

FORM 45-509F1
OFFERING DOCUMENT FOR COMMUNITY ECONOMIC DEVELOPMENT CORPORATIONS AND
COOPERATIVES

Date: May 10, 2021

The CEDC:

Name	Lakewood Investment Cooperative Ltd.
Registered office address	350 Anywhere Street, Saint John, NB X0X 0X0
Address of principal business	350 Anywhere Street, Saint John, NB X0X 0X0
Phone #	(506) 555-5555
Contact person/position	Charlotte Leinster, President
E-mail address	cleinster@emailaddress.com
Website URL	lakewoodcoop@website.com
Fax #	(506) 555-1111
Financial year end (month/day)	December 31

The Offering:

Securities offered	Investment shares of Lakewood Investment Cooperative Ltd.
Price per security	\$1,000 per investment share
Minimum subscription amount per investor	An investor must subscribe to a minimum of 1 investment share per investment, and for a minimum investment of \$1,000
Minimum # of shares offered	100 investment shares
Total proceeds if minimum sold	\$100,000
Maximum # of shares offered	250 investment shares
Total proceeds if maximum sold	\$250,000
Minimum # of investors required	3
Payment terms	Bank draft or certified cheque on closing
Proposed closing date(s)	September 30, 2021

Cautions

Tax Consequences

There are important tax consequences to these securities. **See item 6.**

Resale Restrictions

You are restricted from selling your securities. **See item 10.**

Purchaser's Rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering document, you have the right to sue either for damages or to cancel the agreement. **See item 11.**

Neither the Financial and Consumer Services Commission (the Commission) nor the Government of New Brunswick has assessed, reviewed or approved the merits of these shares or reviewed this offering document. This is a risky investment.

WARNING: Unlike most investment funds, this fund will not be required to comply with the investment fund manager registration requirement provided that the fund complies with Local Rule 45-509 *Community Economic Development Corporations and Cooperatives*. Other investment funds are required to have registered investment fund managers to afford investors a level of protection that is not present in this investment. When investors purchase or own shares in this fund they should be aware that they will not have the protections of the requirements and standards imposed on investment fund managers under New Brunswick securities laws, which include:

- meeting experience and education requirements,
- complying with investment fund reporting requirements,
- employing a chief compliance officer,
- maintaining minimum levels of working capital,
- maintaining specified levels of insurance or bonding, and
- undergoing Commission compliance reviews.

Item 1: Use of Available Funds

1.1 Funds

The funds available from the offering are as follows:

		If minimum sold	If maximum sold
A.	Amount to be raised by this offering	\$100,000	\$250,000
B.	Legal and accounting expenses	\$5,500	\$5,500
C.	Administrative and other expenses	\$7,120	\$7,120
D.	Available funds: $D = A - (B+C)$	\$87,380	\$237,380
E.	Additional sources of funding	\$3,000*	\$3,000*
F.	Total: $F = D+E$	\$90,380	\$240,380

* The additional source of funding in row E of item 1.1 is sales of the CEDC’s membership shares to 30 members at a price of \$100 per membership share.

1.2 Use of Available Funds

The funds raised in the offering will be used as follows:

Description of intended use of available funds listed in order of priority	Assuming min. offering	Assuming max. offering
Invest in local small businesses in accordance with fund objectives and policies	\$75,000	\$225,000
Cash for general corporate purposes	\$15,380	\$15,380
Total: Equal to F in the Funds table above	\$90,380	\$240,380

The proceeds from the offering will satisfy the CEDC’s cash requirements for the next 12 months, and it will not be necessary to raise additional funds.

1.3 Reallocation

We intend to spend the available funds as stated in the offering document. We will reallocate funds only for sound business reasons and in compliance with the *Small Business Investor Tax Credit Act*.

Item 2: Business of CEDC

2.1 Structure

Lakewood Investment Cooperative Ltd. (“Lakewood”) was incorporated as a cooperative on 15 February 2021 under the New Brunswick *Cooperatives Act*. It is owned by its members. It has two classes of shares (membership and investment shares) and is governed by a board of directors, elected from within and by its members.

As a cooperative, Lakewood is:

- Democratically controlled with the governing principle “one member, one vote”. This right is exercised at Lakewood’s annual general meeting, where members vote for the board of directors and on membership matters. This democratic governance structure is reinforced by Lakewood’s by-laws and the New Brunswick *Cooperatives Act*.
- Guided by seven principles that are accepted and practiced by cooperatives around the world:
 1. Voluntary and Open Membership: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
 2. Democratic Member Control: Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Elected representatives are accountable to the membership.

