Tier One Capital Limited Partnership

Management Discussion and Analysis

December 31, 2015

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

On July 11, 2014, Tier One Capital Limited Partnership ("Tier One Capital" or the Limited Partnership") purchased substantially all the assets of The Business, Engineering, Science & Technology Discoveries Fund Inc. (the "Fund"). This Management's Discussion and Analysis ("MD&A"), dated April 29, 2016, presents an analysis of the financial position of Tier One Capital as at December 31, 2015 and the results of operations for the year ended December 31, 2015 compared to the financial statements of the Fund for the period ended December 31, 2014 and the financial position of Tier One Capital as at December 31, 2014. This MD&A should be read in conjunction with the financial statements of the Limited Partnership and the Fund. All dollar amounts in this MD&A are reported in Canadian dollars, unless otherwise stated. Regulatory filings for Tier One Capital may be found on SEDAR at www.sedar.com, while other information related to the Limited Partnership is published on the Limited Partnership website at www.tier1capital.ca.

Forward-looking Statements

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Limited Partnership, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: the Limited Partnership's investment approach, objectives and strategy, including its focus on specific sectors; the structuring of its investments and its plans to manage its investments; the Limited Partnership's financial performance; and its expectations regarding the performance of certain sectors.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Limited Partnership believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in forward-looking information contained in this MD&A include, but are not limited to: the nature of the Limited Partner's investments; the available opportunities and competition for its investments; the concentration of its investments in certain industries and sectors; the Limited Partnership's dependence on its manager and management team; risks affecting the Limited Partnership's investments; global political and economic conditions; investments by the Limited Partnership in private issuers which have illiquid securities; management of the growth of the Limited Partnership; exchange rate fluctuations; and other risks and factors discussed in this MD&A under "Risk Factors".

Although the Limited Partnership has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. The forward-looking information contained in this MD&A is provided as at the date of this MD&A, based upon the opinions and estimates of management and information available to management as at the date of this MD&A, and the Limited Partnership undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

International Financial Reporting Standards

The financial statements of the Limited Partnership have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The financial information for periods ending prior to September 30, 2014 is that of the Fund prior to the Transaction.

Note Regarding Non-IFRS Financial Measures

This document contains references to "net asset value" (basic and fully diluted) ("Net Asset Value" or "NAV"), which is a non-IFRS financial measure. The Limited Partnership calculates basic NAV by subtracting the aggregate fair value of the liabilities of the Limited Partnership from the aggregate fair value of the assets of the Limited Partnership on the date on which the calculation is being made and NAV per share as NAV divided by the total number of Limited Partnership Units of the Limited Partnership outstanding as at a specific date. Fully diluted NAV is calculated by taking basic NAV and accounting for any dilutive impact of outstanding securities of the Limited Partnership that are convertible into or exercisable for common shares as if they had been converted or exercised. The term "net asset value per unit" does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies or limited partnerships. Management believes that the measure can provide information useful to the unitholders of the Limited Partnership in understanding the Limited Partnership's performance and facilitate the comparison of the results of its ongoing operations, and may assist in the evaluation of the Limited Partnership's business, relative to that of its peers.

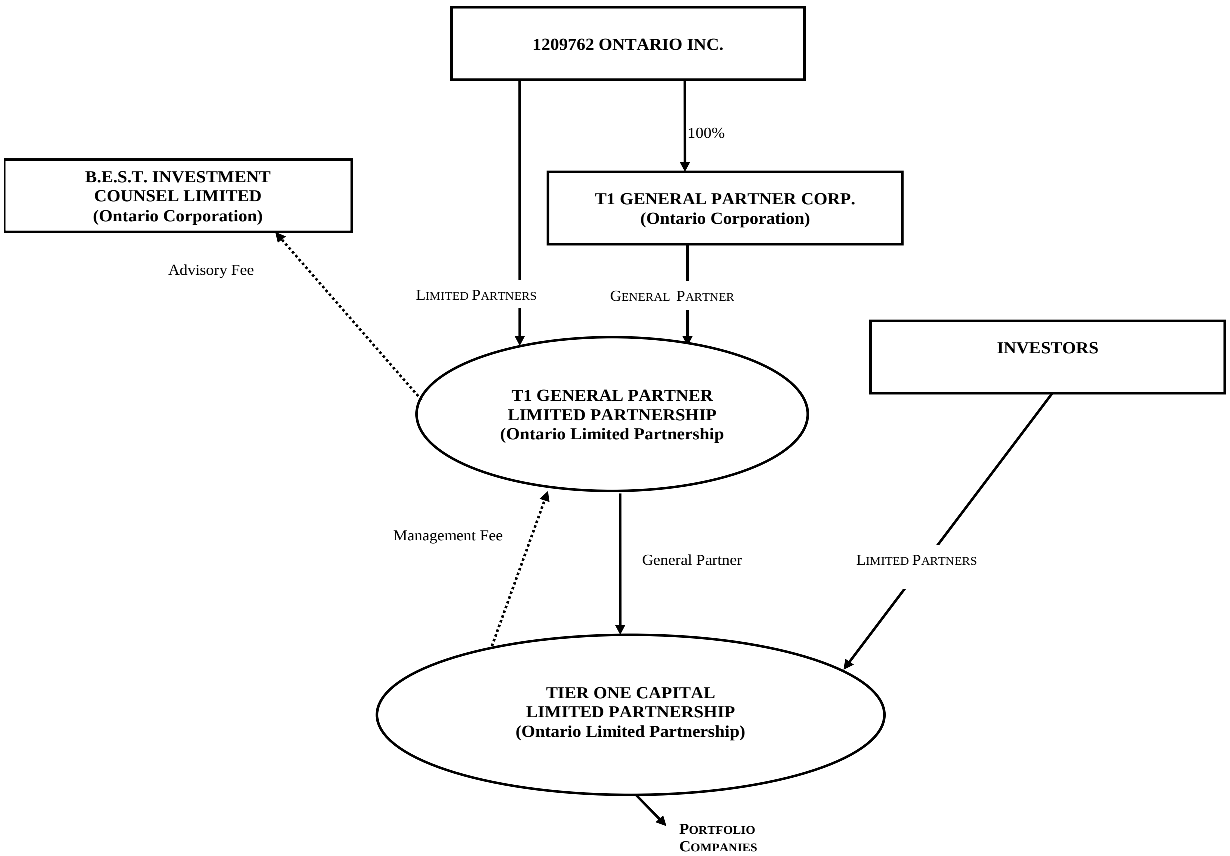
About Tier One Capital Limited Partnership

Tier One Capital Limited Partnership (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Ontario. The Limited Partnership became a limited partnership effective on February 21, 2014, the date of filing of its declaration of Limited Partnership. The General Partner of the Limited Partnership is T1 General Partner LP (the "General Partner"), a limited partnership formed under the laws of the Province of Ontario. The general partner of the General Partner is T1 General Partner Corp., a corporation incorporated under the laws of Ontario.

The Limited Partnership is focused on funding rapidly-growing private Canadian companies by providing them with the capital needed to execute their growth strategies and acquisition plans. Its primary focus will be on companies with recurring revenue streams in the technology, healthcare and financial services industry. The Limited Partnership will initially focus its investments on companies in the expansion phase of development in mid to late stages. The Limited Partnership will not be subject to any investment restrictions regarding any particular sector, industry or stage of development.

The principal address of the Limited Partnership, the General Partner and the general partner of the General Partner is 15 Toronto Street, Suite 400, Toronto, Ontario, M5C 2E3.

Limited Partnership Structure



Conflicts of Interest

B.E.S.T. Investment Counsel Limited has been engaged to provide investment management and advisory services to other clients. B.E.S.T. Investment Counsel Limited shall, in providing investment management and/or advisory services, treat all its clients and any conflicts that may arise in a fair and equitable manner. In the event that B.E.S.T. Investment Counsel Limited is aware of or involved in a proposed investment opportunity which it believes meets the investment criteria of more than one client, then the investment opportunity shall be offered to all clients of B.E.S.T. Investment Counsel Limited on a pro rata basis based on the amount each client is willing to invest. If one of B.E.S.T. Investment Counsel Limited's clients has a pre-existing stake in a proposed investment opportunity, such client may participate in the investment opportunity, in priority to other of B.E.S.T. Investment Counsel Limited's clients, to the extent necessary to maintain its proportionate undiluted ownership interest in the investment.

