities are taxed. This announcement had an immediate impact on the Canadian capital markets resulting in a significant decline in trading prices for income trusts, partnerships and numerous other Canadian securities. Now enacted, the SIFT Rules impose a tax at the trust level on distributions of certain income from publicly traded mutual fund trusts at a rate of tax comparable to the combined federal and provincial corporate tax rates and treats income distributions as taxable dividends to unitholders of such publicly traded mutual fund trusts. Trusts that were publicly traded at the time of the Minister’s announcement were generally entitled to a four-year transition period and were not subject to the tax imposed under the SIFT Rules until January 1, 2011, provided such trusts experienced only “normal growth” and no “undue expansion” before that time. On December 15, 2006, the Minister issued normal growth guidelines which provided additional information on “normal growth” and “undue expansion” under the SIFT Rules.

On July 14, 2008, the Minister released specific proposals to amend the Tax Act that were intended to facilitate the conversion of SIFTs, such as the Fund, into taxable Canadian corporations (the “**SIFT Conversion Rules**”) without any undue tax consequences where such conversions occur prior to 2013. The SIFT Conversion Rules, as revised on February 2, 2009, received Royal Assent on March 12, 2009. A vast majority of income trusts and partnerships in Canada have now converted to corporate status.

Historically, the Fund was not liable for any amounts of income tax under the Tax Act because it generally was entitled to deduct (and did fully deduct) distributions to Unitholders in computing its income that would otherwise have been subject to tax. Since January 1, 2011, the Fund has become liable, under the SIFT Rules, to pay income tax under the Tax Act at a rate comparable to the combined federal and provincial corporate tax rate on certain distributions to Unitholders. Consequently, the tax advantage of remaining a trust no longer exists.



### *Deliberations of the Trustees*

The Board of Trustees and management regularly review the Fund's strategic objectives and options available to it to ensure that the Fund's capital structure is efficient and that Unitholder value is being maximized. Following the announcement of the SIFT Rules, management has updated the Board of Trustees from time to time on the impact of the SIFT Rules and the Board of Trustees discussed the strategic alternatives that might be available to the Fund as a result of the adoption of these rules. In early 2012, management, at the request of the Board of Trustees, continued to carry out more detailed analysis concerning the impact of the SIFT Rules upon the Fund and the amounts it may have available for distribution to Unitholders under the SIFT Rules and the various structures that might be adopted by the Fund as a result of the SIFT Rules.

On May 8, 2012, the Board of Trustees held a special meeting to consider and review the alternative structures available to the Fund as a result of the SIFT Rules. At this meeting, the Board of Trustees resolved to create a special committee of its independent Trustees consisting of Robert W. King, the Chair of the Board of Trustees, Douglas R. Scott and T. Richard Turner, to review and consider, in more detail, the strategy that should be adopted by the Fund as a result of the SIFT Rules. The Board of Trustees also determined that the other members of the Board of Trustees and of the Board of Directors could attend the meetings of the Special Committee as observers.

On May 31, 2012 the Special Committee met to consider the matters that it would review relating to the structure the Fund might adopt as a result of the SIFT Rules. At that meeting, Mr. Scott was appointed Chair of the Special Committee and Brian R. Canfield of the Fund's legal counsel, Farris, Vaughan, Wills & Murphy LLP was appointed as secretary to the Committee. Mr. Canfield reviewed, with the members of the Special Committee, their duties and responsibilities in carrying out their mandate and provided them with an outline of the procedures they should follow in reviewing and considering the Arrangement. Mr. Canfield also responded to questions from members of the Special Committee and the observers present at this meeting. At this meeting, the Special Committee also determined to recommend to the Board of Trustees that members of the Special Committee be paid \$1,500 for each meeting attended, and to pay the Chair of the Special Committee an additional fee of \$6,500. The Special Committee also determined to recommend to the Board of Trustees that any observer who attends meetings of the Special Committee be paid the same fees as members of the Special Committee provided that they are not executives of WesternOne Equity.

At its meeting of May 31, 2012, the Special Committee requested management to provide it with projections showing the impact of the SIFT Rules on the amounts otherwise available for distribution to Unitholders. The Special Committee also discussed other issues that it would take into consideration in making its recommendation to the full Board of Trustees, including the effective date for the implementation of the Arrangement and the dividend policy to be adopted by WesternOne Inc. should the Arrangement be approved.

On June 22, 2012, the Special Committee met to consider the projections and other information requested from management, the effective date for implementation of the Arrangement, the dividend policy to be adopted by WesternOne Inc. and other matters including possible post-Arrangement reorganization structures. As part of this meeting, management presented a detailed operations review and analysis and, in connection with that presentation, management updated the Board of Trustees regarding its ongoing analysis and presented the Board of Trustees with a comparison between maintaining the status quo and conversion to a corporation.

On July 1, 2012, WesternOne Inc. was incorporated.

On July 5, 2012, the Special Committee met to review a number of matters including the summary of the background and reasons for the Arrangement, as set forth in this Information Circular, the agreement by the Trustees and management of the Fund to enter into agreements to vote their Units in favour of the resolution to approve the Arrangement, and other matters. At this meeting, the members of the Committee determined that the Arrangement was in the best interests of the Fund and fair to the Unitholders, and unanimously resolved to recommend to the full Board of Trustees that they approve the Arrangement Agreement and recommend to Unitholders that they vote in favour of the Arrangement Resolution.

On July 18, 2012, after duly considering the financial aspects and other considerations relating to the proposed Arrangement, including the terms of the proposed Arrangement and the duties and responsibilities of the Board of Trustees to Unitholders, the Board of Trustees unanimously approved the Arrangement and concluded that the

Arrangement was fair to the Unitholders, was in the best interests of the Fund, and unanimously resolved to recommend that Unitholders vote their Units in favour of the Arrangement Resolution. At this meeting, the Board of Trustees reviewed a news release regarding the Arrangement and authorized the publication of this release.

On July 18, 2012, the Board also unanimously resolved to approve the contents of this Information Circular and its delivery to Unitholders.

Finally, on July 18, 2012, the Arrangement Agreement was entered into and the Fund announced the proposed Arrangement to the public.

### **Benefits of the Conversion to a Corporation**

Based on its review of the Fund's current income trust structure, the Board of Trustees has unanimously determined that the proposed corporate structure will be better suited to the Fund's strategy for the following reasons:

- (a) a tax deferred wind-up of the Fund and Trust is only permitted under the SIFT Rules if it is implemented before 2013 and the Arrangement provides for a tax-deferred method of exchanging Units for WesternOne Inc. Shares;
- (b) management of WesternOne Equity believes that continuing to carry on business under a trust structure will be more cumbersome from a tax perspective;
- (c) the corporate form of business entity is based upon a comprehensive statute and a significant body of law which is better understood by market participants, lenders and suppliers and customers of the Fund than the more complex structure of the Fund and its subsidiary entities;
- (d) converting to a corporation would eliminate the additional administrative cost associated with an income trust structure and permit WesternOne Inc.'s financial and operational performance to be more easily valued relative to its corporate peers;
- (e) converting to a corporation would result in all equity holders owning the same form of security, rather than Units and Exchangeable Units; and
- (f) the limitations upon non-resident ownership of units of a mutual fund trust would not be applicable to shares of a corporation, thereby possibly providing WesternOne Inc. with a broader base of investors.

While Unitholders will be asked to approve the Arrangement Resolution at the Meeting, the Board of Trustees has also unanimously resolved that it should be given the authority to determine when the Arrangement would become effective. The Board of Trustees has also unanimously resolved that it would not exercise its discretion to make the Arrangement effective until December 31, 2012 unless the Board of Trustees determines that it would be in the best interests of the Fund to establish a date for the effectiveness of the Arrangement earlier than December 31, 2012 on the basis of circumstances that arise after the date of this Circular. If the Board of Trustees makes this determination, the Fund will provide notice of the effective date of the Arrangement in a news release.

### **Fairness of the Arrangement**

The Board of Trustees has considered the fairness of the Arrangement to the Unitholders. When the Arrangement is implemented, Unitholders will exchange each Unit for one WesternOne Inc. Share. As it is the current intention of the Board of Trustees to implement the Arrangement at the end of 2012, a Unitholder subject to tax in Canada should be indifferent, from a financial point of view, as to whether such securityholder holds a Unit or a common share of WesternOne Inc. If the Arrangement is approved and becomes effective at the end of 2012, a Unitholder will be exchanging an equity interest in the Fund for an equity interest in WesternOne Inc., and will own, on a fully-diluted basis, the same number and percentage of equity interest in WesternOne Inc. immediately after the Arrangement becomes effective as the number and percentage of equity interest in the Fund immediately before the Arrangement becomes effective with the only exception being the 125,000 WesternOne Inc. Shares issued to Big Bash for the Exchangeable Units. As a result, the Trustees have determined, based upon their own investigations

and on information provided by management of WesternOne Equity and legal counsel to the Fund, that the Arrangement is fair to the Unitholders.

The Special Committee also considered whether the Trustees should obtain an opinion of a financial advisor as to the fairness of the Arrangement, from a financial point of view, to the Unitholders. For the reasons expressed in the foregoing paragraph, the Special Committee determined to recommend to the Board of Trustees not to obtain a fairness opinion as this opinion would not provide information for the Board of Trustees in addition to the information considered by the Special Committee and the Board of Trustees in determining to recommend to the Unitholders that they vote in favour of the Arrangement Resolution.

### **Recommendation of the Board of Trustees**

The Board of Trustees has reviewed the terms of the Arrangement. The Board of Trustees has determined that the Arrangement is in the best interests of the Fund and unanimously recommends that Unitholders vote in favour of the Arrangement and the Arrangement Resolution. In making determinations and recommendations, the Board of Trustees has relied upon its own investigations, information provided by management of the Fund during the course of its deliberations and upon legal and tax advice provided by advisers to the Fund.

The following is a summary of the factors, among others, that the Board of Trustees considered in making its determinations and recommendations regarding the Arrangement:

- (a) commencing in 2011, the tax savings to the Fund from distributions to Unitholders was eliminated as a consequence of the SIFT Rules, thereby removing the primary financial benefit of the current structure;
- (b) management of WesternOne Equity believes that continuing to carry on business under a trust structure will be more cumbersome from a tax perspective;
- (c) the Board of Trustees believes that the conversion of the Fund to a corporation will provide WesternOne Inc. with more flexibility regarding the growth and retention of its capital;
- (d) the Board of Trustees believes a corporate structure will enhance WesternOne Inc.'s access to capital; and
- (e) the Arrangement requires the approval by a majority of two-thirds of the Unitholders voting as a group, and by the Court in which the Court determines that the Arrangement is fair and reasonable to the Unitholders.

The foregoing discussion of the information and facts considered and given weight by the Board of Trustees is not intended to be exhaustive. In reaching the determination to approve and recommend the resolution to approve the Arrangement, the Board of Trustees evaluated the various factors summarized above in light of their own knowledge of the business, financial condition, and prospects of the Fund, and based upon the advice of their legal advisors and information provided by management. In view of the numerous factors considered in connection with their evaluation of the Arrangement, the Board of Trustees did not assign any relative or specific weight to the factors that were considered, and individual Trustees may have given different weight to each factor. There are risks associated with the Arrangement, including that some of the potential benefits set forth in this Information Circular may not be realized or that there may be significant costs associated with realizing such benefits. See "*Risk Factors*".

As at July 24, 2012, the Management Group and their associates, who beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,465,088 Units, representing approximately 12.32% of all of the Units entitled to vote on the Arrangement Resolution at the Meeting, have entered into agreements with the Fund whereby they have agreed to vote for the Arrangement.

At the Meeting, Unitholders will be asked to consider and to vote to approve the Arrangement Resolution approving the Arrangement and other related transactions. To be effective, the Arrangement must be approved by a resolution passed by not less than two-thirds of the votes cast by the Unitholders voting in person or by proxy at the Meeting. A copy of the Arrangement Resolution is set out in Appendix A of this Information Circular.

**The persons whose names are printed on the Proxy intend to vote FOR the Arrangement Resolution unless specifically instructed otherwise on the Proxy.**

### **Effect on Distributions and WesternOne Equity Dividend Policy**

If the Arrangement is approved at the Meeting and becomes effective December 31, 2012, as currently contemplated, the distribution to be paid by the Fund to Unitholders for the month of December 2012 (which distribution will be paid on or about January 15, 2013), and the equivalent distribution to be paid to the holders of Exchangeable Units, will be the last regular distribution paid to Unitholders by the Fund and to the holder of Exchangeable Units by the Partnership, respectively. If the Arrangement is approved at the Meeting and becomes effective on December 31, 2012, as currently contemplated, the board of directors of WesternOne Inc. is expected to adopt a policy of paying dividends in an amount equal to the current distributions of the Fund. Dividends will be paid monthly on or about the 15<sup>th</sup> day of each month to shareholders of record on or about the last day of the previous month. The initial monthly dividend of WesternOne Inc. is expected to be \$0.05 per WesternOne Inc. Share (\$0.60 per year) and is expected to be declared by the directors of WesternOne Inc. to be payable on or about February 15, 2013 to Unitholders of record on or about January 31, 2013. WesternOne Inc. expects to retain a portion of its net income to meet debt repayment requirements and to enable WesternOne Inc. to take advantage of opportunities in the market, should they arise and be attractive to WesternOne Inc.

WesternOne Inc.'s dividend policy will be subject to the discretion of the board of directors of WesternOne Inc. who will take into account WesternOne Inc.'s financial performance and its current and anticipated business and financial needs at the time a dividend is being considered. The amounts and time of any future dividends by WesternOne Inc. may vary depending on, among other things, WesternOne Inc.'s earnings, financial requirements, the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends and other relevant factors. See "*Risk Factors*".

If the Arrangement is not approved at the Meeting, the Board of Trustees will assess matters at that time to determine the Fund's course of action regarding any future distributions on the Units and the GP, in its capacity as general partner, will make a similar assessment in respect of any future distributions by the Partnership on the Exchangeable Units.

## **THE ARRANGEMENT**

### **General**

If approved, the Arrangement will result in the reorganization of the Fund into a corporation which has the name "WesternOne Inc." and will own the business. See "*Appendix D – Information Respecting WesternOne Inc. - Description of the Business*".

WesternOne Inc. will retain the senior management from the GP. The current members of the boards of the Fund and the GP comprise the board of directors of WesternOne Inc. See "*Appendix D - Information Respecting WesternOne Inc. - Directors and Officers*".

### **Effect of the Arrangement on Unitholders**

Under the Arrangement, Unitholders will receive one WesternOne Inc. Share for each Unit held. Big Bash will receive one WesternOne Inc. Share for each Exchangeable Unit held by it.

### **Effect of the Arrangement on Debentureholders**

Each of the 2010 Trust Indenture and the 2011 First Supplemental Trust Indenture contemplate that the Fund may undertake a "SIFT Reorganization" without seeking prior approval of Debentureholders. A SIFT Reorganization means a transaction that is a part of a tax reorganization of the Fund in response to the SIFT Rules. In connection with the Arrangement, WesternOne Inc. will assume all of the covenants and obligations of the Fund under the Debentures and the Trust Indentures. Provided the Arrangement is completed, on the Effective Date, holders of Debentures will become holders of debentures of WesternOne Inc. Upon any permitted conversion of debentures of WesternOne Inc., holders will be entitled to receive WesternOne Inc. Shares, rather than Units, at the same

conversion price as Units were previously issuable upon conversion of the Debentures, subject to adjustment in accordance with the applicable Trust Indenture. All other terms and conditions of the applicable Trust Indenture will continue to apply.

#### **Effect of the Arrangement on Optionholders**

WesternOne Inc. will amend and restate the Option Plan without further Unitholder approval in accordance with its amendment provisions and all outstanding Unit Options under the Option Plan will be exchanged on a one-for-one basis for WesternOne Inc. options governed by the amended and restated Option Plan. The terms of the amended and restated Option Plan will entitle the holders of WesternOne Inc. to receive WesternOne Inc. Shares for the same aggregate consideration and in lieu of the number of Units to which such holders would otherwise have been entitled upon exercise of the Unit Options.

#### **Effect of the Arrangement on LTIP Rights**

As of the date hereof, there are no LTIP Rights outstanding under the LTIP granted to Trustees, directors, officers, and employees of WesternOne Equity. In the event any such LTIP Rights are granted during the remainder of 2012, by precautionary measure, WesternOne Inc. has agreed to assume all of the Fund's obligations under the LTIP if the Effective Date occurs on or prior to the vesting of all of the LTIP Rights issued and outstanding under the LTIP. In such event, one WesternOne Inc. Share will be paid to LTIP Rightsholders for each Unit they would have been entitled to receive upon vesting of their LTIP Rights.

#### **Effect of the Arrangement on the Credit Facility**

The Canadian chartered bank with which the Fund has its Credit Facility Agreement has consented in principle to the Arrangement such that WesternOne Inc. will become the borrower under the Credit Facility upon completion of the Arrangement.

#### **Details of the Arrangement**

Pursuant to the Arrangement, commencing at the Effective Time and assuming that all of the conditions to the Arrangement have been satisfied or waived, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality, except as otherwise provided in the Plan:

##### ***Amendments to the Key Agreements***

- (a) each of the Key Agreements shall be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions described herein;

##### ***Dissenting Securityholders***

- (b) Units held by Dissenting Securityholders, who have validly exercised their rights of dissent and which rights of dissent remain valid immediately prior to the Effective Time, shall be cancelled and such Dissenting Securityholders shall cease to have any rights as Unitholders other than the right to be paid the fair value of their Units that were cancelled;

##### ***Cancellation of outstanding URP Rights***

- (c) in the event the Rights Plan is approved by Unitholders at the Meeting and has been adopted by the Fund, any and all issued and outstanding URP Rights shall be cancelled and terminated and be deemed to be cancelled and terminated in accordance with the Rights Plan;

##### ***Exchange of Units***

- (d) all of the issued and outstanding Units shall be deemed to be sold, assigned and transferred to WesternOne Inc. free of any liens, claims and encumbrances solely in consideration for

WesternOne Inc. Shares on the basis of one WesternOne Inc. Share for each Unit so sold, assigned and transferred;

***Repurchase of Initial WesternOne Inc. Share***

- (e) WesternOne Inc. shall repurchase the Initial WesternOne Inc. Share held by the Fund for \$10.00 and the Initial WesternOne Inc. Share shall be cancelled;

***Exchange of Options***

- (f) all outstanding Unit Options will be exchanged on a one-for-one basis for WesternOne Inc. Options governed by the Option Plan or otherwise in a manner agreed to by the TSX;
- (g) the Option Plan shall be amended and restated and shall be deemed to have been amended and restated to reflect the Arrangement, including the exchange of the Units for WesternOne Inc. Shares on a one-for-one basis, and effect such consequential amendments as are necessary to properly reflect the Arrangement by amending and restating the Option Plan;
- (h) the terms of the amended and restated Option Plan will entitle the holders thereof to receive WesternOne Inc. Shares for the same aggregate consideration and in lieu of the number of Units to which such holders would otherwise have been entitled upon exercise of the Unit Options;

***Exchange of LTIP Rights***

- (i) LTIP Rights, if any, outstanding as at the Effective Time shall be, and be deemed to be, amended, without any further action on the part of the LTIP Rightsholders, such that from and after the Effective Time all outstanding LTIP Rights shall entitle the holder the right to acquire a number of WesternOne Inc. Shares equal to the number of Units that could previously be acquired pursuant to the LTIP Rights, WesternOne Inc. shall assume the obligations of the Fund under the LTIP and the LTIP Rights in the place of the Fund, including the obligation to issue WesternOne Inc. Shares thereunder, and the LTIP shall be amended to the extent necessary to facilitate and give effect to the foregoing;

***Employee Purchase Plan Amendment and Restatement***

- (j) in the event the EPP is approved by Unitholders at the Meeting and has been adopted by the Fund, the EPP shall be amended and restated and shall be deemed to have been amended and restated to reflect the Arrangement, such that from and after the Effective Time, the EPP will automatically apply to WesternOne Inc., WesternOne Inc. Shares and the shareholders of WesternOne Inc.;

***Exchange of Exchangeable Units***

- (k) each Exchangeable Unit held by Big Bash shall be sold, assigned and transferred to WesternOne Inc. free of any liens, claims and encumbrances, in consideration for WesternOne Inc. Shares on the basis of one WesternOne Inc. Share for each Exchangeable Unit so sold, assigned and transferred;

***Dissolution of the Trust***

- (l) the Fund shall surrender for cancellation all of the Trust Units held by it and shall agree to pay, retire, discharge or make provision for the payment, retirement or discharge of all outstanding liabilities and obligations of the Trust (including the liabilities and obligations of the Trust in respect of any declared but unpaid distributions) and all of the Trust Assets shall be transferred to the Fund;
- (m) the Trust shall be terminated and dissolved and shall thereafter cease to exist;

***Dissolution of the Fund***

- (n) WesternOne Inc. shall surrender for cancellation all of the Units held by it and shall agree to pay, retire, discharge or make provision for the payment, retirement or discharge of all outstanding liabilities and obligations of the Fund (including the Fund's liabilities and obligations under the Rights Plan, EPP and each of the 2010 Trust Indenture, 2011 First Supplemental Trust Indenture and any other Trust Indenture entered into by the Fund from time to time before the closing of the Arrangement and the liabilities and obligations of the Fund in respect of any declared but unpaid distributions) and all of the Fund Assets shall be transferred to WesternOne Inc.;
- (o) the Fund shall be terminated and dissolved and shall thereafter cease to exist;

***Unitholder Rights Plan Amendment and Restatement***

- (p) in the event the Rights Plan is approved by Unitholders at the Meeting and has been adopted by the Fund, the Rights Plan shall be amended and restated and shall be deemed to have been amended and restated to reflect the exchange of Units for WesternOne Inc. Shares on a one-for-one basis and effect such consequential amendments as are necessary to properly reflect the Arrangement by amending and restating the Rights Plan, such that from and after the termination and dissolution of the Fund, the Rights Plan will automatically apply to WesternOne Inc., WesternOne Inc. Shares and the shareholders of WesternOne Inc.;
- (q) in the event the Rights Plan is approved by Unitholders at the Meeting and has been adopted by the Fund, the SRP Rights shall be issued and deemed to be issued to holders of WesternOne Inc. Shares in accordance with the Rights Plan;

***WesternOne GP Reduction in Stated Capital Account***

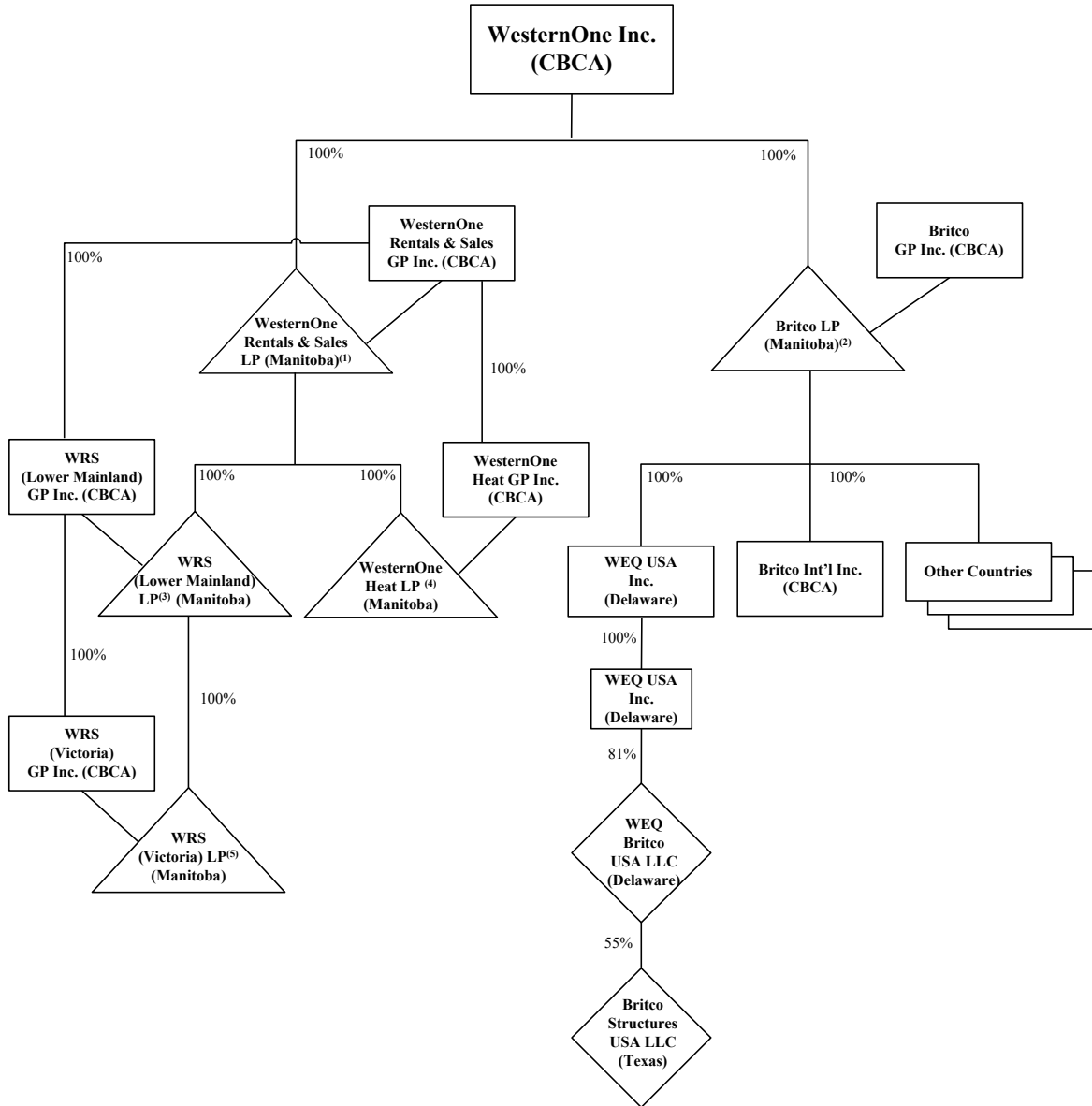
- (r) the stated capital account maintained for the one common share of WesternOne GP held by WesternOne Inc. shall be reduced to \$1.00 in the aggregate, without any corresponding distribution of property to WesternOne Inc.





**Post Arrangement Reorganization**

Following the Arrangement and the receipt of certain regulatory approvals and third party consents, it is expected that an internal reorganization of some of the subsidiaries of WesternOne Inc. will occur to streamline the current business platforms. The following diagram illustrates the structure of WesternOne Inc. assuming completion of the post arrangement reorganization.



(1) New name for WEQ Deerfoot Rentals LP.  
 (2) New name for WEQ Britco LP.  
 (3) New name for WEQ Production Equipment LP. Also holds business of WEQ C&N Rentals LP as a separate division.  
 (4) New name for WEQ Heat & Propane LP.  
 (5) New name for WEQ Old Country Rentals LP.

## **Arrangement Agreement**

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Fund, the Trust, the Partnership, the GP, Deerfoot LP, WesternOne Inc. and Big Bash and various conditions precedent, both mutual and with respect to each entity.

**The Arrangement Agreement is attached as Appendix C to this Information Circular and reference is made thereto for the full text thereof.**

### ***Procedure for the Arrangement Becoming Effective***

The Arrangement is proposed to be carried out pursuant to Section 192 of the CBCA and in accordance with the Fund Declaration of Trust. The following procedural steps must be taken for the Arrangement to become effective:

- (a) the Arrangement must be approved by the two-thirds of the Unitholders voting at the Meeting;
- (b) the Arrangement must be approved by the Court pursuant to the Final Order;
- (c) all conditions precedent to the Arrangement, including those set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate parties; and
- (d) the Final Order, Articles of Arrangement and related documents, in the form prescribed by the CBCA, must be filed with the Director.

## **Approvals**

### ***Unitholder Approvals***

Pursuant to the Interim Order, the number of votes required to pass the Arrangement Resolution shall be not less than two-thirds of the votes cast by Unitholders, either in person or by proxy, voting together as a single class, at the Meeting.

Notwithstanding the foregoing, the Arrangement Resolution proposed for consideration by the Unitholders authorizes the Board of Trustees or the Board of Directors, without further notice to or approval of such Unitholders, subject to the terms of the Arrangement, to amend or terminate the Arrangement Agreement or the Plan of Arrangement, or to revoke the Arrangement Resolution at any time prior to the Arrangement becoming effective. The full text of the Arrangement Resolution is attached as Appendix A to this Information Circular.

### ***Court Approvals***

#### ***Interim Order***

On July 27, 2012, the Court granted the Interim Order facilitating the calling of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Appendix B to this Information Circular.

#### ***Final Order***

The CBCA provides that an arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Unitholders at the Meeting in the manner required by the Interim Order, the Fund will make application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for September 6, 2012 at 9:45 a.m. (Pacific Time), or as soon thereafter as counsel may be heard, at the Supreme Court of British Columbia, Vancouver Registry, 800 Smithe Street, Vancouver, British Columbia. At the hearing, any Unitholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon the Fund a notice of intention to appear together with any evidence or materials which such party intends to present to the Court **on or before 4:00 p.m. (Pacific Time) on August 31, 2012. Service of such notice shall be effected by service upon the solicitors for WesternOne Equity, Farris,**

**Vaughan, Wills & Murphy LLP, 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, Attention: Brian R. Canfield.** See “*Notice of Petition*”.

The WesternOne Inc. Shares issuable in exchange for Units pursuant to the Arrangement have not been and will not be registered under the 1933 Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof. The Court has been advised that if the terms and conditions of the Arrangement are approved by the Court, the WesternOne Inc. Shares issuable in exchange for Units pursuant to the Arrangement will not require registration under the 1933 Act, pursuant to Section 3(a)(10) thereof.

The Fund has been advised by its counsel, Farris, Vaughan, Wills & Murphy LLP, that the Court has broad discretion under the CBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court sees fit. Depending upon the nature of any required amendments, the Fund may determine not to proceed with the Arrangement.

### ***Stock Exchange Listing Approvals***

It is a condition to completion of the Arrangement that the TSX shall have conditionally approved the listing of (i) the WesternOne Inc. Shares issuable pursuant to the Arrangement and (ii) the WesternOne Inc. Shares issuable upon conversion of the Debentures. The TSX has conditionally approved such listing, subject to WesternOne Inc. fulfilling the requirements of the TSX. The trading symbol for the WesternOne Inc. Shares is expected to be “WEQ” while the current trading symbols for the Debentures are expected to remain the same.

### **Conditions Precedent to the Arrangement**

The respective obligations of the Fund, the Trust, the Partnership, the GP, Deerfoot LP, WesternOne Inc. and Big Bash to consummate the arrangements contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of a number of conditions, any of which may be waived by the mutual consent of the applicable parties without prejudice to their right to rely on any other such conditions. These conditions include:

- (a) on or prior to July 31, 2012, the Interim Order shall have been granted in form and substance satisfactory to the parties to the Arrangement Agreement, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the parties to the Arrangement Agreement, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Unitholders in accordance with the Interim Order and in form and substance satisfactory to each of the parties to the Arrangement Agreement, acting reasonably;
- (c) in the event that dissent rights are given to the Unitholders under the terms of the Interim Order, holders of not greater than 5% of the outstanding Units shall have validly exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (d) the Final Order shall have been granted in form and substance satisfactory to the parties to the Arrangement Agreement, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to such parties to the Arrangement Agreement, acting reasonably, on appeal or otherwise;
- (e) the Articles of Arrangement and all necessary related documents to be filed with the Director in accordance with the Arrangement shall be in form and substance satisfactory to each of the Fund, the Trust, the Partnership, the GP, Deerfoot LP and WesternOne Inc., acting reasonably, and shall have been accepted for filing by the Director together with the Final Order in accordance with Subsection 192(6) of the CBCA;

- (f) the Arrangement shall have become effective on or prior to December 31, 2012;
- (g) there shall not be in force any law, ruling, order or decree, and there has not been any action taken under any law or by any governmental entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms thereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to a party to the Arrangement Agreement;
- (h) all necessary material third party and regulatory consents and approvals with respect to the transactions contemplated under the Arrangement shall have been completed or obtained;
- (i) no act, action, suit or proceeding has been threatened or taken before or by any domestic or foreign court, tribunal or governmental entity, securities authority or other regulatory authority or administrative agency or commission by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, which act, action, suit or proceeding has the aim of preventing the Arrangement or which is materially adverse to a party to the Arrangement Agreement;
- (j) the TSX shall have conditionally approved the listing or the substitutional listing of the WesternOne Inc. Shares to be issued pursuant to the Arrangement subject only to the filing of required documents which cannot be filed prior to the Effective Date; and
- (k) the Arrangement Agreement shall not have been terminated in accordance with its terms.

Upon the conditions being fulfilled or waived, the Fund and the GP intend to file a copy of the Final Order and the Articles of Arrangement with the Director under the CBCA, together with such other materials as may be required by the Director, in order to obtain a Certificate of Arrangement pursuant to the CBCA and give effect to the Arrangement.

#### **Timing of Completion of the Arrangement**

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions at that point in time are satisfied or waived, the Fund and the GP will apply for the Final Order approving the Arrangement on September 6, 2012. If the Final Order is obtained on September 6, 2012, in form and substance satisfactory to the Fund, the Trust, the Partnership, the GP and WesternOne Inc. and all other conditions set forth in the Arrangement Agreement are satisfied or waived, WesternOne Equity expects the Effective Date will be on or before December 31, 2012. It is not possible, however, to state with certainty when in 2012 the Effective Date will occur. The Plan of Arrangement to be approved pursuant to the Arrangement Resolution provides that the Board of Trustees may establish a date for the effectiveness of the Arrangement earlier than December 31, 2012 if it would be in the best interests of the Fund to do so based on circumstances that arise after the date of this Information Circular. The Effective Date could be also delayed, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order; notwithstanding the foregoing, a condition precedent for completion of the Arrangement is that it shall have become effective on or prior to December 31, 2012.

