

(For use in only British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island)

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM



SUSTAINABLE FOOD FUND, L.P.

(A LIMITED PARTNERSHIP FORMED UNDER THE
LAWS OF THE PROVINCE OF ONTARIO)

LIMITED PARTNERSHIP UNITS

January 1, 2012

This confidential private placement memorandum (the “**Memorandum**”) is furnished on a confidential basis to certain Canadian investors for the purpose of providing certain information about limited partnership interests (the “**Units**”) in Investeco Sustainable Food Fund, L.P., an Ontario limited partnership, (the “**Fund**”). One or more separate partnerships or other entities may also be established for non-residents of Canada and/or other parties (each a “**Parallel Fund**,” and together with the Fund, the “**Funds**”). Such Parallel Funds are intended to invest on a pro-rata basis with the Fund based on their respective final unit commitments; however, the terms of such Parallel Funds and the legal, tax, and regulatory considerations applicable thereto may differ from those of the Fund described herein.

No securities commission or similar authority has reviewed or in any way passed upon this Memorandum or the merits of the securities described herein and any representation to the contrary is an offence. This Memorandum constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This Memorandum is not, and under no circumstances is it to be construed as, an advertisement or a public offering of the securities referred to herein. The offering of Units is being made solely by this Memorandum and any decision to purchase Units should be based solely on information contained within this document.

Among other things, this Memorandum contains a summary of the limited partnership agreement of the Fund (the “**Partnership Agreement**”) and of other documents referred to herein, which do not purport to be complete. Such summary is subject to and qualified in its entirety by reference to the Partnership Agreement and the subscription agreement to be signed by each investor (the “**Subscription Agreement**”).

SUCH DOCUMENTS, INCLUDING THE FUND’S LIMITED PARTNERSHIP AGREEMENT TO WHICH ALL UNITS ARE SUBJECT, MAY BE AMENDED PRIOR TO THE FINAL ISSUANCE OF FUND UNITS.

The distribution of Units in Canada pursuant to this Memorandum is being made only on a private placement basis and is exempt from the requirement that the Fund prepare and file a prospectus with Canadian securities regulatory authorities. Potential investors who will be acquiring Units pursuant to this Memorandum will not have the benefit of the review of this Memorandum by a securities commission or similar regulatory authority in any of the jurisdictions where this offering is made. Any resale of Units permitted by the limited partnership agreement of the Fund must be made in accordance with applicable securities laws, which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with, or pursuant to an exemption from, prospectus and dealer registration requirements. In addition, resales must be made in accordance with the limited partnership agreement. Each Purchaser acknowledges that Units, if certificated, will contain a legend relating to the above resale restrictions. Purchasers are advised to seek legal advice prior to any purchase or resale of the Units. See “Resale Restrictions”.

In making an investment decision, investors must rely on their own examination of the Fund and the terms of this offering, the Partnership Agreement and Subscription Agreement (as each is defined below), including the merits and risks involved. Potential investors should pay particular attention to the information under the caption “Risk Factors” in this Memorandum. Investment in the Fund is suitable only for qualified sophisticated investors and requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in the Fund. Limited Partners must be prepared to bear such risks for an extended period of time. No assurance can be given that the Fund’s investment objectives will be achieved or that investors will receive a return of their capital.

Prospective investors should not construe the contents of this Memorandum as legal, tax, regulatory, investment, financial or accounting advice, and each prospective investor is urged to consult with its own advisors with respect to the legal, tax, regulatory, investment, financial, accounting and other consequences of an investment in the Fund.

This Memorandum is to be used by the prospective investor to which it is furnished solely in connection with considering the purchase of the Units described herein. The information contained herein should be treated in a confidential manner and may not be reproduced or used in whole or in part for any other purpose, nor may it be disclosed, without the prior written consent of Investeco Food and Agriculture General Partner Corp. (the “**General Partner**”). Each prospective investor accepting this Memorandum hereby agrees to return it, and any copies of it, promptly upon request.

No person has been authorized in connection herewith to give any information or make any representations other than as contained in this Memorandum and any representation or information not contained herein must not be relied upon as having been authorized by the Fund or any of its partners (including the General Partner), Investeco Capital Corp. (the “**Manager**”) or any of their affiliates or the directors, officers, members, partners, employees, agents, shareholders, associates or affiliates of any of them. The delivery of this Memorandum does not imply that any other information contained herein is correct as of any time subsequent to the date of distribution of this Memorandum.

Certain of the economic, statistical and financial market information contained herein was obtained from published sources prepared by other parties. While such sources are believed to be reliable for the purpose used herein, none of the Fund or any of its partners (including the General Partner), the Manager, or any of their affiliates and none of the directors, officers, partners, employees, agents, shareholders, associates or affiliates of any of them assume any responsibility for the accuracy of the information, and none has independently verified any of the information contained herein. None of such parties undertakes to revise or amend such information as it appears in this Memorandum if such sources prove unreliable.

References to Investeco mean, in the context of discussing the Fund, Fund I, Fund II, and/or Fund III (each as defined herein), the general partner and manager of the funds being discussed and, if the context so indicates, such funds themselves.

The General Partner will be responsible for making all investment decisions on behalf of the Fund. See in particular the description of the responsibilities of the Manager and the General Partner in "Summary of Partnership Agreement".

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY APPLICABLE LAW AND THE TERMS OF THE LIMITED PARTNERSHIP AGREEMENT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

This Memorandum contains "forward-looking information". Forward-looking information includes, but is not limited to, information with respect to the operations, investment strategy and processes of the Fund as well as the Fund's ability to identify and conclude transactions with acquisition targets and complete subsequent liquidity events. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Fund, to be materially different from those expressed or implied by such forward-looking information, including risks associated with the private equity industry such as economic and market conditions, the ability to raise sufficient capital, the ability to identify and conclude acquisitions of suitable investment opportunities and complete liquidity events on favorable terms. Implicit in this forward-looking information are assumptions regarding the general economy, debt financing availability, currency exchange rates, interest rates and opportunities. These assumptions, although considered reasonable by the General Partner based on information currently available to it, may prove to be incorrect. Although the General Partner has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The General Partner does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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Investeco Sustainable Food Fund, L.P.

EXECUTIVE SUMMARY

The Fund

Investeco Sustainable Food Fund, L.P. (the “**Fund**”), is a unique private equity fund in Canada that focuses on acquiring interests in exceptional small to medium-sized private companies in the rapidly growing North American market for natural food and related products (as defined herein, the “**Sustainable Food**” sector). The General Partner of the Fund will be Investeco Food and Agriculture General Partner Corp. (the “**General Partner**”), an Ontario corporation. The Fund is intended for certain Canadian-resident investors. One or more separate partnerships or other entities may also be established for non-residents of Canada and/or other parties (each a “**Parallel Fund**,” and together with the Fund, the “**Funds**”). Such Parallel Funds are intended to invest on a pro-rata basis with the Fund based on their respective final unit commitments; however, the terms of such Parallel Funds and the legal, tax, and regulatory considerations applicable thereto may differ from those of the Fund described herein.

Sustainable Food Investment Opportunity

As a result of increasing consumer demand, the North American Sustainable Food sector has been growing at a rate of about 10% per year for the past decade and is likely now worth more than \$50 billion annually.¹ In Canada alone, it has been growing at 15% per year and is now likely worth more than \$4 billion annually.² Notwithstanding this growth, the market is still considered by many to be underpenetrated and is therefore expected to continue growing at similar rates for the foreseeable future.³ Such growth has enabled many small to medium-sized Sustainable Food companies to prosper. It has also attracted the attention of various large food companies that have increasingly been entering the Sustainable Food sector through strategic acquisitions. This market climate has created excellent investment and realization opportunities for investors in small to medium-sized Sustainable Food companies. The General Partner also believes that the strong growth drivers of the Sustainable Food sector, and especially private equity investors therein, may make it an attractive opportunity for investors who wish to gain exposure to food and agriculture investments, but also wish to avoid some of the volatility inherent in agricultural commodities.

The General Partner

The General Partner’s management team specializes and has a proven track record in managing private equity investments in Sustainable Food and other environmentally driven sectors. To date, the team has managed significant investments in Sustainable Food companies such as Organic Meadow Inc., Horizon Distributors Inc. and Rowe Farm Meats Ltd.

Part of the team’s success is attributable to its significant private equity fund management experience and expertise. The team has more than 30 years of combined direct private equity management experience and

¹ The Organic Trade Association’s 2010 Organic Industry Survey discloses the size of the certified “organic” food market to be at least \$29 billion. We estimate that when added to the market for “natural” and “local” food that is not strictly “organic”, the Sustainable Food market is worth \$50 billion per year or more.

² The 2008 Agriculture and Agri-Food Canada study discloses the size of the certified “organic” food market to be at least \$2 billion. We estimate that when added to the market for “natural” and “local” food that is not strictly “organic”, the Canadian Sustainable Food market is worth \$4 billion per year or more.

³ Ibid.

includes seasoned entrepreneurs and investors as well as capital markets professionals and lawyers. The management team currently consists of:

Name	Position with General Partner	Other Roles
Andrew Heintzman	President and CEO	<ul style="list-style-type: none"> • Chair, Premier of Ontario’s Climate Change Advisory Council • Chair, Rowe Farm Meats Ltd. • Member of the Boards of each of Lotek Wireless, Triton Logging, and the Tides Canada Foundation • Author of <i>The New Entrepreneurs</i>, published by House of Anansi Press, and co-editor of several other books
Alex Chamberlain, LL.B., MBA, CFA	Managing Partner	<ul style="list-style-type: none"> • Member of the Boards of UV Pure Technologies, Rowe Farm Meats Ltd., and Summerhill Impact • Former commercial lawyer with Smith Lyons (now Gowlings LLP)
Michael Curry	Managing Partner	<ul style="list-style-type: none"> • Member of the Boards of each of Rowe Farm Meats Ltd. and The Stop Community Food Centre • Former Vice-Chair of Organic Meadow
Charles Holt, J.D., LL.M., CAIA	Vice-President	<ul style="list-style-type: none"> • Director of Operations, Greenchip Financial Corp. • Former commercial lawyer with Shibley Righton LLP • Media Manager for the World Economic Forum at its annual meetings in Davos, Switzerland
Michael de Pencier, M.A., LL.D., C.M., O. Ont.	Co-Founder	<ul style="list-style-type: none"> • Chair of Key Publishers Company Ltd. • Former Chair of World Wildlife Fund Canada • Member of the Order of Canada

For further management team biographical information, please see “The Manager” on page 8 herein.

Advisory Committee

The Manager will establish an advisory committee in respect of the Funds, including exceptional food industry experts and executives. The members of the advisory committee are currently expected to include:

Name	Other roles
Martin Connell, O.C., O. Ont.	<ul style="list-style-type: none"> • Founder of Ace Bakery • Ernst and Young Ontario Entrepreneur of the Year (1995) • Chair of the Board of Directors of the Toronto Community Foundation • Officer of the Order of Canada
Roger Dickhout, B.Sc, MBA	<ul style="list-style-type: none"> • President and CEO of Pineridge Foods • Past President of Canada Bread Company • Former Partner at McKinsey & Company
Gaëtan Lussier, O.C., B.S.A., M.Sc., Ph.D.	<ul style="list-style-type: none"> • Founding Chairman of the Canadian Agri-Food Policy Institute • Past President & CEO of Culinar Inc. and Weston Bakeries Limited • Former Deputy Minister of Agriculture in both the Québec and Canadian Federal governments • Director of Shoppers Drug Mart Corp. and Biovet Inc.

	<ul style="list-style-type: none"> • Officer of the Order of Canada
Charles P. Scott	<ul style="list-style-type: none"> • Past President of Weston’s Bakery, Ralston Purina and Sealtest • Past Chair of GPMC (now Food and Consumer Products Canada) • Director and Advisor of Organic Meadow and Alberta Oat Milling Company • Former Director and Advisor of each of Burnbrae Farms, Western Creamery and Silani Cheese
David Sculthorpe	<ul style="list-style-type: none"> • CEO of the Heart and Stroke Foundation of Ontario • Past President, Cadbury-Adams Inc. • Chair of the Advisory Board of the Queen’s University School Business
Marty Thrasher	<ul style="list-style-type: none"> • President of FTM Consulting Inc. • Past President at ConAgra Foods Inc. • Past President at Campbell Soup North America, Inc. • Member of the Advisory Board of the Richard Ivey School of Business
Ian Walker	<ul style="list-style-type: none"> • Founder and President of Left Coast Naturals, a BC-based organic foods manufacturer and distributor • Owner and board member of Walker Industries, an Ontario-based environmental services business • Past recipient of <i>Business in Vancouver’s</i> top 40 entrepreneurs under 40, as well as 4 time recipient of its top 50 fastest growing business award. • Past advisory board member of Pro-Cert Organic, an organic certification body, and Bobobaby, an organic baby food company

It is generally intended that the Advisory Committee will assist the Manager in its services to the Fund by engaging in some or all of the following activities:

- Referring potential portfolio investments;
- Reviewing potential portfolio investments;
- Providing Sustainable Food sector-specific advice;
- Reviewing exit strategies, liquidity events, and merger and acquisition considerations related to portfolio investments;
- Making recommendations regarding mitigating possible conflicts of interest that arise; and
- Assessing valuation methodologies where appropriate.

