No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

*The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended ("**U.S. Securities Act**") or any of the state securities laws and, subject to certain exceptions, may not be offered or sold in the United States or to a U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

PROSPECTUS

Initial Public Offering November 2, 2012

crius ENERGY

CRIUS ENERGY TRUST

C$100,000,000

10,000,000 Units

This prospectus qualifies the distribution of 10,000,000 trust units ("**Units**") of Crius Energy Trust (the "**Trust**"), an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario, to be issued at a price of C$10.00 per Unit (the "**Offering**").

Units are being offered by Scotia Capital Inc., RBC Dominion Securities Inc. and UBS Securities Canada Inc. (collectively, the "**Lead Underwriters**") on their behalf and on behalf of National Bank Financial Inc., Macquarie Capital Markets Canada Ltd., Raymond James Ltd., Desjardins Securities Inc., GMP Securities L.P. and Chardan Capital Markets, LLC (collectively, with the Lead Underwriters, the "**Underwriters**"), pursuant to an agreement between the Trust and the Underwriters dated November 2, 2012 (the "**Underwriting Agreement**"). Chardan Capital Markets, LLC is not a registered dealer in Canada and will only sell Units into the United States.

The Trust indirectly owns all of the issued and outstanding shares of Crius Energy Corporation ("**US Holdco**"), a Delaware corporation formed for the purpose of acquiring an ownership interest in Crius Energy, LLC (the "**Company**"), a Delaware limited liability company. Prior to the closing of the Offering, US Holdco will enter into a purchase agreement (the "**Purchase Agreement**") to acquire approximately 26.8% of the Membership Units (as defined herein) (the "**Company Interest**") of the Company from the Company. The Company Interest will entitle US Holdco to appoint a majority of the members of the board of directors of the Company, and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. The Company is an independent retail energy provider ("**Energy Retailer**") that markets and sells electricity and natural gas to residential and small to medium-size commercial customers in the United States. The purchase price for the Company Interest is C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering). The purchase price will be funded from the net proceeds of the Offering. The purchase of the Company Interest is conditional on the concurrent closing of the Offering. See "Use of Proceeds".

The Trust intends to make monthly distributions of a portion of its available cash to holders of Units ("**Unitholders**"). The Trust expects that the initial monthly cash distribution rate will be C$0.0833 per Unit. The initial cash distribution, which will be for the period from and including the date of closing of the Offering to December 31, 2012, is expected to be paid on January 15, 2013, to Unitholders of record on December 31, 2012 and is estimated to be C$0.1326 per Unit (assuming that the closing of the Offering occurs on November 13, 2012). The distribution of cash to Unitholders is not assured. See "Description of the Trust — Distributions" and "Risk Factors".

The Trust intends to qualify as a "mutual fund trust" under the *Income Tax Act* (Canada) (the "**Tax Act**"). The Trust will not be a "SIFT trust" (as defined in the Tax Act), provided that the Trust complies at all times with its investment restrictions which preclude the Trust from holding any "non-portfolio property" (as defined in the Tax Act).

There is currently no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. The TSX has conditionally approved the listing of the Units under the symbol "KWH.UN". Listing is subject to the Trust fulfilling all the requirements of the TSX on or before January 24, 2013, including distribution of the Units to a minimum number of public securityholders.

An investment in the Units is speculative and is subject to a number of risks that should be considered by a prospective purchaser. See "Risk Factors".

Price C$10.00 per Unit

	Price to Public(1)	**Underwriters' Fee**(2)	**Net Proceeds to the Trust**(3)
Per Unit	C$10.00	C$0.60	C$9.40
Total Offering(4)	C$100,000,000	C$6,000,000	C$94,000,000

Notes:

(1) The offering price of the Units to be issued pursuant to the Offering has been determined by negotiation between Crius Energy Administrator Inc. (the "**Administrator**") (on behalf of the Trust) and the Underwriters. No third-party valuation of the Units was obtained in determining the offering price.

(continued on next page)

crius

ENERGY TRUST

A leader in the fast-growing
U.S. retail energy industry

Diversified and growing cash flow supports stable distributions

Large Addressable Market

39.5M
eligible residential customers in our markets

We supply electricity and natural gas products in 10 states and the District of Columbia. In addition, we expect our plans for market expansion will increase the addressable market by nearly 50% in the next 12 months.

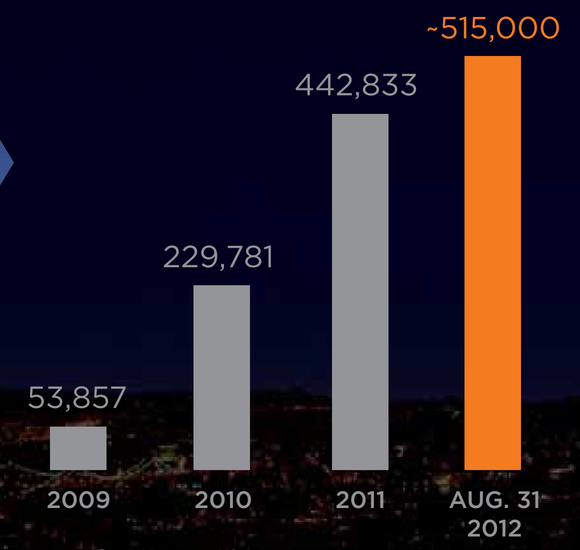
Low Penetration in our Markets

ELECTRICITY
18%

NATURAL GAS
21%

Rapid Customer Growth

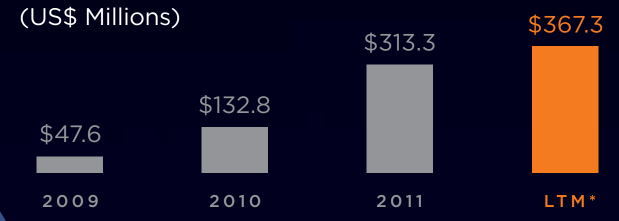
~515,000
customers*



*Calculated as residential customer equivalents (RCEs)

Strong Financial Performance

Revenue
(US$ Millions)



Adjusted EBITDA
(US$ Millions)

*Last twelve months ended June 30, 2012

Significant Growth Opportunity

Organic Growth

Diversified sales and marketing platform effectively targets every customer segment.

Network Marketing	**Exclusive Marketing Partnerships**	**Telemarketing & Door-to-Door**
>14,400 independent contractors	access to >3.5M customers	>500 third-party agents

Growth Through Acquisition

Fragmented retail energy industry provides opportunity for consolidation.

Recent acquisition: >114,000 customers from ResCom Energy

Access to capital is a competitive advantage

Our Brands

VIRIDIAN

Cincinnati Bell℠ energy

FTRenergyservices

FairPointEnergy

Public Power
Residential & Commercial Energy Supplier

(continued from cover)

(2) The Trust has agreed to pay a fee to the Underwriters in the amount of C$0.60 per Unit issued pursuant to the Offering.

(3) After deducting the Underwriters' fee but before deducting expenses of the Offering, estimated at approximately C$4.5 million, which, together with the Underwriters' fee, will be paid by the Trust from the proceeds of the Offering.

(4) The Underwriters have been granted an over-allotment option (the "**Over-Allotment Option**") by the Trust, exercisable in whole or in part, from time to time, for a period of 30 days from closing of the Offering to purchase up to 1,500,000 additional Units on the same terms as the Units sold under the Offering, to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total Price to Public, Underwriters' Fee and Net Proceeds to the Trust in respect of the Offering will be C$115.0 million, C$6.9 million and C$108.1 million, respectively. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the additional Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution". The net proceeds to be received by the Trust pursuant to the exercise of the Over-Allotment Option are expected to be provided to US Holdco in the same manner as the net proceeds from the Offering, and used by US Holdco to purchase additional Membership Units in the Company. See "Use of Proceeds".

In connection with the Offering, the Underwriters may over-allocate or effect transactions that stabilize the market price of the Units at levels other than those which otherwise might prevail on the open market. **The Underwriters may offer the Units at a price lower than that stated above. Any such reduction in price will not affect the proceeds received by the Trust. See "Plan of Distribution".**

The following table sets out the number of Units that may be issuable under the Offering pursuant to the Over-Allotment Option.

Underwriters' Position	Maximum Number of Units Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to acquire up to 1,500,000 additional Units	Within 30 days following the closing of the Offering	C$10.00 per Unit

The Underwriters, as principals, conditionally offer the Units qualified under this prospectus, subject to prior sale, if, as and when issued, sold and delivered by the Trust to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain Canadian legal matters on behalf of the Trust by Bennett Jones LLP and certain United States legal matters on behalf of the Trust by Haynes and Boone, LLP and certain Canadian and United States legal matters on behalf of the Underwriters by Torys LLP. This prospectus does not qualify any Units sold under the Offering within the United States.

In connection with the purchase of the Company Interest from the Company, Chardan Capital Markets, LLC and certain of its principals and employees will indirectly receive a portion of the proceeds of the Offering. In addition, in connection with the exercise of the Over-Allotment Option, Chardan Capital Markets, LLC and certain of its principals and employees, and an affiliate of Macquarie Capital Markets Canada Ltd., may indirectly receive a portion of the proceeds of the Offering. Accordingly, in connection with the Offering, the Trust may be considered to be a "connected issuer" of Chardan Capital Markets, LLC and Macquarie Capital Markets Canada Ltd. See "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Purchase Agreement" and "Relationship Between the Trust and Certain of the Underwriters."

Subscriptions for Units comprising the Offering will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about November 13, 2012 or such other date as the parties to the Underwriting Agreement may agree, but in any event not later than December 14, 2012 (the "**Closing Date**").

The Offering will be conducted under the book-entry-only system. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which Units are purchased and who is a CDS Clearing and Depositary Services Inc. ("**CDS**") depositary service participant. CDS will record the CDS participants who hold Units on behalf of the owners who have purchased Units in accordance with the book-entry-only system.

A return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. The recovery by Unitholders of their initial investment is at risk, and the anticipated return on that investment is based on many performance assumptions. Although the Trust intends to make monthly distributions to Unitholders of a portion of its available cash, those cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including: (i) the operational and financial performance of the Trust and its subsidiaries; (ii) the amount of cash required or retained for any debt service or repayment; (iii) the amount of cash required to fund marketing activities, acquisitions, capital expenditures and working capital requirements; and (iv) foreign currency exchange rates. In addition, the market value of the Units may decline if the Trust is unable to meet its cash distribution targets in the future, and that decline may be significant. See "Risk Factors".

Purchasers of Units should consider the particular risk factors that may affect the industry in which they are investing and, therefore, the stability of the distributions that Unitholders receive. See, for example, "Risks Relating to the Business and Operations of the Trust and the Trust Subsidiaries" under the section "Risk Factors". That section also describes the Trust's assessment of those risk factors, as well as the potential consequences to a Unitholder if a risk should occur.

The after-tax return from an investment in Units to Unitholders who are subject to Canadian income tax may consist of both a return on investment and a return of capital. That composition may change over time, thus affecting the after-tax return to Unitholders. Returns on investment are generally taxed as ordinary income in the hands of a Unitholder who is resident in Canada for purposes of the Tax Act. Returns of capital are generally tax-deferred for a Unitholder who is resident in Canada for purposes of the Tax Act and reduce the Unitholder's adjusted cost base in the Unit for purposes of the Tax Act. The Unitholder tax considerations discussed in this prospectus only apply to Unitholders who are resident in Canada for purposes of the Tax Act. See "Principal Canadian Federal Income Tax Considerations".

The Company is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction and resides outside of Canada. Although the Company has appointed Bennett Jones LLP, 3400, One First Canadian Place, Toronto, Ontario, M5X 1A4, as its agent for service of process in Ontario it may not be possible for investors to enforce judgments obtained in Canada against the Company.

TABLE OF CONTENTS

	Page
NOTICE TO INVESTORS	1
ELIGIBILITY FOR INVESTMENT	2
FORWARD-LOOKING STATEMENTS	2
NON-IFRS FINANCIAL MEASURES	5
MARKET AND INDUSTRY DATA	5
EXCHANGE RATE DATA	5
PROSPECTUS SUMMARY	6
THE TRUST	31
THE COMPANY	32
INDUSTRY OVERVIEW	33
OUR BUSINESS	43
USE OF PROCEEDS	64
STRUCTURE FOLLOWING CLOSING	65
FUNDING AND ACQUISITION OF THE COMPANY INTEREST	66
CONSOLIDATED CAPITALIZATION	81
SELECTED *PRO FORMA* FINANCIAL INFORMATION OF THE TRUST	82
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — REGIONAL ENERGY	87
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — PUBLIC POWER	106
SUMMARY OF DISTRIBUTABLE CASH	121
TRUSTEE, DIRECTORS AND MANAGEMENT	124
CORPORATE GOVERNANCE	129
ADMINISTRATION AGREEMENT	132
VOTING AGREEMENT	135
EXECUTIVE COMPENSATION	135
RESTRICTED TRUST UNIT PLAN	141
DESCRIPTION OF THE TRUST	144
DESCRIPTION OF THE COMMERCIAL TRUST	155
DESCRIPTION OF CDN HOLDCO	156
DESCRIPTION OF US HOLDCO	156
DESCRIPTION OF THE COMPANY	158
DESCRIPTION OF PUBLIC POWER	159
DESCRIPTION OF REGIONAL ENERGY	159
PLAN OF DISTRIBUTION	159
RELATIONSHIP BETWEEN THE TRUST AND CERTAIN OF THE UNDERWRITERS	163
PRINCIPAL SECURITYHOLDERS	164
PRIOR SALES	164
FIDUCIARY RESPONSIBILITY OF THE ADMINISTRATOR	164
PROMOTER	164
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	164
PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	165
U.S. FEDERAL INCOME TAXATION OF THE TRUST, CDN HOLDCO, US HOLDCO AND THE COMMERCIAL TRUST	170
RISK FACTORS	177
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	197
AUDITORS, TRANSFER AGENT AND REGISTRAR	197
EXPERTS	197
MATERIAL CONTRACTS	198
RIGHTS OF WITHDRAWAL AND RESCISSION	198
GLOSSARY	199
APPENDIX A: AUDIT AND RISK COMMITTEE CHARTER	A-1
APPENDIX B: BOARD CHARTER	B-1
INDEX TO FINANCIAL STATEMENTS	F-1
CERTIFICATE OF THE TRUST AND THE PROMOTER	C-1
CERTIFICATE OF THE UNDERWRITERS	C-2

NOTICE TO INVESTORS

The disclosure in this prospectus, unless the context otherwise indicates or requires, assumes that the Company Interest Acquisition has been completed and the Trust has acquired the Company Interest in the Company. Unless the context otherwise indicates or requires, the term the "Crius Group", refers collectively to the Administrator, the Trust and the Trust Subsidiaries, the Company and the Company's direct and indirect subsidiaries, including Regional Energy and Public Power. The terms "Company", "we", "us" and "our" refer to the business of Regional Energy Holdings, Inc. ("**Regional Energy**") and its consolidated subsidiaries and Public Power, LLC ("**Public Power**") and its consolidated subsidiaries, when referring to events or transactions that occurred prior to the acquisition of Regional Energy and Public Power by Crius Energy, LLC pursuant to the Exchange Agreement (defined herein) (the "**Combination**"), and refer to Crius Energy, LLC and its consolidated subsidiaries (including Regional Energy and Public Power), when referring to transactions that occurred or will occur after the Combination. Public Power & Utility, Inc. ("**Public Power & Utility**"), a predecessor of Public Power that is included in the Public Power financial statements, will not be acquired as part of the Combination and will not be owned by the Company subsequent to the completion of the Offering. As at June 30, 2012, Public Power & Utility had no assets, liabilities or operations. References to "management" in this prospectus mean the executive officers of the Administrator, US Holdco and the Company, as applicable. Any statements in this prospectus made by or on behalf of management are made in such persons' capacities as officers of the Administrator, US Holdco and the Company, as applicable, and not in their personal capacities.

A Unitholder should rely only on the information contained in this prospectus and should not rely on some parts of this prospectus to the exclusion of others. The Trust and the Underwriters have not authorized anyone to provide investors with additional or different information. The Trust and the Underwriters are not offering to sell the Units in any jurisdictions where an offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the Units. The Trust's business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

For investors outside of Canada, neither the Trust nor any of the Underwriters have done anything that would permit the Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the distribution of this prospectus.

Unless the context otherwise requires, the disclosure contained in this prospectus assumes that: (i) the steps described under "Funding and Acquisition of the Company Interest" have been completed and that, as a result, US Holdco holds the Company Interest; and (ii) the Over-Allotment Option has not been exercised. For an explanation of certain terms and abbreviations used in this prospectus and not otherwise defined, reference is made to the "Glossary".

In this prospectus, unless otherwise indicated, all dollar amounts are expressed in United States dollars. References to "C$" are to Canadian dollars and references to "$", "US$" or "U.S. dollars" are to United States dollars.

Unless otherwise stated, references to "customers" in this prospectus are to residential customer equivalents, or "RCEs", which means a unit of consumption per annum equivalent to (i) 10 MWh (or 10,000 KWh) in the case of the electricity and (ii) 2,815 m^3 (or 100 Mmbtu) in the case of natural gas. We have estimated the number of residential customer equivalents in accordance with industry convention based on information available regarding customers and their historical usage.

Unless otherwise stated, references to "energy" in this prospectus are to electricity and natural gas and exclude heating oil, propane, and other residential alternatives.

Certain financial information included in the prospectus for the twelve months ended June 30, 2012 has been prepared by combining the financial results of Regional Energy and Public Power for that period. In addition, the unaudited *pro forma* consolidated financial statements of the Trust are based on management assumptions and adjustments which are inherently subjective. The unaudited *pro forma* consolidated financial statements may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited *pro forma* consolidated financial statements are not a forecast or projection of future results. The actual financial position and results of operations of the Trust for any period following the closing of the transactions contemplated by this prospectus will likely vary from the amounts set forth in the unaudited *pro forma* consolidated financial statements and such variation may be material.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Trust, and Torys LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and the regulations thereunder, provided that the Trust qualifies at all times as a mutual fund trust (as defined in the Tax Act) or the Units are then listed on a designated stock exchange (which currently includes the TSX), the Units will be a qualified investment under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan, deferred profit sharing plan, registered disability savings plan or tax-free savings account ("**TFSA**"), all as defined in the Tax Act.

Notwithstanding that the Units may be qualified investments for a trust governed by a RRSP, RRIF or TFSA, the annuitant under a RRSP or RRIF or holder of a TFSA that holds Units will be subject to a penalty tax if the Units constitute a "prohibited investment" (as defined in the Tax Act) for the trust. The Units will not be a "prohibited investment" for a trust governed by a RRSP, RRIF or TFSA provided the annuitant of the RRSP or RRIF or holder of the TFSA, as the case may be, deals at arm's length with the Trust for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Trust or in a corporation, partnership or trust with which the Trust does not deal at arm's length for purposes of the Tax Act. The Department of Finance indicated in a letter that it would recommend amendments to the Tax Act that would narrow the scope of the "prohibited investment" rules; however, no draft legislation has been released as of the date hereof. Holders of a TFSA and annuitants under a RRSP or RRIF should consult their own tax advisors as to whether the Units will be a "prohibited investment" in their particular circumstances.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus constitute forward-looking statements and forward-looking information (collectively, "**Forward-Looking Statements**") and the Trust cautions investors in the Units about important factors that could cause the Trust's actual results to differ materially from those projected in any forward-looking statements included in this prospectus. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this prospectus should not be unduly relied upon. These statements speak only as of the date of this prospectus. In addition, this prospectus may contain forward-looking statements attributed to third party industry sources. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this prospectus.

In particular and without limitation, this prospectus contains forward-looking statements pertaining to the following:

- projections of the wholesale prices of electricity and natural gas;
- supply and demand fundamentals for electricity and natural gas;
- expectations regarding the ability to raise capital and grow through acquisitions;
- realization of anticipated benefits of the Combination;
- growth strategy and opportunities;
- treatment under governmental regulatory regimes and tax laws;
- capital expenditure programs;

- plans for, and results of, a risk management program to manage credit, commodity, foreign exchange and liquidity exposure;
- anticipated operating expenses;
- anticipated benefits of our marketing channels;
- status of the Trust as a "mutual fund trust" and not as a "SIFT trust", for the purposes of the Tax Act, and the taxability of the Trust and its subsidiaries;
- estimates of the distributable cash of the Trust, including assumptions regarding the revenue and expense items relating thereto;
- the payment and stability of cash distributions by the Trust, including timing of payment of the initial cash distribution, and the payments made among the Trust's subsidiaries and to the Trust;
- the taxability of distributions received by Canadian resident Unitholders;
- the impact of Canadian and U.S. federal income taxation on the availability of cash for distribution by the Trust;
- access to credit facilities and related borrowing base capacity;
- the amount and use of the net proceeds from the Offering; and
- the exercise of the Over-Allotment Option and the use of the net proceeds therefrom.

With respect to forward-looking statements contained in this prospectus, assumptions have been made regarding, among other things:

- future wholesale prices for electricity and natural gas;
- in respect of estimated distributable cash, those other assumptions listed under "Summary of Distributable Cash";
- future currency exchange rates;
- the ability of the Crius Group to obtain qualified staff, independent contractors in a timely and cost-efficient manner;
- the regulatory framework governing the retail energy market in the United States;
- the ability of the Crius Group to successfully market future electricity and natural gas products and services;
- the Crius Group's future sales levels;
- future capital expenditures to be made by the Crius Group and the Trust's ability to obtain financing on acceptable terms for capital projects and future acquisitions;
- future sources of funding for the capital programs of and future acquisitions by the Crius Group;
- the intentions of the directors of the Administrator ("**Administrator Directors**") with respect to the executive compensation plans and corporate governance programs described herein;
- the impact of competition on the Crius Group;
- the tax legislation in Canada and the United States;
- the deductibility for tax purposes of various amounts by the Crius Group;
- the impact of Canadian and U.S. federal income taxes on cash available for distribution by the Trust; and
- the Trust's status as a "mutual fund trust" and not as a "SIFT trust" for the purposes of the Tax Act.

The Trust's actual results could differ materially from those anticipated in forward-looking statements as a result of the risk factors set forth below and included elsewhere in this prospectus:

- failure to realize the anticipated benefits of the Combination and future acquisitions and dispositions;

- volatility of wholesale prices for electricity and natural gas;
- failure to manage appropriately the credit, commodity and liquidity exposure which arises in the ordinary course of business;
- risks which may create liabilities to the Crius Group in excess of the Trust's insurance coverage;
- general economic, market and business conditions;
- current global financial conditions, including fluctuations in interest rates, foreign exchange rates, inflation and commodity prices and stock market volatility;
- competition for, among other things, customers, independent contractors, marketing partners, capital and skilled personnel;
- incorrect assessments of the value of acquisitions and the opportunities for consolidation in the retail energy market;
- changes in government regulations or increased scrutiny by governmental agencies;
- loss or revocation of an electricity or natural gas licence issued by a public utility commission;
- failure to obtain regulatory, industry partner and third party consents and approvals where required;
- failure to engage or retain key personnel;
- claims made in respect of the Trust's properties or assets;
- potential losses which would stem from any disruptions in production or infrastructure performance, including work stoppages or other labour difficulties, or disruptions in the electricity or natural gas transmission networks on which the Crius Group will be reliant;
- disruptions in the source, transmission and distribution and/or storage of natural gas and electricity;
- the failure of the Crius Group to meet specific requirements of its contractual agreements, including under the Base Confirmation Agreement;
- the ability to obtain financing on acceptable terms;
- failure of third parties' reviews, reports and projections to be accurate;
- dependence on contracts with Macquarie Energy and Macquarie Energy's inability to perform its obligations under the Base Confirmation Agreement; and
- the other factors discussed under "Risk Factors".

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements made by or on behalf of the Trust, investors should not place undue reliance on any such forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Further, any forward-looking statement is made only as of the date of this prospectus, and neither the Trust nor the Underwriters undertake any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for management to predict all of these factors or to assess in advance the impact of each such factor on the Trust's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The Forward-Looking Statements contained in this prospectus are expressly qualified by the foregoing cautionary statements and are made as of the date of this prospectus. Neither the Trust nor the Underwriters undertake any obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws. Investors should read this entire prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Units.

NON-IFRS FINANCIAL MEASURES

EBITDA, Adjusted EBITDA and "distributable cash" are non-IFRS financial measures commonly used by financial analysts in evaluating financial performance of companies, including companies in the energy retailing industry. Accordingly, we believe EBITDA, Adjusted EBITDA and "distributable cash" may be useful metrics for evaluating our financial performance as they are measures that we use internally to assess our performance, in addition to IFRS measures. EBITDA and Adjusted EBITDA are defined in the "Glossary". As there is no generally accepted method of calculating EBITDA, Adjusted EBITDA and "distributable cash", these terms as used herein are not necessarily comparable to similarly titled measures of other companies. The items excluded from EBITDA are significant in assessing our operating results and liquidity. EBITDA, Adjusted EBITDA and "distributable cash" have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. We use Adjusted EBITDA, a non-IFRS financial measure in our MD&A and elsewhere in this prospectus. Adjusted EBITDA does not include or reflect the changes in the fair value of derivative instruments. For a presentation of net income (loss) as calculated under IFRS and a reconciliation to EBITDA and Adjusted EBITDA see "Prospectus Summary — Summary *Pro Forma* and Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Regional Energy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Public Power".

MARKET AND INDUSTRY DATA

Certain market and industry data contained in this prospectus is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy or completeness of their information. While management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. Neither the Trust, nor any of the Underwriters, have independently verified any of the data from third party sources referred to in this prospectus or ascertained the underlying assumptions relied upon by such sources. Principal sources used in this prospectus for market and industry data include KEMA, Inc. ("**KEMA**") and the U.S. Energy Information Administration ("**U.S. EIA**").

EXCHANGE RATE DATA

The following table sets forth, for the periods indicated, the high, low, average and period-end noon spot rates of exchange for one U.S. dollar, expressed in Canadian dollars, as published by the Bank of Canada.

	Three Months Ending June 30,		Six Months Ending June 30,		Year Ending December 31		
	2012	2011	2012	2011	2011	2010	2009
	(C$)	(C$)	(C$)	(C$)	(C$)	(C$)	(C$)
Highest rate during the period	1.0418	0.9861	1.0418	1.0022	1.0604	1.0778	1.3000
Lowest rate during the period	0.9807	0.9486	0.9807	0.9486	0.9449	0.9946	1.0292
Average noon spot rate for the period(1)	1.0105	0.9679	1.0057	0.9767	0.9891	1.0299	1.1420
Rate at the end of the period	1.0191	0.9643	1.0191	0.9643	1.0170	0.9946	1.0466

Note:

(1) Determined by averaging the noon rate for each day of the respective period.

On November 1, 2012, the noon rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was $1.00 equals C$0.9973.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Trust and the Offering and is qualified in its entirety by, and should be read together with, the more detailed information and financial data and statements appearing elsewhere in this prospectus. Reference is made to the "Glossary" on page 199 of this prospectus for the meaning of certain defined terms.

THE TRUST

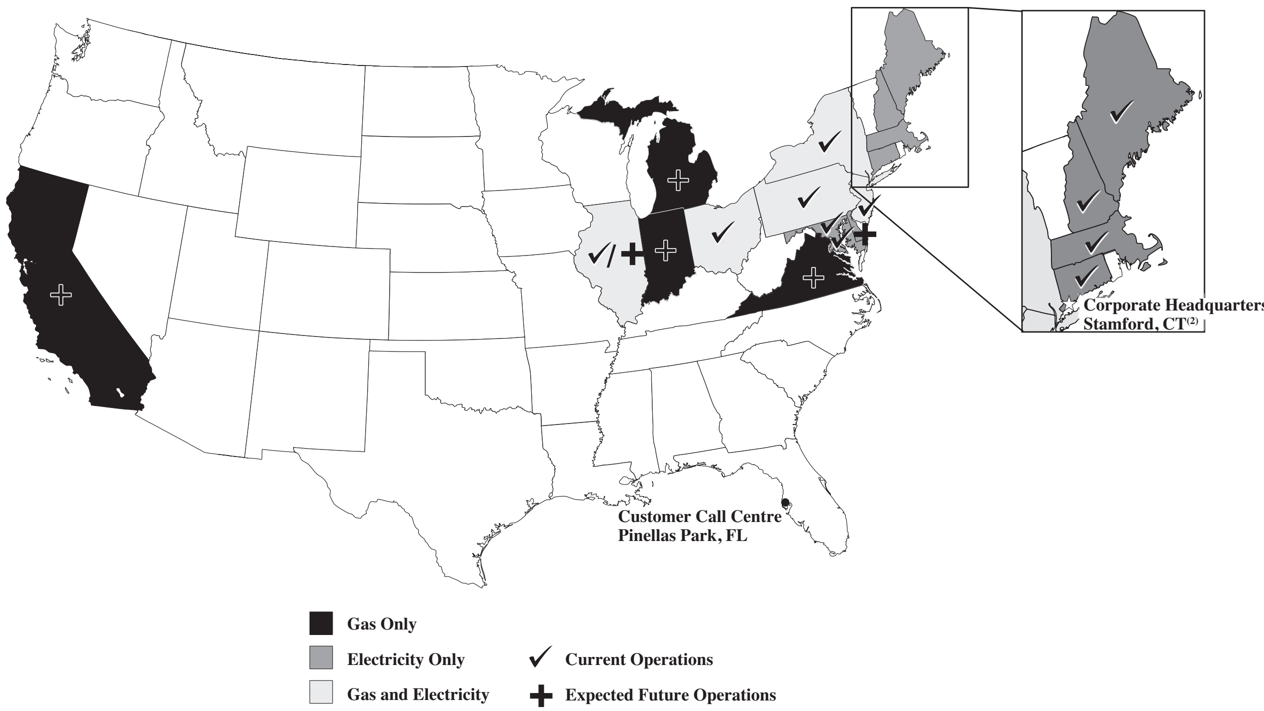
The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012 pursuant to the Trust Indenture. The Trust has no prior history of operations or earnings. The Trust has been established to provide investors with a distribution-producing investment through the acquisition of an ownership interest in the Company by the Trust's indirect wholly-owned subsidiary, US Holdco. US Holdco will use the net proceeds of the Offering to fund the purchase price of C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering) for the Company Interest. The Company, through its subsidiaries, Public Power and Regional Energy, is an independent Energy Retailer which markets and sells electricity and natural gas to residential and small to medium-size commercial customers in the United States. Under the Purchase Agreement, the closing of the Company Interest Acquisition is conditional on the concurrent closing of the Offering. The Company Interest will entitle US Holdco to appoint a majority of the members of the board of directors of the Company and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. The Trust intends to make monthly distributions to Unitholders. See "Description of the Trust" and "Funding and Acquisition of the Company Interest".

CRIUS ENERGY, LLC

The Company is one of the largest independent Energy Retailers operating in the United States, with approximately 515,000 customers as at August 31, 2012. The Company's revenue and Adjusted EBITDA for the 12 months ending June 30, 2012, representing the combined electricity and natural gas revenues of its subsidiaries, Regional Energy and Public Power, were more than $367.3 million and $53.7 million, respectively. The Company serves customers across a variety of segments, including residential and small to medium-size commercial customers, and markets its products through a variety of sales channels and brand names. The Company currently sells electricity in 10 states and the District of Columbia and natural gas in four states. By virtue of its leading retail energy platform, cost base and anticipated access to capital, the Company believes that it is well positioned to expand through organic customer growth and acquisitions. We believe that organic growth will be driven by the Company's multi-channel marketing platform, continued geographic expansion and increased focus on the commercial market segment and natural gas products.

The map below illustrates the location of the Company's headquarters and customer call centre and also displays the states in which the Company currently operates and the states in which it plans to begin operating within the next 12 months.

Company Operations, Headquarters, Call Centres and Anticipated Operations as at August 31, 2012(1)



Notes:

(1) The Company is currently licenced to sell and is actively marketing electricity in Illinois and expects to begin marketing natural gas in the state in the next 12 months.

(2) In October 2012, the Company moved into its new corporate headquarters in Stamford, Connecticut. Prior to October 2012, the principal head office was located in South Norwalk, Connecticut.

On September 18, 2012, the businesses of Public Power and Regional Energy were combined to form the operations of the Company, which we believe results in the following benefits:

- *Leading retailing platform.* The Combination created an Energy Retailer that is well positioned for long-term growth and profitability. Management believes that the Company has many essential business competencies including:
  - A diversified sales and marketing approach that gives the Company access to various segments of the consumer market through our multiple channels and brands with unique customer value propositions. This is further supported by the Company's win back program that management believes will reduce customer attrition and increase stability across all segments.
  - A diversified product offering that allows the Company to offer our customers a variety of commodities (electricity and natural gas), contract types (fixed and variable) and product features (green energy) to attract customers across a breadth of customer segments.
  - Scalable and stable energy supply and financing facility through our relationship with Macquarie Energy. Macquarie Energy, a subsidiary of Australia based Macquarie Group Limited (Standard & Poor's BBB rating, Moody's Investors Service A3 rating), is a leading participant in the energy markets in the United States.

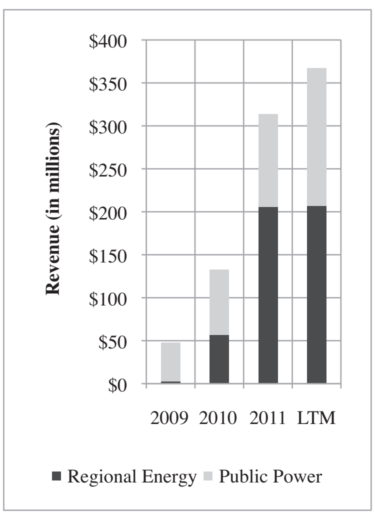
- A strong operational platform that will capitalize on the individual strengths and best practices of each company, including tight cost controls, experienced management and a prudent risk management culture.

- *Cost savings.* The increased size and economies of scale of the combined businesses is anticipated to provide the Company with material cost savings. The Company believes that cost savings resulting from the Combination would have been approximately 6.7% of the combined general and administrative and finance costs of Regional Energy and Public Power for the twelve months ending June 30, 2012. The opportunities for material savings include expected reductions in financing costs and operating expenses, such as electronic data information processing fees.

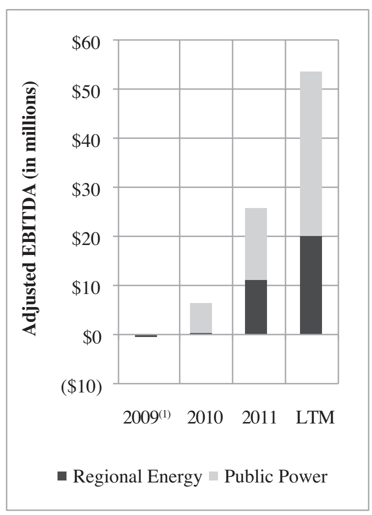
- *Enhanced ability to consolidate.* The Company is anticipated to have better access to capital which will enable it to opportunistically acquire Energy Retailers as consolidation continues in the fragmented retail energy industry. Such opportunities may not have otherwise been as readily available to either Regional Energy or Public Power as individual private entities.

Both Regional Energy and Public Power have historically exhibited significant growth since formation, as illustrated in the charts below. In the charts, growth is quantified by three metrics: revenue, Adjusted EBITDA and number of customers.

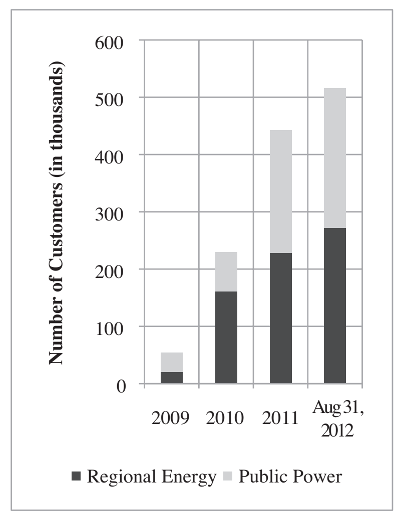
Revenue



Adjusted EBITDA



Number of Customers



Note:

(1) For the period from March 17, 2009 (inception) to December 31, 2009 and the year ending December 31, 2009, the Adjusted EBITDA was $(4.9) million and $4.4 million for Regional Energy and Public Power, respectively. See "Prospectus Summary — Summary *Pro Forma* and Historical Financial Information" for reconciliation of Adjusted EBITDA to net income. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or other financial information prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

Business Strengths

Diversified Sales and Marketing Platform

The Company leverages a variety of marketing channels with unique customer value propositions to effectively penetrate various customer segments. Each marketing channel and brand is tailored to attract a specific customer segment. The Company's full range of marketing channels enables it to enter new states as well as increase penetration in existing states using multiple marketing channels simultaneously. Management believes that using multiple marketing channels, including those that only pay upfront commissions (telemarketing and door-to-door) and those that pay both upfront and residual commissions (marketing partnership and network marketing), provides additional benefit for the Company such as more stable cash flows compared to an upfront commission only strategy.

The following table demonstrates how the Company's various marketing channels, each with a unique customer value proposition, allow us to effectively penetrate customer segments and retain existing customers.

Marketing Channel	Energy Brand	Customer Value Proposition	Targeted Customer Segment	Opportunity	States
Exclusive Marketing Partnerships	Cincinnati Bell energy FairPoint Energy FTR energy services	• Tailored value proposition mutually agreed with the marketing partner	• All eligible existing subscribers of the marketing partner and potential new customers in the service area • Targets residential customers	• Three exclusive marketing partnerships with an estimated 3.5 million eligible subscribers[(1)] • In active discussion with several new marketing partners	• California[(3)], Illinois[(3)], Indiana[(2)], Maine, Michigan[(2)], New Hampshire, New York[(2)], Ohio, Pennsylvania[(3)]
Network Marketing	VIRIDIAN	• Renewable energy • Sustainable company mission • Business opportunity for independent contractors	• Friends, family and acquaintances of independent contractors • Targets residential and small- to medium-size commercial customers	• Approximately 14,400 independent contractors • Average of approximately 14 customers per independent contractor	• Connecticut, Delaware[(3)], the District of Columbia[(3)], Illinois, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Virginia[(4)]
Telemarketing	Public Power LLC Residential & Commercial Energy Supplier	• Rewards and loyalty program	• Individuals or businesses not enrolled in the National Do Not Call registry • Targets residential and small- to medium-size commercial customers	• 13 third party vendors with more than 300 agents	• Connecticut, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio, Pennsylvania, Virginia[(4)]
Door-to-Door	Public Power LLC Residential & Commercial Energy Supplier	• Rewards and loyalty program	• Areas with high population density • Targets residential and small- to medium-size commercial customers	• 10 third-party vendors with more than 200 agents	• Connecticut, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio, Pennsylvania, Virginia[(4)]

Marketing Channel	Energy Brand	Customer Value Proposition	Targeted Customer Segment	Opportunity	States
Win Back Program	Cincinnati Bell energy FairPoint Energy FTR energy services Public Power Residential & Commercial Energy Supplier Viridian	• Tailored to each energy brand	• Existing customers who have terminated or provided notification of an intent to terminate energy service	• Nearly 50%[5] of Public Power customers who terminated service were retained • 73 customer service professionals exclusively focused on win back program • Cross-sell other energy product	• All states in which we provide service
Commercial Sales Program	Public Power Residential & Commercial Energy Supplier	• Customized pricing by rate class	• Commercial customers	• Proprietary web-based pricing and contract administration platform • Deploy commercial platform to other energy brands	• All states in which we provide service

Notes:

(1) An eligible subscriber refers to a current customer of a marketing partner who is eligible for energy service in a deregulated market we serve or have definitive plans to enter in the near future. Management estimates the total number of eligible subscribers to be approximately 3.5 million.

(2) Expected to begin marketing in the fourth quarter of 2012.

(3) Expected to begin marketing in the first quarter of 2013.

(4) Expected to begin marketing in 2013; however, the Company has not set a definitive market entry date.

(5) Estimated win back percentage for Public Power is based on historical performance during the last twelve months to June 30, 2012. The win back percentage is calculated as: (i) the total number of customers (not RCEs) who previously terminated energy service (regardless of date of termination) and re-enrolled during the period; divided by (ii) the total number of customers (not RCEs) who terminated energy service during the period.

- *Exclusive Marketing Partnerships.* The Company has exclusive marketing partnerships with three telecommunications companies to market the Company's energy service under their brand names and through their respective sales forces and distribution channels. Management estimates that its existing marketing partners have approximately 3.5 million subscribers eligible for our energy service in deregulated markets. Although the Company relies upon the well-established marketing capabilities of these telecommunications companies, the customers acquired through this channel have contractual relationships with the Company. Since the inception of this channel in June 2011, management estimates that the Company has a 5% annual penetration rate of eligible subscribers. Management expects to continue capitalizing on its existing marketing partnerships and is actively pursuing additional exclusive marketing partnerships.

- *Network Marketing.* The Company uses a network marketing approach, which currently consists of approximately 14,400 independent contractors representing the Viridian Energy brand. On average, each new independent contractor enrolls approximately 14 customers during their time working with the Company. The Company most recently launched network marketing in Massachusetts in June 2012 and, through its independent contractors, has enrolled more than 8,000 customer accounts in the first three months of marketing. Management anticipates launching its network marketing channel in Delaware and the District of Columbia in January 2013. In our five largest markets, we have achieved the following new customer enrolment through our network marketing channel over the initial 12 month period.

State	Utility	Launch Date	Customers Enrolled After 12 Months
Connecticut	Connecticut Light & Power	August 2009	33,995
New Jersey	Public Service Electric & Gas	May 2010	52,185
New Jersey	Jersey Central Power & Light	August 2010	47,330
New Jersey	Atlantic City Electric	June 2010	29,288
Maryland	Baltimore Gas & Electric	July 2010	31,595
Illinois	Commonwealth Edison	August 2011	33,054

- *Telemarketing and Door-to-Door.* The Company maintains third-party relationships with 13 telemarketing companies and 10 door-to-door companies, representing more than 500 individual agents who market energy services on behalf of the Public Power brand. For the twelve months ending June 30, 2012, Public Power acquired an average of 7,708 new customers per month through telemarketing and door-to-door activities. The Company's telemarketing and door-to-door channels can quickly be deployed in different areas as market opportunities arise.
- *Customer Win Back Program.* The Company has a dedicated win back team comprised of 73 customer service professionals based out of our call centre in Florida. The team contacts customers that have recently terminated service or notified the utility of their intention to terminate service to encourage them to re-enroll (the "**win back program**"). The cost to retain a customer under the win back program compares favorably with new customer acquisition costs. Launched by Public Power in May 2011, the win back program has measurably reduced net monthly customer attrition for Public Power by nearly 50% for the twelve months ending June 30, 2012. In September 2012, the Company started using the win back platform for other energy brands.
- *Commercial Sales.* The Company has a proprietary web-based commercial sales platform (the "**commercial platform**") that provides real-time pricing by rate class and contract administration functionality. The commercial platform is currently in use by the Public Power brand and is distributed through select energy brokers. The Company anticipates leveraging the commercial platform across other energy brands beginning in 2013.

Cost Effective Customer Acquisition Model

The Company has a cost effective customer acquisition model as measured by the payback period for each customer enrolled. The Company measures the payback period as the length of time a customer must purchase energy from the Company for the gross margin received to equal or exceed the customer acquisition costs, including upfront and residual commissions. As a general policy, the Company targets an average payback period of three months or less across all marketing channels. The Company has performed favourably against its target payback period in all of its marketing channels. The Company's commission structure generally entitles it to recoup some or all of its upfront commissions paid for those customers who terminate prior to three months, which further mitigates our risk for such customers.

Prudent Risk Management Culture

The Company has a prudent risk management culture focused on managing credit, commodity, liquidity and foreign currency exchange risk. The Company manages its risk exposure through a risk management policy described below (the "**Risk Management Policy**"), which management believes enables the Company to operate with a low risk profile and achieve stable operating results. See "Our Business — Risk Management" for more information on the Company's Risk Management Policy.

- *Credit Risk.* The Company believes it has limited credit exposure to its customers as it participates in purchase of receivables programs ("**POR**"). In states where such programs are available, the Company's credit exposure is limited to investment-grade utilities. In non-POR states, the Company assesses the creditworthiness of new applicants, monitors customer payment activities and administers an active collections program. More than 96% of the Company's customers are in states with POR programs.

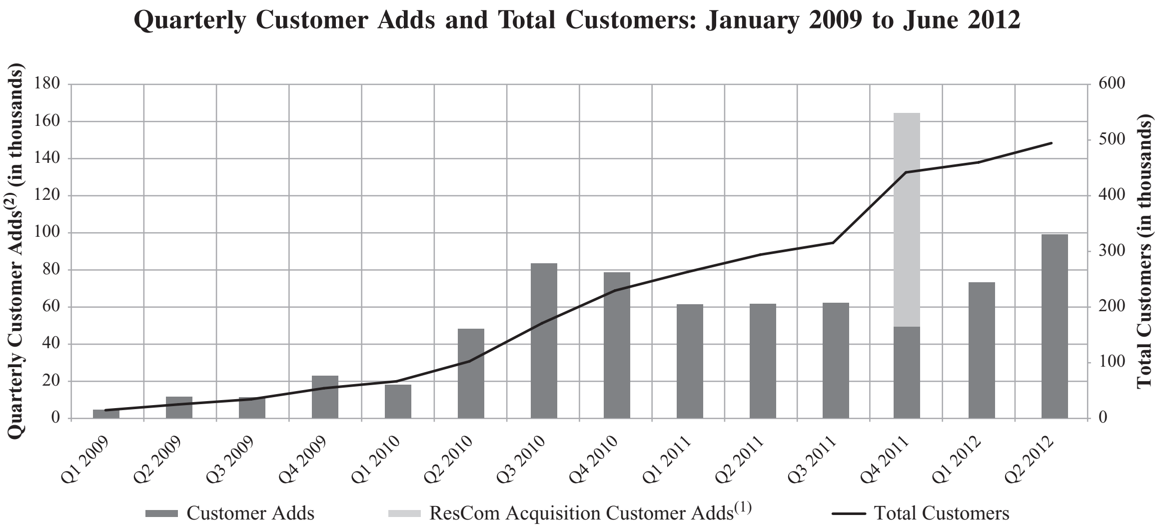
- *Commodity Risk.* The Company believes it has low commodity exposure as it has primarily variable priced customer contracts under which the Company can change the price charged to customers in accordance with energy market conditions. While the mix of variable price and fixed price contracts is subject to change, variable price contracts currently account for 96% of the Company's total customer contracts. For the remaining 4% of the customers that are on fixed price contracts, the Company maintains a forward hedging program.
- *Liquidity Risk.* The Company believes it has limited exposure to liquidity risk as a result of its relationship with Macquarie Energy. Macquarie Energy is the Company's exclusive supplier of wholesale energy (electricity and natural gas) and hedging products. Macquarie Energy assumes responsibility for meeting the Company's credit and collateral requirements with each independent system operator ("**ISO**") and regional transmission organization ("**RTO**") and provides a $200 million procurement facility and a $25 million working capital facility, including cash advance and letter of credit capabilities.
- *Foreign Currency Exchange Risk.* The Crius Group intends to implement a foreign currency hedging program to manage exposure to changes in foreign exchange rates and support the long-term sustainability of Trust distributions. The Company's business generates cash flow in U.S. dollars but Trust distributions are paid in Canadian dollars. The Crius Group's hedging strategy will predominantly consist of forward and other derivative contracts and products, hedging at least twelve months of anticipated Trust distributions on a rolling basis. Changes in the fair value of the forward and other derivative contracts will partially offset foreign exchange gains or losses on the U.S. dollar distributions received by the Trust Subsidiaries.

Experienced Management Team

Our management team has more than 40 years of experience in all aspects of the retail energy industry as well as public company experience. Michael Fallquist is the former Chief Executive Officer of Regional Energy and is the Chief Executive Officer of the Company and the Administrator. Robert Gries, Jr. is the former Chief Executive Officer of Public Power and is Chairman of the Board of the Administrator. Mr. Fallquist founded Regional Energy in 2009 and has since grown Regional Energy into a profitable company with more than 271,300 customers as at August 31, 2012. Mr. Fallquist received the Ernst & Young Entrepreneur Of The Year® 2012 Award in the Cleantech category for the New York region. Mr. Gries acquired Public Power in 2009 and has since grown Public Power, both organically and through acquisitions, into a profitable company with more than 244,300 customers as at August 31, 2012. Mr. Gries is also director of several investment funds, through which he has managed investments in excess of $100 million, excluding the interests in Public Power. Mr. Gries also sits on various boards, including the board of the University of Tampa. Our experienced management team also includes Roop Bhullar (Chief Financial Officer), Jan Fox (Senior Vice President and General Counsel), Cami Boehme (Senior Vice President, Marketing & Brand Strategy) and Michael Chester (Vice President, Operations). For additional details regarding the qualifications and experience of our management team, see "Trustee, Directors and Management".

Opportunities for Growth

The Company has several growth initiatives, including expanding marketing efforts in the states in which we currently operate, expanding into new states, cross-selling additional energy products to our existing customers, increasing our commercial customer base and opportunistically acquiring Energy Retailers. The graph below illustrates the approximate number of customers added by quarter, both organically and through acquisition, by Public Power and Regional Energy combined, including the acquisition of ResCom Energy, LLC's ("**ResCom**") Connecticut and Maryland customer portfolios, which included approximately 114,000 customers (the "**ResCom Acquisition**") in November 2011.



Note:

(1) A total of 163,579 customers were added during Q4 2011, approximately 114,000 of which were attributable to the ResCom Acquisition.

(2) Represents the gross number of customers added per quarter, inclusive of customers retained through the win back program.

Organic Growth

The Company plans to sustain its organic growth in existing and new states through its diversified sales and marketing platform. Excluding growth from acquisitions, the Company added new customers at an average monthly growth rate of approximately 14%, which equates to an average of approximately 16,000 new customers each month, between January 1, 2009 and June 30, 2012.

Management intends to grow the Company organically and increase its customer base using the following growth strategies.

- *Expand marketing efforts in our existing states.* Each of the Company's energy brands is positioned to provide customers with a unique value proposition. Management intends to increase its customer base by expanding our diversified marketing channels and multiple brand offerings within our existing states. In addition, the Company is actively developing new exclusive marketing partnerships to gain access to the customer relationships, distribution channels and sales infrastructure of well-known companies with recognizable brands.

- *Expand to new states in which we do not currently operate.* Management believes that the Company's business model and operations could be expanded to provide energy services to most or all of the deregulated electricity and natural gas states in the United States. Management plans to enter into several new states over the next 12 months, including the electricity market in Delaware and natural gas markets in California, Illinois, Indiana, Michigan and Virginia. In addition, management believes there may be opportunity to enter several additional states in the future, including the electricity markets in California (commercial only) and Rhode Island and the natural gas markets in the District of Columbia, Maryland and Massachusetts; however, the Company has no definitive plans at this time. For electricity market summaries of California, Delaware and Rhode Island and a summary of natural gas markets for California, Illinois, Indiana, Maryland, Massachusetts, Michigan and Virginia see "Our Business — Opportunities for Growth — Organic Growth".

- *Cross-sell additional energy products to existing customers.* The Company plans to increase its efforts to supply both electricity and natural gas to more of its customers. Cross-selling is expected to increase the number of customers purchasing multiple commodities from the Company, resulting in higher revenue per customer, lower acquisition costs and reduced customer attrition. Among other strategies to cross-sell our energy products, the Company plans to begin cross-selling additional energy products as part of its ongoing win back program in the near future.

- *Increase commercial sales.* The Company plans to expand its sales efforts with commercial customers by leveraging our commercial platform. The commercial platform, currently in use by Public Power, includes a web-based interface that provides real-time pricing by rate class and contract administration functionality. Management anticipates that the commercial platform positions the Company to be more competitive in the commercial segments in which we currently serve (small- to medium-size commercial customers) while also providing the Company the opportunity to expand into the large commercial and industrial segment. The Company anticipates launching a more comprehensive commercial platform that utilizes the commercial platform under the Viridian Energy, Cincinnati Bell Energy, FairPoint Energy and FTR Energy Service brands in 2013.

Acquisition Growth

The Company intends to grow through strategic acquisitions of small Energy Retailers (fewer than 200,000 customers). Management believes there is a significant opportunity to participate in the consolidation of smaller market participants. The retail energy industry in the United States is fragmented and the vast majority of residential Energy Retailers are smaller participants. Management believes that small Energy Retailers generally have limited access to credit and lack exit alternatives to monetize their investment. Management believes a lack of competition in pursuing small Energy Retailers exists and this dynamic creates an attractive opportunity for the Company to acquire small Energy Retailers at accretive valuations.

The Company's operational infrastructure, management expertise and core business functions are in place to support acquisitions. The Company uses industry leading and scalable business process outsourcing providers to manage all aspects of the business, including electronic data interchange, customer information management, energy forecasting and sales force commissioning. Management believes that our outsourcing strategy supports our expansion plans, both organically and through acquisitions, without requiring significant capital investment or overhead costs. In November 2011, Public Power successfully completed the ResCom Acquisition which included approximately 114,000 customers. The acquisition was accretive and the additional customers were added to the platform without a significant increase in overhead costs or the number of employees.

See "Our Business".

INDUSTRY OVERVIEW

Retail Energy Market Overview

The retail electricity and natural gas markets can be categorized into two main customer segments: (i) residential and small-to-medium size commercial; and (ii) large commercial and industrial. Energy Retailers operate by providing a variety of fixed and variable rate contracts to customers for varying periods of time. In general, large commercial and industrial customers are serviced by fixed price contracts for up to two years. By contrast, residential and small-to-medium size commercial customers are typically serviced by short-term, month-to-month variable price contracts or fixed-term, fixed price contracts for up to one year. Some Energy Retailers focus only on one customer segment (e.g. residential), while others focus on the full spectrum of customers. Some Energy Retailers sell both electricity and natural gas to the same customers in states where they are permitted to sell both products.

Unlike local distribution companies ("**LDCs**"), whose rates are regulated and approved by the state public utility commissions ("**PUCs**"), Energy Retailers' rates for retail electricity and natural gas supply in deregulated states are not regulated, but are determined by a variety of factors including, but not limited to, the wholesale cost of electricity, the wholesale price of natural gas, competitive forces and the business objectives of market participants. In many cases, Energy Retailers may use the LDC to invoice and collect from customers for energy supply and other costs.

Retail Energy Market Opportunities

Low Penetration

As at December 2011, only 18% of the eligible residential electricity customers in the states in which the Company currently operates were served by an Energy Retailer. As at December 2009, only 21% of the eligible residential natural gas customers in the states in which the Company currently operates were served by an Energy Retailer. Conversely, in the non-residential electricity market, the penetration of Energy Retailers is very high, ranging from 55% in New Hampshire to 84% in Connecticut. The non-residential natural gas market penetration is also generally higher than the residential natural gas market, ranging from 12% in New Jersey to 61% in Ohio.

While the residential market penetration within most of the key states in which we operate remains low, the non-residential market penetration is significantly higher. Management believes this demonstrates opportunity for growth and continued market penetration in residential markets over the long-term as more customers become educated and aware of their option to choose an Energy Retailer. We believe that the continued growth in market penetration within the industry makes it an attractive industry in which to operate. For additional statistics on the existing addressable market, see "Industry Overview — Retail Energy Market Opportunities — Low Penetration".

Customer Growth

According to KEMA, the first eight months of 2011 saw a record 69 new Energy Retailer licences in the U.S., driven primarily by the expiration of rate caps in Pennsylvania and the implementation of POR programs in Maryland and Illinois. As a result of deregulation, the retail energy market (natural gas and electricity) has developed such that the key players fall into two key categories: utility affiliated Energy Retailers and independent Energy Retailers. Utility affiliated Energy Retailers typically focus on serving customers outside of the markets served by their regulated LDC affiliate. The utility affiliated Energy Retailers have the benefit of being associated with a well-capitalized parent to support their growth initiatives. In contrast, independent Energy Retailers vary in size and include small private start-up companies, which are typically not as well capitalized, and larger public and private entities.

Fragmentation and Consolidation

Favourable market conditions, including falling energy prices and low residential customer penetration, have led to an increase in the number of Energy Retailers in the United States. The vast majority of these new entrants are small private independent Energy Retailers, which often experience rapid customer growth but generally do not have reliable access to capital or economies of scale to support this growth over the longer term. According to KEMA, 69 residential Energy Retailers were active as at August 2011, approximately 78% (54) of which had fewer than 300,000 customers, and approximately 70% (48) of which had fewer than 200,000 customers.

The fragmented ownership structure among Energy Retailers presents an opportunity to consolidate small private independent Energy Retailers. According to KEMA, 16 acquisitions of Energy Retailers and similar types of ownership transfers, which consolidated retail companies in the energy sector, were completed from January 1, 2011 to September 30, 2011.

See "Industry Overview".

SUMMARY *PRO FORMA* AND HISTORICAL FINANCIAL INFORMATION

The following table sets out certain financial information for the periods indicated below. The following summary *pro forma* financial information contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with the statements. The information should be read in conjunction with the unaudited *pro forma* consolidated financial statements of the Trust and the audited and unaudited consolidated financial statements of Regional Energy, Public Power and the Trust and the related notes and the discussion under "Management's Discussion and Analysis of Financial Condition and the Results of Operations — Regional Energy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Public Power", included elsewhere in this prospectus as well as other information included in this prospectus, including "Non-IFRS Financial Measures", "Selected *Pro Forma* Financial Information of the Trust" and "Summary of Distributable Cash". The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those listed under 'Risk Factors" and included elsewhere in this prospectus.

The following summary *pro forma* information has been derived from the unaudited *pro forma* consolidated financial statements of the Trust and the audited and unaudited consolidated financial statements of Regional Energy and Public Power included elsewhere in this prospectus.

The following table sets out the *pro forma* statement of comprehensive income highlights for the Trust for the periods indicated.

Trust *Pro Forma* Statement of Comprehensive Income Highlights (in millions)

	Six Months Ending June 30, 2012	Year Ending December 31, 2011
Revenue	$185.7	$313.3
Cost of sales	$126.2	$245.7
Gross margin	$ 59.5	$ 67.6
Selling expenses	$ 10.7	$ 14.2
General and administrative expenses	$ 15.5	$ 27.7
Depreciation and amortization	$ 10.5	$ 22.5
Finance costs	$ 3.2	$ 4.9
Change in fair value of derivative instruments	$ (1.3)	$ 1.5
Provision (benefit) for income taxes	$ 1.0	$ (8.5)
Net income	$ 19.7	$ 5.3
EBITDA(1)	$ 34.4	$ 24.2
Adjusted EBITDA(1)	$ 33.1	$ 25.7

Note:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other financial information prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

The following table is a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods indicated.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (in millions)

	Six Months Ending June 30, 2012	Year Ending December 31, 2011
Net income	$19.7	$ 5.3
Excluding the impacts of:		
Provision (benefit) for income taxes	$ 1.0	$(8.5)
Finance costs	$ 3.2	$ 4.9
Depreciation and amortization	$10.5	$22.5
EBITDA	$34.4	$24.2
Excluding the impact of:		
Change in fair value of derivative instruments	$(1.3)	$ 1.5
Adjusted EBITDA	$33.1	$25.7

Following completion of the Offering and the Company Interest Acquisition, the Trust will be presenting the financial information for the Company on a consolidated basis in its financial statements.