The Arrangement will become effective upon the issuance of a Certificate of Arrangement under the CBCA, following the filing with the Director of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Director.

#### **Procedure for Exchange of Units**

**From and after the Effective Time, certificates formerly representing Units and Exchangeable Units exchanged pursuant to the Arrangement shall represent only WesternOne Inc. Shares to which the Unitholders are entitled under the Arrangement.**

As the Units trade only in the “book-entry” system administered by CDS, CDS is the only registered Unitholder, and no certificates have been issued, or can be issued, to non-registered (beneficial) Unitholders. No new certificates representing WesternOne Inc. Shares will be issued to beneficial holders of Units following the completion of the Arrangement and the beneficial holders of Units need not take any actions. WesternOne Inc. will issue a global certificate to CDS representing the issued and outstanding WesternOne Inc. Shares as of the Effective Date.

Under the CBCA, every shareholder is entitled at their option to a certificate representing the WesternOne Inc. Shares held by such shareholder, or a non-transferable written acknowledgement of their right to obtain such certificate from WesternOne Inc. in respect of the WesternOne Inc. Shares held by them.

### **Right to Dissent**

**The following description of the right to dissent and appraisal to which Unitholders are entitled is not a comprehensive statement of the procedures to be followed by Unitholders who seek payment of the fair value of his or her Units, and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached to this Information Circular as Appendix B, and the text of Section 190 of the CBCA, which is attached to this Information Circular as Appendix E. A Unitholder who intends to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of the CBCA, as may be modified by the Interim Order and the Plan of Arrangement. Failure to strictly comply with the provisions of that Section, as may be modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.**

A Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, a registered Unitholder is entitled, in addition to any other rights the holder may have, to dissent and to be paid the fair value of the Units as the case may be, held by the holder in respect of which the holder dissents, determined as of the close of business on the last Business Day before the day on which the resolution from which such holder dissents was adopted. **The written objection, described below, should set forth the number of Units covered by such written objection.**

**A registered Unitholder who wishes to exercise Dissent Rights must send to the Fund a written objection (the “Notice of Objection”) to the Arrangement Resolution, which written objection must be received by the Fund, c/o Farris, Vaughan, Wills & Murphy LLP, 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, Attention: Brian R. Canfield, by 4:00 p.m. (Pacific Time) on the fourth Business Day immediately preceding the day of the Meeting.**

**No Unitholder who has voted in favour of the Arrangement Resolution shall be entitled to dissent with respect to the Arrangement. A Unitholder may not exercise the right to dissent in respect of only a portion of such holder’s Units but may dissent only with respect to all of the Units held by the holder.**

The Fund is required, within ten days after the adoption of the Arrangement Resolution to notify each Unitholder who has delivered a Notice of Objection that the resolution has been adopted, but such notice is not required to be sent to any Unitholder who voted for the resolution or who has withdrawn their Notice of Objection.

A registered Unitholder who wishes to exercise Dissent Rights must, within twenty days after the Arrangement Resolution has been adopted, send to the Fund, c/o Farris, Vaughan, Wills & Murphy LLP, 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, Attention: Brian R. Canfield, a written notice (a “**Demand for Payment**”) stating the Unitholder’s name and address, the number of Units, in respect of which the Unitholder dissented and a demand for payment of the fair value of such securities.

WesternOne Inc., as successor to the Fund, is required, not later than seven days after the later of the date on which the action approved by the Arrangement Resolution is effective or the date on which it received the Demand for Payment, subject to certain limitations, to send to each Unitholder who has sent a Demand for Payment a written offer to pay (“**Offer to Pay**”) for its Units, in an amount considered by the board of directors of WesternOne Inc. to be the fair value thereof, accompanied by a statement showing how the fair value was determined. Every Offer to Pay with respect to the Units must be made on the same terms. WesternOne Inc. must pay for Units within ten days

after an Offer to Pay has been accepted by a Unitholder, but any such Offer to Pay lapses if WesternOne Inc. does not receive an acceptance within thirty days after the Offer to Pay has been made.

An application may be made to the Court by WesternOne Inc. or by a registered Unitholder who exercises Dissent Rights to fix the fair value of the Dissenting Securityholder's Units. A Dissenting Securityholder is not required to give security for costs in respect of an application. On the application, the Court will make an order fixing the fair value of the Units of all Dissenting Securityholders who are parties to the application, giving judgment in that amount against WesternOne Inc. and in favour of each of those Dissenting Securityholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Securityholder calculated from the date the action approved by the resolution is effective until the date of payment.

Upon the Dissenting Securityholder sending WesternOne Inc. a Demand for Payment, the Dissenting Securityholder will cease to have any rights as a Unitholder other than the right to be paid the fair value of such Unitholder's Units, in the amount agreed to between WesternOne Inc., as successor to the Fund, and the Unitholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Unitholder may withdraw his or her dissent, or if the Arrangement has not yet become effective the Fund may rescind the Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Unitholder will be discontinued.

WesternOne Inc. shall not make a payment to a Dissenting Securityholder under Section 190 of the CBCA if there are reasonable grounds for believing that WesternOne Inc. is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of WesternOne Inc. would thereby be less than the aggregate of its liabilities. In such event, WesternOne Inc. shall notify each Dissenting Securityholder that it is lawfully unable to pay Dissenting Securityholders for their Units, in which case the Dissenting Securityholder may, by written notice to WesternOne Inc. within 30 days after receipt of such notice, withdraw his written objection, in which case such Unitholder shall, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a Unitholder. If the Dissenting Securityholder does not withdraw his written objection he or she retains his status as a claimant against WesternOne Inc. to be paid as soon as WesternOne Inc. is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to creditors but prior to WesternOne Inc. shareholders.

All Units held by Dissenting Securityholders will, if the Dissent Rights remain valid immediately before the Effective Time of the Arrangement holders are ultimately entitled to be paid the fair value thereof, be deemed to have been cancelled under the Arrangement. If such Unitholders ultimately are not entitled to be paid the fair value for the Units, such Units will be deemed to have been exchanged for WesternOne Inc. Shares and such Unitholders will be issued WesternOne Inc. Shares on the same basis as all other Unitholders pursuant to the Arrangement.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Unitholder who seeks payment of the fair value of their Units. Section 190 of the CBCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, each Dissenting Securityholder who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of that Section and the Interim Order, the full texts of which are set out in Appendices E and B, respectively, to this Information Circular, and consult their own legal advisor.**

**The Arrangement Agreement provides that, unless otherwise waived, it is a condition to the completion of the Arrangement that, holders of not greater than 5% of the Units shall have exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.**

#### **Interests of Certain Persons or Companies in the Arrangement**

As at July 24, 2012, the Management Group and their associates, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,465,088 Units representing approximately 12.32% of the outstanding Units.

Management believes that the Arrangement will not result in any change of control, termination or other payments being made to any members of the Management Group pursuant to employment, change of control or similar agreements.

Immediately after giving effect to the Arrangement, it is anticipated that the Management Group and their associates, as a group, would beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 2,465,088 WesternOne Inc. Shares representing approximately 12.24% of the outstanding WesternOne Inc. Shares (assuming no Dissent Rights are exercised and no additional Units are issued prior to the Effective Time).

Other than as set forth herein, the Fund is not aware of any material interest, direct or indirect, of any “informed person” of the Fund (as such terms is defined in NI 51-102), any director or trustee of any of the entities of WesternOne Equity or any associate or affiliate of any “informed person”, in any transaction since the commencement of the Fund’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Fund.

#### **Interests of Informed Persons or Companies in Matters to be Acted Upon**

Other than as set forth herein, the Fund is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has acted as a director, trustee or executive officer of any entity of WesternOne Equity since the beginning of the Fund’s most recently completed financial year or is an associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting.

#### **Expenses of the Arrangement**

The estimated costs to be incurred by WesternOne Equity with respect to the Arrangement and related matters including, without limitation, accounting and legal fees, and the preparation, printing and mailing of this Information Circular and other related documents and agreements, are expected to aggregate approximately \$500,000.

#### **Securities Law Matters**

##### ***Canada***

All securities to be issued under the Arrangement, including, without limitation, the WesternOne Inc. Shares to the Unitholders and the holders of Exchangeable Units, will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws and, following completion of the Arrangement, the WesternOne Inc. Shares will generally be “freely tradable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws of the provinces of Canada.

##### ***Exemptions***

Pursuant to applicable Canadian securities laws, the Fund is required to include in this Information Circular all of the disclosure prescribed by Section 14.2 of Form 51-102F5 – *Information Circular* of National Instrument 51-102 – *Continuous Disclosure Obligations*. However, the Fund has been granted an exemption by the applicable securities regulatory authorities from the requirement to include historical financial statements of the Partnership and related management’s discussions and analysis in the Information Circular.

The exemptive relief was granted on the basis that including historical financials and related management’s discussions and analysis of the Partnership would not assist Unitholders with their assessment of the Arrangement because, following the completion of the Arrangement, WesternOne Inc. will carry on the business previously carried on by the Fund through the Partnership, and certain historical financial statements and related management’s discussions and analysis of the Fund are incorporated by reference into this Information Circular. See “*Information Respecting WesternOne Equity Income Fund - Documents Incorporated by Reference*”.

##### ***Judicial Developments***

The Plan of Arrangement will be implemented pursuant to Section 192 of the CBCA which provides that, where it is impracticable for a corporation to effect an arrangement under any other provisions of the CBCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this Section of the CBCA, such an application will be made by the Fund for approval of the Arrangement. See “*The Arrangement* –

*Approvals - Court Approvals - Final Order*” above. **Unitholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

### ***United States***

The WesternOne Inc. Shares issuable in exchange for Units pursuant to the Arrangement have not been and will not be registered under the 1933 Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof. Section 3(a)(10) exempts the offer and sale of securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on July 27, 2012 and, subject to the approval of the Arrangement by Unitholders, a hearing on the Arrangement will be held on September 6, 2012 by the Court. See “*The Arrangement - Approvals - Court Approvals*”.

The WesternOne Inc. Shares issuable pursuant to the Arrangement will be freely transferable under U.S. federal securities laws, except by persons who are “affiliates” of WesternOne Inc. after the Arrangement or were affiliates of WesternOne Inc. within 90 days prior to the completion of the Arrangement. Persons who may be deemed to be “affiliates” of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such WesternOne Inc. Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the 1933 Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such WesternOne Inc. Shares outside the United States without registration under the 1933 Act pursuant to Regulation S under the 1933 Act. If available, such affiliates (and former affiliates) may also resell such WesternOne Inc. Shares pursuant to Rule 144 under the 1933 Act. Unless certain conditions are satisfied, Rule 144 is not available for resales of securities of issuers that have ever had (i) no or nominal operations and (ii) no or nominal assets other than cash and cash equivalents. If the Fund were ever to be deemed to have been such an issuer in its past, Rule 144 under the 1933 Act may be unavailable for resales of WesternOne Inc. Shares unless and until WesternOne Inc. has satisfied the applicable conditions. In general terms, the satisfaction of such conditions would require WesternOne Inc. to have been a registrant under the 1934 Act for at least 12 months, to be in compliance with its reporting obligations thereunder, and to have filed certain information with the United States Securities and Exchange Commission at least 12 months prior to the intended resale.

**The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of WesternOne Inc. Shares received upon completion of the Arrangement. All holders of such WesternOne Inc. Shares are urged to consult with their own counsel to ensure that the resale of their WesternOne Inc. Shares complies with applicable securities legislation.**

### **Experts**

KPMG LLP as external auditors of the Fund are independent with respect to the Fund and WesternOne Inc. within the meaning of the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of British Columbia.

Certain Canadian legal matters relating to the Arrangement will be passed upon by Farris, Vaughan, Wills & Murphy LLP on behalf of the Fund and WesternOne Inc. As at the date of this Information Circular, the partners and associates of Farris, Vaughan, Wills & Murphy LLP owned, directly and indirectly, less than 1% of the outstanding Units.



## WESTERNO ONE EMPLOYEE PURCHASE PLAN

The purpose of the EPP is to provide eligible senior officers and other key employees, as well as Trustees and directors, of WesternOne Equity and its subsidiaries, the ability to participate in the ownership of WesternOne through the purchase of Units via payroll deduction or in such other approved manner. The Compensation Committee of the GP will be responsible for the administration of the EPP unless the Board otherwise determines.

The number of Units which will be reserved by the Fund for issuance from treasury under the EPP, when combined with all other security based compensation plans, must not exceed 10% of the issued and outstanding Units at any time. Furthermore, the maximum number of Units to be reserved for issuance under the EPP will not exceed 500,000 Units in the aggregate (representing approximately 2.5% of the amount of Units issued and outstanding as at July 24, 2012).

Initially under the EPP, an eligible person who wishes to participate (a “**Participant**”) in the EPP will be able to contribute up to that percentage of any remuneration received by the Participant as set by the Compensation Committee and the Fund will match any such contribution up to a percentage prescribed by the Compensation Committee.

Contributions under the EPP will be invested by the Trust Company, as administrator under the EPP, together with all cash contributions paid on any Units held by the Trust Company on behalf of Participants, to purchase Units.

Any Units purchased will, at the sole discretion of the Compensation Committee, be either: (i) issued by the Fund from treasury of unissued Units (“**Treasury Issuance**”) at a price equal to the five day volume weighted average trading price immediately prior to the first day of each month for Units on the TSX; or (ii) purchased by the Trust Company on the open market through normal market facilities (a “**Market Purchase**”), except that Fund contributions can only be used to purchase Units by way of Market Purchase.

A Participant’s participation in the EPP involuntarily terminates if the Participant becomes disabled, retires, dies, becomes bankrupt, does not perform any services for the Fund during a particular calendar year or if the Participant’s employment is terminated. On such termination, the Units of the Participant, subject to the terms of the EPP, may be transferred as directed by the Participant (or his or her executors or administrators, as the case may be) or sold, with the net proceeds being distributed to the Participant. Participants may also voluntarily withdraw their Units that are subject to the EPP subject to any applicable vesting and hold period requirements that may be established by the Compensation Committee.

No assignment or transfer of any interest in the Units held by the Trust Company under the EPP will be permitted or recognized. All contributions made by the Participants, the Units purchased from such contributions, distributions on such Units and proceeds from the sale of such Units held by the Trust Company on behalf of the Participants shall at all times be beneficially owned by such Participant subject to any hold period requirements established by the Compensation Committee. Conversely, title to the Units purchased by the Trust Company from contributions of the Fund, together with the rights to receive distributions shall remain with the Trust Company for the benefit of the Fund until all vesting requirements are met.

The EPP may be amended or terminated by the Compensation Committee without further Unitholder approval, provided that no such amendment shall deprive a Participant of any accrued benefits under the EPP or shall cause or permit any Unit or cash held pursuant to the EPP or any contributions made by the Participants or the Fund to revert to or become the property of the Fund subject to any vesting conditions established by the Compensation Committee. Amendments to the EPP will be subject to the prior approval of the TSX.

In the event the Arrangement is approved and completed, the EPP will automatically apply to WesternOne Inc., WesternOne Inc. Shares and shareholders of WesternOne Inc.

A copy of the EPP is attached as Appendix G.

### **Form of Resolution and Vote Required**

A copy of the full text of the EPP Resolution is attached as Appendix F. In order to be effective, the EPP Resolution must be approved by not less than a majority of the votes cast by Unitholders present in person or by proxy at the Meeting.

### **Recommendation of the Board of Trustees**

On July 18, 2012, after careful consideration, including a thorough review of the terms and conditions of the EPP, the Board of Trustees, in consultation with their financial and legal advisors, determined that the adoption of the EPP is in the best interests of the Fund. The Board of Trustees therefore recommends that the Unitholders vote for the EPP Resolution attached as Appendix F.

**The persons whose names are printed on the Proxy intend to vote FOR the EPP Resolution unless specifically instructed otherwise on the Proxy.**

## **WESTERNONE UNITHOLDER RIGHTS PLAN**

### **Approval of Rights Plan Resolution**

The Unitholders are being asked to consider at the Meeting and, if thought advisable, pass, as an ordinary resolution, the Rights Plan Resolution, the full text of which is attached as Appendix H.

A copy of the proposed Rights Plan Agreement will be filed on [www.sedar.com](http://www.sedar.com) under the Fund's profile. The Board of Trustees may execute a final form of the Rights Plan Agreement in advance of the Meeting, subject to the Rights Plan Resolution being passed.

### **Background and Purposes of the Rights Plan**

The purpose of the Rights Plan is to provide the Board of Trustees and Unitholders with sufficient time to properly consider any take-over bid made for the Fund and to allow enough time for competing bids and alternative proposals to emerge. The Rights Plan also seeks to ensure that all Unitholders are treated fairly in any transaction involving a change of control of the Fund and that all Unitholders have an equal opportunity to participate in the benefits of a take-over bid. The Rights Plan encourages potential acquirers to negotiate the terms of any offer for Units with the Board of Trustees or, alternatively, to make a Permitted Bid (as defined in the Rights Plan) without the approval of the Board. The Rights Plan may, however, increase the price to be paid by a potential offeror to obtain control of the Fund and may discourage certain transactions. A bidder who does not satisfy these minimum conditions becomes subject to the dilutive features of the Rights Plan.

The Rights Plan does not affect in any way the financial condition of the Fund. The issuance of rights (the “**Rights**”) to the Unitholders following the adoption of the Rights Plan Resolution is not dilutive and will not affect reported earnings or cash flow per Unit until the Rights separate from the underlying Units and become exercisable. The adoption of the Rights Plan will not diminish or detract from the duty of the Board of Trustees to act honestly, in good faith and with a view to the best interests of the Fund, nor does the Rights Plan alter the proxy mechanism to change the Board of Trustees, create dilution on the initial issue of the rights, or change the way in which Units trade. The Rights Plan addresses several concerns that are widely believed to be inherent in the provisions of current legislation governing take-over bids in Canada. These concerns are described in greater detail below.

### ***Time to consider bid***

Under current securities legislation, the minimum period that a take-over bid must remain open for acceptance is 35 days. The Board of Trustees is of the view that 35 days constitutes an insufficient amount of time to permit it and the Unitholders to assess an offer, and to allow the directors to negotiate with the offeror, solicit competing offers, consider alternative transactions, and otherwise attempt to maximize Unitholder value. The Rights Plan gives the Board and Unitholders more time to consider a take-over bid by requiring an offeror to make a “Permitted Bid” if it wishes to proceed without negotiating with the Board and without triggering the Rights Plan. In order to qualify as a Permitted Bid, the bid must meet certain minimum conditions. A Permitted Bid must, among other things, be open

for at least 60 days and must remain open for a further period of 10 business days after the offeror publicly announces that more than 50% of the outstanding Voting Units (as defined in the Rights Plan) held by Independent Unitholders (as defined below) have been deposited or tendered and not withdrawn. “**Independent Unitholders**” includes all holders of Voting Units other than: (i) a person (or a group of affiliated or associated persons) who has publicly announced that it has acquired beneficial ownership of 20% or more of the Units (an “**Acquiring Person**”); (ii) any offeror making a take-over bid; (iii) any affiliate or associate of an Acquiring Person or offeror; (iv) persons acting “jointly or in concert” with an Acquiring Person or offeror; and (v) employee benefit, stock purchase or certain other plans or trusts for employees of the Fund or its wholly-owned subsidiaries unless the beneficiaries of such plans or trusts direct the voting and tendering to a take-over bid of the Voting Units.

### ***Pressure to tender***

A Unitholder may feel compelled to tender to a take-over bid that the Unitholder considers to be inadequate because, in failing to tender, the Unitholder may be left with illiquid or minority discounted Units. This is particularly so in the case of a partial bid where the Acquiring Person or an offeror wishes to obtain a control position but does not wish to acquire all of the Units. The Rights Plan contains a Unitholder approval mechanism in the Permitted Bid definition, which is that no Voting Units may be taken up and paid for under the bid unless more than 50% of the outstanding Voting Units held by Independent Unitholders have been deposited or tendered and not withdrawn. In addition, a Permitted Bid must remain open for acceptance for a further period of 10 business days following a public announcement that more than 50% of the outstanding Voting Units have been deposited. The Rights Plan therefore effectively separates a Unitholder’s decision to accept a bid from the decision to tender, thereby lessening concern about undue pressure to tender to the bid.

### ***Unequal treatment of Unitholders***

Under current securities legislation, an offeror may obtain control or effective control of a trust without paying full value, without obtaining unitholder approval and without treating all unitholders equally. For example, an acquirer could acquire blocks of units by private agreement from one or a small group of unitholders at a premium to market price, which premium is not shared by the other unitholders. In addition, a person could slowly accumulate units through stock exchange acquisitions which may result, over time, in an acquisition of control or effective control without paying a control premium or fair sharing of any control premium among unitholders. Under the Rights Plan, if it is to qualify as a Permitted Bid, any offer to acquire 20% or more of Units must be made to all holders of Voting Units.

### **How the Rights Plan Works and Effect of the Rights Plan**

One Right will be issued in respect of each Unit issued on or after the Effective Date and prior to the Separation Time (as defined below).

Notwithstanding the effectiveness of the Rights Plan, the Rights are not exercisable until the Separation Time. Unless waived or deferred by the Board of Trustees in the circumstances permitted by the Rights Plan, the Separation Time would generally be the close of business on the tenth trading day after the earliest to occur of:

- (a) a public announcement that a person or a group of affiliated or associated persons has acquired beneficial ownership of 20% or more of the outstanding Units (ie. becomes an Acquiring Person) other than as a result of, among other things: (i) a reduction in the number of Units (as defined in the Rights Plan) outstanding; (ii) a “Permitted Bid” or a “Competing Permitted Bid” (each as defined under the Rights Plan); (iii) certain specified “Exempt Acquisitions” (as defined below); (iv) an acquisition by a person of Voting Units pursuant to a stock dividend or other “Pro Rata Acquisition” (as defined in the Rights Plan); and (v) an acquisition by a person of Voting Units upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Unit received by a person pursuant to (ii), (iii) or (iv), above;
- (b) the date of commencement, or the first public announcement, of an intention of any person (other than the Fund or any of its subsidiaries) to commence a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Units that are subject to the bid together with the

Voting Units beneficially owned by that person (including affiliates, associates and others acting jointly or in concert therewith) would constitute 20% or more of the outstanding Voting Units; and

- (c) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such.

An “**Exempt Acquisition**” would include the acquisition of Voting Units or securities convertible into Voting Units: (i) in respect of which the Board of Trustees has waived the application of the Rights Plan; (ii) pursuant to a regular distribution reinvestment or similar plan made available to all holders of Units where such plan permits the holder to direct that distributions paid in respect of such Units be used to purchase from the Fund further Units; (iii) pursuant to a distribution made under a prospectus or private placement provided that the person does not increase his, her or its ownership percentage (eg. pursuant to a rights offering); (iv) pursuant to an amalgamation, arrangement or other statutory procedure requiring unitholder approval; (v) pursuant to certain equity incentive plans of the Fund; (vi) pursuant to other contractual arrangements in respect of a Voting Unit acquisition from treasury entered into by the Fund with one or more Grandfathered Persons (as defined below) after the date of the Rights Plan; and (vii) pursuant to the exercise of Rights.

After the Separation Time, each Right entitles the holder thereof to purchase one Unit at the Exercise Price (as defined under the Rights Plan). The initial Exercise Price under each Right is five times the Market Price at the Separation Time. “**Market Price**” is generally defined as the average of the daily closing prices per unit of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time.

Following a transaction that results in a person becoming an Acquiring Person (a “**Flip-in Event**”), each Right entitles the holder thereof to receive, upon exercise, such number of Units as have an aggregate market value (as of the date of the Flip-in Event) equal to twice the then Exercise Price of the Rights for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or certain transferees of any such person, will be void. A Flip-in Event does not include acquisitions approved by the Board of Trustees (to the extent permitted by the Rights Plan) or acquisitions pursuant to a Permitted Bid or Competing Permitted Bid.

By way of example, assume that the Units have a Market Price of \$20.00 at the date relevant for determination. Following the Separation Time but prior to a Flip-in Event, a Unitholder would be entitled to exercise a Right and acquire one additional Unit in exchange for a cash payment of \$100.00. Following a Flip-in Event, the same Unitholder (unless it has become an Acquiring Person) would be entitled to exercise the Right and acquire 10 additional Units for the Exercise Price of \$100.00 (ie. one-half of the Market Price).

In the event of an unsolicited take-over bid or a bid that is not a Permitted Bid under the Rights Plan, the Board of Trustees believes that the effect of the Rights Plan will be to enhance Unitholder value, ensure equal treatment of Unitholders in the context of an acquisition of control, and lessen the pressure on Unitholders to tender to a bid.

It is not the intention of the Board of Trustees to entrench themselves or avoid a bid for control that is fair and in the best interest of Unitholders. For example, Unitholders may tender to a bid that meets the Permitted Bid criteria without triggering the Rights Plan, regardless of the acceptability of the bid to the Board.

In the event the Arrangement is approved and completed, the Rights Plan will automatically apply to WesternOne Inc., WesternOne Inc. Shares and shareholders of WesternOne Inc.

A summary of the principal terms and conditions of the proposed Rights Plan is contained in Appendix I.

### **Form of Resolution and Vote Required**

A copy of the full text of the Rights Plan Resolution is attached as Appendix H. In order to be effective, the Rights Plan Resolution must be approved by not less than a majority of the votes cast by both: (i) Unitholders present in person or by proxy at the Meeting, and (ii) Unitholders present in person or by proxy at the Meeting that are not “Grandfathered Persons” (ie. Unitholders who will beneficially own 20% or more of the outstanding Voting Units on the Effective Date) under the Rights Plan. As of the date of this Information Circular, there are no such Grandfathered Persons.

Under the Rights Plan, the Grandfathered Persons will be permitted, without triggering a Flip-in Event, to acquire additional Units pursuant to any rights to acquire such Units held by them on the effective date of the Rights Plan. Otherwise, a Flip-in Event would be triggered upon the Grandfathered Person acquiring any additional Voting Units (unless such acquisition is completed pursuant to one of the exemptions set out in the Rights Plan).

### **Recommendation of the Board of Trustees**

On July 18, 2012, after careful consideration, including a thorough review of the terms and conditions of the Rights Plan, the Board of Trustees, in consultation with their financial and legal advisors, determined that the adoption of the Rights Plan is in the best interests of the Fund. The Board of Trustees therefore recommends that Unitholders vote for the Rights Plan Resolution attached as Appendix H.

**The persons whose names are printed on the Proxy intend to vote FOR the Rights Plan Resolution unless specifically instructed otherwise on the Proxy.**

### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is, as of the date of this Information Circular, a summary of the principal Canadian federal income tax consequences under the Tax Act generally applicable to Unitholders and Debentureholders in respect of the Arrangement who, all relevant times, for purposes of the Tax Act: (i) deal at arm's length, and are not affiliated with the Fund or WesternOne Inc.; and (ii) in the case of a Unitholder, holds all Units held by such Unitholder as capital property and who, following the implementation of the Arrangement, will hold the WesternOne Inc. Shares received by the Unitholder on the Arrangement as capital property and in the case of a Debentureholder, holds all Debentures held by such holder as capital property and who, following the implementation of the Arrangement will hold the Debentures as capital property. Generally, the Units, WesternOne Inc. Shares and/or Debentures, as the case may be, will constitute capital property to a holder thereof provided the holder does not hold such securities in the course of carrying on a business of trading or dealing in securities, and did not acquire such securities in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to: (a) a Unitholder or Debentureholder that is a "financial institution" for the purposes of certain rules referred to as the mark-to-market rules, (b) a Unitholder or Debentureholder an interest in which would be a "tax shelter investment", (c) a Unitholder or Debentureholder that is a "specified financial institution", (d) a Unitholder or Debentureholder that reports its "Canadian tax results" in a currency other than Canadian currency, or (e) a Unitholder whose Units have been acquired under the Option Plan, each as defined in the Tax Act. This summary is also not applicable to an Exchangeable Unitholder who acquires WesternOne Inc. Shares as part of the Arrangement. Such Unitholders and Debentureholders should consult their own tax advisors.

This summary is based upon the facts set out in this Information Circular, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Tax Proposals**") and the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing and in force as of the date hereof. No assurance can be given that the Tax Proposals will be enacted as currently proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax consequences and except for the Tax Proposals, does not take into account, or anticipate any change in law or administrative practice, whether by legislative, administrative, regulatory, or judicial action or decision and does not take into account any provincial, territorial, or foreign tax consequences which may differ significantly from those discussed herein. No advanced tax ruling has been sought or obtained from the CRA to confirm the tax consequences of any of the transactions described herein and accordingly, no assurance can be given that the CRA will not assert a position that is contrary to one or more of the positions reflected in this summary.

This summary has been prepared assuming that at all relevant times the Fund satisfies all of the factual conditions to be considered a "mutual fund trust" for the purposes of the Tax Act, and that WesternOne Inc. will at all relevant times be a "public corporation" within the meaning of the Tax Act, and the WesternOne Inc. Shares are listed on the TSX at all relevant times. This summary further assumes that the Arrangement will become effective on or before December 31, 2012 and not after.

**This summary is of a general nature only and should not be construed as, nor is it intended to be, legal, business or tax advice or representations to any particular holder and no representations with respect to any particular holder are made herein. Accordingly, holders should consult with their own tax advisors with respect to the income tax consequences of the Arrangement having regard to their own particular circumstances.**

### **Unitholders Resident in Canada**

The following section of this summary is generally applicable to a Unitholder that is or is deemed to be, at all relevant times and for the purposes of the Tax Act and any applicable income tax treaty, a resident of Canada (a “**Resident Unitholder**”). Certain Resident Unitholders who might not otherwise be considered to hold such Units or WesternOne Inc. Shares as capital property may, in certain limited circumstances, be entitled to have the Units, WesternOne Inc. Shares and any other “Canadian security” (as defined in the Tax Act), treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Resident Unitholders contemplating making such an election should consult with their own tax advisors.

### ***Exchange of Units for WesternOne Inc. Shares***

Pursuant to Section 85.1 of the Tax Act, a Resident Unitholder who disposes of a Unit in exchange for a WesternOne Inc. Share pursuant to the Arrangement will be deemed to have received proceeds of disposition equal to the “cost amount” (as defined in the Tax Act) of such Unit to the Resident Unitholder immediately before the disposition and to have acquired each WesternOne Inc. Share received on the exchange at a cost equal to the cost amount to the Resident Unitholder of the particular Unit so exchanged. As a consequence, Resident Unitholders will not realize a capital gain or capital loss on the disposition of their Units to WesternOne Inc. in exchange for WesternOne Inc. Shares. The cost amount of a Unit immediately before the disposition will generally be equal to the adjusted cost base (as defined in the Tax Act) of the Units to the Resident Unitholders.

### ***Dissenting Resident Unitholders***

Pursuant to the Arrangement, a Dissenting Securityholder, who is a Resident Unitholder (a “**Dissenting Resident Unitholder**”), will be deemed to have disposed of its Units for proceeds of disposition equal to the amount paid to such Unitholder (except to the extent such amount represents interest). Such Dissenting Resident Unitholder will realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition exceed (or are exceeded by) the aggregate of the Dissenting Resident Unitholder’s adjusted cost base of the Units and any reasonable costs of disposition. A Dissenting Resident Unitholder will be required to include in computing its income any interest awarded by the Court.

**Resident Unitholders who are considering exercising their dissent rights should consult their own tax advisors as to the tax consequences of the Arrangement to them in such circumstances.**

### ***Dividends on WesternOne Inc. Shares***

Dividends received or deemed to be received on the WesternOne Inc. Shares by a Resident Unitholder who is an individual (other than certain trusts) will be included in computing the Resident Unitholder’s income for purposes of the Tax Act. The gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations will apply to dividends received by an individual, including the enhanced gross-up and dividend tax credit provisions where WesternOne Inc. provides notice designating the dividend as an “eligible dividend”.

Dividends received or deemed to be received on the WesternOne Inc. Shares by a Resident Unitholder that is a corporation will generally be included in the Resident Unitholder’s gross income for the taxation year in which such dividends are received and will generally be deductible in computing the Resident Unitholder’s taxable income. A Resident Unitholder that is a “private corporation” or a “subject corporation” for purposes of the Tax Act may be liable to pay a refundable tax of 33 1/3% under Part IV of the Tax Act on dividends received or deemed to be received on the WesternOne Inc. Shares to the extent that such dividends are deductible in computing the corporation’s taxable income.

### ***Dispositions of WesternOne Inc. Shares***

A disposition or deemed disposition of a WesternOne Inc. Share (other than to WesternOne Inc. or in a tax-deferred transaction) by a Resident Unitholder will generally result in the Resident Unitholder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the Resident Unitholder's adjusted cost base thereof and any reasonable costs of disposition. The adjusted cost base to a holder of WesternOne Inc. Shares will generally be the average cost of all WesternOne Inc. Shares held by such holder as capital property at a particular time. Any such capital gain or capital loss will be subject to the treatment described below under the heading "*Taxation of Capital Gains and Capital Losses*".

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

Generally, a Resident Unitholder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Unitholder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Unitholder in the year. Allowable capital losses in excess of taxable capital gains for that year generally may be carried back and deducted against net taxable capital gains realized in any of the three preceding taxation years or in any subsequent taxation year in the circumstances and to the extent described in the Tax Act.

If the Resident Unitholder is a corporation, any capital loss arising on the disposition of a WesternOne Inc. Share may, in certain circumstances, be reduced by the amount of any dividends which have been received or deemed to be received by such corporation on the WesternOne Inc. Share. Analogous rules may apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns WesternOne Inc. Shares.