This Advisory Committee will be consultative only, and no recommendation of the committee or any of the advisors will be binding on the General Partner, Manager or the Fund in any way.

Investment Strategy

The Fund believes that the valuations of small to medium-sized private Sustainable Food companies can increase significantly as a multiple of EBITDA when such companies grow to a scale that attracts significant investor attention. Accordingly, the Fund’s strategy will generally be to acquire interests (“**Portfolio Investments**”) in North American-based private companies with revenues of less than about \$30 million that the General Partner believes it can grow to such a scale, and therefore potentially divest at higher multiples of EBITDA. The Fund believes these companies will likely have some or all of the following characteristics at the time of initial investment:

- Established revenues and strong growth prospects;
- Excellent management;
- Long-term competitive advantages; and

- The prospect of providing a profitable exit opportunity within 4 to 7 years from the date of initial investment.

The Fund generally intends to assist the growth of Portfolio Investments through active involvement on or with Portfolio Investment boards of directors, including some or all of the following:

- Providing access to established food industry expertise;
- Improving management, especially with respect to finance;
- Establishing clear strategic growth plans;
- Developing robust distribution channels and supply chain logistics;
- Developing clear brand positioning;
- Establishing connections with government granting programs;
- Identifying merger and acquisition opportunities;
- Where appropriate, looking for synergies with other portfolio companies; and
- Actively preparing for an exit.

Risk Management

Where appropriate, the Fund intends to mitigate its downside risks by taking such measures as:

- Investing in companies that have a proven track record for their products and/or business models;
- Negotiating strong protective deal terms such as valuation ratchets, liquidation preferences and priorities, or debt security; and
- Using Investeco’s Sustainable Food sector, business, legal and capital markets expertise to actively monitor and quickly identify and help address risks faced by portfolio companies.

Offering

The offering pursuant to the Offering Memorandum (the “**Offering**”) is of non-redeemable limited partnership units (“**Units**”) of the Fund. Final determination of the Offering size is in the sole discretion of the General Partner. The offering period will end 12 months following the Fund’s initial closing. The minimum investment commitment per Unitholder is \$150,000, or such lesser amounts as the General Partner may determine are appropriate from time to time.

Management Fee

The Fund will initially pay to the manager an annual management fee (the “**Management Fee**”) equal to 2% of the Fund’s aggregate capital commitments plus applicable taxes. The Management Fee will decline to 1.75% of aggregate unreturned capital contributions with respect to outstanding Portfolio Investments, as increased quarterly by follow-on investments, and as reduced quarterly by amounts distributed to Limited Partners as a return of capital, until termination of the Fund.

Distributions

Subject to important qualifications in the Fund’s Limited Partnership Agreement, net proceeds attributable to the disposition of each Portfolio Investment or a portion thereof shall generally be distributed as follows:

- (a) First, to the Limited Partners (“**LPs**”) until each LP has received: (i) its pro rata share of the purchase price of such Portfolio Investment; plus (ii) a rate of return equal to 10% per annum, compounded annually, on its pro-rata share of such purchase price;

- (b) Second, 100% to the General Partner until the General Partner has received 20% of the sum of the distributions made under paragraph (a)(ii) and this paragraph (b); and
- (c) Thereafter, 80% to the LPs and 20% to the General Partner (such 20% together with the distribution to the General Partner referred to in (b) above, being “**Carried Interest**”).

Further details of the Fund’s distribution methodology can be found on page 20 under the heading “Distributions”.

Offering and Organizational Expenses

The Funds will be responsible for the Funds’ collective offering and organizational expenses up to an amount equal to 0.75% of the Funds’ capital commitments, subject to a minimum responsibility for such expenses, to the extent incurred, of \$150,000 and a maximum responsibility of \$750,000.

Term of the Fund

Subject to potential extension as provided for in the Limited Partnership Agreement, the Fund will have a term of 10 years.

Risk Factors

Any investment in the Fund is subject to a number of risks that should be considered before making an investment, including the risks described under the heading “Risk Factors” below.

Expected First Close

Fall 2011

Counsel to the Fund

Stikeman Elliott LLP

Auditors to the Fund

PricewaterhouseCoopers LLP

GLOSSARY

Unless otherwise indicated, all capitalized terms used in this Offering Memorandum have the following meanings:

“Advisory Committee” means any committee that may be established by the General Partner to generally consult with the Fund and/or to provide recommendations on the resolution of potential conflicts of interest, as more fully set forth below under “Summary of Partnership Agreement – Advisory Committee”.

“Aggregate Capital Commitments” means the aggregate amount of Capital Commitments made to the Fund by all the Unitholders in the Fund.

“Carried Interest” means the entitlement of the General Partner to a portion of the distribution of the proceeds in relation to a Portfolio Investment as set forth below under “Summary of Partnership Agreement – Distributions”.

“Capital Commitment” means the amount committed by a Limited Partner for investment in the Fund pursuant to the Subscription Agreement of such Limited Partner.

“Commitment Period” means the period following the Initial Closing up until the date that is 5 years from the Initial Closing.

“Environmental Sectors” means environmentally driven industrial sectors such as renewable energy, water, sustainable agriculture, clean technologies and similar sectors.

“Fund” means Investeco Sustainable Food Fund, L.P.

“Funds” means the Fund together with any Parallel Funds.

“Fund I” means Investeco Private Equity Fund, L.P.

“Fund II” means Investeco Private Equity Fund II, L.P.

“Fund III” means Investeco Private Equity Fund III, L.P.

“Fund Term” means the term of the Fund as described under “Summary of the Partnership Agreement – Term and Early Wind-Up”.

“General Partner” means Investeco Food and Agriculture General Partner Corp.

“Initial Closing” means the first closing of the issuance of units of the Fund or any Parallel Fund.

“Limited Partners” means the subscribers for Units of the Fund, who are accepted by the General Partner as limited partners of the Fund.

“Management Agreement” means the agreement between the Manager, as manager, and the Fund pursuant to which the Manager will provide management services to the Fund.

“Management Fee” means the management fee payable to the Manager pursuant to the Management Agreement.

“Manager” means Investeco Capital Corp., the manager of the Fund.

“Offering” means the offering of Units pursuant to this Offering Memorandum.

“Parallel Funds” means existing or proposed limited partnerships or other entities formed for investment by investors not resident in Canada and/or other parties, which are intended to co-invest with the Fund.

“Partnership Agreement” means the limited partnership agreement of the Fund between the General Partner, as general partner, and the Limited Partners, as limited partners, as may be amended and restated from time to time.

“Portfolio Investments” means the investments in portfolio companies made by the Fund from time to time as described below under “Investment Objective” and “Investment Strategy”.

“Reinvestable Proceeds” means proceeds of investments retained by the Fund as contemplated by the paragraph “Summary of Partnership Agreement – Reinvestment”.

“Subsequent Closing” means a closing of the issuance of units of any of the Fund or a Parallel Fund following the Initial Closing.

“Subscription Agreement” means the agreement to be entered into by each Limited Partner with the Fund relating to the investment by the Limited Partner in Units, subject to acceptance of such subscription by the General Partner, in the form required by the General Partner.

“Sustainable Food sector” means the sustainable food sector generally including, but not limited to, the types of companies described herein under the heading “Potential Investments.”

“Units” means limited partnership units in the Fund.

“Unit Commitment” means the Units purchased by a Limited Partner pursuant to such Limited Partner’s Subscription Agreement.

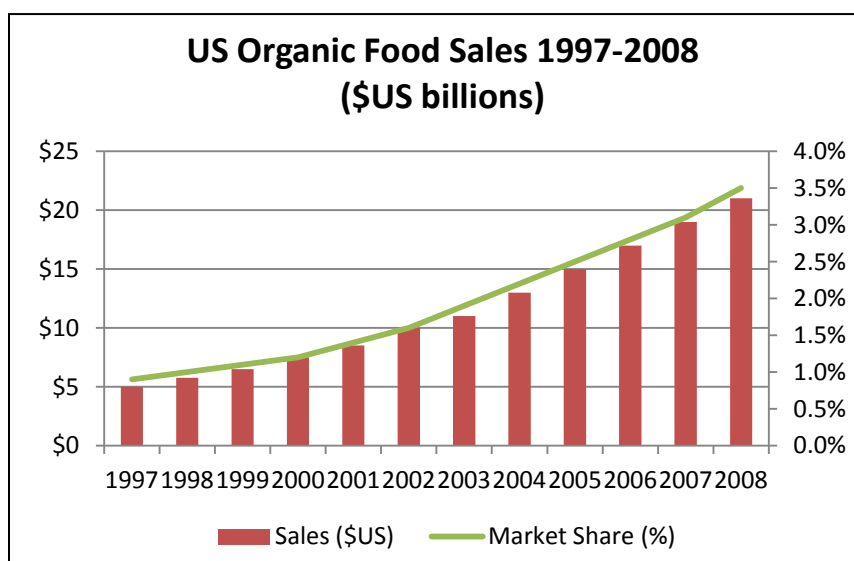
OVERVIEW OF THE SUSTAINABLE FOOD SECTOR

Definition

The Sustainable Food sector generally includes the production, distribution, marketing and sale of natural/organic food and health products, and related or similar products and services, as described below under the heading “Potential Investments”.

Market growth

The North American Sustainable Food sector has been growing at a rate of about 10% per year for the past decade and is likely now worth more than \$50 billion annually.⁴ In Canada alone, it has been growing at 15% per year and is now likely worth more than \$4 billion annually.⁵ This growth has enabled many small to medium-sized Sustainable Food companies to prosper. It has also attracted the attention of various large food companies that have increasingly been entering the Sustainable Food sector through strategic acquisitions. This market climate has created excellent investment and realization opportunities for investors in small to medium-sized Sustainable Food companies.



Source: Organic Trade Association Manufacturer Survey (2009).

Consumer Demand

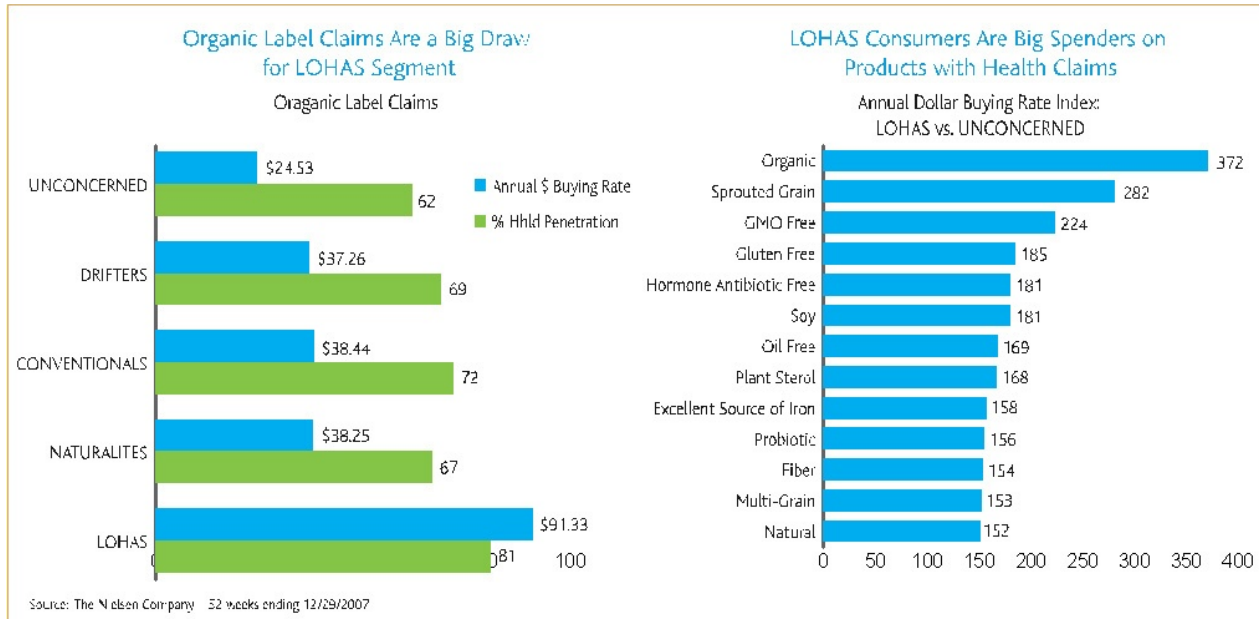
Increasing consumer demand for, and spending on, products perceived to provide health and environmental benefits have led to the growth of the Sustainable Food sector.⁶ As a result of this increasing demand, in 2008 the Hartman Group, a leading organic food marketing agency, found that over 69% of US consumers bought

⁴ The Organic Trade Association’s 2010 Organic Industry Survey discloses the size of the certified “organic” food market to be at least \$29 billion. We estimate that when added to the market for “natural” and “local” food that is not strictly “organic”, the Sustainable Food market is worth \$50 billion per year or more.