The following table sets forth the summary historical consolidated financial data for Regional Energy for the periods indicated.

Regional Energy Statement of Comprehensive Income (Loss) Highlights (in millions)

	Six Months Ending June 30,		Year Ending December 31,		March 17, 2009 (inception) to December 31, 2009
	2012	2011	2011	2010	
Revenue	$90.3	$89.3	$205.5	$56.6	$ 2.2
Cost of sales	$64.7	$75.3	$163.6	$45.1	$ 1.9
Gross margin	$25.6	$14.0	$ 41.9	$11.5	$ 0.3
Selling expenses	$ 5.4	$ 5.1	$ 11.0	$ 3.3	$ 0.1
General and administrative	$10.3	$ 7.9	$ 19.8	$ 7.9	$ 5.1
Depreciation and amortization	$ 0.2	$ 0.2	$ 0.3	$ 0.2	$—
Finance costs	$ 2.3	$ 2.6	$ 5.7	$ 2.0	$—
Change in fair value of derivative instruments	$—	$(0.1)	$ —	$ 0.5	$—
Provision for income taxes	$ 3.0	$—	$ 1.3	$—	$—
Net income (loss) and comprehensive income (loss)	$ 4.4	$(1.7)	$ 3.8	$(2.4)	$(4.9)
EBITDA[(1)]	$ 9.9	$ 1.1	$ 11.1	$(0.2)	$(4.9)
Adjusted EBITDA[(1)]	$ 9.9	$ 1.0	$ 11.1	$ 0.3	$(4.9)

Note:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other financial information prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

The following table is a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods indicated.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (in millions)

	Six Months Ending June 30,		Year Ending December 31,		March 17, 2009 (inception) to December 31, 2009
	2012	2011	2011	2010	
Net income (loss) and comprehensive income (loss)	$4.4	$(1.7)	$ 3.8	$(2.4)	$(4.9)
Excluding the impacts of:					
Provision for income taxes	$3.0	$—	$ 1.3	$—	$—
Finance costs	$2.3	$ 2.6	$ 5.7	$ 2.0	$—
Depreciation and amortization	$0.2	$ 0.2	$ 0.3	$ 0.2	$—
EBITDA	$9.9	$ 1.1	$11.1	$(0.2)	$(4.9)
Excluding the impact of:					
Change in fair value of derivative instruments	$—	$(0.1)	$—	$ 0.5	$—
Adjusted EBITDA	$9.9	$ 1.0	$11.1	$ 0.3	$(4.9)

The following table sets forth the summary historical consolidated financial data for Public Power for the periods indicated.

Public Power Statement of Comprehensive Income Highlights (in millions)

	Six Months Ending June 30,		Year Ending December 31,		
	2012	**2011**	**2011**	**2010**	**2009**
Revenue	$95.4	$42.5	$107.9	$76.2	$45.4
Cost of sales	$61.5	$33.2	$ 82.2	$60.3	$30.8
Gross margin	$33.9	$ 9.3	$ 25.7	$15.9	$14.6
Selling expenses	$ 5.3	$ 1.4	$ 3.2	$ 3.4	$ 1.3
General and administrative	$ 5.3	$ 3.6	$ 7.9	$ 6.4	$ 8.9
Depreciation and amortization	$ 3.8	$—	$ 0.8	$—	$—
Finance costs	$ 1.4	$ 0.6	$ 1.3	$ 1.2	$ 0.2
Change in fair value of derivative instruments	$(1.4)	$ 0.8	$ 1.7	$(0.1)	$—
Provision for income taxes	$—	$—	$ —	$—	$ 1.5
Net income and comprehensive income	$19.5	$ 2.9	$ 10.8	$ 5.0	$ 2.7
EBITDA(1)	$24.7	$ 3.5	$ 12.9	$ 6.2	$ 4.4
Adjusted EBITDA(1)	$23.3	$ 4.3	$ 14.6	$ 6.1	$ 4.4

Note:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other financial information prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

The following table is a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods indicated.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (in millions)

	Six Months Ending June 30,		Year Ending December 31,		
	2012	**2011**	**2011**	**2010**	**2009**
Net income	$19.5	$2.9	$10.8	$ 5.0	$2.7
Excluding the impacts of:					
Provision for income taxes	$—	$—	$—	$—	$1.5
Finance costs	$ 1.4	$0.6	$ 1.3	$ 1.2	$0.2
Depreciation and amortization	$ 3.8	$—	$ 0.8	$—	$—
EBITDA	$24.7	$3.5	$12.9	$ 6.2	$4.4
Excluding the impact of:					
Change in fair value of derivative instruments	$(1.4)	$0.8	$ 1.7	$(0.1)	$—
Adjusted EBITDA	$23.3	$4.3	$14.6	$ 6.1	$4.4

SUMMARY OF DISTRIBUTABLE CASH

The following summary has been prepared by management on the basis of the consolidated audited and unaudited financial statements of Regional Energy and Public Power, the information contained in this prospectus and the unaudited *pro forma* consolidated financial data of the Trust for the twelve months ending June 30, 2012. The information should be read together with the *pro forma* consolidated financial statements of the Trust and the related notes, the consolidated financial statements of Regional Energy, Public Power and the Trust and the related notes, "Selected *Pro Forma* Financial Information of the Trust" and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Regional Energy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Public Power" included elsewhere in this prospectus. **This analysis is not a forecast or a projection of future results. The actual results of operations for any period, whether before or after closing of the Offering, will likely vary from the amounts set forth in the following analysis, and such variation may be material.**

Management believes that distributable cash is an operating performance measure and an indicator of financial performance. As the Company intends to distribute a significant amount of its distributable cash on an ongoing basis, and since EBITDA and Adjusted EBITDA are metrics used by many investors and financial analysts to compare issuers on the basis of the ability to generate cash from operations, management believes that, in addition to net cash provided by operations, EBITDA and Adjusted EBITDA are useful non-IFRS, supplemental measures from which to make adjustments to determine distributable cash. EBITDA and Adjusted EBITDA are adjusted for certain items, deemed to be cash, in order to provide investors and financial analysts the information necessary to assess the ongoing operating performance and the highlights of the key trends in the continuing business and, accordingly, the distributable cash available. However, there are no standard definitions of Adjusted EBITDA or distributable cash prescribed by IFRS and other issuers may calculate similarly described measures differently. See "Non-IFRS Financial Measures".

Management believes that, after completion of the Offering and the Company Interest Acquisition, the Company will receive revenues and incur cost of sales, selling costs, general and administrative costs (including director bonuses), finance costs, cash taxes and maintenance capital expenditures, each of which will differ from those contained in the historical financial statements or in the unaudited *pro forma* consolidated financial statements that are included elsewhere in this prospectus. Financial information of the Company is presented for the twelve months ending June 30, 2012. This information has been prepared by combining the financial results of Regional Energy and Public Power for that period and making adjustments that management believes are reasonable. Some of these adjustments are reflected in the *pro forma* financial statements of the Trust contained elsewhere in this prospectus, but many are not because this information is prepared for a different period than that reflected in the *pro forma* financial statements and because some of the adjustments are not permitted in *pro forma* financial statements.

Management's assumptions in preparing this summary are set out in the notes below. Although management does not have firm commitments for all of the adjustments and the complete financial effects of all these adjustments are not objectively determinable, management believes that the following represents a reasonable estimate of the distributable cash for the twelve months ending June 30, 2012 assuming the

Combination, the ResCom Acquisition, the Offering and the Company Interest Acquisition had been completed, and the new Base Confirmation Agreement had been entered into, at the beginning of the period.

(in millions, except for per Unit and hedge rate data)	**Twelve Months Ending June 30, 2012**
Operating cash flow[1]	$ 25.5
Net change in operating assets and liabilities[2]	$ 17.1
Deferred income taxes[3]	$ 0.9
Bad debt recovery (expense)[4]	$ (1.5)
Provision for income taxes[5]	$ 4.3
Financing costs[6]	$ 7.4
Pro forma[7] Adjusted EBITDA[8] of the Trust[9]	$ 53.7
Management estimates that the following amounts will increase or reduce the amount of cash available for distribution:	
Amounts attributable to ResCom for period prior to acquisition[10]	$ 6.0
Finance costs adjusted for terms of new Base Confirmation Agreement[11]	$ (3.7)
Non-recurring director bonuses[12]	$ 0.4
Cost savings on electronic data processing fees[13]	$ 1.5
Maintenance capital expenditures[14]	$ (0.3)
Additional administrative expenses[15]	$ (2.5)
Income taxes paid in cash[16]	$ (6.0)
Distributable cash[8]	$ 49.1
Cash holdback[17]	$ 7.4
Cash available for distribution	$ 41.7
Amount attributable to non-controlling Company interests[18]	$ (30.5)
Distributable cash for US Holdco	$ 11.2
Income taxes paid in cash at US Holdco level[19]	$ (1.2)
Distributable cash for unitholders of the Trust	$ 10.0
Hedge rate (C$ per US$)[20]	C$ 0.9991
Distributable cash for unitholders of the Trust	C$ 10.0
Distributable cash for unitholders of the Trust per Unit[21]	C$ 1.00

Notes:

(1) Operating cash flow for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power operating cash flow figures for the year ending December 31, 2011 by subtracting the combined operating cash flow for the six months ending June 30, 2011 and adding the combined operating cash flow for the six months ending June 30, 2012.

(2) Net change in operating assets and liabilities for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power net change in operating assets and liabilities figures for the year ending December 31, 2011 by subtracting the combined net change in operating assets and liabilities for the six months ending June 30, 2011 and adding the combined net change in operating assets and liabilities for the six months ending June 30, 2012.

(3) Deferred income tax for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power deferred income tax figures for the year ending December 31, 2011 by subtracting the combined deferred income tax for the six months ending June 30, 2011 and adding the combined deferred income tax for the six months ending June 30, 2012.

(4) Bad debt recovery (expense) for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power bad debt recovery (expense) figures for the year ending December 31, 2011 by subtracting the combined bad debt recovery (expense) for the six months ending June 30, 2011 and adding the combined bad debt recovery (expense) for the six months ending June 30, 2012.

(5) Provision for income tax for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power provision for income tax figures for the year ending December 31, 2011 by subtracting the combined provision for income tax for the six months ending June 30, 2011 and adding the combined provision for income tax for the six months ending June 30, 2012.

(6) Finance costs for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power finance costs for the year ending December 31, 2011 by subtracting the combined finance costs for the six months ending June 30, 2011 and adding the combined finance costs for the six months ending June 30, 2012.

(7) *Pro forma* for the Combination and acquisition of the Company Interest by the Trust.

(8) EBITDA, Adjusted EBITDA and distributable cash are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS. See "Non-IFRS Financial Measures" and definitions of "EBITDA" and "Adjusted EBITDA" in the "Glossary".

(9) *Pro forma* Adjusted EBITDA for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power Adjusted EBITDA figures for the year ending December 31, 2011 by subtracting the combined Adjusted EBITDA for the six months ending June 30, 2011 and adding the combined Adjusted EBITDA for the six months ending June 30, 2012.

(10) In November 2011, Public Power acquired approximately 114,000 customers from ResCom in the Connecticut and Maryland electricity markets. Since the above distributable cash calculations are for the twelve months ending June 30, 2012, this adjustment represents the gross margin of the ResCom customers acquired for the period from July 1, 2011 to the date of their acquisition by Public Power in November 2011, less estimated selling and general and administrative costs (including POR/bad debt amounts) that the Trust would have incurred on a *pro forma* basis during the period from July 1, 2011 through the date of the customer acquisition in November 2011. The adjustment is based on the actual ResCom financial results while under the ownership of ResCom, based on information contained in the unaudited financial statements provided by ResCom, adjusted for estimated financing costs under the new Base Confirmation Agreement entered into with Macquarie Energy as at September 18, 2012 concurrently with the closing of the Combination.

(11) Represents estimated finance costs under the new Base Confirmation Agreement entered into by the Company and Macquarie Energy as at September 18, 2012 concurrently with the closing of the Combination and based on applying the new fees to the combined electricity and natural gas volumes of Regional Energy and Public Power during the twelve months ending June 30, 2012, and applying the new interest rates to actual outstanding letters of credit and cash advances during the twelve months ending June 30, 2012.

(12) Represents an adjustment to remove certain non-recurring director bonuses of $0.4 million.

(13) Represents estimated savings on electronic data transaction processing and customer information system fees, based on the difference between the existing fees paid to each of the Public Power and Regional Energy third party vendors and the proposed fees under a new agreement to be entered into by the Company prior to closing the Offering.

(14) Combined maintenance capital expenditures of Regional Energy and Public Power for the twelve months ending June 30, 2012 were $0.3 million. Management believes annual maintenance capital expenditures of $0.3 million allows for the necessary maintenance of the Company's property, equipment and intangibles on an ongoing basis.

(15) Subsequent to the Offering, management estimates that the Company will incur additional general and administrative costs on a continuing basis relating to requirements of the Trust becoming a reporting issuer. These amounts exclude any one time costs associated with the Offering.

(16) Represents estimated United States combined federal and state income taxes at the level of the Company and its operating subsidiaries at the current prevailing legislated rates of tax for the twelve months ending June 30, 2012. The estimated taxable income takes into account available deductions, as well as applying twelve months of interest payable by Regional Energy on the Regional Energy Notes.

(17) Represents cash held back by the Company based on a payout ratio of 85%.

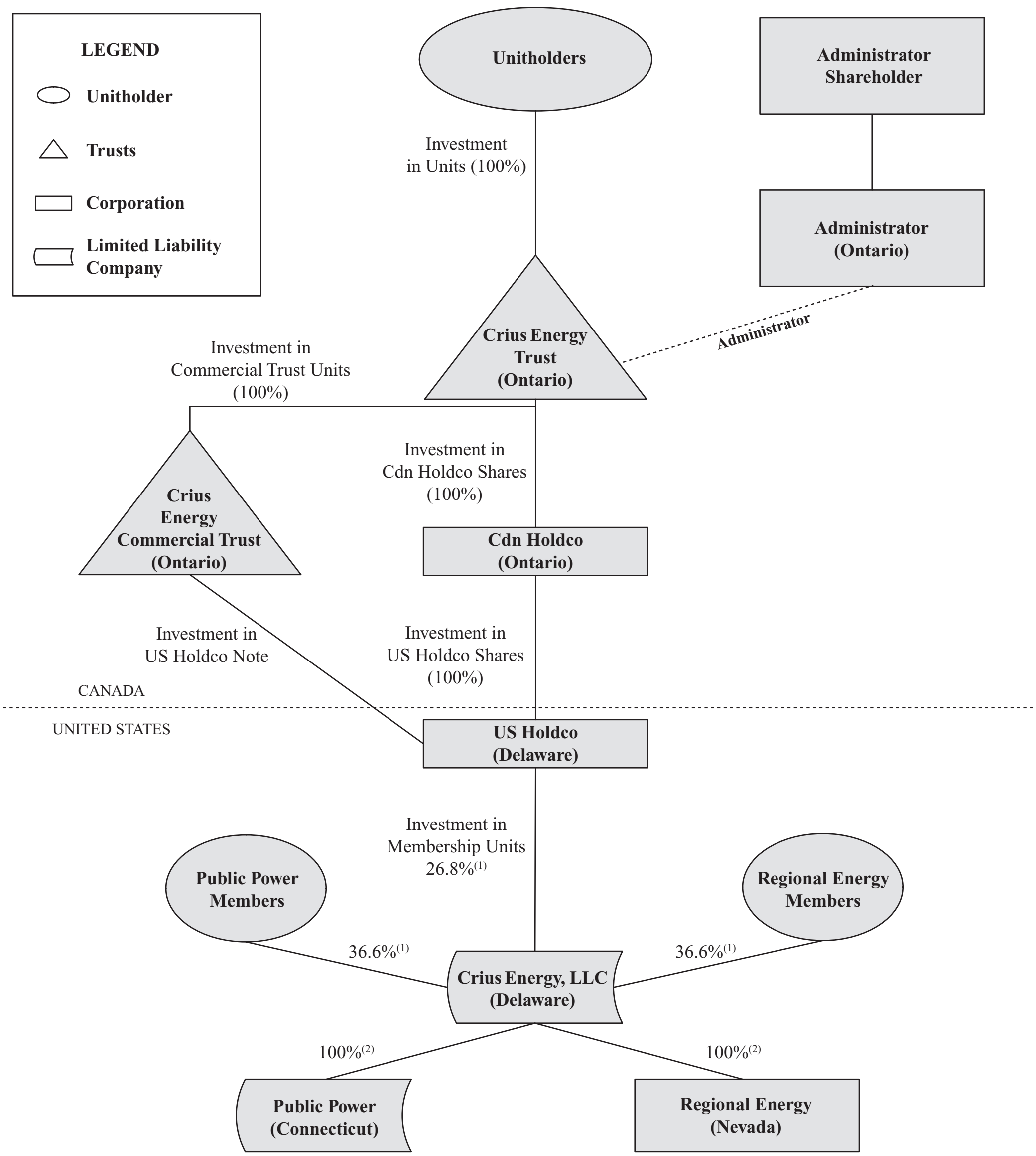
(18) Represents the estimated amounts attributable to non-controlling interests in the Company, based on an approximate 73.2% non-controlling retained interest in the Company post-Offering (assuming the Over-Allotment Option is not exercised).

(19) Represents estimated United States combined federal and state income taxes at the level of US Holdco at the current prevailing legislated rates of tax for the twelve months ending June 30, 2012. The estimated taxable income takes into account available deductions, including twelve months of interest on the US Holdco Note, amortization based on the step-up of intangible assets of Public Power as a result of the ResCom Acquisition as well as the Offering, withholding taxes and a dividends received deduction of 80% for estimated dividends received from Regional Energy.

(20) Based on an indicative 1-year C$/US$ hedge rate as at November 1, 2012.

(21) Based on the number of Units issued pursuant to the Offering, being 10,000,000 Units (assuming the Over-Allotment Option is not exercised).

STRUCTURE FOLLOWING CLOSING



Notes:

(1) Assuming the Over-Allotment Option is not exercised. US Holdco's interest in the Company allows it, and indirectly the Trust, to appoint a majority of the members of the board of directors of the Company and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement".

(2) On September 18, 2012, the Company acquired all of the securities of Regional Energy and membership interests in Public Power except the Retained Regional Energy Securities and Retained Public Power Interests. Following the closing of the Offering, Regional Energy and the Company will acquire the Retained Regional Energy Securities and Retained Public Power Interests, respectively, so that Regional Energy and Public Power will both be wholly-owned subsidiaries of the Company.

THE OFFERING

Offering:	10,000,000 Units
Offering Price:	C$10.00 per Unit
Amount:	C$100,000,000
Over-Allotment Option:	The Underwriters have been granted the Over-Allotment Option exercisable in whole or in part, from time to time, for a period of 30 days from closing of the Offering to purchase up to 1,500,000 additional Units on the same terms as the Units sold under the Offering, to cover over-allocations, if any. See "Plan of Distribution".
Units:	Each Unit represents an equal, undivided beneficial interest in the Trust and ranks equally with all of the other Units without discrimination, preference or priority. Each Unit entitles the holder to one vote at all meetings of Unitholders, to participate equally with respect to any and all distributions by the Trust and, on liquidation or termination of the Trust, to participate equally with respect to the distribution of the remaining assets of the Trust after payment of the Trust's debts, liabilities and liquidation or termination expenses. See "Description of the Trust".
Use of Proceeds:	The net proceeds to the Trust from the Offering will be approximately C$89.5 million, after deducting the fees payable to the Underwriters of approximately C$6.0 million and the expenses of the Offering estimated to be approximately C$4.5 million. The Trust will invest the net proceeds of the Offering in the Trust Subsidiaries in such a manner that US Holdco will receive the net proceeds of the Offering. US Holdco will use those proceeds to acquire the Company Interest, representing approximately 26.8% of the Membership Units in the Company. The Company will use a portion of the net proceeds to acquire the Retained Public Power Interests and enable Regional Energy to acquire the Retained Regional Energy Securities; the balance, in the amount of approximately $25 million, will be for the Company's general corporate purposes and to fund future acquisitions. See "Funding and Acquisition of the Company Interest". If the Over-Allotment Option is exercised in full, the net proceeds to the Trust from the Offering will be approximately C$103.6 million, after deducting the fees payable to the Underwriters of approximately C$6.9 million and the expenses of the Offering estimated to be approximately C$4.5 million. The net proceeds to be received by the Trust pursuant to the exercise of the Over-Allotment Option are expected to be provided to US Holdco in the same manner as the net proceeds from the Offering, and used by US Holdco to purchase additional Membership Units in the Company. The Company will use the net proceeds to repurchase up to approximately 4.0% of the Membership Units in the Company from the Regional Energy Members and Public Power Members; the balance, if any, will be for general corporate purposes. See "Use of Proceeds" for a tabular presentation of the use of proceeds. Following completion of the above transactions, US Holdco will own approximately 26.8% of the Membership Units in the Company (or up to approximately 30.8% of the Membership Units if the Over-Allotment Option is exercised), Regional Energy and Public Power will both be wholly-owned

subsidiaries of the Company, and the Company will hold net proceeds of approximately $25 million which will be available for the Company's general corporate purposes and to fund future acquisitions.

Distribution Policy of the Trust: The Trust intends to make monthly distributions to Unitholders of record as of the close of business on the last business day of each month, which are expected to be paid to Unitholders on or about the 15th day of the following month or, if not a business day, the next business day thereafter. The amount of cash to be distributed per month per Unit will be determined by the Administrator Directors, taking into consideration the overall distribution policy of the Trust and after consideration of the Trust's net monthly cash receipts less estimated amounts required for the payment of expenses and other obligations of the Trust, cash redemptions of Units and the satisfaction of any tax liability. The Trust expects that the initial monthly cash distribution rate will be C$0.0833 per Unit. The initial cash distribution, which will be for the period from and including the date of closing of the Offering to December 31, 2012, is expected to be paid on January 15, 2013 to Unitholders of record on December 31, 2012 and is estimated to be C$0.1326 per Unit (assuming that the closing of the Offering occurs on November 13, 2012). See "Description of the Trust — Distributions".

Distribution Policies of the Company and the Trust Subsidiaries: The Company intends to make monthly distributions to its members, including US Holdco. US Holdco intends to make monthly interest payments to the Commercial Trust on the US Holdco Note, which the Commercial Trust intends to distribute on a monthly basis to the Trust. In addition, US Holdco intends to adopt a policy to distribute its distributable cash (net of interest payable on the US Holdco Note), to the extent determined prudent by the directors of US Holdco, on a monthly basis to Cdn Holdco, and Cdn Holdco intends to make corresponding monthly distributions to the Trust. US Holdco and Cdn Holdco may, in addition, make distributions at any other time, which will likewise be distributed to the Trust. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Distributions", "Description of the Company", "Description of US Holdco", "Description of Cdn Holdco" and "Description of the Commercial Trust".

The boards of directors of the Company, US Holdco and Cdn Holdco, and the Administrator Directors on behalf of the Trust and the Commercial Trust, each have considerable discretion in determining the amount of cash distributions. Distributable cash available to Unitholders is not guaranteed and will fluctuate with, among other things, the results from the Company's business and distributions from the Company Interest. See "Risk Factors".

Governance:

The Trust Computershare is the Trustee of the Trust. The Trust Indenture provides that Unitholders may replace the Trustee by Ordinary Resolution at any time. The Trust Indenture also empowers the Trustee to delegate much of the responsibility regarding the operations and governance of the Trust, which it has done pursuant to the Administration Agreement with the Administrator. The Voting Agreement provides that Unitholders will be entitled to elect all of the Administrator Directors. The majority of the members of the board of directors of the Administrator and each member of the committees of the board of directors of the Administrator will be considered independent under applicable policies and regulations. See "Trustee, Directors and

	Management — The Trustee", "Description of the Trust", "Administration Agreement" and "Voting Agreement".
The Company	Following the Company Interest Acquisition, US Holdco will be entitled to appoint three out of the five directors to the Company's board of directors, and thereby control the Company. Until such time as the Regional Energy Members and Public Power Members, in the aggregate, own less than 20% of the outstanding Membership Units in the Company, the Regional Energy Members, collectively, and Public Power Members, collectively, will each be entitled to appoint one director to the Company's board of directors, for a total of two directors. The business and affairs of the Company are required to be managed by or under the Company's board of directors, and the board of directors has the power and authority to appoint the officers of the Company and to determine the level of distributions by the Company out of distributable cash, if any. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement".
The Company LLC Agreement:	The Company, US Holdco and the other holders of Membership Units in the Company will enter into the Company LLC Agreement that will govern the business and affairs of the Company and set out the rights and obligations of the members of the Company with respect to their ownership interests in the Company. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement." *Management and Operation of Company Business.* US Holdco will have the right to appoint a majority of the members of the Company's board of directors. The business and affairs of the Company will be managed by, or under the direction of, the Company's board of directors. The Company LLC Agreement provides that the only matters that the holders of Membership Units are entitled to approve are the amendment of the Company LLC Agreement, the dissolution and liquidation of the Company and the merger or amalgamation of the Company with another entity. If the Regional Energy Members and Public Power Members, in the aggregate, own less than 20% of the outstanding Membership Units, such transactions will no longer require the approval of the Regional Energy Members and Public Power Members. *Transfers of Membership Units.* Membership Units in the Company are generally freely transferable to any person, but transfers or proposed transfers of Membership Units may trigger "right of first refusal" provisions in the Governance Agreement. *Offer to Purchase Membership Units Upon Trust Change of Control.* Within 30 days following the occurrence of a Trust Change of Control, the Company or US Holdco is required to make an offer to purchase all of the Membership Units of each Regional Energy Member and Public Power Member at a price per Membership Unit equal to (i) 6.5 times the Company's Consolidated Cash Flow (as that term is defined in the Company LLC Agreement) for the preceding four full fiscal quarters (subject to certain adjustments in the event the Company has made a material acquisition or disposition during that period), plus the amount of the Company's cash and cash equivalents on a consolidated basis as of the preceding fiscal quarter, minus the amount of debt as of the end of the

preceding fiscal quarter, divided by (ii) the number of outstanding Membership Units; provided that if the Regional Energy Members and Public Power Members, in the aggregate, own less than 20% of the outstanding Membership Units, the price per Membership Unit shall be the fair market value of a Membership Unit as determined by the Company's board of directors in good faith.

Offer to Purchase Membership Units in Connection with Company Change of Control.

US Holdco agrees not to permit a Company Change of Control to occur unless US Holdco or the Company offers to purchase all of the Membership Units of each Regional Energy Member and Public Power Member at a price per Membership Unit equal to the price per Membership Unit payable upon a Trust Change of Control.

Offer to Purchase Membership Units from Excess Cash.

Commencing in 2019, the Company is required, within the first 90 days of each fiscal year of the Company, to make an offer to purchase the maximum number of Membership Units of the Regional Energy Members and Public Power Members that may be purchased, out of an amount determined by the Company's board of directors, in its sole and absolute discretion, which is not required to be retained in order to permit the Company to make distributions at the then current level and which is in excess of any other reasonable reserves established by the Company's board of directors for any proper purpose, at a price per Membership Unit equal to (i) five times the Company's Consolidated Cash Flow (as that term is defined in the Company LLC Agreement) for the preceding fiscal year, plus the Company's cash and cash equivalents on a consolidated basis as of the end of such fiscal year, minus the Company's debt as of the end of such fiscal year, divided by (ii) the number of outstanding Membership Units as of the date of the offer.

Company Right to Acquire Membership Units.

If at any time US Holdco and its affiliates hold more than 80% of the Membership Units then outstanding, the Company has the right, exercisable at its option, to purchase the outstanding Membership Units held by persons other than US Holdco and its affiliates, at a price per Membership Unit equal to the greater of (i) the fair market value of the Membership Unit, determined by the Company's board of directors in good faith, and (ii) the highest price paid by US Holdco or any of its affiliates for any Membership Unit purchased during the 90-day period preceding the date notice of the Company's intention to exercise its right is mailed.

Governance Agreement: Upon the closing of the Offering and the Company Interest Acquisition, US Holdco will become a party to the Governance Agreement. See "Funding and Acquisition of the Company Interest — Governance Agreement."

Right of First Refusal.

Under the Governance Agreement, the Company has a right of first refusal to purchase all or any portion of any Membership Units that any member may propose to transfer, at the same price and on the same terms as those offered to a prospective transferee. The non-selling members have a secondary refusal right to purchase all or any portion of the Membership Units not purchased by the Company pursuant to the right of first refusal.

	Tag Along Right. Where any portion of Membership Units subject to a proposed transfer is not sold pursuant to the first and second rights of refusal, and is instead sold to the prospective transferee, each non-selling member may elect to participate on a pro-rata basis in the proposed transfer. *Drag Along Right.* If, pursuant to the Company LLC Agreement, the Company is required to make an offer to acquire all of the Membership Units (other than those owned by US Holdco) in connection with a Company Change of Control, each member who does not sell their Membership Units to the Company agrees to sell such member's pro rata percentage of Membership Units to the prospective transferee at the same price and on the same terms and conditions. *Offer to Sell to the Company.* Each Regional Energy Member and Public Power Member who is considering making a transfer of 300,000 or more Membership Units (other than certain exempt transfers) is first required to notify the Company of the proposed transfer and the price at which the member would be willing to sell such Membership Units to the Company. The Company is required to notify the other members of the offer. The Company and the members proposing to sell Membership Units to the Company shall negotiate in good faith regarding the sale to the Company of such Membership Units. If the Company does not complete the purchase, the member initially proposing to sell Membership Units may sell all or a portion of such Membership Units to a proposed transferee at a price equal to or greater than the price initially proposed by the selling member, subject to the refusal rights, drag along and tag along provisions described above.
Retained Interest:	The officers and former securityholders of Regional Energy and former members of Public Power will continue to own approximately 73.2% of the Membership Units in the Company following the closing of the Offering and acquisition of the Company Interest by US Holdco (assuming the Over-Allotment Option is not exercised.) See "Funding and Acquisition of the Company Interest".
Principal Canadian Federal Income Tax Considerations:	**There are important tax consequences to an investment in the Units. See "Principal Canadian Federal Income Tax Considerations".** In computing income for a taxation year, a Unitholder resident in Canada will generally be required to include that portion of the net income of the Trust, including interest, taxable dividends and net realized taxable capital gains, that is paid or becomes payable to the Unitholder in the year (whether in cash or in Units). Taxable dividends in respect of which the appropriate designations are made by Cdn Holdco and the Trust may benefit from the enhanced dividend tax credit available in respect of eligible dividends for Unitholders who are individuals resident in Canada. The non-taxable half of any net realized capital gains of the Trust that is paid or becomes payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year, and will not reduce the adjusted cost base of the Units held by the Unitholder. Any other distributions by the Trust in excess of the Unitholder's share of the net income and net realized capital gains generally will not be included in such

	Unitholder's income for the year. However, such amounts (other than an amount received as proceeds of disposition on the redemption of Units) will reduce the adjusted cost base of the Units held by the Unitholder. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to the absolute value of the negative amount. A Unitholder who disposes of Units held as capital property (on a redemption or otherwise) will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the sum of the adjusted cost base of the Units to the Unitholder and any reasonable costs of disposition. Each prospective purchaser should satisfy itself as to the tax consequences of an investment in Units by obtaining tax advice from its tax advisor. See "Principal Canadian Federal Income Tax Considerations".
Risk Factors:	An investment in these Units is speculative and involves a high degree of risk. Prospective purchasers of Units should carefully consider information set forth under the heading "Risk Factors" and other information included in this prospectus before deciding to invest in Units. The Trust was formed to indirectly acquire an interest in the business of the Company, the success of which cannot be assured. The Trust, the Trust Subsidiaries and the Company have no business history or history of earnings. Risks related to the commodity, credit and other markets include significant increases in commodity wholesale prices, exposure to commodity risk, exposure to credit risk, insufficient financial liquidity, restrictive covenants in the Base Confirmation Agreement with Macquarie Energy, dependence on our contracts with Macquarie Energy, default under the Base Confirmation Agreement, interest rate and foreign currency exchange risk, sufficiency of our risk management policies and programs, reliance on services provided by LDCs and unforeseen events arising from the global economy. Risks related to the retail energy industry include loss of customers in a competitive market, seasonal or quarterly revenue fluctuation, customers not accepting Energy Retailers as their energy supplier, denial or revocation of licenses, changes in utility service rate, the utility service rate may not reflect actual wholesale energy market conditions, increases to the state renewable portfolio standards and a reduction of available production tax credits for renewable energy. Risks related to the operations of the Company include limited historical data to assess the performance of the Company, inability of the Company's management to manage the Company's growth, past performance not indicating future performance, failure to realize the anticipated benefits of the Combination, disruptions in information systems, the feasibility of continued growth through strategic acquisition, the Company's expansion strategy, reliance on continued involvement of present management, increased cost of complying with reporting requirements, rules and regulations affecting public issuers, maintaining relationships with exclusive marketing partners, residual commission paid to independent contractors, maintaining relationships with certain independent contractors, the viability of independent sales contractors, telemarketing, door-to-door and outsourcing arrangements, reputational risks associated with independent contractors, the employment status for tax purposes of independent contractors and the effect of capital investment on distributions to Unitholders.

Risks related to the legal and regulatory environment include reversal of market deregulation, legislative and regulatory risks, exposure to legislative and regulatory risk at local, state and federal levels, including the Dodd-Frank Act and regulation by FERC, regulation of wholesale sales by FERC and the risk of current, pending and future legal proceedings.

Risks relating to the business and operations of the Trust and the Trust Subsidiaries include non-aligned interests of Regional Energy Members, Public Power Members and the Unitholders, provisions of the Company LLC Agreement that may inhibit change of control transactions of the Trust and the Company or require the Company to purchase Membership Units of the Regional Energy Members and Public Power Members, limited ability of a purchaser of Units to collect damages for misrepresentation from the promoter of the Offering, the value of the Canadian dollar against the US dollar, dependence upon the Company's operations and assets, that cash distributions will be entirely dependent on the operations and assets of the Company, that the Trust is dependent upon distributions from the Company and the Trust Subsidiaries and inaccuracy of forward-looking information, projections, estimates and assumptions.

Risks relating to the Trust's structure and ownership of Units include that "yield" is dissimilar to other debt instruments, that rights of redemption have limited liquidity, that Units are not shares in a corporation and carry different risks, that Unitholder limited liability may have enforcement risks, that distributions are subject to the discretion of the Administrator, the dilution of existing Unitholders, volatile market price for Units, depressed market price of Units occurring from substantial sale or perceived substantial sale, dilution of Unitholders' interests through the issuance of additional Units and that no active trading market for Units may develop.

Risks relating to taxation include change in income tax laws relating to mutual fund trusts, change in Canadian tax laws, United States tax laws, future tax measures, a successful Internal Revenue Service ("**IRS**") contest of the U.S. federal income tax provisions, United States anti-inversion tax laws and Canadian taxation of any foreign exchange gain realized on the repayment of the US Holdco Note.

Risks applicable to residents of the United States and other non-residents of Canada include difficulty enforcing civil remedies, ability of the Trust to restrict ownership of Units by U.S. residents and non-residents of Canada, additional taxation requirements and additional foreign exchange risk. See "Risk Factors".

THE TRUST

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012 pursuant to the Trust Indenture. The Trust has no prior history of operations or earnings. The Trust has been established to provide investors with a distribution-producing investment through the acquisition of an ownership interest in the Company by the Trust's indirect wholly-owned subsidiary, US Holdco. US Holdco will use the net proceeds of the Offering to fund the purchase price of C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering) for the Company Interest. The Company, through its subsidiaries, Public Power and Regional Energy, is an independent Energy Retailer which markets and sells electricity and natural gas to residential and small to medium-size commercial customers in the United States. Under the Purchase Agreement, the closing of the Company Interest Acquisition is conditional on the concurrent closing of the Offering. The Company Interest will entitle US Holdco to appoint a majority of the members of the board of directors of the Company and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. The Trust intends to make monthly distributions to Unitholders. See "Description of the Trust" and "Funding and Acquisition of the Company Interest".

The Trustee of the Trust has delegated most of its powers and duties relating to the operations and governance of the Trust to the Administrator, pursuant to the Administration Agreement. All of the shares of the Administrator are owned by the Administrator Shareholder. All of the shares of the Administrator Shareholder are owned by Mr. Fallquist, the Chief Executive Officer of the Administrator and an Administrator Director. Under the Voting Agreement, the Administrator Shareholder is required to vote the shares of the Administrator, including for the election of Administrator Directors, as directed by the Trustee, as agent for the Unitholders, in accordance with an Ordinary Resolution of the Unitholders. See "Description of the Trust — Delegation to the Administrator", "Administration Agreement" and "Voting Agreement".

The Trust intends to qualify as a "mutual fund trust" and not be a "SIFT trust" (each as defined in the Tax Act) in accordance with the restrictions set forth in the Trust Indenture. The Administrator will be responsible for monitoring the Trust's investments and holdings of property to ensure the Trust is not at any time a "SIFT trust" and does not hold any "non-portfolio property". See "Description of the Trust — General", "Risk Factors" and "Principal Canadian Federal Income Tax Considerations".

All subsidiaries of the Trust, other than the Company and any subsidiaries of the Company, will be directly or indirectly wholly-owned by the Trust. See "Description of the Commercial Trust", "Description of Cdn Holdco" and "Description of US Holdco".

The principal head and registered office of the Trust, the Administrator and Cdn Holdco are located at 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4. The principal head office of US Holdco and the Company is located at 64 North Main Street, South Norwalk, Connecticut. Effective October 1, 2012, the principal head office of US Holdco and the Company will be located at 1055 Washington Boulevard, Stamford, Connecticut. The registered office of US Holdco and the Company is located at 160 Greentree Drive, Suite 101, Dover, Delaware 19904.

THE COMPANY

The Company is a Delaware limited liability company formed on August 7, 2012, to acquire a 100% ownership interest in Public Power and Regional Energy. See "Funding and Acquisition of the Company Interest". The Company, through its subsidiaries, Public Power and Regional Energy, is an independent Energy Retailer that markets and sells electricity and natural gas to residential and small to medium-size commercial customers in the United States. The operations of Public Power and Regional Energy will form the entire business of the Company.

Regional Energy Holdings, Inc.

Regional Energy was incorporated on March 17, 2009 in the state of Nevada. Regional Energy began marketing electricity in Connecticut in July 2009 and subsequently expanded into Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio and Pennsylvania. Regional Energy is also licenced to provide electricity in Delaware and the District of Columbia. Regional Energy began marketing natural gas in Ohio in November 2011, and subsequently expanded into New Jersey, New York and Pennsylvania. As at June 30, 2012, Regional Energy had approximately 259,000 customers.

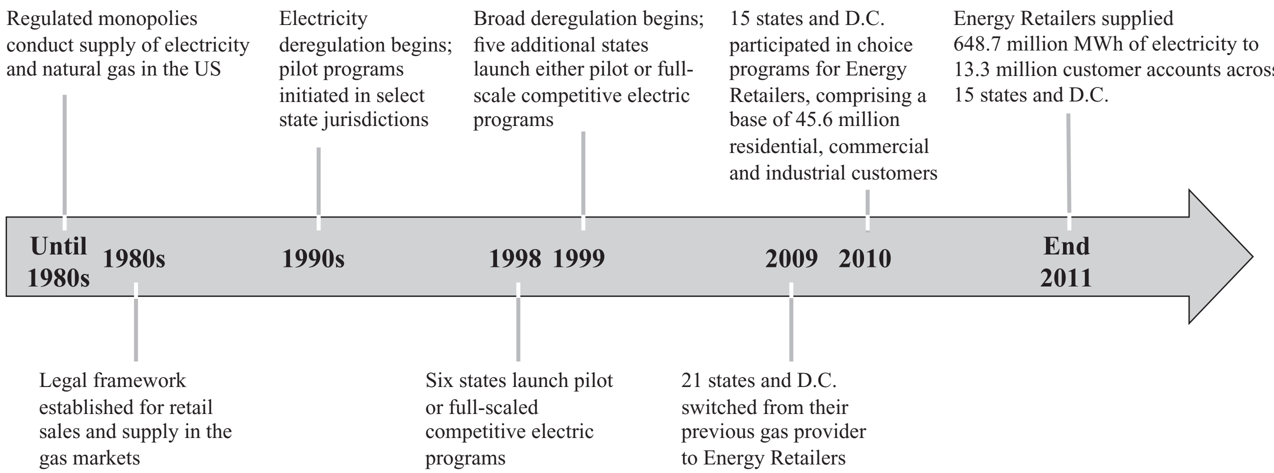
Public Power, LLC

Public Power was formed on December 14, 2009 in the state of Connecticut. In April 2010, Public Power purchased the assets and assumed the liabilities of Public Power & Utility an Energy Retailer. Public Power & Utility began marketing electricity in Connecticut in December 2008 and subsequently expanded into Massachusetts and Pennsylvania. Subsequent to acquiring the operations of Public Power & Utility, Public Power expanded to the District of Columbia, Illinois, Maryland, New Jersey, New York and Ohio. While Public Power is licenced to supply electricity in Rhode Island and natural gas in New York, it is not actively marketing in those markets. In November 2011, Public Power successfully completed the ResCom Acquisition. As at June 30, 2012, Public Power had approximately 236,000 customers.

INDUSTRY OVERVIEW

Deregulation

Until the 1980s, generation, transmission, distribution and sales/marketing or supply of electricity and natural gas in the United States were conducted by local publicly-funded monopolies. In the 1980s and 1990s, state legislatures began passing laws designed to create competitive retail sales and supply in the natural gas markets. Electricity deregulation in the United States followed approximately a decade later.



Source:
U.S. DOE Primer on Electric Utilities, Deregulation, and Restructuring of U.S. Electricity Markets, May 2002; FERC History of FERC; U.S. EIA Status of State Electric Industry Restructuring Activity, 2003; U.S. EIA Natural Gas Residential Choice Programs; U.S. EIA Status of Electricity Restructuring Map; KEMA Retail Energy Outlook, Q1, 2012.

According to KEMA, 20 states and the District of Columbia allowed some form of customer choice of electricity supply as at April 2012. According to the U.S. Energy Information Administration, 21 states and the District of Columbia had legislation or programs that allow customers to purchase natural gas from Energy Retailers as at December 2009. The availability and characteristics of these energy deregulation programs vary widely and each state has enacted policies and regulations that govern the activities and operations of Energy Retailers.

Electricity Industry

Overview

The electricity industry provides for the generation, transmission and delivery of electricity to the end-use consumer. There are three primary components of the electricity industry:

Generation. Electricity is most often generated at a power plant or station. The industry employs a variety of technologies to generate electricity such as traditional thermal (coal, natural gas and oil), nuclear power, as well as renewable resources, including, wind, water, sunlight, biofuels and wood waste. Historically, government and private investor-owned utility companies controlled the electricity generation component.

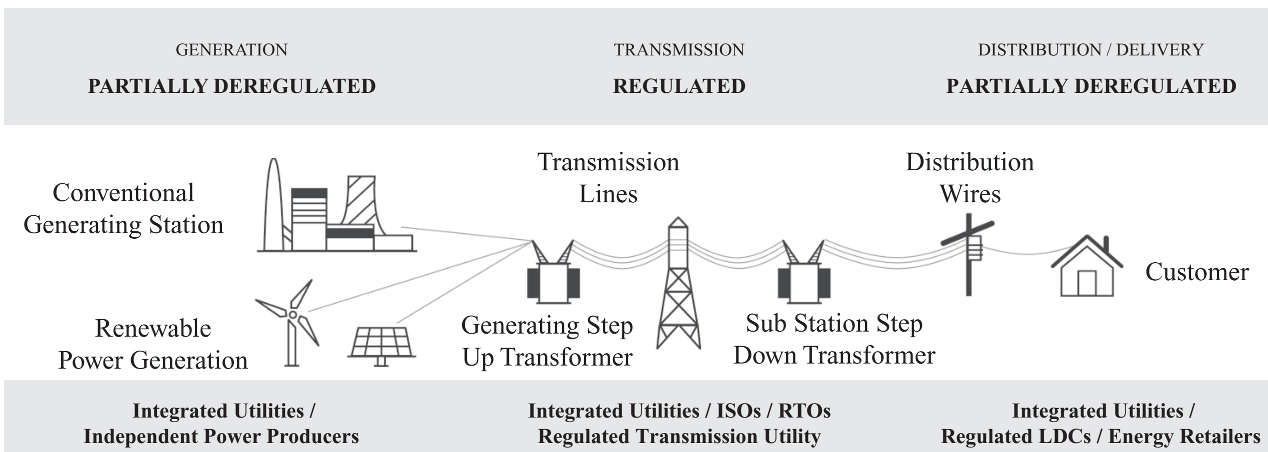
Transmission. Following the generation of electricity, high voltage transmission lines carry the electricity throughout the power system to electrical substations. In many markets, RTOs and ISOs manage the electricity flows, maintain reliability and administer transmission access for the electric transmission grid in a defined region. RTOs and ISOs coordinate and monitor communications among the generator, distributor and Energy Retailer. Additionally, RTOs and ISOs manage the real-time electricity supply and demand. The transmission system is regulated by FERC.

Distribution and Delivery. Once the electricity has been transmitted through the high voltage power grid, LDCs direct the electricity from the high voltage transmission systems to lower voltage distribution networks, which ultimately connect the "last mile" to the customer. These networks are comprised of lines of various voltage levels, substations, transformers and meters. These lines are regulated by state public utility commissions and are managed by the LDCs.

In states that have authorized deregulation or retail competition, Energy Retailers market and sell electricity to end-users providing customers with alternatives to purchasing their electricity from their LDC. Energy Retailers typically do not generate electricity and instead buy wholesale electricity from a variety of sources, including, but not limited to, directly from a generation facility, from financial institutions, from the ISOs and RTOs, or from energy companies that actively trade power. Energy Retailers then resell the electricity to end-user customers at unregulated rates, earning the difference between the delivered wholesale price and the end-user price.

Electricity Energy Retailers are responsible for delivery of electricity to the LDC load zone (i.e. an aggregation of points on the transmission system at which electric energy is received or furnished at a specific price for any given hour) for their customer usage. The following chart illustrates the various components and processes of the electricity industry in the United States.

Deregulated and Regulated Components of the Electricity Industry



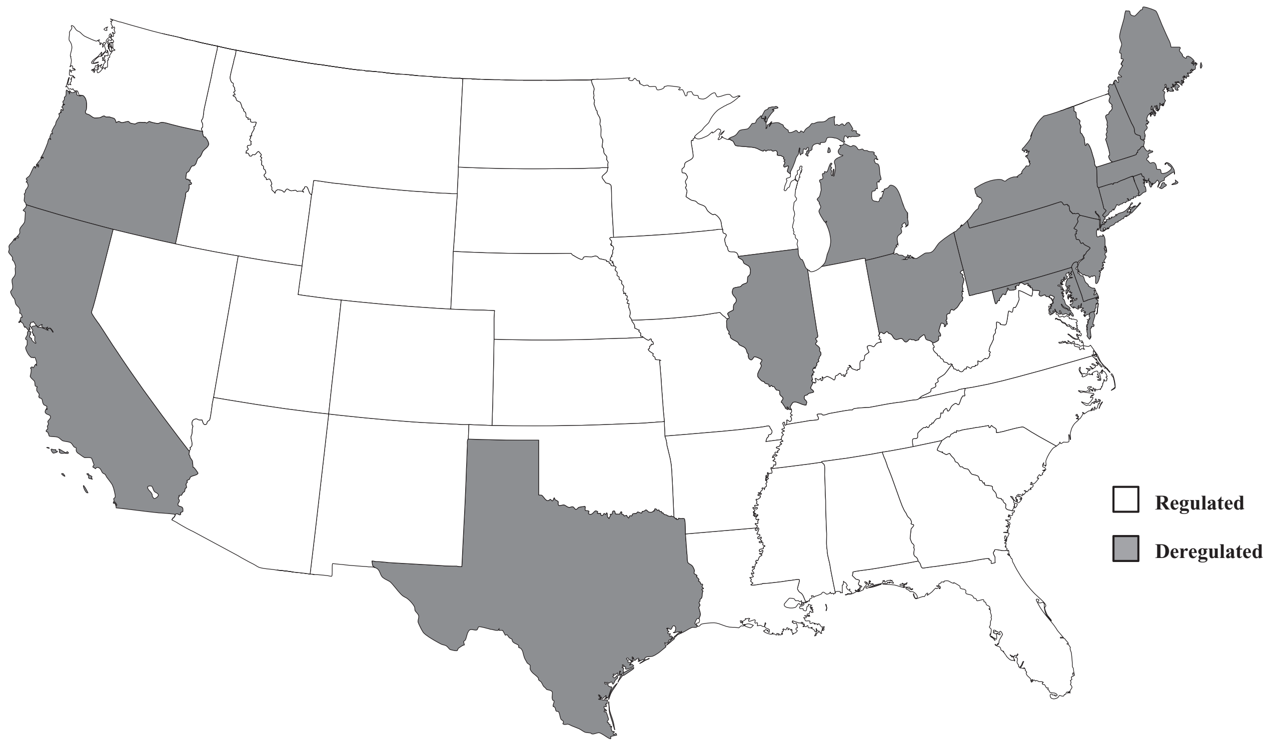
Retail Electricity Market

The retail electricity market can be categorized into two main customer segments: (i) residential and small-to-medium size commercial and (ii) large commercial and industrial. Energy Retailers operate in the retail electricity market by providing a variety of fixed and variable rate electricity contracts to customers for varying periods of time. In general, large commercial and industrial customers are serviced by fixed price contracts for up to two years. By contrast, residential and small-to-medium size commercial customers are typically serviced by short-term month-to-month variable price contracts or fixed-term, fixed price contracts for up to one year. Some Energy Retailers focus only on one customer segment (e.g. residential), while others focus on the full spectrum of customers.

Unlike the LDCs, whose rates are regulated and approved by the PUCs, Energy Retailers' rates for retail electricity supply in deregulated states are not regulated, but are determined by a variety of factors including, but not limited to, the wholesale cost of electricity, competitive forces and the business objectives of market participants. In many cases, Energy Retailers may use the LDC to invoice and collect from customers for energy supply and other costs. Under arrangements entered into between the Energy Retailers and the LDCs, LDCs remain responsible for the delivery of the electricity from the ISO or RTO to the customer's residence or place of business.

The following map identifies the states in which deregulation permits Energy Retailers to sell electricity.

United States Electricity Deregulation



Note: The status of deregulation in those states highlighted ranges from full deregulation to deregulation on a limited basis.
Sources: U.S. Energy Information Administration, Status of Electricity Restructuring by State, September 2010, and California PUC, S.B. 695, March 2010.

Natural Gas Industry

Overview

The natural gas industry provides for the sourcing, shipping and distribution, and storage of natural gas to end-use customers. There are three primary components of the natural gas industry:

Production and Processing Natural gas is sourced from domestic and international natural gas wells, processed and then transported across North America via major continental and intercontinental pipelines. Most natural gas that is consumed in North America is also produced in North America, although a small percentage is imported in the form of liquefied natural gas ("**LNG**"). Natural gas producers sell natural gas to large end-users such as power generators (for conversion into other uses), natural gas LDCs, Energy Retailers and others (for direct consumption).

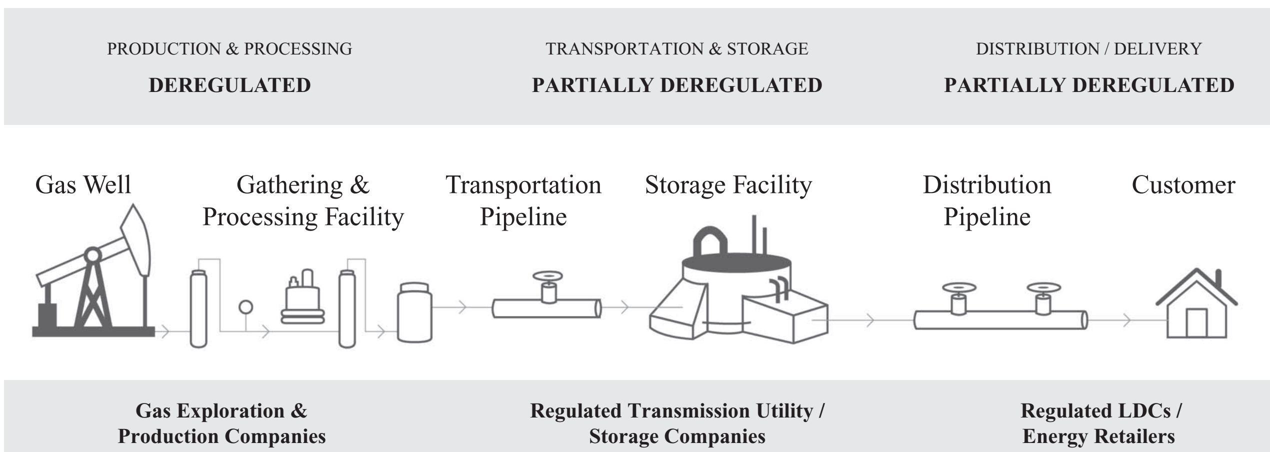
Transportation and Storage Natural gas is shipped through national and local pipeline systems and continental pipelines to downstream markets across North America. Most of the transportation pipelines are either regulated or contracted with energy producers.

Natural gas can be stored in facilities located in the production or market areas of the country and this storage is also available to market participants. The storage facilities can either be regulated as part of the utility's rate base or unregulated and owned by non-utility supply aggregators. In addition to utilities that own storage facilities, supply aggregators also play a wholesale market role between producers and end users by providing natural gas storage services, backstopping services and operational services.

Distribution and Delivery Most natural gas utilities do not own their own natural gas wells, and typically operate as distribution-only entities, buying natural gas from multiple suppliers over multiple pipelines to service their customers. Natural gas LDCs, commonly known as natural gas utilities, sell and distribute natural gas in their franchise areas through their own distribution networks pursuant to a variety of upstream and downstream transmission pipeline, storage and distribution agreements. LDCs manage natural gas flows and are responsible for operational considerations and system expansions under their regulated mandate to deliver natural gas. The tolls charged by LDCs for the transportation of natural gas through their pipeline systems are regulated by government agencies and are passed through to the end customers. In states with deregulated natural gas supply, Energy Retailers are entities that market and sell natural gas to end-users, allowing customers to choose between purchasing natural gas from the Energy Retailer or from an LDC. Energy Retailers buy wholesale natural gas from a variety of sources including, but not limited to, natural gas producers, financial institutions and energy companies that actively trade natural gas. Energy Retailers resell the natural gas to end-user customers at unregulated rates, earning the difference between the delivered wholesale price and the end-user price.

Natural gas Energy Retailers are responsible for delivery of the natural gas to the LDC citygate for their customer usage. The following chart illustrates the various components and processes of the natural gas industry in the United States.

Deregulated and Regulated Components of the Natural Gas Industry



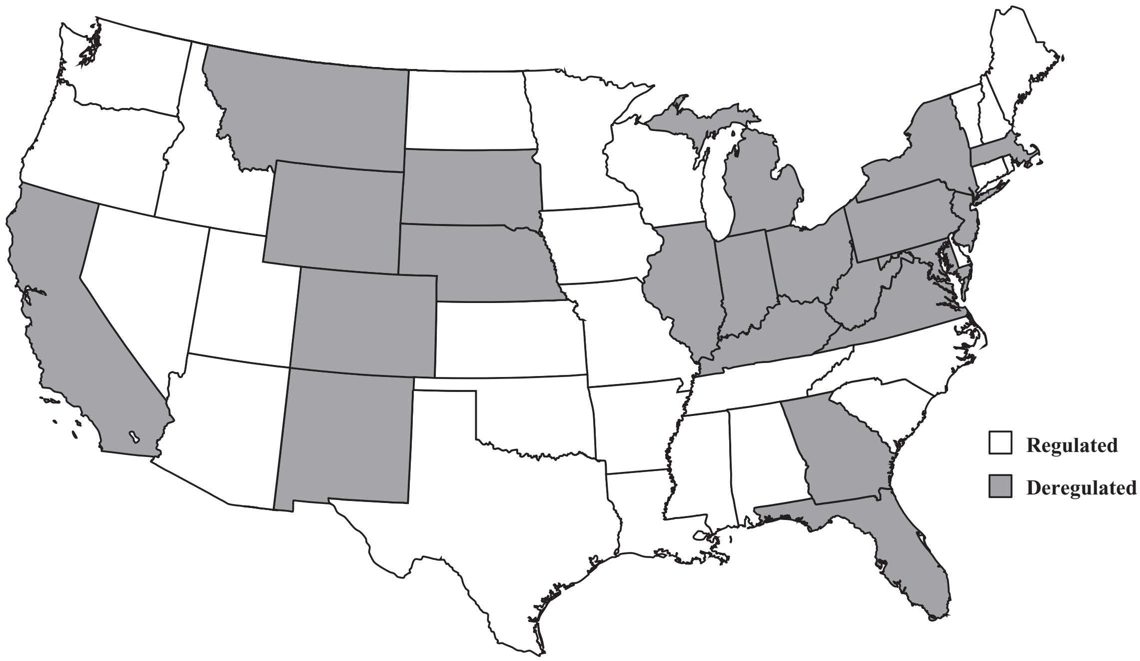
Retail Natural Gas Market Overview

The retail natural gas market can be categorized into two main customer segments: (i) residential and small-to-medium size commercial and (ii) large commercial and industrial. Energy Retailers operate in the retail natural gas market by providing a variety of fixed and variable rate natural gas contracts to customers for varying periods of time. In general, large commercial and industrial customers are serviced by fixed price contracts for of up to two years. By contrast, residential and small-to-medium size commercial customers are typically serviced by short-term month-to-month variable price contracts or fixed-term, fixed price contracts for up to one year. Some Energy Retailers focus only on one customer segment (e.g. residential), while others focus on the full spectrum of customers.

Unlike the LDCs, whose rates are regulated and approved by the PUCs, Energy Retailers' rates for retail natural gas supply in deregulated states are not regulated, but are determined by a variety of factors including, but not limited to, the wholesale cost of natural gas, competitive forces and the business objectives of market participants. In many cases, Energy Retailers may use the LDC to invoice and collect from customers for energy supply and other costs. Under arrangements entered into between the Energy Retailers and the LDCs, LDCs remain responsible for the distribution of the natural gas from the city gate (e.g., the point at which the pipeline meets the LDCs local distribution network) to the customer's residence or place of business.

The following map identifies the states in which deregulation permits Energy Retailers to sell natural gas.

United States Natural Gas Deregulation



Note: The status of deregulation in those states highlighted ranges from full deregulation to deregulation on a limited basis.
Sources: U.S. EIA, Natural Gas Residential Choice Programs by State, 2009 and California PUC, S.B. 695, March 2010.

Retail Energy Market Opportunities

Low Penetration

As at December 2011, only 18% of the eligible residential electricity customers in the states in which the Company currently operates were served by an Energy Retailer. As at December 2009, only 21% of the eligible residential natural gas customers in the states in which the Company currently operates were served by an Energy Retailer. Conversely, in the non-residential electricity market, the penetration of Energy Retailers is very high, ranging from 55% in New Hampshire to 84% in Connecticut. The non-residential natural gas market penetration is also generally higher than the residential natural gas market, ranging from 12% in New Jersey to 61% in Ohio.