3. Member Economic Participation: Members contribute equitably to, and democratically control, the capital of the cooperative. Members allocate surpluses for any or all of the following purposes: developing their cooperative, setting up reserves, benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
4. Autonomy and Independence: Cooperatives are autonomous, self-help organizations controlled by their members.
5. Education, Training, and Information: Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives.
6. Cooperation among Cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
7. Concern for Community: Cooperatives work for the sustainable development of their communities, people and planet.

2.2 Our Business

Purpose

Lakewood Investment Cooperative Ltd. is establishing an investment fund for the purpose of financing small, independent entrepreneurs who wish to start up mobile retail-based businesses in New Brunswick. We intend to provide start-up funding for entrepreneurs who wish to sell produce, prepared food, artisanal goods and crafts, and other goods and services directly to consumers through venues such as farmers' markets, craft fairs, festivals, and other local events.

Small, mobile vendor businesses provide opportunities for New Brunswickers to start new enterprises and access consumers at low cost and with few barriers to entry. They benefit those seeking to sell goods or services, and also benefit the general public by enhancing the vibrancy of New Brunswick culture and the consumer marketplace, creating jobs, and growing the economy.

We intend to provide small investments of up to \$10,000 to entrepreneurs intending to start new mobile vendor businesses in New Brunswick. Many of these entrepreneurs may not otherwise be able to access start-up funding through other sources. Lakewood will also connect its investee companies with necessary contacts at local farmers' markets and other venues for operating their mobile vendor businesses. We will also connect investee businesses with other resources, services, and supports to assist new companies in

complying with regulatory requirements (such as obtaining necessary permits), structuring, and succeeding in business.

To do so, we are raising capital through selling investment shares that are eligible for the New Brunswick Small Business Investor's Tax Credit (SBITC) program.

Financial Model

Lakewood intends to invest in mobile vendor businesses operating in New Brunswick. While businesses throughout New Brunswick will be eligible for investment, we intend to focus on the Saint John region and surrounding areas. This market sector is typically characterized by many new entrants and turnover in businesses. Accordingly, we anticipate a consistent demand for new investment opportunities from new entrants to the market as well as existing vendors who wish to finance expansions. We intend to make short-term, small value investments of up to \$10,000 per business, in exchange for purchasing redeemable preferred shares from those businesses. These investments will help vendors start up new businesses or expand existing businesses over the short-term, with investees ideally being able to pay dividends on the preferred shares and ultimately repurchase the preferred shares from Lakewood in a 2-4 year timeframe in order to obtain full ownership of their small businesses. The initial investment capital and some dividend income from these initial investments can then be re-invested in new short-term investments for other applicants. We do not intend to limit the number of times any business can apply for our investments, though each application will be assessed on its own merits.

Each investment made by Lakewood will be confirmed through a Share Purchase Agreement with the investee company. The terms of each Share Purchase Agreement will be negotiated and tailored to the needs of the investee, but will generally include:

- Purchase of preferred shares, at a par value and amount to be negotiated with each investee company, up to a maximum of \$10,000;
- The investment will be used for specified start-up or expansion purposes, to be reviewed in advance with Lakewood;
- The preferred shares purchased by Lakewood will pay dividends at a rate to be negotiated with each investee company. Lakewood will require that dividends accrue cumulatively (they will be paid out in a following year if not paid in the year they become due);
- The preferred shares purchased by Lakewood will be redeemable at par value plus all accrued dividends on demand by Lakewood, beginning at a time between 2-4 years from the date of the share purchase; and
- The investee company will agree to appoint a designate of Lakewood to its Board of Directors, who shall serve as a Director at least until all shares purchased by Lakewood are redeemed in full.

The terms of each Share Purchase Agreement will be negotiated between each applicant and Lakewood's Investment Committee, which is elected by the members of the cooperative. The dividend income received on preferred shares purchased by Lakewood will be allocated toward covering the expenses of

the fund, re-investments in new investment applications, and toward distribution as dividends to investment share holders at the discretion of the Board. However, we do not anticipate paying dividends for the first two years of operation in order to recoup initial start-up cost and build a large enough portfolio to achieve profitability. Investment shares will be redeemable at the option of the purchaser after 4 years.