⁵ The 2008 Agriculture and Agri-Food Canada study discloses the size of the certified “organic” food market to be at least \$2 billion. We estimate that when added to the market for “natural” and “local” food that is not strictly “organic”, the Canadian Sustainable Food market is worth \$4 billion per year or more.

⁶ Leila Hamzaoui Essoussi & Mehdi Zahaf, 2009, “Exploring the decision-making process of Canadian organic food consumers: Motivations and trust issues,” *Qualitative Market Research: An International Journal*, Vol. 12, Iss. 4, pp. 443 – 459.

organic food at least occasionally,⁷ and in 2010, Ipsos-Reid found that 85% of Canadians now “make an effort” to buy locally grown food.⁸ In addition to purchasing Sustainable Food more frequently, consumers are now spending more when they purchase it. This is described in the graph below, which shows that the largest demographic segment of the sustainable food market, often known as “LOHAS” (or “Lifestyles of Health and Sustainability”), has a tendency to spend much more on food products than “unconcerned” consumers.



Notwithstanding the increased consumer spending on Sustainable Food, the overall North American market is still considered by many analysts to be underpenetrated.⁹ Accordingly, the General Partner believes that the growth prospects of the Sustainable Food sector will continue to remain strong for the foreseeable future.

Other Sector Drivers

The General Partner believes that the Sustainable Food sector, and particularly private equity investments therein, represents an avenue through which investors can acquire exposure to agriculturally related investments while avoiding some of the volatility inherent in conventional agricultural commodities. Agricultural investments have become increasingly popular in recent years due in part to increasing food prices. Indeed, in Canada, food prices are expected to increase by 7% in 2011, and globally, food prices have increased 15% or more in the past year.¹⁰ This encouraged an estimated US\$21 billion dollars to be invested into agricultural investment funds in 2010 alone.¹¹ However, global agricultural investments are also subject to significant (and increasing) price volatility, which can make them potentially quite risky.¹² This price volatility is largely the result of exposure to (i) oil prices¹³ and (ii) increasingly frequent weather-related supply shocks.¹⁴

⁷ Organic Trade Association Consumer Profile, accessed March 1, 2011.

⁸ Ipsos Reid Press Release, dated August 12, 2010.

⁹ “Rising demand puts Canada’s organics on M&A menu,” *Reuters Dealtalk*, September 17, 2010.

¹⁰ “Food Inflation: It’s All About What’s on Your Plate,” *Globe and Mail*, February 7, 2011.

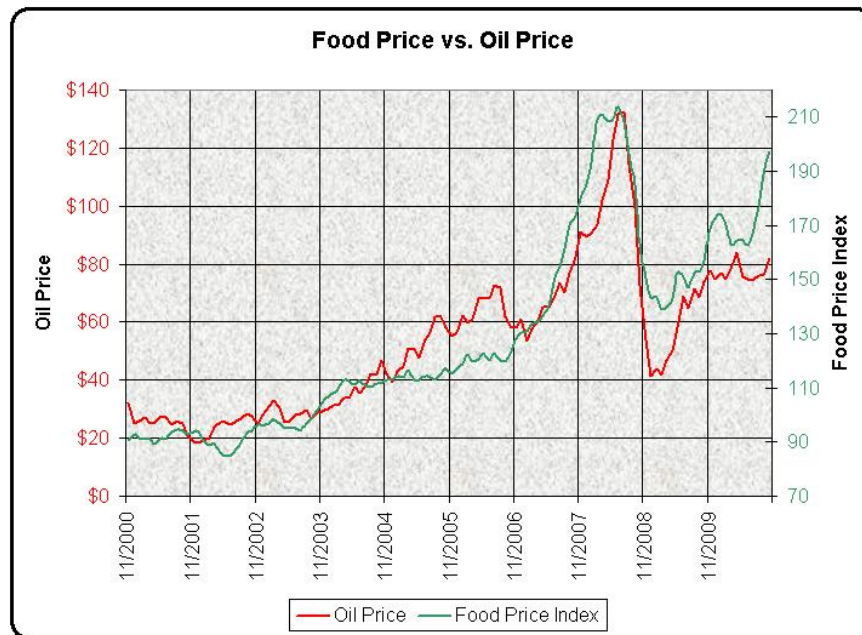
¹¹ Susanne Cosgrove, “Investor interest in Ag Funds Remains Unsated,” *Reuters*, March 11, 2011.

¹² Alexander Sarris, Director, Trade and Markets Division, Food and Agriculture Organization of the United Nations, “World Agricultural Trade Challenges to 2050 and Requirements for Evolving Structure of New World Trade Rules Compatible with Food Security for Developing Countries,” Presentation at the Expert Meeting on *How to Feed the World in 2050*, held at FAO in Rome, June 24- 26, 2009.

¹³ Sheng-Tung Chen, Hsiao-I Kuo & Chi-Chung Chen, “Modeling the relationship between the oil price and global food prices,” *Applied Energy*, Volume 87, Issue 8, August 2010, pp. 2517-2525.

¹⁴ See e.g. “No Easy Fix,” *The Economist*, February 24, 2011.

With respect to oil prices, conventional agriculture requires substantial amounts of energy to produce and transport, and accordingly, as oil prices have risen so too have food prices.¹⁵ The correlation between the UN Food and Agriculture Organization’s Food Price Index to crude oil prices is as high as 0.93, which can be seen in the below graph.



Source: Farmland LP, accessed April 12, 2011.

With respect to weather-related supply shocks, in separate occurrences since 2010, a Russian heat wave caused world wheat prices to spike 60%,¹⁶ a Brazilian drought sent coffee prices to a 13-year high,¹⁷ and Australian floods caused sugar prices to increase to levels not seen since 1980.¹⁸ Indeed, because conventional agricultural commodities are often dependent on just a few major production regions, they are vulnerable to regional weather catastrophes.

In contrast, Sustainable Food prices are less subject than conventional food prices to both oil prices and weather catastrophes. Indeed, Sustainable Food production methods require 20% to 50% less energy to produce than conventional food,¹⁹ and therefore have more limited exposure to volatile oil prices. Furthermore, global Sustainable Food production does not as often depend on production from just a few geographic regions. Rather, it often involves more geographically dispersed, localized, production for local markets. This means that the North American market for individual Sustainable Food products is less vulnerable to overseas weather catastrophes than is conventional food. For both these reasons, the General Partner believes that Sustainable Food investments may represent an avenue through which investors can acquire agriculturally related investments while avoiding some of the volatility inherent in conventional agricultural commodities.

¹⁵ See e.g. Paul Krugman, “Drought, Floods, and Fire,” *New York Times*, Feb 6, 2011; Homi Kharas, “Making Sense of Food Price Volatility,” The Brookings Institute, March 3, 2011.

¹⁶ Chicago Board of 2010 Trade Wheat Futures price chart, at futures.tradingcharts.com/hist_CW.html, accessed March 8, 2011.

¹⁷ See e.g. climatesignals.org/2010/10/coffee-prices-spurred-to-13-year-high-by-drought-in-brazil, accessed March 8, 2011.

¹⁸ See e.g. “Sugar Prices hit new heights on Australian cyclone,” *Wall Street Journal*, February 3, 2011.

¹⁹ Azeez, G. “The comparative energy efficiency of organic farming,” Colloquium on Biologically Based Agriculture and the Climate, Enita Clermont, France April 17-18, 2008; Pimentel, D., Hepperly, P., Hanson, J., Douds, D. & R. Seidel, 2005, “Environmental, energetic, and economic comparisons of Organic and Conventional farming systems,” *Bioscience*, 55(7), pp. 573-58.

Investment Realization Opportunities

Because of the growing market for Sustainable Food, large food companies have increasingly been entering the Sustainable Food sector through acquisition both in Canada²⁰ and throughout the world.²¹ In fact, from 1997 to 2007 one third of the world's top 30 global food companies acquired organic brands,²² and from 2007 to 2010 the rate of acquisition almost doubled to more than 40 natural/organic food companies acquired per year.²³ Competition to buy Sustainable Food companies as strategic acquisitions by large food firms has meant they are frequently being acquired at high valuations.²⁴ The Sustainable Food sector has recently supported the following M&A deals involving high growth companies:

- Diamond Foods 2010 purchase of Kettle Foods for an EV/EBITDA of **11.7x**
- Pulmuone 2009 purchase of Monterey Gourmet for an EV/EBITDA of **12.9x**
- Lifeway 2009 purchase of Fresh Made for an EV/EBITDA of **16.2 x**
- Olam 2009 purchase of PureCircle for an EV/EBITDA of **46.8x**
- Whole Foods 2007 purchase of Wild Oats for an EV/EBITDA of **13.8x**
- Clorox 2007 purchase of Burts Bees (organic personal care products) for an EV/EBITDA of **18.1x**

Sources: CCC Investment Banking, Grant Thornton, HT Capital Advisors, Sawaya Segalas,

Positive Environmental and Social Impact

In addition to being a good investment opportunity, Sustainable Food companies have many positive environmental and social benefits. From an environmental perspective, in comparison to most conventional agriculture, sustainable agriculture can potentially improve soil quality,²⁵ conserve water and energy²⁶ and reduce carbon emissions from farming,²⁷ while maintaining competitive yields for farmers.²⁸ From a social perspective, the practice of sustainable agriculture improves the chances that a farmer will be prosperous through higher product prices and lower input costs,²⁹ creates healthier, chemical-free, working conditions for farm workers³⁰ and produces more nutrient-dense and less chemical-laden food for consumers.³¹ Furthermore, the General Partner currently intends that the Global Impact Investing Rating System (GIIRS) will review the environmental and social performance of each Portfolio Company as part of the Fund's own GIIRS rating. Investeco is proud to invest in a sector that provides all these benefits while remaining potentially very profitable.

²⁰ "Reuters Deal Talk-Rising demand puts Canada's organics on M&A menu," www.reuters.com, September 17, 2010.

²¹ "Consolidation in the North American Organic Food Processing Sector, 1997 to 2007," *Int. J. J. of Soc. of Agr. & Food*, Vol. 16, No. 1, pp. 13-30.

²² Ibid.

²³ "Health and Nutrition Industry Census 2010," J.H. Chapman Group LLC, p.11.

²⁴ "Rising demand puts Canada's organics on M&A menu," *Reuters Dealtalk*, September 17, 2010.

²⁵ Liebig, M. & J. Doran, 1999, "Impact of organic production practices on soil quality indicators," *J. Environ. Quality*, 28(5), pp. 1601-09.

²⁶ Azeez, G., "The comparative energy efficiency of organic farming," Colloquium on Biologically Based Agriculture and the Climate, Enita Clermont, France April 17-18, 2008.

²⁷ Veenstra, J., Horwath, W., Mitchell, J. & D. Munk, 2006, "Conservation tillage and cover cropping influences soil properties in San Joaquin Valley cotton-tomato crop," *California Agriculture*, 60(3), pp. 146-52.

²⁸ Badgley et. al, "Organic Agriculture and the Global Food Supply," *Renewable Agriculture and Food Systems*, 22 (2007), pp. 86-108.

²⁹ James C. Hanson, Erik Lichtenberg & Steven E. Peters, 1997, "Organic versus conventional grain production in the mid-Atlantic: An economic overview and farming system overview," *American Journal of Alternative Agriculture*, 12(1), pp. 2-9.

³⁰ "Iowa and North Carolina health study," aghealth.nci.nih.gov, accessed March 12, 2011.

³¹ Asami, D., Hong, Y., Barrett, D. & A. Mitchell, 2003, "Comparison of the total phenolic and ascorbic acid content of freeze-dried and air-dried marionberry, strawberry, and corn using convention organic and sustainable agricultural practices," *J. Agric. Food Chem.*, 57, pp. 1237-41; Chensheng Lu, Dana B. Barr, Melanie A. Pearson and Lance A. Waller, 2008, "Dietary Intake and Its Contribution to Longitudinal Organophosphorus Pesticide Exposure in Urban/Suburban Children," *Environmental Health Perspectives*, 116(4), pp. 537-42.

Potential Investments

Examples of potential target Sustainable Food sector investments include but are not limited to:

- Branded natural/organic foods;
- Locally produced “mainstream” and “ethnic” natural/organic foods;
- Fresh and packaged natural/organic goods distribution;
- Natural/organic farmers/producers/livestock;
- Natural/hybridized seeds;
- Natural health and wellness products;
- Natural and non-toxic cleaning products and consumer goods; and
- Other companies operating in sectors that have drivers similar to those of the Sustainable Food sector.