As the table below illustrates, the residential market penetration within most of our key states remains low. However, the non-residential market penetration is significantly higher. Management believes this demonstrates opportunity for growth and continued market penetration in residential markets over the long-term as more customers become educated and aware of their option to choose an Energy Retailer. We believe that the continued growth in market penetration within the industry makes it an attractive industry in which to operate.

Existing Addressable Market

		Connecticut	District of Columbia	Illinois	Maine	Maryland	Massachusetts	New Hampshire	New Jersey	New York	Ohio	Pennsylvania	TOTAL
Electricity													
Residential	Eligible Customers (2011)	1,219,699	202,983	4,141,877	410,760	2,454,271	1,782,784	387,776	2,942,406	3,861,611	4,541,860	5,200,830	27,146,857
	Customers Served by Energy Retailers (2011)	528,293	9,143	76,390	2,489	458,602	219,841	830	278,732	827,945	1,472,630	1,059,802	4,934,697
	Market Penetration (%)	43%	5%	2%	0.6%	19%	12%	0.2%	9%	21%	32%	20%	18%
	Five Year Change in Market Penetration (2007 to 2011)(1)	34%	5%	10%	0.3%	6%	6%	37.8%	9%	1%	46%	68%	14%
Non-Residential	Eligible Consumption (2011, million kWh)	15,548,234	9,711,906	89,021,654	6,560,124	34,186,769	30,034,100	5,859,777	47,495,219	79,452,630	89,723,505	91,026,657	498,620,575
	Consumption Served by Energy Retailers (2011, million kWh)	13,039,078	8,013,619	69,305,752	4,555,035	27,676,604	22,653,940	3,231,318	32,723,767	52,377,673	51,286,131	71,710,166	356,573,082
	Market Penetration (%)	84%	83%	78%	69%	81%	75%	55%	69%	66%	57%	79%	72%
	Five Year Change in Market Penetration (2007 to 2011)(1)	32%	5%	10%	6%	6%	6%	38%	37%	1%	46%	68%	29%
Purchase of Receivables(3)		Y	N	Y	N	Y	N	N	Y(2)	Y	Y(4)	Y	-
Natural Gas(6)													
Residential	Number of Eligible Customers (2009)(5)	-	-	-	-	-	-	-	2,638,783	4,290,331	2,863,664	2,633,384	12,426,162
	Number of Participating Customers (2009)(5)	-	-	-	-	-	-	-	59,207	687,245	1,665,256	183,641	2,595,349
	Market Penetration (2009) (%)	-	-	-	-	-	-	-	2%	16%	58%	7%	21%
Non-Residential	Number of Eligible Customers (2009)(5)	-	-	-	-	-	-	-	243,312	391,448	249,299	233,462	1,117,521
	Number of Participating Customers (2009)(5)	-	-	-	-	-	-	-	29,335	111,746	153,286	23,217	317,584
	Market Penetration (2009) (%)	-	-	-	-	-	-	-	12%	29%	61%	10%	28%
Purchase of Receivables(3)		-	-	-	-	-	-	-	Y(2)	Y	Y	Y	-

Sources:

KEMA Retail Energy Outlook, Q1 2012; U.S. EIA, Retail Sales of Electricity to Ultimate Customers by End-Use Sector; U.S. Energy Information Administration, Form EIA-861, "Annual Electric Power Industry Report"; U.S. EIA, Natural Gas Residential Choice Programs, May 2010.

Notes:

(1) Five year change calculated as the difference in market penetration between the fiscal year ending 2007 and fiscal year ending 2011.
(2) New Jersey has a recourse POR program.
(3) See "Industry Overview — Retail Energy Systems — Purchase of Receivables Programs".
(4) Not all electricity markets in Ohio have POR programs.
(5) In this case, the number of customers is measured as the number of customer subscriptions and not as RCEs.
(6) All natural gas statistics are provided as at December 2009.

Customer Growth

According to KEMA, the first eight months of 2011 saw a record 69 new Energy Retailer licences in the U.S., driven primarily by the expiration of rate caps in Pennsylvania and the implementation of POR programs in Illinois and Maryland. As a result of deregulation, the retail energy market (natural gas and electricity) has developed such that the key players fall into two key categories: utility affiliated Energy Retailers and independent Energy Retailers. Utility affiliated Energy Retailers typically focus on serving customers outside of the markets served by their regulated LDC affiliate. The utility affiliated Energy Retailers have the benefit of being associated with a well-capitalized parent to support their growth initiatives. In contrast, independent Energy Retailers vary in size and include small private start-up companies, which are typically not as well capitalized, and larger public and private entities. The following table outlines customer data for the competitive landscape as at August 2011.

Competitive Landscape: Residential Energy Retailers

Retailers	Total Customers as at August 2011
Independent:	
Direct Energy[5]	5,855,531
Just Energy[1][2]	3,598,000
NRG Energy[4]	1,873,163
IGS Energy[1]	935,000
Ambit Energy[1]	601,060
Stream Energy[1]	540,000
IDT Energy[1]	364,481
US Gas and Electric[2]	330,000
Spark Energy[3]	280,000
Gas South[1]	260,000
Subtotals:	14,637,235
Utility Affiliated:	
Dominion Retail	2,164,698
TXU Energy[6]	1,706,000
FirstEnergy Solutions	1,500,000
Constellation New Energy	780,000
SouthStar	587,000
SCANA Energy[1]	460,000
Washington Natural Gas Energy Services[1]	275,755
ConEdison Solutions[1]	260,060
Gexa Energy	127,102
Subtotal	7,860,615
Total	22,497,850
Crius Energy[1][2]	313,324

Source:

KEMA — The Retailer Landscape: A Bi-Annual Assessment of Activity & Performance Among Competitive Retailers dated September 30, 2011. KEMA does not categorize Energy Retailers as utility affiliated and independent. Management has used its reasonable judgment, based on publicly available information and reasonable assumptions, to categorize the Energy Retailers as utility affiliated and independent.

Notes:

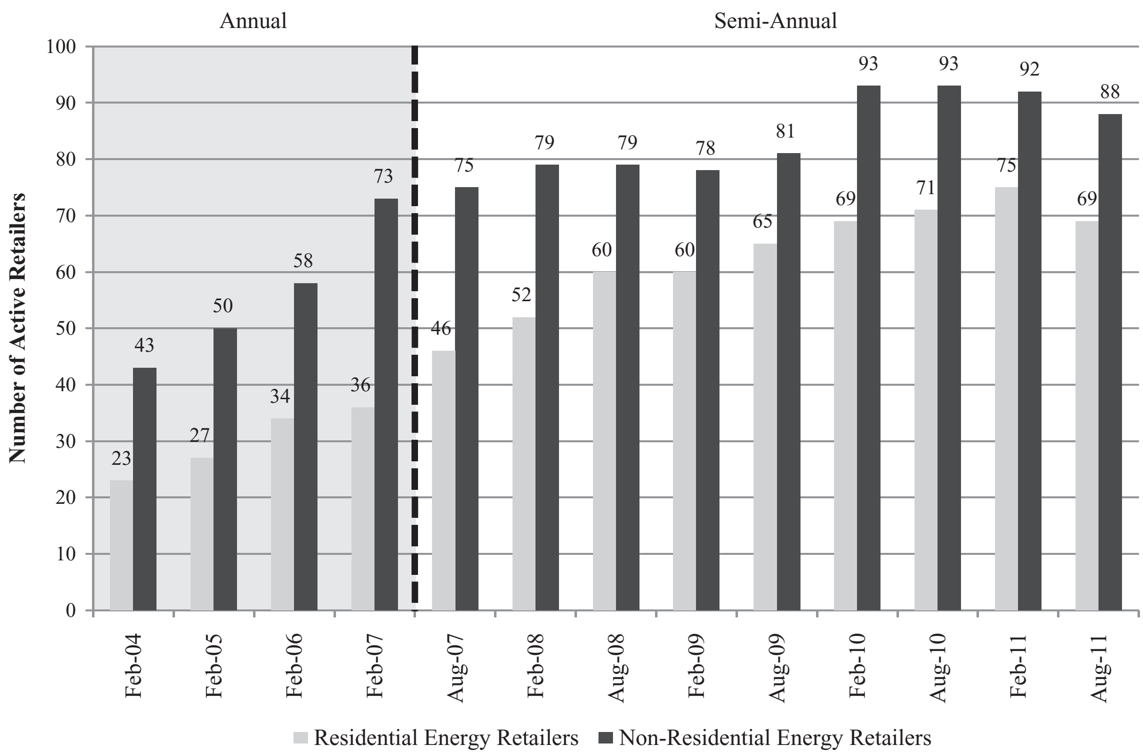
(1) Includes commercial.
(2) Customer counts stated in residential customer equivalents.
(3) Spark Energy customer count includes natural gas customers for the first time in February 2011.
(4) Includes customers counts for Reliant Energy, Green Mountain Energy and Energy Plus Holdings. NRG Energy acquired Reliant Energy in May 2009, Green Mountain Energy in November 2010 and Energy Plus Holdings in September 2011.
(5) Includes customer counts for First Choice Power, Vectren Source and NYSEG Solutions. Direct Energy acquired First Choice Power in November 2011, Vectren Source in January 2012 and NYSEG Solutions in August 2012.
(6) Included as a utility affiliate based on its former relationship with Oncor Electric Delivery.

Fragmentation and Consolidation

Favourable market conditions, including falling energy prices and low residential customer penetration, have led to an increase in the number of Energy Retailers in the United States. The vast majority of these new entrants are small private independent Energy Retailers which often experience rapid customer growth but generally do not have reliable access to capital or economies of scale to support this growth over the longer term. According to KEMA, 69 residential Energy Retailers were active as at August 2011, approximately 78% (54) of which had fewer than 300,000 customers, and approximately 70% (48) of which had fewer than

200,000 customers. The following graph demonstrates the number of active Energy Retailers from February 2004 to August 2011.

Number of Active Energy Retailers: February 2004 to August 2011



Source: KEMA — The Retailer Landscape: A Bi-Annual Assessment of Activity & Performance Among Competitive Retailers dated September 30, 2011.

The fragmented ownership structure among Energy Retailers presents an opportunity to consolidate small private independent Energy Retailers. According to KEMA, 16 acquisitions of Energy Retailers and similar types of ownership transfers, which consolidated retail companies in the energy sector, were completed from January 1, 2011 to September 30, 2011.

Retail Energy Systems

Purchase of Receivables Programs

In the United States, several states have implemented or are planning to implement POR programs under which state utilities are responsible for billing the customer, collecting payment from the customer, and paying the Energy Retailer. In states with POR programs, the Energy Retailer's credit risk is linked to the applicable utility and not to the customer. Energy Retailers pay a monthly fee (currently ranging between 0% to 2.5% of revenue depending on the state and customer segment) to the utility for the credit protection offered by the POR program. By contrast, in states without POR programs, Energy Retailers are exposed to the credit risk of the customer.

In non-recourse POR states, Energy Retailers have no customer credit exposure because the utility pays the Energy Retailer regardless of whether the customer makes its payments. Where the customer fails to make payment, the utility will typically disconnect service for the customer, which results in the loss of the customer account for the Energy Retailer. New Jersey is a recourse POR state in which Energy Retailers have no exposure to customer credit risk provided that the customer remains on the utility consolidated billing program. Where the customer's electricity account is in default for 60 days or the customer's natural gas account is in default for

120 days, the utility has the option to convert the customer to a dual billing system. Under a dual billing system, the utility will send a bill to the customer for delivery charges and the Energy Retailer will send a separate bill for electricity and natural gas services. The Energy Retailer will then be responsible for the collection of its outstanding accounts and has a direct credit exposure to the customer. Currently, the only state with a recourse POR program in the U.S. is New Jersey.

Energy Procurement and Billing

Utility Service and Procurement Process

Utility service is made available by the LDC to any customer who chooses not to buy electricity or natural gas from an Energy Retailer or whose contract has ended with an Energy Retailer. Utility service is regulated by the state public utility commissions.

The regulatory framework for competitive electricity supply in the deregulated states in which the Company operates can be characterized in three ways: market pass-through, competitive auction, or other.

- *Market pass-through.* This structure allows LDCs to base their service rates on a supply pricing mechanism that depends on daily clearing prices for energy procured.
- *Competitive auction.* In this framework, LDCs procure their supply via a competitive auction process for varying periods of time (month, quarter or year) by rate class. This requires that Energy Retailers compete against the periodically resetting service rate, rather than one that adjusts dynamically with wholesale market prices and underlying commodity prices. The rate will be set and may be updated monthly, quarterly or on a seasonal basis to reflect actual costs through a retail price adjustment.
- *Other.* In these markets, LDCs are required to procure supply through either an electric security plan which is set through a regulatory proceeding before the state utility commission and must be set lower than current market pricing or market rate offer which includes a range of approaches such as competitive auctions.

The regulatory framework for competitive natural gas supply in deregulated states in which the Company operates can be characterized in three ways: monthly rate setting, annual or quarterly rate setting with adjustments, and Standard Choice Offer ("**SCO**") auction.

- *Monthly rate setting.* The monthly rate setting regulatory structure allows LDCs to base their rates on a supply-pricing mechanism that depends on settled prices for natural gas procured via the New York Mercantile Exchange ("**NYMEX**") for the specific month plus charges incurred for transporting the natural gas to the end user.
- *Annual or quarterly rate setting.* Under the annual or quarterly rate setting structure, LDCs establish an initial rate based on estimated costs and consumption. The rate will be set and may be updated monthly to reflect actual costs through a retail price adjustment.
- *SCO auction.* Under this framework, utility customers are transitioned to third party suppliers at a rate set each month based on the month-end settlement price for natural gas on the NYMEX plus a retail price adjustment that is set by an annual natural gas supply auction. Under this market structure, all customers purchasing natural gas under the SCO structure pay the same regardless of the third party supplier.

Billing Structure

There are three billing structures available in deregulated states: utility consolidated billing, dual billing and Energy Retailer consolidated billing:

- *Utility consolidated billing.* Under this structure, the utility is responsible for billing the customer for all transmission, distribution and generation charges for electricity and transportation, distribution and commodity charges for natural gas as well as the collection of outstanding accounts. The Energy Retailers' charges included in the utility's bill are calculated in one of two ways. First, in rate ready states, the Energy Retailer posts rates with the utility and the utility calculates the charges for inclusion on the customer's bill. Second, in bill ready states, the Energy Retailer receives usage data from the utility and calculates the amount owed by the customer. This amount is communicated back to the utility for inclusion on the customer's bill. The utility is responsible for the collection of all outstanding accounts and, in POR markets, has direct credit exposure to the customer.

- *Dual billing*. Under this framework, the utility will send a bill to the customer for transmission (electricity) and transportation (natural gas) and distribution (electricity and natural gas) charges and the Energy Retailer will send a separate bill for generation (electricity) or commodity (natural gas) charges. The Energy Retailer is responsible for the collection of its outstanding accounts and has direct credit exposure to the customer.

- *Energy Retailer consolidated billing.* This structure provides that the Energy Retailer is entirely responsible for billing the customer for all transmission, transportation, delivery and generation charges. The Energy Retailer is responsible for the collection of all outstanding amounts and has direct credit exposure to the customer.

Customer Switching

Customer switching or attrition describes the loss of existing customers and is monitored by Energy Retailers as a key business metric. Attrition can be measured as either voluntary or involuntary.

- *Involuntary attrition.* Arises due to circumstances such as customer death or relocation to a new location where the customer's current Energy Retailer does not operate.

- *Voluntary attrition.* Arises due to a decision by the customer to switch to another service provider, such as another Energy Retailer or the LDC. Voluntary attrition often occurs due to factors that are within an Energy Retailer's control such as pricing, value proposition and the customer relationship.

Regulatory Environment

Energy Retailers are governed by state and federal agencies including FERC and PUCs. Energy Retailers operate as public utilities under the *Federal Power Act* and are required to have market-based rates ("**MBR**") authorization from FERC in order to sell electricity in the wholesale market. MBR authorization is related to wholesale sales of electric energy, capacity and ancillary services and relates to mitigating horizontal and vertical market power. Energy Retailers are required to make quarterly filings to FERC regarding volumes of wholesale electricity (and after certain volume thresholds, natural gas) sold and to disclose any affiliate relationships.

Energy Retailers are generally licenced under state regulation to provide natural gas and electricity to end-use customers. The term of the licence varies by state. In states where licences expire, the Energy Retailer has to apply for a renewal of its licence. The state PUC regulations define customer protection standards for residential and small commercial customers. Energy Retailers are required to respond to any customer complaints received from the PUC or customers and to update licences with information on an annual or as needed basis.

OUR BUSINESS

Business Overview

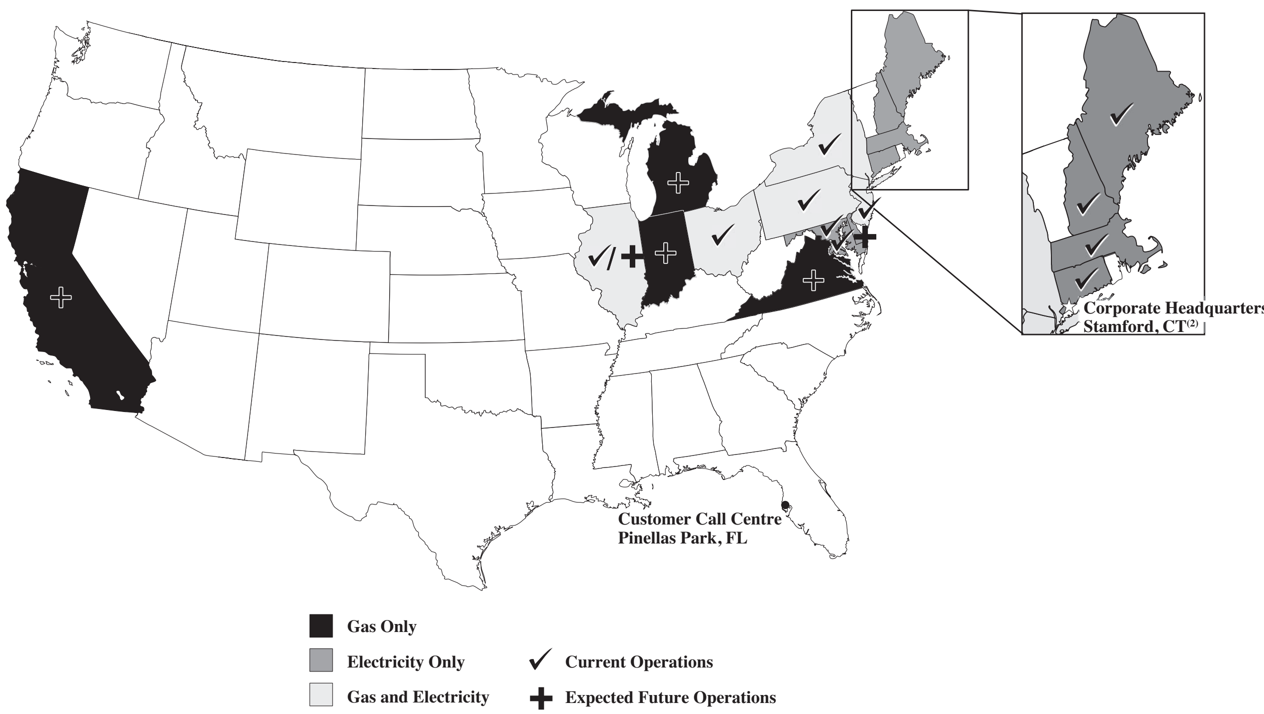
The Company is one of the largest independent Energy Retailers operating in the United States, with approximately 515,000 customers as at August 31, 2012. The Company's revenue and Adjusted EBITDA for the 12 months ending June 30, 2012, representing the combined electricity and natural gas revenues of its subsidiaries, Regional Energy and Public Power, were more than $367.3 million and $53.7 million, respectively. The Company serves customers across a variety of segments, including residential and small to medium-size commercial customers, and markets its products through a variety of sales channels and brand names. The Company currently sells electricity in 10 states and the District of Columbia and natural gas in four states. By virtue of its leading retail energy platform, cost base and anticipated access to capital, the Company believes that it is well positioned to expand through organic customer growth and acquisitions. We believe that organic growth will be driven by the Company's multi-channel marketing platform, continued geographic expansion and increased focus on the commercial market segment and natural gas products.

The Company is licenced to sell and is actively marketing electricity in Connecticut, the District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio and Pennsylvania. During the twelve months ending June 30, 2012, the Company sold 3.8 million MWh of electricity in these states. In the next 12 months, we expect to begin marketing electricity in Delaware, for a total of 11 states and the District of Columbia.

The Company is also licenced to sell and is actively marketing natural gas in New Jersey, New York, Ohio and Pennsylvania. During the twelve months ending June 30, 2012, the Company sold 225,250 Mmbtu of natural gas in these states. In the next 12 months, the Company expects to begin marketing natural gas in five new states, including California, Illinois, Indiana, Michigan and Virginia, for a total of 9 states.

The map below illustrates the location of the Company's headquarters and customer call centre and also displays the states in which the Company currently operates and the states in which it plans to begin operating within the next 12 months.

Company Operations, Headquarters, Call Centres and Anticipated Operations as of August 31, 2012(1)



Notes:

(1) The Company is currently licenced to sell and is actively marketing electricity in Illinois and expects to begin marketing natural gas in the state in the next 12 months.

(2) In October 2012, the Company moved into its new corporate headquarters in Stamford, Connecticut. Prior to October 2012, the principal head office was located in South Norwalk, Connecticut.

The Company had approximately 515,000 electricity and natural gas customers as at August 31, 2012. The table below details the number of customers of the Company by state and commodity as at August 31, 2012.

	Electricity	Natural Gas
Connecticut	163,999	—
District of Columbia	6,750	—
Illinois	27,375	—
Maine	901	—
Maryland	65,465	—
Massachusetts	16,577	—
New Hampshire	509	—
New Jersey	122,174	23,139
New York	24,530	6,363
Ohio	19,456	2,588
Pennsylvania	35,117	687
Total	**482,853**	**32,777**

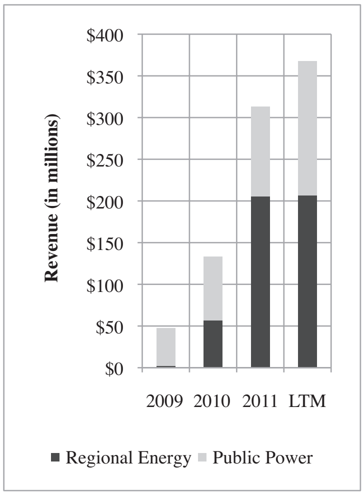
Rationale for Combination

On September 18, 2012, the businesses of Public Power and Regional Energy were combined to form the operations of the Company, which we believe results in the following benefits:

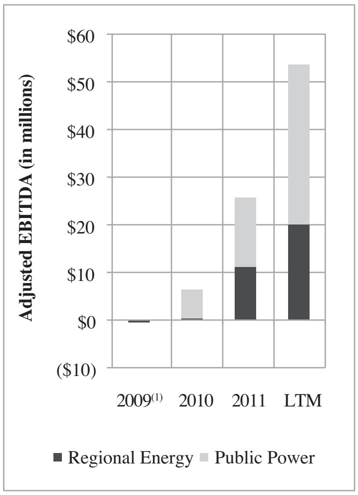
- *Leading retailing platform.* The Combination created an Energy Retailer that is well positioned for long-term growth and profitability. Management believes that the Company has many essential business competencies including:
  - A diversified sales and marketing approach that gives the Company access to various segments of the consumer market through our multiple channels and brands with unique customer value propositions. This is further supported by the Company's win back program that management believes will reduce customer attrition and increase stability across all segments.
  - A diversified product offering that allows the Company to offer our customers a variety of commodities (electricity and natural gas), contract types (fixed and variable) and product features (green energy) to attract customers across a breadth of customer segments.
  - Scalable and stable energy supply and financing facility through our relationship with Macquarie Energy. Macquarie Energy, a subsidiary of Australia based Macquarie Group Limited (Standard & Poor's BBB rating, Moody's Investors Service A3 rating), is a leading participant in the energy markets in the United States.
  - A strong operational platform that will capitalize on the individual strengths and best practices of each company, including tight cost controls, experienced management and a prudent risk management culture.
- *Cost savings.* The increased size and economies of scale of the combined businesses is anticipated to provide the Company with material cost savings. The Company believes that cost savings resulting from the Combination would have been approximately 6.7% of the combined general and administrative and finance costs of Regional Energy and Public Power for the twelve months ending June 30, 2012. The opportunities for material savings include expected reductions in financing costs and operating expenses, such as electronic data information processing fees.
- *Enhanced ability to consolidate.* The Company is anticipated to have better access to capital which will enable it to opportunistically acquire Energy Retailers as consolidation continues in the fragmented retail energy industry. Such opportunities may not have otherwise been as readily available to either Regional Energy or Public Power as individual private entities.

Both Regional Energy and Public Power have historically exhibited significant growth since formation, as illustrated in the chart below. In the charts, growth is quantified by three metrics: revenue, Adjusted EBITDA and number of customers.

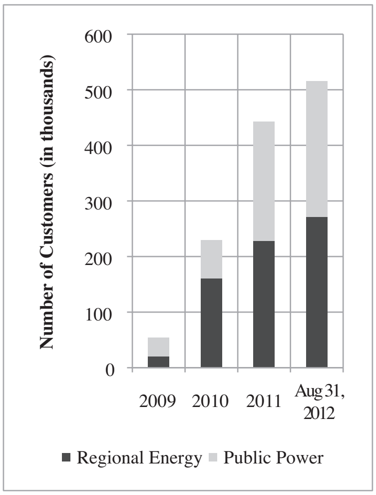
Revenue



Adjusted EBITDA



Number of Customers



Note:

(1) For the period from March 17, 2009 (inception) to December 31, 2009 and the year ending December 31, 2009, the Adjusted EBITDA was $(4.9) million and $4.4 million for Regional Energy and Public Power, respectively. See "Prospectus Summary — Summary *Pro Forma* and Historical Financial Information" for reconciliation of Adjusted EBITDA to net income. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or other financial information prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

Business Strengths

Diversified Sales and Marketing Platform

The Company leverages a variety of marketing channels with unique customer value propositions to effectively penetrate various customer segments. Each marketing channel and brand is tailored to attract a specific customer segment. The Company's full range of marketing channels enables it to enter new states as well as increase penetration in existing states using multiple marketing channels simultaneously. Management believes that using multiple marketing channels, including those that only pay upfront commissions (telemarketing and door-to-door) and those that pay both upfront and residual commissions (marketing partnership and network marketing), provides additional benefit for the Company such as more stable cash flows compared to an upfront commission only strategy.

The following table demonstrates how the Company's various marketing channels, each with a unique customer value proposition, allow us to effectively penetrate customer segments and retain existing customers.

Marketing Channel	Energy Brand	Customer Value Proposition	Targeted Customer Segment	Opportunity	States
Exclusive Marketing Partnerships	Cincinnati Bell energy FairPoint Energy FTR energy services	• Tailored value proposition mutually agreed with the marketing partner	• All eligible existing subscribers of the marketing partner and potential new customers in the service area • Targets residential customers	• Three exclusive marketing partnerships with an estimated 3.5 million eligible subscribers[1] • In active discussion with several new marketing partners	• California[3], Illinois[3], Indiana[2], Maine, Michigan[2], New Hampshire, New York[2], Ohio, Pennsylvania[3]
Network Marketing	Viridian	• Renewable energy • Sustainable company mission • Business opportunity for independent contractors	• Friends, family and acquaintances of independent contractors • Targets residential and small- to medium-size commercial customers	• Approximately 14,400 independent contractors • Average of approximately 14 customers per independent contractor	• Connecticut, Delaware[3], the District of Columbia[3], Illinois, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Virginia[4]
Telemarketing	Public Power Residential & Commercial Energy Supplier	• Rewards and loyalty program	• Individuals or businesses not enrolled in the National Do Not Call registry • Targets residential and small- to medium-size commercial customers	• 13 third party vendors with more than 300 agents	• Connecticut, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio, Pennsylvania, Virginia[4]
Door-to-Door	Public Power Residential & Commercial Energy Supplier	• Rewards and loyalty program	• Areas with high population density • Targets residential and small- to medium-size commercial customers	• 10 third-party vendors with more than 200 agents	• Connecticut, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio, Pennsylvania, Virginia[4]
Win Back Program	Cincinnati Bell energy FairPoint Energy FTR energy services Public Power Residential & Commercial Energy Supplier Viridian	• Tailored to each energy brand	• Existing customers who have terminated or provided notification of an intent to terminate energy service	• Nearly 50%[5] of Public Power customers who terminated service were retained • 73 customer service professionals exclusively focused on win back program • Cross-sell other energy product	• All states in which we provide service

Marketing Channel	Energy Brand	Customer Value Proposition	Targeted Customer Segment	Opportunity	States
Commercial Sales Program	Public Power Residential & Commercial Energy Supplier	• Customized pricing by rate class	• Commercial customers	• Proprietary web-based pricing and contract administration platform • Deploy commercial platform to other energy brands	• All states in which we provide service

Notes:

(1) An eligible subscriber refers to a current customer of a marketing partner who is eligible for energy service in a deregulated market we serve or have definitive plans to enter in the near future. Management estimates the total number of eligible subscribers to be approximately 3.5 million.

(2) Expected to begin marketing in the fourth quarter of 2012.

(3) Expected to begin marketing in the first quarter of 2013.

(4) Expected to begin marketing in 2013; however, the Company has not set a definitive market entry date.

(5) Estimated win back percentage for Public Power is based on historical performance during the last twelve months to June 30, 2012. The win back percentage is calculated as: (i) the total number of customers (not RCEs) who previously terminated energy service (regardless of date of termination) and re-enrolled during the period; divided by (ii) the total number of customers (not RCEs) who terminated energy service during the period.

Each channel and energy brand has a unique product offering and customer value proposition that is tailored to attract specific customer segments. Under the Public Power brand, we offer electricity and natural gas products combined with a rewards and loyalty program. Under our Viridian Energy brand, we offer natural gas with a commitment to sustainability and various electricity products including a 20% renewable energy option, sourced from locally produced renewable energy, as well as a 100% renewable energy option, sourced from locally produced wind power. Under the Cincinnati Bell Energy and FairPoint Energy brands we offer and, under the FTR Energy Services brand we expect to offer, natural gas (if applicable), electricity, and 100% renewable electricity sourced from nationally and locally sourced wind power. Some of the Company's renewable energy products are certified through Green-e Energy, a renewable energy certification program.

Exclusive Marketing Partnerships

The Company has exclusive marketing partnerships with three telecommunications companies to market the Company's energy service under their brand names and through their respective sales forces and distribution channels. Management estimates that its existing marketing partners have approximately 3.5 million subscribers eligible for our energy service in deregulated markets. Although the Company relies upon the well-established marketing capabilities of these telecommunications companies, the customers acquired through this channel have contractual relationships with the Company. The marketing partner is compensated through commissions based on customer enrolment and energy usage. The Company's exclusive marketing partners are unable to sell competing energy services for the duration of the marketing agreement due to the Company's right of first refusal on entry into new markets, exclusivity in existing markets and regulatory restrictions prohibiting multiple Energy Retailers from marketing under the same name. If a marketing agreement is not renewed at the end of its term, the Company retains the customer contracts and continues to provide electricity and natural gas services to the customer base under its own brand name. Since the inception of this channel in June 2011, management estimates that the Company has a 5% annual penetration rate of eligible subscribers.

The Company currently has exclusive marketing partnerships with the following telecommunication companies:

- *Cincinnati Bell Inc. (NYSE: CBB).* Cincinnati Bell Inc. ("**Cincinnati Bell**") is a provider of telecommunication services with annual revenues of $1.5 billion for the year ending December 31, 2011. Cincinnati Bell had 1,365,600 subscribers as at December 31, 2011, comprised of 621,300 local access lines, 257,300 high-speed internet subscribers (218,000 digital subscriber line subscribers and 39,300 Fioptic internet subscribers), 447,400 long distance lines and 39,600 Fioptics entertainment subscribers. Through its marketing arrangement with Cincinnati Bell, Cincinnati Bell Energy, LLC, a wholly owned subsidiary of the Company, began marketing electricity in June 2011 and natural gas in November 2011 to customers in Ohio.

- *FairPoint Communications, Inc. (NASDAQ: FRP).* FairPoint Communications, Inc. ("**FairPoint**") is a provider of telecommunication services in 18 states, serving mostly rural and small urban markets and has annual revenues of $1.0 billion for the year ending December 31, 2011. FairPoint had 1,346,894 subscribers of access line equivalents as at December 31, 2011, comprised of 645,453 residential access lines, 311,241 business access lines, 76,065 wholesale access lines and 314,135 high speed data subscribers. Through its marketing arrangement with FairPoint, FairPoint Energy, LLC, a wholly owned subsidiary of the Company, began marketing electricity in June 2012 to customers in Maine and New Hampshire.
- *Frontier Communications Corporation (NASDAQ: FTR).* Frontier Communications Corporation ("**Frontier**") is the largest communications services provider in the United States that focuses on rural areas and small and medium-sized towns and cities. Operating in 27 states, Frontier had annual revenues of $5.2 billion for the year ending December 31, 2011. Frontier had 3,267,487 residential access lines, 1,999,429 business access lines, 1,764,160 high speed internet subscribers and 557,527 video subscribers as at December 31, 2011. Through its marketing arrangement with Frontier, FTR Energy Services, LLC, a wholly owned subsidiary of the Company, expects to begin marketing electricity and natural gas, as applicable, in Indiana, Michigan, New York and Ohio starting in the fourth quarter of 2012 and in California, Illinois and Pennsylvania in the first quarter of 2013.

Management expects to continue capitalizing on its existing marketing partnerships and is actively pursuing additional exclusive marketing partnerships.

Network Marketing

The Company uses a network marketing approach, which currently consists of approximately 14,400 independent contractors representing the Viridian Energy brand. Independent contractors receive compensation based upon customer enrolment and monthly energy usage for customers that they enrol directly or indirectly. The Company has an exclusive relationship with these independent contractors, which precludes them from selling competing energy services. These independent contractors rely on existing personal relationships as they market to their network of friends, family members and acquaintances. On average, each new independent contractor enrolls approximately 14 customers during their time working with the Company. The Company most recently launched network marketing in Massachusetts in June 2012 and, through its independent contractors has enrolled more than 8,000 customer accounts in the first three months of marketing. Management anticipates launching its network marketing channel in Delaware and the District of Columbia in January 2013. In our five largest markets, we have achieved the following new customer enrolment through our network marketing channel over the initial 12 month period.

State	Utility	Launch Date	Customers Enrolled After 12 Months
Connecticut	Connecticut Light & Power	August 2009	33,995
New Jersey	Public Service Electric & Gas	May 2010	52,185
New Jersey	Jersey Central Power & Light	August 2010	47,330
New Jersey	Atlantic City Electric	June 2010	29,288
Maryland	Baltimore Gas & Electric	July 2010	31,595
Illinois	Commonwealth Edison	August 2011	33,054

Telemarketing and Door-to-Door

The Company maintains third-party relationships with 13 telemarketing companies and 10 door-to-door companies, representing more than 500 individual agents who market energy services on behalf of the Public Power brand. Although telemarketers and door-to-door sales agents are paid an upfront commission when customer accounts are approved by the utility, it is refundable if the customer cancels service within 90 days of such approval. For the twelve months ending June 30, 2012, Public Power acquired an average of 7,708 new customers per month through telemarketing and door-to-door activities. The Company's telemarketing and door-to-door channels can quickly be deployed in different areas as market opportunities arise.

Customer Win Back Program

The Company has a dedicated win back team comprised of 73 customer service professionals based out of our call centre in Florida. The team contacts customers that have recently terminated service or notified the utility of their intention to terminate service to encourage them to re-enroll. The cost to retain a customer under the win back program compares favorably with new customer acquisition costs. Launched by Public Power in May 2011, the win back program has measurably reduced net monthly customer attrition for Public Power by nearly 50% for the twelve months ending June 30, 2012. In September 2012, the Company started using the win back platform for other energy brands.

Commercial Sales

The Company's commercial platform provides real-time pricing by rate class and contract administration functionality. The commercial platform is currently in use by the Public Power brand and is distributed through select energy brokers. The Company anticipates leveraging the commercial platform across other energy brands beginning in 2013.

Cost Effective Customer Acquisition Model

The Company has a cost effective customer acquisition model as measured by the payback period for each customer enrolled. The Company measures the payback period as the length of time a customer must purchase energy from the Company for the gross margin received to equal or exceed the customer acquisition costs, including upfront and residual commissions. The Company targets an average payback period of three months or less across all marketing channels. Based on current market conditions, the Company has performed favourably against its target payback period in all of its marketing channels. The Company's commission structure generally entitles it to recoup some or all of its upfront commissions paid for those customers who terminate prior to three months, which further mitigates our risk for such customers.

Prudent Risk Management Culture

The Company has a prudent risk management culture focused on managing credit, commodity, liquidity and foreign currency exchange risk. The Company manages its risk exposure through a Risk Management Policy which management believes enables the Company to operate with a low risk profile and achieve stable operating results. See "Our Business — Risk Management" for more information on the Company's Risk Management Policy.

Credit Risk

The Company believes it has limited credit exposure to its customers as it participates in POR programs. In states where such programs are available, the Company's credit exposure is limited to investment-grade utilities. In non-POR states, the Company assesses the creditworthiness of new applicants, monitors customer payment activities, and administers an active collections program. More than 96% of the Company's customers are in states with POR programs.

See "Industry Overview — Retail Energy Systems — Purchase of Receivables Programs" and "Our Business — Risk Management" for additional information on POR programs, the Company's Risk Management Policy and customer and utility credit risks.

Commodity Risk

The Company believes it has low commodity exposure as it has primarily variable priced customer contracts under which the Company can change the price charged to customers in accordance with energy market conditions. While the mix of variable price and fixed price contracts is subject to change, variable price contracts currently account for 96% of the Company's total customer contracts. For the remaining 4% of the customers that are on fixed price contracts, the Company maintains a forward hedging program. The Company's hedging strategy is to match exposures with offsetting physical and financial hedges in each delivery month and location whenever possible, or the closest periods and points where the majority of the risk can be mitigated.

See "Our Business — Risk Management" for additional information on the Company's risk management policy and commodity hedging strategy.

Liquidity Risk

The Company believes it has limited exposure to liquidity risk as a result of its relationship with Macquarie Energy. Macquarie Energy is the Company's exclusive supplier of wholesale energy (electricity and natural gas) and hedging products. Macquarie Energy assumes responsibility for meeting the Company's credit and collateral requirements with each ISO and RTO and provides a $200 million procurement facility and a $25 million working capital facility, including cash advance and letter of credit capabilities. Macquarie Energy extends trade credit to the Company to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. Macquarie Energy also supplies credit for the Company, at no additional cost, to enter into wholesale energy transactions, within specified limits, with approved wholesale counterparties in order to transact directly with those counterparties where terms and pricing are more favorable to the Company.

See "Our Business — Suppliers" and "Our Business — Principal Agreement with Macquarie Energy" for additional information.

Foreign Currency Exchange Risk

The Crius Group intends to implement a foreign currency hedging program to manage exposure to changes in foreign exchange rates and support the long-term sustainability of Trust distributions. The Company's business generates cash flow in U.S. dollars but Trust distributions are paid in Canadian dollars. The Crius Group's hedging strategy will predominantly consist of forward and other derivative contracts and other derivative products, hedging at least twelve months of anticipated Trust distributions on a rolling basis. Changes in the fair value of the forward and other derivative contracts will partially offset foreign exchange gains or losses on the U.S. dollar distributions received by the Trust Subsidiaries.

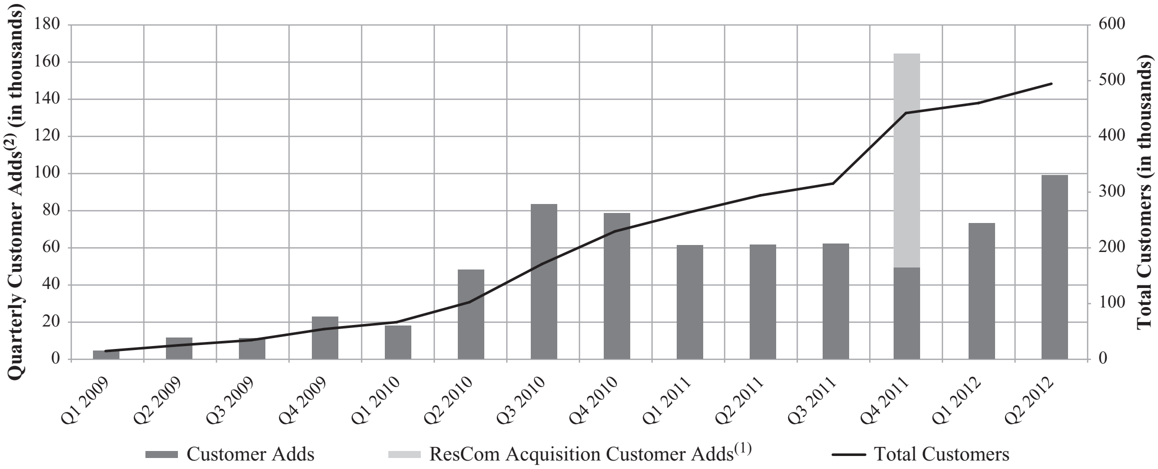
Experienced Management Team

Our management team has more than 40 years of experience in all aspects of the retail energy industry as well as public company experience. Mr. Fallquist is the former Chief Executive Officer of Regional Energy and is the Chief Executive Officer of the Company and the Administrator. Mr. Gries is the former Chief Executive Officer of Public Power and is Chairman of the Board of the Administrator. Mr. Fallquist founded Regional Energy in 2009 and has since grown Regional Energy into a profitable company with more than 271,300 customers as at August 31, 2012. Mr. Fallquist received the Ernst & Young Entrepreneur Of The Year® 2012 Award in the Cleantech category for the New York region. Mr. Gries acquired Public Power in 2009 and has since grown Public Power, both organically and through acquisitions, into a profitable company with more than 244,300 customers as at August 31, 2012. Mr. Gries is also director of several investment funds, through which he has managed investments in excess of $100 million, excluding the interests in Public Power. Mr. Gries also sits on various boards, including the board of the University of Tampa. Our experienced management team also includes Mr. Bhullar (Chief Financial Officer), Ms. Fox (Senior Vice President and General Counsel), Ms. Boehme (Senior Vice President, Marketing and Brand Strategy) and Mr. Chester (Vice President, Operations). For additional details regarding the qualifications and experience of our management team, see "Trustee, Directors and Management".

Opportunities for Growth

The Company has several growth initiatives, including expanding marketing efforts in the states in which we currently operate, expanding into new states, cross selling additional energy products to our existing customers, increasing our commercial customer base and opportunistically acquiring Energy Retailers. The graph below illustrates the approximate number of customers added by quarter, both organically and through acquisition, by Public Power and Regional Energy combined, including the acquisition of ResCom in November 2011.

Quarterly Customer Adds and Total Customers: January 2009 to June 2012



Note:

(1) A total of 163,579 customers were added during Q4 2011, approximately 114,000 of which were attributable to the ResCom Acquisition.

(2) Represents the gross number of customers added per quarter, inclusive of customers retained through the win back program.

Organic Growth

The Company plans to sustain its organic growth in existing and new states through its diversified sales and marketing platform. Excluding growth from acquisitions, the Company added new customers at an average monthly growth rate of approximately 14%, which equates to an average of approximately 16,000 new customers each month, between January 1, 2009 and June 30, 2012.

Management intends to grow the Company organically and increase its customer base using the following growth strategies.

Expand marketing efforts in our existing states.

Each of the Company's energy brands is positioned to provide customers with a unique value proposition. For example, the Public Power brand offers a loyalty program whereas the Viridian Energy brand offers affordable green electricity and natural gas with a commitment to sustainability. Currently, not all of the Company's brands are marketed throughout each of the states in which the Company operates. Management intends to increase its customer base by expanding our diversified marketing channels and multiple brand offerings within our existing states. There are markets in which both Public Power and Regional Energy operate in currently or expect to operate in within the next 6 months: Connecticut, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio and Pennsylvania. The combined share of retail sales of Public Power and Regional Energy in the states for the year ended 2011 was less than 1% of all eligible electricity load, with the exception of Connecticut, where the combined share was 4%, and New Jersey, where the combined share was 1.5%. Accordingly, management believes that the risk of direct competition between its marketing channels and brands is low. In addition, the Company is actively developing new exclusive marketing partnerships to gain access to the customer relationships, distribution channels and sales infrastructure of well-known companies with recognizable brands. For example, we anticipate that once launched, our strategic partnership with Frontier Communications Corporation, through the FTR Energy Services brand, will enable us to access Frontier Communications Corporation's existing customer relationships in California, Illinois, Indiana, Michigan, New York, Ohio and Pennsylvania. This will provide a low cost marketing channel to reach new customers both in states in which we already operate as well as in those which we do not.

Expand to new states in which we do not currently operate.

Management believes that the Company's business model and operations could be expanded to provide energy services to most or all of the deregulated electricity and natural gas states in the United States. Management plans to enter into several new states over the next 12 months, including the electricity market in Delaware and natural gas markets in California, Illinois, Indiana, Michigan and Virginia. In addition, management believes there may be opportunity to enter several additional states in the future, including the electricity market in California (commercial only) and Rhode Island and the natural gas markets in the District of Columbia, Maryland and Massachusetts; however, the Company has no definitive plans at this time. When evaluating the merits of expanding into a new state, management will generally consider the nature of the retail electricity and natural gas regulatory regime, the rate of Energy Retailer penetration, the ability to provide a competitive value proposition to customers, availability of existing or new marketing channels, and capital and credit requirements in the state. Management will also consider the utility's rate setting process, the state specific rules and rate classes which restrict customer eligibility, the billing structure and the rate structure and whether the state offers a POR program. See "Industry Overview — Retail Energy Systems" for additional information on these considerations.

The table below provides a summary of electricity markets for each of California, Delaware and Rhode Island and a summary of natural gas markets for California, District of Columbia, Illinois, Indiana, Maryland, Massachusetts Michigan, and Virginia.

Addressable Growth Market

		California(2)	District of Columbia	Delaware	Illinois	Indiana	Rhode Island	Maryland	Massachusetts	Michigan	Virginia	TOTAL
Electricity												
Residential	Eligible Customers (2011)	-	-	300,203	-	-	300,700	-	-	-	-	600,903
Residential	Customers Served by Energy Retailers (2011)	-	-	10,836	-	-	3,091	-	-	-	-	13,927
Residential	Market Penetration (%)	-	-	4%	-	-	1%	-	-	-	-	2.3%
Residential	Five Year Change in Market Penetration (2007 to 2011)(1)	-	-	2%	-	-	1%	-	-	-	-	-
Non-Residential	Eligible Consumption (2011, million kWh)	123,381,247	-	5,310,879	-	-	4,550,307	-	-	-	-	133,242,433
Non-Residential	Consumption Served by Energy Retailers (2011, million kWh)	21,822,618	-	4,037,374	-	-	2,328,900	-	-	-	-	28,188,893
Non-Residential	Market Penetration (%)	18%	-	76%	-	-	51%	-	-	-	-	21%
Non-Residential	Five Year Change in Market Penetration (2007 to 2011)(1)	3%	-	8%	-	-	28%	-	-	-	-	4%
Purchase of Receivables(3)		N	-	N	-	-	N	-	-	-	-	-
Natural Gas(5)												
Residential	Number of Eligible Customers(4)	10,515,162	138,396	-	2,908,454	150,000	-	1,042,341	1,336,416	3,136,895	661,653	19,889,317
Residential	Number of Participating Customers(4)	34,391	12,368	-	271,067	93,599	-	125,366	1,547	340,189	55,711	934,238
Residential	Market Penetration (%)	0%	9%	-	9%	62%	-	12%	0.1%	11%	8%	5%
Non-Residential	Number of Eligible Customers(4)	447,160	12,894	-	254,183	20,000	-	77,618	142,950	233,977	48,532	1,237,314
Non-Residential	Number of Participating Customers(4)	29,629	4,752	-	49,558	14,735	-	22,539	15,928	49,551	11,304	197,996
Non-Residential	Market Penetration (%)	7%	37%	-	19%	74%	-	29%	11%	21%	23%	16%
Purchase of Receivables(3)		N	N	-	N	N	-	Y	N	Y	N	-

Sources:

KEMA Retail Energy Outlook, Q1 2012; U.S. EIA, Retail Sales of Electricity to Ultimate Customers by End-Use Sector; U.S. Energy Information Administration, Form EIA-861, "Annual Electric Power Industry Report"; U.S. EIA, Natural Gas Residential Choice Programs, May 2010.

Notes:

(1) Five year change calculated as the difference in market penetration between the fiscal year ending 2007 and fiscal year ending 2011.
(2) Residential electricity customers in the state of California are not deregulated.
(3) See "Industry Overview — Retail Energy Systems — Purchase of Receivables Programs".
(4) In this case, the number of customers is measured as the number of customer subscriptions and not as the residential customer equivalents, as defined herein.
(5) All natural gas statistics are provided as at December 2009.

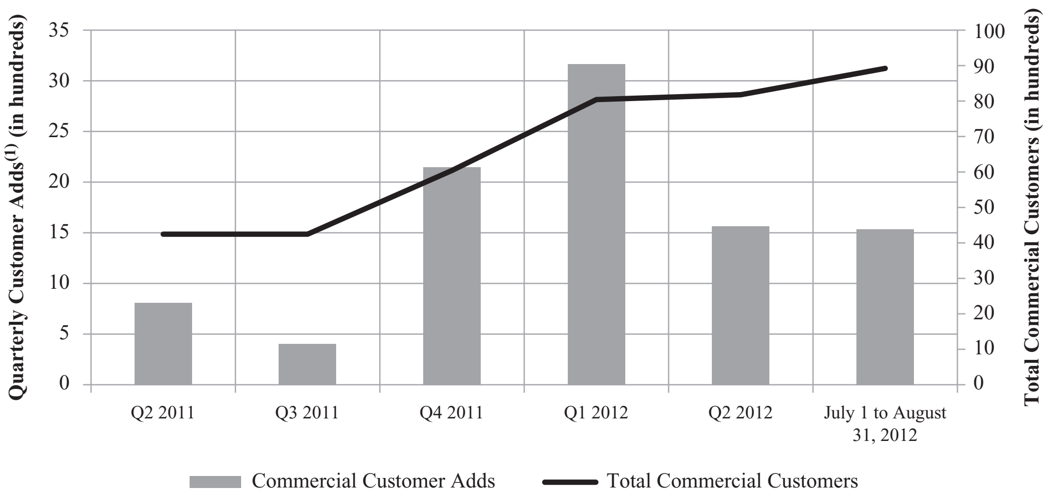
Cross-sell our products to existing customers.

The Company plans to increase its efforts to supply both electricity and natural gas to more of its customers. Cross-selling is expected to increase the number of customers purchasing multiple commodities from the Company, resulting in higher revenue per customer, lower acquisition costs and reduced customer attrition. Among other strategies to cross-sell our energy products, the Company plans to begin cross-selling additional energy products as part of its ongoing win back program in the near future.

Increase commercial sales.

The Company plans to expand its sales efforts with commercial customers by leveraging our commercial platform. The commercial platform, currently in use by Public Power, includes a web-based interface that provides real-time pricing by rate class and contract administration functionality. Management anticipates that the commercial platform positions the Company to be more competitive in the commercial segments in which we currently serve (small- to medium-size commercial customers) while also providing the Company the opportunity to expand into the large commercial and industrial segment. The Company anticipates launching a more comprehensive commercial platform that utilizes the commercial platform under the Viridian Energy, Cincinnati Bell Energy, FairPoint Energy and FTR Energy Services brands in 2013. As demonstrated in the chart below, the Company's commercial platform has resulted in significant growth in the commercial market under the Public Power brand over the last five quarters and management believes commercial customer growth will be accelerated as the commercial platform is applied to other brands.

Quarterly Commercial Customer Adds and Total Commercial Customers: April 2011 to August 2012



Note:

(1) Represents the gross number of customers added per quarter, except for Q3 2012, which represents the period from July 1, 2012 to August 31, 2012.

Acquisition Growth

The Company intends to grow through strategic acquisitions of small Energy Retailers (fewer than 200,000 customers). Management believes there is a significant opportunity to participate in the consolidation of smaller market participants. The retail energy industry in the United States is fragmented and the vast majority of residential Energy Retailers are smaller participants. Management believes that small Energy Retailers generally have limited access to credit and lack exit alternatives to monetize their investment. Management believes a lack of competition in pursuing small Energy Retailers exists and this dynamic creates an attractive opportunity for the Company to acquire small Energy Retailers at accretive valuations.

The Company's operational infrastructure, management expertise and core business functions are in place to support acquisitions. The Company uses industry leading and scalable business process outsourcing providers to manage all aspects of the business, including electronic data interchange, customer information management, energy forecasting and sales force commissioning. Management believes that our outsourcing strategy supports our expansion plans, both organically and through acquisitions, without requiring significant capital investment or overhead costs. In November 2011, Public Power successfully completed the ResCom Acquisition which included approximately 114,000 customers and the option to acquire additional customer accounts in New Jersey. The acquisition was accretive and the additional customers were added to the platform without a significant increase in overhead costs or the number of employees.

See "Industry Overview — Retail Energy Market Opportunities" for additional information on the retail energy market in the United States.

Suppliers

The Company has a five-year agreement with Macquarie Energy, pursuant to which Macquarie Energy will be the Company's exclusive supplier of wholesale energy (electricity and natural gas) and hedging products. Macquarie Energy has been Regional Energy's exclusive supplier of energy since 2010. An affiliate of Macquarie Energy is a minority securityholder of the Company. For information regarding the Company's agreements with Macquarie Energy, see "Our Business — Principal Agreement with Macquarie Energy".

Macquarie Energy is a leading energy trading company with an active market presence at most major natural gas delivery locations in North America and in the PJM, MISO, CAISO, ISO-New England, NYISO, WECC and ERCOT ISO electricity markets. Macquarie Energy's customers include municipal and regional utilities, power producers, industrial end-users, government and financial institutions, and other energy marketers. Macquarie Energy, a subsidiary of Australia based Macquarie Group Limited, operates in Canada, Mexico and the United States. Founded in 1969, Macquarie Group Limited has a market capitalization of over $10 billion, investment grade credit ratings (Standard & Poor's BBB rating, Moody's Investors Service A3 rating) and employs 14,200 people in 73 locations around the globe.

Management believes the agreement with Macquarie Energy provides the Company with a stable and scalable source of energy supply and financing that will accommodate the Company's growth and expansion plans. See "Our Business — Principal Agreement with Macquarie Energy" for additional information.

Risk Management

Management operates under a set of corporate risk policies and procedures relating to the purchase and sale of electricity and natural gas, general risk management and credit and collections functions. The Company's energy procurement department is responsible for managing the Company's commodity positions (including energy procurement, capacity, transmission, renewable energy, and resource adequacy requirements) within risk tolerances defined by the Risk Management Policy. The risk management department, which is separated from the energy procurement department, is responsible for monitoring these positions to ensure compliance with the limits established by the Risk Management Policy. In addition, the board of the Company has a responsibility to oversee management's exercise of these functions and compliance with the Company's Risk Management Policy. Under the terms of the Company's Base Confirmation Agreement with Macquarie Energy, the Risk Management Policy has been approved by Macquarie Energy and the Company is required to be in compliance with it at all times.

Commodity Hedging Strategy

The Company's primary risk management objective is to maintain a volumetric and price neutral position in energy markets. The Company maintains a forward hedging program for all fixed price products. The Company's hedging strategy is to match exposures with offsetting physical and financial hedges in each delivery month and location whenever possible; or the closest periods and points where most of the risk can be mitigated. Over-the-counter ("**OTC**") swaps, futures, or physical fixed price hedges may be used to offset outright price exposure. Basis swaps or physical basis may be used to offset basis exposure. Physical basis is the difference between the price of electricity or natural gas at a market hub and the price at the actual delivery location. OTC options may be used to offset price risk from price caps or floors embedded in variable products. Swing physical or financial options may be used to hedge daily balancing requirements. OTC options and weather swaps or options may be used to offset weather related volume risks.

Customer Credit Risk

The Company's credit risk management policies are designed to limit customer credit exposure, with a target of bad debt expense not to exceed 2.5% of revenue. Credit risk is managed through participation in POR programs in states where such programs are available and, in non-POR states, the Company assesses the creditworthiness of new applicants, monitors customer payment activities and administers an active collections program. Using risk models, past credit experience and different levels of exposure in each of the markets, the Company monitors its aging, bad debt forecasts and actual bad debt expenses and continually adjusts as necessary.

In POR states (recourse and non-recourse), the Company does not require a credit check as part of the customer enrolment process. In New Jersey, a recourse POR state where the Company has exposure if the customer is in default for 60 days (electricity) or 120 days (natural gas), the Company has instituted a proactive approach to managing customer credit risk by reviewing monthly customer arrears reports from the utilities. In POR markets, where credit exposure is primarily to the state utility, all utilities that the Company deals with are investment-grade with an average credit rating of BBB+ from Standard & Poors and Baa2 from Moody's Investors Service. Several additional states have indicated that they are considering adopting POR programs, including the District of Columbia, Massachusetts and New Hampshire.

In non-POR states, the Company requires a credit check as part of the customer enrolment process. Currently, the only states without a POR program in which the Company operates are Maine, Massachusetts New Hampshire, and Ohio (select markets only). All new applicants in non-POR markets are subject to credit screening prior to acceptance as a customer. The Company utilizes the TEC (Telecommunications, Energy, Cable) score from Experian Information Solutions, Inc., based on credit reports and industry specific risk models, to review the creditworthiness of potential new residential customers. The credit screening process utilizes a number of different customer credit history data points and customer reporting models in order to balance bad debt targets with customer acquisition targets. In non-POR markets, prior to the Combination, Public Power did not obtain credit scores for approximately 14,000 non-POR customers, as these markets constituted a very small portion of their customer base. The Company's current policy is to obtain credit scores for all new non-POR customers.

Volumetric Risk

The Company's energy procurement department manages the Company's supply and demand portfolio positions. It forecasts the load for each state in which the Company serves customers, basing its forecasts on load profiles for applicable customer classifications, number of meters and seasonal weather patterns. Load forecasting is performed using third party software from the Energy Services Group Inc. ("**ESG**"). ESG's forecasting system provides load forecasts through the use of load profiles and historical usage data. Where applicable, the system also performs a regression analysis using the data provided by the utility along with forecasted weather information from an industry standard national weather services provider. Once a representative load for each hour, by season, and by day type for each utility load profile classification has been generated, loss factors as available at the market, utility, and/or congestion zone level are applied to the results to account for the loss between the generation point and delivery point. Load forecasting is validated by the Company's energy procurement department and the risk management department.