Business Strategy

Investment Objectives

The Limited Partnership's investment objective is to provide a return on investment for Limited Partners and provide regular cash distributions. The General Partner intends to make regular distributions, which would be assessed on a quarterly basis, to the Limited Partners, having regard to the income received or anticipated to be received from the portfolio companies held by the Limited Partnership as well as the fees, expenses and other obligations of the Limited Partnership.

Investment Strategies

The Limited Partnership primarily invests in senior debt, preferred shares and debt obligations which are convertible into equities, of eligible businesses which have the greatest potential for long-term growth and may also invest in equity and other equity-related securities. The Limited Partnership is focused on funding rapidly-growing Canadian companies by providing them with the capital needed to execute their growth strategies and acquisition plans. Target companies typically have strong and growing recurring revenue streams and may include companies in the technology, healthcare and financial services industries. The Limited Partnership is focused on companies in the expansion phase of development. In addition, the Limited Partnership may acquire previously issued securities of portfolio companies from the holders of such securities. The Limited Partnership is not subject to any investment restrictions regarding any particular sector, industry or stage of development. The investment size is usually in the range of $1 million to $5 million per investment, and the investment portfolio of the Limited Partnership is intended to be diversified.

The Limited Partnership's investments are selected on the basis of various criteria including a review of industry economics, management capability, product or service competitiveness and growth potential. Capital not invested in eligible businesses will be used for the general purposes of the Limited Partnership.

Investment Characteristics

The Limited Partnership is most interested in rapidly-growing emerging markets and in businesses that can achieve dominance in their respective niches.

Anticipated holding periods for investments will vary from short-term (being 1-3 years) to long-term (being 3-5 years) depending on the nature of the investment, although the Limited Partnership may hold investments for a shorter or longer time period. Debt investments held by the Limited Partnership will tend to have durations of 1-3 years, while equity investments will have longer-term anticipated investment horizons.

Source of Investment Opportunities

The General Partner uses a variety of resources to source investment opportunities including, but not limited to, industry related research, trade publications, discussions with industry participants, legal and financial professionals, and its existing database.

Corporate Governance

The disclosure for Board of Directors and Audit Committees applies in respect of both 2014 and 2015 but was inadvertently omitted in the 2014 MDA.

Board of Directors

As the General Partner is itself a limited partnership, it has a general partner, T1 General Partner Corp., that is responsible for the operations of the General Partner. References herein to the directors, the board of directors, the audit committee, the chief executive officer, the chief financial officer, executive officer and/or officers of the Limited Partnership or otherwise are in fact references to such positions(s) with and/or committees of T1 General Partner Corp.

The term of office of each of the present directors of T1 General Partner Corp. expires at the close of the next annual meeting of shareholders of T1 General Partner Corp. or until their successors are appointed, unless a director's office is earlier vacated.

The board of directors of T1 General Partner Corp. is composed of four individuals: John Nyholt, John Richardson, Robert Roy and Steven Watzeck. All of the directors are independent within the meaning of Section 1.4 of National Instrument 52-110 with the exception of John Richardson who is the designated Chief Executive Officer of the Limited Partnership. The board of directors of T1 General Partner Corp. facilitates its exercise of supervision of the Limited Partnership management through frequent meetings. John Nyholt is the Chairman of the Board. Robert Roy is the Chairman of the Audit Committee.

New directors will attend a briefing with existing directors on all aspects of the nature and operation of the Limited Partnership's business from senior management of T1 General Partner Corp. Directors will be given the opportunity to attend and participate in seminars and continuing education programs. Outside experts may be retained as appropriate to provide directors with ongoing education on ongoing and/or specific subject matters.

The board will set the roles and responsibilities of any chair of the board or of any committee by consensus among the directors from time to time.

T1 General Partner Corp. believes that the fiduciary duties placed on each of the individuals on the board of directors of T1 General Partner Corp. by the governing corporate legislation, the common law and restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the board of directors in which the director has an interest, is sufficient to ensure that the board of directors of T1 General Partner Corp. operates in the best interests of the Limited Partnership. Directors who have or may be reasonably perceived to have a personal interest in a transaction or agreement being contemplated by T1 General Partner Corp. or the Limited Partnership are required to submit such interest in writing or declare such interest at any meeting at which the matter is being considered and, where appropriate, leave the meeting during discussion and abstain from voting on such matter. T1 General Partner Corp. encourages and promotes a culture of ethical business conduct by expecting each director and officer to act in a manner that exemplifies ethical business conduct.

If a director ceases to hold office, the remaining directors will identify potential candidates for nomination to the board, with a view to ensuring overall diversity of experience and skill. 1209762 Ontario Inc., as sole shareholder of T1 General Partner Corp., will be entitled to elect all directors.

The board of directors is responsible for determining compensation for the directors of T1 General Partner Corp. to ensure it reflects the responsibilities and risks of being a director. The board does not have a compensation committee or any committee other than the audit committee.

Different methods are used to assess the Board's effectiveness including annual surveys, interviews and group discussions. These also form the basis, for the Board as a whole, to assess the need for new Board members.

John Nyholt is a director of Mad Catz Interactive Inc. (NYSE MKT/TSX: MCZ), a global provider of innovative interactive entertainment products, where he also serves on the Audit Committee.

Audit Committee

Composition of the Audit Committee

Each of the Audit Committee members is independent within the meaning of National Instrument 52-110.

Name	Education	Experience
Robert Roy (Chair)	CPA, CA	Mr. Roy is currently a consultant to a number of business ventures. He was the Managing Director of Equity and Head of Ventures for Roynat Capital, a subsidiary of a Canadian chartered bank, from January 1996 to July 2012. Mr. Roy has over 30 years of experience in mergers and acquisitions, private equity and venture capital.
John Nyholt	CPA, CA	Mr. Nyholt retired from PricewaterhouseCoopers LLP in 2013 after 35 years with the firm, including the last 20 years as a partner in the Consulting and Deals practice. He has broad experience in audit and accounting services, restructurings, financings and M&A. Mr. Nyholt holds HBA and MBA degrees from the Richard Ivey School of Business, Western University.
Steven Watzeck	MBA	Mr. Watzeck is currently a partner and serving in the roles of Chairman and Chief Commercial Officer to accelerate the global commercial launch of Fibracast Ltd. Mr. Watzeck spent 5 years with General Electric Water and Process Technologies in the roles of Chief Strategy & Marketing Officer, President, Engineered Systems, General Manager, Global Engineering and Project Execution and President and General Manager of ZENON after its acquisition by General Electric in 2006.

Audit Committee Charter

1. Introduction

This Audit Committee Charter (the “Charter”) has been adopted to govern the activities, mandate, responsibilities and authority of the Audit Committee (the “Audit Committee”) of the Board of Directors (the “Board”) of T1 General Partner Corp., in its capacity as general partner of T1 General Partner LP, in its capacity as general partner of Tier One Capital Limited Partnership (the “Limited Partnership”).

2. Responsibility and Authority

The Audit Committee for the Limited Partnership shall carry out its responsibilities in compliance with legal and regulatory requirements with respect to the employment, compensation and oversight of the Limited Partnership’s external auditors. The Audit Committee is responsible for assisting the Board in carrying out its responsibilities relating to the Limited Partnership’s financial accounting and reporting processes. Although the Audit Committee has been given certain powers and responsibilities under this Charter and is responsible for performing the duties set forth in this Charter, the principal role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Limited Partnership and may or may not be accountants or auditors by profession and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Audit Committee to perform audits to determine that the Limited Partnership’s financial statements and disclosures are complete and accurate or are prepared in accordance with International Financial Reporting Standards and applicable rules and regulations. These are the responsibilities of management and the external auditors. Nothing in this Charter is intended to restrict the ability of the Board or the Audit Committee to alter or vary procedures in order to comply more fully with National Instrument 52-110 – *Audit Committees*, as amended from time to time. In furtherance of these purposes, the Audit Committee shall have the following responsibilities and authority:

a. <u>Relationship with External Auditors</u>

- The Audit Committee shall recommend to the Board the appointment or replacement of the external auditors;

- The Audit Committee shall be responsible for determining the compensation of the external auditors and for overseeing the work of the external auditors for the purpose of preparing and issuing an audit report;

- The external auditors shall report directly to the Audit Committee;