THE FUND AND MANAGER

The Fund

The Fund will be an Ontario limited partnership with its head office at Suite 400, 70 The Esplanade, Toronto, Ontario. Investeco Food and Agriculture General Partner Corp., an Ontario corporation with its head office also at Suite 400, 70 The Esplanade, Toronto, Ontario, will be the general partner of the Fund (the “**General Partner**”). One or more separate partnerships or other entities may also be established for non-residents of Canada and/or other parties (each a “**Parallel Fund**,” and together with the Fund, the “**Funds**”). Such Parallel Funds are intended generally to invest on a pro-rata basis with the Fund based on their respective final unit commitments, subject to legal, tax and regulatory considerations.

The Manager

The Manager of the Fund will be Investeco Capital Corp. (“**Investeco**”), a private equity management firm formed in 1999 that specializes in investments in Sustainable Food and other environmentally driven sectors. Investeco currently manages approximately \$35 million, and has a proven track record of profitably investing in environmentally driven companies, including Sustainable Food companies. In the Sustainable Food sector, Investeco’s funds have managed significant investments in Organic Meadow Inc., Horizon Distributors Inc., and Rowe Farm Meats Ltd.

Investeco’s management team currently includes the following individuals:

Andrew Heintzman is President, CEO, and a co-founder of Investeco. He is also the Chair of the Premier’s Climate Change Advisory Panel for the Province of Ontario and he sits on a number of corporate boards, including Rowe Farms, Lotek Wireless and Triton Logging. In addition, he is on the board of directors of the Tides Canada Foundation, and the steering committee of Sustainable Prosperity. Andrew is the author of the book, *The New Entrepreneurs*, and was co-editor of the books, *Fueling the Future: How the Battle Over Energy is Changing Everything*, *Feeding the Future: From Fat to Famine*, and *Food and Fuel: Solutions for the Future*, all published by the House of Anansi Press. Before Investeco, Andrew was a co-founder and publisher of *Shift Magazine*.

Michael Curry joined the Investeco team in 2002 and is a Managing Partner. Michael's primary role is in identifying and analyzing new investment opportunities. He served as Vice Chair of the board of Organic Meadow and sat on the audit committee for 5 years. Michael also sits on the boards of Rowe Farms and The STOP Community Food Centre. Previously, Michael was co-owner/operator of a successful building materials distribution company and spent seven years in the Canadian reforestation industry. Michael became focused on the environmental economy in 2001 when he began researching environmental companies for the E2 Venture Fund.

Alex Chamberlain joined the Investeco team in 2002 and is a Managing Partner. Alex is both a lawyer and CFA charterholder. Prior to Investeco, Alex practiced law at Smith Lyons (now Gowlings LLP) and worked in the Corporate Finance and Investment Banking Group at PricewaterhouseCoopers Securities Inc. Alex is a director of UV Pure Technologies and Rowe Farms. He is also on the advisory committee of the Environmental Finance Workshop Series at the University of Toronto and is Vice Chair and Treasurer of Summerhill Impact, an environmental not-for-profit organization.

Charles Holt is a Vice President of Investeco and is also qualified as a lawyer and Chartered Alternative Investment Analyst. He joined Investeco in 2007. He manages certain legal affairs for Investeco and its portfolio companies, and he conducts due diligence on prospective investments. Prior to joining Investeco, Charles practiced corporate/commercial law at a Toronto-based law firm, before which he earned an LL.M. from the London School of Economics and a J.D. from the University of Ottawa. For several years, Charles has also assisted in the management of the Annual Meeting of the World Economic Forum in Davos, Switzerland.

Michael de Pencier is a co-founder of Investeco and is a member of the Order of Canada. In addition to co-founding Investeco, Michael is the Chair of Key Publishers Company Ltd., which under his leadership became Canada's largest independent periodical publishing company. In this role, Michael launched, acquired or ran many of the country's leading magazines, including *Toronto Life*, *Canadian Geographic*, *Quill and Quire*, *Where* magazines and *Canadian Business*. Michael has also been a successful real estate developer and is a past Chair of WWF-Canada.

Advisory Committee

The Manager will establish an advisory committee in respect of the Fund, including prominent food industry experts and executives. The members of the advisory committee are currently expected to include:

Martin Connell, O.C., O. Ont.

- Founder of Ace Bakery
- Ontario Entrepreneur of the Year (1995)
- Chair of the Board of Directors of the Toronto Community Foundation
- Officer of the Order of Canada

Roger Dickhout, B.Sc, MBA

- President and CEO of Pineridge Foods
- Past President of Canada Bread Company
- Former Partner of McKinsey & Company

Gaëtan Lussier, O.C., B.S.A., M.Sc., Ph.D.

- Founding Chairman of the Canadian Agri-Food Policy Institute
- Past President & CEO of Culinar Inc. and Weston Bakeries Limited
- Former Deputy Minister of Agriculture in both the Québec and Federal governments
- Director of Shoppers Drug Mart Corp. and Biovet Inc.
- Officer of the Order of Canada

Charles Scott, P.Eng.

- Past President of Weston's Bakery, Ralston Purina and Sealtest
- Past Chair of GPMC (now Food and Consumer Products Canada)
- Director and Advisor for each of Organic Meadow and Alberta Oat Milling Company
- Former Director and Advisor for each of Burnbrae Farms, Western Creamery and Silani Cheese

David Sculthorpe

- CEO of the Heart and Stroke Foundation of Ontario
- Past President, Cadbury Adams Inc.
- Chair of the Advisory Board of the Queen's University School Business

Marty Thrasher

- President of FTM Consulting Inc.
- Past President of Retail Products at ConAgra Foods Inc.
- Past SVP, President at Campbell Soup North America Inc,
- Member of the Advisory Board of the Richard Ivey School of Business

Ian Walker

- Founder and President of Left Coast Naturals, a BC-based organic foods manufacturer and distributor
- Owner and board member of Walker Industries, an Ontario-based environmental services business

- Past recipient of *Business in Vancouver's* top 40 entrepreneurs under 40, as well as 4 time recipient of its top 50 fastest growing business award
- Past advisory board member of each of Pro-Cert Organic, an organic certification body, and Bobobaby, an organic baby food company

It is generally intended that the advisory committee will assist the Manager in its services to the Fund in some or all of the following ways:

- Referring potential portfolio investments;
- Reviewing potential portfolio investments presented to it;
- Providing Sustainable Food sector-specific advice;
- Reviewing exit strategies, liquidity events and merger and acquisition considerations related to portfolio investments;
- Making recommendations regarding mitigating any possible conflict of interest that arise; and
- Assessing valuation methodologies where appropriate.

This Advisory Committee will be consultative only, and no recommendation of the committee or any of the advisors will be binding on the General Partner, the Manager or the Fund in any way.

Investment Objective

The Fund has been established for the purpose of acquiring interests primarily in North American companies operating in the Sustainable Food sector. This sector includes but is not limited to locally produced and/or natural/organic foods, and other products and services as more particularly described below in the section entitled "Potential Investments".

Investment Strategy

Using a rigorous due diligence process, the Fund aims to acquire Portfolio Investments in what the General Partner believes to be exceptional companies operating in the Sustainable Food sector. These investments will generally be made in North American-based businesses that the General Partner believes to have some or all of the following characteristics: established revenues, strong growth prospects, excellent management and long-term competitive advantages, as well as the prospect of providing a profitable exit opportunity within 4 to 7 years from the date of initial investment. Although the Fund will have a preference for profitable companies, it may also invest in companies that are pre-revenue and/or not yet profitable.

Overall, the General Partner intends to create a portfolio that is generally diversified within the Sustainable Food sector. However, such diversification may be limited to where the General Partner believes it is in the best interests of the Fund.

The Fund may co-invest in companies with related entities and third parties including Parallel Funds (See "Summary of the Partnership Agreement – Co-Investment Policy"). Any such related party co-investment shall be done with due consideration of any recommendations of the Advisory Committee.

Investeco Sustainable Food Experience

Investeco is a proven and a successful manager of Sustainable Food private equity investments. Investeco has added value to such investments including those in Organic Meadow, Horizon Distributors and Rowe Farm Meats, by providing them with the assistance, including the following:

- Strengthening the board of directors;
- Attracting high-quality management;
- Accessing food industry expertise;
- Establishing clear brand positioning and marketing;
- Creating a robust supply and distribution strategy;
- Helping identify mergers and acquisition opportunities;
- Government relations; and
- Improving financial and legal management.

Investeco's investments in Sustainable Food companies and the actions taken by Investeco on behalf of investors to increase value are described below under the section "Investeco- Past Investments".

Potential Investments

Examples of potential target Sustainable Food sector investments include but are not limited to:

- Branded natural/organic foods;
- Locally produced "mainstream" and "ethnic" natural/organic foods;
- Fresh and packaged natural/organic goods distribution;
- Natural/organic farmers/producers/livestock;
- Natural/hybridized seeds;
- Products and services related to the sustainable food value chain;
- Natural health and wellness products;
- Natural and non-toxic cleaning products and consumer goods; and
- Other companies operating in sectors that have drivers similar to those of the Sustainable Food sector.

INVESTECO – PAST INVESTMENTS

Investeco is currently the manager of three private equity funds: Investeco Private Equity Fund, L.P. (“**Fund I**”) launched in 2003, Investeco Private Equity Fund II, L.P. (“**Fund II**”) launched in 2005, and Investeco Private Equity Fund III, L.P. (“**Fund III**”) launched in 2008. The total capital committed to these funds is approximately \$35 million. Fund I and Fund II have invested in the following Sustainable Food companies.



Ontario-based Organic Meadow Inc. is a leading brand in the fast-growing Canadian organic food industry.

- Amount invested: \$1,500,000
- Investment thesis: Canada’s leading organic dairy brand with control of the organic dairy supply provided exceptional competitive advantages in a fast-growing market.
- Investeco exited this investment in December, 2009.



Horizon Distributors Ltd. is a leading distributor of natural and organic foods in Canada. Horizon is a primary/preferred organic food distributor to Whole Foods, Planet Organic, Canada Safeway and others.

- Amount invested: \$5,113,000
- Investment thesis: Leading and profitable distributor of organic and natural foods with a dominant position in Western Canada.
- Investeco exited this investment in March, 2011.



Rowe Farm Meats Limited is the largest producer of natural, antibiotic- and hormone-free meat in Ontario, selling beef, chicken, pork, lamb and turkey, as well as eggs. It has been driven by success at its first retail outlet in Guelph, Ontario, as well as success at its retail outlet in Toronto’s Leslieville, Annex, Roncesvalles, Beaches and Bloor West Village areas.

- Amount currently invested: approximately \$5,000,000
- Investment thesis: Developing a chain of local natural meat and food shops, as well as providing branded products through the wholesale channel. A federal supply chain allows for expansion, scale, quality and control that will provide significant growth opportunities

Other Investments

Investeco's Fund I, Fund II, and Fund III have investments in the following additional companies.



Ensyn Corporation is a world-leading biofuel producer with a head office in Ottawa, Ontario. Ensyn's unique technology is a commercially proven process that converts wood and other solid biomass to high yields of a light liquid fuel product. This product has multiple potential commercial applications in sectors such as power generation and transportation. Ensyn has established strong global partnerships to commercialize its technology, including a joint venture with UOP, a subsidiary of Honeywell.



GeoDigital International Inc., headquartered in Hamilton, Ontario, is a world leader in LiDAR (light detection and ranging) technology for detailed mapping of infrastructure such as electricity grids. This mapping enables utilities to better manage the emerging "smart grid" and minimize the need to construct new environmentally impactful electricity corridors.



Kitchener-based Miovision Technologies Inc. produces disruptively innovative, low cost, automated road traffic data collection and analysis equipment for the \$1 billion+ traffic light re-timing and optimization market. The optimization of traffic signal timing and traffic flow in congested cities has the potential to materially reduce vehicle idling time, fuel consumption and greenhouse gas emissions. This exciting young company was the first graduate of the "Accelerator Centre," a technology company incubator with close ties to the Waterloo technology community.



BIOREM

Biorem Inc., based in Guelph, Ontario, is a technology leader in the design and manufacture of biological air filters, better known as "biofilters", which use micro-organisms to clean polluted air streams from industrial plants and waste-water treatment plants.



Schneider Power Inc. is continuing to develop the Providence Bay Wind Farm project situated on Manitoulin Island, Ontario, which has been producing wind power since early 2007 and has a proposed total

capacity of 10 megawatts. Schneider Power is also developing proposed sites elsewhere in Ontario, Manitoba and Nova Scotia. Investeco exited this investment in November, 2010.



Lotek Wireless Inc., based in Newmarket, Ontario, is a world leader in the design and manufacture of fish and wildlife monitoring systems. The company’s products allow for the monitoring of populations of wild animals and fish and are used in industrial studies and conservation efforts around the world.



UV Pure Technologies Inc. is a Toronto-based company and a global technology leader in the fast-growing ultraviolet water purification market. The company’s Hallett and Upstream brands of water filtration systems use patented “Crossfire Technology,” a unique self-cleaning and self-monitoring ultraviolet system. UV Pure Technologies’ systems are used in residential, commercial and municipal applications.