A Resident Unitholder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to an additional refundable tax of 6 $\frac{2}{3}$ % in respect of its "aggregate investment income", including taxable capital gains.

### ***Alternative Minimum Tax***

Taxable capital gains realized and dividends received by a Resident Unitholder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. A Resident Unitholder who is an individual should consult his or her own tax advisor in this regard.

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

Provided the WesternOne Inc. Shares are listed on a "designated stock exchange" as defined on the Tax Act (which currently includes the TSX) on the Effective Date or that WesternOne Inc. qualifies as a "public corporation" for purposes of the Tax Act as of the Effective Date, the WesternOne Inc. Shares and the Debentures will on that date be "qualified investments" on the Effective Date under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered education savings plans, registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered disability savings plans and tax-free savings accounts ("**TFSAs**").

Notwithstanding the foregoing, if the WesternOne Inc. Shares or Debentures are "prohibited investments" for purposes of an RRSP, RRIF or TFSA, the annuitant under the RRSP or RRIF or the holder of a TFSA will be subject to a penalty tax as set out in the Tax Act. The WesternOne Inc. Shares or Debentures will generally be a "prohibited investment" for an RRSP, RRIF or TFSA, as the case may be, if the annuitant under the RRSP or RRIF or the holder of a TFSA does not deal at arm's length with WesternOne Inc. for the purposes of the Tax Act or has a "significant interest" (within the meaning of the Tax Act) in WesternOne Inc. or a corporation, partnership or trust with which WesternOne Inc. does not deal at arm's length for the purposes of the Tax Act. **Annuitants and holders should consult their own tax advisors in this regard.**

### **Unitholders Not Resident in Canada**

The following section of this summary is generally applicable to a Unitholder that is or is deemed to be, at all relevant times and for the purposes of the Tax Act and any applicable income tax treaty or convention, a non-resident of Canada and does not use or hold, and is not deemed to use or hold its Units in carrying on a business in Canada (a “**Non-Resident Unitholder**”). Special rules, which are not discussed in this summary, may apply to a non-Canadian holder that is an insurer that carries on an insurance business in Canada and elsewhere.

#### ***Exchange of Units for WesternOne Inc. Shares***

Pursuant to Section 85.1 of the Tax Act, a Non-Resident Unitholder who disposes of a Unit for WesternOne Inc. Shares pursuant to the Arrangement will generally be subject to taxation in Canada on the same basis as a Resident Unitholder as described above under “*Unitholders Resident in Canada – Exchange of Units for WesternOne Inc. Shares*”.

Where the Units held by a Non-Resident Unitholder constitute “taxable Canadian property” to the Non-Resident Unitholder, the WesternOne Inc. Shares received on the Arrangement will be deemed to be “taxable Canadian property” to the Non-Resident Unitholder throughout the period that begins at the time of the exchange and ends on the day that is 60 months after the exchange. Units will generally not be considered taxable Canadian property to a Non-Resident Unitholder at a particular time unless (a) at any time during the 60-month period that ends at that time, the Non-Resident Unitholder or persons with whom the Non-Resident Unitholder did not deal at arm’s length or any combination thereof, held 25% or more of the issued Units and more than 50% of the fair market value of the Units was derived directly or indirectly from any one or any combination of (i) real or immovable property situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties, and (iv) options in respect of, or interests in, or for civil law rights in such properties, whether or not the property exists; or (b) the Fund is not a mutual fund trust for the purposes of the Tax Act at the Effective Time and more than 50% of the fair market value of the Units was derived directly or indirectly from any one or combination of (i) real or immovable property situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties, and (iv) options in respect of, or interests in, or for civil law rights in such properties, whether or not the property exists. Management believes that the Fund is, as of the date hereof, and will be, at the Effective Time, a mutual fund trust for purposes of the Tax Act. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Units could be deemed to be taxable Canadian property.

#### ***Dissenting Non-Resident Unitholders***

Pursuant to the Arrangement, a Dissenting Securityholder, who is a Non-Resident Unitholder (“**Non-Resident Dissenting Unitholder**”), will generally not be subject to tax on the disposition of its Units to the Fund unless the Units are “taxable Canadian property” to the Non-Resident Dissenting Unitholder for purposes of the Tax Act and the Non-Resident Dissenting Unitholder is not entitled to relief under an applicable income tax treaty between Canada and the country in which the Non-Resident Dissenting Unitholder is resident. Generally, Units will be taxable Canadian property to a Non-Resident Dissenting Unitholder in the same circumstances described above under “*Unitholders Not Resident in Canada – Exchange of Units for WesternOne Inc. Shares*”. A Non-Resident Dissenting Unitholder will not be subject to withholding tax on any interest awarded by a court.

**Non-Resident Unitholders who are considering exercising their Dissent Rights should consult their own tax advisors as to the tax consequences of the Arrangement to them in such circumstances.**

#### ***Dividends on WesternOne Inc. Shares***

Dividends received or deemed to be received on the WesternOne Inc. Shares by a Non-Resident Unitholder will generally be subject to Canadian withholding tax at the rate of 25%, subject to reduction under the provisions of an applicable income tax treaty or convention.

#### ***Dispositions of WesternOne Inc. Shares***

A Non-Resident Unitholder will not be subject to tax under the Tax Act in respect of any capital gain on the disposition of WesternOne Inc. Shares unless such shares constitute, or are deemed to constitute, “taxable Canadian



property” of the Non-Resident Unitholder and the Non-Resident Unitholder is not afforded relief under an applicable tax treaty or convention.

Generally, WesternOne Inc. Shares will not constitute taxable Canadian property of a Non-Resident Unitholder unless the criteria described above under the heading “*Unitholders Not Resident in Canada – Exchange of Units for WesternOne Inc. Shares*” are met.

**Non-Resident Unitholders whose WesternOne Inc. Shares are considered or are deemed to be considered taxable Canadian property should consult their own tax advisors.**

#### **Debentureholders**

The Debentures will be assumed by WesternOne Inc. on the dissolution of the Fund. Debentureholders will not realize any income, gain or loss for purposes of the Tax Act as a result of such assumption and the provisions of the Tax Act will be applied as if WesternOne Inc. had issued the Debentures.

### **OTHER TAX CONSIDERATIONS**

**This Information Circular does not address any tax considerations of the Arrangement other than Canadian tax considerations. Unitholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdiction and with respect to the tax implications in such jurisdictions of owning WesternOne Inc. Shares after the Arrangement.**

**Unitholders should also consult their own tax advisors regarding provincial or territorial tax considerations of the Arrangement or of holding WesternOne Inc. Shares.**

### **INFORMATION RESPECTING WESTERNONE EQUITY INCOME FUND**

#### **Corporate Structure**

The Fund was established on June 14, 2006, and is an unincorporated, open-ended trust governed by the laws of the Province of British Columbia and by the Fund Declaration of Trust. The Fund was formed to hold Trust Units and all of the outstanding shares of the GP.

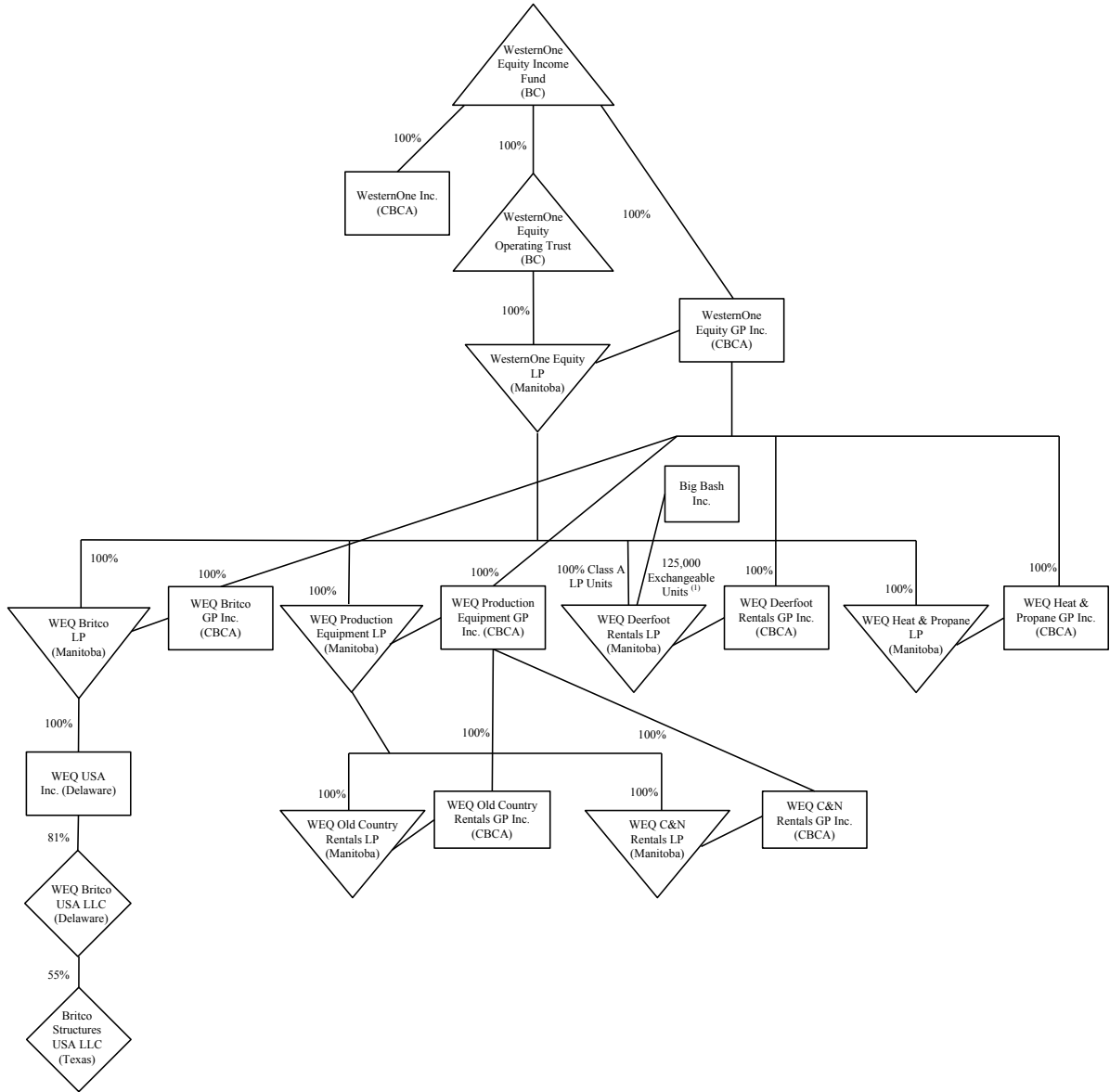
The Trust was established on June 14, 2006, and is an unincorporated, open-ended trust governed by the laws of the Province of British Columbia and by the Trust Declaration of Trust. The Trust was created to acquire and hold LP Units.

The GP is a corporation that was incorporated under the CBCA on June 8, 2006. The GP is the general partner of the Partnership.

The Partnership is a limited partnership that was formed under the laws of the Province of Manitoba on June 15, 2006. The Partnership was created to acquire and hold the Business. The Trust holds all of the issued 16,771,631 LP Units in the Partnership.

On July 1, 2012, WesternOne Inc. was incorporated in connection with participating in the Arrangement.

The following is the structure of WesternOne Equity, as of the date hereof.



<sup>(1)</sup> Exchangeable for 125,000 units of WesternOne Equity Income Fund.

The principal and head offices of the Fund, the Trust, the GP, the Partnership, and WesternOne Inc. are located at Suite 910, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. The registered office of WesternOne Equity, the Partnership, and WesternOne Inc. is located at 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

For a description of the development of the business WesternOne Equity, see the sections entitled “*General Development of our Business*” and “*Our Businesses*” in the Fund AIF.

Following the Arrangement, it is anticipated that WesternOne Inc. will become a reporting issuer in certain Canadian jurisdictions and will become subject to the informational reporting requirements under the securities laws of such jurisdictions as a result of the Arrangement. Reference is made to “*Appendix D - Information Respecting WesternOne Inc.*” for a more detailed description of WesternOne Inc. and certain pro forma information in respect of WesternOne Inc.

### **Documents Incorporated by Reference**

**Information in respect of the Fund and its related entities has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request free of charge from the corporate office of WesternOne Equity at Suite 910, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information respecting the Fund is provided in the Fund’s financial statements and management’s discussion and analysis, which are incorporated herein by reference.

The following documents of the Fund, filed with the various securities commissions or similar authorities in the jurisdictions where the Fund is a reporting issuer, are specifically incorporated by reference into and form an integral part of this Information Circular:

1. the Fund AIF;
2. the audited comparative consolidated financial statements of the Fund as at December 31, 2011, December 31, 2010 and January 1, 2010 and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditors’ report thereon;
3. the unaudited comparative consolidated financial statements of the Fund as at and for the three months ended March 31, 2012 and 2011, respectively, together with the notes thereto;
4. management’s discussion and analysis of the financial condition and results of operations of the Fund for the years ended December 31, 2011 and 2010 and for the three months ended March 31, 2012 and 2011, respectively;
5. the Fund’s management information circular dated April 3, 2012; and
6. the material change report relating to the announcement of the Arrangement dated July 19, 2012.

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

### **Capital Structure**

For a description of the business of the Fund, see “*Capital Structure*”, “*WesternOne Equity Income Fund*”, “*WesternOne Equity Operating Trust*”, “*WesternOne Equity LP*” and “*WesternOne Equity GP*” in the Fund AIF.

***Summary Description of the WesternOne Equity Business***

The Fund was established to acquire and hold units of the Trust. For a description of the business of the Fund, see “*General Development of the Business*” and “*Our Businesses*” in the Fund AIF.

**Distribution Policy**

The Fund distributes a substantial portion of its available cash to the Unitholders. The actual amount that the Fund will distribute to the Unitholders is determined at the discretion of its Trustees and the directors of the GP, taking into account the relevant circumstances prevailing at the time of a distribution.

Distributions are paid on or about the 15th day following the end of each month to Unitholders of record on the last business day of that month. The Fund periodically reviews its distribution policy throughout the year. See “*Background to and Reasons for the Arrangement – Effect on Distributions and WesternOne Equity Dividend Policy*”.

**Historical Distributions**

The following table summarizes the distributions declared and paid by the Fund from January 2009 to the date hereof.

<b>Period</b>	<b>Record date</b>	<b>Payment date</b>	<b>Distribution Per Unit</b>	<b>Amount</b>
January 2009	January 31, 2009	February 16, 2009	0.05	\$660,843
February 2009	February 27, 2009	March 16, 2009	0.05	\$688,776
March 2009	March 31, 2009	April 15, 2009	0.05	\$688,776
April 2009	April 30, 2009	May 15, 2009	0.05	\$688,776
May 2009	May 29, 2009	June 15, 2009	0.05	\$688,776
June 2009	June 30, 2009	July 15, 2009	0.05	\$688,776
July 2009	July 31, 2009	August 17, 2009	0.05	\$689,010
August 2009	August 31, 2009	September 15, 2009	0.05	\$691,932
September 2009	September 30, 2009	October 15, 2009	0.05	\$691,932
October 2009	October 30, 2009	November 16, 2009	0.05	\$691,932
November 2009	November 30, 2009	December 15, 2009	0.05	\$691,932
December 2009	December 31, 2009	January 15, 2010	0.05	\$691,932
January 2010	January 29, 2010	February 16, 2010	0.05	\$691,932
February 2010	February 26, 2010	March 15, 2010	0.05	\$692,509
March 2010	March 31, 2010	April 15, 2010	0.05	\$692,509
April 2010	April 30, 2010	May 17, 2010	0.05	\$693,342
May 2010	May 31, 2010	June 15, 2010	0.05	\$693,342
June 2010	June 30, 2010	July 15, 2010	0.05	\$693,589
July 2010	July 30, 2010	August 16, 2010	0.05	\$694,451
August 2010	August 31, 2010	September 15, 2010	0.05	\$694,451
September 2010	September 30, 2010	October 15, 2010	0.05	\$694,451
October 2010	October 29, 2010	November 15, 2010	0.05	\$694,451
November 2010	November 30, 2010	December 15, 2010	0.05	\$694,451
December 2010	December 31, 2010	January 17, 2011	0.05	\$694,451
January 2011	January 31, 2011	February 15, 2011	0.05	\$704,184
February 2011	February 28, 2011	March 15, 2011	0.05	\$721,182
March 2011	March 31, 2011	April 15, 2011	0.05	\$751,201
April 2011	April 29, 2011	May 16, 2011	0.05	\$766,040
May 2011	May 31, 2011	June 15, 2011	0.05	\$780,253
June 2011	June 30, 2011	July 15, 2011	0.05	\$789,475
July 2011	July 29, 2011	August 15, 2011	0.05	\$843,623
August 2011	August 31, 2011	September 15, 2011	0.05	\$847,950
September 2011	September 30, 2011	October 17, 2011	0.05	\$852,662
October 2011	October 31, 2011	November 15, 2011	0.05	\$854,539
November 2011	November 30, 2011	December 15, 2011	0.05	\$902,730
December 2011	December 30, 2011	January 16, 2012	0.05	\$911,640
January 2012	January 31, 2012	February 15, 2012	0.05	\$933,681
February 2012	February 29, 2012	March 15, 2012	0.05	\$955,704
March 2012	March 30, 2012	April 16, 2012	0.05	\$967,759
April 2012	April 30, 2012	May 15, 2012	0.05	\$981,092
May 2012	May 31, 2012	June 15, 2012	0.05	\$990,345
June 2012	June 29, 2012	July 16, 2012	0.05	\$996,639
				\$32,128,021

## Trading Price and Volume

### *Units*

The Units are listed and posted for trading on the TSX under the symbol “WEQ”. The following table sets forth certain trading information for the Units on the TSX since January 2011.

	Month	High \$	Low \$	Close \$	Volume
2011	January	5.25	4.41	5.00	353,227
	February	5.25	4.95	5.00	474,718
	March	5.75	4.76	5.52	868,339
	April	6.00	5.50	5.95	300,879
	May	6.30	5.78	5.85	567,288
	June	6.81	5.85	6.60	727,233
	July	7.05	5.93	6.18	573,258
	August	6.49	4.85	6.05	562,824
	September	6.22	5.52	5.98	351,760
	October	6.32	5.41	6.09	247,244
	November	6.75	5.75	6.43	452,184
	December	6.67	6.20	6.65	407,120
2012	January	7.72	6.48	7.37	852,637
	February	7.43	6.83	7.25	505,586
	March	7.52	7.14	7.34	380,302
	April	7.75	7.26	7.52	330,738
	May	7.83	7.39	7.74	475,936
	June	7.84	7.50	7.75	460,093
	To July 24	7.99	7.68	7.83	246,426

### *2010 Debentures*

The 2010 Debentures commenced trading on the TSX on February 26, 2010 under the symbol WEQ.DB.B. The following table sets forth certain trading information for the 2010 Debentures on the TSX since January 2011.

	<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Close (\$)</b>	<b>Volume (\$)</b>
2011	January	106.00	100.50	105.00	1,991,000
	February	110.00	105.50	107.00	469,000
	March	110.00	106.50	109.01	153,000
	April	113.00	108.00	109.00	750,000
	May	116.00	108.00	110.50	1,672,000
	June	125.00	112.50	124.25	1,664,000
	July	131.00	116.00	117.00	1,025,000
	August	120.00	104.26	115.00	580,000
	September	114.00	107.02	111.00	464,000
	October	115.00	104.00	115.00	155,000
	November	124.99	107.00	120.00	478,000
	December	125.00	116.90	125.00	756,000
2012	January	136.00	124.00	136.00	1,713,000
	February	137.00	130.00	137.00	1,470,000
	March	142.00	135.00	135.00	517,000
	April	145.00	139.00	144.00	376,000
	May	147.00	140.00	147.00	709,000
	June	148.00	140.00	147.00	199,000
	To July 24	150.00	145.00	149.00	146,000

### **2011 Debentures**

The 2011 Debentures commenced trading on the TSX on June 1, 2011 under the symbol WEQ.DB.C. The following table sets forth certain trading information for the 2011 Debentures on the TSX since January 2011.

	<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Close (\$)</b>	<b>Volume (\$)</b>
2011	January	N/A	N/A	N/A	N/A
	February	N/A	N/A	N/A	N/A
	March	N/A	N/A	N/A	N/A
	April	N/A	N/A	N/A	N/A
	May	N/A	N/A	N/A	N/A
	June	102.00	98.60	101	9,511,100
	July	102.90	101.00	101.55	2,901,000
	August	101.55	95.50	100.25	1,760,000
	September	100.60	98.50	99.00	912,000
	October	100.00	97.00	99.50	537,000
	November	99.99	96.50	97.50	1,603,000
	December	99.50	98.00	98.50	1,056,000
2012	January	104.25	98.25	103.99	7,763,000
	February	105.00	103.00	103.50	1,404,000
	March	105.50	103.00	104.70	1,081,000
	April	105.50	103.75	105.00	2,698,000
	May	107.00	104.75	104.75	1,768,000
	June	106.00	104.50	105.99	981,000
	To July 24	107.17	105.50	106.97	308,000

### **Legal Proceedings and Regulatory Actions**

WesternOne Equity is not currently involved in any material pending legal proceedings or regulatory actions. To the knowledge of the Management Group, no legal proceedings or regulatory actions of a material nature involving WesternOne Equity have been threatened by any third party.

### **Transfer Agent and Registrar**

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal transfer offices in Vancouver, British Columbia and Toronto, Ontario.

### **Material Contracts**

The only contracts entered into by WesternOne Equity, that are material to WesternOne Equity and that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect, are as follows:

1. the Arrangement Agreement;
2. the Exchange Agreement;
3. the Fund Declaration of Trust;
4. the Administration Agreement;
5. the Trust Declaration of Trust;
6. the trust note indenture entered into between the Trust and Computershare Trust Company of Canada dated August 15, 2006;
7. the Partnership Agreement;
8. the 2010 Trust Indenture;
9. the 2011 First Supplemental Trust Indenture; and
10. the acquisition agreement among WEQ Britco LP, Britco Structures LLP, Britco Leasing Ltd. and others dated May 16, 2011.

The contracts listed above are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### **INFORMATION RESPECTING WESTERNONE INC.**

WesternOne Inc. was incorporated July 1, 2012 for the sole purpose of participating in the Arrangement on pursuant to the provisions of the CBCA and is a wholly-owned subsidiary of the Fund. The principal and head office of WesternOne Inc. is located at Suite 910, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

WesternOne Inc. has not carried on any business or conducted operations business since its incorporation other than entering into the Arrangement Agreement.

On the Effective Date, WesternOne Inc. will become a reporting issuer in the same Canadian jurisdictions where the Fund is currently a reporting issuer and will become subject to the informational reporting requirements under the securities laws of such jurisdictions as a result of the Arrangement.

Reference is made to “*Appendix D - Information Respecting WesternOne Inc.*” for a more detailed description of WesternOne Inc. and certain pro-forma information in respect of WesternOne Inc.

### **RISK FACTORS**

**Certain risk factors relating to the activities of the Fund are contained in the Fund AIF and the management’s discussion and analysis which are incorporated herein by reference and will continue to apply to WesternOne Inc. after the Effective Date. Unitholders should carefully consider the risk factors and consider all other information contained herein and in the Fund’s other public filings before making an**



**investment decision. Moreover, the following is a list of certain additional risk factors relating to the Arrangement and the ownership of WesternOne Inc. Shares:**

### **Conditions Precedent and Required Regulatory and Third Party Approvals**

The completion of the Arrangement in the form contemplated by the Arrangement Agreement is subject to a number of conditions precedent, some of which are outside the control of the Fund, including, without limitation, receipt of Unitholder approval at the Meeting, regulatory approvals, approval of the TSX for the listing of the WesternOne Inc. Shares and receipt of the Final Order. There can be no certainty, nor can the Fund provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

Failure to obtain the Final Order on terms acceptable to the parties to the Arrangement Agreement would likely result in the decision being made not to proceed with the Arrangement. If any of the required regulatory and third party approvals cannot be obtained on terms satisfactory to the parties to the Arrangement Agreement or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such approval, and accordingly, the benefits available to Unitholders resulting from the Arrangement may be reduced. Alternatively, if the Plan of Arrangement cannot be amended to mitigate against the negative consequences of the failure to obtain a required regulatory or third party approval, the Arrangement may not proceed at all. If the Arrangement does not become effective, the market price of the Units may be adversely affected.

### **Termination in the Event of a Change Constituting a Material Adverse Effect**

In certain circumstances, the Arrangement Agreement may be terminated in the event of a change that constitutes a Material Adverse Effect (as such term is defined in the Arrangement Agreement). Although a Material Adverse Effect excludes certain events that are beyond the control of the parties to the Arrangement Agreement, there can be no assurance that a change that constitutes a Material Adverse Effect will not occur prior to the Effective Date, in which case, the Arrangement Agreement may be terminated and the Arrangement would not proceed.

### **Pre-Arrangement Consents and Approvals**

WesternOne Equity continues to seek and obtain certain necessary consents and approvals, in order to implement the Arrangement and related transactions as currently structured. WesternOne Equity believes that it will obtain such consents and approvals prior to the Effective Date. However, if certain approvals and consents are not received prior to the Effective Date, the Fund may decide to proceed nonetheless, or it may be required or choose to either delay or amend the implementation of all or part of the Arrangement, including possibly delaying the completion of the Arrangement in order to allow for sufficient time to receive such consents.

### **Existing Operation Risk**

If the Arrangement is not completed, the Fund will continue to face all of the existing operational and financial risks of its business as described herein and the documents incorporated by reference herein.

### **Impact on Unit Prices and Future Business Operations**

If the Arrangement is not completed, there may be a negative impact on the trading price of Units and future business and operations, to the extent that the current trading price of the Units reflects an assumption that the Arrangement will be completed. The price of the Units may decline if the Arrangement is not completed.

### **Risk Factors Relating to the Ownership of WesternOne Inc. Shares**

The following is a list of certain risk factors relating to the activities of WesternOne Inc. and the ownership of WesternOne Inc. Shares following the Effective Date:

- the uncertainty of future dividend payments by WesternOne Inc. and the level thereof as WesternOne Inc.'s dividend policy and the funds available for the payment of dividends from time to time will be dependent upon, among other things, operating cash flow generated by WesternOne Inc., financial requirements for WesternOne Inc.'s operations and the execution of its growth strategy and the satisfaction of solvency tests imposed by the CBCA for the declaration and payment of dividends;

- WesternOne Inc. may make future acquisitions or may enter into financings or other transactions involving the issuance of securities of WesternOne Inc. which may be dilutive; and
- the inability of WesternOne Inc. to manage growth effectively could have a material adverse impact on its business, operations and prospects.

#### **OTHER MATTERS TO BE ACTED UPON AT THE MEETING**

The Trustees know of no matters to come before the Meeting other than those referred to in the Notice of Special Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the Trustee representatives named in the Form of Proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Fund may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Fund's audited consolidated financial statements and management's discussion and analysis for the Fund's most recently completed financial year. A copy of the Fund's financial statements and management's discussion and analysis is available, free of charge, upon written request to Carlos Yam, Chief Financial Officer, Suite 910, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. These documents are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **QUESTIONS AND FURTHER ASSISTANCE**

If you have any questions about the information contained in this Information Circular or require assistance in completing your proxy form, please contact Computershare Investor Services Inc., the Transfer Agent at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 (toll-free facsimile 1-866-249-7775).

#### **CONVENTIONS**

Unless otherwise indicated, references herein to "\$" or "dollars" are to mean Canadian dollars.

#### **APPROVAL OF CIRCULAR**

The undersigned hereby certifies that the contents and the sending of this Information Circular have been approved by the Trustees.

DATED at Vancouver, British Columbia, this 30<sup>th</sup> day of July, 2012.

#### **BY ORDER OF THE BOARD OF TRUSTEES OF WESTERNOONE EQUITY INCOME FUND**

*(signed) "Robert W. King"*  
Trustee of WesternOne Equity Income Fund

## AUDITORS' CONSENT

We have read the Management Information Circular and Proxy Statement (the "**Circular**") dated July 30, 2012 of WesternOne Equity Income Fund (the "**Fund**") relating to the proposed Plan of Arrangement involving the Fund and its subsidiaries, WesternOne Inc., and the holders of units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the Unitholders of the Fund on the consolidated financial statements of the Fund, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of comprehensive income (loss), changes in unitholders' equity and cash flows for the years ended December 31, 2011 and December 31 2010, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated March 9, 2012.

We also consent to the use in the above-mentioned Circular of our report to the Shareholder of WesternOne Inc. on the statement of financial position of WesternOne Inc. as at July 1, 2012. Our report is dated July 24, 2012.

(signed) "*KPMG LLP*"

Chartered Accountants

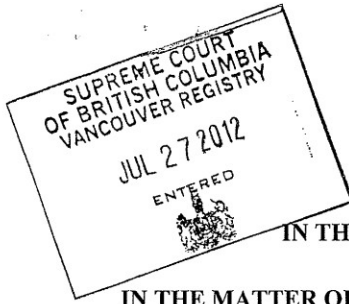
Vancouver, Canada  
July 30, 2012

**APPENDIX A  
ARRANGEMENT RESOLUTION**

“BE IT RESOLVED THAT:

1. The arrangement (“**Arrangement**”) under Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) substantially as set forth in the Plan of Arrangement (the “**Plan of Arrangement**”) attached as Exhibit A to Appendix C to the Information Circular and Proxy Statement of WesternOne Equity Income Fund (the “**Fund**”) dated July 30, 2012 (the “**Information Circular**”) and all arrangements contemplated thereby, be and are hereby authorized and approved.
2. The arrangement agreement (“**Arrangement Agreement**”) dated July 18, 2012 among the Fund, WesternOne Equity Operating Trust, WesternOne Equity GP Inc., WesternOne Equity LP (the “**Partnership**”), WEQ Deerfoot Rentals LP, WesternOne Inc. and Big Bash Inc., a copy of which is attached as Appendix C to the Information Circular, together with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by the execution and delivery of any such amendments or variations, is hereby confirmed, ratified and approved.
3. Notwithstanding that this resolution has been duly passed and/or has received the approval of the Supreme Court of British Columbia, the board of trustees of the Fund or the board of directors of WesternOne Equity GP Inc. may, without further notice to, or approval of, the holders of units of the Fund, subject to the terms of the Arrangement Agreement, amend or terminate the Arrangement Agreement or the Plan of Arrangement or revoke this resolution at any time prior to the filing of the Articles of Arrangement in respect of the Arrangement.
4. Any trustee of the Fund or director or officer of WesternOne Equity GP Inc. is hereby authorized, for and on behalf of the Fund, to execute and deliver Articles of Arrangement and to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

**APPENDIX B  
INTERIM ORDER**



No. S125256  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, as amended

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING  
WESTERNOE EQUITY INCOME FUND, WESTERNOE EQUITY OPERATING TRUST,  
WESTERNOE EQUITY LP, WESTERNOE EQUITY GP INC.,  
WEQ DEERFOOT RENTALS LP, WESTERNOE INC., BIG BASH INC. and THE  
HOLDERS OF UNITS IN WESTERNOE EQUITY INCOME FUND

WESTERNOE EQUITY INCOME FUND,  
WESTERNOE EQUITY OPERATING TRUST,  
WESTERNOE EQUITY LP, WESTERNOE EQUITY GP INC.  
and WESTERNOE INC.

PETITIONERS

ORDER MADE AFTER APPLICATION

)	)	
)	)	
)	)	
BEFORE )	MASTER TOKAREK )	27/Jul/2012
)	)	
)	)	
)	)	

UPON THE EX PARTE APPLICATION of the Petitioners for an order of the Court in connection with a proposed special meeting in respect of a proposed arrangement pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, coming on for hearing at Vancouver, British Columbia on July 27, 2012; AND UPON hearing Scott Dawson, counsel for the Petitioners; AND UPON reading the Petition and the Affidavit #1 of Carlos Yam sworn on July 25, 2012 (the "Yam Affidavit"); AND UPON being advised that the director (the "CBCA Director") appointed under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "CBCA") has been notified of this Petition and this application for

interim relief as contemplated by Subsection 192(5) of the CBCA and that the Director does not intend to appear or make submissions with respect to this application;

THIS COURT ORDERS that:

**A. Meeting of the Holders of the Fund's Units**

1. WesternOne Equity Income Fund (the "**Fund**") shall be and is hereby permitted to call and conduct a meeting (the "**Meeting**") of the holders of the Fund's units (the "**Units**") on or about September 5, 2012.
2. At the Meeting, the registered holders of Units (the "**Unitholders**") will consider and, and if thought fit, pass a special resolution (the "**Arrangement Resolution**") to approve the arrangement as particularly set out in the plan of arrangement (the "**Plan of Arrangement**") substantially in the form set out in Exhibit A to the Arrangement Agreement dated July 18, 2012 between the Petitioners and others (the "**Arrangement Agreement**"), which Arrangement Agreement is set out in Appendix C to the Information Circular and Proxy Statement dated on or about July 31, 2012 (the "**Information Circular**") and attached as Exhibit "B" to the Yam Affidavit.
3. The Meeting, and any adjournments thereof, shall be called, held and conducted in accordance with the "Notice of Special Meeting of Unitholders" contained in the Information Circular (the "**Notice of Meeting**"), applicable securities laws, the Fund's Declaration of Trust, the CBCA, this Interim Order and any further Order of this Court, and the rulings and directions of the chairman of the Meeting. To the extent of any inconsistency or discrepancy between this Interim Order and the Notice of Meeting, this Interim Order shall govern.
4. The Meeting may be adjourned from time to time by the Fund's board of trustees (the "**Board of Trustees**") in accordance with the Arrangement Agreement without further approval from the Court, and only those Unitholders who are registered as at the close of business on July 24, 2012 (the "**Record Date**") shall be entitled to notice of and to vote at the Meeting and any adjournment. For the avoidance of doubt, Unitholders who acquire Units after the Record Date will not be entitled to vote such Units at the Meeting.
5. The chairman of the Meeting shall be the chairperson of the Board of Trustees or any other trustee of the Fund (a "**Trustee**") specified by resolution of the Board of Trustees or, in the absence of any Trustee, any director or officer of WesternOne Equity GP Inc.
6. The secretary of the Meeting shall be any Trustee or any director or officer of WesternOne Equity GP Inc. or, failing them, any other person selected for that purpose by the chairman of the Meeting, provided that the secretary shall be entitled to retain others to assist in the performance of his or her duties.
7. The scrutineers of the Meeting shall be Computershare Investor Services Inc. (acting through its representatives for that purpose) or such other persons as permitted by the chairman of the Meeting.