- The Audit Committee shall approve in advance all audits and permitted non-audit services with the external auditors. This includes the terms of engagement and all fees payable;

- The Audit Committee shall, on an annual basis, evaluate the qualifications, performance and independence of the external auditors (including the external auditors’ internal quality control procedures) and notify the Board and external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standard, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee;

b. Financial Statement and Disclosure Review

- The Audit Committee shall review and discuss with management and the external auditors the annual consolidated financial statements, the annual report, including the management discussion and analysis and any and all earnings press releases before making recommendations to the Board relating to the approval of these statements and before such information is publicly disclosed;

- The Audit Committee shall review with management and if deemed necessary, with the external auditors, interim financial statements, the quarterly report, including the management discussion and analysis and any and all earnings press releases before making recommendations to the Board relating to the approval of these statements and before such information is publicly disclosed;

- The Audit Committee shall review and discuss with management and the external auditors any significant financial reporting issues and judgements made in connection with the preparation of the Limited Partnership's financial statements. The external auditors' assessment of the quality of the Limited Partnership's accounting principles, any significant changes in the Limited Partnership's election or application of accounting principles and any major issues relating to the adequacy of the Limited Partnership's internal controls;

c. Conduct of the Annual Audit

- The Audit Committee shall meet with the external auditors prior to the audit to discuss the planning and conduct of the annual audit, and shall meet with the external auditors as is required or appropriate in connection with the audit;

d. Compliance and Oversight

- The Audit Committee shall discuss with management and the external auditors the effect of regulatory and accounting initiatives;

- The Audit Committee shall discuss with management the Limited Partnership's major financial risk exposures and steps management has taken to monitor and control such exposures; and

- The Audit Committee shall discuss with management and the external auditors any correspondence with regulators or governmental agencies and any employee complaints which raise material issues regarding the Limited Partnership's accounting policies or financial statements.

3. Structure and Membership

a. Number of Qualification

The Audit Committee shall consist of three persons, unless the Board should, from time to time, determine otherwise. All members of the Audit Committee shall meet the independence, experience and financial literacy requirements of National Instrument 52-110, subject to the exemptions contained in National Instrument 52-110 for venture issuers.

b. Selection and Removal

Members of the Audit Committee shall be appointed by the Board. The Board may remove members of the Audit Committee with or without cause.

c. Chair

Unless the Board elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.

d. Compensation

The compensation of the Audit Committee shall be determined by the Board.

e. Term

Members of the Audit Committee shall be appointed for a term of one year and are permitted to serve an unlimited number of consecutive terms. Each member shall serve until his or her replacement is appointed, or until he or she resigns or is removed from the Board.

4. Procedures and Administration

a. Meetings

The Audit Committee shall meet at least four times annually to permit timely review of the quarterly and annual financial statements and reports of the Limited Partnership. Additional meetings may be held as deemed necessary by the Chair of the Audit Committee or as requested by any member of the Committee or the external auditors. Meetings will be free of time constraints. A majority shall constitute a quorum for the purpose of any meeting and decision making by the Audit Committee. At any meeting of the Audit Committee, if the Chair is not designated or present, the members of the Audit

Committee who are present and constitute a quorum may designate a temporary Chair for the purpose of that meeting, which designation will be affected by majority vote of the members of the Audit Committee who are present.

The Audit Committee will meet privately with the independent auditors "in camera" at least annually and with management to discuss any matters that the Audit Committee or management believes should be discussed.

b. Reports to the Board

The Audit Committee shall report to the Board following meetings of the Audit Committee with respect to such matters as are relevant to the Audit Committee's discharge of its responsibilities.

c. Charter

The Audit Committee shall, on an annual basis, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

d. Independent Advisors

The Audit Committee shall have the authority to engage, at the expense of the Limited Partnership, independent legal, accounting and any other advisors it deems necessary or appropriate to carry out its responsibilities.

e. Annual Self-Evaluation

The Audit Committee shall evaluate its own performance on an annual basis.

5. Additional Powers

The Audit Committee shall have other such duties as may be delegated from time to time by the Board.

The Audit Committee shall have unfettered authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors, anyone in the organization and the complete books and records of the Limited Partnership.

External Audit Fees

	2015	2014
Audit Fees	$88,988	$80,658
Tax Services	$18,645	$19,577
Other	$3,051	$7,831

Results of Operations

	Three months ended							
	December 31, 2015	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**
Interest income	927,501	910,058	899,261	706,751	420,430	662,441	256,310	443,503
Other income (loss)	(16,985)	-	1,500	18,847	70,476	153,748	230,373	55,206
Net realized gain (loss) on disposals of investments and marketable securities	(504,074)	503,497	24,870	-	(4,971,643)	(428,233)	428,234	(410,484)
Net change in unrealized gain (loss)	(1,386,870)	562,229	(14,995)	(33,012)	5,018,425	10,413	(907,606)	27,424
Net gain on investments at fair value through profit and loss	(980,428)	1,975,784	910,636	692,586	537,688	398,369	7,311	115,649
Total expenses	325,281	312,194	237,700	201,205	257,124	354,840	630,931	692,495
Net gain (loss) on remeasurement of Class A redeemable shares	-	-	-		-	1,047	(244,274)	(200,981)
Net and comprehensive (loss) income	(1,305,709)	1,663,590	672,936	491,381	280,564	44,576	(379,346)	(375,875)
Earnings (loss) per Unit (share)	(0.35)	0.45	0.18	0.13	0.08	0.02	(0.18)	(0.18)
Total assets	39,086,067	41,089,783	40,500,798	38,458,058	38,696,171	33,984,465	31,372,693	31,903,667
Limited Partners Equity/Net Asset Value	35,407,004	37,617,223	36,726,357	37,045,110	37,377,563	32,908,311	19,953,703	20,333,049
Units/Class A shares outstanding	3,715,400	3,705,530	3,659,605	3,659,605	3,659,605	2,751,518	2,100,911	2,100,911
Limited Partners Equity per Unit/Net Asset Value per Share	9.53	10.15	10.04	10.12	10.21	11.96	9.50	9.68

Footnotes:

1. Information for the periods ending June 30, 2014 and March 31, 2014 are for the predecessor entity, The Business, Engineering, Science & Technology Discoveries Fund Inc. The information for the period ended September 30, 2014 includes results from the predecessor entity up to July 11, 2014, the date of the conversion to the Limited Partnership.
2. The above figures have been generated from the financial statements of the Limited Partnership and the Fund which have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board and applied consistently from the preparation of the Fund's opening IFRS Statement of Financial Position at October 1, 2011 and throughout all periods presented.
3. The presentation and functional currency is the Canadian dollar.

Three months ended December 31, 2015

The Limited Partnership reported a net loss on investments at fair value through profit and loss of $980,428 for the three months ended December 31, 2015. This compares to a net gain on investments of $537,688 in the same period last year and a net gain on investments of $1,975,784 in the prior quarter ended September 30, 2015. The decrease on the net gain on investments is due mainly to a net realized loss of $504,074 and unrealized loss of $1,386,780 on venture investments during the three months ended December 31, 2015. The realized loss resulted from the Limited Partnership's investment in Couch Commerce Inc. which had been in receivership and was dissolved during the period. The unrealized loss is due to the write-down of Iogen Corporation to reflect the transaction value of the sale of common shares by one of the major shareholders of the company. All of the Iogen Corporation common shares were purchased by existing shareholders of Iogen Corporation.

In the comparable period last year, the predecessor fund recorded a net realized loss of $4,971,643 and an unrealized gain of $5,018,425. The Limited Partnership sold its investment in CNSX Markets Inc. to realize a loss. The investment was written down in previous periods resulting in the reversal of the unrealized loss (ie. unrealized gain). Interest and other income for the three month period ended December 31, 2015 was $927,501 compared to $910,058 in the quarter ended September 30, 2015. Interest income has continued to increase over the last few quarters as the Limited Partnership focuses on its investment strategy of investing in high yield debt of venture issuers.

Total expenses for the three month period ended December 31, 2015 were $325,281 compared to $312,194 in the prior quarter ended September 30, 2015 and $257,124 in the same period last year. The higher expenses reported in the three months ended December 31, 2015 compared to the three months ended September 30, 2015 are due to interest expense and administrative fees on the credit facility and higher legal fees. The expenses were slightly offset by lower management fees resulting from the lower balance of total assets in the Limited Partnership. The decline in the expenses from the period year is a result of the change in the structure from a mutual fund to a limited partnership which entailed changes to the management and administrative contracts. Substantial cost reductions were achieved in transfer agent, registrar and administrative expenses, legal fees, director expenses and advisor fees.