Triton Logging Inc. is a green forest-products company based in Saanichton, B.C., and a leading developer of underwater logging technology. Triton’s patented technology—the Sawfish—is an unmanned submersible capable of cutting and retrieving standing trees that have been submerged under artificial lakes created, for example, by hydroelectric dam construction. Triton is working with partners to develop underwater logging opportunities that use its technology to harvest flooded forests around the world.



Woodland Biofuels Inc.

Woodland Biofuels Inc. is a Mississauga-based company that develops and licenses fuel plants using its patented thermo-chemical process to convert biomass into fuel ethanol. Woodland is currently constructing its first pilot production plant in Sarnia, Ontario.

ACQUISITION PROCESS

Proprietary Deal Flow

The General Partner believes that Investeco's proprietary Sustainable Food sector deal flow represents a substantial competitive advantage for the Fund. This deal flow is a result of the members of Investeco's management team having strong networks in the Sustainable Food sector that have been established through involvement and contact with:

- Industry organizations such as the Organic Trade Association, the Organic Council of Canada, the Canadian Agri-Food Policy Institute and Ontario Agri-Food Technologies;
- Government agencies such as the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and the Agri-Investment Symposia of Agriculture and Agri-Food Canada;
- Financial institutions such as Farm Credit Canada, Kirchner Capital and Avrio Ventures; and
- Trade shows such as the Grocery Innovation Show, Expowest and Agriculture 2.0.

Perform Extensive Due Diligence

Financial Analysis of the Proposed Investee Company

Investeco will analyze whether the company appears to exhibit some or all of the following characteristics:

- Profitability, as evidenced by positive EBITDA;
- Strong revenue and earnings growth;
- Strong and steady cash flow streams;
- Profit margins that are higher than those of its competitors;
- Improving margins;
- A strong balance sheet;
- An established operating history;
- Attractive valuations; and
- Suitability for the public markets or other exit strategies.

Analysis of Products, Services, Technologies, and Operations

Investeco looks for some or all of the following criteria:

- Quality, unique, differentiated and distinct products, services and/or technologies that the General Partner believes can provide a long-term competitive advantage;
- Strong and clear demand for such products, services and/or technologies;
- Competition on the basis of value, rather than cost alone;
- Strong brands and marketability;
- Not selling on environmental merits alone;
- Access to appropriate distribution channels;
- Quality operating procedures and processes; and
- Scalability of operations and a potential for a large market.

Analysis of Management Team

Investeco will examine the quality of the management team based on some or all of the following criteria:

- Track record, industry experience and the ability to take the company forward;
- Clear and compelling vision, goals and strategies;
- Past success in building and growing companies;
- An entrepreneurial CEO who is committed to staying with the company;
- Strong leadership, problem-solving and decision-making abilities;
- Trustworthy management who appear to work in an open and transparent manner;
- Solid financial management and a capable CFO;
- Ability to identify challenges and deal with adversity; and
- Quality directors and advisors.

Analysis of Potential Exit Strategies

Investeco will examine the potential for a successful realization of value within 4 to 7 years of the investment, taking into account the potential for each of the following strategies, given possible pricing issues, costs and market conditions:

- Public offering;
- Refinancing;
- Sale or merger;
- Sale back to the investee company or its management; or
- The splitting of a company into groups of assets more suitable for sale to particular buyers.

Create the Right Deal Structure and Transaction Process

In concluding an investment transaction, the Fund will seek to achieve maximum flexibility and control, and to ensure that it has a significant involvement in the management of the company going forward in relation to the Fund's ownership stake. Some of the features that the General Partner may seek to achieve in a transaction include:

- Staggered investments tied to clear performance benchmarks for the company;
- An active board of directors, including board representatives for the Fund appropriate for its equity stake, and positions for independent directors;
- Meaningful shareholder rights and protections;
- Mechanisms for protecting and/or enhancing the Fund's investment, including the possibility of preferred shares, convertible debt, valuation ratchets, options, warrants and other deal terms; and
- Provisions to facilitate eventual exits such as redemption rights, puts or anti-lockout clauses.

Create Value

After the acquisition is concluded, the General Partner will endeavour to work with the management team of the company in which a Portfolio Investment has been made in some or all of the following processes:

- Business planning and strategy;
- Growth financing;
- Clear brand positioning and marketing;
- Robust supply and distribution strategy;
- Improved financial and legal management;
- Financial planning, including analysis of the company's cash flows, budgeting, balance sheet and capital structure;
- Personnel, human resources and compensation; and
- Operations (i.e., efficiency of operations, inventory management review, etc.).

A representative of the General Partner will be the primary contact for each portfolio company, allowing the General Partner to seek to acquire special knowledge of the operations of that company and its sector, and allowing for closer monitoring of the developments within the portfolio company. This process is also expected to assist in providing clear and effective lines of communication between the General Partner and the portfolio company.

When circumstances require, or it is in what the General Partner believes to be the Funds' best interests, a representative of the General Partner may become directly involved in the management of regular business operations of a portfolio company. While such a role will generally be considered to be temporary or transitional, if the circumstances justify more extensive or extended involvement, a representative of the General Partner may be employed by a portfolio company and paid a salary on terms that are equally favourable to the company to those terms that are generally available on an arm's-length basis.

Realize Value

The General Partner will generally seek out companies in respect of which it believes it may have the capacity to achieve a successful sale of the Fund's investment within 4 to 7 years of the date of investment. The General Partner will consider a number of different exit strategies including refinancing, strategic sale or merger, the sale of the Fund's interest back to other shareholders or management of the company, a public offering, and/or the splitting of a company into groups of assets more suitable for sale to particular buyers.

SUMMARY OF PARTNERSHIP AGREEMENT

The following is a summary only of the Partnership Agreement and ancillary agreements and is qualified in its entirety by reference to the Partnership Agreement between each of the Limited Partners and the General Partner to be entered into at or prior to the Initial Closing or a Subsequent Closing, as applicable. The Partnership Agreement takes priority over this summary and will be provided to qualified investors prior to the Initial Closing or any Subsequent Closing at which they invest.

The Fund

The Fund is to be a limited partnership formed under the laws of the Province of Ontario under the Limited Partnership Act (Ontario) as of April 5, 2011. The Fund is intended for certain Canadian-resident investors. One or more separate partnerships or other entities may also be established for non-residents of Canada and/or other parties (each a “**Parallel Fund**”, and together with the Fund, the “**Funds**”). Such Parallel Funds are intended to invest on a pro-rata basis with the Fund based on their respective final unit commitments; however, the terms of such Parallel Funds and the legal, tax, and regulatory considerations applicable thereto may differ from those of the Fund described herein.

General Partner

The General Partner of the Fund is Investeco Food and Agriculture General Partner Corp., an Ontario corporation with offices at Suite 400, 70 the Esplanade, Toronto, Ontario. The General Partner is responsible for the management, operation and policy of the Fund, including all investment decisions.

Manager

The Manager will provide certain administrative services to the Funds.

The Funds will pay to the Manager an annual fee for its services as Manager (the “**Management Fee**”) initially equal to 2% annually of Aggregate Capital Commitments, plus applicable taxes. The Management Fee will be payable quarterly in advance and will accrue from the date of the Initial Closing until the end of the Commitment Period. Subsequently, and for as long as the Management Agreement remains in force and effect, the Management Fee will be an annual amount equal to 1.75% of the of the aggregate unreturned capital contributions with respect to outstanding Portfolio Investments, as increased quarterly by follow-on investments and as reduced quarterly by amounts distributed to the Limited Partners as a return of capital, until termination of the Fund. To the extent that the Management Fee is payable in respect of a period which is less than a complete quarter of a fiscal year, it will be prorated for such period.

In respect of commitments of the Limited Partners admitted to the Fund at a Subsequent Closing, the Manager will be entitled to receive the Management Fee from the date of the Initial Closing to the date of the Subsequent Closing. This amount will be payable by a Limited Partner and is determined by applying the annual Management Fee to such Limited Partner’s Capital Commitment for such period, prorated for periods less than a complete fiscal year. Such amount shall be payable to the Manager from such Limited Partner’s commitment on the date of the applicable Subsequent Closing.

Fund Size

Determination of the final amount of the Aggregate Capital Commitments is in the sole discretion of the General Partner.

Closings

The initial closing of the Funds (the “**Initial Closing**”) will be held on a date to be determined by the General Partner in its sole discretion. The General Partner may make the timing of the Initial Closing contingent on the Fund or Funds having obtained a minimum threshold in terms of Aggregate Capital Commitments. Subsequent closings for the Fund (each a “**Subsequent Closing**”) may be held at the sole discretion of the General Partner, provided that the final Subsequent Closing for any of the Funds occurs no later than twelve months after the date of the Initial Closing.

Minimum Commitment and Subscription

The minimum Unit Commitment for a Limited Partner is for Units with a purchase price of \$150,000. However, the General Partner reserves the right to accept subscriptions for a lesser number of Units in its sole discretion, subject to regulatory considerations.

Issuance of Units

Units will be issued at the Initial Closing at a purchase price per unit of \$1,000. Units will be issued at any Subsequent Closing for a purchase price of (a) \$1,000, plus (b) an amount equal to the prime rate of interest established by the Bank of Nova Scotia applied to the amount obtained by multiplying \$1,000 by the percentage of the capital commitments of the limited partners admitted at previous closings of the Fund and/or Parallel Fund(s), that have been called by the Fund and/or a Parallel Fund (such amount in (b) together with any adjustments pursuant to 1. and 2. immediately below being the “**Subsequent Closing Adjustments**”).

The General Partner may make additional adjustments to the purchase price of Units issued at any Subsequent Closing based upon the following principles:

1. Where any of the Fund and/or Parallel Fund(s) have made a Portfolio Investment in a private company prior to such closing, and the General Partner determines that there has been a substantial arm’s length transaction during the period from the date on which such Portfolio Investment was entered into by the Fund and/or Parallel Fund(s) to the date of the Subsequent Closing that establishes a new value for the Portfolio Investment that is higher than its cost base, the price per Unit acquired at such Subsequent Closing may be increased by an amount equal to such Limited Partner’s pro rata share per Unit of the amount by which such new value exceeds the cost base of such Portfolio Investment; and
2. Where any of the Fund and/or Parallel Fund(s) have made a Portfolio Investment in a company that is listed on a stock exchange at the time of a Subsequent Closing, the price per Unit acquired at such Subsequent Closing may be increased by an amount equal to such Limited Partner’s pro rata share per Unit of any increase in the value of such Portfolio Investment from the date on which the Portfolio Investment was entered into by the Fund and/or Parallel Fund(s) to the day prior to the Subsequent Closing, as determined with reference to the published closing price of the relevant securities of such company on the last trading day prior to the date of the Subsequent Closing.

Interfund Agreements

The Fund may enter into one or more Interfund Agreement(s) with any one or more Parallel Funds. It is generally intended that such Interfund Agreement(s) will include, but not be limited to, provisions related to (i) co-investment by such funds, (ii) the sharing of fees and expenses among such funds and (iii) the transfer of assets and interests in Portfolio Investments between such funds at the final Subsequent Closing to the extent (if at all) determined by the General Partner, acting reasonably, to be appropriate to ensure that Portfolio Investments, distributions, Subsequent Closing Adjustments, and certain expenses are allocated on a pro-rata basis between such funds based on their respective unit commitments (either as held immediately after such

Subsequent Closing, or otherwise as appropriate to obtain an equitable result as determined by the General Partner acting reasonably).

Commitments, Capital Calls and Commitment Period

Capital calls of Limited Partners will be made from time to time to fund Portfolio Investments, expenses and fees, on not less than 10 business days notice in writing at any time during the 5 year period following the Initial Closing up until the end of the Commitment Period. Thereafter, Limited Partners will be released from any further obligation with respect to their unfunded Capital Commitments except to the extent necessary to: (a) fund the operating expenses of the Fund (including Management Fees and indemnity obligations); (b) complete Portfolio Investments by the Fund in respect of transactions contractually committed to by the Fund prior to the end of the Commitment Period; and (c) make follow-on investments in Portfolio Investments. Except as required by law, in no event will a Limited Partner be required to make a capital contribution in an amount in excess of its unfunded Capital Commitment at such time.

Excuse and Exclusion

A Limited Partner may provide to the General Partner written notice of an objection of such Limited Partner to any Portfolio Investment by the Fund, including the reasons for such objection, together with a written opinion of counsel to such Limited Partner (which opinion and counsel shall be reasonably satisfactory to the General Partner) that such Limited Partner's participation in such Portfolio Investment is reasonably likely to cause a violation of any law, regulation, rule or governmental administrative practice to which such Limited Partner is subject. Upon receipt of both such notice and opinion, such Limited Partner shall be excused from its obligation to contribute funds to such Portfolio Investment.

The General Partner may also exclude a Limited Partner from a particular Portfolio Investment if the General Partner determines in good faith that a conflict of interest, material delay, extraordinary expense or materially adverse effect on the Fund or any of its affiliates, any Portfolio Investment or future Portfolio Investment, including the ability of the Fund to consummate a prospective Portfolio Investment, may result from such Limited Partner's participation in such Portfolio Investment, or for any other reason provided for in the Partnership Agreement.