Mobile vendor businesses often see a high rate of turnover and can be prone to failure. There is a reasonable risk of default on each investment issued. We intend to mitigate this risk by diversifying our portfolio among many entrepreneurs and by issuing only small investments to each individual business. We believe the dividend income obtained from successful investments will be sufficient to compensate for an expected rate of default of about 10-15%. By purchasing preferred shares, Lakewood is also able to assert priority against any remaining assets in an investee business upon wind-up, before common shareholders, to help mitigate losses from the likelihood of defaults.

Lakewood intends to invest all available funds raised in this raise, less a cash reserve of approximately \$25,000, which will be held back to meet Lakewood's administrative expenses of approximately \$6,000/year for the first 4 years of operation. By doing so, Lakewood will ensure it maintains cash on hand to meet operational expenses while starting up. After 3 to 4 years, we expect that the fund's initial series of investments will begin to return a steady stream of dividend payments and capital repayments in order to fund operations and new investments.

Investment Criteria

Lakewood has developed a preliminary investment policy and objectives for identifying appropriate investment opportunities. Lakewood will consider applications for investment on the following criteria:

- Mobile Vendor Business Model: Lakewood's fund is intended to finance mobile vendor businesses. These businesses are characterized by the ability to access consumers at various venues, such as farmers' markets, festivals, craft fairs, and other events or locations. They typically have low start-up costs and low overhead, allowing them to operate flexibly. The amounts and rates of our preferred share purchases are tailored to the needs of these businesses. Investing in these enterprises also furthers Lakewood's objectives of creating economic opportunity through low-barrier entry to the consumer marketplace and enhancing the vibrancy and quality of options available to consumers.
- New Brunswick-Based Businesses: Our investments are only eligible to New Brunswick-based entrepreneurs. We intend to focus on the Saint John region and surrounding areas, but will consider applications from throughout New Brunswick. Investing in entrepreneurs outside of New Brunswick will not be considered in order to maintain Lakewood's eligibility under the SBITC.
- Sound Business Model: New start-ups will not need to provide proof of existing sales in order to be eligible for investment, but must prove that they have a financially sound business plan to be able to achieve sustainability. Sound business plans will include reasonable sales targets and year-

over-year growth targets, competitive pricing of goods, and reasonable controls over cost of inputs. Lakewood will also review applicants' proposed plans for accessing consumers, including planned attendance at markets or other venues, to ensure adequate operations to achieve necessary revenues. Further, Lakewood will assess applicants' plans for branding, marketing, and differentiating themselves among many market entrants. Existing businesses will be expected to provide financial statements and evidence of financial viability/sustainability.

- Social and Environmental Impacts: Consideration will be given to applicants who demonstrate positive social and environmental impacts on their communities. Such impacts may be in the form of selling/promoting local goods, establishing sustainable production, creating local employment opportunities, and using environmentally-friendly materials and practices.
- Newcomers to Canada: Consideration will be given to applicants who are recent newcomers to Canada, especially those who aim to start mobile vendor businesses to introduce their cultural products to the local marketplace. Lakewood views mobile vendor businesses as a good opportunity for newcomers to achieve economic success while providing goods and services that are unique and otherwise unavailable to New Brunswick consumers, contributing toward the diversity and vibrancy of our province.

These criteria will be applied to each application for funding by Lakewood's Investment Committee. The Investment Committee will be made up of members of Lakewood who will be involved in the decision-making of the fund. The Investment Committee will provide regular updates to members on the performance of Lakewood's investments.

2.3 Development of Business

Lakewood Investment Cooperative Ltd. was formed in December 2020 by a volunteer Board of Directors who are passionate about increasing economic activity in New Brunswick by creating new business opportunities for entrepreneurs to access New Brunswick consumers. Lakewood's Board of Directors consists of experienced professionals with years of experience in supporting the growth of small businesses in the province. Since its establishment in December 2020, Lakewood has achieved a number of important milestones, including:

- incorporating as a cooperative,
- expanding its membership,
- adopting by-laws and policies of the cooperative, and
- partnering with the New Brunswick Business Catalyst Group to secure small business support.

We currently have 30 members, including the 6 Directors of the cooperative, some existing farmers' market vendors, and some local philanthropists and community organizers. We have created an investment policy and objectives document to guide the initial investments of the fund.