Exposure Limits

The Company's risk management structure is intended to proactively establish conservative limits on open commodity positions. As an overriding principle, speculative commodity positions are prohibited. Hedge limits and guidelines for hedging variable price customer contracts and fixed price customers contracts are firm and must be adhered to, and any deviation is considered a risk violation. For variable price contracts, the energy procurement department may procure up to 100% of the expected load in the current and immediately following month. The energy procurement department may also procure up to 50% of the expected load up to the sixth month past the current month if certain predetermined conditions are met. For fixed price contracts, the energy procurement department is required to be between 90% to 110% hedged for the aggregate portfolio and between 80% to 120% hedged for each individual month for the duration of the fixed price customer contracts. The maximum term of all fixed price contract hedges is 25 months past the current month.

Guidelines and limits for natural gas inventory storage injections and withdrawal are dictated by, and set forth in, the tariff for each pipeline or utility. Authorized personnel entering into transactions for the purchase and sale of energy have a $20 million transaction limit. Both the Chief Financial Officer and the Chief Executive Officer are authorized to further increase the daily limit by an additional $20 million, but neither is authorized to initiate such transactions.

Renewable Energy Certificates

The Company relies on renewable energy certificates ("**RECs**") to satisfy the renewable portion of the Company's energy products. RECs are generally not bought directly from the generators but are instead purchased in the secondary market from REC brokers. Generally, the Company purchases RECs in arrears as it delivers load to customers. The Company forecasts REC prices and incorporates these prices into its customer rate-setting process. In the event that the Company is unable to purchase enough RECs to meet its compliance obligation for its renewable energy products, the Company must pay an alternative compliance penalty ("**ACP**"). The ACPs are price penalties that are determined on a state-by-state basis within the states' renewable portfolio standard or alternative energy portfolio standard.

Competition

Management primarily views the larger, well-capitalized Energy Retailers as its primary competition in the market. These competitors would include companies such as Direct Energy Inc., Dominion Retail Inc., FirstEnergy Solutions Inc., Just Energy Group Inc. and NRG Energy. These companies generally have diversified energy platforms with multiple marketing approaches and broad geographic coverage. Management regularly reviews their offers and marketing approaches of such competitors to ensure our products have a competitive value proposition to maintain our competitive positioning.

On the contrary, the Company does not view LDCs as competitors, even though 85% of natural gas customers[(1)] and electric customers[(2)] in the United States obtained their supply of energy from LDCs in 2009 and 2010. LDCs are the supplier for customers who have not previously made an active decision to switch to an Energy Retailer or have previously received service from an Energy Retailer but have switched back to the LDC. In general, LDCs do not actively seek to obtain or retain customers as, per regulatory statutes, they are not allowed to profit from supplying electricity or natural gas to the customer. LDCs are responsible for delivering energy to customers regardless of whether they have an energy supply contract with an Energy Retailer.

Management views regulated utility pricing, referred to as the "price to compare" set by utilities, as the competitive benchmark in each state in which the Company operates. Where possible, the Company strives to supply products to customers that offer a competitive value proposition relative to the price to compare.

The degree of market penetration by Energy Retailers is generally correlated with the length of time the market has been deregulated and the regulatory framework within that market. This trend has been observed across both natural gas and electricity markets as well as across both residential and commercial and industrial customer segments.

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(1) U.S. EIA, Natural Gas Residential Choice Programs — U.S. Summary, as at year-end 2009.
(2) U.S. EIA, Electric Power Annual 2010 Data Tables and KEMA Retail Energy Outlook, Q1-2012.

Customer Energy Contracts

Typical Customer Lifecycle

The following chart depicts the typical customer lifecycle for the Company.

Typical Customer Lifecycle

Step 1 – Marketing	Step 2 – Enrolment	Step 3 – Billing	Step 4 – Collection
• The Company uses exclusive marketing partnerships, network marketing, telemarketing, and door-to-door channels to market its energy products.	• Customers are enrolled through website, phone, or paper applications. • The Company utilizes third party verification for agent assisted calls in all required jurisdictions. • Where necessary, credit inquiries are made and accepted customer applications are sent to the utility. • In certain states, customers are provided with a "cooling off" period after entering into a contract during which they may cancel the contract without penalty.	• Typically, the utility bills the customer directly for services in accordance with the Company's rate structure. • The Company monitors billing reports to ensure accuracy.	• Customer payments are collected by the utility and remitted to the Company. • In POR markets, utilities remit payment to Company regardless of non-payment by the customer. • In non-POR markets, the Company must collect outstanding debt from the customer.

Fixed and Variable Contracts

The Company's customers purchase electricity and/or natural gas under energy contracts with standard terms and conditions. The Company offers variable price contracts with a month-to-month term and a rate subject to change at any time or fixed price contracts under which there is a fixed contract term of up to 24 months and a fixed price for the term. Fixed price contracts have an early termination fee in the event the customer terminates service prior to the end of the fixed contract term.

For variable price contracts, the Company charges customers a price that varies in accordance with market fluctuations. The price charged to customers is derived from, among other factors, the Company's wholesale cost of energy plus a margin which generally allows the Company to maintain operational margins independent of natural gas and electricity market conditions. This permits the Company's customers to benefit from pricing that generally reflects prevailing natural gas and electricity market conditions. For fixed price energy contracts, customers buy energy from the Company at a fixed price over the term of the contract. This permits the Company's customers to eliminate or reduce their exposure to changes in natural gas and electricity prices for the term of the contract.

Billing and Collection

Currently, the Company only operates in markets with utility consolidated billing, in which customers receive a bill directly from their utility that includes the amount charged by the Company for supplying the energy plus the applicable utility charges for delivery, transmission and transportation. In such markets, the utility is responsible for all collection activities. However, in non-POR markets, in the event that a customer does not make payment to the utility in a timely fashion, the Company collects through both in house and external third party collectors.

Contract Termination and Customer Win Back

During the twelve months ending June 30, 2012, the Company has experienced a yearly gross attrition rate, net of win backs, of 3.0% per month. To help reduce net customer attrition, the Company uses a win back program to contact customers that have terminated or have indicated their intention to terminate their service with the Company. See "Our Business — Business Strengths — Diversified Sales and Marketing Platform — Customer Win Back Program" for a description of the Company's win back program.

The Company's variable contracts can be terminated by the customer without penalty upon the expiry of the applicable notice period. The Company's residential fixed contracts may not be terminated by the residential customer prior to the expiry of their term unless the customer pays an early termination fee of approximately $50. Under commercial contracts, fees vary depending on hedging terms, expected margins and other factors.

In most states in which the Company operates, customers who decide to switch energy providers, or who are moving their service, are required to give notice to their utility, new Energy Retailer or existing Energy Retailer. Once the utility is notified of the customer's decision to switch or move their service, the utility notifies the Company.

If a customer has fallen behind on payments, the customer may be dropped by the Energy Retailer from competitive supply service. Prior to being dropped by the Energy Retailer, the customer is required to be notified in accordance with state rules. If there is an outstanding debt and the utility is no longer responsible for remitting payment to the Company on behalf of the customer (non-POR states and recourse POR states), the Company pursues debt collection even after the drop has occurred.

Customer Service Centres

The Company operates two customer service centres one located in Connecticut and one in Florida. Any of the Company's customers can call the customer service centres directly, where sales representatives are equipped to enroll customers for any of our products through a secure internal online enrolment application. At this time, the Florida customer service centre is primarily used for inbound and outbound customer win backs.

Information Technology and Software

Energy Operations

The Company uses third party systems to manage its electronic data interchange ("**EDI**") and customer information systems ("**CIS**") which represent the required infrastructure to interact with the LDCs and manage customer information. The Company currently uses two companies to manage its requirements in these areas which include ESG and EC Infosystems ("**ECI**").

- *EC Infosystems.* Founded in 1995, ECI is an industry certified CIS and EDI professional services company located in Uniondale, New York. ECI is currently servicing more than 300 clients in USA, Europe, Canada and Mexico.
- *Energy Services Group, Inc.* Founded in 1997, ESG is industry certified and the largest EDI vendor in North America servicing more than 100 EDI clients representing over 7.8 million meters throughout 110 utilities. ESG also provides billing and customer information systems and services to 32 clients representing over 1 million meters throughout 85 utilities. ESG also provides energy load forecasting services including forecasting, scheduling and settlement to 17 clients. ESG is located in Rockland, Massachusetts and currently employs more than 100 people. ESG's senior management has over 180 years of energy industry experience.

Energy Load Forecasting

The Company uses third party systems, provided by ESG, for energy load forecasting. See "Our Business — Risk Management — Volumetric Risk" for a description of the energy load forecasting methodology.

Sales Force Management

The Company uses third party systems to provide an online back office application to all of its independent contractors. The application provides access to proprietary information that may be used to promote the development of an independent contractor's network and increase the sale of energy services. The application provides information about current promotions, business growth and commission payments. The Company currently uses Jenkon International Inc. to manage these requirements, but is currently in the process of transitioning to Data Paradigm, Inc.

Employees

The Company has 188 of employees as at August 31, 2012 in the following departments:

- sales and marketing (27);
- operations (120);
- finance (8);
- energy supply and risk management (5);
- legal, regulatory and compliance (9); and
- administration (19).

Facilities

The Company does not own any real property. The table below summarizes the leases of real property entered into by the Company as at August 31, 2012.

Location	Square Feet	Function	Term
1055 Washington Boulevard, Stamford, Connecticut	23,800	Crius Energy Headquarters(1)	Expires August 30, 2016
6469 and 6471 102nd Ave, N. Pinellas Park, Florida	9,451	Customer Call Centre	Expires May 31, 2015
64 North Main Street, South Norwalk, Connecticut	6,000	Former Regional Energy Headquarters	Expires August 2013 (the Company intends to sublet the location after October 2012)
39 Old Ridgebury Road Danbury, Connecticut	4,380	Former Public Power Headquarters	November 1, 2012(2)
2650 Park Tower Drive, Suite 199, Vienna, Virginia	982	Commercial Pricing	Expires February 2013

Notes:

(1) Effective October 1, 2012, the Company moved into its new corporate headquarters in Stamford, Connecticut.

(2) The original term of the lease expired in January 2014. Pursuant to the resolution of a summary process action, the lessor was granted possession of the premises. Upon agreement between the parties, $162,000 was placed in escrow for potential damages arising out of a related claim by the lessor and, as agreed, Public Power vacated the premises by November 1, 2012.

To the extent the Company needs to add additional employees to support increased operations, the Company's recently acquired office space in Stamford, Connecticut has sufficient capacity to accommodate any additions. The Company moved into its new corporate headquarters in Stamford, Connecticut in October 2012.

Environmental Protection

The Company does not view potential environmental liabilities as a concern in its business. The Company does not have physical control of the natural gas or electricity it supplies to customers, or of any facilities used to transport it. Therefore, any potential liability of the Company for the natural gas or electricity it supplies to its customers is considered to be relatively remote.

Intellectual Property

The Company regards its trademarks, trade names and other intellectual property as important to its success. The Company relies on a combination of laws and contractual restrictions with employees, independent contractors and others to protect proprietary rights. The Company has registered a number of trademarks and service marks in the U.S., including certain of our brand names. "Viridian", "Public Power", "V", "Power with Purpose" and "Everyday Green" are registered trademarks of the Company in the United States. The Company also has applications pending in the United States to register the trademarks "Pure Green", "Sustainability Initiative" and "7 Continents in 7 Years".

Principal Agreement with Macquarie Energy

On September 18, 2012, the Company, Regional Energy, Public Power and their consolidated subsidiaries (collectively the "**Buyer Group**") entered into an energy supply and financing agreement (the "**Base Confirmation Agreement**") with Macquarie Energy. The Base Confirmation Agreement is part of a structured transaction pursuant to which Macquarie Energy supplies the Buyer Group with natural gas and electricity on an exclusive basis within the states in which they operate and also provides a working capital facility.

Under the Base Confirmation Agreement, the Buyer Group must obtain quotes for the quantity of electricity or natural gas it wishes to purchase from Macquarie Energy. If the Buyer Group does not accept the quote or Macquarie Energy declines to produce a quote, the Buyer Group may enter into an agreement with an approved third party through Macquarie Energy on terms acceptable to Macquarie Energy (a "**Third Party Hedge**"). Upon entering into a Third Party Hedge, Macquarie Energy and the Buyer Group will automatically enter into a corresponding back-to-back transaction agreement on equivalent terms to the Third Party Hedge (a "**Sleeved Transaction**"). If on any day the power or natural gas sleeve ratio (the sum of Sleeved Transaction volumes, other than volumes arising from Sleeved Transactions for which Macquarie declined to provide a quote, divided by the sum of the volumes of all permitted physical or financial hedge transactions directly between Macquarie Energy and the Buyer Group) exceeds 30% for the immediately preceding twelve full calendar months, Macquarie Energy will have no obligation to enter into any Sleeved Transaction for the subsequent three month period following such day.

Macquarie Energy is only required to enter into a Third Party Hedge and any related Sleeved Transaction if: (a) Macquarie Energy has rejected, failed to respond to or quoted a price which was higher than a quote received by the Buyer Group from an approved third party; (b) no event of default, potential event of default or termination event under the Base Confirmation Agreement or any related document has occurred; and (c) the Third Party Hedge does not have to be cleared through an exchange.

The approved third parties for a Third Party Hedge are specified in the Base Confirmation Agreement. This list can be updated at any time provided that at all times it includes at least ten approved third parties with a sufficient amount of credit capacity to permit Buyer Group purchases up to the limits specified under the Base Confirmation Agreement.

Pricing and Payment

Pricing and Minimum Annual Payment

All of the Buyer Group's purchases of electricity and natural gas are set using market-based pricing. Purchases of permitted financial and physical hedges, and physical and financial sleeved transactions, will be transacted at prices agreed to between Macquarie Energy and the Buyer Group, together with any additional corresponding fees.

The Buyer Group is required to pay a minimum annual fee equal to the amount of energy fees that the Buyer Group would have paid Macquarie Energy in a year had the Buyer Group purchased the applicable specified minimum annual volume for natural gas and electricity for such year. The minimum annual fee in any year is reduced, on a dollar-for-dollar basis, by the amount of energy fees actually paid by the Buyer Group for natural gas and electricity purchased during such year.

Lockbox Accounts

The Buyer Group is required to direct all LDCs, POR utilities, non-POR utilities and ISOs serving the Buyer Group's customers, as well as non-POR customers, to remit all customer payments into designated restricted bank accounts (the "**Lockbox Accounts**") for which Macquarie Energy has been designated the administrator by the Buyer Group. Each month, the Buyer Group is required to initiate a request to transfer funds from the Lockbox Accounts to Macquarie Energy for the energy supplied and other fees and interest due under the Base Confirmation Agreement.

If the Lockbox Accounts contain insufficient funds on the applicable payment date, Macquarie Energy may, on a daily basis, transfer or direct the Buyer Group to transfer all incoming amounts received into the Lockbox Accounts into Macquarie Energy's bank accounts until its invoices have been paid in full.

At the end of each month, provided that (i) no event of default, termination event or potential event of default has occurred, (ii) Macquarie Energy has been paid in full for all amounts owing under all then outstanding monthly invoices, (iii) Macquarie has not received notice that any amount owed to any party is then currently past due, and (iv) the requested distribution would not result in a breach of any covenant, the Buyer Group may submit a request to Macquarie Energy to transfer funds from the Lockbox Accounts into a bank account of the Buyer Group that is not subject to the Lockbox Account restrictions (the "**Operating Account**"), in which case Macquarie Energy is required to consent to the transfer of funds into the Operating Account as soon as reasonably practicable, but in no event later than one business day following the request.

Working Capital Facility

Under the Base Confirmation Agreement, Macquarie Energy also agreed to advance funds to the Buyer Group under the terms of a standby working capital facility (the "**Working Capital Facility**"), provided that at the time of the funding request: (i) the Buyer Group is not subject to an event of default, potential event of default or termination event as described in the Base Confirmation Agreement; and (ii) such request does not cause the Working Capital Facility exposure to exceed $25 million. Interest on cash advances under the Working Capital Facility is payable at a rate equal to LIBOR plus 5.5% per annum.

Letters of Credit

Pursuant to the Base Confirmation Agreement, Macquarie Energy will issue one or more letters of credit on behalf of the Buyer Group, provided, among other things: (a) any letter of credit issued is for the sole purpose of satisfying the credit requirements imposed upon the Buyer Group by a host utility, non-POR utility, natural gas pipeline or natural gas storage operator, ISO, governmental authority, state commission or public service commission; (b) the letter of credit, taken together with any balance owing under the Working Capital Facility, does not cause the Working Capital Facility to exceed $25 million; and (c) the terms are otherwise satisfactory to Macquarie Energy in its reasonable discretion.

To the extent Macquarie Energy posts collateral to any third party on behalf of the Buyer Group, the Buyer Group will ensure such third party returns all such collateral directly to Macquarie Energy when it is no longer required to be posted with such third party. Under no circumstances will the Buyer Group be permitted to post a letter of credit issued pursuant to the Base Confirmation Agreement to Macquarie Energy as collateral to satisfy any obligation under the Base Confirmation Agreement.

Security Interest Given Under Base Confirmation Agreement

The Base Confirmation Agreement and related agreements grant Macquarie Energy a first priority security interest in all property and assets (whether real, personal, or mixed, tangible or intangible) ("**Collateral**") of the Buyer Group, including the Company's equity securities in Crius Energy Management, LLC, prior and superior in right to any other person to the extent a lien can be created and perfected under the *Uniform Commercial Code*, subject to any permitted liens. The Buyer Group must take all necessary steps to ensure that Macquarie Energy continues to have a first priority security interest in all of the Collateral and to protect against the establishment of third party liens.

Notable Representations and Covenants

The Base Confirmation Agreement contains customary representations and covenants by the Buyer Group relating to the business and operations of the Buyer Group, including in connection with the ownership and maintenance of assets, regulatory approvals, compliance with laws, insurance, taxes, delivery of financial information, incurrence of indebtedness, and the maintenance of certain financial ratios, including minimum total net worth and minimum margin ratios, as well as an ongoing representation regarding the absence of any event or circumstance that could reasonably be expected to have a material adverse effect. In addition, the Base Confirmation Agreement contains the following covenants by the Buyer Group.

Business Operations in Specified Markets

The Buyer Group shall not enter into any business, directly or indirectly, except for the sale of retail natural gas and electricity in the Specified Markets, certain ancillary services or the provision of other products agreed upon in writing by Macquarie Energy, and all services and activities reasonably related to the foregoing to the extent not prohibited under the Base Confirmation Agreement and certain ancillary agreement with Macquarie Energy. "Specified Markets" means Pennsylvania, Connecticut, Maryland, New York, New Jersey, Illinois, Ohio, New Hampshire, Maine, Rhode Island, Michigan, Indiana, California, Virginia, Delaware, District of Columbia, CAISO, PJM, ISO-New England, NYISO, MISO and each other market in the United States which Macquarie Energy has, in its sole discretion, approved in writing for inclusion as a Specified Market.

Risk Management Policy

The Buyer Group is required to comply with the Risk Management Policy. Within 60 days prior to each anniversary of the effective date of the Base Confirmation Agreement, the Buyer Group is required to review the Risk Management Policy with Macquarie Energy and make such changes as the Buyer Group and Macquarie Energy mutually agree are commercially reasonable based upon the applicable market, industry, economic and customer conditions and business objectives. Furthermore, the Buyer Group may only amend or modify the Risk Management Policy upon written consent of Macquarie Energy.

Distributions

Each member of the Buyer Group is prohibited from making any payment, including any distribution or dividend, to any direct or indirect equity holder of the member (other than to another member of the Buyer Group) unless it is a Permitted Distribution. A "Permitted Distribution", following the Company Interest Acquisition, means a payment made from the Operating Account to equity holders of the Company for purposes of (i) distributing dividends or income to equity owners of the Company, or (ii) reimbursing an equity holder for amounts actually paid in taxes on income attributable to the Buyer Group's business activities, provided that at the time of payment no event of default, potential event of default or termination event has occurred and is continuing.

Independent Directors

The Buyer Group is required to ensure that, following the Company Interest Acquisition, (i) the Company LLC Agreement requires (a) the appointment of at least three independent directors to the board of directors of the Company, (b) at all times, a majority of the members of the board of directors of the Company be independent directors, and (c) the unanimous vote of all of the independent directors shall be required prior to the filing of any voluntary bankruptcy filing or accession to any involuntary bankruptcy filing by the Company or any of its direct or indirect subsidiaries, and (ii) that such independent directors are appointed no later than the consummation of the Company Interest Acquisition. For these purposes, a director will be considered to be independent if he or she: (i) is not a member of management and, in the reasonable opinion of the board of directors of the Company, is free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the director's ability to act in the best interest of the company for which the individual is a director, (ii) is not an owner of any of the issued and outstanding securities of any member of the Buyer Group, and (iii) does not own, directly or indirectly, as a beneficial holder or as a nominee or associate of a beneficial holder, any of the issued and outstanding securities of any direct or indirect parent of the Company (excluding any securities issued to such individual as compensation for services as a director thereof, provided the issuance complies with certain conditions set out in the Base Confirmation Agreement). The Base Confirmation Agreement provides that, as a general rule, a person who has a material relationship with any member of the Buyer Group will not qualify as independent; however, a person shall not be deemed to have a material relationship with any member of the Buyer Group solely as a result of such person serving as a director of one or more indirect parents of the Company.

Merger or Consolidation

A member of the Buyer Group shall not merge, combine, consolidate, liquidate, wind up its affairs, dissolve itself or change its form or state of organization; provided however, that a member of the Buyer Group may, without the prior consent of Macquarie Energy, (i) merge, combine or consolidate with another member of the Buyer Group, and (ii) enter into agreements to purchase supply contracts from third parties for new customer load that satisfy certain conditions set out in the Basic Confirmation Agreement.

Change of Control

The Base Confirmation Agreement provides that any contract or agreement which could result in a change in ownership of any member of the Buyer Group constitutes an event of default in respect of the member, other than: (i) the sale of certain assets of Cincinnati Bell Energy LLC to Cincinnati Bell Telephone Company LLC pursuant to certain existing agreements described in the Base Confirmation Agreement; (ii) the Company Interest Acquisition; (iii) changes in ownership resulting from sales of ownership interests in the Company among the owners of the Company as of the date of the Company Interest Acquisition; (iv) changes in ownership resulting from sales of additional ownership interests in the Company to US Holdco; and (v) changes in ownership resulting from the repurchase of ownership interests in the Company by the Company (so long as any such purchase would not result in the violation of any covenant of the Buyer Group). In all other circumstances, a change of control of any member of the Buyer Group will result in an event of default under the Base Confirmation Agreement.

Term

The Base Confirmation Agreement expires upon the earlier of October 1, 2017 and the date on which all transactions entered into in accordance with the Base Confirmation Agreement are terminated.

Early Termination Payment

The Buyer Group may terminate the Base Confirmation Agreement at any time upon 90 days written notice to Macquarie Energy. Upon early termination, the Buyer Group must pay a termination payment equal to the estimated fees that would have been payable during the remaining term (based on specified volumes of natural gas and electricity as set out in the Base Confirmation Agreement), less the actual fees paid by the Buyer Group during the year in which the early termination occurs (and all other years remaining in the term).

Events of Default

In addition to the convenants referred to above, the Base Confirmation Agreement contains various other covenants of the Buyer Group which, if breached, would (subject to an applicable cure period) constitute an event of default such as the failure to maintain a certain minimum net worth, failure to pay taxes and other material third party obligations and limitations on the incurrence of debt, existence of liens or capital expenditures. The Base Confirmation Agreement also contains specific events of default, including the revocation of licenses or permits to market or sell electricity or natural gas in Specified Markets, Macquarie Energy's exposure or permitted hedge exposure exceeding certain limits, or the loss of key management employees (subject to certain cure provisions).

In the event of a default by the Buyer Group, and subject to any applicable cure period, Macquarie Energy is entitled to suspend its performance under or terminate the Base Confirmation Agreement, including the supply of energy to the Buyer Group under the Base Confirmation Agreement. In addition, Macquarie Energy is entitled to accelerate any advances under the Working Capital Facility, and to enforce its liens and foreclose on the Collateral. Furthermore, if the breach giving rise to the default or termination event is willful or deliberate, Macquarie Energy is entitled to enforce all rights and take all actions under a power of attorney given to it by the Buyer Group, including the power to take all actions Macquarie Energy deems to be reasonable to operate the business until such time as the event of default or termination event has been remedied or cured (except in circumstances involving fraud, in which case the power of attorney shall continue until terminated by Macquarie Energy in its sole discretion).

USE OF PROCEEDS

The net proceeds to the Trust from the Offering will be approximately C$89.5 million, after deducting the fees payable to the Underwriters of approximately C$6.0 million and the expenses of the Offering estimated to be approximately C$4.5 million. The fees payable to the Underwriters and the expenses of the Offering will be paid out of the proceeds of the Offering.

On November 2, 2012, US Holdco entered into the Purchase Agreement with the Company to acquire the Company Interest. The closing of the Company Interest Acquisition is conditional on the concurrent closing of the Offering. The Trust will invest the net proceeds of the Offering in the Trust Subsidiaries in such a manner that US Holdco will receive the net proceeds of the Offering. US Holdco will use those proceeds to acquire the Company Interest, representing approximately 26.8% of the Membership Units in the Company. The Company will use a portion of the net proceeds to acquire the Retained Public Power Interests and enable Regional Energy to acquire the Retained Regional Energy Securities; the balance, in the amount of approximately $25 million, will be for the Company's general corporate purposes and to fund future acquisitions. See "Funding and Acquisition of the Company Interest".

If the Over-Allotment Option is exercised in full, the net proceeds to the Trust from the Offering will be approximately C$103.6 million, after deducting the fees payable to the Underwriters of approximately C$6.9 million and the expenses of the Offering estimated to be approximately C$4.5 million. The net proceeds to be received by the Trust pursuant to the exercise of the Over-Allotment Option are expected to be provided to US Holdco in the same manner as the net proceeds from the Offering and used by US Holdco to purchase additional Membership Units in the Company. The Company will use the net proceeds to repurchase up to approximately 4.0% of the Membership Units in the Company from the Regional Energy Members and Public Power Members; the balance, if any, will be for general corporate purposes.

The following table sets out the proceeds to be received by the Trust upon completion of the Offering and the intended use of those proceeds:

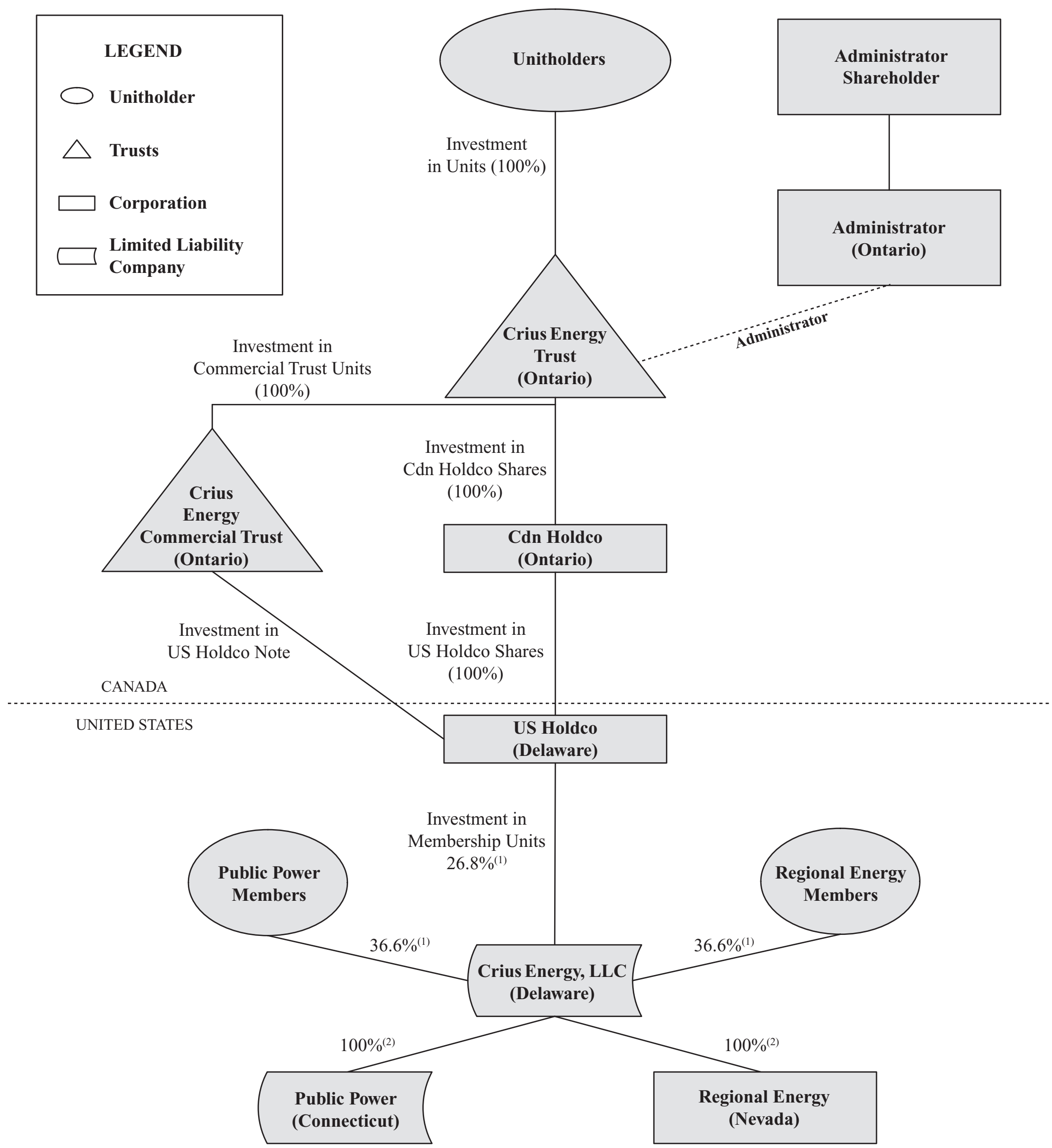
(in millions)	
Proceeds:[1]	
Offering	C$100.0
Underwriters' fee	C$ 6.0
Estimated expenses of the Offering	C$ 4.5
Net proceeds from the Offering	C$ 89.5
Use of Proceeds:	
Company Interest Acquisition	
Acquisition of the Retained Regional Energy Securities	C$ 32.3
Acquisition of the Retained Public Power Interests	C$ 32.3
General corporate purposes and to fund future acquisitions[2]	C$ 24.9
Total purchase price for the Company Interest	C$ 89.5

Notes:

(1) Assuming the Over-Allotment Option is not exercised.

(2) Based on the noon rate of exchange posted on November 1, 2012 by the Bank of Canada for conversion of Canadian dollars to U.S. dollars, C$24.9 million is exchangeable for $25.0 million.

STRUCTURE FOLLOWING CLOSING



Notes:

(1) Assuming the Over-Allotment Option is not exercised. US Holdco's interest in the Company allows it, and indirectly the Trust, to appoint a majority of the members of the board of directors of the Company and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement".

(2) On September 18, 2012, the Company acquired all of the securities of Regional Energy and membership interests in Public Power except the Retained Regional Energy Securities and Retained Public Power Interests. Following the closing of the Offering, Regional Energy and the Company will acquire the Retained Regional Energy Securities and Retained Public Power Interests, respectively, so that Regional Energy and Public Power will both be wholly-owned subsidiaries of the Company.

FUNDING AND ACQUISITION OF THE COMPANY INTEREST

Closing Transactions

The following is a summary of the principal transactions that will take place in connection with the completion of the Offering:

1. On September 18, 2012, pursuant to the Exchange Agreement, the owners of the outstanding securities of Regional Energy contributed their securities, other than the Retained Regional Energy Securities, to the Company and the owners of the outstanding membership interests in Public Power contributed their membership interests, other than the Retained Public Power Interests, to the Company in exchange for Membership Units in the Company, so that Regional Energy and Public Power both became subsidiaries of the Company. In addition, pursuant to the Retained Security Option Agreement, the owners of the Retained Regional Energy Securities granted to Regional Energy an option to acquire the Retained Regional Energy Securities and the owners of the Retained Public Power Interests granted to the Company an option to acquire the Retained Public Power Interests. See "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement".
2. Upon closing of the Offering, the Trust will use the net proceeds of the Offering to subscribe for additional Cdn Holdco Shares.
3. Cdn Holdco will use a portion of the net proceeds received from the Trust to subscribe for additional US Holdco Shares, and will loan the remaining proceeds to US Holdco in exchange for the US Holdco Note having an aggregate principal amount equal to the amount of the loan.
4. US Holdco will use the net proceeds received from Cdn Holdco to acquire the Company Interest from the Company for a purchase price of C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering).
5. The Company will acquire the Retained Public Power Interests and enable Regional Energy to acquire the Retained Regional Energy Securities. Following these transactions, the Company will own 100% of the securities of Regional Energy and 100% of the membership interests in Public Power.
6. Cdn Holdco will distribute the US Holdco Note to the Trust as a reduction of capital on the Cdn Holdco Shares and the Trust will contribute the US Holdco Note to the Commercial Trust in consideration for additional Commercial Trust Units, such that the principal amount and interest payable under the US Holdco Note will be owed by US Holdco directly to the Commercial Trust.

Following completion of the above transactions, US Holdco will own approximately 26.8% of the Membership Units in the Company (or up to approximately 30.8% of the Membership Units if the Over-Allotment Option is exercised), Regional Energy and Public Power will both be wholly-owned subsidiaries of the Company, and the Company will hold net proceeds of approximately $25 million which will be available for the Company's general corporate purposes and to fund future acquisitions.

Acquisition of Company Interest

Exchange Agreement and Retained Security Option Agreement

On September 18, 2012, the Company consummated the transactions under the Exchange Agreement. Pursuant to the Exchange Agreement: (i) the owners of the outstanding shares and warrants to acquire equity securities of Regional Energy contributed all of their securities in Regional Energy, except for a minority of the Regional Energy shares (such retained portion, collectively, the "**Retained Regional Energy Securities**"), to the Company in exchange for Membership Units in the Company; (ii) the owners of the outstanding membership interests in Public Power (including Chardan Capital Markets, LLC, financial advisor to Public Power, and certain of its principals and employees) contributed all of their membership interests in Public Power, except for a minority of the Public Power membership interests (such retained portion, collectively, the "**Retained Public Power Interests**"), to the Company in exchange for Membership Units in the Company; (iii) officers of Regional

Energy were issued Membership Units in the Company"; and (iv) certain warrants to acquire shares of Regional Energy were cancelled.

As a result of the consummation of the transactions under the Exchange Agreement, Regional Energy and Public Power both became subsidiaries of the Company, and the security holders and officers of Regional Energy acquired 50% of the Membership Units in the Company while the members of Public Power acquired 50% of the Membership Units in the Company.

The Exchange Agreement contains customary representations and warranties by the owners of the securities of Regional Energy and members of Public Power regarding the ownership of the transferred securities and membership interests. The Exchange Agreement also includes customary representations and warranties by Regional Energy and Public Power relating to the assets owned by and businesses carried on by them and their respective subsidiaries. Each person selling any Regional Energy securities to the Company (other than Macquarie Americas Corp.) and each officer of Regional Energy receiving Membership Units pursuant to the Exchange Agreement (each, a "**Regional Energy Indemnitor**") agrees to indemnify the Company (i) severally, in proportion to their ownership in Regional Energy, for any losses attributable to the breach of any representation made by Regional Energy in the Exchange Agreement (the "**Regional Energy Member Indemnity**"), and (ii) jointly and severally, for any losses attributable to any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made, in each case made in this prospectus related to Regional Energy or its business, financial conditions or results of operation (the "**Additional Regional Energy Member Indemnity**"). Similarly, each person selling any Public Power membership interest to the Company pursuant to the Exchange Agreement (each, a "**Public Power Indemnitor**") agrees to indemnify the Company (i) severally, in proportion to their ownership in Public Power, for any losses attributable to the breach of any representation made by Public Power in the Exchange Agreement (the "**Public Power Member Indemnity**"), and (ii) jointly and severally, for any losses attributable to any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made, in each case made in this prospectus related to Public Power or its business, financial conditions or results of operation (the "**Additional Public Power Member Indemnity**"). No Regional Energy Indemnitor is required to indemnify the Company unless and until the aggregate amount of losses in respect of which the Regional Energy Indemnitors, as a group, are obligated to indemnify the Company exceeds $500,000 (the "**Deductible Amount**"); however, once the amount of indemnifiable losses exceeds the Deductible Amount the Regional Energy Indemnitors are required to indemnify the Company for all such losses. Similarly, no Public Power Indemnitor is required to indemnify the Company unless and until the aggregate amount of losses in respect of which the Public Power Indemnitors, as a group, are obligated to indemnify the Company exceeds the Deductible Amount; however, once the amount of indemnifiable losses exceeds the Deductible Amount the Public Power Energy Indemnitors are required to indemnify the Company for all such losses.

The liability of a Regional Energy Indemnitor or Public Power Indemnitor pursuant to a Regional Energy Member Indemnity or Public Power Member Indemnity, as applicable, is limited to (A) the amount of cash, if any, received by such indemnitor pursuant to the Retained Security Option Agreement, (B) the amount of cash, if any, received by such indemnitor in connection with the sale of any Membership Units to the Company upon exercise of the Over-Allotment Option, (C) the Membership Units owned by such person valued at fair market value at the time an indemnification payment is owed, (D) distributions (other than distributions in respect of taxes payable on income from the Company) otherwise payable to the indemnitor, and (E) the sales proceeds received by such indemnitor in connection with any sale of Membership Units prior to the date an indemnification payment is owed. The Company may not bring a claim for indemnification under a Regional Energy Member Indemnity or Public Power Member Indemnity to the extent notice of such claim is received after the expiration of the applicable survival period set out in the Exchange Agreement (generally one or two years, depending on the nature of the representation in respect of which the claim for indemnification is made).

The liability of a Regional Energy Indemnitor or Public Power Indemnitor pursuant to an Additional Regional Energy Member Indemnity or Additional Public Power Member Indemnity, as applicable, is limited to (A) the amount of cash, if any, received by such indemnitor pursuant to the Retained Security Option Agreement, and (B) the amount of cash, if any, received by such indemnitor in connection with the sale of any

Membership Units to the Company upon exercise of the Over-Allotment Option. In addition, no Regional Energy Indemnitor or Public Power Indemnitor shall have any liability under an Additional Regional Energy Member Indemnity or Additional Public Power Member Indemnity with respect to any claim unless notice of such claim is received by the Company within the three-year period following the date of the Company Interest Acquistion. Furthermore, recourse by the Company against any Regional Energy Indemnitor or Public Power Indemnitor for any claim under an Additional Regional Energy Member Indemnity or Additional Public Power Member Indemnity that is made more than two years after the date of the Company Interest Acquisition is limited to such indemnitor's Membership Units in the Company at the time notice of such claim is given in accordance with the provisions of the Exchange Agreement.

Concurrent with the execution of the Exchange Agreement, the Company and the owners of the Retained Regional Energy Securities and Retained Public Power Interests entered into a retained security option agreement (the "**Retained Security Option Agreement**"), pursuant to which (i) the owners of the Retained Regional Energy Securities granted an option to Regional Energy to acquire their Retained Regional Energy Securities, and (ii) the owners of the Retained Public Power Interests granted an option to the Company to acquire their Retained Public Power Interests. The purchase price for the Retained Regional Energy Securities and Retained Public Power Interests is payable, at the election of Regional Energy or the Company, as the case may be, in cash and/or additional Membership Units in the Company. The Company and Regional Energy intend to pay the purchase price for the Retained Public Power Interests and Retained Regional Energy Securities in cash out of the net proceeds of the Offering received by the Company from US Holdco (less approximately $25 million to be used by the Company to fund future acquisitions or for general corporate purposes). If the purchase price payable for the Retained Public Power Interests and Retained Regional Energy Securities exceeds the net cash proceeds of the Offering received by the Company from US Holdco (less approximately $25 million, to be used by the Company to fund future acquisitions or for general corporate purposes), the Company and Regional Energy intend to pay such excess through the issuance and delivery of additional Membership Units to the vendors; in those circumstances, the Exchange Agreement provides for the issuance of additional Membership Units to US Holdco at no cost so that following such adjustment US Holdco will continue to own approximately 26.8% of the Membership Units in the Company (assuming the Over-Allotment Option is not exercised).

Pursuant to the Purchase Agreement, the Company and Regional Energy are required to exercise their rights under the Retained Security Option Agreement to acquire the Retained Public Power Interests and Retained Regional Energy Securities, respectively, as a condition of closing the acquisition of the Company Interest by US Holdco. In addition, the Retained Security Option Agreement requires holders of certain employee options to acquire Regional Energy shares (the "**D&O Options**") to sell, and Regional Energy to acquire, their D&O Options upon the acquisition of the Company Interest by US Holdco. Upon the consummation of these transactions, Regional Energy and Public Power will become wholly-owned subsidiaries of the Company.

Purchase Agreement

On November 2, 2012, US Holdco and the Company entered into the Purchase Agreement, pursuant to which US Holdco agreed to acquire from the Company, and the Company agreed to sell to US Holdco, the Company Interest on the same date as the closing of the Offering, subject to certain conditions as set out in the Purchase Agreement. In addition, if the Underwriters exercise their Over-Allotment Option, in whole or in part, the Company has agreed to issue to US Holdco up to an additional approximate 4.0% of the outstanding Membership Units (the "**Additional Company Interest**"). US Holdco is required to notify the Company, no later than 30 days following the closing of the purchase of the Company Interest, whether it intends to acquire the Additional Company Interest, in which case the closing date for such acquisition shall be no later than five business days after the date that the notice, if any, is delivered.

The purchase price payable by US Holdco for the Company Interest is C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering). The purchase price per Membership Unit payable by US Holdco for the Additional Company Interest is equal to US Holdco's cost per Membership Unit for the Company Interest. The purchase price for the Additional Company Interest is payable in US$ based on the exchange rate on the date of closing of the acquisition of the Additional Company Interest. The purchase price is in each case payable in cash and will be funded by US Holdco out of the net proceeds of the Offering (or, in the case of the Additional Company Interest, out of the proceeds from the exercise of the Over-Allotment Option).

In the Purchase Agreement, the Company makes certain customary representations relating to the business of the Company. In addition, the Company agrees to indemnify US Holdco for losses attributable to any misrepresentation contained in this prospectus. Purchasers of Units under this prospectus will not have a direct statutory right of action against the Regional Energy Members and/or the Public Power Members for any misrepresentations in this prospectus unless that member is a promoter or director of the Trust, or is otherwise required to sign this prospectus.

The closing of the Company Interest Acquisition is conditional upon certain customary conditions. The closing of the Company Interest Acquisition is also conditional upon the closing of the Offering by the Trust prior to November 13, 2012 (or such later date as the Company may agree to). In addition, the closing is subject to the following conditions in favour of US Holdco: (i) the appointment of three nominees of US Holdco to the Company's board of directors on or before the closing; (ii) the exercise by the Company and Regional Energy of their options to acquire the Retained Public Power Interests and Retained Regional Energy Securities, respectively, at the closing; and (iii) the acquisition by Regional Energy of the D&O Options at the closing.

The respective ownership of Membership Units in the Company by US Holdco, management of the Company, and other holders of Membership Units prior to and after the Company Interest Acquisition is set out below. None of the officers and directors own any equity interest in the Administrator (other than Mr. Fallquist, who is the sole shareholder of the Administrator Shareholder — see "The Trust").

Name / Position	Prior to Company Interest Acquisition Number and Percentage of Ownership	After the Company Interest Acquisition Number and Percentage of Ownership(1) (assuming no exercise of the Over-Allotment Option/assuming exercise in full of the Over-Allotment Option)(2)	
ROBERT GRIES, JR. Chairman of the Board and director of the Company	(3)	(3)	
MICHAEL FALLQUIST Chief Executive Officer of the Administrator and the Company, and Administrator Director	1,404,305 (7.0%)	1,404,305 (5.1%) /	1,327,183 (4.9%)
ROOP BHULLAR Chief Financial Officer of the Administrator and the Company, and Administrator Director(4)	49,743 (0.2%)	49,743 (0.2%) /	47,011 (0.2%)
JAN FOX Senior Vice President and General Counsel of the Administrator and the Company	17,227 (0.1%)	17,227 (0.1%) /	16,281 (0.1%)
CAMI BOEHME Senior Vice President, Marketing & Brand Strategy of the Administrator and the Company	30,428 (0.2%)	30,428 (0.1%) /	28,757 (0.1%)
MICHAEL CHESTER Vice President, Operations of the Administrator and the Company	—	—	—
REMAINING REGIONAL ENERGY MEMBERS (COMBINED)(5)	8,498,297 (42.5%)	8,498,297 (31.1%) /	8,031,587 (29.4%)
PUBLIC POWER MEMBERS (COMBINED)(3)(6)	10,000,000 (50.0%)	10,000,000 (36.6%) /	9,450,820 (34.6%)
US HOLDCO(7)	—	7,322,404 (26.8%) /	8,420,765 (30.8%)

Notes:

(1) On September 18, 2012, the Company acquired all of the securities of Regional Energy and membership interests in Public Power, except the Retained Regional Energy Securities and Retained Public Power Interests, pursuant to the transactions contemplated in the Exchange Agreement. Following the closing of the Offering, Regional Energy and the Company will acquire the Retained Regional Energy Securities and Retained Public Power Interests, respectively, so that Regional Energy and Public Power will both be wholly-owned subsidiaries of the Company.

(2) The Company will acquire the Retained Public Power Interests and enable Regional Energy to acquire the Retained Regional Energy Securities. Following these transactions, the Company will own 100% of the securities of Regional Energy and 100% of the membership interests in Public Power. See "Funding and Acquisition of the Company Interest — Closing Transactions".

(3) Mr. Gries, Chairman of the Board, and a director of the Company, is the Managing Member and Director of GF Power I, LLC and GF Factoring, LP. Prior to the Company Interest Acquisition, GF Power I, LLC and GF Factoring, LP, which are controlled by Mr. Gries, will own a combined 9,650,000 (48.3%) Membership Units in the Company. GF Power I, LLC and GF Factoring, LP will receive proceeds from the Offering as a result of the sale of their Retained Public Power Interests to the Company pursuant to the Retained Security Option Agreement. Mr. Gries is the beneficial owner of 74,008 (0.4%) Membership Units in the Company through his ownership interest in the Gries Fund which has an ownership interest in GF Power I, LLC and GF Factoring, LP.

(4) The Company expects that Mr. Bhullar will resign from the Board immediately following the closing of the Offering and will be replaced by an additional independent director.

(5) None of the persons or entities that comprise the remaining Regional Energy Members individually hold more than 10% of the outstanding Membership Units in the Company prior to the Company Interest Acquisition.

(6) Chardan Capital Markets, LLC, the financial advisor to Public Power in connection with the Combination, and certain of its principals and employees, are Public Power Members and will receive proceeds from the Offering as a result of the sale of their Retained Public Power Interests to the Company pursuant to the Retained Security Option Agreement.

(7) US Holdco's interest in the Company allows it, and indirectly the Trust, to appoint a majority of the members of the board of directors of the Company and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. See "Structure Following Closing" and "Funding and Acquisition of the Company Interest — The Company LLC Agreement".

Purchasers of Units are encouraged to review the terms of the Purchase Agreement for a complete description of the terms thereof, including the representations, warranties and indemnities (and related limitations) contained therein. The Purchase Agreement will be available on SEDAR at www.sedar.com under the Trust's profile. See "Material Contracts".

The Company LLC Agreement

Concurrent with the acquisition by US Holdco of the Company Interest, the Company, US Holdco and the other holders of Membership Units in the Company will enter into a Second Amended and Restated Limited Liability Company Agreement of Crius Energy, LLC (the "**Company LLC Agreement**") which will govern the business and affairs of the Company and set out the rights and obligations of the members of the Company with respect to their ownership interests in the Company.

The following is a summary of the material terms of the Company LLC Agreement. The summary below is qualified in its entirety by reference to the text of the Company LLC Agreement. See "Material Contracts".

General

The Company is a limited liability company formed on August 7, 2012 pursuant to the laws of Delaware. Except as otherwise provided in the Company LLC Agreement, the rights and liabilities of the members of the Company are governed by the *Delaware Limited Liability Company Act* (the "**Delaware Act**").

The purpose of the Company is to serve as a member or stockholder of Regional Energy, Public Power and any other operating subsidiaries of the Company (collectively, the "**Operating Companies**"). In addition, the Company may engage in, or form any corporation, partnership, joint venture, limited liability corporation or other arrangement to engage in, any business that the Operating Companies are permitted to engage in or that the Company's board of directors may approve and that may lawfully be conducted by a limited liability company pursuant to the Delaware Act. Title to Company assets are deemed to be owned by the Company as an entity, and no member, director or officer of the Company shall have an ownership interest in such Company assets. The Company shall continue as a separate legal entity unless and until it is dissolved in accordance with the provisions of the Company LLC Agreement.

Management and Operation of Company Business

US Holdco will be admitted to the Company as its managing member. In its capacity as managing member, US Holdco will have the right to appoint a majority of the members of the Company's board of directors. The directors of the Company, because it is a limited liability company rather than a corporation, have the power and authority provided for in the Company LLC Agreement. Under the Company LLC Agreement, the board of directors has all the authority that directors of a Delaware corporation would have, which are discussed below.

Except as otherwise provided in the Company LLC Agreement, the business and affairs of the Company shall be managed by, or under the direction of, the Company's board of directors. The board of directors has the power and authority to appoint officers of the Company. No member, by virtue of its status as such, shall have any management power over the business and affairs of the Company or actual or apparent authority to enter into, execute or deliver contracts on behalf of, or to otherwise bind, the Company. In addition, the Company LLC Agreement provides that the only matters that the holders of Membership Units are entitled to approve are the amendment of the Company LLC Agreement, the dissolution and liquidation of the Company and the merger or amalgamation of the Company with another entity. These transactions generally require the approval of the Company's board of directors, as well as the approval of US Holdco and the Regional Energy Members and Public Power Members by an Act of the Members (defined herein). If the Regional Energy Members and Public Power Members, in the aggregate, own less than 20% of the outstanding Membership Units, such transactions will no longer require the approval of the Regional Energy Members and Public Power Members, and will instead only require approval by holders of a majority of Membership Units. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Matters Requiring Approval by an Act of the Members."

The Company's board of directors shall have full power and authority to do, and to direct the officers of the Company to do, all things and on such terms as it determines to be necessary or appropriate to conduct the business of the Company, including:

- making expenditures, lending or borrowing money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible into membership interests, and the incurring of any other obligations;
- making tax, regulatory and other filings, and rendering reports to governmental or other agencies having jurisdiction over the business or assets of the Company;
- the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Company;
- the merger or other combination of the Company with or into another person (subject to such prior approval of the members as may be required by the Company LLC Agreement);
- use of the Company's assets (including cash on hand) for any purpose consistent with the terms of the Company LLC Agreement;
- the negotiation, execution and performance of any contracts, conveyances or other instruments;
- the distribution of Company cash, including Company Distributable Cash;
- the selection and dismissal of officers, employees, agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring, the creation and operation of employee benefit plans, employee programs and employee practices;
- the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any limited or general partnerships, joint ventures, corporations, limited liability companies or other relationships in accordance with the purposes of the Company;
- the control of any matters affecting the Company's rights and obligations, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or mediation and the incurring of legal expense and the settlement of claims and litigation;
- the indemnification of any person against liabilities and contingencies to the extent permitted by law;
- the entering into of agreements with any of the Company's affiliates to render services to the Company;

- unless otherwise restricted by the Company LLC Agreement, the purchase, sale or other acquisition or disposition of equity interests in the Company, or the issuance of additional options, rights, warrants and appreciation rights relating to equity interests in the Company.

Rights of Members

At the closing of the Offering and the Company Interest Acquisition, US Holdco will be admitted as a member of the Company and will become bound by the provisions of the Company LLC Agreement.

Under the Company LLC Agreement, members of the Company are entitled, among other things, to the following rights:

- the right to receive distributions of distributable cash as determined by the board of directors of the Company;
- the right to appoint directors of the Company, as described in greater detail below;
- the right to vote on certain fundamental transactions relating to the Company, as described in greater detail below;
- the right to receive audited annual financial statements and unaudited quarterly financial statements of the Company;
- the right, upon reasonable written demand, to obtain true and full information regarding the status of the business and financial condition of the Company;
- the right, upon reasonable written demand, to obtain a copy of the Company's federal, state and local income tax returns for each year;
- the right, following the dissolution of the Company and after payment of amounts owed to the creditors of the Company and after the setting aside of certain reserves as the board of directors deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, to receive any remaining assets of the Company.

In addition to the foregoing, the Company LLC Agreement provides that the Company shall:

- make available to US Holdco such officers of the Company and the Company's subsidiaries as US Holdco may reasonably request to meet or participate in conference calls or "road shows" with owners or potential owners of Units of the Trust, analysts who report on or who may report on the Trust, and lenders to the Trust or any of its subsidiaries;
- provide to US Holdco all information reasonably available to the Company and required or convenient for the preparation of financial statements and accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations of the Trust in accordance with applicable securities law;
- cooperate in all reasonable respects with requests from US Holdco in the preparation and audit of the consolidated financial statements of the Trust and any related due diligence review of the financial statements;
- provide reasonable assistance in order to permit the Trust to comply with the Trust's timely and continuous disclosure obligations under applicable securities law;
- use all reasonable efforts to establish and maintain such internal controls over financial reporting and disclosure controls and procedures as may be reasonably necessary in order to permit the Trust to comply with applicable securities law;
- adopt and use all reasonable efforts to enforce internal policies with regards to insider trading and reporting in a manner reasonably acceptable to US Holdco;
- provide to US Holdco certain information available to the Company and each of its subsidiaries as US Holdco may reasonably request in order to permit US Holdco to compute certain amounts required to be computed by it for Canadian tax purposes.

Capital Contributions

Members are not obligated to make additional capital contributions, except as described below under "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Limited Liability and Unlawful Distributions."

No member is entitled to the withdrawal or return of its capital contribution to the Company (except to the extent of any distributions made pursuant to the Company LLC Agreement or upon termination of the Company to the extent provided for in the Company LLC Agreement). Except to the extent expressly provided in the Company LLC Agreement, no member is entitled to the withdrawal or return of its capital contribution to the Company and no member shall have priority over any other member as to the return of capital contributions or as to profits, losses or distributions.

Company Board of Directors

The Company LLC Agreement provides that the Company's board of directors shall consist of five natural persons. Each director shall serve in such capacity until his or her successor has been duly elected and qualified or until such director dies, resigns or is removed. A director may resign at any time upon written notice to the Company.

Pursuant to the Company LLC Agreement, US Holdco shall have the right to appoint three persons, and the Regional Energy Members, collectively, and the Public Power Members, collectively, shall each have the right to appoint one person to the Company's board of directors. However, if the Regional Energy Members and the Public Power Members in the aggregate own less than 20% of the outstanding Membership Units, the Regional Energy Members and the Public Power Members shall cease to have a right to appoint any person to the Company's board of directors and US Holdco will have the sole right to appoint all of the members to the Company's board of directors and determine the size of the board. Vacancies on the board of directors may be filled, and directors may be removed, only by the party entitled to appoint the director.

The Company LLC Agreement requires that a majority of the Company's board of directors, and all of the nominees of US Holdco to the Company's board of directors, must be independent directors who satisfy the independence criteria under Canadian securities law for membership on the audit committee of the board of directors of the Administrator.

Unless otherwise required by the Delaware Act or the provisions of the Company LLC Agreement, each member of the Company's board of directors shall have one vote, a majority of the members of the board of directors shall constitute a quorum at any meeting of the board of directors, and the act of a majority of the directors present at a meeting of the board of directors at which a quorum is present shall be deemed to constitute the act of the board of directors. Any action required or permitted to be taken at a meeting of the board of directors, or any committee thereof, may be taken without a meeting and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by all members of the board of directors or committee.

In addition to the five members of the Company's board of directors, the Company LLC Agreement provides for a "Special Member" appointed by the Company's board of directors. The Special Member is not entitled to vote, and is not otherwise counted for a quorum or entitled to participate in meetings of the board of directors, except with respect to the following matters relating to the Company or any of its subsidiaries: (i) filing or consenting to the filing of any bankruptcy, insolvency or reorganization case or proceeding, instituting proceedings under any applicable insolvency law or otherwise seeking relief from debts or the protection of debtors generally, (ii) seeking or consenting to the appointment of a receiver, liquidator, trustee or similar person, and (iii) making any assignment for the benefit of creditors. The appointment of a Special Member is a requirement of Macquarie Energy.

The Company's board of directors may, by resolution of a majority of the full board of directors, designate one or more committees. Any such committee shall consist of three or more of the directors, and a majority of the members of each committee must be directors appointed by US Holdco. Any committee of the board of directors, to the extent provided in the resolution of the board of directors or in the Company LLC Agreement, shall have and may exercise all powers and authority of the board of directors in the management of the business and affairs of the Company, provided that no such committee shall have the power or authority to approve or adopt, or recommend to the members, any action or matter expressly required by the Company LLC Agreement or the Delaware Act to be submitted to the members for approval, or to adopt, amend or repeal any provision of the Company LLC Agreement.

Issuance of Membership Units

The Company may issue Membership Units for any Company purpose at any time and from time to time to US Holdco for such consideration and on such terms and conditions as the Company's board of directors determines without the approval of the members of the Company, except that if the issuance is for more than $75 million the Company must receive a fairness opinion from a nationally recognized investment banker as to the fairness, from a financial point of view, of the price paid for the Membership Units. The Company LLC Agreement restricts the Company from issuing Membership Units to any person other than US Holdco without the approval of US Holdco, the Regional Energy Members and Public Power Members by an Act of the Members. Notwithstanding the forgoing, no such approval is required for the issuance of up to three million Membership Units pursuant to a long-term incentive plan adopted by the Company's board of directors.

Transfers of Membership Units

Subject to the provisions of the Company LLC Agreement, any applicable law, including securities law, and any contractual provision binding any member (including, without limitation, the Governance Agreement), Membership Units in the Company are generally freely transferable to any person.

The Company may impose restrictions on the transfers of Membership Units if it receives an opinion from counsel that such restrictions are necessary to avoid a significant risk of the Company or any subsidiary of the Company becoming taxable as a corporation or otherwise becoming taxable as an entity for United States federal income tax purposes.

Transfers or proposed transfers of Membership Units may trigger "right of first refusal" provisions in the Governance Agreement. See "Funding and Acquisition of the Company Interest — Governance Agreement — Transfer Restrictions."

Distributions

Within 15 days following the end of each month, the Company is required to distribute the Company Distributable Cash (as defined below) to the members in accordance with their respective Percentage Interests (as that term is defined in the Company LLC Agreement). For these purposes, "Company Distributable Cash" means the amount of cash that the Company's board of directors determines, in its sole and absolute discretion, is available for distribution to the members as of the end of any month, after establishing reserves for any proper purpose as determined by the board of directors, including the making of future distributions; provided, however, that for the 2019 and any subsequent fiscal year of the Company, the amount of Company Distributable Cash shall not exceed the amount of Company Distributable Cash determined by the Company's board of directors for the 2018 fiscal year of the Company unless the Company has previously made a Liquidity Offer to acquire all of the then outstanding Membership Units owned by the Regional Energy Members and Public Power Members (other than Non-Tendered Membership Units).