Year ended December 31, 2015

The Limited Partnership reported a net gain on investments at fair value through profit and loss of $2,598,578 for the year ended December 31, 2015. This compares to a net gain on investments of $1,591,865 for the fifteen month period ended December 31, 2014. The substantial increase on the net gain on investments from the comparable period last year is due to an increase in interest and other income and to gains on the Limited Partnerships investment portfolio. Interest and other income increased to $3,446,933 in the year from $2,925,413 reported in the period ended December 31, 2014 as the Limited Partnership focused on investing in the high yield debt of venture issuers. The Limited Partnership also reported net realized gains of $24,293 and unrealized losses on investments of $872,648 compared to a net realized losses of $6,841,219 and unrealized gains on investments of $5,507,671 during the fifteen month period ended December 31, 2014.

Total expenses for the year ended December 31, 2015 were $1,076,380 compared to $2,618,501 for the fifteen month period ended December 31, 2014. The decline in the expenses is due to the comparison to a fifteen month period in the comparable financial statements, lower transfer agent, registrar and administrative expenses on the capital of the Limited Partnership, lower legal fees, lower director expenses and lower advisor fees. Since the Limited Partnership was converted from the predecessor fund, the Limited Partnership has been able to realize substantial cost reductions for almost all of its operating expenses. During the year ended December 31, 2015, the Limited Partnership established a credit facility to help it make investments on a timely basis and reduce the impact of holding cash. The cost of the credit facility to the Limited Partnership was $312,209 including interest charges and up-front administrative charges.

Changes in Fair Value

The Limited Partnership reported net unrealized losses in the amount of $867,830 attributed to venture investments during the year. The unrealized losses were concentrated in four companies. One company was written down to reflect the value of a transaction in the company's securities. The other changes were made to reflect a decrease in the expected realizable value of the investment due to the deterioration in the performance of the company. Also a decrease was recorded to reflect lower comparable company multiples which reflect a generally weak public market.

Realized and Unrealized Gains and Losses

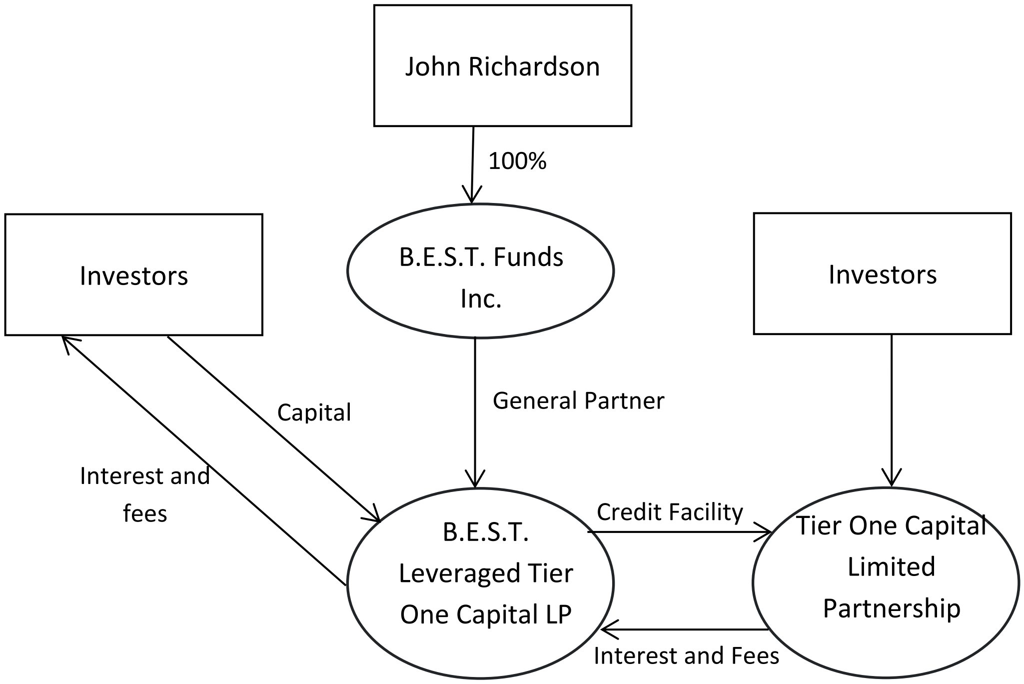
The disposals during the year ended December 31, 2015 of venture investments resulted in realized gains of $528,368 and realized losses of $504,075 for net realized gains for the year were $24,293. In addition, the disposal of venture investments resulted in the reversal of unrealized losses of $463,986 and the reversal of unrealized gains of $429,407 for a net increase in unrealized gains of $34,579. The Limited Partnership also reported total net unrealized losses on venture investments held in the portfolio at the end of the year in the amount of $902,409 and unrealized losses on a public company security of $4,818. The total net unrealized loss on investments during the year was $872,648.

Liquidity and Capital Resources

As at December 31, 2015, the Limited Partnership had cash on hand of $350,363.

The Limited Partnership established a credit facility with B.E.S.T. Leveraged Tier One Capital LP (the "Lender"). The Limited Partnership is able to borrow up to 50.00% of the Limited Partnerships net asset value. Each advance is subject to interest at the rate of 7.50% per annum, accrued daily and payable monthly in arrears. The Limited Partnership also pays an administration fee of 4.50% of the amount advanced and an advance fee of $2,500 at the time of each advance. The maturity date of each advance is no later than 24 months from the date of the advance. The purpose of the credit facility is to provide additional capital to the Limited Partnership, together with the capital provided by its limited partners, to permit the Limited Partnership to continue to undertake its investment activities. The credit facility is secured by a fixed security interest in all of the Limited Partnership's assets as set out in a General Security Agreement. As at December 31, 2015, the outstanding advances to the Limited Partnership under the credit facility were $1,615,913. Neither the General Partner nor B.E.S.T. Investment Counsel Limited was paid a fee for the administration of the credit facility.

B.E.S.T. Leverage Tier One Capital LP Structure Chart



Distributions

Limited Partner Distributions

On January 13, 2015, the Limited Partnership announced the approval of its 2015 distribution plan which included plans to make distributions of $0.125 per unit on each of January 30, 2015 April 30, 2015, and July 30, 2015. The January 30, 2015 distribution was made to holders of record on January 21, 2015. The April 30, 2015 distribution was made to holders of record on April 20, 2015. The July 30, 2015 distribution was made to holders of record on July 20, 2015. The Board of Directors of the general partner of the General Partner approved a distribution of $0.125 per unit on October 30, 2015 with a record date of October 20, 2015. The distribution plan is subject to further review and amendment by the General Partner.

Annualized Distribution Amount per Unit	$0.50
Quarterly Distribution Amount Per Unit	$0.125
Share Price at December 31, 2015	$8.00
Annualized Yield (based on price at September 30, 2015)	6.25%

General Partner Distributions

During the year ended December 31, 2015 the Limited Partnership made cash distributions to the General Partner in the amounts of $1,059,287 (2014: $458,586) for the General Partner Priority Profit allocation and $102,661 (2014:$Nil) for the Performance allocation.

Portfolio Update

Capital deployed for the year ended December 31, 2015 was $20,725,007. Of this amount $6,565,000 was invested in five new investments and $14,160,007 was invested in existing investee companies.