2.4 Short-Term Objectives and How We Intend to Achieve Them

- (a) Our short-term objective is to complete our initial raise, and then invest in our first series of small business investments to eligible applicants. Our goal will be to invest to our maximum capacity, based on the size of the raise, within 1 year of completing our initial raise, less a cash reserve of approximately \$25,000. To attract applications for investments, we will advertise our fund through social media, and by targeted outreach to community and business groups in the province that have close connections with small business entrepreneurs.
- (b) We intend to do the following to meet our objectives for the next 12 months:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Cover administrative costs during start-up phase	3 months	\$2,620
Social media campaign to attract investment applications	3 months	\$4,500
Invest in mobile vendor businesses through small business investments	12 months	\$75,000

2.5 Long-Term Objectives

Our long-term objective is to create a sustainable and robust investment fund that is accessible to small business entrepreneurs throughout New Brunswick to enhance mobile vendor business opportunities. We aim to be the primary source of funding for start-ups in this market in the Saint John region, as well as a source of funding for re-investment and expansion of existing mobile vendor businesses. We intend to grow Lakewood’s pool of funds through additional issues of investment shares (future raises) and re-investment of earnings. We may also explore partnerships with other business investment and development organizations in the Province. Long-term, we hope to pay dividends to investors, however this likely will not occur for a period of 3-5 years, until sufficient volume of investments has been reached to generate a stream of dividend income to cover the fund’s expenses and generate profit to be re-distributed to investment shareholders. This is a new business and there is a risk that the business may never become profitable and therefore may never be able to pay dividends.

2.6 Insufficient Funds

The proceeds of this offering will be sufficient to accomplish all of our business objectives for the next 12 months. We anticipate offering further raises in future years to grow the size of the fund. Additional raises will be subject to regulatory approvals.

2.7 Dividends and Distributions

We do not have a dividend policy in place. As a new company, no dividends have been paid so far. As an investment company, the ability to issue and pay dividends is depended upon whether the investments the Company makes have dividends issues and paid. Our investment strategy goal is that the dividends paid on the investments made will be sufficient to cover all expense by years 3-5 and then become profitable thereafter. Dividends will be declared at the sole discretion of the Board and will likely not be declared until at least year 3. No dividends will be declared if doing so would impair the financial viability of the company. There is a risk that the company may never become profitable and therefore that dividends may never be declared.

2.8 Material Agreements

The following summarizes the material agreements to which we are currently a party and any material agreements with a related party:

1. A use of space agreement with the Business Catalyst Group, to use board room space as needed in the shared business space complex owned by the group. The Business Catalyst Group is a private not-for-profit corporation formed by prominent members of the business community in New Brunswick with a mandate to fund and assist the development of new business in the province. The space can be used at no fee provided that Lakewood continue to operate under its current objectives of funding small business start-ups consistent with its investment policy. Lakewood anticipates that it will need the use of board room space infrequently for its Board and its Investment Committee to meet from time to time.
2. Agreement with the President, Charlotte Leinster, to store the physical and digital records of Lakewood in her home office storage in her personal residence.

Item 3: Interests of Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

Name of security holder and principal residence	Positions held by security holder and date of obtaining position	Compensation paid by CEDC in last financial year and anticipated to be paid in current financial year	Securities (#, % and type) held after completion of min. offering	Securities (#, % and type) held after completion of max. offering
Charlotte Leinster Saint John, NB	Director and President since February 15, 2021	No compensation in prior and current year	1 investor share, 1%	1 investor share, 0.4%

Marc Champlain Saint John, NB	Director since February 15, 2021	No compensation in prior and current year	1 investor share, 1%	1 investor share, 0.4%
Alice Johnson St. Andrew's, NB	Director since February 15, 2021	No compensation in prior and current year	1 investor share, 1%	1 investor share, 0.4%
Pierre Gagnon Moncton, NB	Director and Treasurer since February 15, 2021	No compensation in prior and current year	1 investor share, 1%	1 investor share, 0.4%
Elizabeth Stevens Fredericton,	Director and Secretary since February 15, 2021	No compensation in prior and current year	1 investor share, 1%	1 investor share, 0.4%
Marie Pelletier Sussex, NB	Director since February 15, 2021	No compensation in prior and current year	1 investor share, 1%	1 investor share, 0.4%