8. The only persons entitled to attend and speak at the Meeting or any adjournment thereof shall be Unitholders or their authorized representatives, the Trustees, the directors and officers of WesternOne Equity GP Inc., the auditors of the Fund (the "**Auditors**"), the CBCA Director and such other persons as permitted by the chairman of the Meeting.
9. A quorum at the Meeting shall be two or more persons present in person or by proxy and holding in the aggregate at least 10% of the votes attached to the Units. In the event a quorum is not present within 30 minutes from the time fixed for the Meeting, the Meeting shall be adjourned to such day, other than a Saturday, Sunday or holiday, that is not less than 14 days later, and to such time and place as may be determined by the chairman of the Meeting. No notice of the adjourned Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Unitholders present in person or by proxy, shall be a quorum for all purposes.
10. For the Arrangement Resolution to be passed, it must receive support of 66 2/3% of the votes cast by Unitholders present in person or represented by proxy and entitled to vote at the Meeting, voting as one class. Each Unit entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting.
11. The Board of Trustees, without further notice to or approval of the Unitholders, is authorized to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement providing any such amendment does not alter the consideration to be received by the Unitholders.

**B. Notice of Meeting**

12. Good and sufficient notice of the Meeting, for all purposes, will be given by the Petitioners by mailing by prepaid mail, at least 21 days prior to the date of the Meeting the following materials:
  - (a) the Information Circular; and
  - (b) form of proxy(collectively, the "**Meeting Materials**"),  
substantially in the form attached as Exhibits B and D to the Yam Affidavit, with such amendments or additional documents as counsel for the Fund may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), to the Unitholders at the addresses for such holders recorded in the records of the Fund at the close of business on the Record Date and to the Board of Trustees, and the Auditors.
13. The Information Circular shall also be provided to the CBCA Director by prepaid ordinary mail or delivery at least 21 days prior to the Meeting.
14. The Meeting Materials will include a copy of a Notice of Petition and this Interim Order (collectively, the "**Court Materials**") and service of the Court Materials shall be deemed



to be effective on the fifth day following the date on which they are mailed to the Unitholders, the Board of Trustees, the Auditors and the CBCA Director as provided in paragraphs 12 and 13 of this Interim Order, whether the recipients reside within the jurisdiction of British Columbia or within another jurisdiction. The Petitioners shall not be required to serve copies of the Petition or any affidavit filed in support of the Petition except upon written request made to the solicitors for the Petitioners at their address for delivery set out in the Petition. The mailing of the Meeting Materials (which include the Court Materials) shall constitute good and sufficient service of the within Petition, this Interim Order and the application for the final order approving the Arrangement contemplated by the Plan of Arrangement (the "**Final Order**") on all persons who are entitled to receive such notice and no further form of service need be made.

15. The accidental omission to give notice of the Meeting or the non-receipt of the notice by one or more Unitholder shall not invalidate any resolution passed or proceedings taken at the Meeting.

#### **C. Deposit and Revocation of Proxies**

16. To be valid a proxy must be deposited with the Fund in the manner described in the Information Circular.
17. All proxies to be submitted in connection with the Meeting must be received by Computershare Investor Services Inc., the Fund's transfer agent, by no later than 4:00 p.m. (Pacific Time) on the second to last business day (excluding Saturdays, Sundays, or holidays) immediately preceding the date of the Meeting or any adjournment thereof. The acceptable methods of deliver of proxies will be as described in the Information Circular or proxy itself.
18. Proxies may be revoked in the manner described in the Information Circular.

#### **D. Dissent Rights**

19. Unitholders shall have the right to dissent from the Arrangement Resolution in accordance with the provisions of Section 190 of the CBCA, as modified by this Order, and are entitled to be paid the fair value of their Units in respect of which such right of dissent is exercised, provided that:
  - (a) such Unitholder (referred to in this order as a "**Dissenting Unitholder**") deliver written notice of his or her dissent to the Petitioners c/o Farris, Vaughan, Wills & Murphy LLP, 2500, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3 (Attention: Brian R. Canfield) and such notice must be received by no later than by 4:00 p.m. (Pacific Time) on the fourth day, excluding Saturdays, Sundays, and holidays immediately preceding the date of the Meeting or any adjournment thereof, before the time the adjourned meeting is reconvened;
  - (b) a Dissenting Unitholder shall not have voted his or her Units at the Meeting, either in person or by proxy, in favour of the Arrangement Resolution;

- (c) a Unitholder may not exercise the right of dissent in respect of only a portion of its Units, but may dissent only with respect to all of its Units; and
  - (d) the exercise of such right of dissent must otherwise comply with the requirements of section 190 of the CBCA.
20. Dissenting Unitholders who are ultimately entitled to be paid fair value for their Units shall be deemed to have transferred their Units to WesternOne Inc. in consideration for such fair value. Dissenting Unitholders who are ultimately not entitled, for any reason, to be paid the fair value of their Units, shall be treated as if they had, and deemed to have participated in the Arrangement on the same basis as a non-dissenting Unitholder.
  21. The fair value of the Units shall be determined as of the close of business on the last business day (excluding Saturdays, Sundays and holidays) before the day on which the Arrangement is approved by the Unitholders.
  22. Notwithstanding Section 190 of the CBCA, WesternOne Inc. or a Dissenting Unitholder may apply to this Court to fix the fair value for the Units of the Dissenting Unitholders entitled to be paid fair value for their Units.
  23. The obligation for the payment of the fair value of the Units shall be that of WesternOne Inc.
  24. Subject to further order of this Court, the rights available to the Unitholders under the CBCA and the Plan of Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient rights of dissent for the Unitholders with respect to the Arrangement Resolution.
  25. Notice to the Unitholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the CBCA and the Arrangement, the fair value of their Units shall be sufficiently given by including information with respect to this right as set forth in the Information Circular which is to be sent to Unitholders in accordance with paragraph 12 of this Order.

**E. Final Application**

26. Subject to further Order of this Court and provided that the Unitholders have passed the Arrangement Resolution as described in this Interim Order, the Petitioners may proceed with an application for approval of the Arrangement and the Final Order on September 6, 2012 at 9:45 a.m. (Pacific Time) or so soon thereafter as counsel may be heard at the Courthouse at 800 Smithe Street, Vancouver, British Columbia.
27. Any Unitholder or any other interested party desiring to appear and make submissions at the application for the Final Order is required to file with this Court and deliver a Response to the Petition in the form prescribed by the *Rules of Court* together with any evidence or materials which intended to be presented by such party to the Court, including an outline of such party's proposed submissions and their address for deliver by or before 4:00 p.m. (Pacific Time) on August 31, 2012.

S/125256

- 28. In the event that the hearing of the application for the Final Order is adjourned, only those parties who have filed a Response to the Petition shall have notice of the adjourned date.

**F. Leave to Vary Interim Order**

- 29. The Petitioners and any Unitholder shall and does hereby have liberty to apply to vary this Interim Order or for such further orders as may be appropriate.
- 30. This Interim Order be entered immediately upon the granting of the same.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT.

Signature of \_\_\_\_\_

Party

Lawyer for the Petitioners

**Scott Dawson**

By the Court



Registrar



**APPENDIX C**  
**ARRANGEMENT AGREEMENT**

**ARRANGEMENT AGREEMENT**

**Among**

**WESTERONE EQUITY INCOME FUND**

**and**

**WESTERONE EQUITY OPERATING TRUST**

**and**

**WESTERONE EQUITY LP**

**and**

**WESTERONE EQUITY GP INC.**

**and**

**WEQ DEERFOOT RENTALS LP**

**and**

**WESTERONE INC.**

**and**

**BIG BASH INC.**

**Dated as of July 18, 2012**

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**ARRANGEMENT AGREEMENT**

THIS ARRANGEMENT AGREEMENT is dated as of the 18<sup>th</sup> day of July, 2012

AMONG:

**WESTERONE EQUITY INCOME FUND**, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia (the "**Fund**")

AND

**WESTERONE EQUITY OPERATING TRUST**, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia (the "**Trust**")

AND

**WESTERONE EQUITY LP**, a limited partnership created under the laws of the Province of Manitoba ("**WesternOne LP**")

AND

**WESTERONE EQUITY GP INC.**, a corporation incorporated under the laws of Canada ("**WesternOne GP**")

AND

**WEQ DEERFOOT RENTALS LP**, a limited partnership created under the laws of the Province of Manitoba ("**Deerfoot LP**")

AND

**WESTERONE INC.**, a corporation incorporated under the laws of Canada ("**WesternOne Inc.**")

AND

**BIG BASH INC.**, a corporation incorporated under the laws of the Province of Alberta ("**Big Bash**")

WHEREAS:

- A. The Parties wish to propose an arrangement with the holders of units of the Fund;
- B. WesternOne GP is a wholly-owned subsidiary of the Fund;
- C. WesternOne GP is the general partner of WesternOne LP with authority to manage the business and affairs of WesternOne LP;
- D. All of the securities of the Trust are held by the Fund;
- E. All of the limited partnership units of WesternOne LP are held by the Trust;
- F. All of the limited partnership units of Deerfoot LP are held by WesternOne LP;
- G. Big Bash holds all of the exchangeable units of Deerfoot LP;

H. WesternOne Inc. is a wholly-owned subsidiary of the Fund;

I. As a result of the transactions contemplated herein, the holders of units of the Fund will become the shareholders of WesternOne Inc., and each of the Fund and the Trust will be wound-up into WesternOne Inc.;

J. The Parties intend to carry out the transactions contemplated herein by way of an Arrangement under the provisions of the *Canada Business Corporations Act*; and

K. The Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such Arrangement.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby covenant and agree as follows:

## **ARTICLE 1** **INTERPRETATION**

### **1.1 Definitions**

In this Agreement (including the recitals hereto), unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

“**Applicable Canadian Securities Laws**” in the context that refers to one or more Persons, means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

“**Applicable Laws**” in the context that refers to one or more Persons, means the Laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

“**Arrangement**” means the arrangement pursuant to Section 192 of the CBCA, on the terms and conditions set forth in the Plan of Arrangement;

“**Arrangement Resolution**” means the special resolution in respect of the Arrangement to be considered at the Meeting;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under Section 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;

“**Big Bash**” means Big Bash Inc., a corporation incorporated under the laws of the Province of Alberta;

“**Board of Trustees**” means the board of Trustees of the Fund;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Vancouver, in the Province of British Columbia;

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 as amended, including the regulations promulgated thereunder;

“**Court**” means the Supreme Court of British Columbia, Vancouver Registry;

“**Deerfoot GP**” means WEQ Deerfoot Rentals GP Inc., a corporation incorporated under the laws of Canada;

“**Deerfoot GP Unit**” means the general partner units representing an interest as a general partner of Deerfoot LP;



“**Deerfoot LP**” means WEQ Deerfoot Rentals LP, a limited partnership created under the laws of the Province of Manitoba;

“**Deerfoot LP Units**” means Class A limited partner units representing an interest as a limited partner of Deerfoot LP;

“**Director**” means the director duly appointed under Section 260 of the CBCA;

“**Effective Date**” means the date the Arrangement is effective under the CBCA, such date to be a date to be determined by the Trustees but not later than December 31, 2012;

“**Effective Time**” means 11:50 p.m. on the Effective Date or such other time as may be determined by the Trustees;

“**Exchange Agreement**” means the exchange agreement between the Fund, the Trust, WesternOne LP, WesternOne GP, Deerfoot LP, Deerfoot GP and Big Bash dated February 15, 2008;

“**Exchangeable Units**” means the exchangeable units of Deerfoot LP which are exchangeable for Units on a one-for-one basis;

“**Final Order**” means the final order of the Court approving the Arrangement to be applied for following the Fund Meeting and to be granted pursuant to the provisions of Section 192(4) of the CBCA as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Fund**” means WesternOne Equity Income Fund, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia;

“**Fund Declaration of Trust**” means the amended and restated declaration of trust dated June 30, 2011 by which the Fund is governed, as it may be amended, supplemented or restated from time to time;

“**GAAP**” has the meaning ascribed thereto in Section 1.6;

“**Governmental Entity**” means any: (a) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency, (b) subdivision, agent, commission, board or authority of any of the foregoing, or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Information Circular**” means the information circular of the Fund to be dated on or about July 30, 2012, together with all appendices thereto, forwarded as part of the proxy solicitation materials to Unitholders in respect of the Meeting;

“**Initial WesternOne Inc. Share**” means the initial one WesternOne Inc. Share issued to the Fund in connection with, and at the time of, the incorporation of WesternOne Inc.;

“**Interim Order**” means the interim order of the Court pursuant to Section 192(4) of the CBCA containing declarations and directions with respect to the Meeting and the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Key Agreements**” means, collectively, the Fund Declaration of Trust, the Trust Declaration of Trust, the Trust Indenture, WesternOne LP partnership agreement, Deerfoot LP partnership agreement and the Exchange Agreement;

“**Laws**” means all laws, statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, policies, notices, directions (including all Applicable Canadian Securities Laws and U.S. Securities Laws), and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the TSX);

“**LTIP**” means the long-term incentive plan of the Fund and its subsidiaries, wherein Units are purchased and held for the benefit of eligible participants;

“**Material Adverse Effect**” means, in relation to any event or change, an effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of any Party, as the case may be, and their respective subsidiaries (considered as a whole); provided that a Material Adverse Effect does not include an adverse effect: (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a Party to the other Parties prior to the date hereof; (ii) that results from conditions affecting the sectors in which the WesternOne Entities operate; (iii) that results from general economic, financial, currency exchange or securities conditions in Canada or elsewhere; (iv) relating to any change in the trading price of the Units that arises from the announcement of execution of this Agreement; or (v) that is consented to by the other Parties or results from any matter consented to by the other Parties;

“**Meeting**” means the special meeting of Unitholders to be held to consider, among other things, the Arrangement and related matters, and any adjournment thereof;

“**Option Plan**” means the Fund’s 2009 amended and restated unit option plan, pursuant to which the Fund may issue options to purchase up to 10% of the Units issued and outstanding from time to time;

“**Parties**” means, collectively, the parties to this Agreement, and “**Party**” means any one of them;

“**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status;

“**Plan**” or “**Plan of Arrangement**” means the plan of arrangement substantially in the form set out in Exhibit A hereto, as amended or supplemented from time to time in accordance with Article 6 thereof and Section 6.1 hereof;

“**Series B Debentures**” means the Fund’s 8.5% convertible unsecured subordinated debentures issued in February 2010, which are convertible to Units pursuant to the terms of the trust indenture between the Fund and Computershare Trust Company of Canada dated February 26, 2010;

“**Series C Debentures**” means the Fund’s 8.0% convertible unsecured subordinated debentures issued in June 2011, which are convertible to Units pursuant to the terms of the trust indenture between the Fund and Computershare Trust Company of Canada dated June 1, 2011;

“**subsidiary**” means, with respect to any Person, a subsidiary (as that term is defined in the CBCA (for such purposes, if such person is not a corporation, as if such person were a corporation)) of such Person and includes any limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a subsidiary (as described above) if such entity were a corporation;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), including the regulations promulgated thereunder, as amended;

“**Trust**” means WesternOne Equity Operating Trust, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia;

“**Trust Declaration of Trust**” means the declaration of trust dated June 14, 2006 by which the Trust is governed, as it may be amended, supplemented or restated from time to time;

“**Trust Indenture**” means the note indenture between the Trust and Computershare Trust Company of Canada dated August 15, 2006;

“**Trust Units**” means units of the Trust;

“**Trustee**” or “**Trustees**” means the trustees of the Fund or any one such trustee;

“**TSX**” means the Toronto Stock Exchange;

“**Unitholders**” means the holders from time to time of Units;

“**Units**” means the units of the Fund;

“**U.S. Securities Laws**” means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time;

“**WesternOne Entities**” means, collectively, the Fund, the Trust, WesternOne LP, WesternOne GP, Deerfoot LP, Deerfoot GP and WesternOne Inc. and their respective successors;

“**WesternOne GP**” means WesternOne Equity GP Inc., a corporation incorporated under the laws of Canada;

“**WesternOne GP Unit**” means the general partner units representing an interest as a general partner of WesternOne LP;

“**WesternOne Inc.**” means WesternOne Inc., a corporation incorporated under the laws of Canada and which is a wholly-owned subsidiary of the Fund;

“**WesternOne Inc. Shares**” means common shares in the capital of WesternOne Inc.;

“**WesternOne LP**” means WesternOne Equity LP, a limited partnership created under the laws of the Province of Manitoba;

“**WesternOne LP Units**” means the limited partner units representing an interest as a limited partner of WesternOne LP; and

“**WesternOne Partnership Units**” means an interest in WesternOne LP and includes WesternOne GP Units and WesternOne LP Units.

## **1.2 Interpretation Not Affected by Headings**

The division of this Agreement into Articles and Sections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including the exhibit attached hereto) and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Extended Meanings**

In this Agreement, unless the context otherwise requires, words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing Persons include firms and corporations and vice versa.

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place.

## **1.5 Entire Agreement**

This Agreement together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

## **1.6 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian generally accepted accounting principles (“**GAAP**”) and all determinations of an accounting nature are required to be made shall be made in a manner consistent with GAAP.

### **1.7 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by Applicable Law, the Parties waive any provision of Law which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which approximates as much as possible the invalid or unenforceable provision which it replaces.

### **1.8 Knowledge**

Where the phrase “to the knowledge” is used, such phrase means, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of the senior officers of the party, and in the case of: (i) the Fund, the Trust and WesternOne LP, includes the senior officers of WesternOne GP; and (ii) Deerfoot LP, includes the senior officers of Deerfoot GP, making the representation and warranty.

### **1.9 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

### **1.10 Exhibit**

The following exhibit attached hereto is incorporated into and forms an integral part of this Agreement:

Exhibit A – Plan of Arrangement

## **ARTICLE 2** **THE ARRANGEMENT**

### **2.1 Plan of Arrangement**

As soon as reasonably practicable, the Fund and WesternOne GP shall apply to the Court pursuant to Section 192 of the CBCA for an order approving the Arrangement.

In connection with such application the Parties shall:

- (a) forthwith file, proceed with and diligently prosecute an application for an Interim Order under Section 192(4) of the CBCA, providing for, among other things, the calling and holding of the Meeting for the purpose of, among other things, considering and, if deemed advisable, approving the Arrangement Resolution;
- (b) subject to obtaining all necessary approvals of the Unitholders as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order; and
- (c) subject to fulfillment of the conditions set forth herein, shall deliver to the Director Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without any act or formality.

## **2.2 Interim Order**

The Interim Order shall provide that:

- (a) the Unitholders shall be entitled to vote on the Arrangement Resolution at the Meeting;
- (b) each Unitholder shall be entitled to one vote for each Unit held by such holder; and
- (c) the requisite majority for the approval of the Arrangement Resolution shall be two-thirds of the votes cast by the Unitholders present in person or by proxy at the Meeting.

## **2.3 Employees**

The Parties agree that if and where the completion of the Arrangement triggers change of control payments or termination rights to any officers, directors or employees of the Fund or its subsidiaries pursuant to the terms of existing employment or services agreements with those individuals, the Fund shall make all commercially reasonable efforts to obtain applicable waivers of such rights from such individuals.

## **2.4 WesternOne Inc.**

The Fund has caused WesternOne Inc. to be incorporated under the CBCA. Prior to the Effective Time, the Fund shall not permit WesternOne Inc. to: (i) issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of common shares on incorporation; or (ii) carry on any business, enter into any transaction or effect any corporate act whatsoever; other than as contemplated herein or as reasonably necessary to carry out the transactions contemplated by the Arrangement unless previously consented to in writing WesternOne GP, as administrator of the Fund.

## **2.5 Effective Date**

The Arrangement shall become effective at the Effective Time on the Effective Date.

### **ARTICLE 3** **COVENANTS**

#### **3.1 Covenants of WesternOne Entities**

From the date hereof until the Effective Date or termination of this Agreement and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws, each of the WesternOne Entities covenants and agrees that it will:

- (a) take, and cause its subsidiaries to take, all reasonable actions and enter into all such agreements as are necessary to complete and give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (c) use all commercially reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any loan agreements, security agreements, leases, employment agreements and other contracts and instruments that it may be a party to, and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby prior to the Effective Date;
- (d) in the case of the Fund, solicit proxies to be voted at the Meeting in favour of matters to be considered at the Meeting, including the Arrangement Resolution, provided that it may, but shall not be required to, engage a proxy solicitation agent for such purpose;

- (e) make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, required to be made on its part in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws, except in each case to the extent the failure to do so would not reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement;
- (f) use its commercially reasonable efforts to carry out such terms of the Interim Order as are required under the terms thereof to be carried out by it;
- (g) in the case of the Fund, convene the Meeting as ordered in the Interim Order and conduct such Meeting in accordance with the Interim Order and as otherwise required by the Fund Declaration of Trust and Applicable Laws;
- (h) in the case of the Fund and WesternOne GP, subject to the approval of the Arrangement Resolution by the Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, in conjunction with the other Parties, for the Final Order;
- (i) use its commercially reasonable efforts to carry out the terms of the Final Order to the extent applicable to it;
- (j) in the case of the Fund and WesternOne GP, upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to Section 192(6) of the CBCA on or prior to the Effective Date;
- (k) until the Effective Date, except as specifically provided for hereunder and in the Arrangement, not alter or amend its constating or governing documents or by-laws or cause an alteration or amendment with respect to its subsidiaries' constating or governing documents as the same exist at the date of this Agreement;
- (l) not, without the consent of the other Parties or as contemplated in connection with this Plan of Arrangement, merge into or with, any other Person or, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement;
- (m) reserve and authorize for issuance the securities issuable by it, if any, as contemplated in the Plan of Arrangement;
- (n) in the case of WesternOne Inc., make an application to list on the TSX the WesternOne Inc. Shares issuable pursuant to the Arrangement, prior to the Effective Date;
- (o) in the case of WesternOne Inc., file a joint election in the form and within the time required under Section 85(1) of the Tax Act pursuant to which the proceeds of disposition of the Exchangeable Units for purposes the Tax Act shall be deemed to be the amount determined by Big Bash, provided such amount is in accordance with the provisions of the Tax Act;
- (p) in the case of WesternOne Inc., not carry on any business, enter into any transaction or effect any corporate act whatsoever until the Effective Date other than as contemplated herein, in the Plan of Arrangement or in the Information Circular without the prior written consent of WesternOne GP, as administrator of the Fund; and
- (q) in the case of WesternOne Inc., not issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities until the Effective Date.

### 3.2 Covenants of Big Bash

From the date hereof until the Effective Date or termination of this Agreement and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws, Big Bash covenants and agrees with the other Parties that it will:

- (a) take all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (c) use all commercially reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any loan agreements, security agreements, leases, employment agreements and other contracts and instruments that it may be a party to, and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby prior to the Effective Date;
- (d) make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, required to be made on its part in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws, except in each case to the extent the failure to do so would not reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement;
- (e) use its commercially reasonable efforts to carry out such terms of the Interim Order as are required under the terms thereof to be carried out by it;
- (f) subject to the approval of the Arrangement Resolution by the Unitholders, as required by the Interim Order, cooperate with the Fund, WesternOne GP and WesternOne Inc. in submitting the Arrangement to the Court and applying, in conjunction with the other Parties, for the Final Order;
- (g) use its commercially reasonable efforts to carry out the terms of the Final Order to the extent applicable to it;
- (h) upon issuance of the Final Order and subject to the conditions precedent in Article 5, cooperate with the Fund, WesternOne GP and WesternOne Inc. in the filing of the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to Section 192(6) of the CBCA;
- (i) until the Effective Date, except as specifically provided for hereunder and in the Arrangement, not alter or amend its constating or governing documents or by-laws or cause an alteration or amendment with respect to its subsidiaries' constating or governing documents as the same exist at the date of this Agreement;
- (j) not, without the consent of the other Parties or as contemplated in connection with this Plan of Arrangement, merge into or with, any other Person or, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement; and
- (k) file a joint election with WesternOne Inc. in the form and within the time required under Section 85(1) of the Tax Act pursuant to which the proceeds of disposition of the Exchangeable Units for purposes the Tax Act shall be deemed to be the amount determined by Big Bash, provided such amount is in accordance with the provisions of the Tax Act.

### 3.3 Amendments to the Key Agreements

The parties hereto agree that pursuant to the Arrangement, each of the Key Agreements shall be amended in a manner satisfactory to the WesternOne Entities, acting reasonably, as necessary to facilitate the Arrangement.

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties of the Fund

The Fund hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. The Fund is duly created and validly existing under the laws of the Province of British Columbia and has the requisite trust power and authority to own its assets and to conduct its affairs as now conducted.
- (b) Authority Relative to this Agreement. The Fund has the requisite trust power and authority to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by the Fund of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the Trustees and WesternOne GP as administrator of the Fund, subject to the requisite approval of the Unitholders, the Court and the other Parties to this Agreement, no other proceedings on the part of the Fund are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Fund and constitutes a legal, valid and binding obligation of the Fund enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) No Violations. The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby:
  - (i) do not and will not result in the breach of, or violate any term or provision of, the governing documents (as amended pursuant to the Plan) of the Fund;
  - (ii) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the WesternOne Entities, do not, and will not as of the Effective Date, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which it is a party or by which it or it is bound and which is material to it or to which any material property of it is subject; and
  - (iii) do not, and will not as of the Effective Date, violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to it, the breach of which would have a Material Adverse Effect on it.
- (d) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of it, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect it or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any court or Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of it which, if successful, would reasonably be expected to have a Material Adverse Effect on it, or would significantly impede the ability of it to consummate the Arrangement.



- (e) Capitalization. As of the date hereof, the authorized capital of the Fund consists of an unlimited number of Units and an unlimited number of Special Voting Units. As of the date hereof, there were issued and outstanding 20,010,480 Units and no Special Voting Units. Other than pursuant to the terms of this Agreement, the Series B Debentures, the Series C Debentures, the Option Plan, any Unit options granted outside the Option Plan and approved by the TSX, the LTIP and the 125,000 Units issuable pursuant to the exchange of 125,000 Exchangeable Units and pursuant to the provisions of the Key Agreements, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by the Fund of any securities of the Fund or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Fund. All outstanding Units have been duly authorized and validly issued and fully paid and non-assessable, are not subject to, nor were they issued in violation of, any pre-emptive rights.
- (f) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Units or any other securities of the Fund has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Fund, are contemplated or threatened under any Applicable Laws or by any other regulatory authority.
- (g) Information Circular. As of the dates as of which the information is given, such information set forth in the Information Circular regarding the Fund shall be true and complete in all material respects and shall not contain any misrepresentation, as defined in Applicable Canadian Securities Laws, and there shall have been no material adverse changes as defined in Applicable Canadian Securities Laws to such information to the date hereof that has not been publically disclosed.
- (h) Trustees Approval. The Board of Trustees has approved the Arrangement and approved this Agreement, has unanimously determined that the Arrangement and this Agreement are in the best interests of the Fund and has unanimously determined that the Arrangement is fair to the Unitholders.

#### 4.2 Representations and Warranties of the Trust

The Trust hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. The Trust is a trust duly created and validly existing under the laws of the Province of British Columbia and has the requisite trust power and authority to own its assets and conduct its affairs as now conducted. The Trust is duly registered to conduct its affairs or do business, as applicable, in each jurisdiction in which the character of its assets, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered would not have a Material Adverse Effect on the Trust.
- (b) Authority Relative to this Agreement. The Trust has the requisite trust power and authority to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by the Trust of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the trustees of the Trust and, subject to the requisite approval of the Unitholders, the Court and the other Parties to this Agreement, no other proceedings on the part of the Trust are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Trust and constitutes a legal, valid and binding obligation of the Trust enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (c) Capitalization. As of the date hereof, the authorized capital of the Trust consists of an unlimited number of Trust Units. As of the date hereof, there were issued and outstanding 16,771,631 Trust Units. Other than pursuant to the provisions of this Agreement and the Key Agreements, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by the Trust of any securities of the Trust or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Trust. All outstanding Trust Units have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.
- (d) No Violations. The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby:
- (i) do not and will not result in the breach of, or violate any term or provision of, the governing documents of the Trust;
  - (ii) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the WesternOne Entities, do not, and will not as of the Effective Date, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which the Trust is a party or by which it is bound and which is material to the Trust or to which any material property of the Trust is subject; and
  - (iii) do not, and will not as of the Effective Date, violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to the Trust, the breach of which would have a Material Adverse Effect on the Trust.
- (e) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of the Trust, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect the Trust or affecting or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any court or Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of the Trust which, if successful, would reasonably be expected to have a Material Adverse Effect on the Trust, or would significantly impede the ability of the Trust to consummate the Arrangement.
- (f) Enforceability. The execution and delivery of this Agreement and the consummation by the Trust of the Arrangement and any transactions contemplated hereby have been duly approved by the board of trustees of the Trust, and this Agreement constitutes a valid and binding obligation of the Trust enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (g) Information Circular. As of the dates as of which the information is given, such information set forth in the Information Circular regarding the Trust shall be true and complete in all material respects and shall not contain any misrepresentation, as defined in Applicable Canadian Securities Laws, and there shall have been no material adverse changes as defined in Applicable Canadian Securities Laws to such information to the date hereof that has not been publically disclosed.

#### **4.3 Representations and Warranties of WesternOne LP**

WesternOne LP hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. WesternOne LP is a partnership duly created and validly existing under the laws of the Province of Manitoba, the partners of which have the requisite partnership power and authority to own the assets and to carry on its business on behalf of such partnership as now conducted by such partnership. WesternOne LP is duly registered to conduct its affairs or do business, as applicable, in each jurisdiction in which the character of its assets, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered would not have a Material Adverse Effect on WesternOne LP.
- (b) Authority Relative to this Agreement. WesternOne GP has the requisite corporate power and authority to execute this Agreement, in its capacity as general partner of WesternOne LP, and on behalf of WesternOne LP. The execution and delivery of this Agreement and the consummation by WesternOne LP of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the board of directors of WesternOne GP and, subject to the requisite approval of the Unitholders, the Court and the other Parties to this Agreement, no other proceedings on the part of WesternOne LP are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by WesternOne GP and constitutes a legal, valid and binding obligation of WesternOne LP enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) No Violations. The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby:
- (i) do not and will not result in the breach of, or violate any term or provision of, the governing documents of WesternOne LP;
  - (ii) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the WesternOne Entities, do not, and will not as of the Effective Date, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which WesternOne LP is a party or by which it is bound and which is material to WesternOne LP or to which any material property of WesternOne LP is subject; and
  - (iii) do not, and will not as of the Effective Date, violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to WesternOne LP, the breach of which would have a Material Adverse Effect on WesternOne LP.
- (d) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of WesternOne LP, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect WesternOne LP or affecting or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any court or Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of WesternOne LP which, if successful, would reasonably be expected to have a Material Adverse Effect on WesternOne LP, or would significantly impede the ability of WesternOne LP to consummate the Arrangement.
- (e) Capitalization. As of the date hereof, in addition to the general partner interest held by WesternOne GP, the authorized capital of WesternOne LP consists of an unlimited number of WesternOne Partnership Units. As of the date hereof, there are 16,771,631 WesternOne LP Units issued and outstanding and one WesternOne GP Unit issued and outstanding. Other than pursuant to provisions of the Key Agreements or this Agreement, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by WesternOne LP of any securities of WesternOne LP or any securities convertible into,

or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of WesternOne LP. All outstanding general partner interests and WesternOne LP Units have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.

- (f) Compliance with Laws. WesternOne LP has complied with and is in compliance with Applicable Laws to the operation of its business, except where such non-compliance would not have a Material Adverse Effect on the business, affairs, operations, assets, prospects or financial condition of WesternOne LP or on the ability of WesternOne LP to consummate the Arrangement.
- (g) Information Circular. As of the dates as of which the information is given, such information set forth in the Information Circular regarding WesternOne LP shall be true and complete in all material respects and shall not contain any misrepresentation, as defined in Applicable Canadian Securities Laws, and there shall have been no material adverse changes as defined in Applicable Canadian Securities Laws to such information to the date hereof that has not been publically disclosed.