Investments

Company	Industry	Security	Amount
FinanceIT Canada Inc.	Financial Technology and eCommerce	Promissory Note, 13.00% due October 12, 2015, Promissory Note, 14.50% due January 31, 2016	$7,510,000
Dealer FX Group	Financial Technology and eCommerce	Promissory Note, 13.42% due September 30, 2016	$2,050,000
Cognivue Corp.	Other Technology	Promissory Note, 17.00% due March 17, 2017	$250,000
Mobify Research and Development Inc.	Financial Technology and eCommerce	Promissory Note, 15.00% due April 1, 2018, Promissory Note, 15.00% due April 2, 2018, Promissory Note, 15.00% due December 22, 2018	$1,725,000
GroupBy Inc.	Media Technology	Promissory Note, 19.00% due June 15, 2018	$500,000
Electronic Systems Software Solutions Inc.	Media Technology	Promissory Note, 13.75% due November 30, 2018	$1,900,000
Ridetones Inc.	Other Technology	Promissory Note, 15.00% due December 31, 2016 Common Share Purchase Warrants	$2,345,000
Iogen Corp.	Other Technology	Common Shares Class A	$75,007
Dejero Labs Inc.	Media Technology	Promissory Note, 13.75% due October 14, 2018	$1,680,000
2315257 Ontario Inc. (One Up Sports)	Media Technology	Promissory Note, 14.50% due April 19, 2018	$1,760,000
Carta Solution Holding Corporation	Financial Technology and eCommerce	Promissory Note, 16.00% due November 20, 2016	$680,000
Health Care Services International Inc.	Health Care	Promissory Note, 15% due January 22, 2019	$250,000
Total			$20,725,007

New Investments

Mobify Research and Development Inc.

Mobify provides a mobile shopping platform used by leading companies to drive hundreds of millions of dollars in mobile revenue every year. Established in 2007, Mobify is a global technology company, with headquarters in Vancouver, Canada, and a network of partners in North and South Americas, Europe, Asia and Australia.

Electronic Systems Software Solutions Inc.

Electronic Systems Software Solutions Inc. is a larger player in the TV application market. They deliver high value entertainment-based application experiences that TV consumers pay to access. The Company's main product suite is a series of TV applications that can be launched on Ericsson Mediaroom set-top boxes. The apps support a range of functionalities including enabling social networking and video game play.

One Up Sports (2315257 Ontario Inc.)

One Up Sports builds and supports mobile applications in partnership with professional sports leagues and teams. In addition to working directly with the NFL, NHL and MLB, the Company also has arrangements to manage the applications of dozens of professional teams. The Company partners with these groups to generate revenue for teams and leagues and to increase consumer engagement by creating a dual-screen viewing experience and engaging fans between games.

Carta Solution Holding Corporation

Carta is a financial technology company focused on the digitization of credit card portfolios and enablement of mobile and digital transactions. Their platform integrates with loyalty programs and wearable devices, and the Company offers end to end processing capabilities.

GroupBy Inc.

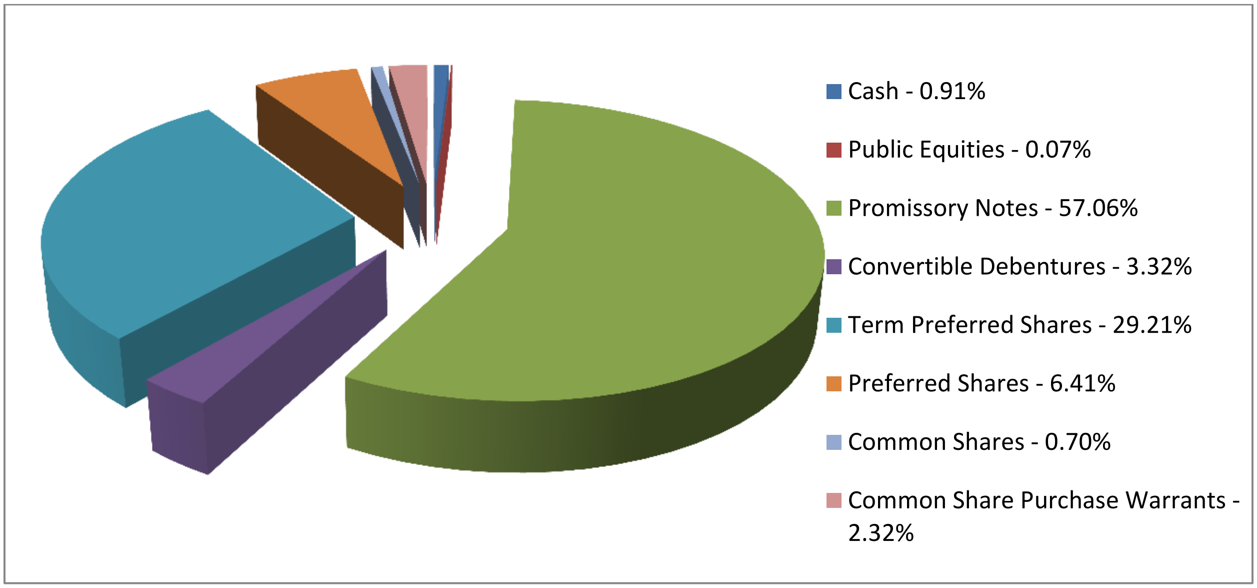
GroupBy's primary product is called Searchandiser, which is an optimized search software for ecommerce retailers. The software helps the e-commerce company's site rank higher on search engines as well as delivers much more accurate results when individuals search for a product on the retailer's website. The system also allows users to filter, sort and compare products and allow the ecommerce site to suggest other appropriate items for the consumer.

Dispositions, Repayments and Maturities

Company	Security	Amount
TransGaming Inc.	Promissory Note, 14.00% due July 5, 2016	$526,794
ArcticAx Inc.	Promissory Note, 17.00% due March 26, 2016	$108,754
FinanceIT Canada Inc.	Promissory Note, 13.00% due October 14, 2015	$4,600,000
Cognivue Corp.	Promissory Note, 16.00% due December 17, 2015, Promissory Note, 17.00% due March 17, 2017	$450,000
Dealer FX Group Inc.	Promissory Note, 13.42% due September 30, 2016	$2,700,000
Datazen Software Inc.	Promissory Notes, 15.50% due July 20, 2015 and November 11, 2015	$175,372
PitchPoint Solutions Inc.	Convertible Debenture, 14.00% due November 18, 2016	$30,148
Dejero Labs Inc.	Promissory Note, 17.50% due April 14, 2015	$1,700,000
NuData Security Inc.	Promissory Note, 14.00% due December 31, 2017	$609,350
AcuityAds Inc.	Promissory Note, 17.00% due January 9, 2016	$1,107,000
Couch Commerce Inc.	Promissory Notes, 14.50% due September 22, 2015 and April 4, 2016	$498,593
GroupBy Inc.	Promissory Note, 19.00% due June 15, 2018	$115,152
Total		$12,621,163

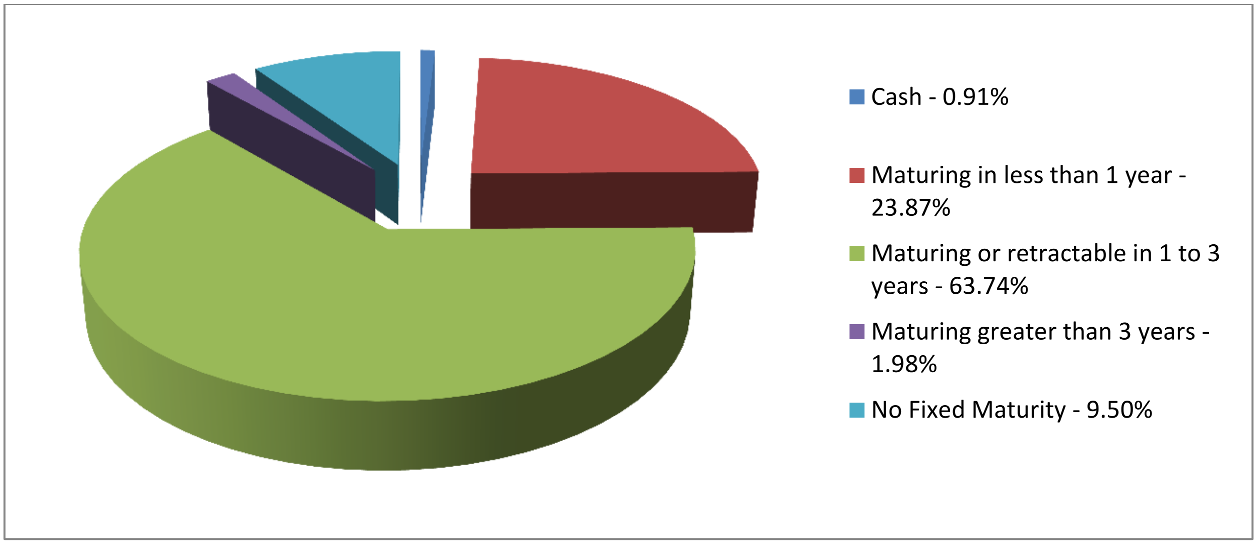
Investments

Investments by Security Type



The table above shows the allocation of the Limited Partnerships investment by type of security based on the proportion of the total fair value of the investment portfolio.