3.2 Management Experience

Name	Principal occupation and related education and experience
Charlotte Leinster	<p>Charlotte Leinster is currently retired (as of 02/2021) after a career in the field of event planning since 1985. For the last 10 years of her career prior to 02/2021, Ms. Leinster was the founder and CEO of Event Planning NB Ltd., a consulting business that has been contracted to provide event planning services to many of the province's premier festivals and events, including Fredericton Harvest Jazz and Blues Festival, the Atlantic Balloon Fiesta in Sussex, NB, and the Moonlight Bazaar in Saint John.</p> <p>Ms. Leinster has a Bachelor's in Business Administration from Mount Allison University and a Masters in Business Administration (Marketing) from University of New Brunswick.</p>
Marc Champlain	<p>Marc Champlain is a 2003 graduate from l'Université de Moncton and has worked in the field of retail and property management since 2004. He has worked in vendor relations for large malls in New Brunswick, and more recently has managed seasonal outdoor retail spaces including local farmers' markets and local crafts markets catering to cruise ship passengers in Saint John. He has been principally employed as a Tourism Co-ordinator with the Saint John Port Corporation conducting liaison between cruise ship operators and tourism outlets since 04/2017.</p>
Alice Johnson	<p>Alice Johnson is a 2001 law graduate from Dalhousie University. She has practiced law in St. George since 2002 and is currently a partner with Johnson & Jones, a where she has practiced family law, wills and estates, and criminal law for the last 5 years.</p>

Pierre Gagnon	Pierre Gagnon has been a Chartered Professional Accountant since 1996. He is a graduate of St. Francis Xavier University (1991) and since 1992 has worked as an accountant in a variety of small, medium and large accounting firms throughout Atlantic Canada, primarily in the areas of corporate audit and tax accounting. He has been a sole practitioner in Saint John since 2014 serving primarily individuals and small and medium sized businesses in the region, through his firm Gagnon & Associates.
Elizabeth Stevens	Elizabeth Stevens is a graduate of St. Thomas University with a Bachelor of Business Administration (2009), with a specialization in supply chain management. She works as Regional Manager, Supply Chain for the Atlantic Canada arm of Super Magasin, a national grocery store chain in managing supply chain for meats, produce and other perishables (2010-present).
Marie Pelletier	Marie Pelletier has been the branch manager and a private wealth portfolio manager for the Sussex branch of Canada Dominion bank since 2007. Ms. Pelletier obtained her Bachelor's in Business Administration from Cape Breton University (1983) and holds a Chartered Financial Planner designation (1999). She has worked in the field of banking, investment planning and private wealth management since 1985.

3.3 Conflicts of Interest

One of the Directors of the New Brunswick Business Catalyst Group, which has provided a use of space agreement to the CEDC, is a cousin of Director and President Charlotte Leinster.

The CEDC has not yet adopted a formal conflict of interest policy, though one may be adopted in the future. Presently, conflicts are addressed by the Board of Directors in accordance with good governance practices and consistent with fiduciary obligations imposed on Directors under the *Cooperatives Act*.

3.4 Litigation, Penalties or Sanctions, Cease Trade Orders and Bankruptcy

- (a) No director has ever pled guilty to or been found guilty of:
 - (i) a summary conviction or indictable offence under the Criminal Code (R.S.C., 1985, c. C-46) of Canada,
 - (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
 - (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
 - (iv) an offence under the criminal legislation of any other foreign jurisdiction,
- (b) No director is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court or

tribunal of Canada or a foreign jurisdiction in the last ten years related to his or her involvement in any type of professional activity, such as securities, insurance, banking or other type of financial or consumer services activity,

- (c) no director is or has been the subject of a bankruptcy or insolvency proceeding,
- (d) one director was a director or officer of an issuer that is or has been subject to a proceeding described in paragraphs (a), (b) or (c) above. See details below.

On August 9, 2011, Maritime Production House Inc. filed a proposal to restructure under the *Bankruptcy and Insolvency Act* in the New Brunswick Court of Queen’s Bench. The application was subject to court supervision and its proposal was approved on November 18, 2015. Pierre Gagnon was a director of Maritime Production House Inc. from March 4, 2008 to October 22, 2017. The company is no longer under court supervision and has satisfied all elements of the court-approved proposal.