In addition to the foregoing, the Company is required to make cash distributions to the members to allow the members to pay the United States federal income tax (including, without limitation, estimated tax payments) attributable to the Company's taxable income for that relevant fiscal year that is passed through the Company to the members. Any such distributions are to be treated as an advance on the monthly distributions referred to in the preceding paragraph.

To the extent the Company's board of directors decides to distribute the proceeds from the sale, condemnation or refinancing of any of the Company's assets (after payment of, or reserve for, Company liabilities) to the members, payments on certain Membership Units issued to management are generally deferred until such time as distributions on the remaining Membership Units have attained certain specified levels.

Limited Liability and Unlawful Distributions

The Delaware Act provides that a member who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the Company for the amount of the distribution for three years. Under the Delaware Act, a limited liability company may not make a distribution to a member if, after the distribution, all liabilities of the company, other than liabilities to members on account of their membership interests and liabilities for which the recourse of creditors is limited to specific property of the company, would exceed the fair value of the assets of the company. For the purpose of determining the fair value of the assets of a company, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the company only to the extent that the fair value of that property exceeds the nonrecourse liability. Under the Delaware Act, an assignee who becomes a substituted unitholder of a company is liable for the obligations of his assignor to make contributions to the company, except the assignee is not obligated for liabilities unknown to him at the time he became a unitholder and that could not be ascertained from the limited liability company agreement.

Mandatory Redemption Upon Ceasing to be Eligible Member

In certain cases, the Company may have the right to redeem Membership Units or substitute itself as the owner of a member's interests where the member is or becomes subject to any federal, state or local law or regulation that the board of directors determines would create a substantial risk of a burdensome regulatory requirement. These provisions do not apply to Membership Units held by US Holdco.

Offer to Purchase Membership Units Upon Trust Change of Control

Within 30 days following the occurrence of a Trust Change of Control (as defined below), the Company or US Holdco is required to make an offer to purchase all of the Membership Units of each Regional Energy Member and Public Power Member at a price per Membership Unit equal to the Change of Control Purchase Price (as defined below).

For these purposes, a "Trust Change of Control" means the occurrence of any of the following: (i) the adoption by the Trust of a plan relating to the liquidation or dissolution of the Trust; (ii) the consummation of any transaction (including, without limitation, any merger, consolidation or amalgamation) the result of which is that any person becomes the beneficial owner, directly or indirectly, of more than 50% of the Units of the Trust; (iii) the first day on which a majority of the members of the board of directors of the Administrator are not Continuing Directors (as that term is defined in the Company LLC Agreement); or (iv) the first day on which the Trust does not own, directly or indirectly through other wholly-owned subsidiaries, all of the outstanding equity interests in US Holdco.

The "Change of Control Purchase Price" per Membership Unit is equal to (i) 6.5 times the Company's Consolidated Cash Flow (as that term is defined in the Company LLC Agreement) for the preceding four full fiscal quarters (subject to certain adjustments in the event the Company has made a material acquisition or disposition during that period), plus the amount of the Company's cash and cash equivalents on a consolidated basis as of the preceding fiscal quarter, minus the amount of debt as of the end of the preceding fiscal quarter, divided by (ii) the number of outstanding Membership Units; provided that if the Regional Energy Members and Public Power Members, in the aggregate, own less than 20% of the outstanding Membership Units, the Change of Control Purchase Price per Membership Unit shall be the fair market value of a Membership Unit as determined by the Company's board of directors in good faith.

Offer to Purchase Membership Units in Connection with Company Change of Control

US Holdco agrees not to permit a Company Change of Control (as defined below) to occur unless US Holdco or the Company offers to purchase all of the Membership Units of each Regional Energy Member and Public Power Member at a price per Membership Unit equal to the Change of Control Purchase Price prior to the Company Change of Control. These provisions do not apply if the Company Change of Control is approved by an Act of the Members.

For these purposes, a "Company Change of Control" means the occurrence of any of the following: (i) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets (including equity interests of its subsidiaries) of the Company and its subsidiaries, taken as a whole, to any person, except pursuant to certain internal reorganizations of the Company; (ii) the adoption by the Company of a plan relating to the liquidation or dissolution of the Company; or (iii) the consummation of any transaction (including, without limitation, any merger, consolidation or amalgamation) or any voting agreement, proxy or similar arrangement pursuant to which US Holdco transfers beneficial ownership of any Membership Units then owned by US Holdco, other than a transfer of beneficial ownership to the Company or an affiliate of US Holdco.

Offer to Purchase Membership Units from Excess Cash

In each fiscal year of the Company, commencing with the 2019 fiscal year, the Company is required make an offer, on or before the 90th day of such fiscal year, to purchase the maximum number of Membership Units of the Regional Energy Members and Public Power Members that may be purchased out of Excess Cash (as defined below), at a price per Membership Unit equal to the Liquidity Offer Purchase Price (as defined below). If, in any year, a Liquidity Offer is made by the Company for all or a portion of the Membership Units held by the Regional Energy Members and Public Power Members and any Regional Energy Member or Public Power Members refuses to accept such Liquidity Offer with respect to any of the member's Membership Units that are subject to the Liquidity Offer (the "**Non-Tendered Membership Units**"), the Company is not required to make a further Liquidity Offer for any of the member's Non-Tendered Membership Units in any subsequent year.

For these purposes, "Excess Cash" means an amount, as of the end of the immediately preceding fiscal year of the Company, determined by the Company's board of directors, in its sole and absolute discretion, which is not required to be retained in order to permit the Company to make distributions (including future distributions) at the then current level of distributions and which is in excess of any other reasonable reserves established by the Company's board of directors for any proper purpose. The "Liquidity Offer Purchase Price" per Membership Unit means, in respect of a Liquidity Offer made in any fiscal year of the Company, an amount equal to (i) five times the Company's Consolidated Cash Flow (as that term is defined in the Company LLC Agreement) for the immediately preceding fiscal year, plus the Company's cash and cash equivalents on a consolidated basis as of the end of such preceding fiscal year, minus the Company's debt as of the end of such preceding fiscal year, divided by (ii) the number of outstanding Membership Units as of the date of such Liquidity Offer.

Company Right to Acquire Membership Units

If at any time US Holdco and its affiliates hold more than 80% of the Membership Units then outstanding, the Company has the right, exercisable at its option, to purchase all, but not less than all, of the outstanding Membership Units held by persons other than US Holdco and its affiliates, at a price per Membership Unit equal to the greater of (i) the fair market value of the Membership Unit, determined by the Company's board of directors in good faith, and (ii) the highest price paid by US Holdco or any of its affiliates for any Membership Unit purchased during the 90-day period preceding the date notice of the Company's intention to exercise its right is mailed.

Matters Requiring Approval by an Act of the Members

The following matters generally require approval by an Act of the Members, except that such approval is generally not required if the Regional Energy Members and Public Power Members collectively own less than 20% of the Membership Units:

Issuance of Membership Units. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Issuance of Membership Units."

Amendment of the Company LLC Agreement. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Amendment of the Company LLC Agreement."

Merger of the Company. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Merger or Consolidation."

Dissolution of the Company. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Termination and Dissolution."

Provided the Regional Energy Members and Public Power Members, in the aggregate, own at least 20% of the outstanding Membership Units, an action is deemed to have been approved by an "Act of the Members" where: (i) with respect to US Holdco, a director appointed by US Holdco executes and delivers to the Chairman of the Company's board of directors a certificate stating that US Holdco has approved such action; (ii) with respect to the Regional Energy Members, the director appointed by the Regional Energy Members executes and delivers to the Chairman of the Company's board of directors a certificate stating that the Regional Energy Members have approved such action pursuant to the Governance Agreement; and (iii) with respect to the Public Power Members, the director appointed by the Public Power Members executes and delivers to the Chairman of the Company's board of directors a certificate stating that the Public Power Members have approved such action pursuant to the Governance Agreement. If the Regional Energy Members and Public Power Members, in the aggregate, own less than 20% of the outstanding Membership Units, an Act of the Members shall only acquire approval by holders of a majority of the Membership Units. See also "Funding and Acquisition of the Company Interest — Governance Agreement — Act of the Members."

Amendment of the Company LLC Agreement

Amendments to the Company LLC Agreement may be proposed only by or with the consent of the board of directors, and generally require the approval of the members by an Act of the Members. In addition, any proposed amendment that would disproportionately affect the economic interests or voting rights of one or more members may not be adopted without the approval of each member that would be disproportionately affected thereby.

The Company's board of directors may, without the approval of any member, amend the Company LLC Agreement to reflect:

- a change in the name of the Company, the location of the principal place of business of the Company, the registered agent of the Company or the registered office of the Company;

- the admission, substitution, withdrawal or removal of members in accordance with the Company LLC Agreement;

- a change that the board of directors determines to be necessary or appropriate to qualify or continue the qualification of the Company as a limited liability company under the laws of any state, or to ensure that the Company and its subsidiaries will not be treated as associations taxable as corporations or otherwise taxed as entities for United States federal income tax purposes;

- a change that the board of directors determines (i) does not adversely affect the members in any material respect, or (ii) is necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act);

- a change in the fiscal year or taxable year of the Company and any other changes that the board of directors determines to be necessary or appropriate as a result of a change in the fiscal year or taxable year of the Company, including, if the board of directors so determines, a change in the dates on which distributions are to be made by the Company;

- an amendment that is necessary, in the opinion of counsel, to prevent the Company or its directors, officers, trustees or agents from being subjected to the provisions of the *Investment Company Act* of 1940, as amended, the *Investment Advisers Act* of 1940, as amended, or "plan asset" regulations adopted under the *Employee Retirement Income Security Act* of 1974, as amended;

- an amendment that the board of directors determines to be necessary or appropriate to reflect and account for the formation by the Company of, or investment by the Company in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Company of activities permitted by the Company LLC Agreement; and

- any other amendments substantially similar to the foregoing.

Merger or Consolidation

The board of directors is prohibited from causing the Company to merge or consolidate with any other entity without approval by an Act of the Members.

Termination and Dissolution

The Company will continue until terminated under the Company LLC Agreement and will dissolve upon: (1) the election of the board of directors to dissolve, if approved by the members pursuant to an Act of the Members; (2) the sale, exchange or other disposition of all or substantially all of the assets and properties of the Company and its subsidiaries; or (3) the entry of a decree of judicial dissolution of the Company.

Liquidation and Distribution of Proceeds

Upon dissolution, the liquidator authorized to wind up the Company's affairs will, acting with all of the powers of the board of directors that the liquidator deems necessary or desirable in its judgment, liquidate the Company's assets and apply the proceeds of the liquidation as provided in the Company LLC Agreement.

Indemnification

Under the Company LLC Agreement and subject to specified limitations, the Company will indemnify to the fullest extent permitted by law, from and against all losses, claims, damages or similar events, any director or officer, or while serving as a director or officer, any person who is or was serving as a tax matters member or as a director, officer, tax matters member, employee, partner, manager, fiduciary or trustee of the Company or its affiliates. Additionally, the Company shall indemnify to the fullest extent permitted by law, from and against all losses, claims, damages or similar events, any person who is or was an employee (other than an officer) or agent of the Company.

Any indemnification under the Company LLC Agreement will only be out of the Company's assets. The Company is authorized to purchase insurance against liabilities asserted against and expenses incurred by persons for Company activities, regardless of whether the Company would have the power to indemnify the person against liabilities under the Company LLC Agreement.

Conflicts of Interest

Certain officers of the Administrator and certain Administrator Directors are also securityholders, officers and/or directors of the Company and other companies engaged in the electricity business generally. The Company LLC Agreement contains provisions that modify and limit the directors' fiduciary duties to the members. The Company LLC Agreement also restricts the remedies available to members for actions taken that, without those limitations, might constitute breaches of fiduciary duty. The board of directors or its affiliates will not be in breach of its obligations under the Company LLC Agreement or its duties to the Company or the members if the resolution of the conflict is:

- approved by the vote of a majority of the outstanding Membership Units held by disinterested parties;
- on terms no less favorable to the Company than those generally being provided to or available from unrelated third parties; or
- fair and reasonable to the Company, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to the Company or if the board of directors receives a fairness opinion from a nationally recognized investment bank that the course of action, resolution or transaction which created the conflict is fair to the Company from a financial point of view.

The board of directors is authorized, but not required, to seek a fairness opinion. If the board of directors determines that the resolution or course of action taken with respect to the conflict of interest satisfies any of the standards set forth in the bullet points above, then it will be presumed that, in making its decision, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any member or by or on behalf of such member or any other member or the Company challenging such approval, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Conflicts of interest could arise in the situations described below, among others:

- affiliates of directors are not limited in their ability to compete with the Company, which could cause conflicts of interest and limit the Company's ability to acquire additional assets or businesses which in turn could adversely affect the Company's results of operations;
- directors have no obligation under the Company LLC Agreement, or as a result of any duty expressed or implied by law, to present business opportunities to the Company that may become available to such director or affiliates of such director;
- none of the Company and the Operating Companies, any member or any other person has rights, by virtue of a director's duties as a director, the Company LLC Agreement or any other agreement between the Company and the Operating Companies, in any business ventures of a director.

Fiduciary Duties

The Company LLC Agreement provides that the Company's business and affairs shall be managed under the direction of the board of directors, which shall have the power to appoint officers. The Company LLC Agreement further provides that the authority and function of the board of directors and officers shall be identical to the authority and functions of a board of directors and officers of a corporation organized under the Delaware General Corporation Law ("**DGCL**"). Finally, the Company LLC Agreement provides that except as specifically provided therein, the fiduciary duties and obligations owed to the Company and to the members shall be the same as the respective duties and obligations owed by officers and directors of a corporation organized under the DGCL to their corporation and stockholders, respectively.

The Company LLC Agreement permits affiliates of the directors to invest or engage in other businesses or activities that compete with the Company. In addition, the Company LLC Agreement provides that the directors have no obligations to present business opportunities to the Company. The Company may lend or contribute funds to the Operating Companies on terms and conditions determined by the board of directors in order to directly or indirectly enable distributions to the members and members will not be able to assert that such action constituted a breach of fiduciary duties owed to the members by the directors and officers.

In performing their duties, directors will be fully protected in relying in good faith upon the Company's officers or employees, or committees of the board of directors or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by the Company. In the case of such reliance, members will not be able to assert that such action constituted a breach of fiduciary duties owed to them by the directors and officers.

The Company LLC Agreement contains provisions that reduce the standards to which the directors would otherwise be held by state fiduciary duty law and has also restricted the remedies available to members for actions that, without the limitations, might constitute breaches of fiduciary duty. For example, the Company LLC Agreement:

- provides that directors shall not have any liability to the Company or its members so long as they acted in good faith, meaning they believed that the decision was in the best interests of the Company; and
- provides that no director will have any duty to any member (other than the member that appointed the director) or be liable to the Company or its members for monetary damages for breach of fiduciary duty as a director except for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or for any transaction from which the director derived an improper personal benefit.

In addition, borrowings by the Company and its affiliates do not constitute a breach of any duty owed by the board of directors to the members, including borrowings that have the purpose or effect of directly or indirectly enabling distributions to the members.

Governance Agreement

On September 18, 2012, the Company, the Regional Energy Members and the Public Power Members entered into a governance agreement (the "**Governance Agreement**") which provides, among other things, for the governance of the Company prior to the admission of US Holdco as a member, the admission of US Holdco as a member upon the Company Interest Acquisition, the exercise of the retained security option under the Retained Security Option Agreement and restrictions on the transfer of Membership Units. Upon the closing of the Offering and the Company Interest Acquisition, US Holdco will become a party to the Governance Agreement.

Transfer Restrictions

Rights of Refusal. Under the Governance Agreement, the Company has a right of first refusal to purchase all or any portion of any Membership Units that any member may propose to transfer, at the same price and on the same terms as those offered to a prospective transferee. The Company may assign to US Holdco its right to acquire all or any portion of the Membership Units proposed to be transferred. The non-selling members have a secondary refusal right to purchase all or any portion of the Membership Units not purchased by the Company pursuant to the right of first refusal. If rights to purchase have been exercised by the Company and the non-selling members with respect to some but not all of the Membership Units, the non-selling members who exercised their option to purchase will have an additional option period to purchase all or any part of the remaining Membership Units proposed to be sold. If the total number of Membership Units purchased pursuant to the first and second rights of first refusal are less than the total number of Membership Units proposed to be sold to a third party by the selling member, the selling member can sell all, but not less than all, of the remaining Membership Units proposed to be sold. The Governance Agreement limits the ability of a member to transfer Membership Units in certain circumstances where the conditions giving rise to the right of first refusal with respect to another proposed transfer have been triggered.

Tag Along Right. Where any portion of Membership Units subject to a proposed transfer is not sold pursuant to the first and second rights of refusal, each non-selling member may elect to participate on a pro-rata basis in the proposed transfer.

Drag Along Right. If, pursuant to the Company LLC Agreement, the Company is required to make an offer to acquire all of the Membership Units (other than those owned by US Holdco) in connection with a Company Change of Control, each member who does not sell their Membership Units to the Company agrees to sell such member's pro rata percentage of Membership Units to the prospective transferee at the same price and on the same terms and conditions. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units in Connection with Company Change of Control".

Offer to Sell to the Company. Each Regional Energy Member and Public Power Member who is considering making a transfer of 300,000 or more Membership Units (other than an exempt transfer, as described below) is first required to notify the Company of the proposed transfer and the price at which the member would be willing to sell such Membership Units to the Company (the "**Proposed Price**"). Upon receipt of any such notice, the Company is required to notify the other members of the offer and such other members shall have 10 days to indicate to the Company whether they also wish to sell Membership Units to the Company at the Proposed Price. Following any such notice, the Company and the members proposing to sell Membership Units to the Company shall negotiate in good faith regarding the sale to the Company of such Membership Units. The closing of such agreement to sell Membership Units to the Company may, if requested by the Company, be conditional upon the ability of the Company to arrange financing for the purchase. If the Company purchases Membership Units pursuant to such a transaction, each member of the Company agrees not to sell any Membership Units for 120 days following such purchase. If the Company does not complete the purchase, the member initially proposing to sell Membership Units may sell all or a portion of such Membership Units to a proposed transferee at a price equal to or greater than the Proposed Price, subject to the refusal rights, drag along and tag along provisions described above.

Exempt Transfers. The refusal rights, tag along and drag along provisions do not apply (i) in the case of a bona fide pledge of Membership Units, for the purpose of providing collateral for a bona fide debt of the owner, provided the pledgee agrees to be bound by the Governance Agreement, (ii) to the sale or transfer of Membership Units to an affiliate of the member or to any other member, (iii) to a transfer to the Company, and (iv) to transfers made for bona fide estate planning purposes.

Purchase by US Holdco. US Holdco agrees that, except in connection with refusal rights assigned by the Company to US Holdco, neither it nor its affiliates, other than the Company or any subsidiary of the Company, will purchase or otherwise acquire Membership Units from any of the members unless US Holdco makes an offer to acquire a proportionate number of Membership Units owned by all of the members for the same consideration.

Act of the Members

Under the Governance Agreement, an "Act" of the Regional Energy Members means the consent or approval by the holders of a majority of the outstanding Membership Units owned by all of the Regional Energy Members, and an "Act" of the Public Power Members means the consent or approval by the holders of a majority of the outstanding Membership Units owned by all of the Public Power Members. Certain Regional Energy Members have agreed to vote their Membership Units in the same proportion as other of the Regional Energy Members.

CONSOLIDATED CAPITALIZATION

The following table sets out the consolidated Unit capitalization of the Trust as at September 7, 2012, and the *pro forma* Unit capitalization of the Trust as at that date after giving effect to the Offering and the Company Interest Acquisition.

Designation	Authorized	As at September 7, 2012	*Pro forma* as at September 7, 2012 after giving effect to the Offering and the Company Interest Acquisition
Units(1)	Unlimited	C$10.00(2) (1 Unit)	C$89.5 million(3)(4) (10,000,000 Units)(5)

Notes:

(1) The Trust was established under the laws of the Province of Ontario on September 7, 2012 by the Trust Indenture. The Trust will have no material assets or operating history until the successful completion of the Offering and the acquisition of the Company Interest by US Holdco.

(2) The Trust issued one Unit at a subscription price of C$10 to the Administrator in connection with the establishment of the Trust on September 7, 2012.

(3) Net of Offering expenses of approximately C$4.5 million and Underwriters' fee estimated to be C$6.0 million.

(4) Before giving effect to the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the Unit capitalization is expected to be C$103.6 million (11,500,000 Units), net of estimated Offering expenses and Underwriters' fee. See "Use of Proceeds".

(5) In addition, the Trust has adopted a Restricted Trust Unit Plan (the "**RTUP**"). The Trust intends to grant restricted trust units ("**RTUs**") at the closing of the Offering.

SELECTED *PRO FORMA* FINANCIAL INFORMATION OF THE TRUST

The following selected *pro forma* financial information contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements. The information should be read in conjunction with the unaudited *pro forma* consolidated financial statements of the Trust and the audited and unaudited consolidated financial statements of Regional Energy, Public Power and the Trust and the related notes and the discussion under "Management's Discussion and Analysis of Financial Condition and the Results of Operations — Regional Energy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Public Power", included elsewhere in this prospectus as well as other information included in this prospectus, including "Non-IFRS Financial Measures" and "Summary of Distributable Cash". The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those listed under "Risk Factors" and included elsewhere in this prospectus.

The following selected *pro forma* financial information has been derived from the unaudited *pro forma* consolidated financial statements of the Trust and the audited and unaudited consolidated financial statements of Regional Energy and Public Power included elsewhere in this prospectus.

The unaudited *pro forma* statements of the Trust are based on management's assumptions and adjustments, which are inherently subjective. The unaudited *pro forma* consolidated financial statements of the Trust may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited *pro forma* consolidated financial statements are not a forecast or projection of future results. The actual financial position and results of operations of the Trust for any period following the closing of the transactions contemplated by this prospectus will likely vary from the amounts set forth in the unaudited *pro forma* consolidated financial statements and such variation may be material. See "Non-IFRS Financial Measures".

The unaudited *pro forma* financial information has been prepared to reflect the following transactions that have occurred or will occur in connection with the Offering and the Company Interest Acquisition:

1. On September 18, 2012, pursuant to the Exchange Agreement, the owners of the outstanding securities of Regional Energy contributed their securities, other than the Retained Regional Energy Securities, to the Company and the owners of the outstanding membership interests in Public Power contributed their membership interests, other than the Retained Public Power Interests, to the Company in exchange for Membership Units in the Company, so that Regional Energy and Public Power both became subsidiaries of the Company. In addition, pursuant to the Retained Security Option Agreement, the owners of the Retained Regional Energy Securities granted to Regional Energy an option to acquire the Retained Regional Energy Securities and the owners of the Retained Public Power Interests granted to the Company an option to acquire the Retained Public Power Interests. See "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement".
2. Upon closing of the Offering, the Trust will use the net proceeds of the Offering to subscribe for additional Cdn Holdco Shares.
3. Cdn Holdco will use a portion of the net proceeds received from the Trust to subscribe for additional US Holdco Shares, and will loan the remaining proceeds to US Holdco in exchange for the US Holdco Note having an aggregate principal amount equal to the amount of the loan.
4. US Holdco will use the net proceeds received from Cdn Holdco to acquire the Company Interest from the Company for a purchase price of C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering).
5. The Company will acquire the Retained Public Power Interests and enable Regional Energy to acquire the Retained Regional Energy Securities. Following these transactions, the Company will own 100% of the securities of Regional Energy and 100% of the membership interests in Public Power.

6. Cdn Holdco will distribute the US Holdco Note to the Trust as a reduction of capital on the Cdn Holdco Shares and the Trust will contribute the US Holdco Note to the Commercial Trust in consideration for additional Commercial Trust Units, such that the principal amount and interest payable under the US Holdco Note will be owed by US Holdco directly to the Commercial Trust.

A number of assumptions and adjustments have been recorded in the *pro forma* statements of comprehensive income highlights and *pro forma* statement of financial position highlights to reflect the transactions that have occurred or will occur in connection with the Offering and the Company Interest Acquisition as if the transactions had occurred on January 1, 2011 for the *pro forma* statements of comprehensive income highlights and June 30, 2012 for the *pro forma* statement of financial position highlights. These assumptions and adjustments are described in note 3 of the unaudited *pro forma* financial statements of the Trust for the year ending December 31, 2011 and as at June 30, 2012 and for the six months ending June 30, 2012 included elsewhere in this prospectus.

The following table sets out the *pro forma* statement of comprehensive income highlights for the Trust for the periods indicated.

Trust *Pro Forma* Statement of Comprehensive Income Highlights (in millions)

	Six Months Ending June 30, 2012	Year Ending December 31, 2011
Revenue	$185.7	$313.3
Cost of sales	$126.2	$245.7
Gross margin	$ 59.5	$ 67.6
Selling expenses	$ 10.7	$ 14.2
General and administrative expenses	$ 15.5	$ 27.7
Depreciation and amortization	$ 10.5	$ 22.5
Finance costs	$ 3.2	$ 4.9
Change in fair value of derivative instruments	$ (1.3)	$ 1.5
Provision (benefit) for income taxes	$ 1.0	$ (8.5)
Net income	$ 19.7	$ 5.3
EBITDA(1)	$ 34.4	$ 24.2
Adjusted EBITDA(1)	$ 33.1	$ 25.7

Note:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

The following table is a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods indicated.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (in millions)

	Six Months Ending June 30, 2012	Year Ending December 31, 2011
Net income	$19.7	$ 5.3
Excluding the impacts of:		
Provision (benefit) for income taxes	$ 1.0	$(8.5)
Finance costs	$ 3.2	$ 4.9
Depreciation and amortization	$10.5	$22.5
EBITDA	$34.4	$24.2
Excluding the impact of:		
Change in fair value of derivative instruments	$(1.3)	$ 1.5
Adjusted EBITDA	$33.1	$25.7

The following table sets out the *pro forma* statement of financial position highlights for the Trust as at June 30, 2012.

Trust *Pro Forma* Statement of Financial Position Highlights
(in millions)

	As at June 30, 2012
Current assets	$ 77.1
Total assets	$272.5
Current liabilities	$ 52.2
Long term liabilities	$ 5.2
Equity	$215.1

The following table sets out the *pro forma* financial and operational highlights of the Trust for the periods indicated.

Trust *Pro forma* Financial and Operational Highlights(1)

	Six Months Ending June 30, 2012	Year Ending December 31, 2011
Electricity		
Volumes (MWh)	2,027,612	3,084,206
Revenue ($ million)	$ 182.8	$ 307.7
Gross margin ($ million)	$ 57.4	$ 61.9
Gross margin ($/MWh)	$ 28.29	$ 20.07
Gross margin as a % of revenue	31.4%	20.1%
Natural Gas(2)		
Volumes (Mmbtu)	225,250	—
Revenue ($ million)	$ 0.8	—
Gross margin ($ million)	$ 0.1	—
Gross margin ($/Mmbtu)	$ 0.66	—
Gross margin as a % of revenue	17.8%	—

Notes:

(1) Information contained in the above table is not derived from the *pro forma* financial statements of the Trust, but has been prepared by management based on Regional Energy and Public Power's records.

(2) Natural gas marketing activities commenced in December 2011; however, no revenue was generated until 2012.

The following table sets out the *pro forma* growth in customers starting in the year ending December 31, 2009:

Customer Aggregation
(in customers)[1]

	Opening Customer Count	Customer Adds[2]	Customer Drops[2]	Net Change	Closing Customer Count
Connecticut — Electricity	10,191	49,363	(5,702)	43,661	53,852
New York — Electricity	—	7	(2)	5	5
Year ending December 31, 2009	10,191	49,370	(5,704)	43,666	53,857
Net Change % of Opening Customer Count				*428.5%*	
Connecticut — Electricity	53,852	80,708	(35,433)	45,275	99,127
Massachusetts — Electricity	—	366	(25)	341	341
New York — Electricity	5	4,104	(973)	3,131	3,136
Pennsylvania — Electricity	—	19,409	(5,202)	14,207	14,207
New Jersey — Electricity	—	90,463	(7,264)	83,199	83,199
Maryland — Electricity	—	31,728	(1,957)	29,771	29,771
Year ending December 31, 2010	53,857	226,778	(50,854)	175,924	229,781
Net Change % of Opening Customer Count				*326.7%*	
Connecticut — Electricity[3]	99,127	115,180	(33,292)	81,888	181,015
Massachusetts — Electricity	341	492	(235)	257	598
New York — Electricity	3,136	12,475	(4,280)	8,195	11,331
Pennsylvania — Electricity	14,207	33,029	(16,042)	16,987	31,194
New Jersey — Electricity	83,199	91,573	(55,482)	36,091	119,290
Maryland — Electricity[3]	29,771	60,428	(21,920)	38,508	68,279
Ohio — Electricity	—	12,547	(1,283)	11,264	11,264
Illinois — Electricity	—	21,890	(2,028)	19,862	19,862
Year ending December 31, 2011	229,781	347,614	(134,562)	213,052	442,833
Net Change % of Opening Customer Count				*92.7%*	
Connecticut — Electricity	181,015	31,735	(46,396)	(14,661)	166,354
Massachusetts — Electricity	598	14,031	(2,367)	11,664	12,262
New York — Electricity	11,331	14,063	(4,847)	9,216	20,547
Pennsylvania — Electricity	31,194	11,730	(9,893)	1,837	33,031
New Jersey — Electricity	119,290	29,621	(27,542)	2,079	121,369
Maryland — Electricity	68,279	18,864	(18,685)	179	68,458
Ohio — Electricity	11,264	6,362	(2,017)	4,345	15,609
Illinois — Electricity	19,862	9,950	(3,929)	6,021	25,883
District of Columbia — Electricity	—	4,818	(570)	4,248	4,248
Maine — Electricity	—	1,028	(2)	1,026	1,026
New Hampshire — Electricity	—	235	—	235	235
Ohio — Natural gas	—	2,871	(388)	2,483	2,483
Pennsylvania — Natural gas	—	645	(21)	624	624
New Jersey — Natural gas	—	19,240	(799)	18,441	18,441
New York — Natural gas	—	5,998	(968)	5,030	5,030
Six months ending June 30, 2012	442,833	171,191	(118,424)	52,767	495,600
Net Change % of Opening Customer Count				*11.9%*	

Notes:

(1) Customers are estimates of the residential customer equivalents based on customer accounts and information available regarding their historical usage.

(2) Customer adds and customer drops are based on a customer's service commencement date and service end dates, which lag the customer's enrolment and termination request dates respectively by several months.

(3) Customer acquisition activities in 2011 in the markets of Connecticut and Maryland include approximately 114,000 customers acquired from ResCom in November 2011.

Liquidity and Capital Resources

The Trust intends to make the net proceeds of the Offering available to US Holdco to permit US Holdco to acquire the Company Interest from the Company for C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering). Of the funds received by the Company from US Holdco, a portion will be used by the Company to acquire the Retained Public Power Interests and to make an indirect investment in Regional Energy to permit Regional Energy to acquire the Retained Regional Energy Securities. See "Funding and Acquisition of the Company Interest". The balance of the proceeds received by the Company from US Holdco, in the amount of approximately $25 million, will be available to the Company for general corporate purposes and to fund future acquisitions. See "Use of Proceeds" for a tabular presentation of the use of proceeds.

If the Over-Allotment Option is exercised in full, the net proceeds to the Trust from the Offering will be approximately C$103.6 million, after deducting the fees payable to the Underwriters of approximately C$6.9 million and the expenses of the Offering estimated to be approximately C$4.5 million. The net proceeds to be received by the Trust pursuant to the exercise of the Over-Allotment Option are expected to be provided to US Holdco in the same manner as the net proceeds from the Offering, and used by US Holdco to purchase additional Membership Units in the Company. The Company will use the net proceeds to repurchase up to approximately 4.0% of the Membership Units in the Company from the Regional Energy Members and Public Power Members; the balance, if any, will be for general corporate purposes.

The Trust expects to have sufficient liquidity to fund its planned operations for the foreseeable future. Generally, six sources of funding for future expenditures are expected by management to be available: (i) internally generated cash flow from operations; (ii) existing working capital; (iii) cash retained by the Company for working capital purpose out of the gross proceeds of the Offering; (iv) external debt financing; (v) new capital through the issuance of additional Units; and (vi) borrowing capacity under our Base Confirmation Agreement with Macquarie Energy.

Outlook

On the closing of the Offering and the Company Interest Acquisition, the Trust will indirectly own approximately 26.8% of the Membership Units in the Company (assuming the Over-Allotment Option is not exercised). There will be no operational changes to the Company's business in connection with the transactions relating to the Offering or the Company Interest Acquisition. On completion of the Offering and the Company Interest Acquisition, the Company will have no long-term debt and an estimated working capital in excess of $25 million.

The gross margins that the Company forecasts for the foreseeable future are expected to exceed its projected selling, general and administrative expenses and to generate pretax profits. Future gross margins are managed (a) for variable priced customers through applying a cost-plus pricing model, and (b) for fixed priced customers by hedging the forecasted supply requirements associated with the customers over the term of the contracts at the time of originating the contract. The Company manages its customer growth and attrition through marketing programs to maintain and increase its aggregate revenues and gross margins. Furthermore, the Company manages its selling, general and administrative expenses to allow it to maintain profitability on a net income basis before tax. The Company expects that the source of funding requirements related to expansion into new states and areas within our existing states in which we do not currently operate will be funded by cash flow from operations. The Base Confirmation Agreement in place with Macquarie Energy provides trade credit for our wholesale commodity requirements and a working capital facility to support the ongoing liquidity needs of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — REGIONAL ENERGY

The following management's discussion and analysis of Regional Energy's financial condition and results of operations relates to Regional Energy's unaudited interim condensed consolidated financial statements for the three and six months ending June 30, 2012 and 2011, and audited consolidated financial statements for the years ending December 31, 2011 and 2010 and the period from March 17, 2009 (inception) to December 31, 2009 and has been prepared with information available up to and including November 2, 2012. This management's discussion and analysis should be read together with the consolidated financial statements of Regional Energy and the related notes as well as other information included in this prospectus, including "Notice to Investors", "Non-IFRS Financial Measures" and "Prospectus Summary — Summary Pro Forma and Historical Financial Information".

The financial statements of Regional Energy are prepared in accordance with IFRS, which requires estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Actual results may differ materially from those estimates as a result of various factors, including those discussed below and included elsewhere in this prospectus, particularly under "Risk Factors". This discussion contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. Certain totals, subtotals and percentages may not reconcile due to rounding.

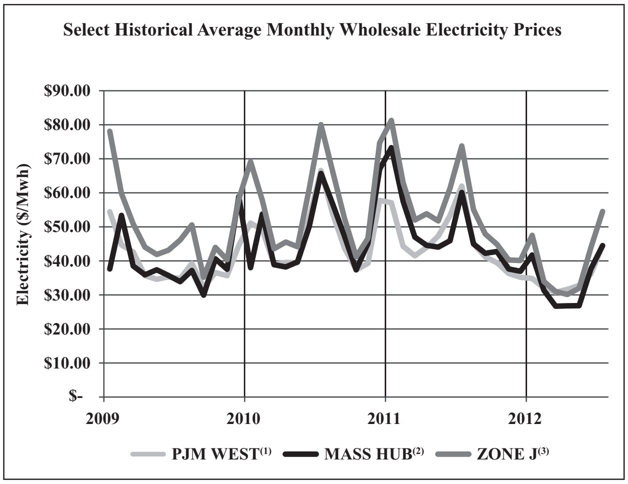
Overview

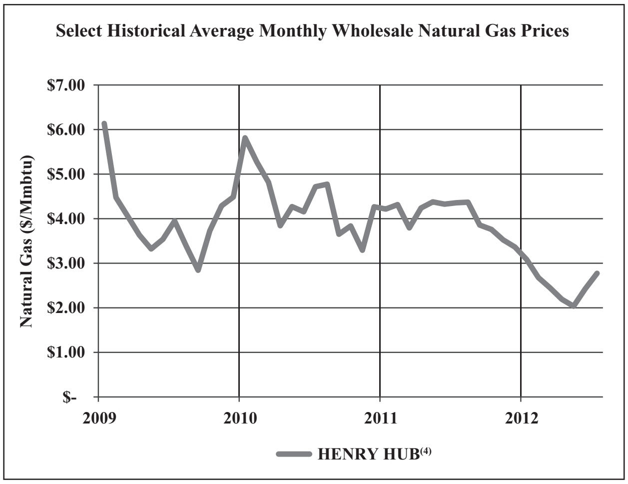
Regional Energy's business currently involves the sale of electricity through its subsidiaries to residential and small to medium-size commercial customers in Connecticut, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, and Pennsylvania and the sale of natural gas to residential and small to medium-size commercial customers in New Jersey, New York, Ohio and Pennsylvania.

Regional Energy's operating subsidiaries sell electricity and natural gas to its customers under either (i) variable price contracts with no fixed term and a rate subject to change at any time by Regional Energy, or (ii) fixed rate contracts under which there is a fixed contract term and a fixed rate for the term. Regional Energy's general policy is to match the estimated energy requirements of its customers by purchasing offsetting volumes of electricity or natural gas through either physical or financial transactions at wholesale energy spot prices or fixed prices.

Regional Energy procures its energy requirements from various wholesale energy markets, including both physical and financial markets and through short-term and long-term contracts. For both electricity and natural gas, Regional Energy procures its wholesale energy requirements at various utility load zones for electricity and various city gates for natural gas, based on the geographic location of our customers. See "Financial Instruments and Risk Management" in this management's discussion and analysis for details of the risk management processes adopted by Regional Energy to minimize commodity market risk.

The charts below illustrate historical settled wholesale electricity and natural gas prices since January 1, 2009 for selected price points in the markets served by Regional Energy.





Notes:

(1) PJM Western Hub is a liquid delivery point (i.e. an aggregation of load zones grouped by geographical regions and creating a common point for energy trading) on the PJM electricity grid, which encompasses some or all of the load zones in the states of Illinois, Maryland, New Jersey, Ohio and Pennsylvania among others.

(2) Mass Hub is a liquid delivery point on the ISO-NE electricity grid which encompasses some or all of the load zones in Connecticut, Maine, Massachusetts and New Hampshire, among others.

(3) Zone J is a liquid delivery point on the NYISO electricity grid, which encompasses load zones in New York City.

(4) Henry Hub is a distribution hub on the natural gas pipeline system in Erath, Louisiana, and is the pricing point for natural gas futures traded on the New York Mercantile Exchange (NYMEX).

Regional Energy's gross margin is derived from the difference between the price charged to its customers and that paid to its wholesale energy suppliers. Regional Energy also incurs selling expenses to compensate independent contractors and exclusive marketing partners for customer acquisition activities, through a mixture of upfront payments and residual-based payments proportionate to customer usage (payable only upon receipt of customer payment). All such costs are recognized as expenses in the period incurred pursuant to the contractual arrangements in place. In addition, Regional Energy incurs general, administrative and financing expenses to operate its business.

Customer Aggregation

The following table summarizes Regional Energy's historical growth in customers:

Customer Aggregation
(in customers)[1]

	Opening Customer Count	Customer Adds[2]	Customer Drops[2]	Net Change	Closing Customer Count
Connecticut — Electricity	—	20,742	(685)	20,057	20,057
Year ending December 31, 2009	—	20,742	(685)	20,057	20,057
Connecticut — Electricity	20,057	31,077	(10,992)	20,085	40,142
Pennsylvania — Electricity	—	8,715	(950)	7,765	7,765
New Jersey — Electricity	—	90,302	(7,246)	83,056	83,056
Maryland — Electricity	—	31,721	(1,957)	29,764	29,764
Year ending December 31, 2010	20,057	161,815	(21,145)	140,670	160,727
Net Change % of Opening Customer Count				*701.4%*	
Connecticut — Electricity	40,142	7,298	(14,707)	(7,409)	32,733
Pennsylvania — Electricity	7,765	24,604	(9,736)	14,868	22,633
New Jersey — Electricity	83,056	61,180	(44,825)	16,355	99,411
Maryland — Electricity	29,764	18,807	(15,632)	3,175	32,939
New York — Electricity	—	10,821	(2,101)	8,720	8,720
Ohio — Electricity	—	12,547	(1,283)	11,264	11,264
Illinois — Electricity	—	21,890	(2,028)	19,862	19,862
Year ending December 31, 2011	160,727	157,147	(90,312)	66,835	227,562
Net Change % of Opening Customer Count				*41.6%*	
Connecticut — Electricity	32,733	2,936	(5,270)	(2,334)	30,399
Pennsylvania — Electricity	22,633	1,798	(4,104)	(2,306)	20,327
New Jersey — Electricity	99,411	18,370	(19,511)	(1,141)	98,270
Maryland — Electricity	32,939	971	(5,563)	(4,592)	28,347
New York — Electricity	8,720	7,000	(1,848)	5,152	13,872
Ohio — Electricity	11,264	4,000	(2,017)	1,983	13,247
Illinois — Electricity	19,862	9,950	(3,929)	6,021	25,883
Massachusetts — Electricity	—	3,122	(6)	3,116	3,116
Maine — Electricity	—	1,028	(2)	1,026	1,026
New Hampshire — Electricity	—	235	—	235	235
Ohio — Natural gas[3]	—	2,871	(388)	2,483	2,483
Pennsylvania — Natural gas	—	645	(21)	624	624
New Jersey — Natural gas	—	18,854	(726)	18,128	18,128
New York — Natural gas	—	3,811	(301)	3,510	3,510
Six months ending June 30, 2012	227,562	75,591	(43,686)	31,905	259,467
Net Change % of Opening Customer Count				*14.0%*	

Notes:

(1) Customers are estimates of the residential customer equivalents based on customer accounts and information available regarding their historical usage.

(2) Customer adds and customer drops are based on a customer's service commencement date and service end dates, which lag the customer's enrolment and termination request dates respectively by several months.

(3) Natural gas marketing activity in Ohio commenced in 2011, but customer enrolments did not occur until 2012.

Regional Energy was incorporated in March 2009 and initiated marketing activities in July 2009. Regional Energy's initial period from March 17, 2009 (inception) to December 31, 2009 was primarily focused on setting up operations, launching its network marketing channel and entering into the Connecticut electricity market. Regional Energy ended the 2009 year with 20,057 customers. In the year ending December 31, 2010, Regional Energy began marketing electricity through its network marketing channel in Pennsylvania, New Jersey and Maryland and ended the year with 160,727 customers. In the year ending December 31, 2011, Regional Energy began marketing electricity through its network marketing channel in New York and Illinois and electricity and natural gas through its exclusive marketing partnership in Ohio under the Cincinnati Bell Energy brand. In 2011, Regional Energy began marketing fixed price contracts but did not serve any customers pursuant to these contracts until January 2012. Regional Energy ended the 2011 year with 227,562 customers. In the first six months of 2012, Regional Energy entered natural gas markets in New Jersey, New York and Pennsylvania and electricity markets in Massachusetts through its network marketing channel. Regional Energy entered electricity markets in Maine and New Hampshire through its exclusive marketing partnership with FairPoint Communications Inc. under the newly-launched FairPoint Energy brand. Regional Energy ended June 30, 2012 with 259,467 customers consisting of 234,722 electricity and 24,745 natural gas customers.

Sources of Revenue

Regional Energy earns its revenue primarily from electricity and natural gas sales and recognizes its revenue based on customer consumption. Both electricity and natural gas are subject to seasonal variations in customer usage and Regional Energy's revenues may fluctuate accordingly; however, the impact of seasonality on customer usage is one of the many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition. Electricity consumption is typically highest during the summer months (July and August) due to cooling demand and winter months (January and February) due to heating demand. Natural gas consumption is typically highest during the months of October through March due to heating demand.

Regional Energy also receives revenue from fees paid by independent contractors in the network marketing channel. Independent contractors pay sign-up fees and other fees to Regional Energy to participate in the network marketing program. Sign-up fees are deferred and recognized over the twelve month term of the independent contractor agreement and other monthly fees are recognized on a monthly basis.

Selected Consolidated Financial and Operational Data

The following selected historical financial information has been derived from the historical consolidated financial statements of Regional Energy set out elsewhere in this prospectus. This information should be read in conjunction with the audited consolidated financial statements of Regional Energy for the years ending December 31, 2011 and 2010 and period from March 17, 2009 (inception) to December 31, 2009 and the unaudited interim condensed consolidated financial statements of Regional Energy as at June 30, 2012 and for the three and six month periods ending June 30, 2012 and 2011, together with the notes thereto, included elsewhere in this prospectus. The operating data has been prepared by management based on Regional Energy's records.

Statement of Comprehensive Income (Loss) Highlights
(in millions)

	Three Months Ending June 30,		Six Months Ending June 30,		Year Ending December 31,		March 17, 2009 (inception) to December 31, 2009
	2012	2011	2012	2011	2011	2010	
Revenue	$43.1	$45.7	$90.3	$89.3	$205.5	$56.6	$ 2.2
Cost of sales	$30.7	$37.2	$64.7	$75.3	$163.6	$45.1	$ 1.9
Gross margin	$12.4	$ 8.5	$25.6	$14.0	$ 41.9	$11.5	$ 0.3
Selling expenses	$ 2.8	$ 2.7	$ 5.4	$ 5.1	$ 11.0	$ 3.3	$ 0.1
General and administrative	$ 5.4	$ 4.5	$10.3	$ 7.9	$ 19.8	$ 7.9	$ 5.1
Depreciation and amortization	$ 0.1	$ 0.1	$ 0.2	$ 0.2	$ 0.3	$ 0.2	$—
Finance costs	$ 1.1	$ 1.3	$ 2.3	$ 2.6	$ 5.7	$ 2.0	$—
Change in fair value of derivative instruments	$(2.2)	$ 0.5	$—	$(0.1)	$ —	$ 0.5	$—
Provision for income taxes	$ 2.1	$—	$ 3.0	$—	$ 1.3	$—	$—
Net income (loss) and comprehensive income (loss)	$ 3.1	$(0.6)	$ 4.4	$(1.7)	$ 3.8	$(2.4)	$(4.9)
EBITDA[(1)]	$ 6.4	$ 0.8	$ 9.9	$ 1.1	$ 11.1	$(0.2)	$(4.9)
Adjusted EBITDA[(1)]	$ 4.2	$ 1.3	$ 9.9	$ 1.0	$ 11.1	$ 0.3	$(4.9)

Note:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

The following table is a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods indicated.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(in millions)

	Three Months Ending June 30,		Six Months Ending June 30,		Year Ending December 31,		March 17, 2009 (inception) to December 31, 2009
	2012	2011	2012	2011	2011	2010	
Net income (loss) and comprehensive income (loss)	$ 3.1	$(0.6)	$4.4	$(1.7)	$ 3.8	$(2.4)	$(4.9)
Excluding the impacts of:							
Provision for income taxes	$ 2.1	$—	$3.0	$—	$ 1.3	$—	$—
Finance costs	$ 1.1	$ 1.3	$2.3	$ 2.6	$ 5.7	$ 2.0	$—
Depreciation and amortization	$ 0.1	$ 0.1	$0.2	$ 0.2	$ 0.3	$ 0.2	$—
EBITDA	$ 6.4	$ 0.8	$9.9	$ 1.1	$11.1	$(0.2)	$(4.9)
Excluding the impact of:							
Change in fair value of derivative instruments	$(2.2)	$ 0.5	$—	$(0.1)	$—	$ 0.5	$—
Adjusted EBITDA	$ 4.2	$ 1.3	$9.9	$ 1.0	$11.1	$ 0.3	$(4.9)

Statement of Financial Position Highlights
(in millions)

	As at June 30, 2012	As at December 31, 2011	As at December 31, 2010
Current assets	$28.5	$36.7	$25.4
Total assets	$30.0	$38.2	$26.1
Current liabilities	$20.5	$33.1	$23.3
Long-term liabilities	$ 0.2	$ 0.3	$ 2.4
Shareholders' equity	$ 9.3	$ 4.8	$ 0.4

Statement of Financial and Operational Highlights

	Three Months Ending June 30,		Six Months Ending June 30,		Year Ending December 31,		March 17, 2009 (inception) to December 31, 2009
	2012	2011	2012	2011	2011	2010	
Electricity							
Volumes (MWh)	480,013	469,215	999,435	902,154	2,053,298	577,987	24,096
Revenue ($ million)	$ 41.7	$ 44.1	$ 87.5	$ 86.4	$ 199.8	$ 54.6	$ 2.2
Gross margin ($ million)	$ 11.4	$ 6.9	$ 23.5	$ 11.1	$ 36.2	$ 9.5	$ 0.3
Gross margin ($/MWh)	$ 23.81	$ 14.70	$ 23.51	$ 12.33	$ 17.63	$ 16.42	$13.43
Gross margin as a % of revenue	27.4%	15.6%	26.8%	12.9%	18.1%	17.4%	14.6%
Natural gas[(1)]							
Volumes (Mmbtu)	151,775	—	216,925	—	—	—	—
Revenue ($ million)	$ 0.5	—	$ 0.8	—	—	—	—
Gross margin ($ million)	$ —	—	$ 0.1	—	—	—	—
Gross margin ($/Mmbtu)	$ 0.31	—	$ 0.55	—	—	—	—
Gross margin as a % of revenue	9.6%	—	15.4%	—	—	—	—

Notes:

(1) Natural gas marketing activities commenced in December 2011; however, no revenue was generated until 2012.

Statement of Cash Flows Highlights (in millions)

	Six Months Ending June 30,		Year Ending December 31,		March 17, 2009 (inception) to December 31, 2009
	2012	2011	2011	2010	
Cash flows (used in) from operating activities	$0.4	$(3.5)	$ 5.8	$(2.6)	$(0.8)
Cash and cash equivalents at end of year	$4.6	$ 1.5	$12.0	$ 0.9	$—

Results of Operations

Three and Six Months Ending June 30, 2012 Compared to Three and Six Months Ending June 30, 2011

Revenue and Gross Margin

Electricity

For the three and six months ending June 30, 2012, electricity revenue was $41.7 million and $87.5 million, respectively, representing (a) a decrease of 5.6% from $44.1 million for the three months ending June 30, 2011, primarily as a result of 7.7% lower average retail rates per unit in line with decreases in both wholesale and competitive markets, despite 2.3% higher volumes, and (b) an increase of 1.3% from $86.4 million for the six months ending June 30, 2011, primarily due to 10.8% higher electricity volumes and partially offset by 8.5% lower average retail rates in line with decreases in both wholesale and competitive markets. Electricity revenues for the three and six months ending June 30, 2012 accounted for 96.6% and 97.0% of total revenue and compared closely to 96.6% and 96.7% in three and six months ending June 30, 2011, respectively. Electricity volumes for the three and six months ending June 30, 2012 were 480,013 MWh and 999,435 MWh, respectively, representing (a) an increase of 2.3% from 469,215 MWh for the three months ending June 30, 2011, and (b) an increase of 10.8% from 902,154 MWh for the six months ending June 30, 2011, with both increases resulting from higher customer numbers partially offset by lower usage per customer due to milder weather in the winter and the beginning of summer in 2012 compared to the comparable periods in 2011.

Electricity gross margins for the three and six months ending June 30, 2012 were $11.4 million and $23.5 million, respectively, representing increases of 65.7% and 111.2% from $6.9 million and $11.1 million, respectively, for the same periods in 2011. Electricity gross margins per unit were $23.81/MWh (27.4% of electricity revenue) and $23.51/MWh (26.8% of electricity revenue) for the three and six months ending June 30, 2012, compared to $14.70/MWh (15.6% of electricity revenue) and $12.33/MWh (12.9% of electricity revenue) for the three and six months ending June 30, 2011, respectively. Improved gross margins in the three and six month periods ending June 30, 2012 were the result of management targeting higher gross margins through its pricing strategy together with an environment of lower and less volatile wholesale prices.

Natural Gas

For the three and six months ending June 30, 2012, natural gas revenue was $0.5 million and $0.8 million, respectively. Natural gas revenues for the three and six months ending June 30, 2012 accounted for 1.2% and 0.9% of total revenue, respectively. Natural gas volumes for the three and six months ending June 30, 2012 were 151,775 Mmbtu and 216,925 Mmbtu, respectively.

Natural gas gross margins for the three and six months ending June 30, 2012 were $0.05 million and $0.1 million, representing gross margins per unit of $0.31/Mmbtu (9.6% of natural gas revenue) and $0.55 Mmbtu (15.4% of natural gas revenue), respectively. Management maintained low market entry prices to support the market launches in early 2012, which resulted in lower than average natural gas margins per Mmbtu in the three and six months ending June 30, 2012.

There was no natural gas revenue prior to 2012.

Fee Revenue

Fee revenue consists of sign-up fees and other monthly fees received from independent contractors in the network marketing channel. For the three and six months ending June 30, 2012, fee revenue was $1.0 million and $2.0 million, respectively, representing decreases of 38.3% and 33.2% from the $1.6 million and $2.9 million for three and six months ending June 30, 2011, respectively. Fee revenue for the three and six months ending June 30, 2012 each accounted for 2.2% of total revenue compared to 3.4% and 3.3% for the three and six months ending June 30, 2011, respectively. These decreases in both fee revenue and fee revenue as a percentage of revenue were due to larger fee revenue in the 2011 periods resulting from the run-off of deferred revenue associated with the large number of associate sign-ups in the market launches in Maryland and New Jersey in mid-2010, which are recognized as revenue over a twelve month period.

Selling Expenses

Selling expenses consist of commissions due to independent contractors in the network marketing channel or to partners in our exclusive marketing partnerships for enrolling new customers and for customer electricity and natural gas usage, and are expensed in the period that the commissions are earned by the independent contractors or exclusive marketing partnerships.

Commissions earned are comprised of upfront commissions, which are primarily based on the successful enrolment of the customer with the utility, and residual commissions, which are based on customer usage and receipt of customer payment. The commission structures by sales channel are summarized below:

- Commissions due to independent contractors for customers acquired through network marketing are calculated pursuant to a multi-level marketing compensation plan designed to reward independent contractors for building successful marketing networks. Under the compensation plan, independent contractors are eligible to earn upfront and residual commissions, cash bonuses and promotional pay based on a number of factors, including customer enrolment, usage rates, product bundling (electricity and natural gas) and independent contractor recruitment. Residual commissions are earned and payable after receipt of payment from the customer.
- Commissions due for customers acquired through our exclusive marketing partnerships with Cincinnati Bell Inc. and FairPoint Communications Inc. are calculated based on a fixed upfront commission per customer enrolled, subject to a partial or full repayment of commission for customers who terminate their service within the first three months, and a residual-based commission based on a percentage of revenue share over a customer's term of enrolment, earned and payable after receipt of the payment from the customer.

For the three and six months ending June 30, 2012, selling expenses amounted to $2.8 million and $5.4 million, respectively, representing increases of 3.8% from $2.7 million and 5.9% from $5.1 million for three and six months ending June 30, 2011, respectively. For the three and six months ending June 30, 2012, selling expenses amounted to 6.5% and 6.0%, respectively, of customer revenue compared to 6.0% and 5.8% for three and six months ending June 30, 2011, respectively. These costs consist of (a) upfront customer acquisition commissions of $0.7 million and $1.2 million, respectively, (amounting to $20.63 and $16.22 per customer acquired) for the three and six months ending June 30, 2012, respectively, compared to $0.9 million and $1.9 million, respectively, (amounting to $25.82 and $20.86 per customer acquired) for the three and six months ending June 30, 2011, respectively, and (b) residual based commissions of $2.1 million and $4.2 million (amounting to 4.9% and 4.7% of customer revenues) for the three and six months ending June 30, 2012, respectively, compared to $1.8 million and $3.3 million (amounting to 4.0% and 3.6% of customer revenue) for the three and six months ending June 30, 2011, respectively. The decrease in upfront customer acquisition costs per customer was the result of decreased promotional bonuses paid in the 2012 periods, and the increase in residual pay as a percentage of revenue was the result of changes to the network marketing compensation plan implemented in early 2012.

The table below shows the number of independent contractors in the network marketing channel by state:

	Opening Count	Adds	Drops[(1)]	Net Change	Closing Count
Connecticut	—	460	(8)	452	452
Year ending December 31, 2009	—	460	(8)	452	452
Connecticut	452	861	(325)	536	988
Pennsylvania	—	1,108	(38)	1,070	1,070
New Jersey	—	7,010	(264)	6,746	6,746
Maryland	—	2,429	(103)	2,326	2,326
New York	—	11	—	11	11
Illinois	—	15	—	15	15
Massachusetts	—	20	—	20	20
Year ending December 31, 2010	452	11,454	(730)	10,724	11,176
Connecticut	988	665	(583)	82	1,070
Pennsylvania	1,070	991	(859)	132	1,202
New Jersey	6,746	3,963	(4,577)	(614)	6,132
Maryland	2,326	1,131	(1,592)	(461)	1,865
New York	11	1,120	(119)	1,001	1,012
Illinois	15	2,199	(115)	2,084	2,099
Massachusetts	20	196	(1)	195	215
Year ending December 31, 2011	11,176	10,265	(7,846)	2,419	13,595
Connecticut	1,070	257	(330)	(73)	997
Pennsylvania	1,202	110	(558)	(448)	754
New Jersey	6,132	1,581	(2,091)	(510)	5,622
Maryland	1,865	118	(505)	(387)	1,478
New York	1,012	606	(442)	164	1,176
Illinois	2,099	825	(300)	525	2,624
Massachusetts	215	1,607	(98)	1,509	1,724
Six months ending June 30, 2012	13,595	5,104	(4,324)	780	14,375

Note:

(1) Independent contractors in the Viridian network marketing channel sign up for a twelve month term, which can be renewed for further one year terms by payment of a renewal fee. An independent contractor may also terminate during the twelve month term. The vast majority (over 70% from inception to June 30, 2012) of drops result from non-renewal after the twelve month anniversary.

General and Administrative Expenses

General and administrative expenses for the three and six months ending June 30, 2012 were $5.4 million and $10.3 million, representing increases of 18.8% from $4.5 million and of 30.3% from $7.9 million for the three and six months ending June 30, 2011, respectively. For the three and six months ending June 30, 2012, general and administrative expenses amounted to 12.5% and 11.4% of revenues, compared to 9.9% and 8.8% for the three and six months ending June 30, 2011, respectively. General and administrative expenses for the three and six months ending June 30, 2012 and prior comparable periods are set out in the table below.

General and Administrative Expenses (in $ millions and % of general and administrative expenses)

	Three Months Ending June 30,				Six Months Ending June 30,			
	$		%		$		%	
General and Administrative Expenses	2012	2011	2012	2011	2012	2011	2012	2011
POR fees / bad debt	$0.3	$0.5	5%	11%	$ 0.6	$0.7	6%	9%
Processing costs	$0.6	$0.5	11%	11%	$ 1.2	$1.0	12%	13%
Human resources	$1.6	$1.4	30%	31%	$ 3.2	$2.5	31%	31%
Other	$2.9	$2.1	54%	47%	$ 5.3	$3.7	51%	47%
Total	$5.4	$4.5	100%	100%	$10.3	$7.9	100%	100%

The increases in general and administrative expenses were primarily driven by the additional operational, staff and infrastructure requirements to support Regional Energy's growing customer base and strategic expansion plans. The increase in processing costs was the result of growth in customer accounts, while the increase in human resources expenses was the result of increased business size. The increase in other general and administrative expenses was primarily driven by an increase in professional fees as well as operational costs to support the growth of the network marketing channel. Certain costs within general and administrative expenses are variable costs that scale more directly with revenue, such as POR/bad debt expense and processing costs.