Investments by Date Maturity



The table above shows the allocation of the Limited Partnerships investment by maturity date of the security based on the proportion of the total fair value of the investment portfolio.

Outlook

The focus of the Limited Partnership continues to be on investing in interest generating securities in rapidly-growing companies. The Limited Partnership will continue to seek new opportunities which generate a yield for investors and allow the Limited Partnership to make regular distributions. The Limited Partnership intends to slowly move out of its equity positions which were carried over from the predecessor fund. The Limited Partnership will do this in a manner and over a time period that generates the best possible return for the unitholders of the Limited Partnership.

As at December 31, 2015, the Limited Partnership had $23,051,463 or approximately 61% of its venture portfolio invested in interest generating securities. The weighted average coupon on these investments was 14.51%. The Limited Partnership has been able to maintain a consistently high average coupon in its debt securities despite increased competition from other lenders and investment funds that provide debt financing. The Limited Partnership expects that competition for good investments and high yield will continue in the near future.

Outstanding Capital

The interests of the Limited Partners are represented by Units. The Units are treated as equity as they are not redeemable at the option of the Limited Partner.

Issued	**Number of Units December 31, 2015**	**Number of Units December 31, 2014**
Limited Partner Units:		
Balance forward from prior period	3,659,605	-
Issued on Transaction	-	2,128,741
Issued from treasury on private placement	-	1,530,864
Issued on the exercise of broker warrants	45,925	-
Issued on Distribution Reinvestment Plan	9,870	-
Balance at end of period	3,715,400	3,659,605

The Limited Partnership issued 2,128,741 Units to shareholders of the Fund for the acquisition of substantially all the assets of the Fund. In the period ended December 31, 2014, the Limited Partnership issued 1,530,864 Units on the closing of two tranches of a private placement at $5.27 per Unit for total gross proceeds of $8,067,653. The Units were subject to resale restrictions pursuant to applicable securities law requirements. The first tranche became freely tradeable on January 16, 2015 and the second tranche became freely tradeable on February 21, 2015. The Limited Partnership paid a placement fee representing 5% of the gross proceeds together with issuing 45,925 broker warrants equal to 3% of the total number of Units sold.

Distribution Reinvestment Plan

The Limited Partnership has implemented a distribution reinvestment plan (the "DRIP"). Unitholders that participate in the plan can chose to have their cash distributions reinvested in new Units of the Limited Partnership. The price for the new Units is determined by the General Partner and is equal to 96% of the volume weighted average trading price of Units on the Canadian Securities Exchange for the twenty trading days immediately preceding the relevant distribution date. Fractional Units are not distributed. During the year, the Limited Partnership issued 9,870 Units pursuant to the Distribution Reinvestment Plan.

Related Party Transactions

T1 General Partner Corp. is a wholly-owned subsidiary of 1209762 Ontario Inc. The General Partner's sole business activity will be the management of the Limited Partnership.

B.E.S.T. Investment Counsel Limited is deemed to be a related party. See section "Contractual Obligations".

John Richardson, the Chief Executive Officer of T1 General Partner Corp., is a director, officer and indirectly controls all of the voting securities of B.E.S.T. Investment Counsel Limited.

Mr. Richardson owns or controls, directly and indirectly through BEST Capital Administration Inc., 441,731 Units or approximately 11.89% of the total Units issued and outstanding as at December 31, 2015.

B.E.S.T Leveraged Tier One Capital LP (the "Lender") provided a credit facility to the Limited Partnership. The general partner of the Lender is B.E.S.T. Funds Inc. which is wholly owned by John Richardson.

Contractual Obligations

The General Partner and the Limited Partnership have entered into an investment advisory agreement (the "LP Advisory Agreement") pursuant to which B.E.S.T. Investment Counsel Limited (the "LP Investment Advisor") is engaged to: (i) provide oversight and advice to the General Partner in respect of the investment activities of the Limited Partnership; (ii) assist the General Partner in the formulation of the investment objectives, restrictions and procedures of the Limited Partnership; and (iii) assist the General Partner in analyzing and evaluating potential investments. The LP Investment Advisor will provide these services subject to the supervision of the General Partner, and the provisions of the LP Advisory Agreement.

TMX Equity Transfer Services, (the “LP Transfer Agent”), has been appointed as registrar and transfer agent in respect of the Units.

The Limited Partnership has retained CIBC Mellon Trust Company (and certain of its affiliates) as custodian, and will pay for custodial services on a direct cost basis.

PricewaterhouseCoopers LLP is the auditor for the Limited Partnership.

Convexus Managed Services Inc. performs accounting and certain administrative services for the Limited Partnership.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Significant estimates include the fair value of venture investments. The valuation of venture investments determines the amount of expenses such as the management fees and the incentive participation amount. While management believes that the estimates used in preparing its financial statements are reasonable and prudent, actual results could differ from these estimates. The process of valuing venture investments is inevitably based on inherent uncertainties and the resulting values will differ, perhaps materially, from the amounts ultimately realized. Also, because these venture investments have been valued on a going concern basis, the values may differ materially from those realized on forced sale or liquidation.

The Limited Partnership has adopted the amendments made to IFRS 10 Consolidated financial statements and IFRS 12 Disclosure of interests in other entities for investment entities. A significant judgment made in preparing the Limited Partnership’s financial statements relate to the determination that the Limited Partnership is an investment entity, including that its objective is to invest in eligible Canadian venture investments solely for the purpose of generating investment income and that fair value is the primary measurement attribute to measure and evaluate the performance of substantially all of its investments. This also includes management’s judgment that investment related activities with its subsidiaries do not represent a substantial business activity or source of income.

The Limited Partnership has determined that the General Partner allocations as described in the notes to the financial statements which are comprised of the General Partner Priority Profit allocation and the Performance allocation represent equity allocations to the General Partner rather than compensation for services provided. The Performance allocation amount includes an unrealized component that might become distributable at a future date on the realized income and gains and unrealized appreciation in the investment portfolio, based on the assumption that all the investments are liquidated at the estimated fair value as at the date of the financial statements.

Changes in Accounting Presentation

The Limited Partnership has made some changes to the presentation of some financial information for the period ended December 31, 2014. Details of the changes are included in note 13 to the financial statements for the year ended December 31, 2015.

Future Accounting Changes

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Limited Partnership is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

Risk Factors and Risk Management

Investors in Units of the Limited Partnership should consider the following risk factors which could have a material adverse effect on the Limited Partnership's investments, future prospects, cash flows, results of operations or financial condition and the Limited Partnership's ability to make cash distributions to holders of the Limited Partnership Units. The list of risk factors is not exhaustive and other risks may exist that may have a material effect on the value of Limited Partnership Units.

Nature of Investments

The Units will be highly speculative in nature. The business of the Limited Partnership is to make debt and equity-related investments in growing Canadian companies, focusing on companies in the expansion phase of development in mid to late stages. There is no assurance that sufficient suitable investments will be found in order for the Limited Partnership to fulfil its investment objective. There is no guarantee that an investment in Units will earn a specified rate of return or any return in the short or the long term. An investment in Units is only appropriate for investors who are prepared to hold their investment in the Limited Partnership for a long period of time and who have the capacity to absorb a loss of some or all of their investment.

There can be no assurance that the Limited Partnership will be able to achieve its investment objectives. Furthermore, there is no assurance that the Limited Partnership will be able to pay distributions in the short or long-term. Changes in the investments in the portfolio of the Limited Partnership can affect the overall yield to Limited Partners. The distributions received by the Limited Partnership from issuers whose securities are held as investments may vary from month to month and certain of these issuers may pay distributions less frequently than monthly, with the result that revenue generated by the portfolio and available for distributions to Limited Partners could vary substantially.

The Limited Partnership will not be subject to any investment restrictions directed at ensuring liquidity and diversification of investments. The Limited Partnership may take positions in small and medium-sized businesses which will represent a larger percentage of the equity than a mutual fund would normally be permitted to take, and this may increase the risk per investment.

Composition of Limited Partnership Investments

The composition of the portfolio companies held by the Limited Partnership taken as a whole may be concentrated by type of security, industry or geography, resulting in those investments being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Limited Partnership will suffer a loss because of declines in the prices of securities in those sectors or industries.