#### 4.4 Representations and Warranties of WesternOne GP

WesternOne GP hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. WesternOne GP is a corporation duly incorporated and validly existing under the laws of Canada and has the requisite corporate power and authority to own its assets as now owned and to carry on its business as now conducted.
- (b) Authority Relative to this Agreement. WesternOne GP has the requisite corporate power and authority to execute this Agreement. The execution and delivery of this Agreement and the consummation by WesternOne GP of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the board of directors of WesternOne GP and, subject to the requisite approval of the Unitholders, the Court and the other Parties to this Agreement, no other proceedings on the part of WesternOne GP are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by WesternOne GP and constitutes a legal, valid and binding obligation of WesternOne GP enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Capitalization. As of the date hereof, the authorized capital of WesternOne GP consists of an unlimited number of common shares and an unlimited number of preferred shares. As of the date hereof, one common share is issued and outstanding. Other than pursuant to this Agreement, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by WesternOne GP of any securities of WesternOne GP or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of WesternOne GP.
- (d) No Violations. The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby:
  - (i) do not and will not result in the breach of, or violate any term or provision of, the constating documents of WesternOne GP;
  - (ii) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the WesternOne Entities, do not, and will not as of

the Effective Date, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which WesternOne GP is a party or by which it is bound and which is material to WesternOne GP or to which any material property of WesternOne GP is subject; and

- (iii) do not, and will not as of the Effective Date, violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to WesternOne GP, the breach of which would have a Material Adverse Effect on WesternOne GP.
- (e) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of WesternOne GP, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect WesternOne GP or affecting or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any court or Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of WesternOne GP which, if successful, would reasonably be expected to have a Material Adverse Effect on WesternOne GP, or would significantly impede the ability of WesternOne GP to consummate the Arrangement.
- (f) Enforceability. The execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of WesternOne GP, and this Agreement constitutes a valid and binding obligation of WesternOne GP enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (g) Information Circular. As of the dates as of which the information is given, such information set forth in the Information Circular regarding WesternOne GP shall be true and complete in all material respects and shall not contain any misrepresentation, as defined in Applicable Canadian Securities Laws, and there shall have been no material adverse changes as defined in Applicable Canadian Securities Laws to such information to the date hereof that has not been publically disclosed.

#### **4.5 Representations and Warranties of Deerfoot LP**

Deerfoot LP hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. Deerfoot LP is a partnership duly created and validly existing under the laws of the Province of Manitoba, the partners of which have the requisite partnership power and authority to own the assets and to carry on its business on behalf of such partnership as now conducted by such partnership. Deerfoot LP is duly registered to conduct its affairs or do business, as applicable, in each jurisdiction in which the character of its assets, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered would not have a Material Adverse Effect on Deerfoot LP.
- (b) Authority Relative to this Agreement. Deerfoot GP has the requisite corporate power and authority to execute this Agreement, in its capacity as general partner of Deerfoot LP, and on behalf of Deerfoot LP. The execution and delivery of this Agreement and the consummation by Deerfoot LP of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the board of directors of Deerfoot GP and, subject to the requisite approval of the Unitholders, the Court and the other Parties to this Agreement, no other proceedings on the part of Deerfoot LP are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Deerfoot GP and constitutes a legal, valid and binding obligation of Deerfoot LP

enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (c) No Violations. The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby:
- (i) do not and will not result in the breach of, or violate any term or provision of, the governing documents of Deerfoot LP;
  - (ii) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the WesternOne Entities, do not, and will not as of the Effective Date, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which Deerfoot LP is a party or by which it is bound and which is material to Deerfoot LP or to which any material property of Deerfoot LP is subject; and
  - (iii) do not, and will not as of the Effective Date, violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to Deerfoot LP, the breach of which would have a Material Adverse Effect on Deerfoot LP.
- (d) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of Deerfoot LP, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect Deerfoot LP or affecting or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any court or Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of Deerfoot LP which, if successful, would reasonably be expected to have a Material Adverse Effect on Deerfoot LP, or would significantly impede the ability of Deerfoot LP to consummate the Arrangement.
- (e) Capitalization. As of the date hereof, in addition to the general partner interest held by Deerfoot GP, the authorized capital of WesternOne LP consists of an unlimited number of Deerfoot LP partnership units. As of the date hereof, there are 400,000 Deerfoot LP Units issued and outstanding, one Deerfoot GP Unit issued and outstanding and 125,000 Exchangeable Units issued and outstanding. Other than pursuant to provisions of the Key Agreements or this Agreement, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Deerfoot LP of any securities of Deerfoot LP or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Deerfoot LP. All outstanding general partner interest, Deerfoot LP Units and Exchangeable Units have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.
- (f) Compliance with Laws. Deerfoot LP has complied with and is in compliance with Applicable Laws to the operation of its business, except where such non-compliance would not have a Material Adverse Effect on the business, affairs, operations, assets, prospects or financial condition of Deerfoot LP or on the ability of Deerfoot LP to consummate the Arrangement.
- (g) Information Circular. As of the dates as of which the information is given, such information set forth in the Information Circular regarding Deerfoot LP shall be true and complete in all material respects and shall not contain any misrepresentation, as defined in Applicable Canadian Securities Laws, and there shall have been no material adverse changes as defined in Applicable Canadian Securities Laws to such information to the date hereof that has not been publically disclosed.

#### 4.6 Representations and Warranties of WesternOne Inc.

WesternOne Inc. hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. WesternOne Inc. is a corporation duly incorporated and validly existing under the laws of Canada and has the requisite corporate power and authority to own its assets as now owned and to carry on its business as now conducted.
- (b) Authority Relative to this Agreement. WesternOne Inc. has the requisite corporate power and authority to execute this Agreement. The execution and delivery of this Agreement and the consummation by WesternOne Inc. of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the board of directors of WesternOne Inc. and, subject to the requisite approval of the Unitholders, the Court and the other Parties to this Agreement, no other proceedings on the part of WesternOne Inc. are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by WesternOne Inc. and constitutes a legal, valid and binding obligation of WesternOne Inc. enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Capitalization. As of the date hereof, the authorized capital of WesternOne Inc. consists of an unlimited number of common shares and an unlimited number of preferred shares. As of the date hereof, the only security issued and outstanding is the Initial WesternOne Inc. Share, and other than pursuant to this Agreement, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by WesternOne Inc. of any securities of WesternOne Inc. or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of WesternOne Inc. The outstanding Initial WesternOne Inc. Share has been duly authorized and validly issued and fully paid and non-assessable, is not subject to, nor was it issued in violation of, any pre-emptive rights.
- (d) No Violations. The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby:
  - (i) do not and will not result in the breach of, or violate any term or provision of, the constating documents of WesternOne Inc.;
  - (ii) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the WesternOne Entities, do not, and will not as of the Effective Date, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which WesternOne Inc. is a party or by which it is bound and which is material to WesternOne Inc. or to which any material property of WesternOne Inc. is subject; and
  - (iii) do not, and will not as of the Effective Date, violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable and known to WesternOne Inc., the breach of which would have a Material Adverse Effect on WesternOne Inc.
- (e) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of WesternOne Inc., threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect WesternOne Inc. or affecting or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any court or Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a

possibility of any judgment against or liability of WesternOne Inc. which, if successful, would reasonably be expected to have a Material Adverse Effect on WesternOne Inc., or would significantly impede the ability of WesternOne Inc. to consummate the Arrangement.

- (f) Enforceability. The execution and delivery of this Agreement and the consummation by WesternOne Inc. of the Arrangement and any transactions contemplated hereby have been duly approved by the board of directors of WesternOne Inc., and this Agreement constitutes a valid and binding obligation of WesternOne Inc. enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (g) Information Circular. As of the dates as of which the information is given, such information set forth in the Information Circular regarding WesternOne Inc. shall be true and complete in all material respects and shall not contain any misrepresentation, as defined in Applicable Canadian Securities Laws, and there shall have been no material adverse changes as defined in Applicable Canadian Securities Laws to such information to the date hereof that has not been publically disclosed.

#### 4.7 Representations and Warranties of Big Bash

Big Bash hereby makes the representations and warranties set forth in this Section to and in favour of the other Parties and acknowledges that each of the other Parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Organization and Qualification. Big Bash is a company duly incorporated and validly existing under the laws of the Province of Alberta and has the requisite corporate power and authority to own its assets as now owned and to carry on its business as now conducted.
- (b) Authority Relative to this Agreement. Big Bash has the requisite corporate power and authority to execute this Agreement. The execution and delivery of this Agreement and the consummation by Big Bash of the Arrangement and any transactions contemplated by this Agreement have been duly authorized by the board of directors of Big Bash and, subject to the requisite approval of the Unitholders, the Court and the other Parties to this Agreement, no other proceedings on the part of Big Bash are necessary to authorize this Agreement or the Arrangement or any other transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Big Bash and constitutes a legal, valid and binding obligation of Big Bash enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) No Violations. The execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby:
  - (i) do not and will not result in the breach of, or violate any term or provision of, the constating documents of Big Bash;
  - (ii) except as disclosed in writing to the Parties or as such breaches or defaults, if any, would not have a Material Adverse Effect on the WesternOne Entities, do not, and will not as of the Effective Date, result in the breach of, or constitute a default under, any agreement, instrument, license, permit or authority to which it is a party or by which it is bound and which is material to it or to which any material property of it is subject; and
  - (iii) do not, and will not as of the Effective Date, violate any provision of Law or administrative regulation or any judicial or administrative order, award, judgment or



decree applicable and known to Big Bash, the breach of which would have a Material Adverse Effect on it.

- (d) Litigation. There are no actions, suits or proceedings in existence or pending or, to the knowledge of Big Bash, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect Big Bash or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any court or Governmental Entity which actions, suits or proceedings, individually or in aggregate, involves a possibility of any judgment against or liability of Big Bash which, if successful, would reasonably be expected to have a Material Adverse Effect on Big Bash, or would significantly impede the ability of Big Bash to consummate the Arrangement.
- (e) Enforceability. The execution and delivery of this Agreement and the consummation by Big Bash of the Arrangement and any transactions contemplated hereby have been duly approved by the board of directors of Big Bash and this Agreement constitutes a valid and binding obligation of Big Bash enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (f) Ownership of Exchangeable Units. Big Bash is the registered owner of 125,000 Exchangeable Units, with good title thereto free and clear of any and all encumbrances and as contemplated in this Arrangement, WesternOne Inc. will acquire good, marketable, and unencumbered title to such Exchangeable Units and from Big Bash, free and clear of all hypothecations, liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever relating to the sale or transfer of its Exchangeable Units, together with all rights and benefits arising therefrom.
- (g) Counsel. Big Bash acknowledges that the Fund's counsel is acting as counsel to the WesternOne Entities and not as counsel to Big Bash, and that the WesternOne Entities have recommended that Big Bash seek its own counsel with respect to this Agreement and the transactions contemplated hereby.

## ARTICLE 5 CONDITIONS PRECEDENT

### 5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other of such conditions:

- (a) on or prior to July 31, 2012, the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Unitholders at the Meeting in accordance with the Interim Order and any applicable regulatory requirements;
- (c) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to such Parties, acting reasonably, on appeal or otherwise;
- (d) the Articles of Arrangement and all necessary related documents to be filed with the Director in accordance with the Arrangement shall be in form and substance satisfactory to each of the

WesternOne Entities, acting reasonably, and shall have been accepted for filing by the Director together with the Final Order in accordance with Section 192(6) of the CBCA;

- (e) the Arrangement shall have become effective on or prior to December 31, 2012;
- (f) there is not in force any Law, ruling, order or decree, and there has not been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to a Party;
- (g) no act, action, suit or proceeding has been threatened or taken before or by any domestic or foreign court, tribunal or Governmental Entity, securities authority or other regulatory authority or administrative agency or commission by any elected or appointed public official or private Person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, which act, action, suit or proceeding has the aim of preventing the Arrangement or which is materially adverse to a Party;
- (h) the TSX shall have conditionally approved the listing of the WesternOne Inc. Shares to be issued pursuant to the Arrangement subject only to the filing of required documents which cannot be filed prior to the Effective Date; and
- (i) this Agreement has not been terminated as provided for hereunder.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by any Party regardless of the circumstances and may be waived by a Party (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Party may have.

## **5.2 Additional Conditions to Obligations of the Fund, the Trust, WesternOne LP, WesternOne GP and Deerfoot LP**

The obligations of the Fund, the Trust, WesternOne LP, WesternOne GP and Deerfoot LP to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions:

- (a) the representations and warranties made by WesternOne Inc. and Big Bash to this Agreement shall be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by this Agreement) and a senior officer of each of WesternOne Inc. and Big Bash shall have provided to the Fund, the Trust, WesternOne LP, WesternOne GP and Deerfoot LP a certificate certifying such accuracy on the Effective Date;
- (b) in the event that dissent rights are given to the Unitholders under the terms of the Interim Order, holders of not greater than 5% of the outstanding Units shall have validly exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (c) each of the other Parties to the Arrangement shall have complied in all material respects with their covenants, acts and undertakings herein, except where the failure to comply in all material respects with their covenants, acts and undertakings, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement and a senior officer of each of WesternOne Inc. and Big Bash shall have provided to the Fund, the Trust, WesternOne LP, WesternOne GP and Deerfoot LP a certificate certifying compliance with such covenants, acts and undertakings;
- (d) the Board of Trustees and the board of directors of WesternOne GP, as administrator of the Fund, shall not have determined in their sole and absolute discretion to cease proceeding with the Arrangement on the basis it would not be in the best interests of the Fund; and

- (e) all necessary material third party and regulatory consents and approvals with respect to the transactions contemplated under the Arrangement shall have been completed or obtained.

The conditions in this Section are for the exclusive benefit of the Fund, the Trust, WesternOne LP, WesternOne GP and Deerfoot LP and may be asserted by them regardless of the circumstances or may be waived by them in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which they may have.

### **5.3 Additional Conditions to Obligations of WesternOne Inc.**

The obligations of WesternOne Inc. to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions:

- (a) the representations and warranties made by the Fund, the Trust, WesternOne LP, WesternOne GP and Deerfoot LP and Big Bash shall be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by this Agreement) and a senior officer of each such Party (or in the case of partnership or a trust, a senior officer of the general partner on behalf of that partnership or that trust) shall have provided to WesternOne Inc. a certificate certifying such accuracy on the Effective Date;
- (b) each of the Fund, Trust, WesternOne LP, WesternOne GP, Deerfoot LP and Big Bash shall have complied in all material respects with their covenants, acts and undertakings herein, except where the failure to comply in all material respects with their covenants, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement and a senior officer of each such Party (or in the case of partnership or a trust, a senior officer of the general partner on behalf of that partnership or that trust) shall have provided to WesternOne Inc. a certificate certifying compliance with such covenants, acts and undertakings; and
- (c) prior to the Effective Date, there shall have been no material adverse change in the affairs, operations, financial condition or business of the Trust, WesternOne LP, WesternOne GP and Deerfoot LP from that reflected in the Information Circular.

The conditions in this Section are for the exclusive benefit of WesternOne Inc. and may be asserted by WesternOne Inc. regardless of the circumstances or may be waived by WesternOne Inc. in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which WesternOne Inc. may have.

### **5.4 Additional Conditions to Obligations of Big Bash**

The obligations of Big Bash to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Time or such other time specified, of the following conditions:

- (a) the representations and warranties made by the WesternOne Entities shall be true and correct in all material respects as of the Effective Date (except as affected by transactions contemplated or permitted by this Agreement) and a senior officer of each such Party (or in the case of partnership or a trust, a senior officer of the general partner on behalf of that partnership or that trust) shall have provided to Big Bash a certificate certifying such accuracy on the Effective Date;
- (b) each of the WesternOne Entities shall have complied in all material respects with their covenants, acts and undertakings herein, except where the failure to comply in all material respects with their covenants, individually or in the aggregate, would not result or would not reasonably be expected to materially impede completion of the Arrangement and a senior officer of each such Party (or in the case of partnership or a trust, a senior officer of the general partner on behalf of that partnership or that trust) shall have provided to Big Bash a certificate certifying compliance with such covenants, acts and undertakings; and

- (c) prior to the Effective Date, there shall have been no material adverse change in the affairs, operations, financial condition or business of the WesternOne Entities from that reflected in the Information Circular.

The conditions in this Section are for the exclusive benefit of Big Bash and may be asserted by Big Bash regardless of the circumstances or may be waived by Big Bash in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Big Bash may have.

### **5.5 Notice and Cure Provisions**

Each Party hereto shall give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, or would be likely to, result in the failure to satisfy any of the covenants, conditions or agreements to be complied with or satisfied by any Party hereunder provided, however, that no such notification will affect the conditions to the obligations of the Parties hereunder.

If any of the conditions precedent set forth in this Article 5 shall not be complied with or waived by the Party or Parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement provided that prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants or other matters which the Party delivering such notice is asserting as the basis for the non fulfillment of the applicable conditions precedent and the Party in breach shall have failed to cure such breach within seven Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). If such notice has been delivered prior to the date of the Meeting, the Meeting is to be postponed until the expiry of such cure period. More than one such notice may be delivered by a Party.

### **5.6 Merger of Conditions**

The conditions set out in Article 5 hereof are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the CBCA to give effect to the Arrangement.

## **ARTICLE 6** **AMENDMENT AND TERMINATION**

### **6.1 Amendment of Agreement**

This Agreement may at any time and from time to time before or after the holding of the Meeting be amended in any respect whatsoever by written agreement of the Parties without further notice to or authorization on the part of their respective securityholders; provided that any such amendment that changes the consideration to be received by the Unitholders pursuant to the Arrangement is brought to the attention of the Court before approval of the Final Order and is subject to such requirements as may be ordered by the Court.

### **6.2 Termination**

This Agreement shall be terminated in each of the following circumstances at any time prior to the Effective Time:

- (a) by mutual written consent of the Parties;
- (b) upon any other circumstances hereunder that give rise to a termination of this Agreement by the Parties, including the failure to satisfy the conditions as set forth in Article 5; or
- (c) if the Arrangement shall have not become effective on or before 11:59 p.m. (PST) on December 31, 2012 or such later date as may be agreed to by the Parties.

**ARTICLE 7**  
**GENERAL**

**7.1 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party is to be in writing and delivered by hand to each other Party to which the notice is to be given at the following addresses or sent by fax to the following numbers or to such other address or fax number as specified by a Party by like notice. Any notice, consent, waiver, direction or other communication aforesaid is, if delivered, deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by fax be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. PST at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day. The address for service of each of the Parties is as follows:

- (a) if to any of the WesternOne Entities:

Suite 910, 925 West Georgia Street  
Vancouver, British Columbia  
V5X 4W8

Attention: Carlos Yam  
Fax: (604) 681-5969

with a copy to:

Farris, Vaughan, Wills & Murphy LLP  
25<sup>th</sup> Floor  
700 West Georgia Street  
Vancouver, British Columbia  
V7Y 1B3

Attention: B.R. (Brian) Canfield  
Fax No.: (604) 661-9349

- (b) if to Big Bash:

3400, 350 – 7<sup>th</sup> Avenue, S.W.  
Calgary, Alberta  
T2P 3N9

Attention: Geoff Shorten  
Fax: (403) 236-3555

**7.2 Exclusivity**

None of the covenants of the Fund or WesternOne GP contained herein shall prevent the Board of Trustees or the board of directors of WesternOne GP from responding as required by law to any unsolicited submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement or any unsolicited acquisition proposal generally or make any disclosure to its shareholders with respect thereto which in the judgment of the Board of Trustees or the board of directors of WesternOne GP, acting upon the advice of outside counsel, is required under applicable law.

**7.3 Non-Survival of Representations and Warranties, Covenants and Agreements**

The representations and warranties of the Parties contained in this Agreement or in any certificate or other document delivered in connection herewith will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance

with its terms. This Section 7.3 will not limit any covenant or agreement of any of the parties which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

#### **7.4 Equitable Remedies**

All covenants herein or to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy may only be ordered at the discretion of a court.

#### **7.5 Time of the Essence**

Time is of the essence in this Agreement.

#### **7.6 Further Assurances**

Each Party shall, from time to time, and at all times hereafter, at the request of any other Party, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

#### **7.7 Governing Law**

This Agreement is governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein but the reference to such laws does not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia. Each Party hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

#### **7.8 Execution in Counterparts**

This Agreement may be executed in one or more counterparts and electronically each of which is conclusively deemed to be an original and all such counterparts collectively are conclusively deemed to be one and the same.

#### **7.9 Waiver**

No waiver or release by any Party is effective unless in writing and executed by the Party granting such waiver or release and any waiver or release affects only the matter, and the occurrence thereof, specifically identified and does not extend to any other matter or occurrence.

#### **7.10 Enurement and Assignment**

This Agreement enures to the benefit of the Parties and their respective successors and permitted assigns and is binding upon the Parties and their respective successors. This Agreement may not be assigned by any Party without the prior written consent of each of the other Parties.

*[The remainder of this page is left blank intentionally]*

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

**WESTERONE EQUITY INCOME FUND, by  
and on behalf of its Trustees**

Per: "Darren Latoski"  
Authorized Signatory

**WESTERONE EQUITY LP, by its General  
Partner, WESTERONE EQUITY GP INC.**

Per: "Darren Latoski"  
Authorized Signatory

**WEQ DEERFOOT RENTALS LP, by its General  
Partner, WEQ DEERFOOT RENTALS GP INC.**

Per: "Darren Latoski"  
Authorized Signatory

**BIG BASH INC.**

Per: "Geoff Shorten"  
Authorized Signatory

**WESTERONE EQUITY OPERATING TRUST, by  
and on behalf of its Trustees**

Per: "Darren Latoski"  
Authorized Signatory

**WESTERONE EQUITY GP INC.**

Per: "Darren Latoski"  
Authorized Signatory

**WESTERONE INC.**

Per: "Darren Latoski"  
Authorized Signatory

**EXHIBIT A**

**PLAN OF ARRANGEMENT  
under Section 192 of the  
*Canada Business Corporations Act***

**ARTICLE 1  
INTERPRETATION**

1.1 In this Plan, the following terms have the following meanings:

- (a) “**2010 Trust Indenture**” means the trust indenture entered into by the Fund and Computershare Trust Company of Canada dated February 26, 2010, providing for the issuance in February 2010 of the Fund’s 8.5% convertible unsecured subordinated debentures;
- (b) “**2011 First Supplemental Trust Indenture**” means the trust indenture entered into by the Fund and Computershare Trust Company of Canada dated June 1, 2011, providing for the issuance in June 2011 of the Fund’s 8.0% convertible unsecured subordinated debentures;
- (c) “**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the arrangement pursuant to Section 192 of the CBCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (d) “**Arrangement Agreement**” means the arrangement agreement dated as of July 18, 2012 among the Fund, the Trust, WesternOne LP, WesternOne GP, Deerfoot LP, WesternOne Inc. and Big Bash with respect to the Arrangement and all amendments thereto;
- (e) “**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under Section 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;
- (f) “**Big Bash**” means Big Bash Inc., a corporation incorporated under the laws of the Province of Alberta;
- (g) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Vancouver, in the Province of British Columbia;
- (h) “**CBCA**” means the *Canada Business Corporations Act*, R.S.A. 1985, c. C-44 as amended, including the regulations promulgated thereunder;
- (i) “**Certificate**” means the certificate which may be issued by the Director pursuant to Section 192(7) of the CBCA or, if no certificate is to be issued, the proof of filing in respect of the Arrangement;
- (j) “**Court**” means the Supreme Court of British Columbia, Vancouver Registry;
- (k) “**Deerfoot GP**” means WEQ Deerfoot Rentals GP Inc., a corporation incorporated under the laws of Canada;
- (l) “**Deerfoot LP**” means WEQ Deerfoot Rentals LP, a limited partnership created under the laws of the Province of Manitoba;
- (m) “**Deerfoot LP Partnership Agreement**” means the limited partnership agreement of Deerfoot LP dated January 25, 2008;
- (n) “**Director**” means the director duly appointed under Section 260 of the CBCA;



- (o) “**Dissenting Securityholders**” means holders of Units who validly exercise the rights of dissent with respect to the Arrangement provided to them under the Interim Order and whose dissent rights remain valid immediately before the Effective Time;
- (p) “**Effective Date**” means the date the Arrangement is effective under the CBCA, such date to be a date to be determined by the Trustees but not later than December 31, 2012;
- (q) “**Effective Time**” means 11:50 p.m. on the Effective Date or such other time as may be determined by the Trustees;
- (r) “**Employee Purchase Plan**” means the employee purchase plan for consideration by Unitholders at the Meeting and described in the Information Circular, in substantially the form attached as Appendix G to the Information Circular;
- (s) “**Exchange Agreement**” means the exchange agreement between the Fund, the Trust, WesternOne LP, WesternOne GP, Deerfoot LP, Deerfoot GP and Big Bash dated February 15, 2008;
- (t) “**Exchangeable Units**” means the exchangeable units of Deerfoot LP which are exchangeable for Units on a one-for-one basis;
- (u) “**Final Order**” means the final order of the Court approving the Arrangement to be applied for following the Meeting and to be granted pursuant to the provisions of Section 192(4) of the CBCA as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (v) “**Fund**” means WesternOne Equity Income Fund, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia and governed by the Fund Declaration of Trust;
- (w) “**Fund Assets**” has the meaning ascribed to “Trust Assets” in the Fund Declaration of Trust;
- (x) “**Fund Declaration of Trust**” means the amended and restated declaration of trust dated June 30, 2011 by which the Fund is governed, as it may be amended, supplemented or restated from time to time;
- (y) “**Fund Optionholders**” means holders of options granted under the Option Plan;
- (z) “**Fund Securityholders**” means Unitholders and holders of Exchangeable Units;
- (aa) “**Information Circular**” means the information circular of the Fund to be dated on or about July 30, 2012, together with all appendices thereto, forwarded as part of the proxy solicitation materials to Unitholders in respect of the Meeting;
- (bb) “**Initial WesternOne Inc. Share**” means the initial one WesternOne Inc. Share to be issued to Fund in connection with, and at the time of, the incorporation of WesternOne Inc.;
- (cc) “**Interim Order**” means the interim order of the Court pursuant to Section 192(4) of the CBCA containing declarations and directions with respect to the Meeting and the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (dd) “**Key Agreements**” means, collectively, the Fund Declaration of Trust, the Trust Declaration of Trust, the Trust Indenture, the WesternOne LP Partnership Agreement, the Deerfoot LP Partnership Agreement and the Exchange Agreement;
- (ee) “**LTIP**” means the long-term incentive plan of the Fund and its subsidiaries, wherein Units are purchased and held for the benefit of eligible participants;
- (ff) “**LTIP Rights**” means Unit incentive rights issued pursuant to the LTIP;

- (gg) “**LTIP Rightsholders**” means holders of LTIP Rights;
- (hh) “**Meeting**” means the special meeting of the Unitholders to be held to consider, among other things, the Arrangement and related matters, and any adjournment thereof;
- (ii) “**Option Plan**” means the Fund’s 2009 amended and restated unit option plan, pursuant to which the Fund may issue options to purchase up to 10% of the Units issued and outstanding from time to time;
- (jj) “**Parties**” means, collectively, the parties to the Arrangement Agreement and “**Party**” means any one of them;
- (kk) “**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status;
- (ll) “**Plan**” or “**Plan of Arrangement**” means this plan of arrangement, as amended or supplemented from time to time, and “hereby”, “hereof”, “herein”, “hereunder”, “herewith” and similar terms refer to this Plan and not to any particular provision of this Plan;
- (mm) “**Rights Plan**” means the unitholder rights plan for consideration by Unitholders at the Meeting and described in the Information Circular, in substantially the form attached as Appendix I to the Information Circular;
- (nn) “**SRP Rights**” means rights issued pursuant to the Rights Plan to holders of WesternOne Inc. Shares;
- (oo) “**subsidiary**” means, with respect to any Person, a subsidiary (as that term is defined in the CBCA (for such purposes, if such person is not a corporation, as if such person were a corporation)) of such Person and includes any limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a subsidiary (as described above) if such entity were a corporation;
- (pp) “**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), including the regulations promulgated thereunder, as amended;
- (qq) “**Trust**” means WesternOne Equity Operating Trust, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia;
- (rr) “**Trust Assets**” has the meaning ascribed to “Trust Assets” in the Trust Declaration of Trust;
- (ss) “**Trust Declaration of Trust**” means the declaration of trust dated June 14, 2006 by which the Trust is governed, as it may be amended, supplemented or restated from time to time;
- (tt) “**Trust Indenture**” means the note indenture between the Trust and Computershare Trust Company of Canada dated August 15, 2006;
- (uu) “**Trust Units**” means units of the Trust;
- (vv) “**Unit Options**” means options to purchase Units granted by the Fund from time to time under the Option Plan or otherwise;
- (ww) “**Unitholders**” means the holders, from time to time, of Units;
- (xx) “**Units**” means units of the Fund;
- (yy) “**URP Rights**” means rights issued pursuant to the Rights Plan to Unitholders;

- (zz) “**WesternOne GP**” means WesternOne Equity GP Inc., a corporation incorporated under the laws of Canada;
  - (aaa) “**WesternOne Inc.**” means WesternOne Inc., a corporation incorporated under the laws of Canada and which is a wholly-owned subsidiary of the Fund;
  - (bbb) “**WesternOne Inc. Options**” means options to purchase WesternOne Inc. Shares governed by the Option Plan or otherwise, following the Effective Time;
  - (ccc) “**WesternOne Inc. Shares**” means common shares in the capital of WesternOne Inc.;
  - (ddd) “**WesternOne LP**” means WesternOne Equity LP, a limited partnership created under the laws of the Province of Manitoba; and
  - (eee) “**WesternOne LP Partnership Agreement**” means the amended and restated limited partnership agreement of WesternOne LP dated November 28, 2011.
- 1.2 The headings contained in this Plan are for reference purposes only and do not affect in any way the meaning or interpretation of this Plan.
  - 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
  - 1.4 Unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing a Person or Persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture, unincorporated body of persons or government.
  - 1.5 If any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place.
  - 1.6 References in this Plan to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement with the Director, shall become effective on, and be binding on and after, the Effective Time on: (i) the Unitholders; (ii) the Fund Optionholders; (iii) the LTIP Rightsholders; (iv) the Fund; (v) the Trust; (vi) WesternOne LP; (vii) WesternOne GP; (viii) Deerfoot LP; (ix) WesternOne Inc.; and (x) Big Bash.
- 2.3 The Articles of Arrangement shall be filed and issued with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein. If no Certificate is required to be issued by the Director pursuant to Section 192(7) of the CBCA, the Arrangement shall become effective on the date the Articles of Arrangement are filed with the Director pursuant to Section 192(6) of the CBCA.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

**ARTICLE 3  
ARRANGEMENT**

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:

**Amendments to the Key Agreements**

- (a) each of the Key Agreements shall be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions described herein;

**Dissenting Securityholders**

- (b) Units held by Dissenting Securityholders, who have validly exercised their rights of dissent and which rights of dissent remain valid immediately prior to the Effective Time, shall be cancelled in accordance with Article 4, and such Dissenting Securityholders shall cease to have any rights as Unitholders other than the right to be paid the fair value of their Units that were cancelled in accordance with Article 4;

**Cancellation of outstanding URP Rights**

- (c) in the event the Rights Plan is approved by Unitholders at the Meeting and has been adopted by the Fund, any and all issued and outstanding URP Rights shall be cancelled and terminated and be deemed to be cancelled and terminated in accordance with the Rights Plan;

**Exchange of Units**

- (d) all of the issued and outstanding Units shall be deemed to be sold, assigned and transferred to WesternOne Inc. free of any liens, claims and encumbrances solely in consideration for WesternOne Inc. Shares on the basis of one WesternOne Inc. Share for each Unit so sold, assigned and transferred;

**Repurchase of Initial WesternOne Inc. Share**

- (e) WesternOne Inc. shall repurchase the Initial WesternOne Inc. Share held by the Fund for \$10.00 and the Initial WesternOne Inc. Share shall be cancelled;

**Exchange of Options**

- (f) all outstanding Unit Options will be exchanged on a one-for-one basis for WesternOne Inc. Options governed by the Option Plan or otherwise in a manner agreed to by the Toronto Stock Exchange;
- (g) the Option Plan shall be amended and restated and shall be deemed to have been amended and restated to reflect the Arrangement, including the exchange of Units for WesternOne Inc. Shares on a one-for-one basis, and effect such consequential amendments as are necessary to properly reflect the Arrangement by amending and restating the Option Plan;
- (h) the terms of the amended and restated Option Plan will entitle the holders thereof to receive WesternOne Inc. Shares for the same aggregate consideration and in lieu of the number of Units to which such holders would otherwise have been entitled upon exercise of the Unit Options;

**Exchange of LTIP Rights**

- (i) LTIP Rights, if any, outstanding as at the Effective Time shall be, and be deemed to be, amended, without any further action on the part of the LTIP Rightsholders, such that from and after the Effective Time all outstanding LTIP Rights shall entitle the holder the right to acquire a number of WesternOne Inc. Shares equal to the number of Units that could previously be acquired pursuant to the LTIP Rights, WesternOne Inc. shall assume the obligations of the Fund under the LTIP and

the LTIP Rights in the place of the Fund, including the obligation to issue WesternOne Inc. Shares thereunder, and the LTIP shall be amended to the extent necessary to facilitate and give effect to the foregoing;

**Employee Purchase Plan Amendment and Restatement**

- (j) in the event the Employee Purchase Plan is approved by Unitholders at the Meeting and has been adopted by the Fund, the Employee Purchase Plan shall be amended and restated and shall be deemed to have been amended and restated to reflect the Arrangement, such that from and after the Effective Time, the Employee Purchase Plan will automatically apply to WesternOne Inc., WesternOne Inc. Shares, and the shareholders of WesternOne Inc.;

**Exchange of Exchangeable Units**

- (k) each Exchangeable Unit held by Big Bash shall be sold, assigned and transferred to WesternOne Inc. free of any liens, claims and encumbrances, in consideration for WesternOne Inc. Shares on the basis of one WesternOne Inc. Share for each Exchangeable Unit so sold, assigned and transferred;

**Dissolution of the Trust**

- (l) the Fund shall surrender for cancellation all of the Trust Units held by it and shall agree to pay, retire, discharge or make provision for the payment, retirement or discharge of all outstanding liabilities and obligations of the Trust (including the liabilities and obligations of the Trust in respect of any declared but unpaid distributions) and all of the Trust Assets shall be transferred to the Fund;
- (m) the Trust shall be terminated and dissolved and shall thereafter cease to exist;

**Dissolution of the Fund**

- (n) WesternOne Inc. shall surrender for cancellation all of the Units held by it and shall agree to pay, retire, discharge or make provision for the payment, retirement or discharge of all outstanding liabilities and obligations of the Fund (including the Fund's liabilities and obligations under the Rights Plan, Employee Purchase Plan and each of the 2010 Trust Indenture, 2011 First Supplemental Trust Indenture and any other trust indenture entered into by the Fund from time to time before the closing of the Arrangement and the liabilities and obligations of the Fund in respect of any declared but unpaid distributions) and all of the Fund Assets shall be transferred to WesternOne Inc.;
- (o) the Fund shall be terminated and dissolved and shall thereafter cease to exist;

**Unitholder Rights Plan Amendment and Restatement**

- (p) in the event the Rights Plan is approved by Unitholders at the Meeting and has been adopted by the Fund, the Rights Plan shall be amended and restated and shall be deemed to have been amended and restated to reflect the exchange of Units for WesternOne Inc. Shares on a one-for-one basis and effect such consequential amendments as are necessary to properly reflect the Arrangement by amending and restating the Rights Plan, such that from and after the termination and dissolution of the Fund, the Rights Plan will automatically apply to WesternOne Inc., WesternOne Inc. Shares, and the shareholders of WesternOne Inc.;
- (q) in the event the Rights Plan is approved by Unitholders at the Meeting and has been adopted by the Fund, the SRP Rights shall be issued and deemed to be issued to holders of WesternOne Inc. Shares in accordance with the Rights Plan;

### **WesternOne GP Reduction in Stated Capital Account**

- (r) the stated capital account maintained for the one common share of WesternOne GP held by WesternOne Inc. shall be reduced to \$1.00 in the aggregate, without any corresponding distribution of property to WesternOne Inc.
- 3.2 The Fund, the Trust, WesternOne LP, WesternOne GP, Deerfoot LP and WesternOne Inc. shall make the appropriate entries in their securities registers to reflect the matters referred to under Section 3.1.