Depreciation and Amortization

Depreciation and amortization relate to the property, equipment and intangibles, consisting of computer software, used in Regional Energy's operations. Depreciation and amortization for the three and six months ending June 30, 2012 was $0.1 million and $0.2 million, respectively, representing increases of 14.3% and 16.0% from the three and six months ending June 30, 2011, respectively. These increases were due to increased capital expenditures relating to property, equipment and intangibles.

Finance Costs

Finance costs for the three and six months ending June 30, 2012 were $1.1 million and $2.3 million, respectively, representing a decrease of 15.3% from $1.3 million and 12.0% from $2.6 million for the three and six months ending June 30, 2011, respectively. Finance costs consisted primarily of $1.0 million and $1.8 million pursuant to several agreements (the "**Supplier Agreement**") previously in place with Macquarie Energy for the exclusive supply of the Regional Energy's wholesale energy needs and hedging requirements, which was replaced by the Base Confirmation Agreement, for trade credit on the commodity supply requirements for the three and six months ending June 30, 2012, respectively, and $0.1 million and $0.5 million of distributions due on the Series A convertible preferred stock, which was fully redeemed in May 2012. Finance costs paid to Macquarie Energy consist primarily of sleeve fees which are calculated based on volumes of electricity and natural gas delivered each month, as well as interest charges relating to letters of credit posted and/or cash advances. The decreases in the finance costs due to Macquarie Energy were the result of lower fees starting in November 2011 under an amended Supplier Agreement and the repayment of certain advances owing under the facility in the first half of 2011.

Change in Fair Value of Derivative Instruments

The fair value of derivative instruments consists of two items: (a) changes in unrealized gains or losses on derivatives, which represent the estimated amount that Regional Energy would need to pay or receive to dispose of the remaining notional volumes of electricity or natural gas derivative positions in the market if the swap contracts were to be terminated at the respective period end (see "Financial Instruments and Risk Management" in this management's discussion and analysis); and (b) fair value adjustments associated with other financial instruments, including the warrants, at each period end.

For the three and six months ending June 30, 2012, the unrealized gains and losses associated with swap contracts were a gain of $2.1 million and a loss of $0.1 million, respectively, compared to a loss of $0.5 million and a gain of $0.1 million in the three and six months ending June 30, 2011, respectively. These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end.

For the three and six months ending June 30, 2012, the unrealized gains and losses associated with the Series A warrants were a gain of $0.1 million and $0.1 million, respectively, and there were no fair value adjustments in the 2011 periods.

Taxes

For the three and six months ending June 30, 2012, the provision for income taxes was $2.1 million and $3.0 million, respectively, representing an effective tax rate of 40.3% and 40.9%, respectively. There was no provision for income taxes in the prior comparable periods, given losses incurred with no recognition of net deferred tax assets. The effective tax rate is higher than the combined federal and state statutory rate of 39.3%, primarily due to non-deductible interest on the Series A convertible preferred stock, which was fully redeemed in May 2012.

Net Income (Loss)

For the three and six months ending June 30, 2012, net income was $3.1 million and $4.4 million, respectively, compared to losses of $0.6 million and $1.7 million for the three and six months ending June 30, 2011, respectively. Significantly improved period over period net income (loss) for the six months ending June 30, 2012 on a similar revenue base was primarily the result of management targeting increased gross margins. Net income for the three months ending June 30, 2012 also improved over the prior comparable period, but was also impacted by a non-cash mark-to-market gain of $2.2 million on derivative instruments, which largely reversed a similar loss in the first quarter of 2012.

Year Ending December 31, 2011 Compared to Year Ending December 31, 2010

Revenue and Gross Margin

Electricity

For the year ending December 31, 2011, electricity revenue was $199.8 million compared to $54.6 million for December 31, 2010, representing a 266.0% increase. Electricity revenue for the year ending December 31, 2011 accounted for 97.2% of total revenue compared to 96.4% for the year ending December 31, 2010. Electricity volumes for the year ending December 31, 2011 were 2,053,298 MWh, representing an increase of 255.2% on 577,987 MWh from the year ending December 31, 2010. These increases in revenue and volumes were primarily the result of strong growth in new markets in 2010 and 2011. During the year ending December 31, 2010, Regional Energy entered the new markets of Maryland, New Jersey and Pennsylvania. During the year ending December 31, 2011, Regional Energy expanded marketing activities into Illinois, New York and Ohio.

Electricity gross margins for the year ending December 31, 2011 were $36.2 million, an increase of 281.4% from $9.5 million for the prior comparative period. Electricity gross margins per unit were $17.63/MWh (18.1% of electricity revenue) for the year ending December 31, 2011, an increase from $16.42/MWh (17.4% of electricity revenue) for the year ending December 31, 2010. The consistent year to year gross margin as a percentage of revenue achieved is a result of Regional Energy's management of its customer rate setting, wholesale procurement and risk management functions so as to achieve a consistent gross margin percentage over its portfolio of customers, markets, channels and commodities.

Fee Revenue

Regional Energy's fee revenue consists of sign-up fees and other monthly fees received from independent contractors in the network marketing channel. For the year ending December 31, 2011, fee revenue was $5.7 million, an increase of 180.7% from $2.0 million for the year ending December 31, 2010. This increase is attributable to the large number of associate sign-ups in the market launches of Maryland and New Jersey in mid-2010 (revenues are deferred over a twelve month period from the time of sign-up). Fee revenue for the year ending December 31, 2011 accounted for 2.8% of total revenue, compared to 3.6% for the year ending December 31, 2010.

Selling Expenses

Selling expenses consist of commissions due to independent contractors in the network marketing channel or exclusive marketing partnerships for enrolling new customers and for customer electricity and natural gas usage, and are expensed in the period that the commissions are earned by the independent contractors or exclusive marketing partnerships.

Commissions earned are comprised of upfront commissions which are primarily based on the successful enrolment of the customer with the utility and residual commissions which are based on customer usage and paid upon receipt of customer payment. The commission structures by sales channel are summarized below:

- Commissions for customers acquired through network marketing are calculated pursuant to a multi-level marketing compensation plan designed to reward independent contractors for building successful marketing networks. Under the compensation plan, independent contractors are eligible to earn upfront and residual commissions, cash bonuses and promotional pay based on a number of factors, including customer enrolment, usage rates, product bundling (electricity and natural gas), and independent contractor recruitment. Residual commissions are earned and payable after receipt of payment from the customer.
- Commissions for customers acquired through our exclusive marketing partnership with Cincinnati Bell Inc. are calculated based on a fixed upfront commission per customer enrolled, subject to a partial repayment of commission for customers who terminate their service within the first three months, and a residual-based commission based on a percentage of revenue share over a customer's term of enrolment, earned and payable after receipt of the payment from the customer.

For the year ending December 31, 2011, selling expenses amounted to $11.0 million, an increase of 231.9% from $3.3 million for the year ending December 31, 2010. For the year ending December 31, 2011, selling expenses amounted to 5.3% of customer revenue compared to 5.8% for the year ending December 31, 2010. These expenses consist of (a) upfront customer acquisition commissions of $3.0 million (amounting to $18.96 per customer acquired) for the year ending December 31, 2011, compared to $2.5 million (and $15.33 per customer acquired) for the year ending December 31, 2010, and (b) residual based commissions of $8.0 million (or 3.9% of customer revenue) for the year ending December 31, 2011, compared to $0.8 million (or 1.5% of customer revenue) for the year ending December 31, 2010. The increase in the customer acquisition costs was driven by increased promotions to incentivize customer acquisition and the increase in the residual based commissions as a percentage of revenue was due to the strong growth in the second half of 2010 in Maryland, New Jersey and Pennsylvania together with the lagged impact of commissions, which lag revenue by several months due to the fact that they are earned based on customer payments.

General and Administrative Expenses

General and administrative expenses for the year ending December 31, 2011 were $19.8 million, an increase of 149.6% from $7.9 million for the year ending December 31, 2010. For the year ending December 31, 2011, general and administrative expenses represent 9.6% of revenue, compared to 14.0% for the year ending

December 31, 2010. General and administrative expenses for the year ending December 31, 2011 and the prior comparable periods are set out in the table below.

General and Administrative Expenses (in millions and % of general and administrative expenses)

General and Administrative Expenses	Year Ending December 31, $ 2011	$ 2010	% 2011	% 2010
POR fees / bad debt	$ 1.7	$0.3	8%	4%
Processing costs	$ 2.1	$0.7	11%	9%
Human resources	$ 7.3	$3.4	37%	43%
Other	$ 8.7	$3.5	44%	44%
Total	$19.8	$7.9	100%	100%

The increase in general and administrative expenses over the prior year was primarily driven by the additional operational, staff and infrastructure requirements to support Regional Energy's growing customer base, and the decrease as a percentage of revenue is the result of scale benefits. The increase in processing costs was the result of growth in customer accounts, while the increase in human resources expenses was the result of increased headcount in line with the increased operations. The increase in other general and administrative expenses was primarily driven by an increase in operational costs to support the growing customer base and network marketing channel. Certain costs within general and administrative expenses are variable costs that scale more directly with revenue, such as POR / bad debt expense.

Depreciation and Amortization

Depreciation and amortization relates to the property, equipment and intangibles, consisting of computer software, used in Regional Energy's operations. Depreciation and amortization for the year ending December 31, 2011 was $0.3 million, an increase of 62.4% from $0.2 million for the year ending December 31, 2010. The increase was due to increased capital expenditures relating to property, equipment and intangibles.

Finance Costs

Finance costs for the year ending December 31, 2011 were $5.7 million, an increase of 189.7% from $2.0 million for the year ending December 31, 2010. The increase was due to the increased use of the credit facilities in place to support the growth of the business. Finance costs in 2011 consist primarily of $4.3 million pursuant to the Supplier Agreement with Macquarie Energy for trade credit on the commodity supply requirements and $1.4 million of distributions on the Series A convertible preferred stock, which was fully redeemed in May 2012. Financing costs paid to Macquarie Energy consist primarily of sleeve fees which are calculated based on volumes of electricity delivered each month, as well as interest charges relating to letters of credit posted and/or cash advances. In addition to finance costs pursuant to the Supplier Agreement, finance costs in 2010 also included costs under a revolving credit facility with Montage LLC (the "**Montage Credit Facility**") which was repaid in September 2010.

Change in Fair Value of Derivative Instruments

The fair value of derivative instruments consists of two items: (a) changes in unrealized gains or losses on derivatives, which represent the estimated amount that Regional Energy would need to pay or receive to dispose of the remaining notional volumes of electricity derivative positions in the market if the swap contracts were to be terminated at the respective period end (see "Financial Instruments and Risk Management" in this management's discussion and analysis); and (b) fair value adjustments associated with marking to market other financial instruments, including the warrants, at year end.

For the year ending December 31, 2011 the unrealized gains and losses associated with swap contracts was a gain of $0.1 million, compared to a loss of $0.5 million for the year ending December 31, 2010. These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end. Unrealized gains and losses associated with the warrants was a loss of $0.1 million for the year ending December 31, 2011 and nil in the prior year.

Taxes

For the year ending December 31, 2011 the provision for income taxes was $1.3 million, representing an effective tax rate of 24.9%. There was no provision for income taxes recorded in 2010, given losses incurred with no recognition of deferred tax assets. The effective tax rate is lower than the combined federal and state statutory rate of 39.3%, primarily due to the recognition of a tax benefit not previously recognized in deferred tax assets. This benefit was partially offset by non-deductible interest on the Series A convertible preferred stock, which was fully redeemed in May 2012.

Net Income (Loss)

For the year ending December 31, 2011 net income was $3.8 million, compared to a loss of $2.4 million in the prior year. Improved profitability was a result of a nearly four-fold increase in revenues year over year, following strong customer growth in existing and new markets.

Year Ending December 31, 2010 Compared to Period from March 17, 2009 (inception) to December 31, 2009

Regional Energy was incorporated in March 2009 and initiated marketing activities in July 2009. Regional Energy's first fiscal period, ending December 31, 2009, was primarily focused on setting up operations, launching its network marketing channel and entering into the Connecticut electricity market.

For the year ending December 31, 2010, electricity revenue and gross margin were $54.6 million and $9.5 million, respectively, compared to $2.2 million and $0.3 million, respectively, for the period from March 17, 2009 (inception) to December 31, 2009. Electricity gross margins per unit were $16.42/MWh (17.4% of electricity revenue) for the year ending December 31, 2010, an increase from $13.43/MWh (14.6% of electricity revenue) for the period from March 17, 2009 (inception) to December 31, 2009, with the increase being principally due to lower targeted gross margins as part of the market launch strategy in 2009.

Regional Energy's fee revenue from independent contractors in the network marketing channel for the year ending December 31, 2010 was $2.0 million, compared to $0.02 million for the prior period due to the increase in independent contractors with the initial launch of the business.

For the year ending December 31, 2010, selling expenses amounted to $3.3 million, compared to $0.1 million for the period from March 17, 2009 (inception) to December 31, 2009. General and administrative expenses for the year ending December 31, 2010 were $7.9 million, compared to $5.1 million for the period from March 17, 2009 (inception) to December 31, 2009. General and administrative expenses in 2009 included a non-cash stock based compensation charge of $4.0 million for stock issued on the inception of Regional Energy in March 2009. Depreciation and amortization for the year ending December 31, 2010 was $0.2 million, compared to $0.03 million for the period from March 17, 2009 (inception) to December 31, 2009. Financing costs for the year ending December 31, 2010 were $2.0 million, compared to $0.04 million for the period from March 17, 2009 (inception) to December 31, 2009. For the year ending December 31, 2010 the unrealized loss on swap contracts was $0.5 million. Regional did not have any swap contracts outstanding as at December 31, 2009. There was no provision for income taxes for both years due to losses incurred.

For the year ending December 31, 2010 net loss was $2.4 million, compared to $4.9 million for the year ending December 31, 2009.

Transactions with Related Parties

During the year ended December 31, 2011, the Company recorded $0.4 million (2010 — $0.0 million, 2009 — $0.02 million), of executive compensation expense to two of the members of the Company's board of directors for services rendered, which is included in general and administrative expense in the consolidated statements of comprehensive income (loss).

In October 2009, the Company entered into the Montage Credit Facility, a Loan and Security Agreement with Montage LLC to provide revolving credit loans for energy procurement, working capital and general corporate purposes. The Montage Credit Facility was funded by several Regional Energy equity holders. The Montage Credit Facility was cancelled and replaced by the Supplier Agreement with Macquarie Energy in September 2010. During the period ended December 31, 2010, the financing costs under the Montage Credit Facility were $1.1 million (2009 — $0.05 million), which were included in financial costs.

Regional Energy did not complete any other material transactions with any individuals or companies that are not considered independent of Regional Energy.

Off Balance Sheet Items

In 2010, Regional Energy entered into the Supplier Agreement with Macquarie Energy for the exclusive supply of Regional Energy's wholesale energy needs and hedging requirements for a term of three years. Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each ISO and the LDCs servicing Regional Energy's customers are directed to remit all customer payments into the Lockbox Account. The funds in that account are used to pay Macquarie Energy for the energy supplied, other fees and interest due under the Supplier Agreement. The trade payables are secured by funds in the account, accounts receivable and all other assets in Regional Energy. Under the agreement, a working capital facility is available for the issuance of letters of credit and for cash advances of up to the lesser of $25 million or the availability under a calculated credit base. Regional Energy has letters of credit outstanding issued from within its Supplier Agreement to various counterparties, principally LDCs, of $3.9 million and $3.6 million as at June 30, 2012 and December 31, 2011, respectively. These compare to $2.9 million and nil as at June 30, 2011 and December 31, 2010, respectively.

Pursuant to separate arrangements with International Fidelity Insurance Corporation, Regional Energy has issued surety bonds to various regulatory bodies of $2.1 million and $1.8 million as at June 30, 2012 and December 31, 2011, respectively. These compare to $1.7 million and $1.1 million as at June 30, 2011 and December 31, 2010, respectively.

Critical Accounting Estimates

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances.

However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

(a) Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of electricity consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of electricity consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

(b) Accounts receivable

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(c) Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of derivative instruments is significantly influenced by the variability of forward spot energy.

The fair value of financial instruments is significantly influenced by the variability of forward spot prices for electricity and natural gas. Periodic changes in forward spot prices for electricity and natural gas could cause significant changes in the marked-to-market valuation ("**MTM Valuation**") of these financial instruments. For example, assuming that all other variables remain constant:

	Electricity		Natural Gas	
Percentage change in the forward spot price at June 30, 2012	Percent change in MTM Valuation	Dollar change in MTM Valuation (in thousands)	Percent change in MTM Valuation	Dollar change in MTM Valuation (in thousands)
+/− 1%	+/− 36.3%	+/− $210	+/− 3.8%	+/− $1
+/− 5%	+/− 181.7%	+/− $1,050	+/− 18.9%	+/− $5
+/− 10%	+/− 363.5%	+/− $2,101	+/− 37.8%	+/− $10

(d) Impairment

In assessing the value of intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, Regional Energy may be required to record impairment charges related to intangible assets.

(e) Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

(f) Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

International Financial Reporting Standards

Regional Energy prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**"). Regional Energy adopted IFRS from March 17, 2009 (inception), and thus there was no impact on the opening period.

Future Accounting Pronouncements

The IASB amended IFRS 7 "Financial Instruments: Disclosure" and IAS 32 "Financial Instruments: Presentation" to enhance disclosure requirements and clarify the requirements for the offsetting of financial assets and liabilities. The amendments are effective for years beginning on or after January 1, 2013 and January 1, 2014, respectively. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 9 "Financial Instruments: Classifications and Measurement". This is the first part of a new standard on the classification and measurement of financial assets that will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit or loss. IFRS 9 was also updated to include guidance on financial liabilities and derecognition of financial instruments. This guidance is similar to the guidance included in IAS 39 relating to financial liabilities and derecognition of financial instruments. IFRS 9 is effective for years beginning on or after January 1, 2015. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 10 "Consolidated Financial Statements", which replaces portions of IAS 27, "Consolidated and Separate Financial Statements" and interpretation SIC-12 "Consolidation — Special Purpose Entities". The new standard requires consolidated financial statements to include all controlled entities under a single control model. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the entity controls another entity; there are no clear lines. Additional guidance is given on how to evaluate whether certain relationships give the entity the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice. IFRS 10 is effective for years beginning on or after January 1, 2013. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 11 "Joint Arrangements", which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. IFRS 11 is effective for years beginning on or after January 1, 2013. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 12 "Disclosure of Interests in Other Entities", which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities, and replaces existing disclosure requirements. Due to this new standard, the entity will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. IFRS 12 is effective for years beginning on or after January 1, 2013. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 13 "Fair Value Measurements", which provided guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the standard will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for years beginning on or after January 1, 2013. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB reissued IAS 27 "Separate Financial Statements", to reflect the change as the consolidation guidance has recently been included in IFRS 10. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity prepares separate financial statements. IFRS 27 is effective for years beginning on or after April 1, 2013. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 28 "Investments in Associates and Joint Ventures" as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 28 has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When it has been determined that an entity has an interest in a joint venture, the entity will recognize an investment and will account for it using the equity method in accordance with IAS 28. IAS 28 is effective for years beginning on or after April 1, 2013. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 1 "Presentation of Financial Statements" to expand on the disclosures required of items within other comprehensive income (loss). The revised standard requires that an entity distinguishes between those items that are recycled to profit and loss versus those items that are not recycled. Retrospective application is required and the standard is effective for annual periods beginning on or after July 1, 2012. Regional Energy has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 12 "Income Taxes" in December 2010 in certain areas applicable to the measurement of deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. The amendment states that an entity may presume, for purposes of calculating deferred income taxes associated with temporary differences relating to investment properties, that the carrying amount of an investment property is recovered entirely through its sale, as opposed to presuming that the properties are held with the objective to consume substantially all of the economic benefits of the investment property over time. This amendment replaces SIC-21 and is effective for annual periods beginning on or after January 1, 2012. The adoption of this amendment will have no impact on Regional Energy.

The IASB amended IAS 19 "Employee Benefits" in June 2011. IAS 19 amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires re-measurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income (loss) and increases the disclosure. This amended standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The adoption of this amendment will have no impact on Regional Energy.

Financial Instruments and Risk Management

Regional Energy has entered into contracts with customers to provide electricity or natural gas at either variable or fixed prices. While the majority of the electricity and natural gas provided by Regional Energy to customers from inception was under variable price contracts, fixed price contracts expose Regional Energy to changes in market prices of electricity and natural gas as Regional Energy is obligated to purchase the electricity or natural gas at floating wholesale market prices for the electricity or natural gas consumed by its customers. To reduce its exposure to short- and long-term movements in commodity prices arising from the procurement of electricity or natural gas at floating prices, Regional Energy uses derivative instruments. These derivative instruments are principally fixed-for-floating swaps whereby Regional Energy agrees with a counterparty, currently Macquarie Energy, to cash settle the difference between the floating price and the fixed price on a notional quantity of electricity or natural gas for a specified time frame. The cash flow from these instruments is expected to be effective in offsetting Regional Energy's price exposure and serves to fix Regional Energy's wholesale cost of electricity or natural gas to be delivered to the customer. Regional Energy remains subject to commodity risk for any volumetric differences between the actual quantities used by customers and the forecasted quantities upon which the commodity hedging is based.

Realized swap settlements under derivative instruments are included in cost of sales in the consolidated statement of comprehensive income (loss). Unrealized gains or losses resulting from changes in the fair value of the swaps, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the consolidated statement of comprehensive income (loss).

The fair value of derivative financial instruments is the estimated amount that Regional Energy would pay or receive to dispose of these derivative instruments in the market, in the unlikely event that Regional Energy was required to dispose of its derivative instruments. Regional Energy has estimated the value of derivative instruments using market-based forward wholesale price curves.

As at June 30, 2012, Regional Energy had fixed-for-floating swap contracts with the following terms:

Derivative Instruments — Electricity	June 30, 2012
Notional Volumes	1 to 100 MW
Total Remaining Notional Volume	508,549 MWh
Maturity Dates	July 2012 — April 2014
Fixed Price Per unit	$26.74 to $58.67
Fair Value	$0.6 million (liability)
Notional Value	$21.6 million

Derivative Instruments — Natural Gas	June 30, 2012
Notional Volumes	10,000 to 15,000 Mmbtu
Total Remaining Notional Volume	55,000 Mmbtu
Maturity Dates	July 2012 — October 2012
Fixed Price Per unit	$2.24-$2.45
Fair Value	$0.0 million (asset)
Notional Value	$0.1 million

The carrying value of cash, accounts receivable, trade payables and other liabilities approximate their fair values due to their short-term liquidity.

Risks and Uncertainties

See "Risk Factors" for a description of key risks and uncertainties.

Liquidity and Capital Resources

Cash and Cash Flow from Operations

Six Months Ending June 30, 2012 and June 30, 2011

As at June 30, 2012, Regional Energy had a cash balance of $4.6 million, an increase from $1.5 million as at June 30, 2011. Regional Energy had net working capital of $8.0 million as at June 30, 2012, an increase of $4.4 million from $3.6 million as at December 31, 2011. Cash provided by operations for the six months ending June 30, 2012 amounted to $0.4 million, compared to cash used by operations of $3.5 million for the six months ending June 30, 2011. The prior comparable cash used by operations was impacted by a negative change in non-cash working capital of $6.0 million relating to the repayment of certain advances outstanding under the Supplier Agreement with Macquarie Energy during the six months ending 2011.

Years Ending December 31, 2011 and December 31, 2010

As at December 31, 2011, Regional Energy had a cash balance of $12.0 million, an increase of $11.1 million from $0.9 million for the year ending December 31, 2010. Regional Energy had net working capital of $3.6 million as at December 31, 2011 an increase of $1.5 million from $2.1 million as at December 31, 2010. Cash provided by operations for the year ending December 31, 2011 amounted to $5.8 million, compared to $2.6 million used by operations for the year ending December 31, 2010.

Contractual Obligations

In the normal course of business, Regional Energy is obligated to make future payments under various non-cancellable contracts and other commitments. As at June 30, 2012 the payments due by period are set out in the following table:

Contractual Obligations
(in $ millions)

	Carrying Amount	Contractual Cash Flow	Less Than 1 Year	1 to 5 Years	More Than 5 Years
Trade and other payables	19.9	19.9	19.9	—	—
Derivative instruments	0.6	0.6	0.6	—	—
Operating leases	—	1.9	0.4	1.5	—
	20.5	22.4	20.9	1.5	—

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — PUBLIC POWER

The following management's discussion and analysis of Public Power's financial condition and results of operations relates to Public Power's unaudited interim condensed consolidated financial statements for the three and six months ending June 30, 2012 and 2011 and audited consolidated financial statements for the three years ending December 31, 2011, and has been prepared with information available up to and including November 2, 2012. This management's discussion and analysis should be read together with the consolidated financial statements of Public Power and the related notes as well as other information included in this prospectus, including "Notice to Investors", "Non-IFRS Financial Measures" and "Prospectus Summary — Summary Pro Forma and Historical Financial Information".

The financial statements of Public Power are prepared in accordance with IFRS, which requires estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Actual results may differ materially from those estimates as a result of various factors, including those discussed below and included elsewhere in this prospectus, particularly under "Risk Factors". This discussion contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. Certain totals, subtotals and percentages may not reconcile due to rounding.

Overview

Public Power's business currently involves the sale of electricity through its subsidiaries to residential and small to medium-size commercial customers in Connecticut, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio and Pennsylvania and the sale of natural gas to residential and small to medium-size commercial in New Jersey and New York.

Public Power's sales channels have historically focused on telemarketing and door-to-door activities in which agents are paid up-front fees for customer origination. Public Power's residential division targets single family homes serviced by utilities in the above states. Residential customers are predominantly on variable rate month-to-month contracts.

Public Power's commercial division targets small to medium-size commercial customers and pursues large commercial customers opportunistically. The commercial division was launched in February of 2011, initially focusing only on electricity sales. Public Power expanded its commercial sales to natural gas customers in New Jersey and New York in April and May of 2012, respectively. Commercial customers are typically on fixed price longer term contracts of up to 24 months. Small to medium-size commercial customers generally have similar margins but higher usage rates compared to residential customers.

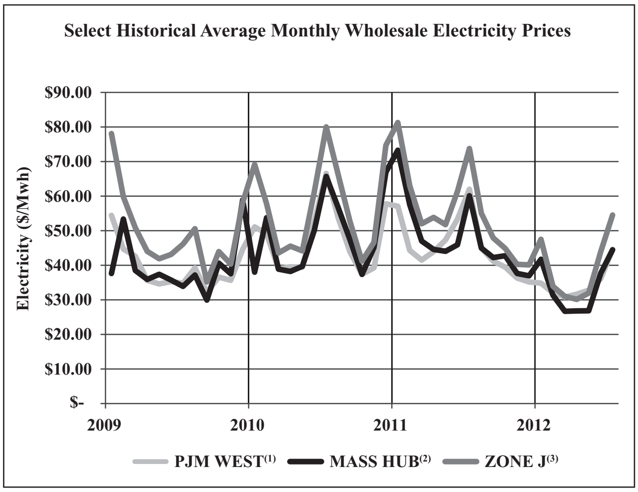
Public Power's win back program operates from a dedicated call centre and focuses on re-enrolling customers that have recently terminated service or notified the utility of their intention to terminate service. Launched in May of 2011, the win back program has measurably increased customer retention and has allowed Public Power to gauge customer sentiment and collect market intelligence.

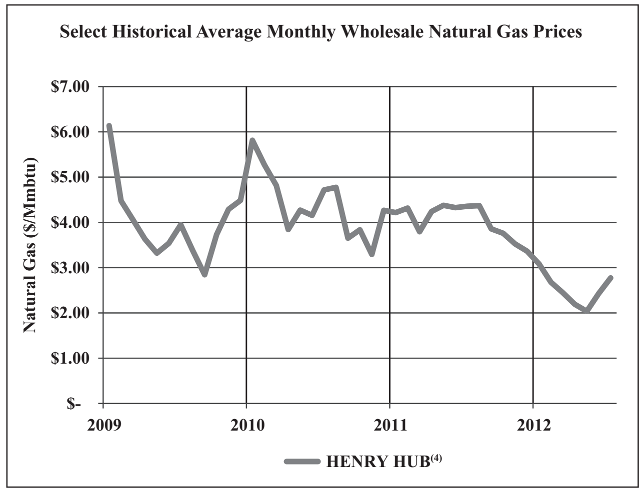
Public Power has grown both organically and through acquisitions. In 2010, Public Power purchased the assets and assumed the liabilities of Public Power & Utility. In November 2011, Public Power successfully completed the ResCom Acquisition, which included approximately 114,000 customers in Connecticut and Maryland. As at June 30, 2012, Public Power & Utility has no assets, liabilities or operations and will not be acquired as part of the Combination and will not be owned by Public Power subsequent to the completion of the Offering. See "Notice to Investors".

Public Power's customers purchase electricity under either (i) variable price contracts with no fixed term and a rate subject to change at any time by Public Power, or (ii) fixed price contracts under which there is a fixed contract term and a fixed rate for the term. Public Power's general policy is to match the estimated energy requirements of its customers by purchasing offsetting volumes of electricity or natural gas through either physical or financial transactions at wholesale energy spot prices or fixed prices.

Public Power procures its energy requirements from various wholesale energy markets, including the physical and financial markets, through short-term and long-term contracts. For both electricity and natural gas, Public Power procures its wholesale energy requirements at various utility load zones for electricity and city gates for natural gas based on the geographic location of our customers. See "Financial Instruments and Risk Management" in this management's discussion and analysis, for details of the risk management processes adopted by Public Power to minimize commodity market risk.

The charts below illustrate historical settled wholesale electricity and natural gas prices since January 1, 2009 for selected price points in the markets served by Public Power.





Notes:

(1) PJM Western Hub is a liquid delivery point (i.e. an aggregation of load zones grouped by geographical regions and creating a common point for energy trading) on the PJM electricity grid, which encompasses some or all of the load zones in the states of Illinois, Maryland, New Jersey, Ohio and Pennsylvania among others.

(2) Mass Hub is a liquid delivery point on the ISO-NE electricity grid which encompasses some or all of the load zones in Connecticut, Maine, Massachusetts and New Hampshire, among others.

(3) Zone J is a liquid delivery point on the NYISO electricity grid, which encompasses load zones in New York City.

(4) Henry Hub is a distribution hub on the natural gas pipeline system in Erath, Louisiana, and is the pricing point for natural gas futures traded on the New York Mercantile Exchange (NYMEX).

Public Power's gross margin is derived from the differential price charged to its customers and paid to its wholesale energy suppliers. Public Power also incurs selling expenses to compensate its direct sales force, comprised of telemarketing companies, independent contractor door-to-door sales agents, commercial brokers and win back team members, for customer acquisition activities through a mixture of upfront payments and residual-based payments over the life of the customer. All such costs are recognized as expenses in the period incurred. In addition, Public Power incurs general and administrative and financing expenses to operate its business.

Customer Aggregation

The following table summarizes Public Power's growth in customers since January 1, 2009:

Customer Aggregation
(in customers) (1)

	Opening Customer Count	Customer Adds(2)	Customer Drops(2)	Net Change	Closing Customer Count
Connecticut — Electricity	10,191	28,621	(5,017)	23,604	33,795
New York — Electricity	—	7	(2)	5	5
Year ending December 31, 2009	10,191	28,628	(5,019)	23,609	33,800
Net Change % of Opening Customer Count				*231.7%*	
Connecticut — Electricity	33,795	49,631	(24,441)	25,190	58,985
Massachusetts — Electricity	—	366	(25)	341	341
New York — Electricity	5	4,104	(973)	3,131	3,136
Pennsylvania — Electricity	—	10,694	(4,252)	6,442	6,442
New Jersey — Electricity	—	161	(18)	143	143
Maryland — Electricity	—	7	—	7	7
Year ending December 31, 2010	33,800	64,963	(29,709)	35,254	69,054
Net Change % of Opening Customer Count				*104.3%*	
Connecticut — Electricity(3)	58,985	107,882	(18,585)	89,297	148,282
Massachusetts — Electricity	341	492	(235)	257	598
New York — Electricity	3,136	1,654	(2,179)	(525)	2,611
Pennsylvania — Electricity	6,442	8,425	(6,306)	2,119	8,561
New Jersey — Electricity	143	30,393	(10,657)	19,736	19,879
Maryland — Electricity(3)	7	41,621	(6,288)	35,333	35,340
Year ending December 31, 2011	69,054	190,467	(44,250)	146,217	215,271
Net Change % of Opening Customer Count				*211.7%*	
Connecticut — Electricity	148,282	28,799	(41,126)	(12,327)	135,955
Massachusetts — Electricity	598	10,909	(2,361)	8,548	9,146
New York — Electricity	2,611	7,063	(2,999)	4,064	6,675
Pennsylvania — Electricity	8,561	9,932	(5,789)	4,143	12,704
New Jersey — Electricity	19,879	11,251	(8,031)	3,220	23,099
Maryland — Electricity	35,340	17,893	(13,122)	4,771	40,111
Ohio — Electricity	—	2,362	—	2,362	2,362
District of Columbia — Electricity	—	4,818	(570)	4,248	4,248
New York — Natural gas	—	2,187	(667)	1,520	1,520
New Jersey — Natural gas	—	386	(73)	313	313
Six months ending June 30, 2012	215,271	95,600	(74,738)	20,862	236,133
Net Change % of Opening Customer Count				*9.7%*	

Notes:

(1) Customers are estimates of the residential customer equivalents based on customer accounts and information available regarding their historical usage.

(2) Customer adds and customer drops are based on a customer's service commencement date and service end dates, which lag the customer's enrolment and termination request dates respectively by several months.

(3) Customer acquisition activities in 2011 in the markets of Connecticut and Maryland include 114,587 customers acquired from ResCom in November 2011.

Public Power & Utility Inc.'s first fiscal period, the year ending December 31, 2008, was primarily focused on setting-up operations and sales channels and entering into the Connecticut electricity market. Public Power & Utility Inc. ended the 2008 year with 10,191 customers. In the year ending December 31, 2009, Public Power &

Utility Inc. began marketing electricity in Massachusetts and ended the year with 33,800 customers. As at June 30, 2012, Public Power & Utility has no assets, liabilities or operations.

Public Power was formed in 2009 and purchased the assets and assumed the liabilities of Public Power & Utility, Inc. in April 2010. Subsequent to the acquisition, Public Power began serving customers acquired from Public Power & Utility, Inc. in Connecticut immediately upon close of the acquisition. Public Power expanded sales to customers in Maryland, Massachusetts, New Jersey, New York and Pennsylvania in 2010 and to customers in Maryland and New Jersey in 2011. Telemarketing was Public Power's primary sales channel throughout 2010 and 2011. Public Power began a commercial marketing effort in the third quarter of 2011 and implemented its door-to-door sales channel in the fourth quarter of 2011. Public Power ended the 2010 year with 69,054 customers. In the year ending December 31, 2011, Public Power acquired approximately 114,000 customers in Connecticut and Maryland from ResCom. Public Power ended the 2011 year with 215,271 customers. In the first six months of 2012, Public Power entered the District of Columbia and Ohio electricity markets and the New Jersey and New York natural gas markets. Public Power ending June 30, 2012 with 236,133 customers, consisting of 234,300 electricity customers and 1,833 natural gas customers.

Sources of Revenue

Public Power earns its revenue primarily from electricity and natural gas sales and recognizes its revenue based on customer consumption. Electricity revenue is subject to seasonal variations in customer usage and Public Power's revenues may fluctuate accordingly; however, the impact of seasonality on customer usage is one of many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition. Electricity consumption is typically highest during the summer months (July and August) due to cooling demand and winter months (January and February) due to heating demand. Natural gas consumption is typically highest during the months of October through March due to heating demand.

Selected Consolidated Financial and Operational Data

The following selected historical financial information has been derived from the historical consolidated financial statements of Public Power set out elsewhere in this prospectus. This information should be read in conjunction with the audited consolidated financial statements of Public Power for the years ending December 31, 2011, 2010 and 2009 and the unaudited interim condensed consolidated financial statements of Public Power for the three and six months periods ending June 30, 2012 and 2011, together with the notes thereto, included elsewhere in this prospectus. The operating data has been prepared by management based on Public Power's records.

Statement of Comprehensive Income Highlights (in millions)

	Three Months Ending June 30,		Six Months Ending June 30,		Year Ending December 31,		
	2012	2011	2012	2011	2011	2010	2009
Revenue	$45.3	$20.3	$95.4	$42.5	$107.9	$76.2	$45.4
Cost of sales	$28.8	$15.4	$61.5	$33.2	$ 82.2	$60.3	$30.8
Gross margin	$16.5	$ 4.9	$33.9	$ 9.3	$ 25.7	$15.9	$14.6
Selling expenses	$ 2.9	$ 0.9	$ 5.3	$ 1.4	$ 3.2	$ 3.4	$ 1.3
General and administrative	$ 2.5	$ 1.9	$ 5.3	$ 3.6	$ 7.9	$ 6.4	$ 8.9
Depreciation and amortization	$ 1.9	$—	$ 3.8	$—	$ 0.8	$—	$—
Finance costs	$ 0.6	$ 0.3	$ 1.4	$ 0.6	$ 1.3	$ 1.2	$ 0.2
Change in fair value of derivatives	$(1.2)	$ 1.1	$(1.4)	$ 0.8	$ 1.7	$(0.1)	$—
Provision for income taxes	$—	$—	$—	$—	$ —	$—	$ 1.5
Net income	$ 9.8	$ 0.7	$19.5	$ 2.9	$ 10.8	$ 5.0	$ 2.7
EBITDA(1)	$12.3	$ 1.0	$24.7	$ 3.5	$ 12.9	$ 6.2	$ 4.4
Adjusted EBITDA(1)	$11.1	$ 2.1	$23.3	$ 4.3	$ 14.6	$ 6.1	$ 4.4

Note:

(1) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or an an alternative to, net income or other data prepared in accordance with IFRS. See "Non-IFRS Financial Measures".

The following table is a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods indicated.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(in millions)

	Three Months Ending June 30,		Six Months Ending June 30,		Year Ending December 31,		
	2012	2011	2012	2011	2011	2010	2009
Net income	$ 9.8	$0.7	$19.5	$2.9	$10.8	$ 5.0	$2.7
Excluding the impacts of:							
Provision for income taxes	$—	$—	$—	$—	$—	$—	$1.5
Finance costs	$ 0.6	$0.3	$ 1.4	$0.6	$ 1.3	$ 1.2	$0.2
Depreciation and amortization	$ 1.9	$—	$ 3.8	$—	$ 0.8	$—	$—
EBITDA	$12.3	$1.0	$24.7	$3.5	$12.9	$ 6.2	$4.4
Excluding the impact of:							
Change in fair value of derivative instruments	$(1.2)	$1.1	$(1.4)	$0.8	$ 1.7	$(0.1)	$—
Adjusted EBITDA	$11.1	$2.1	$23.3	$4.3	$14.6	$ 6.1	$4.4

Statement of Financial Position Highlights
(in millions)

	As at June 30, 2012	As at December 31, 2011	As at December 31, 2010
Current assets	$27.2	$19.1	$17.3
Total assets	$47.4	$41.2	$19.3
Current liabilities	$28.8	$22.6	$14.1
Long-term liabilities	$ 3.1	$12.2	$ 2.8
Members' equity	$15.5	$ 6.4	$ 2.4

Financial & Operational Highlights[(1)]
(in millions)

	Three Months Ending June 30,		Six Months Ending June 30,		Year Ending December 31,		
	2012	2011	2012	2011	2011	2010	2009
Electricity							
Volumes (MWh)	494,698	207,182	1,028,176	445,252	1,030,908	798,022	429,012
Revenue ($ million)	$ 45.3	$ 20.3	$ 95.3	$ 42.5	$ 107.9	$ 76.2	$ 45.4
Gross margin ($ million)	$ 16.5	$ 4.9	$ 33.9	$ 9.3	$ 25.7	$ 15.9	$ 14.6
Gross margin ($/MWh)	$ 33.39	$ 23.52	$ 32.94	$ 20.96	$ 24.93	$ 19.98	$ 34.00
Gross margin as a % of revenue	36.5%	24.0%	35.5%	21.9%	23.8%	20.9%	32.1%

Notes:

(1) Public Power began marketing natural gas in April 2012 and had enrolled 1,833 customers with insignificant revenues by June 30, 2012.

Statement of Cash Flows Highlights
(in millions)

	Six Months Ending June 30,		Year Ending December 31,		
	2012	2011	2011	2010	2009
Cash flows from (used in) operating activities	$10.0	$4.9	$10.7	$(1.2)	$(6.5)
Cash and cash equivalents at end of year	$ 0.3	$1.0	$ 0.7	$ 0.3	$ 0.7

Results of Operations

Three and Six Months Ending June 30, 2012 Compared to Three and Six Months Ending June 30, 2011

Revenue and Gross Margin

Electricity

For the three and six months ending June 30, 2012, electricity revenue was $45.3 million and $95.3 million, respectively, representing (a) an increase of 123.3% from $20.3 million for the three months ending June 30, 2011, primarily as a result of 138.8% higher volumes and partially offset by 6.5% lower average retail rates in line with decreases in both wholesale and competitive markets and (b) an increase of 124.0% from $42.5 million for the six months ending June 30, 2011, primarily due to 130.9% higher electricity volumes and partially offset by 3.0% lower average retail rates in line with decreases in both wholesale and competitive markets. Electricity volumes for the three and six months ending June 30, 2012 were 494,698 MWh and 1,028,176 MWh, respectively, representing an increase of 138.8% from 207,182 MWh for the three months ending June 30, 2011 and an increase of 130.9% from 445,252 MWh for the six months ending June 30, 2011, both resulting from increased customer numbers from both organic growth and from the acquisition of the ResCom customers in November 2011.

Electricity gross margins for the three and six months ending June 30, 2012 were $16.5 million and $33.9 million, respectively, representing increases of 239.0% and 263.0% from $4.9 million and $9.3 million, respectively, for the same respective periods in 2011. Electricity gross margins per unit were $33.39/MWh (36.5% of electricity revenue) and $32.94/MWh (35.5% of electricity revenue) for the three and six months ending June 30, 2012, respectively, compared to $23.52/MWh (24.0% of electricity revenue) and $20.96/MWh (21.9% of electricity revenue) for the three and six months ending June 30, 2011, respectively. Improved gross margins in the 2012 periods were primarily due to an environment of lower wholesale prices.

Natural Gas

In the three months and six months ending June 30, 2012, Public Power commenced its natural gas marketing activities in New Jersey and New York and achieved revenue of $56,000 and $46,000 on volume of 8,325 and 6,932 Mmbtu, respectively. There was no natural gas revenue prior to March 2012.

Selling Expenses

Selling expenses consist of commissions paid to independent contractor telemarketing agents, door-to-door agents and commercial brokers for enrolling new customers, and are expensed in the period that the commissions are earned by the direct sales force. In these marketing channels, commissions earned and paid comprise a mix of upfront commissions which are primarily based on the successful qualification of the customer with the utility and residual commissions which are based on customer usage and customer payments.

For the three and six months ending June 30, 2012, selling expenses amounted to $2.9 million and $5.3 million, respectively, representing increases of 220.4% from $0.9 million and 263.4% from $1.4 million for the three and six months ending June 30, 2011, respectively. For the three and six months ending June 30, 2012, selling expenses amounted to 6.6% and 5.5% of customer revenue compared to 4.6% and 3.4% for three and six months ending June 30, 2011, respectively. These costs consist of (a) upfront customer acquisition commissions of $2.4 million and $4.2 million (amounting to $39.66 and $43.93 per customer acquired) for the three and six months ending June 30, 2012, respectively, compared to $0.7 million and $1.1 million (amounting to $26.74 and $35.39 per customer acquired) for the three and six months ending June 30, 2011, respectively, and (b) residual based commissions of $0.5 million and $1.1 million (amounting to 1.1% of customer revenues) for the three and six months ending June 30, 2012, respectively, compared to $0.2 million and $0.3 million (amounting to 1.2% and 0.8% of customer revenue) for the three and six months ending June 30, 2011, respectively.

The increases in selling expenses were the result of management's increased marketing efforts in 2012. The efforts included marketing in service areas of additional utilities, increasing use of telemarketers and door-to-door sales agents, introducing natural gas as a new product and increasing commercial activity, which carries a higher gross acquisition cost per customer than residential.

General and Administrative Expenses

General and administrative expenses for the three and six months ending June 30, 2012 were $2.5 million and $5.3 million, respectively, representing increases of 31.9% from $1.9 million and of 46.3% from $3.6 million for three and six months ending June 30, 2011, respectively. For the three and six months ending June 30, 2012, general and administrative expenses amounted to 5.5% of revenues compared to 9.3% and 8.4% for the three and six months ending June 30, 2011, respectively. The increases in general and administrative expenses were primarily driven by the additional operational, staff and infrastructure requirements, including the establishment and implementation of Public Power's win back team to support Public Power's growing customer base.

General and administrative expenses for the three and six months ending June 30, 2012 and prior comparable periods are set out in the table below:

General and Administrative Expenses (in millions and % of general and administrative expenses)

	Three Months Ending June 30,				Six Months Ending June 30,			
	$		%		$		%	
General and Administrative Expenses	2012	2011	2012	2011	2012	2011	2012	2011
POR fees / bad debt	$0.4	$0.7	16%	37%	$0.7	$0.8	13%	22%
Processing costs	$0.2	$0.2	8%	10%	$0.4	$0.3	8%	8%
Human resources	$0.9	$0.6	36%	32%	$1.8	$1.4	34%	39%
Other	$1.0	$0.4	40%	21%	$2.4	$1.1	45%	31%
Total	$2.5	$1.9	100%	100%	$5.3	$3.6	100%	100%

Certain costs within general and administrative expenses are variable costs that scale more directly with revenue, such as POR / bad debt expense. The increase in processing costs was the result of growth in customer accounts, while the increase in human resources expenses was the result of increased business size. The increase in other general and administrative expenses was primarily driven by increases in telecommunication line fees from increased call centre activity and increased professional service fees associated with increased scale.

Depreciation and Amortization

Depreciation and amortization relate to the plant, equipment and intangible assets associated with the ResCom customer acquisition and computer software used in Public Power's operations. Depreciation and amortization for the three and six months ending June 30, 2012 was $1.9 million and $3.8 million, respectively, compared to $0.02 million and $0.03 million for the prior comparable periods. These increases were primarily the result of amortization of intangibles acquired as part of the ResCom customer account purchase in November 2011.

Finance Costs

Finance costs for the three and six months ending June 30, 2012 were $0.6 million and $1.4 million, respectively, representing increase of 154.1% from $0.3 million and 133.9% from $0.6 million for the three and six months ending June 30, 2011, respectively. Finance costs primarily relate to costs paid pursuant to the credit facility with First Niagara Bank ("**First Niagara**"), interest on subordinated debt financing with GF Alternative Financing, LLC and GF Alternative Financing 2, LLC and finance costs paid pursuant to an agreement in place with Emera Inc. ("**Emera**") under which Emera is responsible for posting ISO collateral requirements in the Connecticut market in return for a volumetric based fee. The period to period increases were primarily due to the finance costs associated with the acquisition of the ResCom customers in November 2011.

Change in Fair Value of Derivative Instruments

The fair value of derivative instruments relates to changes in unrealized gains or losses on derivatives, which represent the estimated amount that Public Power would need to pay or receive to dispose of the remaining notional volumes of electricity derivative positions in the market if the swap contracts were to be terminated at the respective period end (see "Financial Instruments and Risk Management" in this management's discussion and analysis). For the three and six months ending June 30, 2012, the unrealized gains and losses associated with swap contracts were a gain of $1.2 million and $1.4 million, respectively, compared to a loss of $1.1 million and $0.8 million in the prior comparable periods. These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end.

Net Income

For the three and six months ending June 30, 2012, net income was $9.8 million and $19.5 million, respectively, increases from a net income of $0.7 million for the three months ending June 30, 2011 and $2.9 million for the six months ending June 30, 2011, respectively. The increases in net income resulted from increases in revenues from both organic growth and acquisitive growth from the ResCom customers and decreases in expenses as a percentage of revenue from both economies of scale and lower wholesale energy prices.

Year Ending December 31, 2011 Compared to Year Ending December 31, 2010

Revenue and Gross Margin

Electricity

For the year ending December 31, 2011, electricity revenue was $107.9 million compared to $76.2 million for the year ending December 31, 2010, representing a 41.5% increase. Electricity volumes for the year ending December 31, 2011 were 1,030,908 MWh, representing an increase of 29.2% on 798,022 MWh from the year ending December 31, 2010. These increases in revenue and volumes were the result of strong growth in new markets in 2010 and 2011, including Maryland, Massachusetts, New Jersey and Pennsylvania.

Electricity gross margins for the year ending December 31, 2011 were $25.7 million, an increase of 61.2% from $15.9 million for the prior year. Electricity gross margins per unit were $24.93/MWh (23.8% of revenue) for the year ending December 31, 2011, an increase from $19.98/MWh (20.9% of revenue) for the year ending December 31, 2010. The year to year increase in gross margin as a percentage of revenue is a result of lower wholesale prices.

Selling Expenses

Selling costs consist of commissions paid to telemarketing agents, door-to-door agents and commercial agents for enrolling new customers, and are expensed in the period that the commissions are earned by the direct sales force. Commissions earned and paid comprise a mix of upfront commissions which are primarily based on the successful enrolment of the customer with the utility and residual based commissions which are based on customer usage and customer payments. All agent commissions are subject to a full commission reimbursement for customers that cancel during the initial 90-day period from enrolment. In 2010, Public Power developed a network marketing program, which involved residual commissions paid to originating agents. The program was terminated in 2011.

For the year ending December 31, 2011, selling expenses amounted to $3.2 million, a decrease of 5.7% from $3.4 million for the year ending December 31, 2010. For the year ending December 31, 2011, selling expenses amounted to 3.0% of customer revenue compared to 4.4% for the year ending December 31, 2010. These costs consist of (a) upfront customer acquisition commissions of $2.1 million (amounting to $29.68 per customer acquired) for the year ending December 31, 2011, compared to $2.0 million (and $30.91 per customer acquired) for the year ending December 31, 2010, and (b) residual based commissions of $1.0 million (or 1.0% of customer revenue) for the year ending December 31, 2011, compared to $1.4 million (or 1.8% of customer revenue) for the year ending December 31, 2010. The decreases in upfront customer acquisition costs per customer and residual selling expenses as a percentage of revenue year over year were the result of reducing and streamlining marketing and sales programs to improved customer targeting and lower per customer acquisition costs as well as a reduction in commissions paid under the above mentioned network marketing program.

General and Administrative Expenses

General and administrative expenses for the year ending December 31, 2011 were $7.9 million, an increase of 23.5% from $6.4 million for the year ending December 31, 2010. For the year ending December 31, 2011, general and administrative expenses amounted to 7.3% of revenue, compared to 8.4% for the year ending December 31, 2010. The increase in general and administrative expenses from the prior year was primarily driven by the additional operational, staff and infrastructure requirements to support Public Power's growing customer base, and the decrease as a percentage of revenue is the result of scale benefits.

General and administrative expenses for the year ending December 31, 2011 and the prior comparable period are set out in the table below:

General and Administrative Expenses (in millions and % of general and administrative expenses)

General and Administrative Expenses	Years Ending December 31 $ 2011	$ 2010	% 2011	% 2010
POR fees/bad debt	$2.0	$0.8	25%	12%
Processing costs	$0.8	$0.7	10%	11%
Human resources	$2.7	$1.2	34%	19%
Other	$2.4	$3.7	31%	58%
Total	$7.9	$6.4	100%	100%

Certain costs within general and administrative expenses are variable costs that scale more directly with revenue, such as POR/bad debt expense. The increase in processing costs was the result of growth in customer accounts, while the increase in human resources expenses was the result of increased business scale.

Depreciation and Amortization

Depreciation and amortization relates to property, equipment and intangibles. Depreciation and amortization for the year ending December 31, 2011 was $0.8 million, compared to $.04 million for the year ending December 31, 2010. The increase was due to increased capital expenditures relating to property, equipment and intangibles, including amortization of customer contracts acquired from ResCom in November 2011.

Finance Costs

Finance costs relate primarily to costs paid pursuant to the credit facility with a First Niagara subordinated debt financing with GF Alternative Financing, LLC and GF Alternative Financing 2, LLC and finance fees paid to Emera for the responsibility of posting the ISO collateral requirements in the Connecticut market. Finance costs for the year ending December 31, 2011 were $1.3 million, an increase of 10.7% from $1.2 million for the year ending December 31, 2010.

Change in Fair Value of Derivative Instruments

The fair value of derivative instruments relates to changes in unrealized gains or losses on derivatives, which represent the estimated amount that Public Power would need to pay or receive to dispose of the remaining notional volumes of electricity derivative positions in the market if the swap contracts were to be terminated at the respective period end (see "Financial Instruments and Risk Management" in this management's discussion and analysis). For the year ending December 31, 2011 the changes in unrealized gains and losses associated with swap contracts was a loss of $1.7 million compared to a gain of $0.1 million in the prior comparable period. These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end.

Taxes

For the years ending December 31, 2011 and 2010 there was no provision for income taxes as Public Power was not subject to income taxes after the reorganization in April 2010.

Net Income

For the year ending December 31, 2011 net income was $10.8 million representing an increase of 114.9% from the same period in 2010. The increases in net income resulted from increases in revenues from both organic growth and the ResCom Acquisition; lower wholesale energy prices and decreases in selling costs as a result of streamlined marketing and sales channels; and benefits of increased scale in general and administrative expenses.

Year Ending December 31, 2010 Compared to Year Ending December 31, 2009

For the year ending December 31, 2010, electricity revenue and gross margin were \$76.2 million and \$15.9 million, respectively, compared to \$45.4 million and \$14.6 million for the prior year. Electricity gross margins per unit were \$19.98/MWh (20.9% of revenue) for the year ending December 31, 2010, a decrease from \$34.00/MWh (32.1% of revenue) for the year ending December 31, 2009.

For the year ending December 31, 2010, selling costs amounted to \$3.4 million, compared to \$1.3 million for the prior year. General and administrative expenses for the year ending December 31, 2010 were \$6.4 million, compared to \$8.9 million for the prior year. Financing costs for the year ending December 31, 2010 were \$1.2 million, compared to \$0.2 million for the prior year. For the year ending December 31, 2010 there was no provision for income tax compared to \$1.5 million for the prior year.

For the year ending December 31, 2010 net income was \$5.0 million, compared to \$2.7 million for the prior year.

Transactions with Related Parties

At January 1, 2009, the Company had a note payable to its majority member of \$0.7 million. The note bore interest at 12% and was re-paid in 2009.

As at December 31, 2009, the Company had a \$4.3 million note payable to an entity related to the Company's majority member. The note bore interest at 12% and was scheduled to mature in June 2010. The Company also had a \$0.2 million note payable to a related entity that bore interest at 12% and was scheduled to mature in December 2010. Additionally, the Company had unsecured, non-interest bearing advances due to related entities of \$3.3 million. All amounts were repaid in 2010.

During the year ended December 31, 2009, the Company incurred consulting fees of \$1.0 million to the majority member of the Company.

In January 2010, the Company entered into a \$20.0 million unsecured revolving line of credit with GF Alternative Finance, LLC, a company related to the Company's majority member. Borrowings under the line of credit agreement bore interest at 15% per annum. Interest was payable monthly and principal was payable commencing in March 2011 in four quarterly payments equal to one-eighth of the total principal balance at December 31, 2010. The balance outstanding at December 31, 2010 was \$5.6 million. Any remaining principal balance was due in March 2012. Payments on borrowings under this line of credit were subordinate to the First Niagara Bank credit agreement. This line of credit was repaid and canceled during the year ended December 31, 2011.

In November 2011, the Company entered into a \$7.5 million unsecured note payable with GF Alternative Finance 2, LLC, a Company related to the Company's majority member. Borrowings under the note payable bear interest at 15% per annum. Interest is payable monthly and principal is payable in a balloon payment at maturity on December 31, 2013. As at December 31, 2011 the Company had borrowed \$6.8 million on the available facility. Repayment of this note payable is subordinate to the First Niagara Bank credit agreement. During the six months ended June 30, 2012, the Company made a \$1.0 million principal payment and the remaining \$5.8 million balance was assumed by the majority member of the Company. The assumption of this debt was treated as a non-cash capital contribution by the majority member into the Company.

During the three month period ended June 30, 2012 and 2011, interest expense for all related party borrowings was \$0.2 million and \$0.04 million, respectively. During the six month period ended June 30, 2012 and 2011, interest expense for all related party borrowings was \$0.5 million and \$0.2 million, respectively.

Off Balance Sheet Items

In January 2011, Public Power entered into an arrangement with ACE American Insurance Company to provide surety bonds to various counterparties including regulatory bodies and LDCs. Under the arrangement

Public Power provided cash collateral of approximately 25% of the amount of the issued surety bonds. Prior to the arrangement with ACE American Insurance Company, Travelers Insurance Company provided Public Power with a similar arrangement. The amount of surety bonds outstanding as at June 30, 2012 and December 31, 2011 totaled $1.9 million and $1.7 million, respectively. These compare to $1.1 million and $1.0 million as at June 30, 2011 and December 31, 2010, respectively.

Public Power has letters of credit issued by First Niagara to various LDCs, which are 100% cash secured by Public Power. The aggregate amount of these letters of credit totaled $0.4 million as at each of June 30, 2012, December 31, 2011, June 30, 2011 and December 31, 2010. First Niagara has also issued short-term letters of credit, typically for periods of three to six months, from time to time as required by counterparties to financial swap agreements entered into by Public Power.

Critical Accounting Estimates

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances.

However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

(a) Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of electricity consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of electricity consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

(b) Accounts receivable

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(c) Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of derivative instruments is significantly influenced by the variability of forward spot energy.

The fair value of financial instruments is significantly influenced by the variability of forward spot prices for electricity and natural gas. Periodic changes in forward spot prices for electricity and natural gas could cause significant changes in the MTM Valuation of these financial instruments. For example, assuming that all other variables remain constant:

	Electricity	
Percentage change in the forward spot price at June 30, 2012	Percent change in MTM Valuation	Dollar change in MTM Valuation (in thousands)
+/−1%	+/−10.4%	+/−$24
+/−5%	+/−52.1%	+/−$122
+/−10%	+/−104.2%	+/−$244

(d) Impairment

In assessing the value of intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, Regional Energy may be required to record impairment charges related to intangible assets.

(e) Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

(f) Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

International Financial Reporting Standards

Public Power prepares its consolidated financial statements in accordance with IFRS, as issued by the IASB.