Item 4: Capital Structure

4.1 Capital Structure

The following table describes the outstanding securities of the CEDC:

Description of security	Number authorized to be issued as per CEDC’s by-laws and constating documents	Total dollar value and number issued and outstanding as at May 1, 2021	Total dollar value and number outstanding after minimum offering	Total dollar value and number outstanding after maximum offering
Investment Shares	Unlimited	0 (\$0)	100 (\$100,000)	250 (\$250,000)
Membership Shares	Unlimited	30 (\$3000)	30 (\$3000)	30 (\$3000)

4.2 Prior Sales

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
February 15, 202X	Membership Shares	30	\$100	\$3000

Item 5: Securities Offered

5.1 Terms of Securities

General Provisions

- a) Investment shares will be issued as non-par value shares at a price of \$1,000 per share.
- b) Investment shares will be unlimited and can be issued at such times as deemed appropriate by the Board. Investment shares can be issued to non-members.
- c) There will be one class of investment shares and one class of membership shares.
- d) There will be no set dividend rate on investment shares. Dividends will be declared at the sole discretion of the Board. Lakewood's intention is to pay approximately 50% of investment profits back to investment shareholders beginning in years 3-5, provided the fund can achieve its short-term goals and achieve sustainability and profitability.
- e) Investment shares shall be redeemable at the option of the shareholder beginning 4 years after purchase.

Investment Shareholder Rights

- a) Investment shareholders have a right to dissent on amendments to articles that adversely impact the rights of an investment shareholder in respect of an investment share, in accordance with the provisions of the [Cooperatives Act](#), including:
 - i. Amalgamation of the Cooperative;
 - ii. An extraordinary disposition of property; and
 - iii. Liquidation or dissolution.
- b) On these matters, the holders of investment shares shall vote as a class at a meeting held separately from a meeting of the members.

Restrictions on Transfers of Investment Shares

- a) The Cooperative shall redeem any of the investment shares that are redeemable at a price not exceeding book value and in accordance with the *Cooperatives Act*;
- b) Investment shares are not transferable and can only be redeemed by the Cooperative beginning 4 years after their purchase;
- c) Investment shares are subject to restrictions on transfer and redemption as set out in the [Cooperatives Act](#).

5.2 **Subscription Procedure**

- (a) You may subscribe for investment shares by returning to us at 350 Anywhere Street, Saint John, NB, X0X 0X0, the following:
 - (i) A completed subscription agreement in the form accompanying this offering document;

- (ii) A completed copy of a Risk Acknowledgement (Form 45-509F3) (also accompanying this offering document) – you should keep a signed copy of this form;
 - (iii) A certified cheque or bank draft in the amount of your investment payable to “Lakewood Investment Cooperative Ltd.”.
- (b) The consideration will be held in trust for the purchaser and will become available to the CEDC only after the conditions of closing described below have been met and the offering has closed.
- (c) The following are conditions of the initial closing of the offering:
- (i) the CEDC has received the minimum offering amount of \$100,000;
 - (ii) all material contracts have been signed, and all material consents of third parties have been obtained;
 - (iii) all necessary and required certificates under the *Small Business Investor Tax Credit Act* and its regulations and other applicable laws have been obtained and are current, including:
 - A. a letter of non-objection issued by the Executive Director that has not been subsequently revoked; and
 - B. a certificate of registration that has not lapsed or been revoked by the Minister of Finance; and
 - (iv) at least 3 shareholders have subscribed.

5.3 Failure to Meeting Conditions of Closing

If the minimum offering amount and all other conditions of the initial closing are not achieved on or before the closing date, and no extension has been granted by the Executive Director, the offering will be withdrawn and all of the proceeds of subscription, without interest, will be returned to the subscribers no later than 30 days after the closing date.

5.4 Concurrent Offering

We do not intend to distribute securities under a prospectus exemption other than through this distribution.

Item 6: Canadian Income Tax Considerations

6.1 This commentary is of a general nature only and is not intended to be tax advice to any particular investor. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

6.2 The New Brunswick Small Business Investor Tax Credit provides a 50% (for investments made after April 1, 2015) non-refundable personal income tax credit of up to \$125,000 per year (for investments of up to \$250,000 per individual investor).

Effective January 1, 2014, the Small Business Investor Tax Credit legislation enables New Brunswick corporations and trusts to be eligible for a 15% non-refundable corporate income tax credit on eligible investments up to \$500,000. This translates into a tax credit of up to \$75,000 for New Brunswick corporate and trust investors who invest in eligible small businesses in the province.

In the event that an investor cannot use the entire Small Business Investor Tax Credit amount in a given year, the tax credit can be carried forward seven years or back three years.