*Investments in Privately-Held Small and Mid-Sized Com*panies

The Limited Partnership invests in small and mid-sized Canadian companies, many of which are privately held. Investments in such companies involve a number of significant risks, including that these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Limited Partnership realizing on its investments. They may have less predictable operating results and may have difficultly accessing the capital markets to meet future capital needs. Such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. There is also generally little public information about these companies, and their financial information is not subject to securities or other regulation that govern public companies, and as a result the Limited Partnership may not be able to receive all material information about these companies. Such companies may also be particularly dependent on a number of key personnel.

Follow-On Financings

It is likely that the portfolio companies of the Limited Partnership will require additional financing after the investments made by the Limited Partnership in order to fully implement their business strategies. If the Limited Partnership is unable to raise additional capital, it will be reliant upon third parties to provide such financing in order to realize on investments in the portfolio companies. The ability of the Limited Partnership to raise additional capital will be dependent on a number of factors including the state of the capital markets and legislative changes. Units of the Limited Partnership are not be in continuous distribution.

External Factors

The value of the securities and investments of the Limited Partnership will fluctuate with certain factors over which the Limited Partnership has no control, such as general economic conditions including the level of interest rates, corporate earnings, economic activity, the Canadian dollar and other factors. Eligible technology businesses, by virtue of their size and stage of development, will be affected more than larger, more mature entities by external events, including downturns in general economic conditions. In addition, the ultimate success of a particular portfolio company will depend in large part on its management. Smaller businesses, by virtue of their size and stage of development, will be affected more than larger, more mature entities by external events, including downturns in general economic conditions. Although the Limited Partnership intends to invest in portfolio companies with strong management teams, there can be no assurance that the company will be operated successfully.

Early Stage Portion of Portfolio

Many of the businesses that the Limited Partnership invests in are developing products which will require significant additional development, testing and investment prior to any final commercialization and therefore should be considered early stage investments with greater levels of risk. There can be no assurance that such products will be successfully developed, be capable of being produced in commercial quantities at reasonable costs or be successfully marketed.

Use of Leverage

The Limited Partnership may use leverage in order to enhance returns for Limited Partners. Leverage (or borrowing) magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in the Limited Partnership. The Limited Partnership may borrow from banks, insurance companies, funds, institutional investors and other lenders and investors. Lenders will have fixed dollar claims on the Limited Partnership's assets that are superior to the claims of the Limited Partners.

Illiquid Securities

The Limited Partnership invests in illiquid securities including those of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Limited Partnership is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Limited Partnership will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Limited Partnership may be prohibited by contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate. If the Limited Partnership is required to liquidate all or a portion of its portfolio quickly, it could realize significantly less than the value at which it has recorded its investments. In addition, the Limited Partnership may face other restrictions on its ability to liquidate an investment in a portfolio company to the extent it has material non-public information regarding such portfolio company.

Credit Risk

Credit risk is the risk that the company, government or other entity (including a special purpose vehicle) that issued a bond or other fixed income security (including asset backed and mortgage backed securities) cannot pay interest or repay principal when it is due. This risk is lowest among issuers that have a high credit rating from a credit rating agency. It is highest among issuers that have a low credit rating or no credit rating. Investments with a lower credit rating usually offer a better return than higher grade investments, but have the potential for substantial loss as well as gain. High yielding, higher risk income securities in which the Limited Partnership invests are subject to greater risk of loss of principal and income than higher rated fixed income securities, and are considered to be less certain with respect to the issuer's capacity to pay interest and repay principal.

Interest Rate Risk

The market price for the Units at any given time may be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units. Limited Partners who wish to sell their Units may, therefore, be exposed to the risk that the sale price of the Units may be negatively affected by interest rate fluctuations. In addition, general interest rate fluctuations may have a substantial negative impact on the Limited Partnership's investments and investment opportunities and, accordingly, may have a material adverse effect on the Limited Partnership's investment objective. As the Limited Partnership may borrow to make investments, the Limited Partnership's investment income may be dependent upon the difference between the rate at which the Limited Partnership borrows funds and the rate at which it invests these funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on the Limited Partnership's investment income.

Subordination of Investments

The Limited Partnership's portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, the investments held by the Limited Partnership. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which the Limited Partnership is entitled to receive payments in respect of its investments. These debt instruments would usually prohibit the portfolio companies from paying interest or repaying the Limited Partnership's investments in the event and during a continuance of a default under such debt.

Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to the Limited Partnership's investment in that portfolio company typically are entitled to receive payment in full before the Limited Partnership receives any distribution in respect of its investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligations to the Limited Partnership. In the case of securities ranking equally with the Limited Partnership's investments, the Limited Partnership would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Fluctuations in Quarterly Results

The Limited Partnership could experience fluctuations in quarterly operating results due to a number of factors, including the interest rates payable on the debt investments made by the Limited Partnership, the default rates on such investments, the level of the Limited Partnership's expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which the Limited Partnership encounters competition in its markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Management

Investors will be relying on the business judgment, expertise and integrity of the General Partner and B.E.S.T. Investment Counsel Limited. The unexpected loss or departure of any key officers, employees or consultants from the General Partner or B.E.S.T. Investment Counsel Limited could be detrimental to the Limited Partnership's future operations. In addition, there is no assurance that the Limited Partnership will continue to have access to key persons or their information and deal flow.

Performance Allocation

The Performance Allocation may create an incentive for the General Partner to cause the Limited Partnership to make investments that are riskier or more speculative than would be the case in the absence of such an approach to allocating the Net Income of the Limited Partnership.

Possible Effect of Distributions to the General Partner

The General Partner will receive quarterly distributions in respect of its entitlement to a portion of the Net Income of the Limited Partnership (as represented by the Priority Profit Allocation and the Performance Allocation). It is intended that the Limited Partners will receive regular cash distributions from the Limited Partnership.

In the event any amounts distributed to the General Partner exceed the General Partner's share, if any, of the Net Income of the Limited Partnership, the Limited Partnership will not be entitled to claim such difference as an expense, nor will the General Partner have an immediate obligation to the Limited Partnership to repay any such distributions, which will have an adverse effect on the Limited Partnership.

Allocations of Net Income

The amount of Net Income allocated to Limited Partners for income tax purposes may exceed the amount of distributions received by Limited Partners. As a result, Limited Partners may be liable to pay income tax exceeding the amount of cash distributed by the Limited Partnership.

Possible Loss of Limited Liability of Limited Partners

The Limited Partnerships Act (Ontario) provides that a limited partner benefits from limited liability unless, in addition to exercising rights and powers as a limited partner, such limited partner takes part in the control of the business of a limited partnership of which such limited partner is a partner. A Limited Partner is liable for such Limited Partner's contributed capital, pro rata share of undistributed income retained by the Limited Partnership, and for any portion of the Limited Partner's contributed capital returned to such Limited Partner by the Limited Partnership. In order that the liability of the Limited Partners be limited to the extent described, certain legal requirements under the Limited Partnerships Act (Ontario) and other applicable provincial legislation must be satisfied.

The limitation of liability conferred under the Limited Partnerships Act (Ontario) may be ineffective outside Ontario, except to the extent it is given extra-territorial recognition or effect by the laws of other jurisdictions. There may also be requirements to be satisfied in each jurisdiction to maintain limited liability. If limited liability is lost, Limited Partners may be considered to be general partners (and therefore be subject to unlimited liability) in such jurisdiction by creditors, including potentially any lender to the Limited Partnership providing leverage for investment purposes, and others having claims against the Limited Partnership.

While the General Partner has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has only nominal assets, and it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

Status of the Limited Partnership

As the Limited Partnership is not a mutual fund or an investment fund as defined under Canadian securities laws, the Limited Partnership is not subject to the Canadian policies and regulations that apply to mutual funds or other investment funds. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds will not apply to the Limited Partnership. The Limited Partnership may take positions in small and medium sized businesses which will represent a larger percentage of the equity than a mutual fund would normally be permitted to take, and this may increase the risk per investment.

Nature of Investment

Holders of Units will not have statutory rights normally associated with ownership of shares of a corporation, including the right to bring “oppression” or “derivative” actions and rights of dissent. The rights of a Limited Partner are based primarily on the Limited Partnership Agreement.