Future Accounting Pronouncements

The IASB amended IFRS 7 "Financial Instruments: Disclosure" and IAS 32 "Financial Instruments: Presentation" to enhance disclosure requirements and clarify the requirements for the offsetting of financial assets and liabilities. The amendments are effective for years beginning on or after January 1, 2013 and January 1, 2014, respectively. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 9 "Financial Instruments: Classifications and Measurement". This is the first part of a new standard on the classification and measurement of financial assets that will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit or loss. IFRS 9 was also updated to include guidance on financial liabilities and derecognition of financial instruments. This guidance is similar to the guidance included in IAS 39 relating to financial liabilities and derecognition of financial instruments. IFRS 9 is effective for years beginning on or after January 1, 2015. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 10 "Consolidated Financial Statements", which replaces portions of IAS 27, "Consolidated and Separate Financial Statements" and interpretation SIC-12 "Consolidation — Special Purpose Entities". The new standard requires consolidated financial statements to include all controlled entities under a single control model. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the entity controls another entity; there are no clear lines. Additional guidance is given on how to evaluate whether certain relationships give the entity the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice. IFRS 10 is effective for years beginning on or after January 1, 2013. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 11 "Joint Arrangements", which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. IFRS 11 is effective for years beginning on or after January 1, 2013. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 12 "Disclosure of Interests in Other Entities", which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities, and replaces existing disclosure requirements. Due to this new standard, the entity will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. IFRS 12 is effective for years beginning on or after January 1, 2013. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 13 "Fair Value Measurements", which provided guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the standard will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for years beginning on or after January 1, 2013. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB reissued IAS 27 "Separate Financial Statements", to reflect the change as the consolidation guidance has recently been included in IFRS 10. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity prepares separate financial statements. IFRS 27 is effective for years beginning on or after April 1, 2013. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 28 "Investments in Associates and Joint Ventures" as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 28 has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When it has been determined that an entity has an interest in a joint venture, the entity will recognize an investment and will account for it using the equity method in accordance with IAS 28. IAS 28 is effective for years beginning on or after April 1, 2013. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 1 "Presentation of Financial Statements" to expand on the disclosures required of items within other comprehensive income (loss). The revised standard requires that an entity distinguishes between those items that are recycled to profit and loss versus those items that are not recycled. Retrospective application is required and the standard is effective for annual periods beginning on or after July 1, 2012. Public Power has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 12 "Income Taxes" in December 2010 in certain areas applicable to the measurement of deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. The amendment states that an entity may presume, for purposes of calculating deferred income taxes associated with temporary differences relating to investment properties, that the carrying amount of an investment property is recovered entirely through its sale, as opposed to presuming that the properties are held with the objective to consume substantially all of the economic benefits of the investment property over time. This amendment replaces SIC-21 and is effective for annual periods beginning on or after January 1, 2012. The adoption of this amendment will have no impact on Public Power.

The IASB amended IAS 19 "Employee Benefits" in June 2011. IAS 19 amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires re-measurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income (loss) and increases the disclosure. This amended standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The adoption of this amendment will have no impact on Public Power.

Financial Instruments and Risk Management

Public Power has entered into contracts with customers to provide electricity at either variable or fixed prices. While the majority of the electricity and natural gas provided by Public Power to customers from inception to June 30, 2012 were under variable price contracts, fixed price contracts expose Public Power to changes in market prices of electricity as Public Power is obligated to purchase the electricity at floating wholesale market prices for the electricity consumed by its customers. To reduce its exposure to short- and long-term movements in commodity prices arising from the procurement of electricity at floating prices, Public Power uses derivative instruments. These derivative instruments are principally fixed-for-floating swaps whereby Public Power agrees with a counterparty to cash settle the difference between the floating price and the fixed price on a notional quantity of electricity for a specified time frame. The cash flow from these contracts is expected to be effective in offsetting Public Power's price exposure and serves to fix Public Power's wholesale cost of electricity to be delivered to the customer.

These derivative instruments have been accounted for in the financial statements in accordance with IAS 39. Realized swap settlements under derivative instruments are included in cost of sales in the consolidated statement of comprehensive income (loss). Unrealized gains or losses resulting from changes in the fair value of the swaps, generally referred to as mark-to-market gains or losses, have been recognized at fair value on derivative instruments in the consolidated statement of comprehensive income.

The fair value of derivative financial instruments is the estimated amount that Public Power would pay or receive to dispose of these derivative instruments in the market, in the unlikely event that Public Power was required to dispose of its derivative instruments. Public Power has estimated the value of derivative instruments using a market-based information in the way of forward wholesale price curves.

As at June 30, 2012, Public Power had fixed-for-floating swap contracts designated as hedges of its anticipated cost of sales to which it had committed with the following terms:

Derivative Instruments — Electricity	June 30, 2012
Notional volumes	30 to 60 MW
Total remaining notional volume	54,720 MWh
Maturity dates	July 31, 2012
Fixed price per unit	$47.15 to $56.75
Fair value	$0.2 million (liability)
Notional value	$2.7 million

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term liquidity.

Risks and Uncertainties

See "Risk Factors" for a description of key risks and uncertainties.

Liquidity and Capital Resources

Cash and Cash Flow from Operations

Six Months Ending June 30, 2012 and June 30, 2011

As at June 30, 2012, Public Power had a cash balance of $0.3 million, a decrease from $1.0 million at June 30, 2011. Public Power had a net working capital deficit of $1.6 million as at June 30, 2012, compared to a working capital deficit of $3.5 million as at December 31, 2011. Cash provided by operations for the six months ending June 30, 2012 amounted to $10.0 million, compared to $4.9 million for the six months ending June 30, 2011.

Years Ending December 31, 2011 and December 31, 2010

As at December 31, 2011, Public Power had a cash balance of $0.7 million, an increase from $0.3 million at December 31, 2010. Public Power had a working capital deficit of $3.5 million as at December 31, 2011, a decrease from net working capital of $3.2 million as at December 31, 2010. Cash provided by operations for the year ending December 31, 2011 amounted to $10.7 million, compared to cash used by operations of $1.2 million for the year ending December 31, 2010. This is reflective of the growth of the net income and improved changes in non-cash working capital year to year.

Contractual Obligations

In the normal course of business, Public Power is obligated to make future payments under various non-cancellable contracts and other commitments. As at June 30, 2012, the payments due by period are set out in the following table:

Contractual Obligations
(in $ millions)

	Carrying Amount	Contractual Cash Flow	Less Than 1 Year	1 to 5 Years	More Than 5 Years
Trade and other payables	11.6	12.2	12.2	—	—
Line of credit, bank	15.2	15.3	15.3	—	—
Notes payable	3.2	3.2	1.7	1.5	—
Other liabilities	1.6	1.4	—	1.4	—
Derivative financial liabilities	0.2	0.2	0.2	—	—
	31.8	32.3	29.4	2.9	—

SUMMARY OF DISTRIBUTABLE CASH

The following summary has been prepared by management on the basis of the consolidated audited and unaudited financial statements of Regional Energy and Public Power, the information contained in this prospectus and the unaudited *pro forma* consolidated financial data of the Trust for the twelve months ending June 30, 2012. The information should be read together with the *pro forma* consolidated financial statements of the Trust and the related notes, the consolidated financial statements of Regional Energy, Public Power and the Trust and the related notes, "Selected *Pro Forma* Financial Information of the Trust" and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Regional Energy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Public Power" included elsewhere in this prospectus. **This analysis is not a forecast or a projection of future results. The actual results of operations for any period, whether before or after closing of the Offering, will likely vary from the amounts set forth in the following analysis, and such variation may be material.**

Management believes that distributable cash is an operating performance measure and an indicator of financial performance. As the Company intends to distribute a significant amount of its distributable cash on an ongoing basis, and since EBITDA and Adjusted EBITDA are metrics used by many investors and financial analysts to compare issuers on the basis of the ability to generate cash from operations, management believes that, in addition to net cash provided by operations, EBITDA and Adjusted EBITDA are useful non-IFRS, supplemental measures from which to make adjustments to determine distributable cash. EBITDA and Adjusted EBITDA are adjusted for certain items, deemed to be cash, in order to provide investors and financial analysts the information necessary to assess the ongoing operating performance and the highlights of the key trends in the continuing business and, accordingly, the distributable cash available. However, there are no standard definitions of Adjusted EBITDA or distributable cash prescribed by IFRS and other issuers may calculate similarly described measures differently. See "Non-IFRS Financial Measures".

Management believes that, after completion of the Offering and the Company Interest Acquisition, the Company will receive revenues and incur cost of sales, selling costs, general and administrative costs (including director bonuses), finance costs, cash taxes and maintenance capital expenditures, each of which will differ from those contained in the historical financial statements or in the unaudited *pro forma* consolidated financial statements that are included elsewhere in this prospectus. Financial information of the Company is presented for the twelve months ending June 30, 2012. This information has been prepared by combining the financial results of Regional Energy and Public Power for that period and making adjustments that management believes are reasonable. Some of these adjustments are reflected in the *pro forma* financial statements of the Trust contained elsewhere in this prospectus, but many are not because this information is prepared for a different period than that reflected in the *pro forma* financial statements and because some of the adjustments are not permitted in *pro forma* financial statements.

Management's assumptions in preparing this summary are set out in the notes below. Although management does not have firm commitments for all of the adjustments and the complete financial effects of all these adjustments are not objectively determinable, management believes that the following represents a reasonable estimate of the distributable cash for the twelve months ending June 30, 2012 assuming the

Combination, the ResCom Acquisition, the Offering and the Company Interest Acquisition had been completed, and the new Base Confirmation Agreement had been entered into, at the beginning of the period.

(in millions, except for per Unit and hedge rate data)	**Twelve Months Ending June 30, 2012**
Operating cash flow[1]	$ 25.5
Net change in operating assets and liabilities[2]	$ 17.1
Deferred income taxes[3]	$ 0.9
Bad debt recovery (expense)[4]	$ (1.5)
Provision for income taxes[5]	$ 4.3
Financing costs[6]	$ 7.4
Pro forma[7] Adjusted EBITDA[8] of the Trust[9]	$ 53.7
Management estimates that the following amounts will increase or reduce the amount of cash available for distribution:	
Amounts attributable to ResCom for period prior to acquisition[10]	$ 6.0
Finance costs adjusted for terms of new Base Confirmation Agreement[11]	$ (3.7)
Non-recurring director bonuses[12]	$ 0.4
Cost savings on electronic data processing fees[13]	$ 1.5
Maintenance capital expenditures[14]	$ (0.3)
Additional administrative expenses[15]	$ (2.5)
Income taxes paid in cash[16]	$ (6.0)
Distributable cash[8]	$ 49.1
Cash holdback[17]	$ 7.4
Cash available for distribution	$ 41.7
Amount attributable to non-controlling Company interests[18]	$ (30.5)
Distributable cash for US Holdco	$ 11.2
Income taxes paid in cash at US Holdco level[19]	$ (1.2)
Distributable cash for unitholders of the Trust	$ 10.0
Hedge rate (C$ per US$)[20]	C$ 0.9991
Distributable cash for unitholders of the Trust	C$ 10.0
Distributable cash for unitholders of the Trust per Unit[21]	C$ 1.00

Notes:

(1) Operating cash flow for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power operating cash flow figures for the year ending December 31, 2011 by subtracting the combined operating cash flow for the six months ending June 30, 2011 and adding the combined operating cash flow for the six months ending June 30, 2012.

(2) Net change in operating assets and liabilities for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power net change in operating assets and liabilities figures for the year ending December 31, 2011 by subtracting the combined net change in operating assets and liabilities for the six months ending June 30, 2011 and adding the combined net change in operating assets and liabilities for the six months ending June 30, 2012.

(3) Deferred income tax for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power deferred income tax figures for the year ending December 31, 2011 by subtracting the combined deferred income tax for the six months ending June 30, 2011 and adding the combined deferred income tax for the six months ending June 30, 2012.

(4) Bad debt recovery (expense) for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power bad debt recovery (expense) figures for the year ending December 31, 2011 by subtracting the combined bad debt recovery (expense) for the six months ending June 30, 2011 and adding the combined bad debt recovery (expense) for the six months ending June 30, 2012.

(5) Provision for income tax for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power provision for income tax figures for the year ending December 31, 2011 by subtracting the combined provision for income tax for the six months ending June 30, 2011 and adding the combined provision for income tax for the six months ending June 30, 2012.

(6) Finance costs for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power finance costs for the year ending December 31, 2011 by subtracting the combined finance costs for the six months ending June 30, 2011 and adding the combined finance costs for the six months ending June 30, 2012.

(7) *Pro forma* for the Combination and acquisition of the Company Interest by the Trust.

(8) EBITDA, Adjusted EBITDA and distributable cash are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS. See "Non-IFRS Financial Measures" and definitions of "EBITDA" and "Adjusted EBITDA" in the "Glossary".

(9) *Pro forma* Adjusted EBITDA for the twelve months ending June 30, 2012 is derived from the combined Regional Energy and Public Power Adjusted EBITDA figures for the year ending December 31, 2011 by subtracting the combined Adjusted EBITDA for the six months ending June 30, 2011 and adding the combined Adjusted EBITDA for the six months ending June 30, 2012.

(10) In November 2011, Public Power acquired approximately 114,000 customers from ResCom in the Connecticut and Maryland electricity markets. Since the above distributable cash calculations are for the twelve months ending June 30, 2012, this adjustment represents the gross margin of the ResCom customers acquired for the period from July 1, 2011 to the date of their acquisition by Public Power in November 2011, less estimated selling and general and administrative costs (including POR/bad debt amounts) that the Trust would have incurred on a *pro forma* basis during the period from July 1, 2011 through the date of the customer acquisition in November 2011. The adjustment is based on the actual ResCom financial results while under the ownership of ResCom, based on information contained in the unaudited financial statements provided by ResCom, adjusted for estimated financing costs under the new Base Confirmation Agreement entered into with Macquarie Energy as at September 18, 2012 concurrently with the closing of the Combination.

(11) Represents estimated finance costs under the new Base Confirmation Agreement entered into by the Company and Macquarie Energy on September 18, 2012 concurrently with the closing of the Combination and based on applying the new fees to the combined electricity and natural gas volumes of Regional Energy and Public Power during the twelve months ending June 30, 2012, and applying the new interest rates to actual outstanding letters of credit and cash advances during the twelve months ending June 30, 2012.

(12) Represents an adjustment to remove certain non-recurring director bonuses of $0.4 million.

(13) Represents estimated savings on electronic data transaction processing and customer information system fees, based on the difference between the existing fees paid to each of the Public Power and Regional Energy third party vendors and the proposed fees under a new agreement to be entered into by the Company prior to closing the Offering.

(14) Combined maintenance capital expenditures of Regional Energy and Public Power for the twelve months ending June 30, 2012 were $0.3 million. Management believes annual maintenance capital expenditures of $0.3 million allows for the necessary maintenance of the Company's property, equipment and intangibles on an ongoing basis.

(15) Subsequent to the Offering, management estimates that the Company will incur additional general and administrative costs on a continuing basis relating to requirements of the Trust becoming a reporting issuer. These amounts exclude any one time costs associated with the Offering.

(16) Represents estimated United States combined federal and state income taxes at the level of the Company and its operating subsidiaries at the current prevailing legislated rates of tax for the twelve months ending June 30, 2012. The estimated taxable income takes into account available deductions, as well as applying twelve months of interest payable by Regional Energy on the Regional Energy Notes.

(17) Represents cash held back by the Company based on a payout ratio of 85%.

(18) Represents the estimated amounts attributable to non-controlling interests in the Company, based on an approximate 73.2% non-controlling retained interest in the Company post-Offering (assuming the Over-Allotment Option is not exercised).

(19) Represents estimated United States combined federal and state income taxes at the level of US Holdco at the current prevailing legislated rates of tax for the twelve months ending June 30, 2012. The estimated taxable income takes into account available deductions, including twelve months of interest on the US Holdco Note, amortization based on the step-up of intangible assets of Public Power as a result of the ResCom Acquisition as well as the Offering, withholding taxes and a dividends received deduction of 80% for estimated dividends received from Regional Energy.

(20) Based on an indicative 1-year C$/US$ hedge rate as at November 1, 2012.

(21) Based on the number of Units issued pursuant to the Offering, being 10,000,000 (assuming the Over-Allotment Option is not exercised).

TRUSTEE, DIRECTORS AND MANAGEMENT

The Trustee

Computershare has been appointed as the Trustee of the Trust and will continue in that capacity until it resigns or is replaced by the Unitholders. Pursuant to the terms of the Administration Agreement, the Trustee has delegated most of the administrative and governance functions relating to the Trust to the Administrator. As a result, the Administrator Directors fulfill the majority of the oversight and governance roles for the Trust, with the balance of those duties remaining with the Trustee. See "Administration Agreement".

The Administrator

The Administrator is a corporation formed under the laws of Ontario on July 25, 2012, and is the administrator of the Trust. The sole shareholder of the Administrator is the Administrator Shareholder. Mr. Fallquist, the Chief Executive Officer of the Administrator and an Administrator Director, is the sole shareholder of the Administrator Shareholder. Under the terms of the Administration Agreement, the Administrator has certain management, administrative and governance duties with respect to the Trust. The Administrator performs its services pursuant to the Administration Agreement on a cost recovery basis. See "Administration Agreement".

From and after closing of the Offering, the number of the Administrator Directors shall be fixed at seven until such time as the Unitholders pass a resolution to fix the number of the Administrator Directors at a new number, subject to the Voting Agreement and articles and bylaws of the Administrator. The Voting Agreement provides that following the closing of the Offering the Administrator Shareholder will vote its shares of the Administrator with regard to the election of the Administrator Directors as directed by the Trustee pursuant to an Ordinary Resolution of the Unitholders, with the result that the Unitholders will be entitled to elect all of the Administrator Directors. See "Voting Agreement".

Directors and Executive Officers of the Administrator

The following table provides the names and municipalities of residence of the executive officers of the Administrator and the Administrator Directors, as well as their offices held with the Administrator, the date they were first appointed as Administrator Directors or executive officers of the Administrator and their principal occupation. Each executive officer of the Administrator will be employed by the Company and will hold the same office(s) indicated below at both the Administrator and at the Company. Each of the executive officers will devote 100% of their working time to the business and affairs of the Crius Group.

Name and Municipality of Residence	Position and Office Held at Administrator	Principal Occupation	Date of Appointment	Units Held[3]
ROBERT GRIES, JR.[1] . . Florida, United States	Chairman and Director	Managing Member and Director, Gries Investment Fund I, LLC	September 14, 2012	—
MICHAEL FALLQUIST . . . Connecticut, United States	Chief Executive Officer Director	Chief Executive Officer, Crius Energy, LLC	September 12, 2012 September 14, 2012	—
ROOP BHULLAR[2] . . . . Connecticut, United States	Chief Financial Officer Director	Chief Financial Officer, Crius Energy, LLC	September 12, 2012 October 29, 2012	—
JAN FOX . . . . Pennsylvania, United States	Senior Vice President and General Counsel	Senior Vice President and General Counsel, Crius Energy, LLC	September 12, 2012	—
MICHAEL CHESTER . . . . Connecticut, United States	Vice President, Operations	Vice President, Operations, Crius Energy, LLC	September 12, 2012	—
CAMI BOEHME . . . . . . Connecticut, United States	Senior Vice President, Marketing & Brand Communications	Senior Vice President, Marketing & Brand Communications, Crius Energy, LLC	September 12, 2012	—
BRIAN BURDEN[4][6] . . . Alberta, Canada	Independent Director	Former Chief Financial Officer, TransAlta Corporation	September 13, 2012	—
ROBERT HUGGARD[4][5] . Ontario, Canada	Independent Director	President, Lindaura Consulting	September 12, 2012	—
DAVID KERR[4][5] . . . . . Ontario, Canada	Independent Director	Chief Executive Officer, Thorium Power Canada Inc.	September 12, 2012	—
DANIEL SULLIVAN[5][6] . . Ontario, Canada	Independent Director	Corporate Director	October 29, 2012	—

Notes:

(1) Mr. Gries is also a member of the board of directors of the Company. See "Description of the Company".

(2) The Company expects that Mr. Bhullar will resign from the Board immediately following the closing of the Offering and will be replaced by an additional independent director.

(3) See "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Purchase Agreement" for details concerning the ownership interest, if any, that each Administrator Director and executive officer of the Administrator beneficially owns, controls or directs, directly or indirectly, in the Company or any of its subsidiaries.

(4) To be appointed as member of the Audit and Risk Committee. Mr. Burden will be appointed the Chair of the Audit and Risk Committee prior to or immediately following closing of this Offering.

(5) To be appointed as member of the Governance, Nomination & Compensation Committee. Mr. Sullivan will be appointed the Chair of the Governance, Nomination & Compensation Committee prior to or immediately following closing of this Offering.

(6) Will also be appointed to the board of directors of the Company, together with a third independent director, effective immediately following the closing of the Offering.

The term of office of each Administrator Director will expire at the first annual meeting of Unitholders and, thereafter, at each annual meeting of Unitholders or at the time at which his or her successor is elected or appointed, or earlier if any Administrator Director otherwise dies, resigns, is removed or is disqualified. Pursuant to the Voting Agreement, the Administrator Shareholder has agreed to elect the Administrator Directors, immediately following each annual meeting of the Trust as directed by the Trustee in accordance with an Ordinary Resolution approved by the Unitholders at the annual meeting of Unitholders. Each Administrator Director will devote the amount of time as is required to fulfill his or her obligations to the Administrator. The Administrator's officers are appointed by and serve at the discretion of the Administrator Directors.

The following are brief profiles of each of the Administrator Directors and the executive officers of the Administrator, which include a description of their present occupation and their principal occupations for the past five years.

Robert Gries, Jr. is an Administrator Director, the Chairman of the Board and a director of the Company. Mr. Gries served as Chief Executive Officer of Public Power from September 2009 until the acquisition of Public Power by the Company. Mr. Gries is also director of several investment funds, through which he has managed investments in excess of $100 million, excluding the interests in Public Power. Mr. Gries also sits on various boards, including the University of Tampa. Mr. Gries, formerly a director of the Cleveland Browns, assisted in the sale of his family's 43% ownership interest in the franchise in 1996. Mr. Gries' family were minority owners of the Cleveland Browns from inception in 1936 until 1996. From 1991 to 1994, Mr. Gries was the majority owner, President and Chief Executive Officer of the Tampa Bay Storm, an Arena Football franchise and was elected League Executive of the Year in 1993. Mr. Gries holds a B.A. in Education from the University of Michigan.

Michael Fallquist is the Chief Executive Officer of the Administrator and the Company and an Administrator Director. Mr. Fallquist founded Regional Energy in 2009 and served as CEO of Regional Energy until its acquisition by the Company. Prior to founding Regional Energy in January 2009, Mr. Fallquist served as the Chief Operating Officer of Commerce Energy Group, Inc. from March 2008 to January 2009. Mr. Fallquist also worked for the Macquarie Group in Australia and in the United States as a member of the Central Executive Strategy Group and in various energy roles with Macquarie Cook Energy from August 2004 to February 2008. Mr. Fallquist holds a B.A. in Economics from Colgate University and an M.B.A. from Cornell University.

Roop Bhullar is the Chief Financial Officer of the Administrator and the Company, and an Administrator Director. The Company expects Mr. Bhullar will resign from the Board effective immediately following the closing of the Offering and will be replaced by an additional independent director. Mr. Bhullar joined Regional Energy in April 2010 and served most recently as Chief Financial Officer of Regional Energy until its acquisition by the Company. Prior to joining Regional Energy, Mr. Bhullar was the Finance Director of Commerce Energy from August 2008 to March 2010 and Financial Controller of King Country Energy from October 2003 to August 2006. Mr. Bhullar's prior experience also includes working as a Tax Manager at Deloitte from 1998 to 2003, where he provided consulting advice to energy clients and co-headed the specialist M&A group. Mr. Bhullar holds two bachelor's degrees from the University of Waikato in New Zealand, in Management Studies (Accounting) and Laws (Corporate and Commercial law), and an M.B.A. in Finance & Strategy from the UCLA Anderson School of Management.

Jan Fox is the Senior Vice President and General Counsel of the Administrator and the Company. Ms. Fox served as the Vice President and General Counsel of Regional Energy from January 2012 until its acquisition by the Company. Ms. Fox was the former president and founder of JLF Energy Consulting from January 2010 to July 2011. Her prior experience includes working for Great Plains Energy's competitive energy subsidiary, Strategic Energy, as General Counsel and Executive Vice President of Regulatory Affairs from 2002 to 2008. Ms. Fox holds a B.F.A. from Syracuse University and J.D., cum laude, from the University of Pittsburgh School of Law.

Cami Boehme is the Senior Vice President of Marketing & Brand Strategy of the Administrator and the Company. Ms. Boehme served as the Senior Vice President of Marketing and Brand Strategy of Regional Energy from September 2010 until its acquisition by the Company. Prior to joining Regional Energy, Ms. Boehme was the Associate Director of Marketing for the Huntsman School of Business of Utah State University from March 2009 to September 2009, a Partner and Brand Director of Advent Creative from September 2009 to September 2010 and the Founder, President and Brand Director of Digital Slant from August 1998 to September 2009. Ms. Boehme taught as an adjunct instructor in the Department of Journalism and Communication at Utah State University from August 1999 to December 2008 and holds a B.Sc. (Journalism and Communications) and an M.B.A. from Utah State University.

Michael Chester is the Vice President, Operations of the Administrator and the Company. Mr. Chester served as the Vice President, Operations of Regional Energy from January 2012 until its acquisition by the Company. Prior to joining Regional Energy, Mr. Chester was the Director of Billing & Credit Management for First Choice Power from 2009 to 2012. From 2007 to 2009, Mr. Chester was the Director of Billing and Revenue Assurance for Commerce Energy. Mr. Chester was also the Senior Consulting Services Manager for AEP

Mutual Energy from 2001 to 2007. Mr. Chester holds a B.S. in Business Administration (Systems Management) from the State University of New York at Brockport.

Brian Burden is an Administrator Director and a director of the Company. Mr. Burden's prior experience includes working as the Chief Financial Officer of TransAlta Corporation from 2005 to 2010. Prior to joining TransAlta, Mr. Burden was the Chief Financial Officer of Molson from 2002 to 2005, a senior finance executive at Diageo PLC from 1997 to 2002 and a Finance Director of United Distillers in the United Kingdom from 1989 to 1997. Mr. Burden holds a diploma in Business Studies from Rotherham College and is a member of the Associated Chartered Institute of Management Accountants of the United Kingdom.

Robert Huggard is an Administrator Director. He is the President of Lindaura Consulting. Mr. Huggard's prior experience includes leading Direct Energy as President of Home and Business Services from 2008 to 2009, as President of Canadian Operations from 2005 to 2007 and as Executive Vice President from 2002 to 2005. Prior to joining Direct Energy, Mr. Huggard was the Vice President and General Manager of Home and Business Services at Enbridge from 1999 to 2002, the Vice President of Retail Services at Enbridge Gas Distribution from 1997 to 1999 and the Vice President of Marketing at Enbridge Gas Distribution from 1994 to 1997. In addition, Mr. Huggard was Chairman and director of SCITI TR Limited and the Trustee of SCITI Total Return Trust from May 2006 to May 2011, and was also the CEO of the Administrative Agent of The Consumers' Waterheater Income Fund from 2002 to 2006. Mr. Huggard holds a B.A. *Honours* (Economics) from Dartmouth College, an M.B.A. from the Schulich School of Business and an ICD.D Certification from the Institute of Corporate Directors.

David C. Kerr is an Administrator Director. Mr. Kerr is the Chief Executive Officer of Thorium Power Canada Inc. Mr. Kerr currently serves as director of Magellan Fuel Solutions Inc. and as director of Algonquin Power Management Inc. Mr. Kerr was a founder and executive of Algonquin Power Income Fund from 1996 to 2010 and served as head of safety and environmental compliance from 1996 to 2010. Mr. Kerr holds a B.Sc. *Honours* from the University of Western Ontario.

Daniel Sullivan is an Administrator Director and a director of the Company. He is a director of the Ontario Teachers' Pension Plan, Allied Properties Real Estate Investment Trust and IMP Group International Inc. Mr. Sullivan was appointed by the Right Honourable Stephen Harper, Prime Minister of Canada, as Consul General for Canada in New York from 2006 to 2011. Prior to his appointment as Consul General for Canada, Mr. Sullivan was Deputy Chairman of Scotia Capital Inc., the corporate and investment banking division of Scotiabank, where he had a successful 38 year career. Mr. Sullivan served as Chair and Director of the Toronto Stock Exchange from 1999 to 2002 and was the former Chairman of the Investment Dealers Association of Canada from 1991 to 1992. Mr. Sullivan is a former Director of a number of public companies, including Allstream Inc., Cadillac Fairview Corporation, Camco Inc., Monarch Development Corporation and Schneider Corporation. He has served on advisory boards or committees of Canada Post Corporation, Canada Deposit Insurance Corporation, the Canadian Securities Administrators and the Ontario Securities Commission. Mr. Sullivan was Chairman of the Board of Directors of St. Michael's Hospital from 1994 to 2000. Mr. Sullivan has been a Director of a number of arts, educational and community organizations, including the National Ballet Company of Canada, CanStage, and the St. Lawrence Centre. Mr. Sullivan holds a B.A. and an M.B.A. from Columbia University and an M.B.A. from University of Toronto.

Security Ownership by Directors and Executive Officers

As at the date hereof, none of the Administrator Directors, directors of the Company and executive officers of the Administrator and the Company beneficially own or exercise control or direction over, directly or indirectly, any Units, except that the Administrator, the registered holder of one Unit (which is expected to be repurchased by the Trust for C$10.00 upon completion of the Offering), is wholly-owned by the Administrator Shareholder (of which Mr. Fallquist, the CEO and director of the Administrator, is the President and sole shareholder). Following the completion of the Offering, none of the Administrator Directors, directors of the Company and executive officers of the Administrator and the Company are anticipated to beneficially own or exercise control or direction over, directly or indirectly, any Units, except that the Administrator, the registered holder of one Unit (which is expected to be repurchased by the Trust for C$10.00 upon completion of the Offering), is wholly-owned by the Administrator Shareholder (of which Mr. Fallquist, the CEO and director of the Administrator, is the President and sole shareholder). For a description of the ownership of the Company or its subsidiaries by the Administrator Directors, directors of the Company and executive officers of the Administrator and the Company. See "Funding and Acquisition of the Company Interest — Acquisition of the Company Interest — Purchase Agreement".

Bankruptcies, Cease Trade Orders, Penalties or Sanctions

Bankruptcies

To the knowledge of the Administrator, other than disclosed below, no Administrator Director or executive officer of the Administrator (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Administrator to affect materially the control of the Administrator: (i) is, as of the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including the Administrator) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Cami Boehme, Senior Vice President, Marketing & Brand Strategy of the Administrator and the Company, declared bankruptcy in September 2009.

Cease Trade Orders

To the knowledge of the Administrator, no Administrator Director or executive officer of the Administrator (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Administrator to affect materially the control of the Administrator is, as of the date of this prospectus, or was within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Administrator), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties or Sanctions

To the knowledge of the Administrator, no Administrator Director or executive officer of the Administrator (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Administrator to affect materially the control of the Administrator, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain officers of the Administrator and certain Administrator Directors are also officers and/or directors of the Company and other companies engaged in the electricity business generally. As a result, situations may arise where the duties of such officers of the Administrator and Administrator Directors conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors and officers act honestly, in good faith, and with a view to the best interests of the Administrator. In addition, pursuant to the Administration Agreement, the Administrator is required to give prompt written notice to the Trustee of any material conflict between the interests of an affiliate or associate of the Administrator with those of the Trust or its affiliates or associates. The *Business Corporations Act* (Ontario) ("**OBCA**") provides that in the event that a director or officer has an interest in a contract or proposed contract or agreement, the director or officer shall disclose his interest in such contract or agreement and, in the case of a director, shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the OBCA. Management is not aware of any existing or potential material conflicts of interest between the Administrator, the Trust or a subsidiary of the Trust and any officer of the Administrator or Administrator Director.

Insurance Coverage and Indemnification

The Administrator will obtain a policy of insurance for the Administrator Directors, officers of the Administrator and the directors and officers of the Trust's other direct and indirect subsidiaries. Under the policy, each entity will have reimbursement coverage to the extent that it has indemnified the directors and officers. The policy will include securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against the Trust, the Administrator, a Trust Subsidiary or any of their respective subsidiaries and their respective trustees, directors and officers. The total limit of liability will be shared among the Trust, the Administrator, the Trust Subsidiaries and their respective subsidiaries and their respective trustees, directors and officers, so that the limit of liability will not be exclusive to any one of the entities or their respective trustees, directors and officers.

The by-laws of the Administrator and each of the Trust Subsidiaries provide for the indemnification of their respective directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. The Trust Indenture also provides for the indemnification of the Administrator from and against liability and costs in respect of any action or suit brought against it in connection with the execution of its duties of office, subject to certain limitations.

Under the Administration Agreement, the Administrator, its affiliates and associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator, a Trust Subsidiary, or of their respective affiliates or associates, or any respective heirs, legal representatives and successors of any of the foregoing will be indemnified by the Trust in respect of such activities undertaken on its behalf unless the claim arises from the fraud, wilful misconduct, gross negligence or breach of the applicable standard of care of the person claiming indemnification.

The Administrator Directors and officers of the Administrator have entered into indemnity agreements with the Administrator, Cdn Holdco, US Holdco and the Commercial Trust under which such directors and officers will be indemnified by such entities in respect of claims that may arise as a result of acting as a director and/or officer of such entities.

CORPORATE GOVERNANCE

The Administrator Directors consider good corporate governance to be central to the effective and efficient management of the Trust and the Crius Group. The Canadian Securities Administrators have published guidelines for issuers to consider in developing their own corporate governance practices. Annual disclosure of those practices is required. The Administrator's corporate governance practices are set forth below.

The Board

Immediately following the closing of the Offering, the Administrator will have seven directors, five of whom are expected to be independent. A director is independent if he or she has no direct or indirect material relationship with the Crius Group or the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are, by their nature, considered to be material relationships.

Each of Mr. Burden, Mr. Huggard, Mr. Kerr and Mr. Sullivan will be considered to be independent Administrator Directors. Mr. Gries, the Chairman of the Board, may not be an independent director because he is the Managing Member and Director of the Gries Fund, which will retain an indirect ownership interest in the Company following closing of the Offering, and served as CEO of Public Power from September 2009 until the acquisition of Public Power by the Company. As Chief Executive Officer of the Company, Mr. Fallquist is not considered an independent director. As Chief Financial Officer of the Company, Mr. Bhullar is not considered an independent director. The Company expects that Mr. Bhullar will resign from the Administrator Board immediately following the closing of the Offering and will be replaced by an additional independent director.

As noted above, the Chairman may not be independent for purposes of National Instrument 52-110 ("**NI 52-110**"). In order to provide independent leadership for the Administrator Directors, an Administrator Director that is independent will, as required from time to time, chair meetings of independent Administrator Directors and assume other responsibilities.

The Administrator will take steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Administrator. Where matters arise at meetings of the Board that require decision-making and evaluation that is independent of management and interested directors, the Administrator Directors will hold an "in-camera" session among the independent and disinterested Administrator Directors, without management present at such meeting.

Certain Administrator Directors are also directors of other reporting issuers (or the equivalent):

Director	Other Directorships	Stock Exchange Listing
Daniel Sullivan	Allied Properties Real Estate Investment Trust	TSX

Charter

Following the closing of the Offering and the Company Interest Acquisition, the Board will have responsibility for the overall stewardship of the Crius Group. The Board is expected to discharge this responsibility directly and indirectly through the delegation of specific responsibilities to committees of the Board, the Chairman and the officers of the Administrator, as described further in the Board of Directors' Charter, a copy of which is attached to this prospectus as Appendix B (the "**Charter**"). The Charter provides that the fundamental objectives of the Board are to enhance and preserve long-term Unitholder value and to ensure that the members of the Crius Group meet their obligations on an ongoing basis and operate in a safe and reliable manner.

The Board is expected to establish two committees to assist with its responsibilities: the Audit and Risk Committee and the Governance, Nomination & Compensation Committee. Each committee is expected to adopt a charter defining its responsibilities, substantially as described herein under the heading "Corporate Governance — Board Committees". The Board as a whole will be responsible for environmental, health and safety matters. Each committee is expected to be comprised exclusively of independent directors.

Position Descriptions

The Board will adopt written position descriptions for the Chairman of the Board, the Chair of each of the Audit and Risk Committee and Governance, Nomination & Compensation Committee, and the CEO of the Administrator.

The primary responsibilities of the Chairman of the Board will include: (i) effectively managing the affairs of the Board; and (ii) working with the CEO of the Administrator to coordinate the affairs of the Board and, together with the CEO, to ensure effective relations with the Administrator Directors, management, Unitholders, other stakeholders and the public.

The responsibilities of the Chair of each committee will include: (i) coordinating the affairs of the committee; and (ii) acting as the main liaison between the committee and the Board with respect to updating and advising the Board of matters within the mandate of the committee.

The primary responsibilities of the Chief Executive Officer of the Administrator will include: (i) providing overall leadership and vision in developing, in concert with the Board, the strategic direction and the tactics and business plans necessary to realize the objectives of the Crius Group; and (ii) managing the overall business to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board, and financial and operational objectives are attained.

Orientation and Continuing Education

The orientation and continuing education of the Administrator Directors is expected to be the responsibility of the Governance, Nomination & Compensation Committee. The details of the orientation of new Administrator Directors will be tailored to their needs and areas of expertise and will include the delivery of written materials and participation in meetings with management and Administrator Directors. The focus of the orientation program will be on providing new Administrator Directors with: (i) information about the duties and obligations of directors; (ii) information about the Trust's and Crius Group's strategy, business and operations, including the Trust's indirect investment in the Company; (iii) the expectations of Administrator Directors; (iv) opportunities to meet with management and any other senior employees or consultants designated for this purpose; and (v) access to documents from recent meetings of the Board.

The Administrator Directors have all been chosen for their specific knowledge, qualifications and expertise. All Administrator Directors will be provided with materials relating to their duties, roles and responsibilities. In addition, Administrator Directors will be kept informed as to matters impacting, or which may impact, the operations of the Trust's subsidiaries through reports and presentations by internal and external presenters at meetings of the Board, and during periodic strategy sessions held by the Board.

Ethical Business Conduct

The Board is expected to adopt a written code of business conduct and ethics intended to encourage and promote a culture of ethical business conduct among Administrator Directors, management, employees and consultants of the Administrator. Following completion of the Offering, the Administrator will file a copy on SEDAR at www.sedar.com under the Trust's profile.

Nomination of Administrator Directors

The responsibility for proposing new nominees for the Board is expected to fall within the mandate of the Governance, Nomination & Compensation Committee. New candidates for nomination to the Board will be identified and selected having regard to the strengths and constitution, as well as the needs, of the Board. The Governance, Nomination & Compensation Committee will be responsible for determining the size of the Board and its composition, identifying the skills, experience and capability required by the Board to discharge its oversight responsibilities, organizing the process for recruiting new members of the Board and providing orientation to such members and structuring the membership of committees of the Board.

Compensation of Directors and Officers

The remuneration of the Administrator Directors will be set, and periodically reviewed, by the Board on the recommendation of the Governance, Nomination & Compensation Committee. The level of remuneration will be designed to provide a competitive level of remuneration relative to directors of comparable entities and corporations. Consultants may be periodically retained to obtain this information and to assess the Board's relative remuneration position.

The compensation of management will be periodically reviewed by the Board on the recommendation of the Governance, Nomination & Compensation Committee. See "Executive Compensation".

Board Committees

The Board is expected to formally appoint two standing committees: the Audit and Risk Committee and the Governance, Nomination & Compensation Committee.

Audit and Risk Committee

The Audit and Risk Committee is expected to be comprised of three Administrator Directors, all of whom will be independent and financially literate within the meaning of NI 52-110. The Audit and Risk Committee is expected to adopt an Audit and Risk Committee Charter, substantially in the form attached hereto as Appendix A, establishing the specific responsibilities of the Audit and Risk Committee. The committee's primary responsibilities are to: (i) identify and monitor the management of the principal risks that could impact the financial reporting of the Crius Group; (ii) monitor the integrity of the Crius Group's financial reporting process and system of internal controls regarding financial reporting and accounting compliance; (iii) monitor the independence and performance of the Crius Group's external auditors; (iv) deal directly with the external auditors to approve external audit plans, other services (if any) and fees; (v) directly oversee the external audit process and results; (vi) provide an avenue of communication among the external auditors, management and the Board; and (vii) ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.

Each member of the Audit and Risk Committee will be required to possess: (i) an understanding of the accounting principles used by the Crius Group to prepare its consolidated financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Crius Group's consolidated financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

Governance, Nomination & Compensation Committee

The Governance, Nomination & Compensation Committee is expected to be comprised of three Administrator Directors, all of whom will be independent for the purposes of National Instrument 58-101 — *Disclosure of Corporate Governance Practices of the Canadian Securities Administrators* ("**NI 58-101**"). The Governance, Nomination & Compensation Committee is expected to adopt a Governance, Nomination & Compensation Committee Charter setting out the committee's specific responsibilities, which are expected to include: (i) ensuring that the mission and strategic direction of the Crius Group is reviewed annually; (ii) ensuring that the Board and each of its committees carry out its functions in accordance with due process; (iii) assessing the effectiveness of the Board as a whole, each committee of the Board, and the contribution of each Administrator Director; (iv) addressing governance issues; (v) the Crius Group's human resources and compensation policies and processes; (vi) identifying, recruiting, endorsing, recommending the appointment of, and orienting new directors of the Administrator; and (vii) reviewing and making compensation related recommendations and determinations regarding senior executives and directors and the Company's human resources and compensation policies and processes.

Assessment of Administrator Directors, the Board and Board Committees

The members of the Board will collectively assess the performance of the Board as a whole, the committees of the Board and all Administrator Directors. Such assessment will occur annually with an emphasis on the overall effectiveness and contributions made by the Board as a whole, the committees of the Board and all Administrator Directors individually.

ADMINISTRATION AGREEMENT

The following is a summary of the material terms of the Administration Agreement pursuant to which the Trustee has delegated to the Administrator responsibility for the general administration of the affairs of the Trust. The description below is qualified in its entirety by reference to the text of the Administration Agreement. The Administration Agreement will be available on SEDAR at www.sedar.com under the Trust's profile. See "Material Contracts".

The Administrator will provide administrative services to the Trust. These arrangements are set forth in the Administration Agreement. In exercising its powers and discharging its duties under the Administration Agreement, the Administrator's standard of care requires it to act honestly, in good faith, and in the best interests of the Trust and exercise the degree of care, diligence and skill that a reasonably prudent administrator having responsibility for services similar to the Administrative Services (as defined below) would exercise in comparable circumstances.

Pursuant to the Administration Agreement, the Administrator will, on an exclusive basis, perform or procure all administrative, advisory, operational, technical and governance services as may be required to administer the affairs of the Trust (the "**Administrative Services**"), other than the excluded services described below (the "**Excluded Services**").

Without limiting the scope thereof, the Administrative Services to be provided by the Administrator under the Administration Agreement will include: (i) preparing all returns, filings and other documents and making all determinations and taking all other actions necessary to discharge the Trustee's obligations under the Trust

Indenture; (ii) preparing or causing to be prepared the annual audited and interim unaudited financial statements of the Trust; (iii) operating bank accounts and making banking arrangements on behalf of the Trust; (iv) assisting with the calculation of distributions to Unitholders, withholding all amounts required by applicable tax law, and making the remittances and filings in connection with such withholdings; (v) ensuring compliance by the Trust with all applicable laws, including securities laws and stock exchange requirements; (vi) providing investor relations services; (vii) calling and holding all annual and/or special meetings of Unitholders pursuant to the Trust Indenture and preparing, approving and arranging for the distribution of all materials including notices of meetings and information circulars in respect thereof; (viii) monitoring the investments of the Trust to ensure they comply with the investment restrictions in the Trust Indenture; (ix) performing all acts, duties and responsibilities in connection with acquiring or disposing of assets and property for and on behalf of the Trust; (x) voting all securities owned by the Trust; (xi) performing all acts, duties and responsibilities in connection with any sale of securities of the Trust; (xii) establishing and implementing any distribution reinvestment plans, Unit purchase plans, incentive option or other compensation plans and Unitholder rights plans; (xiii) engaging and overseeing third party providers of services to the Trust in connection with provision of administrative services; (xiv) monitoring and overseeing the Trust's direct and indirect investments in the Commercial Trust, Cdn Holdco, US Holdco and the Company; and (xv) providing all other services as may be necessary, or requested by the Trustee, for the administration of the Trust (other than the Excluded Services).

The Excluded Services will consist of: (i) the issue, certification, exchange or cancellation of Units; (ii) the maintenance of registers of Unitholders; (iii) making the distribution of payments or property to Unitholders and statements in respect thereof; (iv) any mailings to Unitholders; (v) executing any amendment to the Trust Indenture or any amended and restated Trust Indenture following any amendment thereto; and (vi) any matters ancillary or incidental to any of those set forth in (i) through (v) immediately above.

Fees and Expenses

Under the Administration Agreement, the Administrator will receive no fees in consideration of the services it provides as Administrator of the Trust. The Administrator will be entitled to the reimbursement of all costs and expenses reasonably incurred by the Administrator in carrying out its obligations and duties under the Administration Agreement and the Trust Indenture.

Reliance, Limitation of Liability and Indemnification

The Administration Agreement provides that, in carrying out the Administrative Services, the Administrator and its delegates will be entitled to rely on: (i) statements of fact of other persons (any of which may be persons with whom the Administrator is affiliated or associated) who are considered by the Administrator to be knowledgeable of such facts, provided that the Administrator has satisfied its standard of care under the Administration Agreement in making the assessment as to whether such persons are knowledgeable of such facts (each, a "**Knowledgeable Person**"); and (ii) statements or information from, or the opinion or advice of, any solicitor, auditor, valuator, financial advisor, engineer, surveyor, appraiser or other expert selected by the Administrator ("**Experts**"), provided that the Administrator has satisfied its standard of care under the Administration Agreement in selecting such Expert to provide such statements, information, opinion or advice.

The Administration Agreement provides that the Administrator, its affiliates and associates and each of their respective directors, officers, employees, contractors and agents (collectively, the "**Administrator Service Providers**"), will not, either directly or indirectly, be liable, answerable or accountable to the Trust, the Trustee or any Beneficiary for: (i) any loss or damage resulting from, or incidental or relating to, the performance or non-performance of the Administrative Services by any of the Administrator Service Providers, or any act or omission believed by an Administrator Service Provider to be within the scope of authority conferred thereon by the Administration Agreement or the Trust Indenture, unless such loss or damage resulted from the fraud, wilful misconduct or gross negligence of, or breach of the applicable standard of care by, an Administrator Service Provider, in which case the benefit of this limitation will not apply to such Administrator Service Provider; (ii) any loss or damage resulting from, or incidental or relating to, the performance or non-performance of the Administrative Services by any of the Administrator Service Providers, where such loss or damage is attributable to acting in accordance with the instructions of the Trustee, provided that the Administrator Service Providers will bear, on a several basis, their proportionate share of liability in the event of joint or contributory liability with the Trustee; (iii) any loss or damage resulting from, or incidental or relating to, any act or omission by any of the Administrator Service Providers, provided that such act or omission is based upon the Administrator Service Provider's reliance on (A) statements of fact of Knowledgeable Persons (excluding persons with whom the Administrator is affiliated); or (B) the opinion or advice of or information obtained from any Expert; and (iv) any damage, injury or loss of an indirect or consequential nature, including loss of profits, suffered by the Trust, the Trustee or any Beneficiary, or any of their respective affiliates, which is in any way connected with the activities, investments or affairs of the Trust or the performance or non-performance of the Administrative Services or any other aspect of the Administration Agreement or the Trust Indenture.

The Administration Agreement provides that the Administrator, its affiliates, associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator, a Trust Subsidiary, or of their respective affiliates or associates (including the Company) and any respective heirs, legal representatives and successors of the foregoing (collectively the "**Administrator Indemnitees**"), will be indemnified out of the Trust Property from and against, all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Trustee, acting reasonably), legal fees and disbursements) ("**Claims**") incurred by, borne by or asserted against, any of the Administrator Indemnitees and which in any way arise from or relate in any manner to the Administration Agreement, the Trust Indenture or the performance or non-performance of the Administrative Services, unless such Claims arise from the fraud, wilful misconduct, gross negligence or breach of the terms and conditions of the Administration Agreement (including the applicable standard of care), by any of the Administrator Indemnitees, provided that in such case only the Administrator Indemnitee guilty of the same will lose its right of indemnity as long as such Administrator Indemnitee was delegated its responsibility in accordance with the Administrator's standard of care under the Administration Agreement.

The Administration Agreement further provides that, subject to limitations on liability of the Administrator described above, the Trust, the Trustee and any person who is serving or shall have served as a director, officer or employee of the Trustee, and any respective heirs, legal representatives and successors of the foregoing (the "**Trust Indemnitees**") will be indemnified by the Administrator from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Administrator, acting reasonably), legal fees and disbursements) ("**Trust Claims**") incurred by, borne by or asserted against any of the Trust Indemnitees and which arise from the fraud, wilful misconduct or gross negligence of, or breach of the terms and conditions of the Administration Agreement by, the Administrator in the performance of the Administrative Services, unless such Trust Claims arise from the fraud, wilful misconduct or gross negligence of, or breach of the terms and conditions of the Administration Agreement by, the Trust Indemnitee, or are attributable to actions undertaken on the specific instructions of the Trustee.

Term and Termination

The Administration Agreement has an initial term to December 31, 2012 and will be automatically renewable for additional successive terms of one year unless terminated by the Administrator on prior written notice which is provided at least 30 days before the expiry of the initial term or any renewal term. The Administration Agreement also provides that it may, by written notice given by one party to the other, be immediately terminated in the event of: (i) certain events of bankruptcy, insolvency, receivership or liquidation of the other party; or (ii) a breach by the other party in the performance of a material obligation, covenant or responsibility under the agreement (other than as a result of the occurrence of a force majeure event) which is not remedied, within 60 days after notice of such breach has been delivered (or when not reasonably capable of being remedied within such 60-day period, such party nonetheless fails to commence and diligently pursue steps to remedy such default, provided that, prior to the Trust or Trustee being entitled to terminate the Administration Agreement for breach by the Administrator of performance of a material obligation, covenant or responsibility, approval of the Unitholders by Ordinary Resolution must be obtained authorizing such termination.

A direct or indirect change of control of the Administrator will require the prior consent of the Unitholders by Ordinary Resolution, provided that the shares of the Administrator may be transferred in compliance with the terms and conditions of the Voting Agreement without the prior consent of the Unitholders. The Administration Agreement permits the Administrator to delegate its responsibilities to any person without prior written consent of the Trustee, but no such delegation will relieve the Administrator of its responsibility for ensuring the performance of its duties and obligations, under each such agreement unless otherwise agreed by the Trustee in writing. If, however, the Administrator delegates its responsibilities to a third party and in so doing does not breach its standard of care under the Administration Agreement, the Administrator will not be liable for the acts or omissions of such delegate (except where such delegate is an affiliate of the Administrator). It is anticipated that the Administrator may, from time to time, delegate certain responsibilities to US Holdco. The Administration Agreement will be available on SEDAR at www.sedar.com under the Trust's profile.

VOTING AGREEMENT

The following is a summary of the material terms of the Voting Agreement pursuant to which the Administrator Shareholder will agree, following the closing of the Offering, to vote its shares in the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders. The description below is qualified in its entirety by reference to the text of the Voting Agreement. The Voting Agreement will be available on SEDAR at www.sedar.com under the Trust's profile.

The Administrator Shareholder, as the sole shareholder of the Administrator, has entered into the Voting Agreement with the Trustee, as agent for the Unitholders, and the Administrator pursuant to which the Administrator Shareholder has agreed to vote its shares in the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to, among other things, the election or removal of the Administrator Directors, setting the number of Administrator Directors from time to time, the appointment of any auditor of the Administrator from time to time and any other matter in respect of which the Administrator Shareholder otherwise would have the right to vote under the OBCA. The Voting Agreement is a unanimous shareholder agreement pursuant to the OBCA and will restrict the business of the Administrator to: (i) acting as administrator of the Trust pursuant to the terms of the Trust Indenture and the Administration Agreement; (ii) acting as trustee of the Commercial Trust pursuant to the terms of the Commercial Trust Indenture; and (iii) such other activities ancillary to the activities in (i) and (ii) and necessary to perform the obligations of the Administrator. The Voting Agreement also provides that in exercising their powers and discharging their duties as directors of the Administrator, the Administrator Directors shall act honestly, in good faith and in the best interests of the Trust and the Unitholders and will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

The Administrator Shareholder has also waived certain shareholder rights afforded to it under the OBCA, including the right to appoint an auditor, dissent rights and oppression rights. The Voting Agreement requires the Administrator Shareholder to be a director or officer of the Administrator or of a Trust Subsidiary (or a corporation wholly-owned by such director or officer) and also provides the Board with the right, under certain circumstances, to compel the Administrator Shareholder to transfer its shares in the Administrator to the Administrator for cancellation or to a director or officer of the Administrator or of a Trust Subsidiary (or a corporation wholly-owned by such director or officer) designated by the Board, for nominal consideration equal to the original subscription price at which the shares were issued by the Administrator. The Administrator's articles require that all transfers of its shares require the approval of the Board.

EXECUTIVE COMPENSATION

All executive officer services will be provided to the Trust by the Administrator under the Administration Agreement. The following discussion describes the relevant elements of the Administrator's and the Company's anticipated executive compensation program, with particular emphasis on the process for determining compensation payable to Mr. Fallquist, as Chief Executive Officer, Mr. Bhullar, as Chief Financial Officer, and Ms. Fox, Mr. Chester and Ms. Boehme, as the three other executive officers of the Administrator, other than the CEO and the CFO, whose total annual compensation is expected to exceed C$150,000 (collectively, the "**Named Executive Officers**" or "**NEOs**").

Each NEO will be employed on a full-time basis by the Crius Group on terms to be established by the Board upon recommendations made by the Governance, Nomination & Compensation Committee. The initial compensation arrangements are set out in employment agreements between the Crius Group and each of the NEOs. Each NEO will hold the same office(s) at both the Administrator and at the Company. See "Trustee, Directors and Management". Other than RTUs granted pursuant to the RTUP, expected to be adopted by the

Board prior to closing of the Offering, management expects that all executive compensation will be paid by the Crius Group.

Certain personnel and employees of Public Power and its direct and indirect subsidiaries are party to a transition services agreement dated September 18, 2012 between Gries Management LLC, the Company, Crius Energy Management, LLC, a wholly owned subsidiary of the Company, and Public Power (the "**Transition Services Agreement**"). The Transition Services Agreement provides, among other things, for the orderly succession, transfer, and transition of business operations for Public Power and its direct and indirect subsidiaries. Pursuant to the Transition Services Agreement, certain personnel and employees will provide services to Public Power and its direct and indirect subsidiaries during a six month transition period after the completion of the Combination. The Transition Services Agreement may be extended for up to an additional six months. Services under the Transition Services Agreement include functions related to acquiring and retaining customers, acquiring energy, financial management, information management and human resource management.

Compensation Discussion and Analysis

General

After completion of the Offering and based on recommendations made by the Governance, Nomination & Compensation Committee, the Board will make decisions regarding salaries, annual bonuses and equity incentive compensation for the executive officers, and will approve corporate goals and objectives relevant to the compensation of the CEO and the other executive officers. The Board will solicit input from the CEO and the Governance, Nomination & Compensation Committee regarding the performance of the Administrator and the Company's other executive officers. Finally, the Board will also administer the incentive compensation and benefit plans with the assistance of the Governance, Nomination & Compensation Committee.

CEO Compensation

After completion of the Offering, the compensation of the CEO will be determined by the Administrator Directors as a whole on the recommendation of the Governance, Nomination & Compensation Committee. The level of CEO compensation will be determined by the Administrator Directors considering all factors that they deem appropriate, including CEO salaries for public companies of comparable size and complexity. The annual incentive and Unit-based incentive entitlements will be determined by the Board, upon recommendation of the Governance, Nomination & Compensation Committee, based on the Trust's overall performance, relative Unitholder returns and other relevant factors.

Compensation Objectives and Principles

The Board recognizes that the Crius Group's success depends greatly on its ability to attract, retain and motivate superior performing employees at all levels, which can only occur if the Crius Group has an appropriately structured and executed compensation program. The Crius Group's compensation policies will be founded on the principle that executive and employee compensation should be consistent with Unitholders' interests and the Crius Group's compensation plans are therefore intended to encourage decisions and actions that will result in the Crius Group's growth and create long-term Unitholder value. In determining the compensation to be paid to the executive officers, the Governance, Nomination & Compensation Committee will consider corporate achievements, comparative market data and information supplied by management.

The principal objectives of the Crius Group's executive compensation program are as follows:

- to attract and retain qualified executive officers;
- to have a compensation package that is competitive within the marketplace;
- to align the executives' interests with those of the Unitholders; and
- to reward the demonstration of both leadership and performance.

The Governance, Nomination & Compensation Committee's objective will be to ensure the compensation of the NEOs provides a competitive package that reflects the above objectives, as well as provide a link between discretionary short and long-term incentives with short and long-term corporate goals. The compensation package will be designed to reward performance based on the achievement of performance goals and objectives and to be competitive with comparable companies in the market in which the Trust and the Company compete for talent.

Components of Compensation

The following components are currently intended to comprise the compensation package for the NEOs: (i) base salary; (ii) annual incentive compensation; and (iii) participation in the Crius Group's long-term compensation plans, being the RTUP and the phantom unit rights plan (the "**PURP**"). Following the closing of the Offering, all salary increases, cash bonuses and long-term compensation for the NEOs will be reviewed by the Governance, Nomination & Compensation Committee and amended as deemed appropriate with the approval of the Board.

Base Salary

The base salary of each NEO will, subject to a minimum amount established under the executive employment agreements described below, be determined by the Governance, Nomination & Compensation Committee. The base salary of each NEO will reflect the complexity of the NEO's role in addition to the amount of industry experience they possess. Salaries will be reviewed annually and compared to industry peers through publicly available documents and available compensation surveys prepared by compensation consultants. Consideration will be given to the growth plans of the Trust and the objective to attract and retain talented individuals from the industry.

Annual Incentive Compensation

Annual incentive compensation will generally provide for annual cash rewards, which are intended to motivate and reward NEOs for achieving and surpassing annual corporate and individual goals. The amount of the cash award or "bonus" will be determined by reference to a target percentage of base salary. Bonus awards for the NEOs, excluding the CEO, will be recommended by the CEO and reviewed and approved by the Governance, Nomination & Compensation Committee. Bonus awards for the CEO will be recommended by the Governance, Nomination & Compensation Committee and approved by the Board. Peer performance and practices will also be considered each year in determining the final amounts to be awarded. The targeted bonus percentage for the NEOs will be 100% of base salary.