The tax credit received as a benefit to investing in Lakewood Investment Cooperative Ltd. is only valid if the securities are held for the minimum of four (4) years. Early redemption will result in repayment of tax credit with interest.

No professional advisors have been used in the preparation of the tax disclosure.

Item 7: Promoters

7.1 The following persons are authorized to sell shares under the offering:

Name	Address	Business Phone #	Email Address
Charlotte Leinster	350 Anywhere Street, Saint John, NB X0X 0X0	(506) 555-5555	cleinster@emailaddress.com
Marc Champlain	24 Location Drive, Saint John, NB D4E 5F6	(506) 555-1234	marcchamplain@webserver.org
Pierre Gagnon	3883 Cul de Sac Court, Moncton, NB G7H 8I9	(506) 555-8878	Greg.brown@accountingfirm.ca
Alice Johnson	77 Seaside Road, St. Andrew's, NB X1Y 2Z3	(506) 555-9966	ajohnson@lawfirm.com
Elizabeth Stevens	85 Residential Avenue, Fredericton, NB A1A 1A1	(506) 555-8383	estevens@email.nb.ca
Marie Pelletier	1123 Route Highway, Sussex, NB B2B 2B2	(506) 555-7654	mpelletier@cdbank.ca

Item 8: Risk Factors

8.1 The following, listed in order of importance, are the risk factors that the CEDC considers to be the most substantial risks to an investor in this offering:

- Investment Opportunities: Lakewood's business model is dependent on the existence of current and future demand for small investments to mobile vendor businesses. There is no guarantee that Lakewood will attract enough eligible investment applications or identify enough investment opportunities to build a large enough portfolio to achieve long-term sustainability and profitability. This risk factor is dependent in part on the appetites of consumers and of the existence of entrepreneurs who wish to start or re-invest in mobile vendor businesses.
- Investment Selection: Lakewood is a new business without a proven track record of selecting successful investment opportunities. Even accounting for an expected failure rate among eligible applicants, there is no guarantee that Lakewood will be able to identify eligible applicants for investment that will routinely pay dividends on preferred shares and redeem those shares to generate income for the fund.
- Market Environment for Mobile Vendor Businesses: Lakewood intends to make small business investments in start-up and existing mobile vendors. Our business model is dependent on there being good conditions for the operation of mobile vendors in New Brunswick. Future market conditions could change, such as a change in consumer tastes or attitudes, change in regulations, or change in existence of venues for mobile vendors, that would impact all eligible investment applicants as a class, and could put the fund's returns at risk on a broad scale.
- Limited Operating History: We have not operated the fund and have no proven track record of generating income or keeping costs to an acceptable level. There is no guarantee that the fund will ever be in a position to pay dividends to investment shareholders.
- Liquidity: The ability to redeem investment shares after a 4-year holding period is dependent upon there being sufficient liquid assets in the fund to pay back investment shareholders. The fund may not have enough cash on hand at any given time to fund redemptions, especially if many redemption requests are received at the same time.
- Value of the Securities of the Company: We determined the price of the investment shares arbitrarily. The price bears no relationship to earnings, book value or other valuation criteria.

8.2 In addition, potential investors should consider the following risk factors before they decide to purchase the shares being offered:

- (a) The shares are speculative in nature. An investment is appropriate only for investors who are prepared to have their money invested for a minimum of 4 years, and who have the capacity to absorb a loss of some or all of their investment and all of their tax credit.
- (b) There is no organized market through which the shares may be sold. Therefore, investors may find it difficult or even impossible to sell their shares.
- (c) There are restrictions on the resale of the shares. See item 10 for details.
- (d) The CEDC may not achieve a level of profitability to permit dividends to be paid. Investors should not count on any return from these shares.
- (e) Tax laws may change.
- (f) Investors who redeem their securities before the minimum time period of 4 years will lose some or all of their tax credit.

Item 9: Reporting Obligations

The CEDC will deliver to the Financial and Consumer Services Commission (Commission) and the Department of Finance and send to security holders, annual financial statements and in certain circumstances, a notice of specified events, the latter of which within 10 days after the date on which the specified event occurs.

Investor shareholders will also receive annual financial statements outlining the performance of the fund. Investors who also purchase membership shares to become members of the cooperative will be given notice of and entitled to attend annual meetings of the cooperative, with a right to vote on the composition of the Board and the Investment Committee, in accordance with the provisions of the *Cooperatives Act*.