### **ARTICLE 4 DISSENTING SECURITYHOLDERS**

- 4.1 Each of the Unitholders shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Securityholder shall, at the Effective Time, cease to have any rights as a holder of the Units and shall only be entitled to be paid the fair value of the holder's Units. A Dissenting Securityholder shall be deemed to have transferred the holder's Units to WesternOne Inc., notwithstanding the provisions of Section 190 of the CBCA. A Dissenting Securityholder who, for any reason, is not entitled to be paid the fair value of the holder's Units, shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting Unitholder, notwithstanding the provisions of Section 190 of the CBCA. The fair value of the Units shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved at the Meeting. In no event shall the Fund be required to recognize any Dissenting Securityholder as a Unitholder after the Effective Time and the names of such holders shall be removed from the applicable register as at the Effective Time. For greater certainty, in addition to any other restrictions in Section 190 of the CBCA, no Person who has voted (or instructs, or is deemed, by submission of an incomplete proxy, to have instructed his, her or its proxyholder to vote) in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

### **ARTICLE 5 OUTSTANDING CERTIFICATES**

- 5.1 After the Effective Time, each certificate formerly representing Units shall represent only the right to receive, in the case of any certificates held by Dissenting Securityholder, the fair value of the Units represented by such certificates, and, in the case of all other Unitholders and the holders of Exchangeable Units, the number of WesternOne Inc. Shares that the former holder of the securities represented by the certificates is entitled to in accordance with the terms of the Arrangement.
- 5.2 After the Effective Time, the Fund Securityholders (other than WesternOne Inc.) shall not be entitled to any interest, dividend, premium, distribution or other payment on or with respect to the such securities other than the WesternOne Inc. Shares which they are entitled to receive pursuant to this Plan.
- 5.3 In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Units or Exchangeable Units that were exchanged pursuant to Article 3 shall have been lost, stolen or destroyed, upon making of an affidavit of that fact by the Fund Securityholder claiming such certificate to be lost, stolen or destroyed, WesternOne Inc.'s transfer agent will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more WesternOne Inc. Shares such holder is entitled to pursuant to Article 3 (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the holder to whom certificates representing WesternOne Inc. Shares are to be issued shall, as a condition precedent to such issuance thereof, satisfy the reasonable requirements as may be imposed by WesternOne Inc. and its transfer agent, including the giving of a bond satisfactory to WesternOne Inc. and its transfer agents in such sum as any of them may direct or otherwise indemnify WesternOne Inc. and its affiliates in a manner satisfactory to them against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.
- 5.4 The Fund, WesternOne Inc. and WesternOne Inc.'s transfer agent shall be entitled to deduct and withhold from any consideration otherwise payable to any holder of Units or Exchangeable Units such amounts as the Fund, WesternOne Inc. or WesternOne Inc.'s transfer agent are required to deduct and withhold with

respect to such payment under the Tax Act, or any provision of federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Units or Exchangeable Units, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

- 5.5 Any WesternOne Inc. Shares that remain undistributed to former holders of Units and Exchangeable Units nine months after the Effective Date shall be delivered to WesternOne Inc. upon demand therefor, and holders of certificates previously representing Units or Exchangeable Units who have not theretofore complied with this Article 5, shall thereafter, subject to Section 5.4, look only to WesternOne Inc. for payment of any claim to WesternOne Inc. Shares or dividends or distributions, if any, in respect thereof.
- 5.6 No certificates representing fractional WesternOne Inc. Shares shall be issued under this Arrangement. In lieu of any fractional WesternOne Inc. Share, each registered holder of Units or Exchangeable Units otherwise entitled to a fractional interest in a WesternOne Inc. Share will receive the nearest whole number of WesternOne Inc. Shares (with fractions equal to exactly 0.5 being rounded up).

#### **ARTICLE 6 AMENDMENTS**

- 6.1 The Fund, the Trust, WesternOne GP, WesternOne Inc. and Big Bash may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other Parties; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to the Director and, if and as required by the Court, to the Unitholders.
- 6.2 Any amendment to the Plan of Arrangement may be proposed by any of the Fund, the Trust, WesternOne GP, WesternOne Inc. and Big Bash at any time prior to or at the Meeting (provided that the other Parties shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Unitholders voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 The Fund, the Trust, WesternOne GP, WesternOne Inc. and Big Bash may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the other Parties and with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to or following the Effective Time by the agreement of the Fund, the Trust, WesternOne GP, WesternOne Inc. and Big Bash, provided that, it concerns a matter which, in the reasonable opinion of the Fund, the Trust, WesternOne GP, WesternOne Inc. and Big Bash, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any former Unitholders.

**APPENDIX D**  
**INFORMATION RESPECTING WESTERNONE INC.**



**INFORMATION RESPECTING WESTERNONE INC.  
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## NOTICE TO READER

**As at the date hereof, WesternOne Inc. has not carried on any active business. Unless otherwise noted, the disclosure in this Appendix has been prepared assuming that the Arrangement has been effected. Unless otherwise defined herein, all capitalized words and phrases used in this Appendix have the meaning given to such words and phrases in the “Glossary of Key Terms” in the Information Circular.**

## FORWARD-LOOKING STATEMENTS

This Appendix contains forward-looking statements. All statements other than statements of historical fact contained in this Appendix are forward-looking statements. Reference is made to “*Information Circular and Proxy Statement - Forward-Looking Statements*” in the body of this Information Circular for information regarding forward-looking statements. The forward-looking statements contained in this Appendix are expressly qualified in their entirety by the cautionary statements set forth in the body of this Information Circular under “*Information Circular and Proxy Statement - Forward-Looking Statements*”. The forward-looking statements included in this Appendix are made as of the date of this Information Circular and WesternOne Inc. undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

## CORPORATE STRUCTURE

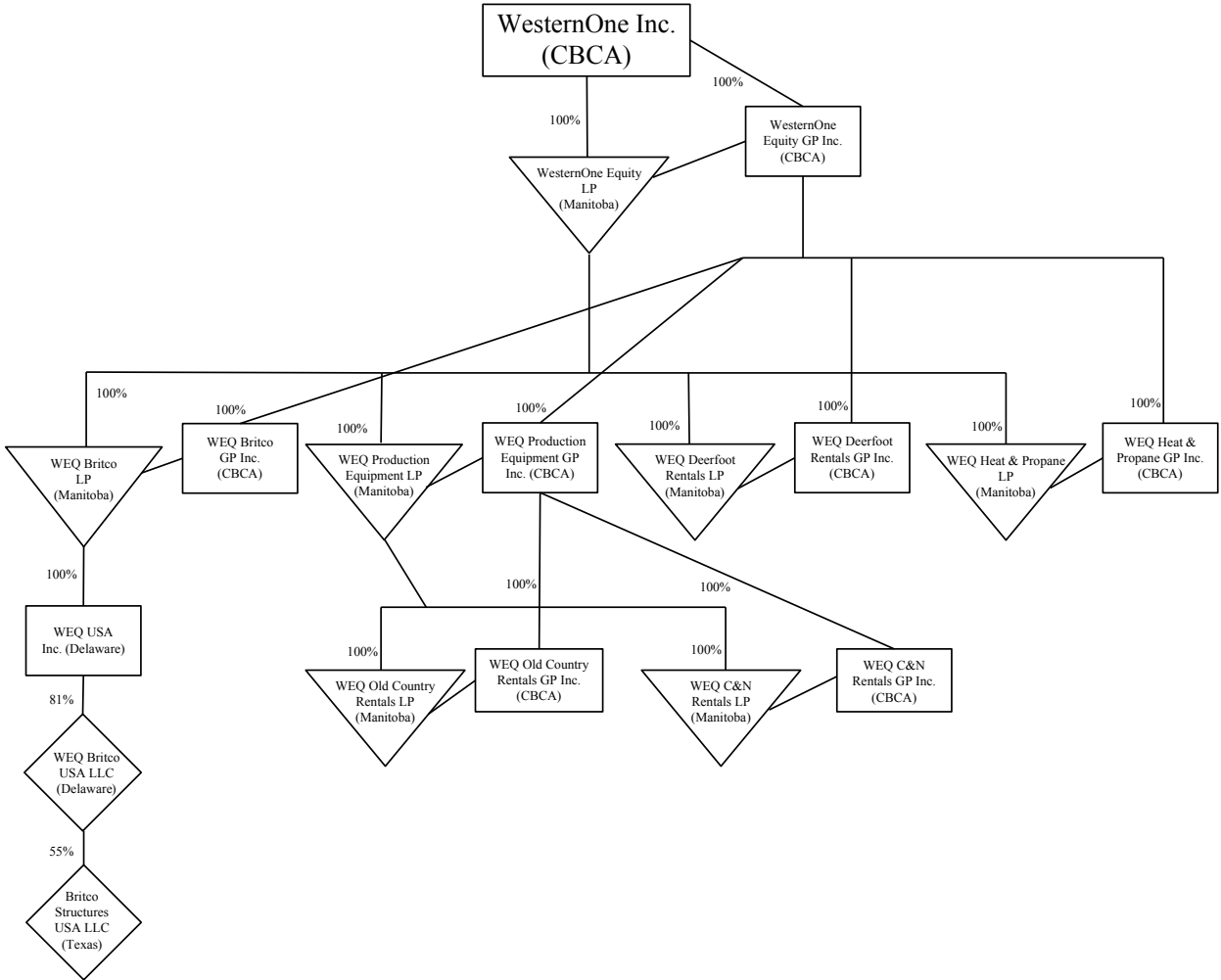
### **Name, Address and Incorporation**

WesternOne Inc. was incorporated under the CBCA on July 1, 2012 in connection with participating in the Arrangement. The registered office of WesternOne Inc. is located at 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3. The principal and head office of WesternOne Inc. is located at Suite 910, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

### **Organizational Structure of WesternOne Inc.**

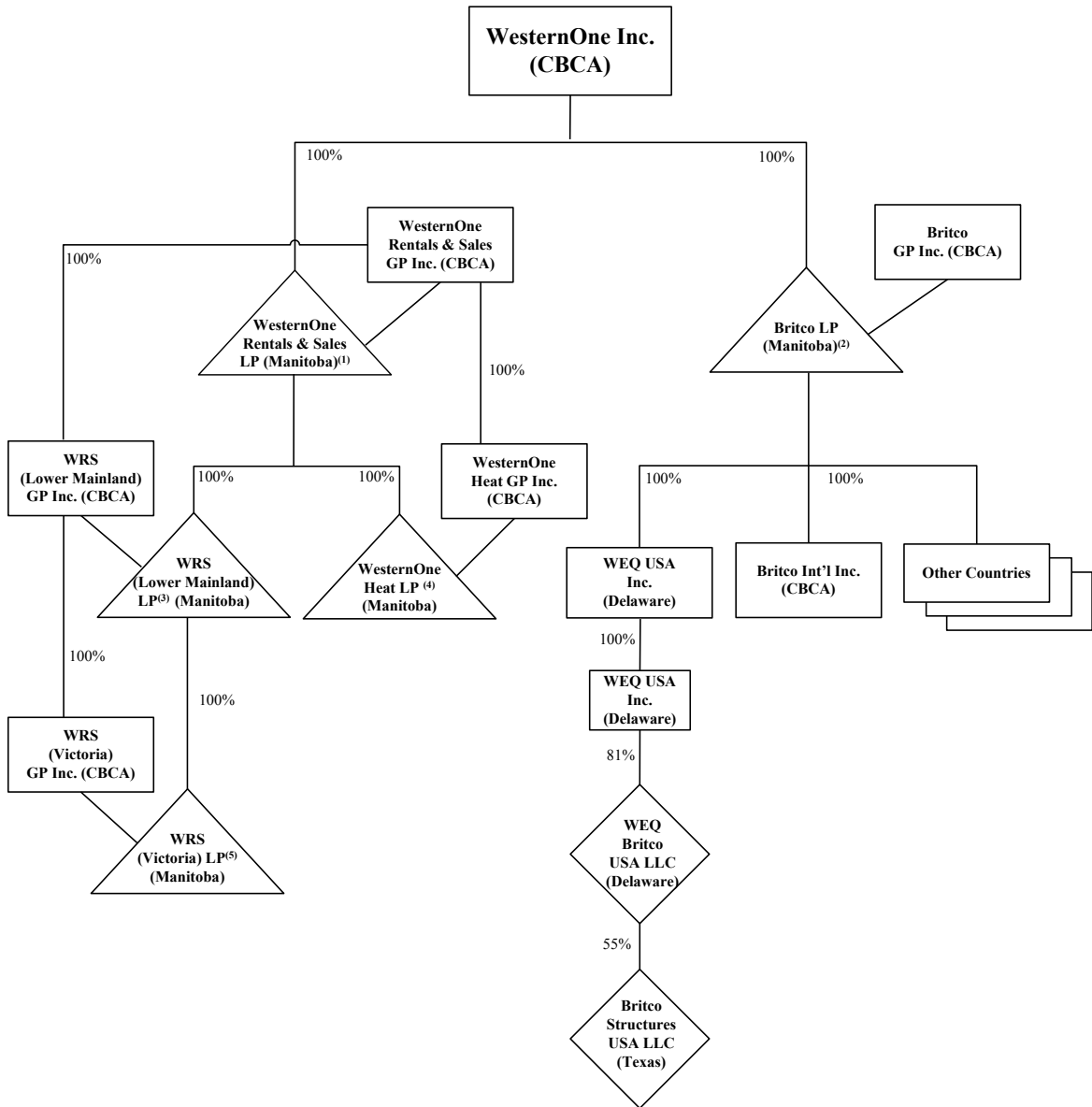
As at July 24, 2012, WesternOne Inc. has no subsidiaries. Immediately following the completion of the Arrangement, an aggregate of approximately 20,135,480 WesternOne Inc. Shares will be issued and outstanding, assuming that: (i) no Dissent Rights are exercised; and (ii) no additional Units are issued prior to the Effective Time.

The following diagram sets out the proposed structure of WesternOne Inc. immediately following completion of the Arrangement.



**Post Arrangement Reorganization**

Following the Arrangement and the receipt of certain regulatory approvals and third party consents, it is expected that an internal reorganization of some of the subsidiaries of WesternOne Inc. will occur to streamline the current business platforms. The following diagram illustrates the structure of WesternOne Inc. assuming completion of the post arrangement reorganization.



(1) New name for WEQ Deerfoot Rentals LP.  
 (2) New name for WEQ Britco LP.  
 (3) New name for WEQ Production Equipment LP. Also holds business of WEQ C&N Rentals LP as a separate division.  
 (4) New name for WEQ Heat & Propane LP.  
 (5) New name for WEQ Old Country Rentals LP.

## GENERAL DEVELOPMENT OF THE BUSINESS

### **Business of WesternOne Inc.**

WesternOne Inc. is a newly incorporated entity that has no material assets, income or liabilities. It has not carried on any active business since incorporation other than executing the Arrangement Agreement. Pursuant to the Arrangement, WesternOne Inc. will, directly or indirectly, acquire all of the assets and will assume all of the liabilities of the Fund and its subsidiaries. The former Unitholders and holder of Exchangeable Units will be the shareholders of WesternOne Inc. For a detailed description of the historical development of the business of the Fund, see “*General Development of Our Business*” and “*Our Businesses*” in the Fund AIF. For a description of the business to be carried on by WesternOne Inc. following completion of the Arrangement, see “*Description of the Business*” in this Appendix. WesternOne Inc. will become a reporting issuer in all provinces of Canada other than Quebec and will become subject to the reporting requirements under the securities laws of such jurisdictions as a result of the Arrangement.

The TSX has conditionally approved the listing of (i) the WesternOne Inc. Shares to be issued in connection with the Arrangement and (ii) the WesternOne Inc. Shares issuable upon conversion of the Debentures, subject to WesternOne Inc. fulfilling the requirements of the TSX.

### **Bankruptcy and Similar Procedures**

There have been no bankruptcy, receivership or similar proceedings against WesternOne Inc. or any of its subsidiaries, or any voluntary receivership, bankruptcy or similar proceeding by WesternOne Inc. or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

### **Material Restructuring Transaction**

Other than the Arrangement, WesternOne Inc. has not completed a material restructuring transaction within the three most recently completed financial years or completed during or proposed for the current financial year.

### **Environment**

WesternOne Inc. has not implemented social or environmental policies that are fundamental to its operations, such as policies regarding their relationship with the environment or with communities in which they do business, or human rights policies.

## DESCRIPTION OF THE BUSINESS

### **General**

If the Arrangement is approved and becomes effective, WesternOne Inc. will, directly or indirectly, become the owner and operator of the current business of the Partnership which seeks to acquire and grow businesses in the construction and infrastructure services sector.

A complete description of the business and operations to be carried on by WesternOne Inc. following completion of the Arrangement is provided in the Fund AIF, which is incorporated by reference in the Information Circular.

### **Business Plans**

WesternOne Inc. will continue the business plan of the Fund and its direct and indirect subsidiaries. WesternOne Inc.’s proposed management team will be comprised of the members of senior management of the GP as of the Effective Date. Management of the GP is currently comprised of Darren T. Latoski, Chief Executive Officer, Geoff Shorten, Chief Operating Officer and Carlos Yam, Chief Financial Officer and Secretary. Furthermore, each business platform of the Partnership contains its own senior management team.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

As at the date of this Information Circular, WesternOne Inc. has not conducted any business or operations, other than to execute the Arrangement Agreement, and has issued one common share to the Fund in connection with its organization.

In the event the Arrangement is completed, WesternOne Inc. will own all of the Fund's assets and obligations, and the business will continue to be carried on as before the Effective Date. WesternOne Inc.'s financial position, risks, and outlook after the Arrangement is completed will be substantially the same as those outlined in the management's discussion and analysis for the year ended December 31, 2011 and the Fund AIF for the year ended December 31, 2011, both incorporated by reference in this Information Circular.

Since the Arrangement does not contemplate a change of control for accounting purposes, the financial statement of WesternOne Inc. will reflect the assets and liabilities of the Fund at the respective carrying amounts; however, any change to the interpretation of a change of control for tax purposes could result in a change to the carrying amount of future income tax assets or liabilities and any changes to such carrying amounts may be material. Any changes to the carrying amount would be charged to future income tax expense and will have an impact to shareholders' equity. Such changes related to future income taxes may be material.

WesternOne Inc. has agreed to indemnify its directors and officers, to the extent permitted under corporate law, against costs and damages incurred by the directors and officers as a result of lawsuits or any other judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their services. WesternOne Inc.'s directors and officers are covered by directors' and officers' liability insurance. No amount has been recorded with respect to the indemnification agreements in WesternOne Inc.'s audited statement of financial position. See "*Audited Statement of Financial Position of WesternOne Inc.*" attached as Schedule A to this Appendix.

Readers are encouraged to review the Fund's management's discussion and analysis for the year ended December 31, 2011 and the three month period ended March 31, 2012 which have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and which are incorporated by reference in this Information Circular.

### Selected Financial Information

The audited statement of financial position of WesternOne Inc. is included as Schedule A to this Appendix. Certain selected unaudited pro forma consolidated financial information is set forth in the unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss) of WesternOne Inc. after giving effect to the Arrangement are included as Schedule B to this Appendix.

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss), including that the Unitholders approve the Arrangement Resolution at the Meeting and the Arrangement is completed. The unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss) are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss) or of the results expected in future periods.

### Management's Discussion and Analysis

WesternOne Inc. will have both a short-term and long-term need for capital. Short-term working capital will be required to finance accounts receivable and other similar short-term assets. There are essentially three methods of financing the capital needs of WesternOne Inc.: (i) internally generated cash flow; (ii) long-term debt; and (iii) equity.

WesternOne Inc. may enter into a new credit facility agreement as at the Effective Date to replace the existing Credit Facility Agreement. The availability of the credit facilities may vary from time to time based upon various

factors including the borrowing base attributed to WesternOne Inc.'s assets by the lenders. For additional information on the existing Credit Facility Agreement, see "*Financing*" in the Fund AIF.

Significant expansions of WesternOne Inc.'s capital program or acquisitions may, if determined appropriate, be financed through additional equity or debt financings.

In addition, readers are encouraged to review the management's discussion and analysis of the Fund for the year ended December 31, 2011 which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and which is incorporated by reference in the Information Circular.

### DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of WesternOne Inc. consists of an unlimited number of WesternOne Inc. Shares and an unlimited number of preferred shares. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of WesternOne Inc. As of July 24, 2012, WesternOne Inc. had one WesternOne Inc. Share and no preferred shares issued and outstanding.

#### Common Shares

Holder of WesternOne Inc. Shares will be entitled to one vote per share at meetings of shareholders of WesternOne Inc., to receive dividends if, as and when declared by the board of directors of WesternOne Inc. and to receive pro rata the remaining property and assets of WesternOne Inc. upon its dissolution or winding-up, subject to the rights of shares having priority over the WesternOne Inc. Shares. Holders of WesternOne Inc. Shares may make use of the various shareholder remedies available pursuant to the CBCA.

#### Preferred Shares

Each series of preferred shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the board of directors of WesternOne Inc. prior to the issuance thereof. Holders of preferred shares, except as required by law, will not be entitled to vote at meetings of shareholders of WesternOne Inc. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of WesternOne Inc., whether voluntary or involuntary, the preferred shares are entitled to preference over the WesternOne Inc. Shares and any other shares ranking junior to the preferred shares from time to time and may also be given such other preferences over the WesternOne Inc. Shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series.

### CONSOLIDATED CAPITALIZATION

As of the date of this Information Circular, WesternOne Inc. has issued one WesternOne Inc. Share to the Fund for an aggregate subscription price of \$10. See the audited statement of financial position of WesternOne Inc. attached as Schedule A to this Appendix. Upon completion of Arrangement, the consolidated capitalization of WesternOne Inc. will be substantially as set forth in the unaudited pro forma consolidated statement of financial position of WesternOne Inc. attached as Schedule B to this Appendix. See the audited consolidated financial statements of the Fund as at and for the year ended December 31, 2011 together with the management's discussion and analysis, both of which are incorporated by reference in this Information Circular, as well as "*The Arrangement – Effect of the Arrangement on Unitholders*" in the body of this Information Circular.



The following table sets out the consolidated capitalization of WesternOne Inc. both before and after giving effect to the completion of the Arrangement:

<b>Designation</b>	<b>Authorized</b>	<b>Outstanding at March 31, 2012 before giving effect to the Arrangement<sup>(1)</sup></b>	<b>Outstanding at March 31, 2012 after giving effect to the Arrangement<sup>(1)</sup></b>
		\$	\$
Common Shares .....	unlimited	10.00 (1 Common Share)	80,155,000 (19,480,170 Common Shares)
2010 Debentures .....	unlimited	-	16,777,000 <sup>(2)</sup>
2011 Debentures .....	unlimited	-	76,040,000 <sup>(3)</sup>
Operating Loan .....	\$9,000,000	-	2,371,000
Capital and Acquisition Loans .	\$85,771,000	-	63,253,000

<sup>(1)</sup> Assume that WesternOne Inc. was incorporated as of March 31, 2012.

<sup>(2)</sup> The amount represents the debt component of the 2010 Debentures in accordance with International Financial Reporting Standards.

<sup>(3)</sup> The amount represents the debt component of the 2011 Debentures in accordance with International Financial Reporting Standards.

### **DIVIDEND RECORD AND POLICY**

WesternOne Inc. has not declared or paid any dividends or made any distributions on the WesternOne Inc. Shares since its incorporation and will not declare any dividends prior to completion of the Arrangement.

Following completion of the Arrangement, the board of directors of WesternOne Inc. intends to establish a dividend policy pursuant to which WesternOne Inc. expects to pay monthly dividends in a manner similar to the Fund's current approach to distributions. The amount of any dividends payable by WesternOne Inc. will be at the discretion of the board of directors of WesternOne Inc. and will be evaluated periodically and may be revised depending on, among other factors, WesternOne Inc.'s earnings, the financial requirements of WesternOne Inc.'s operations, planned acquisitions, income tax payable by WesternOne Inc. and its subsidiaries and access to capital markets, the satisfaction of solvency tests imposed by the CBCA for the declaration and payment of dividends and other conditions that may exist from time to time.

If the Arrangement is approved by the Unitholders at the Meeting and the Effective Date occurs on or about December 31, 2012 as currently scheduled, it is anticipated by the board of directors that WesternOne Inc. will adopt a dividend policy whereby it will initially pay a monthly dividend approximately equal to \$0.05 (\$0.60 per annum) per share of WesternOne Inc. Provided the Arrangement is approved at the Meeting and the Arrangement is completed on December 31, 2012, the first monthly dividend is anticipated to be declared on or about January 18, 2013 and payable on or about February 15, 2013.

### **DEBENTURES**

As at July 24, 2012, there were \$13,208,000 aggregate principal amount of 2010 Debentures and \$86,230,000 aggregate principal amount of 2011 Debentures outstanding. The Debentures are convertible into Units at the option of the holder at any time prior to the close of business on the earlier of maturity of the Debenture and the business day immediately preceding the date specified by the Fund for redemption of the Debentures, at a conversion price of \$5.25 per Unit for the 2010 Debentures and \$7.50 per Unit for the 2011 Debentures, subject to adjustment in certain events as provided in the Trust Indentures.

In connection with the Arrangement, WesternOne Inc. will assume all of the covenants and obligations of the Fund under the Trust Indentures in respect of the outstanding Debentures. Provided the Arrangement is completed, holders of Debentures will be entitled to receive WesternOne Inc. Shares, rather than Units, on the same basis as Units are now issuable upon conversion of the Debentures. All other terms and conditions of the Trust Indentures will continue to apply.

The 2010 Debentures and the 2011 Debentures already trade on the TSX under the symbol WEQ.DB.B and WEQ.DB.C, respectively. The TSX has conditionally approved the listing of WesternOne Inc. Shares reserved for

issuance upon conversion, redemption or maturity of the Debentures, subject to WesternOne Inc. fulfilling the requirements of the TSX.

Immediately following the Effective Time, WesternOne Inc. and the Indenture Trustee will amend and restate all Trust Indentures for ease of readability after giving effect to the assumption of the Debentures WesternOne Inc. in accordance with the requirements of the Trust Indentures.

For a complete description of the terms of the Debentures, a copy of the Trust Indentures has been filed on [www.sedar.com](http://www.sedar.com) under the Fund's profile.

#### PRIOR SALES

On July 1, 2012, WesternOne Inc. issued one WesternOne Inc. Share to the Fund at a price of \$10.00 to facilitate its organization.

#### TRADING PRICE AND VOLUME

The WesternOne Inc. Shares are not currently traded or quoted on a Canadian marketplace. The TSX has conditionally approved the listing of (i) the WesternOne Inc. Shares to be issued in connection with the Arrangement and (ii) WesternOne Inc. Shares issuable upon conversion of the Debentures, subject to WesternOne Inc. fulfilling the requirements of the TSX. The trading symbol for the WesternOne Inc. Shares is expected to be "WEQ" while the current trading symbols for the Debentures are expected to remain the same.

#### RIGHTS PLAN

The Rights Plan will be considered by the Unitholders for approval at the Meeting. A summary of the principal terms and conditions of the Rights Plan is contained in Appendix I to this Information Circular. If the Arrangement is completed, WesternOne Inc. will assume all of the covenants and obligations of the Fund under the Rights Plan and the Rights Plan will be amended and restated such that from and after the Effective Time, the Rights Plan applies to WesternOne Inc., WesternOne Inc. Shares and the shareholders of WesternOne Inc. Additional details are also provided in the main body of the Information Circular under the heading "*WesternOne Unitholder Rights Plan*".

A copy of the proposed Rights Plan Agreement will be filed on [www.sedar.com](http://www.sedar.com) under the Fund's profile.

#### PRINCIPAL SHAREHOLDERS

Immediately following completion of the Arrangement, to the best of the knowledge of the directors of WesternOne Inc. as of the date of the Information Circular, it is not expected that there will be any persons who will own, directly or indirectly, or exercise control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of WesternOne Inc. other than:

<u>Name</u>	<u>Class and Number of Securities</u>	<u>Percentage of Shares Assumed Outstanding at December 31, 2012</u>
Fred Hurdman Portfolio Manager	2,822,713 WesternOne Inc. Shares	14.02%

#### DIRECTORS AND OFFICERS

The board of directors of WesternOne Inc. is composed of: Stephen J. Evans, Robert W. King, Darren T. Latoski, Douglas R. Scott and T. Richard Turner. The directors of WesternOne Inc. shall hold office until the next annual meeting of shareholders or until their respective successors have been duly elected or appointed. The following are brief profiles of each of the above-noted persons:

**STEPHEN EVANS**  
North Vancouver, BC,  
Canada

Mr. Evans is the Chief Operating Officer of and indirectly owns 50% of the shares in Sunstone Realty Advisors Inc. (“**Sunstone**”). Since 2002, Sunstone has identified, acquired, managed and divested approximately \$1.2 billion in income-producing real estate in Canada and the United States, including over \$200 million in U.S. multi-family real estate properties acquired since 2008. As well, Messrs. Latoski and Evans founded Pure Industrial Real Estate Trust (“**PIRET**”) in 2007. PIRET is a TSX Venture Exchange (“**TSX-V**”) listed real estate investment trust established for the purposes of acquiring, owning and operating a diversified portfolio of income-producing industrial properties in primary markets across Canada. Since its initial public offering in 2007, PIRET has raised approximately \$260 million in equity financing and acquired a portfolio of 70 industrial properties in Canada having a total value of approximately \$445 million. Mr. Evans serves as the Co-Chief Executive Officer and Trustee of PIRET. Mr. Evans currently also serves as the Director and Chief Executive Officer of the governing general partner of TSX-V listed Pure Multi-Family REIT LP (“**Multi-Family**”). From September 15, 2008 to December 31, 2009, Mr. Evans was a Trustee of IAT Air Cargo Income Facilities Fund and Director of International Aviation Terminals Inc. Mr. Evans commenced as Trustee of TSX-listed Huntingdon Capital Corp. (formerly Huntingdon Real Estate Investment Trust) on January 1, 2010.

**ROBERT W. KING**  
Vancouver, BC, Canada

Since 1995, Mr. King has been the President of King Pacific Capital Corporation, a financial services firm actively involved in corporate finance, venture capital and real estate investments. Also since 1995, Mr. King has been a principal of Westbridge Capital Group, a full-service commercial mortgage brokerage firm. Mr. King serves on the board of directors of several private companies and the board of TSX-listed Wall Financial Corporation. Mr. King serves as Trustee of PIRET. Mr. King also serves as the Lead Independent Director of Multi-Family. In addition, Mr. King is a director of the general partner and/or corporate trustee of each of the limited partnerships and real estate investment trusts comprising the Sunstone Funds. From December 2002 to July 2007, Mr. King served on the Board of Directors of TSX-V listed Prescient NeuroPharma Inc. Mr. King holds an MBA from Dalhousie University and a Bachelor of Arts from the University of British Columbia.

**DARREN T. LATOSKI**  
Vancouver, BC, Canada

Mr. Latoski is the President of and indirectly owns 50% of the shares of Sunstone. Mr. Latoski is also the Director and President of Sunstone Investment Management, the fund manager for Morguard Sunstone Real Estate Income Opportunity Fund, a fund that has been created to invest in and actively manage a diversified portfolio consisting of publicly traded real estate securities, including securities of Canadian and United States real estate investment trusts and real estate operating companies and the companies that provide services to them and, to a lesser extent, preferred shares, bonds, convertible debentures and similar fixed-income securities. In 2007, Messrs. Latoski and Evans founded PIRET which has raised over \$260 million on the TSX-V and has acquired a portfolio of 70 industrial properties in Canada having a total value of approximately \$445 million. Mr. Latoski serves as the Co-Chief Executive Officer and Trustee of PIRET. In addition, Mr. Latoski is the Director and Executive Chairman of Multi-Family. From 1997 to 2001, Mr. Latoski was the Vice-President of Macluan Capital Corporation, a Vancouver based private equity firm. He held primary responsibility for relationship management of intermediaries and other professionals along with co-ordination of due diligence and post transaction monitoring. During the years 1990 through 1997 he was a principal of a group of private businesses in connection with the identification, refurbishment and sale of 15 condominium projects located in British Columbia and Alberta, representing 2,073 residential units, for total gross sale proceeds of \$199.5 million. Mr. Latoski holds an MBA from Simon Fraser University.