An excused or excluded Limited Partner's unfunded Capital Commitment obligations will not be reduced as a result of any excuse or exclusion. The General Partner may issue new capital calls to those Limited Partners who are not excused or excluded to replace the capital contributions not made by excused or excluded Limited Partners, but no Limited Partner will be required to contribute to the Fund amounts in excess of its unfunded Capital Commitment.

Short Term Investments

To the extent not immediately required in respect of Fund expenses or Portfolio Investments, all amounts in cash received by the Fund from Limited Partners will be invested by the General Partner on behalf of the Fund in the liabilities of a chartered bank, government bond, or government guaranteed bond ("**Short Term Investments**"). Short Term Investments will be liquidated when funds are required in respect of Fund expenses or Portfolio Investments, at the discretion of the General Partner. Interest and/or gains on Short Term Investments will not be distributed to Limited Partners, except upon the winding up of the Fund, and will be available to the Fund to fund Portfolio Investments and Fund expenses.

Distributions

Except as otherwise provided for in the Partnership Agreement, net proceeds attributable to the disposition of a Portfolio Investment or a portion thereof, including a distribution of Fund Property in specie (each such Portfolio Investment or portion thereof that has been disposed of by the Fund being referred to herein as a “**Liquidated Investment**”), and/or any dividends, interest or other cash distributions generated from or in respect of a Portfolio Investment, shall, subject to reasonable delay in certain circumstances (as provided for in the Partnership Agreement), be distributed as soon as practicable following receipt by the Fund to all Limited Partners participating in such Portfolio Investment (“**Participating Limited Partners**”), except for the Carried Interest (as defined below), which shall be for the account of the General Partner only, in the following order of priority:

- (a) First, to each Participating Limited Partner until the aggregate proceeds distributed in respect of such Portfolio Investment and all previous Liquidated Investments in which each such Participating Limited Partner has participated equal the sum of the following (without duplication):
 - (i) the Participating Limited Partner’s pro rata share (based on Unit Commitments) of the purchase price of such Portfolio Investment and each such previous Liquidated Investment (except for Reinvestable Proceeds), to the extent, if any, not previously distributed pursuant to this paragraph (i) or paragraph (ii) below;
 - (ii) the Participating Limited Partner’s pro rata share (based on Unit Commitments) of the purchase price of Portfolio Investments that have incurred an unrealized write down for accounting purposes (to the extent of the write down amount and not previously distributed pursuant to this paragraph (ii)); and
 - (iii) a rate of return equal to 10% per annum, compounded annually, on the items in paragraphs (i) and (ii) above, and on any Liquidated Investments in respect of Reinvestable Proceeds retained by the Fund (such rate being the “**Priority Rate of Return**”);
- (b) second, 100% to the General Partner until such time as the General Partner has received 20% of the sum of the distributions made under paragraph (a)(iii) and this paragraph (b); and
- (c) thereafter, 80% to each such Participating Limited Partner and 20% to the General Partner (such 20% amount, together with the amount payable to the General Partner pursuant to (b) above, being referred to herein as the “**Carried Interest**”).

In priority to the distributions provided above, the General Partner may set aside from the net proceeds attributable to the disposition of any Portfolio Investments or portions thereof such amounts the General Partner deems advisable in order to discharge any current or expected liabilities of the Fund.

In order to avoid de minimus distributions, the General Partner may, in its sole discretion, delay a distribution referred to above for up to a period of up to twelve months, provided that it reinvests any amounts not immediately distributed in Short Term Investments.

In the event that upon wind-up of the Fund, a Portfolio Investment cannot be liquidated on terms, or in such a timeframe, as the General Partner believes to be in the best interests of the Fund, the General Partner may, in its discretion, create a ‘liquidating trust’, the trustee of which shall be appointed by the General Partner in its sole discretion and may be the General Partner itself. If a liquidating trust is created, each Limited Partner’s pro-rata share of such Portfolio Investment would, at the option of such Limited Partner, be distributed in kind

to the Limited Partner or placed in such trust and liquidated and distributed on such terms and in such timeframe as is believed by the trustee to be appropriate.

Reinvestment

While net cash proceeds from the disposition of Portfolio Investments will generally be distributed to Limited Partners, any net cash proceeds from the disposition of Portfolio Investments (up to the total cost of the Portfolio Investment) realized within 18 months from the date of such Portfolio Investment may, in the sole discretion of the General Partner, be retained by the Fund to be available to fund future Portfolio Investments and operational expenses.

With respect to any proceeds distributed to Limited Partners, Limited Partners may be required to return such distributions to fund indemnity obligations or as otherwise required by law or by the Partnership Agreement.

Clawback

In connection with the dissolution of the Fund and each distribution relating to the disposition of, or income in respect of, a Portfolio Investment (each an “**Adjustment Determination Date**”), the General Partner shall conduct a review of the distributions made to the partners. In the event the General Partner has then received Carried Interest distributions since formation of the Fund in excess of the amount to which it is entitled, the General Partner shall pay to each Limited Partner its pro rata share of such excess amount in accordance with the Partnership Agreement, provided that the aggregate liability of the General Partner to pay amounts to Limited Partners in respect of such excess amount shall not exceed the aggregate after-tax amount received by the General Partner up to the Adjustment Determination Date in respect of its Carried Interest.

Allocation of Profits and Losses

Subject to the terms of the Partnership Agreement, all income, gains, losses and deductions will be allocated to each Limited Partner and the General Partner in a manner generally consistent with the distribution priorities outlined under “Distributions” above.

General Partner and Manager Expenses

The General Partner and Manager will each be responsible for rent and other overhead expenses of the General Partner and Manager, respectively, and for the salaries and benefits paid to employees of the General Partner and Manager, respectively, excluding that portion of such expenses that are directly related to the organization and start-up of the Funds. The reasonable out-of-pocket expenses of the Manager incurred in connection with its duties under the Management Agreement will be payable by the Funds.

Offering and Organizational Expenses

The Funds will be responsible for the Funds’ collective offering and organizational expenses, whenever incurred, in an amount equal to up to 0.75% of the Funds’ capital commitments, subject to a minimum responsibility for such expenses, to the extent incurred, of \$150,000 and a maximum responsibility of \$750,000. Offering and organizational expenses shall include, without limitation, offering expenses, placement agent’s fees, legal fees, audit and accounting fees, and printing, filing, travel, capital-raising and other out-of-pocket costs, and that portion of the General Partner’s and Manager’s overhead and salary expenses that are directly related to the Offering and the organization of the Fund. Each of the Fund and the Parallel Funds will be responsible for its pro-rata share of such offering and organizational expenses based on each Fund’s final unit commitments.

Operational Expenses

The Funds will pay all costs related to the Funds' operations, including, without limitation: expenses for consultants, outside counsel, accountants and other professional advisors; honorariums and out-of-pocket expenses of members of any Advisory Committee; any insurance, litigation or indemnification expenses; any taxes, fees or other governmental charges levied against the Funds; costs of reporting to the Limited Partners; reasonable third party expenses incurred by the Funds, the General Partner or the Manager in connection with locating, identifying, pursuing, developing, managing, and disposing of investments, whether or not consummated, including travel expenses, and including fees and expenses of third party advisors and consultants in connection therewith, provided that the General Partner shall make reasonable efforts to have such third party expenses paid by Portfolio Investments to the extent possible and appropriate; and any other expenses attributable to the operation of the Funds and the management of its Portfolio Investments, but excluding General Partner and Manager expenses. Each of the Fund and the Parallel Funds will be responsible for its pro-rata share of such operational expenses based on each fund's final unit commitments

Other Fees

All break-up fees and commitment fees received by the General Partner, or the Manager in connection with consummated or unconsummated investments of the Fund, and all amounts that any director, officer or employee of the General Partner or Manager may receive in his or her capacity as a director of any portfolio company or any of its subsidiaries in excess of his or her actual expenses incurred in connection with so acting will be applied in the following order of priority:

- a) the General Partner and/or the Manager in such proportions as may be determined by the General Partner acting reasonably to reimburse such parties for (i) out-of-pocket expenses in connection with consummated or unconsummated transactions on behalf of the Fund, if any, and (ii) offering and organizational expenses of the Fund that have not been previously recovered;
- b) to the General Partner and/or Manager to the extent only that the General Partner determines, acting reasonably, that such fees are for services provided by the Manager and/or General Partner in respect of a Portfolio Investment that are beyond those which would be reasonably expected of the Manager and/or General Partner in the circumstances; and
- c) to the Funds on a pro-rata basis on each Fund's final unit commitments at the Final Closing.

All such amounts applied to the Fund will be available to the Fund for the purpose of acquiring Portfolio Investments and pay the Fund's liabilities, included but not limited to operational expenses and Management Fees.

Co-Investment Policy

The General Partner may offer opportunities to co-invest with the Fund to Limited Partners and other entities (which may be related to the General Partner), including Parallel Funds and other entities created for the purpose of co-investing with the Fund. Where the General Partner in good faith believes that co-investment opportunities within the scope of the Fund's investment objectives are available and appropriate, the General Partner may, but will be under no obligation to, provide co-investment opportunities to Limited Partners before making such opportunities available to other entities, subject to the right of the General Partner to make co-investment opportunities available (in such amounts as determined by the General Partner) to interested entities (whether Limited Partners or not) who are deemed, in the General Partner's sole discretion, to be of strategic importance to the investment or to the Fund prior to making any such co-investment opportunities available to the other Limited Partners. The terms of any such co-investment shall not, in the opinion of the General Partner acting reasonably, be materially any more favourable as a whole than the terms of the Portfolio Investment, other than differences related to the size of the investment or the strategic importance to

the Portfolio Investment of the relationship with the co-investor

Advisory Committee

The General Partner may create an Advisory Committee to consult with the Fund on portfolio management matters and any matter that the General Partner reasonably believes may put the General Partner and/or the Manager in a conflict of interest in relation to the Fund. The Advisory Committee is expected to consist of at least 3 individuals who may be representatives of Limited Partners but shall otherwise be unrelated to the General Partner. The members of the Advisory Committee shall consider any matter referred to it by the General Partner and recommend to the General Partner what action the General Partner should take to achieve a fair and reasonable result for the Fund. No such recommendation will be binding on the General Partner, Manager, or the Fund. Participation on the Advisory Committee will be voluntary. The Advisory Committee will not take part in the management of the business or affairs of the Fund.

Transfer and Withdrawal

A Limited Partner may not sell, assign or transfer any interest in the Fund without the prior written consent of the General Partner, which the General Partner may grant or withhold in its sole discretion. Further, a Limited Partner may not withdraw from the Fund any portion of its Capital Commitment without the consent of the General Partner, which the General Partner may grant or withhold in its sole discretion.

Reports to Limited Partners

Limited Partners will receive audited annual financial statements of the Fund, unaudited quarterly financial reports and updates on investment activity, and annual tax information typically necessary for completion of tax returns. The annual and quarterly financial statements will be special purpose financial statements created only for Limited Partners. The financial statements will be in accordance with Canadian GAAP or any successor standard adopted by the Canadian Institute of Chartered Accountants except that they will be presented on a non-consolidated basis and all Portfolio Investments will be carried at cost, except where there has been an other than temporary impairment in the value of a Portfolio Investment as determined by the General Partner in accordance with Canadian GAAP or such successor standard.

Indemnification

The Fund will indemnify the General Partner and the Manager and their respective affiliates, and each of their respective directors, officers, partners, employees, and agents, and any other person who serves at the request of the General Partner or the Manager on behalf of the Fund as an officer, director, partner, employee or agent of any other entity, and any member of the Advisory Committee (in each case, an “**Indemnitee**”), for any liability, cost or expense incurred by such Indemnitee or to which such Indemnitee may be subject by reason of its activities on behalf of the Fund or in furtherance of the interests of the Fund (including but not limited to any litigation related expenses, or damage/cost awards) or otherwise arising out of or in connection with the Fund and its Portfolio Investments, except that this indemnity shall not apply to (i) losses arising from such Indemnitee’s own willful misconduct, fraud or bad faith, (ii) economic losses incurred by any Indemnitee as a result of such Indemnitee’s ownership of an interest in the Fund or in Portfolio Investments, or (iii) expenses of the Fund that an Indemnitee has agreed to bear. Further, the Fund shall advance to the Indemnitee the legal fees required in the defense of any claim against the Indemnitee, which advance the Indemnitee shall refund to the Fund to the extent such claim results in a finding of liability for willful misconduct, fraud or bad faith by a court or arbiter of competent jurisdiction. If the assets of the Fund are insufficient to cover such indemnity obligations, Limited Partners may be required to return to the Fund amounts previously distributed to them to fund such indemnity obligations.