Item 10: Resale Restrictions

10.1 These securities will be subject to a number of resale restrictions under National Instrument 45-102 *Resale Restrictions*, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Securities issued by a cooperative, may be subject to further resale restrictions under cooperatives legislation, and the by-laws of the cooperative.

10.2 Under the *Small Business Investor Tax Credit Act*, a person who disposes of a share in respect of which a tax credit has been allowed within 4 years from the date of purchase is liable to repay the Minister of Finance an amount equal to the tax credits received in respect of the share purchased,

including interest, if interest is prescribed by the regulations made under that Act, or a lesser amount that is determined in accordance with the regulations under that Act.

Item 11: Purchasers' Rights

Purchasing this share gives you certain rights, some of which are described below. For information about your rights you should consult a lawyer.

- Two Day Cancellation Right - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after either of the following:
 - (a) the CEDC received the completed subscription agreement;
 - (b) the day the CEDC has notified you of an amendment to the offering document.

- Statutory Rights of Action in the Event of a Misrepresentation - If there is a misrepresentation in this offering document, you have a statutory right to sue the following:
 - (a) Lakewood Investment Cooperative Ltd. to cancel your agreement to buy these shares;
 - (b) for damages against Lakewood Investment Cooperative Ltd., every director of the CEDC as of the date of this offering document and every person who signed the offering document.

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

If you intend to rely on the right to sue described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction which gave rise to the cause of action. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action, and 6 years after the date of the transaction that gave rise to the cause of action.

Item 12: Promotional Materials

All promotional materials relating to each distribution under this offering document, including those prepared after the date of this offering document, are incorporated by reference into the offering document and are deemed to form part of the offering document.

Item 13: Financial Statements

[See attached financial statements at Appendix A]

Item 14: Date and Certificate

This offering document does not contain a misrepresentation.

Dated at _____, on _____ (date).

Name (please print)	Position	Signature
Charlotte Leinster	President and Director	See attached
Marc Champlain	Director	See attached
Alice Johnson	Director	See attached
Pierre Gagnon	Director and Treasurer	See attached

Appendix A

LAKWOOD INVESTMENT CO-OPERATIVE LTD

Balance Sheet

As at December 31, 2020

		<u>2020</u>
ASSETS		
CURRENT		
Cash	\$	18,880
LONG TERM INVESTMENTS		75,000
INCORPORATION COST		<u>2,000</u>
	\$	<u>95,880</u>
LIABILITIES AND SHAREHOLDER EQUITY		
CURRENT		
Accounts payable	\$	3,500
		<u>3,500</u>
SHAREHOLDER EQUITY		
Investment shares		100,000
Membership shares		3,000
Retained earnings		<u>(10,620)</u>
		<u>92,380</u>
	\$	<u>95,880</u>

LAKEWOOD INVESTMENT CO-OPERATIVE LTD
Statement of Income and Retained Earnings
Year Ended December 30, 2020

	2020
REVENUE	
Dividends	
Management fees	
Gain / Loss on disposal of investment	
	<u>\$ -</u>
EXPENSES	
Adverting Plan	4,500
Professional fees	3,500
Insurance	1,500
Bank charges	60
Office & small supplies	1,000
Dues and fees	60
Rent	-
	<u>10,620</u>
INCOME BEFORE TAX	\$ (10,620)
INCOME TAX	
NET INCOME	\$ (10,620)
RETAINED EARNINGS -BEGINNING OF YEAR	<u>-</u>
RETAINED EARNINGS-END OF YEAR	<u>\$ (10,620)</u>

LAKEWOOD INVESTMENT CO-OPERATIVE LTD

Statement of Cash Flows

Year Ended December 30, 2020

	<u>2020</u>
OPERATING ACTIVITIES	
Net income	\$ (10,620)
Items not affecting of capital assets:	
Depreciation	-
Changes in non-cash working capital:	
Increase in Accounts payable	<u>3,500</u>
Cash flow from operating activities	(7,120)
INVESTING ACTIVITY	
Purchase of preferred share investments	(75,000)
Incorporation cost	<u>(2,000)</u>
Cash flow from operating activities	(77,000)
FINANCING ACTIVITY	
Issuance of member shares	3,000
Issuance of investment shares	<u>100,000</u>
Net cash provided by financing activities	103,000
INCREASE IN CASH FLOW	\$ 18,880
CASH-BEGINNING OF YEAR	<u>-</u>
CASH-END OF YEAR	<u>\$ 18,880</u>