**DOUGLAS R. SCOTT**  
Vancouver, BC, Canada

Mr. Scott is currently a financial consultant. He serves as Trustee of PIRET and Independent Director of Multi-Family. Mr. Scott was the Chief Financial Officer of

First Majestic Corp. and First Silver Reserve Inc. He was also the Vice President and Chief Financial Officer of Coast Wholesale Appliances Income Fund and its predecessor from 2003 to 2005, and was instrumental in its 2005 initial public offering. In addition, Mr. Scott was a partner with FinancExec Associates, working primarily in the roles of director and chief financial officer for a number of large to medium-sized public and private companies. Mr. Scott has a Bachelor of Commerce Degree with Distinction from the University of Alberta and is a Chartered Accountant (Alberta) with more than 30 years of professional experience. Mr. Scott has an IFRS certification from the Institute of Chartered Accountants in England and Wales (ICAEW). Mr. Scott is a member of the Institute of Corporate Directors.

**T. RICHARD TURNER**  
West Vancouver, BC,  
Canada

Since 1995, Mr. Turner has been the President and Chief Executive Officer of TitanStar Investment Group Inc., a private company engaged in the provision of private equity capital to midmarket businesses and capital for real estate developments and acquisitions. His current board positions include Trustee of PIRET; Trustee of TSX-listed Healthlease Properties REIT; Board Chair, President and Chief Executive Officer of TSX-V listed TitanStar Properties Inc.; Director of TSX-V listed TG Residential Value Properties Ltd. and Chair of the Audit Committee; Director of Vancouver Fraser Port Authority and Chair of the Audit Committee; and Director of Sora Group Wealth Advisors Inc. Mr. Turner is also a Director and Chair of Audit Committee of the Organizing Committee of the Vancouver 2010 Olympic and Paralympic Winter Games (VANOC). Mr. Turner is a past Board Chair and Director of the Insurance Corporation of British Columbia (2003 to 2010); a past Chair and Director of the British Columbia Lottery Corporation (2001 to 2005); a past Trustee of Sun Gro Horticultural Income Fund (2002 to 2009); and a past Trustee of Sunrise Senior Living REIT (2004 to 2007). From 1988 to 2005, Mr. Turner served as a Director, President and Chief Executive Officer of the operating subsidiary of IAT Air Cargo Facilities Income Fund, a business which is involved in the development and management of real estate at airports. He is also a former Chair and current Governor of the Vancouver Board of Trade. He also serves as the Honorary Consul for the Hashemite Kingdom of Jordan in Vancouver. In 2003, Mr. Turner received H.R.H. Queen Elizabeth's Golden Jubilee Award for public service in Canada. Mr. Turner holds a Bachelor of Commerce in Finance from the University of British Columbia and is a member of the Institute of Corporate Directors.

Following completion of the Arrangement, the board of directors of WesternOne Inc. expect to have three committees: (i) an audit, finance and risk committee; (ii) a nominating and governance committee; and (iii) a compensation committee. Each of such committee is composed of the same individuals serving as members of the Audit Committee, the Nominating and Governance Committee and the Compensation Committee of WesternOne Equity, respectively.

**Officers of WesternOne Inc.**

The following table sets out for each of the proposed officers of WesternOne Inc. upon completion of the Arrangement, the person's name, municipality of residence, position with WesternOne Equity and principal occupation during the last five years.

<u>Name and Municipality of Residence</u>	<u>Position with WesternOne Inc.</u>	<u>Principal Occupation During Last Five Years</u>
Darren T. Latoski Vancouver, BC, Canada	President and Chief Executive Officer	President and Chief Executive Officer, WesternOne Equity Income Fund; President, Sunstone Realty Advisors Inc.
Carlos Yam Burnaby, BC, Canada	Chief Financial Officer & Secretary	Chief Financial Officer, WesternOne Equity Income Fund
Geoff Shorten Calgary, Alberta, Canada	Chief Operating Officer	Chief Operating Officer, WesternOne Equity Income Fund

### **Share Ownership**

After giving effect to the Arrangement, and based on certain assumptions, the directors and executive officers of WesternOne Inc., as a group, will beneficially own or control or direct, directly or indirectly, an aggregate of 2,465,088 WesternOne Inc. Shares, approximately 12.24% of the issued and outstanding WesternOne Inc. Shares.

### **Personnel**

As at the date of the Information Circular, WesternOne Inc. has no employees. After giving effect to the Arrangement, the current employees of the GP and its subsidiaries will continue to be employees of WesternOne Inc. As at July 24, 2012, the GP and the Partnership had approximately 760 employees.

### **Corporate Cease Trade Orders and Bankruptcies**

To the knowledge of WesternOne Inc., no proposed director or executive officer of WesternOne Inc. is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity: (i) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the person ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the knowledge of WesternOne Inc., other than as disclosed herein, no proposed director or executive officer of WesternOne Inc. or a securityholder that will hold upon completing of the Arrangement a sufficient number of securities of WesternOne Inc. to affect materially the control of WesternOne Inc., is, or within the ten years prior to the date hereof has been, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties or Sanctions**

Except as otherwise disclosed, to the knowledge of WesternOne Inc., no proposed director or executive officer of WesternOne Inc. or a securityholder that will hold upon completion of the Arrangement a sufficient number of WesternOne Inc. Shares to affect materially the control of WesternOne Inc., has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

To the knowledge of WesternOne Inc., no proposed director or executive officer of WesternOne Inc. or a securityholder that will hold upon completion of the Arrangement a sufficient number of WesternOne Inc. Shares to affect materially the control of WesternOne Inc. has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

### **Conflicts of Interest**

There are potential conflicts of interest to which the directors and officers of WesternOne Inc. will be subject in connection with the operations of WesternOne Inc. In particular, certain of the directors and officers of WesternOne Inc. may be involved with other entities whose operations may, from time to time, be in direct competition with those of WesternOne Inc. or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of WesternOne Inc. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA. The CBCA provides that in the event a director or officer of a company is a party to, or is a director or officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with WesternOne Inc., the director shall disclose his interest in such contract and, in the case of directors, shall refrain from voting on any matter in respect of such contract unless otherwise provided by the CBCA.

As at the date of the Information Circular, the board and management of WesternOne Inc. are not aware of any existing or potential material conflicts of interest between WesternOne Inc. and any director or officer or proposed director or officer of WesternOne Inc. other than as disclosed in this Information Circular and the documents incorporated by reference.

### **COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

To date, WesternOne Inc. has not carried on any active business and has not completed a fiscal year of operations. No compensation has been paid by WesternOne Inc. to its executive officers or directors and none will be paid until after the Arrangement is completed. The directors and proposed executive officers of WesternOne Inc. are currently compensated by the Partnership.

Following the completion of the Arrangement, it is anticipated that the executive officers of WesternOne Inc. will continue to be paid the same salaries as they receive as employees of the Partnership. It is anticipated that the current employment agreements between the Partnership and each of the executive officers of the Partnership will continue in respect of their ongoing role as executive officers of WesternOne Inc. except as the board of directors of the GP may otherwise determine prior to completion of the Arrangement. See "*Executive Compensation*" in the Fund's management information circular dated April 3, 2012. It is also currently anticipated that WesternOne Inc. will assume the Fund's obligations under the Option Plan and LTIP and, if the EPP Resolution is approved at the Meeting, under the EPP.

Subject to the implementation of the EPP if the EPP Resolution is approved, WesternOne Inc.'s compensation policies are expected to be similar to those of the Fund. The board of directors of WesternOne Inc., in consultation with its compensation committee, will meet following completion of the Arrangement in order to establish WesternOne Inc.'s compensation structure.

The compensation committee consists of independent directors and periodically reviews executive compensation on an annual basis and as market conditions change. The compensation committee makes recommendations to the board of directors with respect to any bonuses or additional compensation payable to the executives of WesternOne Inc.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Except as maybe otherwise described in the Fund's information circular dated April 3, 2012, which is incorporated by reference herein, no trustee, director, proposed director, executive officer, proposed executive officer, employee, former trustee, former director, former executive officer or former employee of the Fund, WesternOne Inc. or any of

their subsidiaries, or any associate or affiliate of the foregoing, has been indebted to the Fund, WesternOne Inc. or any of their subsidiaries since the beginning of its most recently completed financial year of the Fund. None of the persons described in the preceding sentence has, since the beginning of the most recently completed financial year of the Fund, been indebted to another entity to which the indebtedness was the subject of a guarantee, “support agreement”, letter of credit or other similar arrangement or understanding provided by the Fund, WesternOne Inc. or any of their subsidiaries.

For the purposes of the above, “support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

#### **AUDIT COMMITTEES AND CORPORATE GOVERNANCE**

Following the completion of the Arrangement, it is anticipated that WesternOne Inc. will substantially adopt the audit committee and corporate governance policies of the Fund. See “*Statement of Corporate Governance*” in the Information Circular and “*Audit Committee Information*” in the Fund AIF.

#### **RISK FACTORS**

Risk factors related to the business of WesternOne Equity will generally continue to apply to WesternOne Inc. after the Effective Date and will not be affected by the Arrangement. In the event the Arrangement is completed, the business and operations of, and an investment in, WesternOne Equity will be subject to various risk factors set forth in this Information Circular, the Fund AIF and the management’s discussion and analysis, each of which are incorporated by reference in this Information Circular. Potential shareholders should consider carefully the information contained herein and in the materials incorporated by reference.

#### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL ARRANGEMENTS**

Except as disclosed in the Information Circular or this Appendix, none of the directors or proposed executive officers of WesternOne Inc., or any person or company that will be the direct or indirect owner of, or will exercise control or direction of, more than 10% of any class or series of WesternOne Inc.’s outstanding voting securities, or any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to affect WesternOne Inc.

#### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

WesternOne Inc. is not currently involved in any pending legal proceedings or regulatory actions. To the knowledge of the Management Group, no legal proceedings or regulatory actions of a material nature involving WesternOne Inc. has been threatened by any third party.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

##### **Auditors**

The auditors of WesternOne Inc. are KPMG LLP who was first appointed auditors of the WesternOne Inc. on July 1, 2012, the date of incorporation.

##### **Transfer Agent and Registrar**

Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario will be the registrar and transfer agent for WesternOne Inc. Shares and transfers of the WesternOne Inc. Shares may be recorded in Vancouver, British Columbia or Toronto, Ontario.

#### **MATERIAL CONTRACTS**

The only contract entered into by WesternOne Inc. that materially affects WesternOne Inc., since incorporation or to which WesternOne Inc. will become a party on or prior to the Effective Date, that can reasonably be regarded as material to a proposed investor in the WesternOne Inc. Shares, other than contracts entered into in the ordinary

course of business, is the Arrangement Agreement. A copy of the Arrangement Agreement is attached at Appendix C to the Information Circular.

For a description of material contracts of the Fund, see the section entitled “Material Contracts” in the Fund AIF. It is expected that WesternOne Inc. will assume any such agreements, or variations thereof, that will be in effect immediately after the Effective Time.



**SCHEDULE A**  
**AUDITED STATEMENT OF FINANCIAL POSITION OF**  
**WESTERONE INC.**

Statement of Financial Position of

**WESTERNOONE INC.**

As at July 1, 2012



**KPMG LLP**  
**Chartered Accountants**  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada

Telephone (604) 691-3000  
Fax (604) 691-3031  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholder of WesternOne Inc.

We have audited the accompanying statement of financial position of WesternOne Inc. as at July 1, 2012 and notes, comprising a summary of significant accounting policies and other explanatory information (together the "financial statement").

### *Management's Responsibility for the Financial Statement*

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

### *Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statement presents fairly, in all material respects, the financial position of WesternOne Inc. as at July 1, 2012 in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

**KPMG LLP** (signed)

Chartered Accountants

July 24, 2012

Vancouver, Canada

# WESTERNO ONE INC.

Statement of Financial Position  
(Expressed in Canadian dollars)

July 1, 2012

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## Assets

Cash	\$	10
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	\$	10
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## Shareholder's Equity

Share capital (note 3)	\$	10
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	\$	10
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See accompanying notes to financial statement.

Approved on behalf of the Board of Directors:

"Douglas R. Scott" Director

"Darren T. Latoski" Director

# WESTERNO ONE INC.

Statement of Financial Position  
(Expressed in Canadian dollars)

July 1, 2012

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## 1. Basis of presentation:

On July 1, 2012, WesternOne Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act. The Corporation has not commenced operations at the date of the statement of financial position. Accordingly, statements of comprehensive income, shareholders equity and cash flows have not been prepared. The statement of financial position has been prepared on a historical cost basis in accordance with International Financial Reporting Standards ("IFRS") and all amounts presented are in Canadian dollars which is the Corporation's functional currency.

This financial statement was authorized for issue by the Board of Directors of the Corporation on July 24, 2012.

## 2. Significant accounting policies:

### (a) Cash:

Cash consists of petty cash as of the date of the statement of financial position.

### (b) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

### (c) Financial instruments:

The Corporation's only financial instrument consists of cash. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from this financial instrument. The fair value of this financial instrument approximates its carrying value.

## 3. Share capital:

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### Authorized:

The Corporation is authorized to issue an unlimited number of common shares without nominal or par value.

The Corporation is authorized to issue an unlimited number of preferred shares without nominal or par value.

### Issued:

1 common share was issued for \$10.00 per share

\$ 10

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# WESTERNO ONE INC.

Statement of Financial Position  
(Expressed in Canadian dollars)

July 1, 2012

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#### 4. Subsequent event:

On July 18, 2012, the Board of Trustees of WesternOne Equity Income Fund (the "Fund") approved a proposed transaction providing for the reorganization of the Fund into a corporate structure (the "Conversion"). The Conversion will be completed by way of a plan of arrangement under the Canada Business Corporations Act (the "Arrangement"). Pursuant to the Arrangement, holders of units and exchangeable units of the Fund ("Unitholders") will receive common shares of the Corporation on a one-for-one basis. Upon completion of the Arrangement, the Corporation will hold all the assets previously held, directly and indirectly, by the Fund. The current members of the Board of Directors of WesternOne Equity GP Inc. and the Board of Trustees of the Fund have together become the directors of the Corporation for a total of five directors. It is expected that the current officers and management of WesternOne Equity GP Inc. will become officers and management of the Corporation.

The Arrangement will result in the Corporation having approximately 20,135,480 common shares issued and outstanding after closing.

Completion of the Conversion is subject to certain conditions, including regulatory and Unitholders approval.

**SCHEDULE B**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) OF**  
**WESTERNO ONE INC.**



Pro Forma Consolidated Statement of Financial Position and Statement of  
Comprehensive Income (Loss)

WESTERNOONE INC.

For the periods ended December 31, 2011 and March 31, 2012

# WESTERNONE INC.

Pro Forma Consolidated Statement of Financial Position  
(Unaudited)  
(Expressed in thousands of Canadian dollars)

	Notes	WesternOne Inc. July 1, 2012	WesternOne Equity Income Fund March 31, 2012	Pro Forma Adjustments	WesternOne Inc. Pro Forma March 31, 2012
<b>Assets</b>					
Current assets:					
Cash and cash equivalents		\$ -	\$ 12,107	-	\$ 12,107
Accounts receivable		-	27,011	-	27,011
Inventories		-	17,495	-	17,495
Deposits and prepaid expenses		-	1,659	-	1,659
		-	58,272	-	58,272
Property and equipment		-	62,500	-	62,500
Intangible assets		-	48,570	-	48,570
Goodwill		-	48,186	-	48,186
Income tax assets	3c	-	9,926	(2,553)	7,373
<b>Total assets</b>		<b>\$ -</b>	<b>\$ 227,454</b>	<b>(2,553)</b>	<b>\$ 224,901</b>
<b>Liabilities and Equity</b>					
Current liabilities:					
Operating loans		\$ -	\$ 2,371	\$ -	\$ 2,371
Accounts payable and accrued liabilities	3b	-	24,219	500	24,719
Distributions payable		-	968	-	968
Capital and acquisition loans		-	63,253	-	63,253
Other current liabilities		-	2,876	-	2,876
		-	93,687	500	94,187
2010 Debentures (face value \$16,156)	3c	-	21,811	(5,034)	16,777
2011 Debentures (face value \$86,250)	3c	-	90,304	(14,264)	76,040
Other long-term liabilities	3a,3d	-	4,787	(2,927)	1,860
		-	210,589	(21,725)	188,864
Equity:					
Fund Units	3a	-	79,329	(79,329)	-
Common shares	3a, 3c	-	-	80,155	80,155
Equity component of Debentures	3c	-	-	16,745	16,745
Contributed surplus	3d	-	-	883	883
Non-controlling interest		-	873	-	873
Foreign currency translation reserve		-	22	-	22
Accumulated deficit	3a-d	-	(63,359)	718	(62,641)
		-	16,865	19,172	36,037
<b>Total liabilities and equity</b>		<b>\$ -</b>	<b>\$ 227,454</b>	<b>\$ (2,553)</b>	<b>\$ 224,901</b>

See accompanying notes to pro forma consolidated financial statements.

## WESTERONE INC.

Pro Forma Consolidated Statement of Comprehensive Income (Loss)

(Unaudited)

(Expressed in thousands of Canadian dollars except for the number of units/shares and per unit/share amounts)

For the three months ended March 31, 2012

	Notes	WesternOne Inc.	WesternOne Equity Income Fund	Pro Forma Adjustments	WesternOne Inc. Pro Forma
Revenue		\$ -	\$ 51,928	-	\$ 51,928
Cost of sales		-	34,995	-	34,995
Gain on sale of property and equipment		-	646	-	646
Gross profit		-	17,579	-	17,579
Operating expenses:					
General and administration (including depreciation and amortization of operating and intangible assets)	3d	-	9,668	(562)	9,106
Business acquisition costs		-	1,856	-	1,856
			11,524	(562)	10,962
Other expenses:					
Finance costs	3c	-	10,331	(5,125)	5,206
Income (loss) before income taxes		-	(4,276)	5,687	1,411
Income tax recoveries	3c	-	815	654	1,469
Net income (loss)		-	(3,461)	6,341	2,880
Income attributable to non-controlling interest		-	227	-	227
Net income (loss) attributable to Unitholders/Shareholders		-	(3,688)	6,341	2,653
Unrealized loss from foreign exchange translation		-	21	-	21
Net and comprehensive income (loss)		\$ -	\$ (3,709)	\$6,341	\$ 2,632
Basic and diluted weighted average income (loss) per Unit/Share		\$ -	\$ (0.20)		\$ 0.14
Basic and diluted weighted average number of Units/Shares		1	18,979,033		18,979,033

See accompanying notes to pro forma consolidated financial statements.

## WESTERNONE INC.

Pro Forma Consolidated Statement of Comprehensive Income (Loss)  
(Unaudited)

(Expressed in thousands of Canadian dollars except for the number of units/shares and per unit/share amounts)

For the year ended December 31, 2011

	Notes	WesternOne Inc.	WesternOne Equity Income Fund	Pro forma Adjustments	WesternOne Inc. Pro Forma
Revenue		\$ -	\$ 109,432	-	\$ 109,432
Cost of sales		-	76,627	-	76,627
Gain on sale of property and equipment		-	1,300	-	1,300
Gross profit		-	34,105	-	34,105
Operating expenses:					
General and administration (including depreciation and amortization of operating and intangible assets)	3d	-	26,731	(821)	25,910
Business acquisition costs		-	1,010	-	1,010
		-	27,741	(821)	26,920
Other expenses:					
Finance costs	3c	-	17,525	(4,569)	12,956
Debenture issuance costs		-	4,885	-	4,885
Distributions to Unitholders/Shareholders	3e	-	4,550	(4,550)	-
Impairment of goodwill and intangible assets		-	561	-	561
		-	27,521	(9,119)	18,402
Loss before income taxes		-	(21,157)	9,940	(11,217)
Income tax recoveries	3c	-	1,242	536	1,778
Net loss		-	(19,915)	10,476	(9,439)
Loss attributable to non-controlling interest		-	349	-	349
Net loss attributable to Unitholders/Shareholders		-	(19,566)	10,476	(9,090)
Unrealized gain from foreign exchange translation		-	43	-	43
Net and comprehensive loss		\$ -	\$ (19,523)	\$ 10,476	\$ (9,047)
Basic and diluted weighted average loss per Unit/Share		\$ -	\$ (1.21)		\$ (0.56)
Basic and diluted weighted average number of Units/Shares		1	16,133,105		16,133,105

See accompanying notes to pro forma consolidated financial statements.

**1. Corporate information:**

On July 18, 2012, the Board of Trustees of WesternOne Equity Income Fund (the "Fund") approved a proposed transaction providing for the reorganization of the Fund into a corporate structure (the "Trust Conversion"). The Trust Conversion will be completed by way of a plan of arrangement under the Canada Business Corporations Act (the "Arrangement"). Pursuant to the Arrangement, holders of units and exchangeable units of the Fund ("Unitholders") will receive common shares of WesternOne Inc. ("WesternOne") on a one-for-one basis. Upon completion of the Arrangement, WesternOne will hold all the assets previously held, directly and indirectly, by the Fund and will continue its business affairs. For a detailed description of the Arrangement, see the accompanying Information Circular dated July 30, 2012, which has been prepared by management in connection with the Unitholders' meeting being held for the approval of the Arrangement.

**2. Basis of preparation:**

The unaudited pro forma consolidated statement of financial position and consolidated statement of comprehensive income (loss) have been prepared by the Fund's management and should be read in conjunction with the Information Circular dated July 30, 2012, the financial statements of WesternOne Inc., included in the Information Circular, and with the financial statements of the Fund, which are incorporated by reference in the Information Circular. In the opinion of management of the Fund, the unaudited pro forma consolidated statement of financial position and consolidated statement of comprehensive income (loss) are based on reasonable assumptions and include all adjustments necessary for the fair presentation, in all material respects, of the Arrangement. The accounting policies used in the preparation of the unaudited pro forma consolidated statement of financial position and consolidated statement of comprehensive income (loss) are those disclosed in the consolidated financial statements of the Fund for the year ended December 31, 2011.

The accompanying unaudited pro forma consolidated statement of financial position has been prepared using information derived from the Fund's unaudited condensed consolidated interim statement of financial position as at March 31, 2012, along with the pro forma adjustments described in note 3. The unaudited pro forma consolidated statement of financial position has been prepared as if the Arrangement had occurred on March 31, 2012.

The unaudited pro forma consolidated statements of comprehensive income (loss) have been prepared using information derived from the Fund's audited consolidated statement of comprehensive income (loss) for the year ended December 31, 2011, the unaudited condensed consolidated interim statement of comprehensive income (loss) for the three months ended March 31, 2012, along with the pro forma adjustments described in note 3. The unaudited pro forma consolidated statements of comprehensive income (loss) have been prepared as if the Arrangement had occurred on January 1, 2011.

The Trust Conversion is considered a common control transaction, whereby no business combination has taken place, as the plan of Arrangement does not result in a substantive change in the owners' interest of the Fund. Accordingly, the carryover basis of accounting has been used to record this transaction in accordance with the International Financial Reporting Standards ("IFRS").

The unaudited pro forma consolidated financial statements are prepared for illustrative purposes only and are based on the assumptions set forth in the notes to such statements. The unaudited pro forma consolidated statement of financial position and consolidated statements of comprehensive income (loss) may not be indicative of the financial position and results that actually would have occurred if the events reflected herein had been in effect on the dates indicated or of the result that may be described. Completion of the Trust Conversion contemplated by the Arrangement is subject to certain conditions, including regulatory and Unitholder approval. As a result, there is no assurance that the Trust Conversion described will be completed.

**3. Pro forma adjustments to the Statement of Financial Position and Statement of Comprehensive Income (Loss):**

- (a) Upon completion of the Trust Conversion, Unitholders will receive a corresponding number of common shares of WesternOne (the "Shares") based on a one-to-one ratio. The pro forma adjustment of \$80,155 to common shares includes the elimination of the Units balance of \$79,329 as well as the exchangeable units balance of \$826.
- (b) Costs in connection with the Trust Conversion, including legal, advisory fees and other costs are estimated to be approximately \$500.
- (c) The 2010 Debentures and the 2011 Debentures (collectively, the "Debentures") are convertible into Units. The Units are redeemable at the option of the holder and are considered puttable instruments. As a result, the Debentures were considered to be hybrid financial instruments and did not contain equity components. The Fund previously elected to record the Debentures at fair value through profit or loss. Upon completion of the Trust Conversion, the Debentures will be convertible into Shares which are classified as equity instruments and have no redemption feature. As a result, the Debentures will change from hybrid financial instruments to compound financial instruments, which are required to be bifurcated into debt and equity components and measured separately. The fair values attributable to the equity components of the Debentures at the date of the Trust Conversion (2010 Debentures - \$5,034 with nil deferred income tax difference, 2011 Debentures - \$14,264 with a deferred income tax difference of \$2,553) have been reclassified from liabilities to equity and will serve as the cost basis for the equity components going forward. The liability components of the Debentures will continue to be recorded at fair value through profit or loss. For the three months ended March 31, 2012, this change reduces finance costs and increases income tax recoveries by \$5,125 and \$654, respectively (Year ended December 31, 2011 - \$4,569 and \$536, respectively) as a result of eliminating previously recognized changes in the fair value of the Debentures, and replacing with changes in the fair value of only the liability component.
- (d) Since Units are redeemable, the options that the Fund previously issued to acquire Units are considered cash settled awards and are classified as a liability on the statement of financial position. Upon completion of the Trust Conversion, these options will allow their holders to acquire Shares with no redemption feature and will be classified as equity settled awards. This change reduces other long-term liabilities by \$2,101 to eliminate the previously recognized liability, and creates a contributed surplus balance of \$883. The \$883 represents the amount of share based compensation expense that would have been recorded from the grant date up to the date of the Trust Conversion. Before the Trust Conversion, the fair values of the options were determined at the end of each financial reporting period and the changes in fair value of the options were recorded in the statement of comprehensive income. Subsequent to the Trust Conversion, the fair values of the options at their grant dates will be expensed over the related vesting periods. This change reduces general and administration expenses by \$562 for the three months ended March 31, 2012 (Year ended December 31, 2011 - \$821).
- (e) Upon completion of the Trust Conversion, the Shares will be classified as equity instruments and therefore all distributions declared during the year ended December 31, 2011 would be considered dividends, and would be recorded directly in equity. This change eliminates the \$4,550 distribution expense recorded by the Fund during the year ended December 31, 2011.

**APPENDIX E**  
**SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT**

190. **(1) Right to dissent** - Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

**(2) Further right** - A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

**(2.1) If one class of shares** - The right to dissent described in subsection (2) applies even if there is only one class of shares.

**(3) Payment for shares** - In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this Section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

**(4) No partial dissent** - A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**(5) Objection** - A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

**(6) Notice of resolution** - The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

**(7) Demand for payment** - A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

**(8) Share certificate** - A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

**(9) Forfeiture** - A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

**(10) Endorsing certificate** - A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

**(11) Suspension of rights** - On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12);
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9);

in which case the shareholder's rights are reinstated as of the date the notice was sent.

**(12) Offer to pay** - A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

**(13) Same terms** - Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

**(14) Payment** - Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

**(15) Corporation may apply to court** - Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

**(16) Shareholder application to court** - If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

**(17) Venue** - An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

**(18) No security for costs** - A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).



- (19) Parties** - On an application to a court under subsection (15) or (16),
- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
  - (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.
- (20) Powers of court** - On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.
- (21) Appraisers** - A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.
- (22) Final order** - The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.
- (23) Interest** - A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.
- (24) Notice that subsection (26) applies** - If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- (25) Effect where subsection (26) applies** - If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may
- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
  - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.
- (26) Limitation** - A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
  - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

**APPENDIX F**  
**EMPLOYEE PURCHASE PLAN RESOLUTION**

“BE IT RESOLVED THAT:

1. The adoption by WesternOne Equity Income Fund (the “**Fund**”) of the employee purchase plan (the “**Employee Purchase Plan**”) in substantially the form attached as Appendix G to the Information Circular of the Fund dated July 30, 2012, is hereby approved, including the approval of up to a maximum of 500,000 Fund units to be issued from treasury thereunder.
2. Notwithstanding that this resolution has been duly passed, the board of trustees of the Fund or the board of directors of WesternOne Equity GP Inc. may revoke this resolution before it is acted upon, without further approval of the unitholders of the Fund.
3. Any trustee of the Fund or director or officer of WesternOne Equity GP Inc. is hereby authorized, for and on behalf of the Fund, to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

**APPENDIX G**  
**WESTERNONE EMPLOYEE PURCHASE PLAN**



**WESTERNO ONE EQUITY INCOME FUND**

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**WESTERNO ONE EMPLOYEE PURCHASE PLAN**

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## WESTERNOE EQUITY INCOME FUND

### WESTERNOE EMPLOYEE PURCHASE PLAN

(as adopted by the Trustees on •, 2012)

#### 1. PURPOSE OF THE PLAN

1.1. **Purpose of this Plan.** The purpose of this Plan is to promote the interests of WesternOne Equity Income Fund (“**WesternOne**”) and its unitholders by enabling WesternOne and its direct and indirect Affiliates to attract and retain highly talented employees who are in a position to make significant contributions to the success of WesternOne, to reward them for their contributions to the success of WesternOne and to encourage them, through ownership, to increase their proprietary interest in WesternOne and their personal interest in its continued success and progress.

#### 2. DEFINITIONS

2.1. **Definitions.** In this Plan, unless there is something in the subject matter or context inconsistent therewith, capitalized words and terms will have the following meanings:

- (a) “**Affiliate**” has the meaning ascribed thereto in the *Canada Business Corporations Act*, as amended from time to time;
- (b) “**Board**” means the board of trustees of WesternOne as constituted from time to time;
- (c) “**Cash Balance**” has that meaning as set forth in Section 7.2;
- (d) “**Compensation Committee**” means the compensation committee of WesternOne Equity GP Inc. the general partner of WesternOne Equity LP, or such other compensation committee of WesternOne or its successor in place from time to time;
- (e) “**Contribution Period**” means a calendar month or such other period as the Compensation Committee may determine from time to time;
- (f) “**Eligible Amount**” means the type and amount of any cash remuneration received by an Eligible Person from time to time from WesternOne or one of its Affiliates, as determined by the Compensation Committee in its sole discretion;
- (g) “**Eligible Persons**” means trustees, directors and employees of WesternOne or any Affiliate thereof including officers, whether or not they have a written employment contract with WesternOne, together with such other persons as the Compensation Committee may from time to time determine;
- (h) “**Employer Contributions**” means incentive cash contributions made by WesternOne on behalf of a Participant pursuant to this Plan;
- (i) “**Equity Securities**” means the Units issued or purchased on behalf of a Participant under this Plan;
- (j) “**Market Purchase**” has that meaning as set forth in Section 7.2;
- (k) “**Maximum Participation Percentage**” means the maximum percentage of a Participant’s Eligible Amount permitted from time to time by the Compensation Committee;

- (l) “**Outstanding Units**” means at the time of any issuance of Units means the number of Units that are outstanding immediately prior to the issuance of such Units;
- (m) “**Participant**” means an Eligible Person who has elected, in accordance with the terms of this Plan, to participate in this Plan;
- (n) “**Personal Account**” means the account established by the Trust Company for each Participant as set forth in Section 6.1;
- (o) “**Personal Contributions**” means cash contributions made by a Participant under this Plan, with any contribution not to exceed an amount equal to the product of the Participant’s Eligible Amount multiplied by the Maximum Participation Percentage;
- (p) “**Plan**” means this WesternOne Employee Purchase Plan, as may from time to time be supplemented or amended and in effect;
- (q) “**Source Deductions**” means the amounts deductible from any cash bonus received by an Eligible Person from time to time from WesternOne or one of its Affiliates with respect to income taxes, Canada Pension Plan contributions, employment insurance contributions or amounts payable as contributions to any health or benefit plan and any other applicable deductions required by law;
- (r) “**Stock Exchange**” means the Toronto Stock Exchange or such other stock exchange or other organized market on which the Units are primarily listed or posted for trading from time to time;
- (s) “**Taxable Income**” has that meaning as set forth under the *Income Tax Act (Canada)*, as amended from time to time;
- (t) “**Treasury Issuance**” has that meaning set forth in Section 7.2;
- (u) “**Treasury Purchase Price**” means the volume weighted average trading price for board lots of Equity Securities on the Stock Exchange for the five trading days immediately prior to the relevant date of purchase of Equity Securities;
- (v) “**Trust**” means the trust established by WesternOne as set forth in Section 6.3;
- (w) “**Trust Account**” means the account established by the Trust Company for each Participant as set forth in Section 6.2;
- (x) “**Trust Company**” means Computershare Trust Company of Canada or such other trust company as may from time to time be appointed by the Board as trustee of the Trust and administrative agent of the Personal Accounts;
- (y) “**Units**” means the units in the capital of WesternOne subject to adjustment under the terms of this Plan; and
- (z) “**WesternOne**” means WesternOne Equity Income Fund, a trust formed under the laws of British Columbia, and any successors thereto.

### 3. PLAN

3.1. **Participants.** Participants in this Plan will be Eligible Persons of WesternOne or any of its Affiliates.