Other Activities and Investments

The General Partner, the Manager and the affiliates of the General Partner and the Manager, and their respective directors, officers, partners and employees may, at any time:

- a) engage in the promotion, management or investment management, marketing, and launching of any other fund, corporations, partnership, or other entity;
- b) enter into agreements with portfolio companies to provide services to such companies that are not otherwise to be provided by the General Partner or Manager pursuant to the Partnership Agreement or Management Agreement on terms that, from the perspective of such portfolio companies, are equal to or better than those generally available on an arm's length basis;
- c) serve as officers or employees of portfolio companies on terms that, from the perspective of such portfolio companies, are approximately equal to or better than those generally available on an arm's length basis; and
- d) engage in any other activities, whether or not such activities relate to the business of the Fund,

and such persons shall be entitled to any and all fees, expenses and other payments (except those fees, expenses or payments contemplated by the provisions under the heading "Other Fees" above) and made to such persons in connection with the activities described above.

Default Provisions

A Limited Partner who defaults in respect of its commitment may be subject to certain penalties as provided for in the Partnership Agreement, including forfeiture of all or a portion of that Limited Partner's interest in the Fund.

Amendments

The Partnership Agreement may be amended from time to time with the consent of the General Partner and Limited Partners holding a majority of the Units, except that no amendment may: (a) increase any Limited Partner's Capital Commitment, materially reduce its share of the Fund's distributions, income, gains or losses, or materially and adversely affect the rights or obligations of such Limited Partner without the consent of such Limited Partner; (b) change the percentage of Units of Limited Partners necessary for any consent required to the taking of an action without the approval of Limited Partners who then hold Units equal to or in excess of the required Units for the subject of such proposed amendment; or (c) change the amendment provisions without the consent of each Limited Partner.

Notwithstanding the above provisions, the General Partner may amend any part or substantially all of the Partnership Agreement without the consent of the Limited Partners in certain circumstances, including: (a) to make changes which, in the General Partner's opinion, are necessary for the protection of the Limited Partners, (b) to change the name of the Fund, (c) to cure any ambiguity in the Partnership Agreement or correct any clerical errors or omissions or any provision of the Partnership Agreement that is incomplete or inconsistent, (d) to make such other changes which, in the General Partner's opinion, do not and will not materially adversely affect the interests of any of the Limited Partners, and/or (e) in connection with any Subsequent Closing, in each case provided that such amendment, in the General Partner's opinion, is not materially adverse to the Limited Partners.

Term and Early Dissolution

The term of the Fund (the “Fund Term”) will be 10 years from the date of the Initial Closing (unless wound-up sooner in accordance with the Partnership Agreement). The term may be extended for two one-year periods, each at the sole discretion of the General Partner, and for three further one-year periods with the approval of the Limited Partners holding a majority of the Units (based on Unit Commitments) (for a total term of up to 15 years).

The General Partner may in its sole discretion, wind-up the Fund prior to the end of the Commitment Period where it has:

- a) liquidated or disposed of all Portfolio Investments, and is of the opinion that any remaining investment opportunities are not suitable or sufficiently attractive to warrant investment by the Fund; or
- b) determined that it is in the best interests of the Limited Partners to wind-up the Fund; or
- c) Requested that the Limited Partners vote to approve the dissolution of the Fund, in which case the Fund shall be dissolved with the approval of the Limited Partners holding a majority of the issued Units.

RISK FACTORS

An investment in the Fund involves a number of significant risks that should be considered before making any investment. These risks include, but are not limited to, the following:

No Participation in Management

All decisions with respect to the management of the Fund's assets and the operation of the Fund will be made exclusively by the General Partner. Limited Partners will have no right to participate in the management of the Fund or to make any decisions with respect to the investments to be made by the Fund. Consequently, Limited Partners must rely entirely on the General Partner with respect to the selection of investments and management of the Fund. The success of the Fund will therefore depend, in large part, upon the skill and expertise of the General Partner and of the Manager in providing advice to the General Partner

General Partner's Limited Operating History; Carried Interest

The General Partner and the Manager each have a limited operating history. There can be no assurance that Limited Partners will recover their invested capital. Although the principals of each of the General Partner and of the Manager have formed and managed other funds that are similar to the Fund in the past, the past performance of these funds can provide no assurance as to the performance of the Fund. Further, the existence of the carried interest arrangement may create an incentive for the General Partner to make riskier or more speculative investments than it would otherwise make in the absence of such an arrangement.

Lack of Transferability of Limited Partnership Units

Units are being sold on a "private placement" basis in reliance on exemptions from prospectus and registration requirements of applicable securities laws and therefore are subject to restrictions on transfer thereunder. In addition, the Fund is not obligated to redeem any Units, and the Partnership Agreement contains significant restrictions on the ability of Limited Partners to transfer or pledge their Units. No market exists for Units and none is expected to develop. Consequently, a Limited Partner should not expect to liquidate its investment in the Fund readily and must be able to bear the economic risk of its investment in the Fund for a substantial period of time.

Available Opportunities

The success of the Fund will depend on the availability of appropriate investment opportunities and the ability of the Fund to identify, select, close, improve and exit those investments. There can be no assurance that the Fund will locate a sufficient number of suitable investment opportunities to enable the Fund to invest all of the Aggregate Committed Capital in opportunities that satisfy its investment objectives, or that such investment opportunities will lead to completed investments by the Fund. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

Limited Number of Investments

The Fund may participate in only one or a limited number of investments and, as a consequence, the aggregate return on a Limited Partner's investment in the Fund may be substantially or completely adversely affected by the unfavourable performance of any one Portfolio Investment.

Lack of Diversification

The Fund may lack diversification within the Sustainable Food sector and, as a consequence, the aggregate return on a Limited Partner's investment in the Fund may be substantially or completely adversely affected by the unfavourable performance of any one or more areas within the Sustainable Food sector.

Investments Are Long-Term and Illiquid

The return of capital and the realization of gains, if any, will occur only upon the partial or complete disposition of a Portfolio Investment. It is expected that an investment will not generally be sold until a number of years after it is made. The Fund may, for example, invest in securities that are illiquid and subject to resale restrictions because they are acquired from the issuer in “private placement” transactions. These investments are subject to various risks, particularly the risk that the Fund will be unable to realize its investment objectives by sale or other disposition at attractive prices, or otherwise be unable to complete an exit strategy. In some cases, the Fund may be prohibited by contract or otherwise restricted from disposing of such securities for a period of time. Furthermore, investments may require a substantial length of time to liquidate and, under some circumstances, result in distributions in kind or the creation of a liquidating trust to liquidate such investments over an extended period. There can be no assurance that a public market will develop for any of the Fund’s investments or that the Fund will otherwise be able to realize a return of capital from the sale of such investments.

Follow-On Investments

Following the initial investment in a Portfolio Investment, the Fund may be called upon to provide additional funds or have the opportunity to increase its investment in such company or to fund additional investments through such company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all such investments. Any decision by the Fund not to make follow-on investments or its inability to make them may have substantial negative impact on the portfolio company in need of such investment, or lead to dilution of the value of the Fund’s investment.

Minority Investments

The Fund may make non-controlling equity investments in portfolio companies. In respect of such companies, although the General Partner intends where appropriate to (i) obtain a position on the board of directors, (ii) obtain appropriate rights and covenants to protect the Fund’s interests, and (iii) be involved in management, the General Partner may have a limited ability to protect the Fund’s interests.

Financial Market Fluctuations

General instability in the public debt market and other securities markets may impede the ability of portfolio companies to raise money by offering shares for sale on a public market.

Troubled and Early Stage Companies

The Fund may invest in companies that may be considered to be troubled or in early stages of growth. The performance of troubled or early-stage companies may be more volatile due to their limited product lines, markets or financial reserves or their susceptibility to major economic setbacks or downturns.

Further, the Fund's targeted companies are in sectors that are in the early stages of development. These companies may be exposed to a variety of business risks, including, but not limited to: competition from larger, more established firms; advancement of incumbent services and technologies; and the resistance of the market towards new companies, services or technologies.

Sustainable Food Investment Risks

Investments in companies with a Sustainable Food or environmental focus are subject to consumer preferences, political priorities, changing government regulations, subsidies and other regulatory factors that

may impact the value of the investment. Before making an investment, Limited Partners should do research and be comfortable with the specific risks that might arise in the Sustainable Food sector.

Further, the performance of the food and agricultural industry is cyclical and seasonal, and the extent to which the Sustainable Food sector declines, experiences a downturn or is out of favour is likely to have a negative impact on the Fund. Further, the Sustainable Food sector is subject to risks inherent in the food and agricultural business, such as consumer preferences, competition, weather, insects, plant diseases and similar risks. There can be no assurance that these factors will not have a material adverse effect on Sustainable Food production.

Possible Claims Against Limited Partners

If the available assets of the Fund are insufficient to discharge obligations incurred by the Fund, or, if the Fund is dissolved, the creditors of the Fund may have a claim against an Limited Partner for the repayment of any distributions or returns of contributions received by such Limited Partner to the extent that such obligations arose before the distributions or returns of contributions sought to be recovered by the Fund. A Limited Partner who transfers its Units, if permitted, pursuant to the terms of the Partnership Agreement remains liable to make such repayments.

Economic and Political Conditions

The success of the Fund's investments may be affected by many factors, including: (a) changes in general economic and market conditions involving interest rates, availability of credit, inflation rates, currency movements and economic uncertainty; and (b) changes in laws and national and international political circumstances including wars, terrorist acts or security operations.

Valuation Risk

The Fund may invest in early stage companies that do not have a clear valuation. In some cases, conventional valuation methods may be inappropriate or impossible to employ. There is no assurance that the valuation obtained by the Fund for any investment will be able to provide returns for Limited Partners.

Conflicts of Interest

The General Partner, the Manager and their affiliates may engage in a broad spectrum of investment and consulting activities. In the ordinary course of its business, the General Partner and the Manager engage in activities where its interests or the interests of its clients may conflict with the interests of the Fund.

Further, the Manager and its affiliates may be engaged to provide services to the Fund or Portfolio Investments (including in connection with the consummation or disposition of a Portfolio Investment), and may, in connection with the provision of such services, be paid fees. Such fees will be subject to the paragraph "Summary of Partnership Agreement – Other Fees" above. The services provided by the Manager or its affiliates shall be provided on terms approximately no less favourable to the Fund or the portfolio company than those obtainable by the Fund on an arms' length basis from an unrelated party.

Growth Risks

There is no certainty that the Fund's targeted companies and the Sustainable Food sector in which they are located will continue to grow.

No Advisor, Portfolio Manager, Dealer or Investment Fund Manager Registration

The General Partner and the Manager are not registered as an advisor, portfolio manager, investment fund manager, or dealer under applicable Canadian securities legislation and, accordingly, the protections available to clients of a registered advisor or dealer under securities legislation may not be available to the Fund or to the Limited Partners.

Potential Loss of Limited Liability

The legislation of a number of jurisdictions provides for the registration of the Fund as an extra-jurisdictional limited partnership, thereby affording Limited Partners the limited liability provided by such legislation. There is a risk, in certain jurisdictions, that Limited Partners may not be afforded limited liability to the extent that principles of conflicts of law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one jurisdiction but which carry on business in another jurisdiction.

Although the Partnership Agreement provides that Limited Partners will have no right to participate in the management or control of the Fund or to make any decisions with respect to the investments made by the Fund, Limited Partners may lose the protection of limited liability in certain circumstances, including as a result of taking or being deemed to have taken part in the management or control of the business of the Fund or as a result of false statements in the record of the Limited Partners required under the *Limited Partnerships Act* (Ontario) or documents filed under, or other non-compliance with, legislation governing limited partnerships in other jurisdictions where Units are offered for sale or where the Fund carries on business. The General Partner intends to maintain the registration of the Fund as an extra-jurisdictional limited partnership in any such jurisdiction and to maintain the accuracy of such filings.

The Fund will seek, in the reasonable judgment of the General Partner, to obtain contractual protection in favor of the Limited Partners and take any other reasonably available measures for the purpose of preserving their limited liability. However, should limited liability protection be lost for any reason, the Limited Partners may be considered to be general partners in the applicable jurisdictions by creditors and others having claims against the Fund.

Fund Size

If the Fund is undercapitalized and is not successful in attracting further investments in Subsequent Closings or if the Manager is unsuccessful in launching successor funds, the Fund may be forced to reduce the size of its operations, which could have an adverse impact on the ability of the General Partner and/or the Manager to manage investments.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes may occur during the term of the Fund which could have an adverse effect on the Fund, its portfolio companies or the Limited Partners. Without limiting the generality of the foregoing, the future of the law as it relates to the Sustainable Food sector is not predictable and is therefore uncertain. Further, there is no certainty that governments will enforce the environmental or other legislation that is currently in effect, or that future governments will not provide incentives to other sectors that compete with the Environmental Sectors. See “Legal and Regulatory Considerations” and “Certain Canadian Federal Income Tax Considerations”.