Restriction on Ownership of Units

The Limited Partnership Agreement contains provisions limiting the ownership of Units by “non-residents” and partnerships that are not “Canadian partnerships” (as defined in the Tax Act). As a result, these restrictions may limit the demand for Units or limit the ability to transfer the Units, thereby adversely affecting the liquidity and market value of the Units. To the extent non-residents or non-Canadian partnerships are or become members of the Limited Partnership, persons that pay dividends, interest, rent, royalties or other amounts to the Limited Partnership may seek to withhold and remit non-resident withholding tax from such payments, resulting in a decrease in the amounts paid to the Limited Partnership. There can be no assurance that members of the Limited Partnership will be able to obtain a refund, credit or deduction in respect of such tax withholdings. If the Limited Partnership has non-resident members and, therefore, does not constitute a “Canadian partnership” for the purposes of the Tax Act, certain other adverse tax consequences or limitations may arise.

Valuations

The valuation process for the Limited Partnership's investments is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. To the extent that these valuations are too high, new unitholder investment will provide a benefit to existing investors; similarly, to the extent these valuations are too low, existing investors will suffer a dilution in the value of their Units. The value attributed to investments of the Limited Partnership may be significantly lower than the value which may be realized in the event that the Limited Partnership has to liquidate such investments. The fair value of investments that are not publicly traded may not be readily determinable and may fluctuate over short periods of time and be based on estimates.

Conflicts of Interest

The services of the officers, directors, employees and affiliates and associates of T1 General Partner Corp. and B.E.S.T. Investment Counsel Limited and its officers, directors and employees will not be exclusive to the Limited Partnership. Such persons will be providing similar services and devoting a portion of their time to other investment activities, directorships and offices. These activities may subject such parties to conflicting demands in respect of allocating management time, services and other functions. In circumstances in which other clients or funds on behalf of which the directors, officers, affiliates and associates of T1 General Partner Corp. have the same or substantially similar investment objectives as the Limited Partnership, the General Partner will endeavour to ensure that the Limited Partnership and such other clients or funds are treated in a fair and equitable manner. It is possible, however, that the Limited Partnership may not be given the opportunity to participate in certain investments made by funds managed by the LP Investment Advisor or its affiliates. The Limited Partnership will not have an Independent Review Committee.

The Limited Partnership pays management fees to the General Partner, and reimburses the General Partner for certain expenses it incurs. The General Partner's management fee is based on a percentage of the Limited Partnership's total assets (including assets purchased with borrowed funds) and, consequently, the General Partner may have conflicts of interest in connection with decisions that could affect the Limited Partnership's total assets, such as decisions as to whether to incur indebtedness or to make future investments.

Part of the allocation payable by the Limited Partnership to the General Partner is computed and paid on income that may include interest that is accrued but not yet received in cash. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible.

Additional Financings

In future and subject to any necessary regulatory approvals, the Limited Partnership may seek to obtain additional funding to support growth through public or private equity financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause Limited Partners to experience dilution.

Taxation of the Limited Partnership

Limited Partners will share in the net profits and losses of the Limited Partnership as set out in the Limited Partnership Agreement.

The Net Income for tax purposes, if any, of the Limited Partnership will be allocated to the Limited Partners on a pro rata basis among the Limited Partners who are shown as such on the record of Limited Partners on the last day of such fiscal year. In any fiscal year, Limited Partners may be allocated Net Income and be liable for taxes on the Net Income for which they have not received cash distributions.

Any determination made by the General Partner as to the allocation of Net Income and Net Losses of the Limited Partnership is final and binding on the Limited Partners.

It is possible that some of the portfolio companies held by the Limited Partnership in the maybe classified as "non-portfolio property" of the Limited Partnership, which will cause the Limited Partnership to be a "SIFT partnership" for the purposes of the SIFT rules in the Tax Act. For so long as such investments are held by the Limited Partnership and remain "non-portfolio property", the Limited Partnership will be subject to SIFT Tax on its "taxable non-portfolio earnings", which may result in a reduction in the after-tax returns to Limited Partners.

The CRA may challenge the asserted characterization or quantum of certain payments or allocations made by the Limited Partnership for tax purposes.

Canadian tax legislation, including the Tax Act and the Excise Tax Act (Canada), also contain a number of anti-avoidance and characterization rules that may permit the CRA to challenge the characterization or quantum of certain payments or allocations made by the Limited Partnership for tax purposes. If such challenges were successful, the tax liabilities of the Limited Partnership and/or the Limited Partners may be increased materially, resulting in a material reduction in the after-tax returns to Limited Partners. Such challenges, if successful, may also result in the imposition of material liabilities for interest and penalties.

There can be no assurance that tax laws respecting the treatment of limited partnerships will not be changed in a manner which adversely affects the Limited Partners. The Limited Partnership will generally be subject to harmonized sales tax in respect of fees and expenses incurred by the

Limited Partnership, including the management fee payable to the General Partner. Any increase in such taxes payable by the Limited Partnership, whether through the application of the anti-avoidance provisions of any applicable tax legislation or otherwise, or as a result of a change of law or CRA administrative policy, will be borne by those persons who are Limited Partners at the time such liability is established to be payable.

Legislative Changes

Changes may be introduced to federal, provincial or territorial legislation that may be unfavourable and impair the Limited Partnership's ability to attract future investment capital and its investment performance or otherwise adversely affect the Limited Partnership. As a result, the availability of funds for investment by the Limited Partnership and the return to investors in the Limited Partnership could be reduced, thereby decreasing the Limited Partnership's ability to fulfil its investment objectives.

Financial Resources of the General Partner

The General Partner has unlimited liability for the obligations of the Limited Partnership and has agreed to indemnify and hold harmless each Limited Partner against losses, liabilities, expenses and damages suffered by such Limited Partner if the Limited Partners' liabilities are not limited as provided herein, provided that such loss of liability was caused by an act or omission of the General Partner or by the gross negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the General Partner under the Limited Partnership Agreement. However, such indemnity will apply only with respect to losses in excess of the agreed capital contribution of the Limited Partner. The General Partner is expected to have only nominal assets and, therefore, the indemnity of the General Partner will have nominal value. Limited Partners also will not be able to rely upon the General Partner to provide any additional capital or loans to the Limited Partnership.

Competition

The Limited Partnership will compete with companies and investment funds in the venture capital industry, some of which may have greater capital resources, including commercial and investment banks, commercial financing companies, high yield investors and venture capital funds. Some of these competitors may have a lower cost of funds and access to funding sources that may not be available to the Limited Partnership, and there is no assurance that the competitive pressures the Limited Partnership will face will not have a material adverse effect on its business, financial condition or results of operations. As a result of this competition, the Limited Partnership may not be able to pursue attractive investment opportunities from time to time. The Limited Partnership may lose investment opportunities if it does not match its competitors' pricing, terms and structure, and thus the Limited Partnership may make investments that are on less favourable terms than originally anticipated, which may impact the Limited Partnership's return on these investments.

Disclosure Controls and Internal Controls over Financial Reporting

The Limited Partnership's disclosure controls and procedures are designed to provide reasonable assurance the information required to be disclosed by the Limited Partnership is recorded, processed, summarized and reported within the time periods specified under securities laws and include controls and procedures that are designed to ensure that information is accumulated and communicated to management including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) to allow timely decisions regarding disclosure. The CEO and CFO, together with management, are responsible for the design of the Limited Partnership's disclosure control and procedures (as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings). Management, under the direction of the CEO and CFO, has evaluated the effectiveness of the disclosure controls and procedures as at December 31, 2015, and has concluded that they are reasonably assured that such controls and procedures were effective.

Management, under the supervision of the CEO and CFO, is responsible for the design and maintenance of adequate internal controls over financial reporting for the purposes of providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, due to its inherent limitations, internal controls over financial reporting can only provide reasonable, not absolute, assurance that the financial statements are free of misstatements. Management, under the direction of the CEO and CFO, evaluated the effectiveness of the Limited Partnership's internal controls over financial reporting as at December 31, 2015 and has concluded that internal control over financial reporting was appropriately designed and operating effectively. There have been no changes during the year ended December 31, 2015 in the Limited Partnership's internal controls over financial reporting that have materially affected, or are reasonable likely to materially affect, the Limited Partnership's internal controls over financial reporting.