3.2. **Maximum Issuance of Number of Units from Treasury.** The number of Units that may be allotted and issued under this Plan will be determined by the Board, provided that the maximum number of Units to be reserved

for issuance from treasury under the Plan will not exceed 500,000 Units in the aggregate. Furthermore, the number of Units:

- (a) reserved for issuance at any time, under all security based compensation arrangements of WesternOne, shall not in aggregate exceed 10% of the total number of Outstanding Units;
- (b) issued within any one year period, under all security based compensation arrangements of WesternOne, shall not in aggregate exceed 10% of the total number of Outstanding Units;

in each case, calculated without giving effect to the issuance of any Units under this Plan.

3.3. **Election to Participate in the Plan.** To enrol in this Plan, an Eligible Person must, at least 30 days before the day on which his or her Personal Contributions are to begin, complete and submit to WesternOne the enrolment form prescribed by the Board authorizing WesternOne to deduct from the Eligible Person's Eligible Amount the amount designated by the Eligible Person in accordance with Section 4.1 until such authorization shall be revised, revoked or terminated, and agreeing to the terms of this Plan.

#### 4. EMPLOYEE CONTRIBUTIONS

4.1. **Employee Contributions.** A Participant who has elected to make Personal Contributions and has not suspended contributions, will make Personal Contributions to the Plan as specified in that Participant's enrolment form, provided that such Personal Contributions may not exceed the Maximum Participation Percentage and also provided that Personal Contributions shall be made from the Participant's Eligible Amount. WesternOne shall deduct from each Participant's pay cheques the amount of that Participant's Personal Contributions and the Source Deductions applicable thereto.

4.2. **Change or Suspension of Personal Contributions.** A Participant may change the amount of or voluntarily suspend his or her Personal Contributions, effective as of the next Contribution Period following the date of the notice, by giving written notice of the change, in the form prescribed by the Compensation Committee from time to time, to WesternOne at least 30 days before the date on which the change or suspension is to take effect.

4.3. **During Periods of Suspension.** Personal Contributions not made during a period of suspension will not be accumulated or carried forward for later payment. During a period of suspension, a Participant will continue to be a member of the Plan for all purposes other than the making of Personal Contributions until that Participant's participation in the Plan is terminated pursuant to Part 10 or that Participant terminates his or her participation in the Plan pursuant to Part 10. If a Participant who has suspended his or her Personal Contributions wishes to resume making Personal Contributions that Participant must first terminate his or her participation in the Plan pursuant to Part 10, and must thereafter re-enrol in the Plan pursuant to Part 3.

#### 5. EMPLOYER CONTRIBUTIONS

5.1. **Amount of Employer Contributions.** where a Participant has made a Personal Contribution, WesternOne and/or its Affiliates will make an Employer Contribution to the Plan on behalf of that Participant in an amount equal to that percentage of the Participant's Personal Contribution as determined by the Compensation Committee in its sole discretion from time to time.

5.2. **Timing of Employer Contributions.** Employer Contributions, if permitted, will be made within 30 days of a Participant making a Personal Contribution unless the Compensation Committee otherwise determines in its sole discretion.

#### 6. PERSONAL ACCOUNTS

6.1. **Personal Accounts.** The Trust Company will establish a Personal Account for each Participant and will record and hold in each Personal Account, as administrative agent for the Participant, the amount of all Personal Contributions made by the Participant, the Equity Securities purchased with Personal Contributions by the

Participant and cash in the Participant's Personal Account, the Equity Securities distributed from the Participant's Trust Account to the Participant's Personal Account, all dividends or other distributions with respect to such Equity Securities, the amount of any expenses allocated to the Participant's Personal Account and the amount of Taxable Income taxable to the Participant with respect to the Participant's Personal Account. A Participant shall be the beneficial owner of all amounts held in his or her Personal Account and shall exercise all rights and privileges with respect to such amounts, including voting rights.

6.2. **Trust Accounts.** The Trust Company will establish a Trust Account for each Participant and will record and hold in each Trust Account, as trustee for the Participant, the amount of all Employer Contributions made on behalf of each Participant, the Equity Securities purchased with Employer Contributions made on behalf of each Participant and cash in the Participant's Trust Account (less any Equity Securities distributed from the Participant's Trust Account to the Participant's Personal Account in the manner described in Section 7.8), all dividends or other distributions with respect to such Equity Securities, the amount of any expenses allocated to the Participant's Trust Account and the amount of Taxable Income taxable to the Trust with respect to the Participant's Trust Account. Title to the Equity Securities purchased by the Trust Company, together with the rights to receive dividends or other distributions shall remain with the Trust Company for the benefit of the Fund while the Equity Securities are held in the Participant's Trust Account. Voting rights associated with such Equity Securities will not be exercised while they are held in the Participant's Trust Account.

6.3. **Employee Benefit Plan Trust.** All Trust Accounts held by the Trust Company pursuant to this Plan shall be held in an Employee Benefit Plan trust (the "**Trust**") as defined under the *Income Tax Act* (Canada).

## 7. PURCHASE OF EQUITY SECURITIES

7.1. **Treasury Issuances.** On the last day of each Contribution Period, WesternOne shall advise the Trust Company of the Personal Contributions received from each Participant and the amount of Employer Contributions made on behalf of each Participant. In addition to the foregoing, as soon as practicable after the close of trading on the Stock Exchange on the last trading day of each Contribution Period, WesternOne will determine the Treasury Purchase Price for the purposes of Treasury Issuances which are to be made as soon as commercially reasonable following the end of such Contribution Period.

7.2. **Purchase of Equity Securities.** Subject to Section 7.6, the Trust Company shall purchase during the current Contribution Period such number of Equity Securities as will satisfy all: (i) Personal Contributions and Employer Contributions received from, or for, all Participants under this Plan for the preceding Contribution Period; and (ii) all cash in Personal Accounts and Trust Accounts existing at the end of the preceding Contribution Period (for each Participant's Personal Account and Trust Account, the "**Cash Balance**"). At the sole discretion of the Compensation Committee, Equity Securities will be either:

- (a) issued by WesternOne from the treasury of unissued Units at the Treasury Purchase Price (a "**Treasury Issuance**") except that Employer Contributions can only be used to purchase Equity Securities by way of Market Purchase; or
- (b) purchased by the Trust Company on the open market through normal market facilities (a "**Market Purchase**").

7.3. Each Participant shall thereupon have an interest in the Equity Securities purchased by the Trust Company in proportion to the sum of the Personal Contributions and Employer Contributions made on his or her behalf during the preceding Contribution Period and the Cash Balance.

7.4. **Recording of Contributions.** Upon receipt of the Personal Contributions, Employer Contributions and the information outlined in Sections 7.1, the Trust Company will record in each Participant's Personal Account and Trust Account the amount of that Participant's Personal Contributions and the amount of any Employer Contributions made on behalf of that Participant.



7.5. **Allocation of Equity Securities.** Subject to Section 7.6, following the end of a Contribution Period, the Trust Company shall allocate the Equity Securities purchased during that Contribution Period on behalf of the Participants, on a full and fractional share basis, as appropriate, to the Personal Account and Trust Account of each Participant in proportion to the sum of the Personal Contributions and Employer Contributions made on behalf of that Participant during the preceding Contribution Period and that Participant's Cash Balance. Except where the Trust Company is unable to purchase a sufficient number of Equity Securities, the Trust Company shall ensure that the entire amount of such sum is converted to full or fractional Equity Securities.

7.6. **Availability of Equity Securities.** If, for any reason, the Trust Company is unable to purchase a sufficient number of Equity Securities to satisfy all Personal Contributions and Employer Contributions for the preceding Contribution Period before the end of the current Contribution Period, the Trust Company will purchase Equity Securities as they become available and will allocate the Equity Securities so purchased to Participants' Personal Accounts and Trust Accounts in order of the Contribution Period in respect of which the Personal Contributions and/or Employer Contributions were received by the Trust Company. In the event that Market Purchases are authorized by the Compensation Committee, the broker will be instructed to use its discretion to make purchases over a reasonable period of time in order to avoid any material influence on market prices for the Equity Securities.

7.7. **Exercisable Securities.** All warrants, options or rights ("**Exercisable Securities**") received by the Trust Company on any Equity Securities held pursuant to this Plan will, where possible, be sold by the Trust Company on behalf of the Participants. The proceeds from the sale of any Exercisable Securities and any dividends or other distributions received by the Trust Company for Equity Securities held pursuant to the Plan will be used to purchase additional Equity Securities which will be held in the Participants' respective Personal Accounts and Trust Accounts in proportion to the number of Equity Securities in those Personal Accounts and Trust Accounts before the payment of the distribution or the issue of such Exercisable Securities. To the extent that any Exercisable Securities received by the Trust Company on any Equity Securities held pursuant to the Plan in Participants' Personal Accounts are non-transferable (either pursuant to their terms or pursuant to applicable law), the Trust Company will notify the Participants in writing of the receipt and of the material terms of such Exercisable Securities. The Trust Company will give such notice as soon as reasonably practicable, and in any event no later than ten (10) business days after receipt by the Trust Company of such Exercisable Securities. The Trust Company will only exercise such Exercisable Securities on receipt by the Trust Company of written instructions from a Participant to such effect and receipt of all other information, verifications and payment required in order to effect a valid exercise of such Exercisable Securities. Any Equity Securities which are issued as a result of the exercise of such Exercisable Securities will be allocated to the Personal Account of the Participant who instructed the Trust Company to exercise such Exercisable Securities.

7.8. **Vesting Requirements for Employer Contributions.** At the sole discretion and direction of the Compensation Committee, the Trust Company will, on a timely basis, distribute from the Trust and deliver for credit into a Participant's Personal Account, all or a portion of the Equity Securities held in a Participant's Trust Account. The Compensation Committee, in its sole discretion, may waive any vesting conditions.

7.9. **Hold Period Requirements for Personal Contributions.** All Equity Securities held in a Participant's Personal Account will be subject to any hold periods imposed by the Compensation Committee in its sole discretion.

7.10. **Brokerage Commissions.** Brokerage commissions, transfer taxes and other charges or expenses of the purchase or sale of Equity Securities will be added to the cost of the Equity Securities or deducted from the proceeds of the sale thereof, as applicable.

7.11. **Maintaining a Register.** WesternOne will cause the Trust Company to maintain a register in which will be recorded:

- (a) the name and address of each Participant;
- (b) the amount of the purchase price payable by each Participant for the Equity Securities to be issued to such Participant pursuant to this Plan; and

- (c) the number of Equity Securities being held for the account of each Participant.

7.12. **Registration.** Equity Securities held by the Trust Company under this Plan shall be registered in the name of the Trust Company or such other name as the Trust Company determines.

7.13. **Voting.** Equity Securities held in a Participant's Personal Account will be voted by the Trust Company in accordance with the directions, if any, of the Participant.

## 8. ADMINISTRATION OF PLAN

8.1. **Appointment of Compensation Committee.** The Board will appoint the Compensation Committee to administer this Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan (provided that if at any time such a Compensation Committee does not exist, references herein to the Compensation Committee will be construed to be a reference to the Board itself). The Board will take such steps which in its opinion are required to ensure that the Compensation Committee has the necessary authority to fulfil its functions under this Plan. The Board has the absolute discretion to dismiss the Compensation Committee from some or its entire role in administering this Plan on behalf of the Board.

8.2. **Powers of Compensation Committee.** The Compensation Committee is authorized, subject to the provisions of this Plan, to establish from time to time such rules and regulations, make such determinations and to take such steps in connection with this Plan as in the opinion of the Compensation Committee are necessary or desirable for the proper administration of this Plan. For greater certainty, without limiting the generality of the foregoing, the Compensation Committee will have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan and any approval of the Stock Exchange, if applicable:

- (a) to interpret and construe this Plan and to determine all questions arising out of this Plan and any such interpretation, construction or determination made by the Compensation Committee will be final, binding and conclusive for all purposes;
- (b) to determine that this Plan does or does not apply to any Eligible Person;
- (c) to determine the Maximum Participation Percentage;
- (d) to determine the number of Units that Participants may purchase pursuant to this Plan;
- (e) to determine the purchase price for each Unit purchased pursuant to this Plan;
- (f) to determine any Units purchased under the Plan are subject to any vesting requirements including, without limitation, when it is appropriate to accelerate the vesting of any such Unit;
- (g) to determine if the Units will be subject to any restrictions or repurchase rights including, where applicable, the endorsement of a legend on any certificate representing Units to the effect that such Units may not be offered, sold or delivered except in compliance with the applicable securities laws and regulations of Canada, or any other country;
- (h) to issue the Units to the Participants upon receipt of the applicable purchase price;
- (i) to take such steps and require such documentation from Eligible Persons which in the opinion of the Compensation Committee are necessary or desirable to ensure compliance with the rules and regulations of the Stock Exchange and all applicable laws;
- (j) to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with the provisions of the laws of any jurisdiction in which WesternOne or its Affiliates may operate or its securities are traded to ensure the viability and maximization of the benefits from the

Units issued or otherwise provided to Participants residing in such jurisdictions and to meet the objectives of this Plan; and

- (k) to determine such other matters as provided for herein.

Decisions of the Compensation Committee will be final and binding upon WesternOne, Employees and Participants.

8.3. **Trust Company.** The Trust Company has agreed to act and will hold office until otherwise determined by the Board. In the event of the resignation of the Trust Company, its successor shall be appointed by the Board. Any successor Trust Company will be vested with all the powers, rights, duties and immunities of the Trust Company hereunder to the same extent as if originally named as the Trust Company. WesternOne has entered into a trust agreement with the Trust Company, a copy of which is available for inspection by any Participant in WesternOne's head office located at Suite 910, 925 West Georgia Street, Vancouver, BC V6C 3L2. WesternOne may, from time to time, enter into such further agreements with the Trust Company or other parties as it may deem necessary or desirable to carry out this Plan.

8.4. **Copy of Plan.** WesternOne will provide a copy of the Plan to all new Participants.

8.5. **Reporting.** As soon as possible after the end of each calendar quarter, the Trust Company will furnish by mail or otherwise to each Participant a statement of his or her Personal Account, Trust Account and any Taxable Income arising therefrom. Unless written notice to the contrary is received by the Trust Company within sixty (60) days after the mailing or delivery of such statement to the Participant, such statement will be conclusively deemed to be correct and the Trust Company will be relieved of liability for any error contained therein or disclosed thereby.

8.6. **Records Conclusive.** Records of WesternOne and the Trust Company will be conclusive as to all matters involved in the administration of the Plan.

8.7. **Costs of Administering the Plan.** Except as otherwise set out in this Plan, all costs of administering this Plan, including the Trust Company's fees and disbursements, will be paid by WesternOne.

## 9. WITHDRAWALS WHILE STILL A PARTICIPANT

9.1. **Withdrawals.** A Participant may make withdrawals of Equity Securities or other amounts from his or her Personal Account only as set out in this Part 9.

9.2. **Notice of Sale or Transfer Request.** A Participant may, upon notice in the form prescribed by the Compensation Committee, request that all or a portion of the Equity Securities or other amounts in that Participant's Personal Account be sold with the net proceeds be distributed to the Participant or transferred to an external account in his or her name. The notice shall specify such information as the Trust Company may require. Any fractional Equity Securities credited to the Participant's Personal Account shall be disregarded on any transfer and the Participant will be entitled to receive the cash equivalent thereof.

9.3. **Timing of Withdrawal.** The Trust Company shall sell or transfer the specified number of Equity Securities to an external account within a commercially reasonable time period from the date the Trust Company received the notice.

## 10. TERMINATION OF PARTICIPATION

10.1. **Termination Events.** A Participant's participation in this Plan will terminate if:

- (a) the Participant becomes totally and permanently disabled;
- (b) the Participant retires from employment with WesternOne or any of its Affiliates;
- (c) the Participant dies;

- (d) the Participant does not perform any services for WesternOne or any of its Affiliates during a particular calendar year;
- (e) the Participant's employment with WesternOne or any of its Affiliates is terminated; or
- (f) the Participant becomes bankrupt.

10.2. **Notice after a Termination Event.** A Participant whose participation in the Plan has been terminated as provided in Section 10.1 or his or her executors or administrators, as the case may be, may provide notice in the form prescribed by the Compensation Committee to the Trust Company requesting that all Equity Securities in his or her Personal Account be sold with the net proceeds being distributed to the Participant or transferred to an external account in his or her name, subject to any vesting and hold period requirements. If no notice is filed within 30 days after termination of a Participant's participation in the Plan, the Participant or his or her executors or administrators will be deemed to have elected to sell all of the Equity Securities in the Participant's Personal Account, subject to any hold period requirements.

10.3. **Termination by Participant.** Any Participant may terminate his or her participation in the Plan by sending a written notice to WesternOne, and to the Trust Company in the form prescribed by the Compensation Committee and, subject to any vesting and hold period requirements, request that all Equity Securities in his or her Personal Account be sold or transferred to an external account in his or her name or as directed. All Personal Contributions by such terminating Participant will cease from the next pay cheque following receipt of the notice by WesternOne. The Trust Company will make the necessary arrangements for the sale or delivery of the Equity Securities for such terminating Participant within a commercially reasonable time period. The Participant will receive the cash equivalent for any fractional Equity Securities credited to his or her Personal Account.

10.4. **Option for WesternOne to Terminate.** If, at the end of any calendar year, any Participant's Personal Account has not increased by the acquisition of one fully paid Equity Security during such calendar year, WesternOne will have the option to give written notice requiring that Participant to terminate his or her participation in this Plan and withdraw all of his or her Personal Account in the manner set forth in Section 10.3 in cash or Equity Securities. If no election under Section 10.3 is made by the Participant within a period of thirty (30) days after notice from WesternOne, the Participant will be deemed to have elected to receive the cash value of his or her Personal Account and the Trust Company will sell that Participant's Equity Securities and forward a cheque for the net proceeds thereof to the Participant.

10.5. **Waiting Period.** Any Participant who has terminated his or her participation in this Plan or is deemed to have terminated his or her participation in this Plan will not be permitted to enrol and become a Participant in this Plan or entitled to make Personal Contributions again until a period of six (6) months has elapsed since his or her termination or deemed termination.

## 11. ADJUSTMENTS AND TAKE-OVER BIDS

11.1. **Adjustments.** In the event that the Equity Securities are subdivided, consolidated, converted or reclassified by WesternOne, or any action of a similar nature affecting such Equity Securities will be taken by WesternOne, then the Equity Securities held by the Trust Company for the benefit of the Participants will be appropriately adjusted. Such adjustment will be made by the Compensation Committee, whose determination in that respect shall be final, binding and conclusive.

11.2. **Offer for Equity Securities.** In the event that, at any time, an offer to purchase is made to some or all of the holders of Equity Securities, which offer falls within the definition of "take over bid" under Part 13 of the *Securities Act* (British Columbia), as amended from time to time, notice of such offer shall be given by the Trust Company to each Participant to enable a Participant to tender his or her Equity Securities should he or she so desire.

## 12. AMENDMENT OR TERMINATION OF PLAN

12.1. **Amendment or Termination of Plan.** WesternOne may, at any time, or from time to time, by resolution of the Board and without further Unitholder approval, amend or terminate this Plan in whole or in part. However, WesternOne may not amend or terminate this Plan in a manner which would deprive a Participant of any benefits that have accrued to the date of amendment or termination or which would cause or permit any Equity Securities or cash held pursuant to the Plan in his/her Personal Account and/or Trust Account to revert to or become the property of WesternOne. Any amendment to the Plan must be carried out in compliance with the rules and consent of the Stock Exchange and any applicable laws. Without limiting the generality of the foregoing, this Plan may be amended and restated in the event that WesternOne converts from a trust structure to a corporate structure by way of a court-approved plan of arrangement.

12.2. **Payout Upon Termination.** If the Plan is terminated, all Equity Securities and cash belonging to a Participant as shown in the Participant's Personal Account shall be paid to the Participant or as directed by the Participant, within 90 days of the termination of the Plan, subject to any hold period requirements.

## 13. GENERAL

13.1. **Applicable Law.** This Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

13.2. **Change in Status.** A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant will not impact the status of the Participant under this Plan provided he or she remains an Eligible Person.

13.3. **Compliance with Applicable Law, etc.** In the event that any provision of this Plan or any agreement entered into, document delivered or investment created pursuant to this Plan contravenes any law or any order, policy, bylaw or regulation of any regulatory body having authority over WesternOne or this Plan, then such provision, agreement, document or investment (as the case may be) will be deemed to be amended to the extent required to bring such provision into compliance therewith.

13.4. **Limitation of Rights of the Employee.** Nothing contained in this Plan will confer upon any Participant any right with respect to employment or continuance of employment with WesternOne or any Affiliate of WesternOne, or interfere in any way with the right of WesternOne or any Affiliate of WesternOne to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary and will not constitute an inducement to, or condition of, the employment of any Employee. Neither WesternOne and its Affiliates or the Trust Company will be liable to any Employee for any loss resulting from a decline in the market value of any Equity Securities purchased by the Trust Company, whether by way of Treasury Issuance or Market Purchase. Neither WesternOne and its Affiliates nor the Trust Company will be liable to any Employee for any change in the market price of the Equity Securities between the time an Employee authorizes the purchase of the Equity Securities and the time such purchase takes place.

13.5. **Income Taxes.** As a condition of and prior to participation in this Plan, a Participant will authorize WesternOne in writing to determine whether any provision of this Plan results in there being an employee benefit to any Participant and, if so, to make such provisions therefor or account for such benefits in accordance with the requirements of the *Income Tax Act* (Canada), as amended from time to time, and, to the extent required, to withhold in such manner as it deems appropriate from any remuneration otherwise payable to such Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in this Plan. **All participants are encouraged to seek advice from their professional advisors with respect to the tax implications of this Plan.**

13.6. **Interpretation.** References herein to any gender include all genders and to the plural includes the singular and vice versa. The division of this Plan into Sections and Parts and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan.

13.7. **No Fettering of Discretion.** Nothing contained in this Plan will restrict or limit or be deemed to restrict or limit the right or power of the Board in connection with any allotment or issuance of Units which are not allotted and issued or otherwise provided under this Plan including, without limitation, with respect to other compensation arrangements.

13.8. **No Representation or Warranty.** WesternOne makes no representation or warranty as to the future market value of any Units issued in accordance with the provisions of this Plan.

13.9. **Plan Subject to Regulatory and Unitholder Approval.** Any rights granted by WesternOne prior to the date of the next general meeting of the unitholders of WesternOne duly convened following the introduction of the Plan will be subject to the approval of the Stock Exchange and the unitholders of WesternOne.

13.10. **Prohibition of Assignment of Interest.** All rights of participation in the Plan are personal and no assignment or transfer of any interest in the Equity Securities held by the Trust Company under this Plan will be permitted or recognized.

13.11. **Securities Law Requirements.** WesternOne will use all reasonable efforts to facilitate the operation of this Plan as contemplated and described herein, but will not be obligated to purchase, issue or authorize the purchase or issuance of, any Equity Securities pursuant to the Plan, if such purchase or issuance would, in the opinion of counsel, violate the *Securities Act* (British Columbia) (or any other applicable statute), as amended from time to time. Each issuance of Equity Securities will be subject to the further requirement that if at any time the Board determines that the listing or qualification of such Equity Securities under any securities legislation or other applicable law, or the consent or approval of any governmental or other regulatory body (including any applicable stock exchange), is necessary as a condition of, or in connection with, the issuance of such Equity Securities hereunder, WesternOne will not issue such Equity Securities unless such listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board.

13.12. **Transferability.** All benefits and rights accruing to any Participant in accordance with the terms and conditions of this Plan will not be transferable unless specifically provided herein or approved by the Board.

**APPENDIX H**  
**UNITHOLDER RIGHTS PLAN RESOLUTION**

“BE IT RESOLVED THAT:

1. The adoption by WesternOne Equity Income Fund (the “**Fund**”) of the unitholder rights plan (the “**Rights Plan**”) substantially as described in the management information circular of the Fund dated July 30, 2012, is hereby approved, and the Fund is hereby authorized to enter into an agreement with Computershare Investor Services Inc. (or such other person as may be appropriate in the circumstances), as rights agent, to implement the Rights Plan and to issue rights thereunder.
2. Notwithstanding that this resolution has been duly passed, the board of trustees of the Fund or the board of directors of WesternOne Equity GP Inc. may revoke this resolution before it is acted upon, without further approval of the unitholders of the Fund.
3. Any trustee of the Fund or director or officer of WesternOne Equity GP Inc. is hereby authorized, for and on behalf of the Fund, to execute, with or without the corporate seal, and, if, appropriate, deliver all other documents and instruments and do all other things as in the opinion of such trustee, director or officer may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.”

## APPENDIX I

### SUMMARY OF WESTERNO ONE UNITHOLDER RIGHTS PLAN

Please see “*WesternOne Unitholder Rights Plan – Approval of the Rights Plan Resolution*” and “*– Recommendation of the Board of Trustees*” in the Information Circular to which this Appendix is attached for a discussion of the Rights Plan and the reasons for the Board of Trustees recommending its approval.

The following summary of the unitholder rights plan (the “**Rights Plan**”) is qualified in its entirety by reference to the complete text of the Rights Plan Agreement (the “**Agreement**”) to be entered into between WesternOne Equity Income Fund (the “**Fund**”) and Computershare Investor Services Inc. (the “**Rights Agent**”) in connection with the Rights Plan (if approved at the Meeting). The Agreement shall govern in the event of any conflict between the provisions thereof and this summary. A copy of the proposed Agreement will be filed on [www.sedar.com](http://www.sedar.com) under the Fund’s profile.

The purpose of the Rights Plan is to provide the board of trustees of the Fund (the “**Board of Trustees**” or “**Board**”) and holders (the “**Unitholders**”) of the units (the “**Units**”) of the Fund with sufficient time to properly consider any take-over bid made for the Fund and to allow enough time for competing bids and alternative proposals to emerge. The Rights Plan also seeks to ensure that all Unitholders are treated fairly in any transaction involving a change of control of the Fund and that all Unitholders have an equal opportunity to participate in the benefits of a take-over bid. The Rights Plan encourages potential acquirers to negotiate the terms of any offer for Units with the Board of Trustees or, alternatively, to make a Permitted Bid (as defined in the Rights Plan) without the approval of the Board.

The Rights Plan must be approved at the Fund’s special meeting of Unitholders due to take place on September 5, 2012 (the “**Meeting**”) by not less than a majority of the votes cast by both: (a) Unitholders present in person or represented by proxy at the Meeting; and (b) Unitholders present in person or represented by proxy at the Meeting that are not “Grandfathered Persons” (ie. Unitholders who will beneficially own 20% or more of the outstanding Voting Units on the Effective Date (as such term is defined in the Information Circular)) under the Rights Plan. As of the date of this Information Circular, there are no such Grandfathered Persons.

#### **Issuance of Rights**

The Rights Plan provides that one right (a “**Right**”) be issued in respect of each of the outstanding Units to Unitholders as of the effective date of the Agreement, as well as in respect of each Unit issued after the effective date of the Agreement and prior to the Separation Time (as defined below).

#### **Trading of Rights**

Notwithstanding the effectiveness of the Rights Plan, the Rights are not exercisable until the Separation Time and certificates representing the Rights will not be sent to the Unitholders. Until the Separation Time, or earlier termination or expiry of the Rights, the Rights are evidenced by and transferred with the associated Units and the transfer of any Units will also constitute the transfer of the Rights associated with those Units. After the Separation Time, the Rights will become exercisable and begin to trade separately from the associated Units. The initial “Exercise Price” under each Right in order to acquire a Unit is five times the Market Price at the Separation Time. “Market Price” is generally defined as the average of the daily closing prices per unit of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time.

#### **Separation of Rights**

The Rights will become exercisable and begin to trade separately from the associated Units at the “Separation Time” which, unless waived or deferred by the Board of Trustees in the instances permitted by the Rights Plan, is generally the close of business on the tenth trading day after the earliest to occur of:

- (a) a public announcement that a person or a group of affiliated or associated persons has acquired beneficial ownership of 20% or more of the outstanding Voting Units (as defined in the Rights Plan) (ie. becomes an Acquiring Person) other than as a result of, among other things: (i) a reduction in the number of Units outstanding; (ii) a “Permitted Bid” or a “Competing Permitted Bid” (each as defined below); (iii) certain



specified “Exempt Acquisitions” (as defined below); (iv) an acquisition by a person of Voting Units pursuant to a stock dividend or other “Pro Rata Acquisition” (as defined in the Rights Plan); and (v) an acquisition by a person of Voting Units upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Unit received by a person pursuant to (ii), (iii) or (iv), above;

- (b) the date of commencement of, or the first public announcement of an intention of any person (other than the Fund or any of its subsidiaries) to commence, a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Units subject to the bid, together with the Voting Units beneficially owned by that person (including affiliates, associates and others acting jointly or in concert therewith), would constitute 20% or more of the outstanding Voting Units; and
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such.

An “Exempt Acquisition” would include the acquisition of Voting Units or securities convertible into Voting Units: (i) in respect of which the Board of Trustees has waived the application of the Rights Plan; (ii) pursuant to a regular distribution reinvestment or similar plan made available to all holders of Units where such plan permits the holder to direct that distributions paid in respect of such Units be used to purchase from the Fund further Units; (iii) pursuant to a distribution made under a prospectus or private placement provided that the person does not increase his, her or its ownership percentage (eg. pursuant to a rights offering), (iv) pursuant to an amalgamation, arrangement or other statutory procedure requiring Unitholder approval, (v) pursuant to certain equity incentive stock option plans of the Fund, (vi) pursuant to other contractual arrangements in respect of a Voting Unit acquisition from treasury entered into by the Fund with one or more Grandfathered Persons after the date of the Rights Plan, and (vii) pursuant to the exercise of Rights.

An Acquiring Person does not include a holder of 20% or more of the outstanding Voting Units on the date the Rights Plan was implemented (a “**Grandfathered Person**”), provided that such Grandfathered Person acquires no more Voting Units, other than through one of the exemptions set out in the Rights Plan. As of the date of this Information Circular, there are no such Grandfathered Persons.

As soon as practicable following the Separation Time, separate certificates evidencing the Rights (“**Rights Certificates**”) will be mailed to the Unitholders as of the Separation Time and the Rights Certificates alone will evidence the Rights.

### **When Rights Become Exercisable**

After the Separation Time, each Right entitles the holder thereof to purchase one Unit at the Exercise Price. Following a transaction which results in a person becoming an Acquiring Person (a “**Flip-in-Event**”), the Rights entitle the holder thereof to receive, upon exercise, such number of Units that have an aggregate market value (as of the date of the Flip-in Event) equal to twice the then Exercise Price of the Rights for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or certain transferees or any such person, will be void.

### **Permitted Bids**

The Rights Plan includes a “Permitted Bid” concept whereby a take-over bid will not trigger a separation of the Rights (and will not cause the Rights to become exercisable) if the bid meets certain conditions. A “**Permitted Bid**” is defined as an offer to acquire Voting Units (which means Units and any other units in the capital of the Fund entitled to vote generally in the election of all trustees, or securities that are eligible to be converted into Voting Units for cash or securities) made by means of a take-over bid circular where the Voting Units (including Voting Units that may be acquired upon conversion of securities convertible into Voting Units) subject to the offer, together with Voting Units beneficially owned by the offeror at the date of the offer (including its affiliates, associates and others acting jointly or in concert therewith), constitute 20% or more of the outstanding Voting Units and that also complies with the following additional provisions:

- (a) the bid must be made to all the holders of Voting Units other than the offeror; and

- (b) the bid must also contain the following irrevocable and unqualified conditions: (i) no Voting Units will be taken up or paid for prior to the close of business on the 60th day following the date of the bid and then only if more than 50% of the Voting Units held by Independent Unitholders (as defined below) have been deposited or tendered to the bid and not withdrawn; (ii) Voting Units may be deposited pursuant to the bid, unless it is withdrawn, at any time prior to the date units are first taken up or paid for under the bid; (iii) Voting Units deposited pursuant to the bid may be withdrawn until taken up or paid for; and (iv) if the deposit condition referred to in (b)(i) above is satisfied, the offeror will extend the bid for deposit of Voting Units for at least 10 business days from the date such extension is publicly announced and, if such bid is a partial bid, not take up any Voting Units under the bid until the expiry of such 10 business day period.

“**Independent Unitholders**” is defined generally as holders of Voting Units other than: (i) an Acquiring Person; (ii) any offeror making a take-over bid; (iii) any affiliate or associate of an Acquiring Person or offeror; (iv) persons acting jointly or in concert with an Acquiring Person or offeror; and (v) employee benefit, stock purchase or certain other plans or trusts for employees of the Fund or its wholly-owned subsidiaries unless the beneficiaries of such plans or trusts direct the voting or tendering to a take-over bid of the Voting Units.

### **Competing Permitted Bids**

A “Competing Permitted Bid” is a take-over bid made after a Permitted Bid has been made and prior to expiry of such Permitted Bid that satisfies all of the provisions of a Permitted Bid, except that it must remain open for acceptance until at least the later of: (i) 35 days after the date of the bid; and (ii) 60 days after the earliest date on which another Permitted Bid then in existence was made, and only if at that date more than 50% of the Voting Units owned by Independent Unitholders have been deposited to the Competing Permitted Bid and not withdrawn.

### **Redemption and Waiver**

Under the Rights Plan, the Board of Trustees can: (i) waive the application of the Rights Plan to enable a particular take-over bid to proceed, in which case the Rights Plan will be deemed to have been waived with respect to any other take-over bid made prior to the expiry of any bid subject to such waiver, or (ii) with the prior approval of the holders of Voting Units or Rights, as the case may be, redeem the Rights at a redemption price of \$0.00001 per Right at any time prior to a Flip-in-Event. Rights are deemed to have been redeemed if a bidder successfully completes a Permitted Bid or a Competing Permitted Bid.

### **Protection Against Dilution**

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Units, pro rata distributions to holders of Units and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.