Defaulting Limited Partners

Limited Partners who fail to comply with a capital call may suffer significant financial consequences, including forfeiture of their Units.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “**Tax Act**”) generally applicable to Limited Partners who acquire Units pursuant to this Memorandum and who, for purposes of the Tax Act, are resident in Canada, hold their Units as capital property, have invested for their own benefit and not as a trustee of a trust, and deal at arm’s length for the purposes of the Tax Act and are not affiliated with the Fund or the General Partner. The determination of whether the Units are capital property to a Limited Partner will depend in part upon the Limited Partner’s particular circumstances. Generally, Units will be considered capital property to a Limited Partner if they are acquired by the Limited Partner for investment purposes and are not acquired to be held in the course of carrying on a business of trading or dealing in securities or as part of an adventure in the nature of trade. A person or partnership, an interest in which is a “tax shelter investment”, or a person whose Unit, if acquired, would be a “tax shelter investment”, as such term is defined in the Tax Act, is not eligible to become a Limited Partner in the Fund and this summary is not applicable to such a person. This summary further assumes that at all times all Limited Partners are resident in Canada. In addition, this summary assumes that not more than 50% of the fair market value of all Units will be held by one or more “financial institutions”, as that term is defined in the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend such provisions publicly announced by the Minister of Finance prior to the date hereof (the “**Tax Proposals**”) and counsel’s understanding of the current administrative practices of the Canada Revenue Agency. The summary does not otherwise take into account any changes in law, whether made by judicial, governmental or legislative decision or action. Except as described below, this summary does not take into account tax laws of any province or territory of Canada or any jurisdiction outside Canada, which may differ from those discussed below.

Recently enacted provisions of the Tax Act (the “SIFT Rules”) impose a tax in respect of certain income earned by certain publicly-traded trusts and limited partnerships (called “SIFT trusts” and “SIFT partnerships”). Provided that Units or other investments in the Fund are not listed or traded on a stock exchange or other public market, the Fund will not be subject to tax as a SIFT partnership. This summary assumes that the Fund will not at any time qualify as a SIFT partnership for the purposes of the SIFT rules.

This summary is of a general nature and is not intended to be legal or tax advice to any particular Limited Partner. Prospective Limited Partners should consult their own tax advisers with respect to their particular circumstances.

Taxation of the Fund

As a partnership, the Fund it is not itself subject to income tax in Canada. However, the Fund will be required to calculate its income or loss for income tax purposes for each of its fiscal years as if it was a separate person resident in Canada. The Fund’s fiscal year end is December 31.

In computing its income or loss for tax purposes, the Fund will be entitled to deduct its expenses in the taxation year in which they were incurred provided such expenses are reasonable and their deduction is permitted under the Tax Act. The costs associated with the organization of the Fund are not fully deductible by the Fund in computing its income; these costs qualify as eligible capital expenditures, three-quarters of which may be deducted by the Fund in computing income at the rate of 7% per year on a declining balance basis. The expenses incurred by the Fund in issuing its Units are deductible rateably by the Fund over a five-year period (subject to pro-ration in the case of a fiscal year of the Fund that is less than 365 days).

The characterization of the Fund's gains and losses from dispositions of the Fund's investments as being capital gains or gains on income account will depend on the specific facts relating to each investment. Accordingly, no conclusion can be made as to the nature of such gains and losses generally when allocated to Limited Partners.

Taxation of Limited Partner's Share of Income or Loss

Each Limited Partner will be required to include in income for each taxation year the Limited Partner's share of the income or loss of the Fund for the fiscal period of the Fund that ends in, or coincides with, that taxation year, regardless of whether the Limited Partner has received distributions from the Fund. Subject to the foregoing, a Limited Partner will not be required to include in income a distribution of cash by the Fund.

A Limited Partner may be entitled to deduct its share of losses realized by the Fund in each fiscal period against the Limited Partner's income from other sources, subject to, and, in accordance with, detailed tax rules including rules that limit the deduction by a Limited Partner of the Fund's losses to an amount not greater than the Limited Partner's "at-risk amount". A Limited Partner's share of any loss of the Fund that is not deductible by the Limited Partner as a result of the application of the "at-risk" rules is considered to be a "limited partnership loss" in respect of the Fund for that year. The limited partnership loss may be deducted by the Limited Partner in a subsequent taxation year against income for that year to the extent that the Limited Partner's at-risk amount at the end of the Fund's fiscal period ending in that year exceeds the Limited Partner's share of any loss of the Fund for that fiscal period.

At any time, a Limited Partner's adjusted cost base of its Units will be the amount of capital contributed to the Fund, plus the Limited Partner's share of the income of the Fund (including the full amount of any capital gains realized by the Fund) for fiscal periods ended before that time, less the amount of cash distributed to the Limited Partner before that time and less the Limited Partner's share of losses of the Fund (including the full amount of any capital losses realized by the Fund) for fiscal periods ended before that time (other than losses not deductible by the Limited Partner by reason of the "at-risk" rules described above).

If, at the end of a fiscal period of the Fund, the adjusted cost base of the Limited Partner's Units is a negative amount, the Limited Partner will be deemed to realize a capital gain for tax purposes equal to such negative amount, and the adjusted cost base will thereafter be increased by the amount of such deemed capital gain.

Income or loss of the Fund from a particular source and a particular place will be considered to be income of a Limited Partner from the same source and place to the extent of the Limited Partner's share thereof. A Limited Partner's share of any dividends received by the Fund from taxable Canadian corporations will be subject to the usual gross-up and dividend tax credit rules in the Tax Act in the case of a Limited Partner that is an individual and may be subject to Part IV refundable tax in the case of Limited Partners that are private (and certain other) corporations.

Disposition of Units

On the disposition of a Unit by a Limited Partner, including on wind-up of the Fund, the Limited Partner will realize a capital gain (or capital loss) in the amount by which the Limited Partner's proceeds of disposition exceed (or are less than) the Limited Partner's adjusted cost base of the Unit and the costs of the disposition.

Under the Tax Proposals, where a Limited Partner disposes of all of its Units in a fiscal period of the Fund, any income or loss allocated to the Limited Partner for such fiscal period will be taken into account in determining the adjusted cost base of the Limited Partner's Units.

One-half of a capital gain realized by a Limited Partner must be included in the Limited Partner's income as a taxable capital gain. The full amount of a capital gain realized on the transfer of a Unit to a tax-exempt person may be included in the Limited Partner's income as a taxable capital gain. One-half of a capital loss may be

deducted by the Limited Partner as an allowable capital loss against taxable capital gains to the extent and under the circumstances prescribed in the Tax Act.

Dissolution of the Fund

On dissolution of the Fund, a Limited Partner will generally be considered to dispose of its Units for proceeds of disposition equal to the then fair market value of the property received by the Limited Partner on such dissolution. The Fund will be deemed to dispose of such property for proceeds equal to its then fair market value and the Limited Partner will be deemed to acquire such property at a cost equal to the same amount. On dissolution of the Fund, gains or losses on the Fund's assets will be reflected in the computation of the Fund's income or loss, and in the Limited Partner's share of such income or loss. The adjusted cost base of the Limited Partner's Units will reflect such gains and losses, and will reflect the distribution of cash or property to the Limited Partner on the dissolution.

Minimum Tax

Losses of the Fund deducted by a Limited Partner and capital gains realized by a Limited Partner may give rise to liability for alternative minimum tax.

Filing Requirements

Each Limited Partner must file its own tax return reporting the Limited Partner's share of the Fund's income or loss. The General Partner will file an annual information return on behalf of all Limited Partners containing required information. The General Partner will provide Limited Partners with information as to the allocation of the Fund's income to each of the provinces in which the Fund carries on business and an allocation of any withholding tax in respect of income earned by the Fund. A Limited Partner that is a corporation will be required to file an Ontario provincial income tax return as a result of becoming a Limited Partner.

Eligibility for Investment

Units of the Fund are not a qualified investment for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans, or the tax-free savings accounts.

PROFESSIONAL ADVISORS

Legal Counsel

Stikeman Elliott LLP, Toronto, is Canadian counsel to the Fund and the General Partner in respect of this offering of Units of the Fund.

Auditors

PricewaterhouseCoopers LLP, Toronto, have been appointed the auditors of the Fund.

LEGAL AND REGULATORY CONSIDERATIONS

Resale Restrictions

The distribution of Units is being made on a private placement basis only and is exempt from the requirement that the Fund prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Units must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. Each Purchaser acknowledges that Units will contain a legend relating to the abovementioned resale restrictions. Purchasers are advised to seek legal advice prior to any resale of the Units.

Representations of Purchasers

Each purchaser who subscribes for Units will be deemed to have represented to the Fund and the General Partner that: (i) the offer and sale of the Units was made exclusively through the final version of the Memorandum and was not made through an advertisement of the Units in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada; (ii) such purchaser has reviewed and acknowledges the terms referred to above under the section entitled “Resale Restrictions”; (iii) where required by law, such purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which such purchaser is resident, for its own account and not as agent for the benefit of another person; (iv) such purchaser, or any ultimate purchaser for which such purchaser is acting as agent, is entitled under applicable Canadian securities laws to purchase the Units without the benefit of a prospectus qualified under, or dealer registration under, such securities laws, and without limiting the generality of the foregoing, is an “accredited investor” as defined in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* (“NI 45-106”); (v) such purchaser is not a “designated beneficiary” of the Fund (as defined under the Income Tax Act (Canada)); and (vi) such purchaser is not a person created or used solely to purchase or hold the Units as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45 106.

No Advisory Registration

The General Partner will be responsible for making all investment decisions on behalf of the Fund, in accordance with the Partnership Agreement. The Manager will enter into a management agreement with the Fund pursuant to which the Manager will provide certain management services to the Fund, including, without limitation, research, due diligence and similar services.

The Fund is not a mutual fund as the Units are not redeemable on demand. In addition, the Fund is not a non-redeemable investment fund (as that term is defined under the *Securities Act* (Ontario)) as the Fund is actively involved in the management of the portfolio companies in which it invests. As a result, purchasers should note that the rules designed to protect Limited Partners who purchase securities of a mutual fund or a non-redeemable investment fund will not apply to the Units.

Neither the General Partner nor the Manager are registered as an advisor or dealer under applicable Canadian securities legislation and, accordingly, the protections available to clients of a registered advisor or dealer may not be available to the Fund or to holders of Units.

Language of Documents (Quebec residents only)

If a purchaser is a resident of or subject to the laws of the province of Québec, the purchaser and the Fund agree that: (a) the subscription agreement and any other contract entered into in connection with it shall be effective only upon its execution by or on behalf of the Fund outside of Québec and that, accordingly, all such agreements

shall be deemed to be entered into outside of Québec; and (b) it is their express wish that the subscription agreement and, as well as all other documents related to it, including notices, shall be drawn up in the English language only.

Les parties aux présentes confirment leur volonté expresse de voir la convention de souscription, même que tous les documents, y compris tous avis, s'y rattachant, rédigés en langue anglaise seulement.

Purchaser's Rights of Action for Damages or Rescission

Securities legislation in certain of the provinces of Canada provides, or requires purchasers to be provided with, a right of action for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and any amendment or supplement to it contains an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (a “**Misrepresentation**”). Such rights must be exercised within prescribed time limits. Purchasers should refer to the express provisions of the applicable securities laws, regulations and rules for particulars of those rights or consult with a lawyer. Such provisions may contain limitations and/or statutory defences on which the Fund and other applicable parties may rely.

The rights of action described below are in addition to and without derogation from any right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein. The rights of action for damages or rescission described below are available against the Fund and/or the General Partner and not against the Manager or any limited partner, dealer, director, officer or other person.

The applicable contractual and statutory rights are summarized below. The contractual rights of action discussed below will be provided to purchasers in the subscription agreements executed in connection with the purchase of the Units offered under this Memorandum.

National Instrument 45-106

Units are being distributed to purchasers resident in Canada in reliance on the “accredited investor” exemption contained in NI 45-106.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

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

This Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

Section 138 of The *Securities Act*, 1988 (Saskatchewan), as amended (the “Saskatchewan Act”) provides that where an offering memorandum (such as this Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

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

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

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

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

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

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are

sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

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

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

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

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

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action to cancel the agreement within 180 days after

the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or

an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

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

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

Alberta, British Columbia, Manitoba, Newfoundland and Labrador, PEI, and Québec

Notwithstanding that the *Securities Act* (British Columbia), the *Securities Act* (Alberta), and the *Securities Act* (Québec) do not provide, or require the Fund to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this Memorandum or an amendment hereto contains a Misrepresentation, the Fund hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

In Manitoba, the *Securities Act* (Manitoba), in Newfoundland and Labrador the *Securities Act* (Newfoundland and Labrador), and in Prince Edward Island the *Securities Act* (PEI) provides a statutory right of action for damages or rescission to purchasers resident in Manitoba, Newfoundland and Labrador and PEI respectively, in circumstances where this Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

ANY PERSON CONSIDERING AN INVESTMENT IN THE PARTNERSHIP SHOULD CONSULT HIS/HER/ITS OWN ADVISORS IN ORDER TO FULLY UNDERSTAND THE CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP WITH RESPECT TO SUCH PERSON'S PARTICULAR SITUATION.

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