Long-Term Compensation Plan

The long-term compensation program of the Crius Group will initially be comprised of the RTUP and the PURP, which are intended to encourage participants to focus on creating and improving the Crius Group's long-term financial success by providing participants an opportunity to increase their ownership interests in the Trust. The purpose of the long-term compensation plans is to align the interests of Unitholders and Management. See "Restricted Trust Unit Plan". The Administrator Directors have determined that the compensation policies of the Trust adequately reward and compensate management for their services while balancing the appropriate level of short-term and long-term objectives of the Trust.

The Company intends to adopt a cash settled PURP for the benefit of directors, officers or employees or direct or indirect service providers of the Company resident in the United States the ("**U.S. Participants**") prior to the closing of the Offering. The purpose of the PURP will be to provide incentive bonus compensation based on the appreciation in value of the Units and distributions payable in respect of Units, thereby providing additional incentive for continued efforts in promoting the growth and success of Crius Group and in attracting and retaining management personnel in the United States. The PURP is expected to mirror the material terms of the RTUP with the exception that phantom unit rights may only be settled with cash payments by the Company. The PURP will allow U.S. Participants to comply with tax and securities laws in the United States applicable to the awards.

All RTU and PUR grants and allocations from time to time will be made by the Board upon the recommendation of the Governance, Nomination & Compensation Committee.

Summary Compensation Table

Based on the information available at the date hereof, the following table sets out information concerning the initial expected annualized compensation anticipated to be earned by the Trust to the NEOs during the year ended December 31, 2012.

Name and Principal Position	Salary ($)(1)	Unit-Based Awards ($)(2)	Non-Equity Incentive Plan Compensation: Annual Incentive Plans ($)(3)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans ($)(3)	All Other Compensation ($)(4)	Total Compensation ($)
Michael Fallquist, Administrator Director and CEO	475,500	—	—	—	12,000(5)	487,500
Roop Bhullar, Administrator Director and CFO(7)	250,000	—	—	—	100,000(6)	350,000
Jan Fox, Senior Vice President and General Counsel	262,500	—	—	—	100,000(6)	362,500
Cami Boehme, Senior Vice President, Marketing & Brand Strategy	225,000	—	—	—	100,000(6)	325,000
Michael Chester, Vice President, Operations	185,000	—	—	—	50,000(6)	235,000

Notes:

(1) Base salaries presented are annualized amounts and based upon current contracts of employment between the respective NEOs and the Company. The actual salaries paid during the year will be prorated based on the Closing Date of the Offering. Each NEO will be employed by the Company, and salaries will be paid in US$. Each NEO will hold the same office(s) indicated above under the heading "Trustee, Directors and Management" at both the Administrator and at the Company.

(2) Following the closing of the Offering, the Board is expected to grant RTUs or PURs, as applicable to the NEOs, but no determination has been made in this regard.

(3) The amount of non-equity incentive plan compensation to be paid to the NEOs for the 2012 calendar year has not yet been determined by the Governance, Nomination & Compensation Committee and the Board.

(4) The value of other perquistes to be received by NEOs during the year ending December 31, 2012, including property or other personal benefits provided to NEOs that are not generally available to all employees, are not in the aggregate anticipated to be either $50,000 or greater or 10% or greater of the respective NEO's total anticipated salary for the year ending December 31, 2012.

(5) Represents Mr. Fallquist's anticipated car allowance.

(6) Represents anticipated bonuses to be paid, subject to the closing of the Offering.

(7) The Company expects that Mr. Bhullar will resign from the Board immediately following the closing of the Offering and will be replaced by an additional independent director.

Indebtedness of Directors and Officers

No individual who is, or who at any time since the incorporation or formation of the respective members of the Crius Group has been, a director or executive officer of a member of the Crius Group (or an associate of any such individual): (i) is at the date of this prospectus, indebted to a member of the Crius Group (other than in respect of routine indebtedness); or (ii) at the date of this prospectus, has indebtedness to another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by of a member of the Crius Group.

Outstanding Unit-Based Awards

The Board is expected to adopt an RTUP and a PURP following closing of the Offering. See "Executive Compensation — Compensation Discussion and Analysis — Components of Compensation — Long-Term Compensation Plan" and "Restricted Trust Unit Plan". All RTU and PUR grants and allocations from time to time will be made by the Board upon recommendation of the Governance, Nomination & Compensation Committee.

Unit-Based Awards — Value Vested or Earned

The Crius Group will not have any option-based awards outstanding upon closing of the Offering.

Termination and Change of Control Benefits

Except as described below, the Crius Group has not entered into any contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change in control or a change in the NEOs responsibilities.

Each NEO has an employment contract in place that describes termination and change of control benefits. In the event of voluntary termination, retirement, death or permanent disability and termination for cause, the following will apply:

Expiration of Term

In the event that the NEO's employment contract is terminated as a result of expiration of the term, any outstanding base salary and credit for accrued but unused paid vacation will be paid through to the date of termination.

Involuntary Termination, Disability or Voluntary Termination with Reason

In the event that an NEO's employment is terminated without cause or as a result of disability or the NEO's employment is voluntarily terminated for an acceptable reason, upon execution of a mutual release, the Company will pay a salary continuation based upon the length of service with the Company. An "acceptable reason" includes relocation of the NEO, a substantial reduction of base salary without consent, failure to provide medical coverage on materially similar terms and any uncured material breach of the employment contract by the Company. The salary continuation is payable in equal installments according to regular payroll.

The table below reflects the calculation of the salary continuation:

Length of Service with the Company	Salary Continuation
0-3 months	0 months
4-12 months	3 months
12+ months	12 months

The table below reflects the value of salary continuation that would be payable to each NEO if his or her employment terminated on December 31, 2012 without cause or as a result of disability or the NEO's employment is voluntarily terminated for an acceptable reason:

Name	Value of Salary Continuation[(1)]
Michael Fallquist	475,500
Roop Bhullar	250,000
Jan Fox	262,500
Cami Boehme	225,000
Michael Chester	185,000

Note:

(1) Amounts payable in respect of any entitlements under long-term compensation plans, accrued salary and vacation pay, annual bonus and continuation of benefits cannot be reasonably estimated at this time as the Board has not adopted or granted any compensation of such nature to date.

Termination for Cause, Voluntary Termination without Reason and Death

If the NEO's employment is terminated for cause or the NEO terminates employment without acceptable reason, no severance will be paid, and any outstanding base salary and credit for accrued but unused paid vacation will be paid through to the date of termination or date of death.

Change of Control

If at the time of, or within 12 months of, a change in control of the Company, the NEO's employment is terminated by the Company without cause or by the executive for an acceptable reason, upon execution of a mutual release, the Company will provide the NEO:

- A lump sum payment in the amount of the NEO's base salary for a period of 12 months; and
- Reimbursement for medical insurance coverage for a period of six months.

The consummation of the transactions contemplated by this prospectus, including the acquisition of the Company Interest, will not trigger any change of control payments.

The table below reflects the value of the lump sum payment that would be payable to each NEO on December 31, 2012 if his or her employment terminated by the Company without cause or by the executive for an acceptable reason at the time of, or within 12 months of, a change in control of the Company.

Name	Lump Sum Payment[(1)]
Michael Fallquist	475,500
Roop Bhullar	250,000
Jan Fox	262,500
Cami Boehme	225,000
Michael Chester	185,000

Note:

(1) Amounts payable in respect of any entitlements under long-term compensation plans, accrued salary and vacation pay, annual bonus and continuation of benefits cannot be reasonably estimated at this time as the Board has not adopted or granted any compensation of such nature to date.

Administrator Directors' Compensation

It is anticipated that each of the Administrator Directors, other than those who are also officers of the Administrator, will receive an annual base fee of C$50,000 (C$30,000 payable in cash; C$20,000 payable in deferred, securities-based compensation upon terms established by the Board and consistent with market practices). C$1,000 per meeting for attending meetings of the Board or any meeting of a committee of the Board. These retainers will also cover meetings of the board of directors of any Trust Subsidiary of which they are a director. Only one meeting fee per Administrator Director or committee member per day will be paid. The

Chairman of the Board will receive additional compensation in an amount to be determined by the Governance, Nomination & Compensation Committee. The Chair of the Audit and Risk Committee will receive additional compensation of C$10,000 per year and the Chair of the Governance, Nomination & Compensation Committee will receive additional compensation of C$5,000 per year. The Administrator will also reimburse Administrator Directors for out-of-pocket expenses for attending meetings for reasonable meeting expenses up to $2,000. Administrator Directors may participate in a securities-based incentive plan adopted by the Board from time to time in accordance with the recommendation of the Governance, Nomination & Compensation Committee.

Administrator Directors will participate in the insurance and indemnification arrangements described under "Trustee, Directors and Management — Insurance Coverage and Indemnification".

Administrator Director Outstanding Unit-Based Awards

Following the closing of the Offering, the Board is expected to adopt a securities-based incentive plan consistent with market practices. The Trust will not have any option-based awards outstanding on the closing of the Offering.

Unit-Based Awards — Value Vested or Earned

No Unit-based awards awarded to the Administrator Directors will be vested or earned on the closing of the Offering. The Trust will not have any option-based awards outstanding on the closing of the Offering.

RESTRICTED TRUST UNIT PLAN

Set forth below is a summary description of the principal terms of the RTUP expected to be adopted by the Board following closing of the Offering.

Pursuant to the RTUP, RTUs may be granted by the Administrator Directors or an appointed committee thereof (the "**RTUP Administrator**") to directors, officers, employees or direct or indirect service providers ("**Participants**") of the Crius Group. The purpose of the RTUP is to advance the interests of the Crius Group by: (a) increasing the proprietary interests of Participants in the Trust; (b) aligning the interests of Participants with the interests of the Unitholders generally; (c) encouraging Participants to remain associated with the Crius Group; and (d) furnishing the Participants with an additional incentive in their efforts on behalf of the Crius Group.

On a date on or before the date which is three years following the end of the Service Year in respect of which the RTUs were granted (the "**RTU Entitlement Date**") the holder will receive, subject to applicable withholding taxes, for each RTU held either: (i) the cash equivalent of one Unit; or (ii) at the election of the Trust, one Unit, which may be issued from treasury or purchased by a designated broker on the TSX. Notwithstanding the foregoing, no RTU granted under the RTUP that is held by: (i) a citizen or permanent resident of the United States for purposes of the Internal Revenue Code of 1986, as amended (the "**Code**"); or (ii) a Participant for whom the compensation subject to deferral under the RTUP would otherwise be subject to United States federal income tax under the Code, will be redeemed for Units absent registration under, or an exemption from, as determined in the discretion of the Board, the U.S. Securities Act. The determination of the value of the cash equivalent of Units will be determined based upon the volume weighted average trading price of the Units on the TSX for the last five trading days prior to the date of calculation. A Participant's RTU account will be credited with additional RTUs in respect of any distributions declared by the Trust on the Units that would have been paid to the Participant if the RTUs in the Participant's account were outstanding Units during the relevant period.

Pursuant to the RTUP, the number of Units reserved for issuance pursuant to the redemption of RTUs granted under the RTUP and pursuant to all other security-based compensation arrangements of the Trust shall, in the aggregate, not exceed 10% of the number of Units then issued and outstanding. If any RTUs are redeemed, the number of Units to which such redeemed RTUs relate shall be available for the purpose of granting additional RTUs under the RTUP. In addition, if any RTUs expire or terminate for any reason without having been redeemed, any unissued Units to which such RTUs relate shall be available for the purposes of granting additional RTUs under the RTUP.

The vesting of RTUs will be determined by the RTUP Administrator at the time of grant, provided that no vesting conditions shall extend beyond December 20th of the third calendar year following the Service Year (as defined in the RTUP) in respect of which the RTUs were granted. Unless otherwise provided in the applicable award agreement, all RTUs shall vest: (i) one-third on the first anniversary of the date of grant of such RTUs (the "**Grant Date**"); (ii) an additional one-third on the second anniversary of the Grant Date; and (iii) the final one-third on the third anniversary of the Grant Date, subject to other vesting conditions and blackout extensions. If a redemption date for an RTU occurs during a blackout period of the Trust or within ten business days of the expiry of a blackout period, then the redemption date will be the tenth business day following the expiry of such blackout period, provided that such date shall be on or prior to the RTU Entitlement Date (as defined below).

The RTUP Administrator will determine the Participants who shall participate under the RTUP and the number of RTUs granted to such Participants, provided that: (a) the aggregate number of Units reserved for issuance under RTUs granted to any one Participant shall not exceed 5% of the issued and outstanding Units at the Grant Date, calculated on a non-diluted basis; (b) the aggregate number of Units which may be reserved for issuance to "insiders" (as such term is referred to in the policies of the TSX), under the RTUP and all other security-based compensation arrangements of the Crius Group shall not, in the aggregate, exceed 10% of the issued and outstanding Units at the date of grant, calculated on a non-diluted basis; (c) during any one-year period, the Governance, Nomination & Compensation Committee shall not grant to such insiders, under the RTUP and all other security-based compensation arrangements of the Crius Group, in the aggregate, a number of Units exceeding 10% of the issued and outstanding Units, calculated on a non-diluted basis; and (d) the aggregate number of Units issuable on the settlement of Units outstanding at any time held by directors of the Administrator who are not officers or employees of the Crius Group shall be limited to 2% of the issued and outstanding Units. The restrictions referred to in (b) through (d) above are referred to as the "RTUP Insider and Independent Director Participation Restrictions".

Subject to termination by reason of death or termination other than for cause and subject to the provisions of any applicable employment or RTU award agreement, unless otherwise determined by the RTUP Administrator in its sole discretion, upon the Participant terminating employment with the Crius Group for any reason including, without limitation, due to involuntary termination with cause or voluntary termination by the Participant, all RTUs previously credited to such Participant which did not vest on or prior to the Participant's termination date shall be terminated and forfeited as of the Participant's termination date. Upon termination by reason of death or termination other than for cause, a proportion of a Participant's RTUs will vest, with such proportion being determined based upon the Participant's termination date relative to the date of grant and vesting date. Awards granted under the RTUP are not assignable.

The RTUP also provides that vesting of RTUs will accelerate on a "change of control". A "change of control" of the Trust is defined under the RTUP as follows: (a) the acceptance by the Unitholders, representing in the aggregate more than 50% of all issued and outstanding Units, of any offer, whether by way of a take-over bid or otherwise, for all or any of the Units; (b) the acquisition by whatever means (including, without limitation, by way of an arrangement, merger or amalgamation), by any person (or two or more persons acting jointly or in concert), directly or indirectly, of the beneficial ownership of Units or rights to acquire Units that, together with such person's then owned Units and rights to acquire Units, if any, represent in the aggregate more than 50% of all issued and outstanding Units; (c) the passing of a resolution by the Trustee, the Board or the Unitholders to substantially liquidate the assets or wind-up or significantly rearrange the affairs of the Trust in one or more transactions or series of transactions (including by way of an arrangement, merger or amalgamation) or the commencement of proceedings for such a liquidation, winding-up or re-arrangement; (d) the sale by the Trust of all or substantially all of its assets (other than to an affiliate of the Trust in circumstances where the affairs of the Trust are continued, directly or indirectly, and where unitholdings of the Trust remain substantially the same following the sale as existed prior to the sale); (e) persons who were proposed as nominees (but not including nominees under a Unitholder proposal) to become directors of the Administrator immediately prior to a meeting of the Unitholders involving a contest for, or an item of business relating to the election of directors of the Administrator, not constituting a majority of the directors of the Administrator following such election; or (f) any other event which, in the opinion of the Board, reasonably constitutes a change of control of the Trust; provided that a change of control shall not occur solely as a result of a reorganization of the Crius Group in circumstances where the unitholdings, shareholders or ultimate ownership remains substantially the same upon completion of the reorganization, including a reorganization, in a transaction or series of related transactions, of the Trust for the purposes of avoiding the actual or potential application of the SIFT Rules and any related tax or trust, corporate or partnership reorganization or restructuring, including, without limitation, the contemporaneous or, to the extent entered into in connection with such reorganization, restructuring, subsequent termination or winding-up of the Trust.

The Board may, at any time, amend, suspend or terminate the RTUP, or any portion thereof, or any RTU granted thereunder, without Unitholder approval, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX), if any, that require the approval of Unitholders or any governmental or regulatory body. However, except as expressly set forth in the RTUP, no action of the Board or Unitholders shall alter or impair the rights of a Participant under any RTU previously granted to the Participant without the consent of the affected Participant. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the RTUP without seeking Unitholder approval:

(a) amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the RTUP or to correct or supplement any provision of the RTUP that is inconsistent with any other provision of the RTUP;

(b) amendments necessary to comply with the provisions of applicable law;

(c) amendments respecting administration of the RTUP;

(d) amendments to the vesting provisions of the RTUP or any RTUs;

(e) amendments to the early termination provisions of the RTUP or any RTUs, whether or not such RTUs are held by an insider, provided such amendment does not entail an extension beyond the original expiry date;

(f) amendments to the termination provisions of the RTUP or any RTUs, other than RTUs held by an insider in the case of the amendment extending the term of an RTU, provided any such amendment does not entail an extension of the expiry date of such RTU beyond its original expiry date;

(g) amendments necessary to suspend or terminate the RTUP; and

(h) any other amendment, whether fundamental or otherwise, not requiring Unitholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Unitholder approval will be required for the following types of amendments:

(a) amendments to the number of Units issuable under the RTUP, including a change from a fixed maximum percentage to a fixed maximum number of Units;

(b) amendments to the calculation of the cash equivalent value of an RTU;

(c) removing or amending the RTUP Insider and Independent Director Participation Restrictions; and

(d) amendments required to be approved by Unitholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The Administrator has reviewed the RTUP and, based on this review and its consideration of the remuneration paid to directors, officers, employees and consultants of other publicly traded entities, is satisfied that the RTUP is an appropriate long-term incentive plan for the Trust. The RTUP was approved by the Board.

The Trust will not have any RTUs or other option-based awards outstanding upon closing of the Offering. The foregoing is a summary description of the principal terms of the RTUP expected to be adopted by the Board following closing of the Offering, subject to receipt of necessary regulatory approvals (including the approval of the TSX).

DESCRIPTION OF THE TRUST

The following is a summary of the material terms of the Trust Indenture which, together with other summaries of the terms of the Trust Indenture appearing elsewhere in this prospectus, are qualified in their entirety by reference to the text of the Trust Indenture. Reference is made to the Trust Indenture for a complete description of the Units and the full text of its provisions. See "Material Contracts". A copy of the Trust Indenture will be available on SEDAR at www.sedar.com under the Trust's profile.

General

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012 pursuant the Trust Indenture. The Trust has no prior history of operations or earnings. The Trust has been established to invest in U.S. energy businesses through its various subsidiaries, including the investment in the Company through US Holdco. Although the Trust intends to qualify as a "mutual fund trust" under the Tax Act, the Trust will not be a mutual fund under applicable securities laws.

The Trust is a limited purpose trust and the undertaking of the Trust is restricted to investing its funds in property (other than real property, or an interest in real property). Pursuant to the Trust Indenture, the Trust is restricted from holding any "non-portfolio property", as defined in the Tax Act, and from taking any action, or acquiring, retaining or holding any investment in any entity or other property, that would result in the Trust being a "SIFT trust" or the Trust not being a "mutual fund trust", each as defined in the Tax Act. Subject to the foregoing restrictions, the Trust may acquire, hold, transfer, dispose of, invest in, and otherwise deal with assets, securities (whether debt or equity) and other interests or properties of whatever nature or kind including securities of, or issued by: (i) Cdn Holdco or any associate or affiliate thereof, or any other business entity in which Cdn Holdco has an interest, direct or indirect; (ii) the Commercial Trust; or (iii) any other person involved, directly or indirectly, in the business of, or the ownership, lease or operation of assets or property in connection with, energy related businesses.

Subject to the restrictions contained in the Trust Indenture, including those just noted, the Trustee has the authority to deal with the Trust's property on behalf of the Trust as if it were the beneficial owner of such property, and in particular, may:

(i) hold cash and other short term investments in connection with, and for the purposes of, the Trust's activities, including paying liabilities of the Trust and paying any amounts required in connection with the redemption of Units and making distributions to Unitholders;

(ii) issue, or provide for the issuance of, debt or equity securities of the Trust, including Units and Other Trust Securities, on such terms and conditions and at such time or times as the Trustee may determine, provided recourse shall be limited to the property of the Trust;

(iii) give a guarantee on behalf of the Trust to secure performance of an obligation of another person;

(iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any movable or immovable, personal or real or other property of the Trust, to secure any obligation of the Trust;

(v) enter into the Voting Agreement;

(vi) invest, hold shares, securities, Units, beneficial interests, partnership interests, joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;

(vii) redeem or repurchase Units in accordance with the terms set forth in the Trust Indenture;

(viii) make or cause to be made, application for the listing or quotation on any stock exchange or market of any Units or Other Trust Securities, and to do all things which in the opinion of the Trustee may be necessary or desirable to effect or maintain such listing or listings or quotation;

(ix) possess and exercise all the rights, powers and privileges pertaining to the ownership of any securities held by the Trust;

(x) to the extent not prohibited by applicable law, to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors, subcontractors or other persons (including to the Administrator pursuant to the terms of the Administration Agreement or otherwise) without liability to the Trustee except as provided in the Trust Indenture; and

(xi) do all such other acts and things as are necessary, useful, incidental or ancillary to the foregoing and to exercise all powers and authorities which are necessary, useful, incidental or ancillary to carry on the affairs of the Trust, to promote any purpose for which the Trust is formed and to carry out the provisions of the Trust Indenture.

Units of the Trust

The beneficial interests in the Trust are represented and constituted by one class of units described and designated as "Units". An unlimited number of the Units may be issued pursuant to the Trust Indenture. The Trust may also issue an unlimited number of Other Trust Securities. Upon closing of the Offering, there will be 10,000,000 Units outstanding (or 11,500,000 Units outstanding if the Over-Allotment Option is exercised in full). See "Consolidated Capitalization".

Each Unit represents an equal, undivided beneficial interest in the Trust Property and all Units shall rank equally and rateably with all of the other Units without discrimination, preference or priority. Each Unit entitles the holder to one vote at all meetings of Unitholders.

Unitholders are entitled to receive non-cumulative distributions from the Trust if, as and when, declared by the Trustee. Units are redeemable on demand by the holders thereof, and may be purchased for cancellation by the Trust through offers made to, and accepted by, such holders. See "Description of the Trust — Redemption at the Option of Unitholders" and "Description of the Trust — Repurchase of Securities". There are no other conversion, retraction, redemption or pre-emptive rights for Unitholders.

Issuance of Units

The Trust Indenture provides that the Units or Other Trust Securities may be created, issued, sold and/or delivered at such times, to such persons, for such consideration and on such terms and conditions as the Trustee or the Administrator determines, including pursuant to any Unitholder rights plan, distribution reinvestment plan, or any compensation plan established by the Trust. The authority to determine the timing and terms of future offerings of Units has been delegated by the Trustee to the Administrator. See "Description of the Trust — Delegation to the Administrator". Units are to be issued by the Trustee only when fully paid in money, property or past services, and they are not to be subject to future calls or assessments, provided that: (i) Units may be issued for consideration payable in instalments if the Trust takes security over any such Units for unpaid instalments; and (ii) the consideration for any Unit issued by the Trust shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money, provided that property shall not include a promissory note or promise to pay given by the allottee. In determining whether property or past services are the fair equivalent of monetary consideration, the Trustee or the Administrator may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust, and the resolution of the Trustee or the Administrator allotting and issuing those Units shall express the fair equivalent in money of the non-cash consideration received.

Units may be issued in satisfaction of any non-cash distribution by the Trust to Unitholders on a *pro rata* basis. The Trust Indenture also provides that immediately after any *pro rata* distribution of Units to Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be automatically consolidated such that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the distribution of such additional Units, subject to reduction for payment of applicable withholding taxes.

Limitation on Non-Resident Ownership

The Trust intends to qualify as a "mutual fund trust" under the Tax Act. A trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that, having regard to all the circumstances, the trust was established or is maintained primarily for the benefit of non-residents of Canada. Generally, this limitation will not apply if all or substantially all of the trust's property is not "taxable Canadian property" as defined in the Tax Act. The Trust anticipates that its property will not be "taxable Canadian property". In the event the Trust acquires "taxable Canadian property", the Trust Indenture provides that Non-residents (as such term is defined in the Trust Indenture) may not be the beneficial owners of more than 49% of the outstanding Units, on either a non-diluted or fully-diluted basis or on a fair market value basis. It is the responsibility of the Administrator to monitor compliance by the Trust with this non-resident restriction, and to take all such actions as may reasonably be undertaken on behalf of the Trust to cause the Trust to maintain its status as a "mutual fund trust" under the Tax Act. The Administrator has various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Units.

U.S. Resident Restriction

The Trust is a "foreign private issuer" as such term is defined in the U.S. Securities Act. The Trust Indenture provides that at no time prior to the Trust filing a registration statement in accordance with the U.S. Securities Act or registering a class of securities under the *United States Securities Exchange Act of 1934*, as amended, (other than, in either case, in reliance on the Multijurisdictional Disclosure System between Canada and the United States) may more than 50% of the outstanding voting securities of the Trust be directly or indirectly owned of record by U.S. Residents (as such term is defined in the Trust Indenture). It is the responsibility of the Administrator to monitor compliance by the Trust with this U.S. residency restriction, and to take all such actions as may reasonably be undertaken on behalf of the Trust to cause the Trust to maintain its status as a "foreign private issuer". The Administrator has various powers that can be used for the purpose of monitoring and controlling the extent of U.S. resident ownership of the Units.

Book-Entry-Only System

Except as otherwise provided below, the Units will be issued in "book-entry-only" form and must be purchased or transferred through participants in the depositary service of CDS ("**CDS Participants**"), which include securities brokers and dealers, banks and trust companies. On the date of closing of the Offering, the Trust will cause a global certificate or certificates representing the Units to be delivered to, and registered in the name of, CDS. Except as described below, no Unitholder will be entitled to a certificate or other instrument from the Trust or CDS evidencing that holder's ownership of Units, and no Unitholders will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such holder. Each purchaser acquiring a beneficial interest in a Unit (a "**Beneficial Owner**") will receive a customer confirmation of purchase from the registered dealer from which the Unit is purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants having interests in the Units.

Neither the Trust nor the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Units held by CDS or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Units; or (iii) any statement made with respect to CDS and contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depositary for the CDS Participants. As a result, CDS Participants must look solely to CDS and Beneficial Owners must look solely to CDS Participants for the payment of the distributions on the Units paid by or on behalf of the Trust to CDS.

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

If: (i) CDS resigns or is removed from its responsibilities as depositary with respect to the Units and the Trust is unable or does not wish to locate a qualified successor; or (ii) the Administrator or the Trust, at their option (including to ensure compliance with the Trust Indenture's non-resident ownership limitations or U.S. residency restrictions) elects, or is required by law, to terminate the book-entry system; or (iii) Unitholders representing more than 66⅔% of the aggregate votes entitled to be voted at a meeting of Unitholders vote to discontinue the book-entry system, then Units will be issued in fully registered form to Unitholders or their nominees.

Transfer of Units

Units are transferable at any time and from time to time. Transfers of ownership in the Units will be effected only through records maintained by CDS or its nominee for such Units with respect to interests of CDS Participants, and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Unitholders who are not CDS Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Units, may do so only through CDS Participants.

Repurchase of Securities

The Trust is entitled, at any time, to offer to purchase Units or Other Trust Securities for cancellation at a price per security and on a basis determined by the Trustee in its discretion, but in compliance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. The authority to determine the timing and terms of any such repurchase of Units has been delegated by the Trustee to the Administrator. Any such purchase will constitute an "issuer bid" under Canadian provincial securities legislation and, if not exempt, must be conducted in accordance with the applicable requirements thereof.

Take-over Bids

If there is a take-over bid for all of the outstanding Units (such Units subject to the bid collectively referred to as the "**Bid Units**") and, within 120 days after the date of a take-over bid, the bid is accepted by the holders of not less than 90% of the Bid Units, other than Bid Units held by or on behalf of, or issuable to, the offeror or an affiliate or associate of the offeror, then the offeror is entitled to acquire the Bid Units held by persons who did not accept the take-over bid, with such acquisition to occur on the same terms on which the offeror acquired Bid Units from persons who accepted the take-over bid. Similar provisions apply with respect to a take-over bid for all of any class of Other Trust Securities that are convertible into or exchangeable for Units. The Trust Indenture does not provide a mechanism for Unitholders who do not tender their Units to a take-over bid to apply to a court to fix the fair value of their Units.

Investments

Monies or other property received by the Trust or the Trustee on behalf of the Trust, including the net proceeds of any offering (including this Offering), may be used at any time and from time to time, for any purpose not inconsistent with the Trust Indenture. See "Description of the Trust — General".

The Trust Indenture contains investment restrictions to ensure that the Trust:

(i) complies at all times with the requirements for a "mutual fund trust", as defined in the Tax Act;

(ii) does not take any action, or acquire or hold any investment or other property, that would result in the Trust not being considered a "mutual fund trust" for purposes of the Tax Act;

(iii) does not take any action, or acquire, hold any investment or other property, that would result in the Trust being a "SIFT trust" as defined in the Tax Act; and

(iv) does not acquire or hold any "non-portfolio property", as defined in the Tax Act.

Distributions

The Trust intends to make monthly distributions to Unitholders of record as of the close of business on the last business day of each month, which are expected to be paid to Unitholders on or about the 15th day of the following month (or if not a business day, the next business day thereafter). The amount of cash to be distributed on a *pro rata* basis per month per Unit will be determined in the discretion of the Trust. The Trust expects that the initial monthly cash distribution rate will be C$0.0833 per Unit. The initial cash distribution, which will be for the period from and including the date of closing of the Offering to December 31, 2012, is expected to be paid on January 15, 2013 to Unitholders of record on December 31, 2012 and is estimated to be C$0.1326 per Unit (assuming that the closing of the Offering occurs on November 13, 2012). As results of operations may vary, the distribution of cash is not guaranteed.

The Administrator anticipates that the majority of the distributable cash distributed to Unitholders during the first year of the Trust will consist of distributions of Trust income (consisting principally of income received by the Trust from the Commercial Trust out of interest payable by US Holdco to the Commercial Trust on the US Holdco Note, and taxable dividends received from Cdn Holdco out of distributions received by Cdn Holdco from US Holdco on the US Holdco Shares), and will therefore be included in the income of Unitholders for income tax purposes.

Where the Administrator determines that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable, payment of such distribution may, at the option of the Administrator, include the issuance of additional Units, if necessary, having an aggregate value equal to the difference between the amount of such declared distribution and the amount of cash which has been determined by the Administrator to be available for the payment of such distribution. The value of each Unit which is to be issued in payment of distributions shall be the "market price" (as determined in accordance with the provisions of the Trust Indenture). See "Description of the Trust — Issuance of Units". Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

Payments of distributions on each Unit issued in "book-entry-only" form will be made by the Trust to CDS or its nominee, as the case may be, as the registered owner of Units, and the Trust understands that such payments will be forwarded by CDS or its nominee, as the case may be, to CDS Participants. As long as CDS or its nominee is the registered owner of Units, CDS or its nominee, as the case may be, will be considered the sole owner of those Units for the purposes of receiving payments on those Units. The responsibility and liability of the Trust in respect of the payment of distributions in respect of the Units is limited to making payment of any income or capital in respect of those Units to CDS or its nominee.

The Trust's ability to pay distributions to Unitholders is dependent upon the ability of the Trust Subsidiaries to meet their dividend, interest, principal and other distribution obligations. US Holdco's income, and thus the income of Cdn Holdco, the Commercial Trust and the Trust, will be derived from distributions on the Company Interest, and is therefore susceptible to the risks and uncertainties associated with the Company's business and the electricity and natural gas industry generally, particularly in the United States. See "Risk Factors".

Redemption at the Option of Unitholders

Units are redeemable at any time or from time to time on demand by the Unitholders thereof upon delivery to the Trust at its head office and to CDS (if a global unit certificate has been issued by the Trust) of a duly completed and properly executed notice, in a form reasonably acceptable to the Trustee, requesting redemption, together with written instructions as to the number of Units to be redeemed and together with the certificates, if any, representing Units to be redeemed (if a global unit certificate has not been issued by the Trust). Upon tender of Units by a Unitholder for redemption, all rights to and under the Units tendered for redemption shall immediately cease, provided that the Unitholder thereof shall retain the right to receive distributions thereon which have been declared payable to Unitholders of record prior to the date of tender for redemption (being the date the Trust has, to the satisfaction of the Trustee, received all documents required in connection with the redemption) (the "**Redemption Date**") and the right to receive a price per Unit (the "**Redemption Price**") in cash equal to the lesser of: (i) 90% of (a) the volume-weighted average trading price of a Unit traded on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any such exchange, on the principal market on which the Units are quoted for trading) during the period of the 10 consecutive trading days ending immediately prior to the Redemption Date; (b) if the applicable exchange or market does not provide information necessary to compute a volume-weighted average trading price, an amount equal to the volume-weighted average of the closing prices of a Unit for each of the 10 consecutive trading days occurring immediately prior to the Redemption Date on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Units traded on a particular day, the price shall be an amount equal to the volume-weighted average of the average of the highest and lowest prices for each of the trading days on which there was a trade; and (c) if there was trading on the applicable market or exchange for fewer than five of the 10 consecutive trading days occurring immediately prior to the Redemption Date, the volume-weighted average of the following prices established for each of the 10 trading days: (1) the average of the last bid and last asking prices for each day on which there was no trading; (2) the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and (3) the average of the highest and lowest prices of the Units for each day that there was trading, if the exchange or market provides only the highest and lowest prices of Units traded on a particular day; and (ii) an amount equal to 100% of (a) the volume-weighted average trading price of a Unit on the Redemption Date, on the principal stock exchange on which Units are listed (or, if the Units are not listed on any such exchange, on the principal market on which the Units are quoted for trading) if the applicable exchange or market provides information necessary to compute a volume-weighted average trading price on such date; (b) the closing price of a Unit if there was a trade on the Redemption Date, and the exchange or market provides only a closing price; (c) the simple average of the highest and lowest prices of Units on the Redemption Date if there was trading on such date and the exchange or market provides only the highest and lowest trading prices of Units traded on a particular day; or (d) the simple average of the last bid and the last asking prices of the Units on the Redemption Date if there was no trading on such date.

The aggregate Redemption Price payable by the Trust in respect of any Units tendered for redemption during any month shall be paid by cheque drawn on a Canadian chartered bank or trust company in lawful money of Canada payable to the Unitholder who exercised the right of redemption, on or before the end of the calendar month following the calendar month in which the Units were tendered for redemption; provided that Unitholders shall not be entitled to receive cash upon the redemption of their Units if: (i) the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds C$100,000 (provided that such limitation may be waived at the discretion of the Trustee); (ii) at the time such Units are tendered for redemption, the outstanding Units are not listed for trading on the TSX and are not traded or quoted on any other stock exchange or market which the Trustee considers, in its discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10 consecutive trading-day period immediately prior to the Redemption Date; or (iv) the Trust or any affiliate of the Trust (including US Holdco) is, or after such redemption would be, in default under any agreements entered into by the Trust or any of its affiliates, from time to time, which set forth the terms and conditions of any debt financing obtained by the Trust, or by any one of its affiliates (as the case may be), from any person or persons not affiliated with the Trust (and for further certainty, shall include all agreements pertaining to issuances of debentures or other debt securities to the public).

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitations set forth in the immediately preceding paragraph, then the Redemption Price for each Unit tendered for redemption shall be equal to the fair market value of a Unit as determined by the Trustee, in its discretion, and shall, subject to all necessary regulatory approvals, be paid and satisfied by way of a distribution in specie of Trust Property (other than Cdn Holdco Shares, US Holdco Shares, Commercial Trust Units or the US Holdco Note), as determined by the Trustee in its discretion. To the extent that the Trust does not hold Trust Property (other than Cdn Holdco Shares, US Holdco Shares, Commercial Trust Units or the US Holdco Note) having a sufficient amount outstanding to effect payment in full of the in specie Redemption Price, the Trust may effect such payment by issuing Redemption Notes, being unsecured subordinated promissory notes of the Trust.

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to dispose of their Units. The assets of the Trust which may be distributed in specie to Unitholders in connection with a redemption will not be listed on any stock exchange and no market is expected to develop in such assets of the Trust. The Trust Property so distributed is expected to be subject to resale restrictions under applicable securities laws and is not expected to be a qualified investment for Registered Plans.

Trustee

Computershare is the Trustee and the transfer agent and registrar for the Units. Subject to the express limitations contained in the Trust Indenture and any grant of certain powers to the Administrator, as administrator of the Trust, the Trustee has full, absolute and exclusive power, control and authority over the Trust Property and over the affairs of the Trust, to the same extent as if the Trustee were the sole and absolute beneficial owner of the Trust Property in its own right, and to do all such acts and things as in its discretion are necessary or incidental to, or desirable for, the carrying out of the duties of the Trust created pursuant to the Trust Indenture. The Trustee has no obligation to Unitholders beyond the obligations set out in the Trust Indenture, except as may be mandated by law.

The Trust Indenture provides that the Trustee must discharge its duties honestly, in good faith and in the best interests of the Trust and the Unitholders, and in connection therewith exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

Except as expressly prohibited by law, the Trustee may in its discretion delegate the execution of certain of its authority and powers to the Administrator, as the administrator of the Trust, pursuant to the terms of the Administration Agreement. The Trustee may in its discretion also delegate the execution of certain of its authority and powers to such other persons as is necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustee under the Trust Indenture without regard to whether such authority is normally delegated by trustees. See "Description of the Trust — Delegation to the Administrator".

The Trustee shall be entitled to make any reasonable decisions, designations or determinations, not contrary to the Trust Indenture, which it determines are necessary or desirable in interpreting, applying or administering the Trust Indenture, or in administering, managing or operating the Trust. Any Trustee's decisions, designations or determinations made pursuant to the Trust Indenture shall be conclusive and binding upon the Trust and the Unitholders.

The Trustee may resign as Trustee by giving to the Administrator, in its capacity as administrator of the Trust, not less than 90 days' prior written notice, unless the Administrator agrees to a shorter period of notice. The Trustee may be removed at any time, with or without cause, by Ordinary Resolution. The Trustee may also be removed at any time by the Administrator, in its capacity as administrator of the Trust, by notice in writing to the Trustee upon the occurrence of certain events, including where (i) the Trustee is declared bankrupt or insolvent or enters into liquidation to wind up its affairs, (ii) all of its assets (or a substantial part thereof) are subject to seizure or confiscation, (iii) it becomes incapable or refuses to perform its responsibilities under the Trust Indenture, or (iv) the Trustee at any time ceases to be incorporated under the laws of Canada or a province thereof, to be resident in Canada for the purposes of the Tax Act, or to be authorized and registered under the laws of the Province of Ontario, or such other Province of Canada in which the head office of the Trust may from time to time be located, to carry on the business of a trust company.

Any resignation or removal of the Trustee will take effect on the date upon which the last of the following occurs: (i) a successor Trustee is appointed or elected pursuant to the Trust Indenture, and (ii) the new successor Trustee has accepted such election or appointment and has legally and validly assumed all obligations of the Trustee under the Trust Indenture. If no successor Trustee has been appointed or elected within 60 days of notice being given by the Trustee of its resignation, approval of an Ordinary Resolution to remove the Trustee, or the giving of notice by the Administrator to remove the Trustee, as the case may be, any Unitholder, the Trustee, the Administrator or any other interested person, may apply to a court of competent jurisdiction for the appointment of a successor trustee.

Upon the taking effect of any resignation or removal of the Trustee under the terms of the Trust Indenture, the Trustee shall cease to be a party to the Administration Agreement and the Voting Agreement.

The Trust Indenture provides that the Trustee shall be entitled to rely on, and shall have no liability to any Unitholder, holder of Other Trust Securities, or any person for acting or failing to act, in good faith in relation to any matter relating to the Trust where such action or failure is based upon, statements from, the opinion or advice of or information from auditors, counsel or any valuator, engineer, surveyor, appraiser or other expert where it is reasonable to conclude that the matter in respect of which such statements are made, or opinion or advice given, ought to be within the expertise of such advisor or expert, provided that the Trustee has satisfied its standard of care in selecting such advisor and expert. The Trustee shall have no liability whatsoever to any Beneficiary or any other person for any obligation, liability or claim arising in connection with, directly or indirectly, the Trust Property or the conduct and undertaking of the affairs of the Trust, including (i) any action or failure to act by the Trustee with respect to its duties, responsibilities, powers, authorities and discretion under the Trust Indenture (including failure to compel in any way any trustee to redress any breach of trust or any failure of the Administrator to perform its duties under, or delegated to it under, the Trust Indenture, the Administration Agreement or any other contract), (ii) any error in judgment, (iii) any matters pertaining to the administration or termination of the Trust, (iv) any environmental liabilities, (v) any action or failure to act by the Administrator or any other person to whom the Trustee has, as permitted by the Trust Indenture, delegated any of its duties, and (vi) any depreciation of, or loss to, the Trust incurred by reason of the retention or sale of any Trust Property; unless such liabilities arise from, or out of the wilful misconduct, fraud or gross negligence of the Trustee or the breach by the Trustee of its standard of care under the Trust Indenture (which does not include ordinary inadvertence in the acts or omissions of the Trustee). Where the Trustee is held liable to any person, or its property or assets are subject to levy, execution or other enforcement resulting in personal loss to the Trustee in circumstances where there is to be no liability on the Trustee on the basis just described, the Trustee shall be indemnified out of the Trust Property to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including reasonable legal fees and disbursements. The Trust Indenture also contains other customary provisions limiting the liability of the Trustee.

Certain Restrictions on Trustee's Powers

The Trust Indenture provides that after the Closing Date a change to the Administration Agreement, the Voting Agreement or any extension thereof, the terms of any constating document of any affiliate of the Trust, and the terms of any agreement entered into by the Trust or its affiliates with the Administrator, must be approved by a majority of the Administrator Directors.

The Trust Indenture further provides that the Trustee shall not, without approval of Unitholders by Ordinary Resolution, (i) vote or instruct on the voting of any share of the Administrator pursuant to the Voting Agreement, including with regard to the election of Administrator Directors, or (ii) appoint or change the auditors of the Trust, except in the event of a voluntary resignation of such auditors.

In addition, the Trust Indenture provides that the Trustee shall not, without approval of Unitholders by Special Resolution: (i) amend the Trust Indenture, except as permitted by the Trust Indenture (as described under "Amendments to the Trust Indenture" below); (ii) sell, lease, exchange or transfer all or substantially all of the Trust Property, other than (A) pursuant to in specie redemptions permitted under the Trust Indenture, (B) in order to acquire Cdn Holdco Shares, Commercial Trust Units and/or US Holdco Notes in connection with pursuing the purpose of the Trust, or (C) in conjunction with an internal reorganization involving the sale, lease, exchange or other transfer of the Trust Property (whether or not involving all or substantially all of the Trust Property), including pursuant to an amalgamation, arrangement or merger of the Trust and/or one or more of its affiliates, as a result of which the Trust has substantially the same interest, whether direct or indirect, in the Trust Property that it had prior to such sale, lease, exchange or other transfer; or (iii) authorize the termination, liquidation or winding up of the Trust, other than at the end of the term of the Trust.

Amendments to the Trust Indenture

Except where otherwise specifically provided in the Trust Indenture, the Trust Indenture may only be amended or altered by Special Resolution. The Trustee will be entitled, at its discretion (which discretion has been delegated to the Administrator), without the approval of the Unitholders, to make amendments to the Trust Indenture at any time on or prior to the Closing Date, for any purpose by agreement between the Trustee and the Administrator, and at any time (including after the Closing Date) for any of the following purposes: (i) ensuring the Trust continues to comply with applicable laws, regulations, requirements or policies of any governmental or regulatory authority having jurisdiction over the Trustee or the Trust; (ii) providing additional protection for the Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to Unitholders; (iii) making amendments which, in the opinion of the Trustee, based on the advice of counsel, are necessary or desirable in the interests of the Unitholders as a result of changes in taxation laws or in their interpretation or administration; (iv) making corrections to, or removing or curing any conflicts or inconsistencies between, the provisions of the Trust Indenture or any supplemental indenture and any other agreement to which the Trust is a party, or any prospectus filed with any governmental or regulatory authority with respect to the Trust, or any applicable law or regulation of any jurisdiction, provided that, in the opinion of the Trustee, based on the advice of counsel, the rights of the Unitholders are not materially prejudiced thereby; (v) providing for the electronic delivery by the Trust to Unitholders of documents relating to the Trust (including annual and quarterly reports, including financial statements, notices of Unitholders meetings and information circulars and proxy related materials) at such time as applicable securities laws have been amended to permit such electronic delivery in place of normal delivery procedures, provided that such amendments, based on the advice of counsel, are not contrary to, or do not conflict with such laws; (vi) curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions in the Trust Indenture, provided that, in the opinion of the Trustee, based on the advice of counsel, the rights of the Unitholders are not materially prejudiced thereby; (vii) making amendments as are required to undertake an internal reorganization involving the sale, lease, exchange or other transfer of the Trust Property, including an amalgamation, arrangement or merger of the Trust and its affiliates with any entities, as a result of which the Trust has substantially the same interest, whether direct or indirect, in the Trust Property that it had prior to the reorganization provided that, in the opinion of the Trustee, based on the advice of counsel, the rights of Unitholders are not materially prejudiced thereby; and (viii) making amendments for any purpose provided that, in the opinion of the Trustee, based on the advice of counsel, the rights of Unitholders are not materially prejudiced thereby.

No amendment may be made to modify the voting rights attributable to any Unit or to reduce the fractional undivided beneficial interest in the Trust Property represented by any Unit without obtaining the consent of the holder of such Unit.

Rights of Unitholders

The rights of the Unitholders will be established by the Trust Indenture. A Unitholder of the Trust has all of the material protections, rights and remedies a shareholder of a corporation would have under the OBCA, except as described below.

Many of the provisions of the OBCA respecting the governance and management of a corporation have been incorporated in the Trust Indenture. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of an OBCA corporation, including the right to elect Administrator Directors and to appoint auditors. The Trust Indenture also includes provisions modeled after comparable provisions of the OBCA dealing with the calling and holding of meetings of Unitholders, the quorum for, and procedures at such meetings, and the right of Unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. Unlike shareholders of an OBCA corporation, Unitholders do not have a comparable right to make a Unitholder proposal at a general meeting of the Trust. The matters in respect of which Unitholder approval is required under the Trust Indenture are generally less extensive than the rights conferred on the shareholders of an OBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Trust and its subsidiary entities. These Unitholder approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Trust are entitled to redeem their Units, as described under "Description of the Trust — Redemption at the Option of Unitholders".

Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an OBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties. Shareholders of an OBCA corporation may apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders can rely only on the general provisions of the Trust Indenture which permit the winding up of the Trust with the approval of a Special Resolution of the Unitholders. Shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector, subject to court oversight and other investigative procedures, to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. By virtue of the right to requisition a meeting of Unitholders, the Trust Indenture allows Unitholders to call meetings to consider the appointment or removal of the Trustee and the Administrator Directors, but does not specifically contemplate the appointment of an inspector. Further, a meeting of Unitholders may be requisitioned in writing by Unitholders representing not less than 20% of all votes entitled to be voted at a meeting of Unitholders, while the equivalent threshold for shareholders of an OBCA corporation who wish to requisition a shareholder meeting is 5%. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Trust Indenture does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Trust. The protections, rights and remedies available to a Unitholder are described in the Trust Indenture. See "Risk Factors". The above-mentioned protections, rights and remedies are contained in the Trust Indenture, a copy of which is available on SEDAR at www.sedar.com under the Trust's profile.

Meetings of Unitholders

The Trust Indenture provides that there shall be an annual meeting of the Unitholders, commencing in 2013, for the purpose of: (i) presentation of the financial statements of the Trust for the immediately preceding fiscal year; (ii) appointing the auditors of the Trust for the ensuing year; (iii) directing and instructing the Trustee how to vote (or how to compel the voting), as agent for the Unitholders, pursuant to the Voting Agreement for the election of the Administrator Directors; and (iv) transacting such other business as the Trustee or the Administrator may determine, or as may be properly brought before the meeting. Pursuant to the Voting Agreement, the Administrator Shareholder has agreed to vote its shares in the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to, among other things, the election of the Administrator Directors, setting the number of Administrator Directors from time to time and the appointment of an auditor of the Administrator from time to time. See "Voting Agreement".

The Trust Indenture provides that special meetings of Unitholders may be convened at any time and for any purpose by the Trustee, and must be convened upon the request of the Administrator or, except in certain circumstances, if requisitioned in writing by Unitholders representing not less than 20% of all votes entitled to be voted at a meeting of Unitholders. A requisition will be required to state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. A proxyholder will not be required to be a Unitholder. Two or more persons present in person and being Unitholders or representing, by proxy, Unitholders who hold in the aggregate not less than 10% of all votes entitled to be voted at a meeting of Unitholders shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the requisition of the Unitholders, shall be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as determined by the chairman of the meeting and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

Every question submitted to a meeting, other than questions to be decided by Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands on which every person present and entitled to vote shall be entitled to one vote. On a poll vote at any meeting of Unitholders, each Unit shall entitle the holder thereof to one vote.

The Trust Indenture contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders. A resolution signed in writing by Unitholders holding a proportion of all the outstanding votes entitled to be voted at a meeting of Unitholders, where such proportion is equal to or greater than the proportion of votes required to be voted in favour of such resolution at a meeting of Unitholders to approve that resolution, is as valid as if it had been passed at a meeting of Unitholders duly called and convened for the purpose of approving that resolution, provided that, if such written resolution is not a unanimous written resolution of the Unitholders, then in addition to the written resolution of the Unitholders, the Administrator Directors must have unanimously approved such resolution whether by written resolution or at a duly convened meeting of the Administrator Directors.

Information and Reports

The Trust Indenture requires the Trustee to furnish to Unitholders, in accordance with applicable law, the annual consolidated financial statements of the Trust for the preceding year, along with the report of the auditors thereon. In addition, if the Trust is a "reporting issuer" under applicable securities law, the Trustee is required to furnish to Unitholders the annual consolidated financial statements of the Trust, together with comparative consolidated financial statements for the preceding fiscal year, if any, and the report of the auditors thereon on, or before any date prescribed by applicable law, as well as the unaudited quarterly consolidated financial statements of the Trust for a fiscal quarter, together with comparative consolidated financial statements for the same fiscal quarter in the preceding fiscal year, if any, on or before any date prescribed by applicable law. The Trustee is also required, on or before the 90th day in each year or such earlier date as may be required under applicable law, to furnish to Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law, to be submitted to Unitholders for income tax purposes, to enable Unitholders to complete their tax returns in respect of the prior calendar year. Under the Administration Agreement, the Trustee has delegated to the Administrator the responsibility to prepare and provide the foregoing information to Unitholders on a timely basis.

Each Unitholder has the right to obtain, on demand and without fee, from the head office of the Trust, a copy of the Trust Indenture and any amendments thereto and minutes of the meetings of Unitholders and any written resolutions of Unitholders passed in lieu of holding a meeting of Unitholders, and also will be entitled to examine a list of Unitholders (subject to providing an affidavit to the Administrator, as administrator of the Trust, similar to the affidavit required under the OBCA for a shareholder to obtain a list of shareholders).

Prior to each meeting of Unitholders, the Administrator, as administrator of the Trust, will provide to the Unitholders (along with notice of the meeting) all information, together with such certifications, as are required by applicable law and by the Trust Indenture to be provided to Unitholders.

Term of the Trust

The Trust has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on September 7, 2012. The termination or winding-up of the Trust may also be effected by passage of a Special Resolution authorizing the same.

Delegation to the Administrator

Under the terms of the Trust Indenture, the Trustee is authorized to delegate most of the powers and duties granted to it (to the extent not prohibited by law) to any person as the Trustee may deem necessary or desirable. The Trustee has delegated most of its powers and duties to the Administrator, as administrator of the Trust, pursuant to the terms of the Administration Agreement. Among other things, the Administration Agreement sets forth all of the rights, restrictions and limitations (including, without limitation, limitations of liability and indemnification rights) which pertain to the performance by the Administrator of the duties delegated to it by the Trustee. Pursuant to the terms of the Trust Indenture, those rights, restrictions and limitations also apply in all respects to the Administrator, as administrator of the Trust, in the exercise and performance by it of all powers, duties and authorities conferred upon or delegated to the Administrator under the terms of the Trust Indenture. In the event of a termination of the Administration Agreement, the Trustee will, until a successor administrator is appointed, perform the duties otherwise to have been performed by the Administrator under the Administration Agreement and the Trust Indenture on the same terms and conditions as they were performed by the Administrator. See "Administration Agreement". The Trust Indenture provides that the Trustee shall have no liability to any Unitholder as a result of the delegation by the Trustee of its powers and duties to the Administrator.

In performing the duties delegated to it, the Administrator must exercise its power and carry out its function honestly, in good faith and in the best interests of the Trust, and will also be obligated to exercise that degree of care, diligence and skill as would be exercised, in Canada, by a reasonably prudent administrator having responsibilities of a similar nature to those under the Administration Agreement in comparable circumstances. The Administrator Directors will be indemnified by the Trust in respect of their activities on behalf of the Trust, as referred to above, unless the Administrator Directors act in a manner which constitutes wilful misconduct, fraud, gross negligence or breach of their standard of care.

Power of Attorney

Upon becoming a Unitholder, each Unitholder, pursuant to the terms of the Trust Indenture, grants to the Trustee a power of attorney constituting the Trustee, with full power of substitution, as the true and lawful attorney of such Unitholder to act on his behalf, with full power and authority in his name, place and stead, to execute, swear to, acknowledge, deliver, make, file or record (and to take all requisite action in connection with such matters), when, as and where required with respect to: (i) the Trust Indenture and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a "mutual fund trust" under the Tax Act and to ensure that the Trust is not a "SIFT trust" under the Tax Act; (ii) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Trust Indenture, including all conveyances, transfers and other documents required in connection with any disposition of Units; (iii) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust; (iv) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust; (v) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any duly authorized amendment to the Trust Indenture; and (vi) all transfers, conveyances and other documents required to facilitate the acquisition of Units or Other Trust Securities of non-tendering offerees in the event of a take-over bid.

Each Unitholder agrees that the power of attorney is, to the extent permitted by applicable law, irrevocable, is a power coupled with an interest, and shall survive the death, mental incompetence, disability and any subsequent legal incapacity of the Unitholder and shall survive the assignment by the Unitholder of all or part of the Unitholder's interest in the Trust and will extend to, and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder. Each Unitholder agrees to be bound by any representations or actions made or taken by the Trustee or its delegate pursuant to the power of attorney and waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustee or its delegate in good faith under the power of attorney.

DESCRIPTION OF THE COMMERCIAL TRUST

General

The Commercial Trust is an unincorporated open-ended limited purpose trust to be established under the laws of the Province of Ontario prior to the closing of the Offering by the Commercial Trust Indenture. All of the issued and outstanding Commercial Trust Units will be held by the Trust. The Commercial Trust's sole function will be to own debt of the Trust's subsidiaries, including the US Holdco Note following the closing of the Offering. The Administrator will be the trustee of the Commercial Trust and will continue in that capacity until it resigns or is replaced by the Trust in accordance with the provisions of the Commercial Trust Indenture.

Distributions

The amount and payment of distributions by the Commercial Trust on the Commercial Trust Units are determined in the discretion of the Administrator, as trustee of the Commercial Trust. The Administrator Directors intend to cause the Commercial Trust to make monthly distributions, funded by payments of interest and/or principal received by the Commercial Trust from US Holdco under the US Holdco Note, to the Trust so as to facilitate the Trust's monthly cash distributions to Unitholders.

DESCRIPTION OF CDN HOLDCO

General

Cdn Holdco is a corporation to be formed under the OBCA prior to the closing of the Offering. The sole shareholder of Cdn Holdco will be the Trust. Cdn Holdco will be created to form US Holdco, acquire and hold all of the issued and outstanding US Holdco Shares, make a loan to US Holdco in consideration for the US Holdco Note, and make distributions to the Trust to the extent possible. Cdn Holdco will have no prior history of operations or earnings.

The articles of Cdn Holdco will (i) provide that Cdn Holdco is constituted exclusively for the purpose of investing in equity and debt securities of its affiliates, (ii) prohibit Cdn Holdco from carrying on any business in Canada for purposes of the Tax Act, (iii) prohibit Cdn Holdco from acquiring or holding any "non-portfolio property" (as defined in the Tax Act) or property which would cause Cdn Holdco to case to qualify as a "portfolio investment entity" (as defined in the Tax Act), and (iv) prohibit Cdn Holdco from taking any action, or acquiring, retaining or holding any investment in any entity or other property that would result in the Trust or any of its subsidiaries being a "SIFT trust" or "SIFT partnership" (each as defined in the Tax Act).

Distributions

The amount and payment of dividends or returns of capital by Cdn Holdco will be determined in the discretion of Cdn Holdco's board of directors, subject to applicable corporate law. The board of Cdn Holdco intends to make monthly cash distributions, funded by distributions received by Cdn Holdco from US Holdco, to the Trust so as to facilitate the Trust's monthly cash distributions to Unitholders.

DESCRIPTION OF US HOLDCO

General

US Holdco will be a corporation formed under the laws of the State of Delaware prior to the closing of the Offering. The sole shareholder of US Holdco will be Cdn Holdco. US Holdco's initial function will be to acquire the Company Interest (and Additional Company Interest if the Over-Allotment Option is exercised), to pay interest on the US Holdco Note (which will be held by the Commercial Trust following the closing of the Offering), and to declare and pay distributions to Cdn Holdco on the US Holdco Shares. US Holdco will have no prior history of operations or earnings.

Distributions

In addition to causing US Holdco to make monthly interest payments to the Commercial Trust on the US Holdco Note, the board of US Holdco is expected to make monthly cash distributions to Cdn Holdco on the US Holdco Shares to facilitate the Trust's monthly cash distributions to Unitholders. The amount and payment of dividends or returns of capital by US Holdco to Cdn Holdco will be determined in the discretion of US Holdco board of directors, subject to applicable corporate law.

The US Holdco Note

The following is a summary of the material terms of the US Holdco Note, as set out in a loan agreement to be entered into by Cdn Holdco, as lender, and US Holdco, as borrower, on the date of the closing of the Offering (the "**Loan Agreement**"). This summary is qualified in its entirety by reference to the provisions of the Loan Agreement.

The US Holdco Note will be issued by US Holdco to Cdn Holdco in consideration for the loan to be made by Cdn Holdco to US Holdco, immediately following the closing of the Offering, out of a portion of the net proceeds of the Offering received by Cdn Holdco from the Trust. Immediately following the issuance of the US Holdco Note to Cdn Holdco, Cdn Holdco will distribute the US Holdco Note to the Trust by way of a reduction of capital on the Cdn Holdco Shares, following which the Trust will contribute the US Holdco Note to the Commercial Trust in consideration for additional Commercial Trust Units, so that following such transactions the US Holdco Note will be held by the Commercial Trust.

Interest

The US Holdco Note will bear interest at the rate of 11% per annum. Interest on the US Holder Note will be payable quarterly, in arrears. However, US Holdco may elect to pay all or any portion of the accrued but unpaid interest at any time as such payment is permitted under the Base Confirmation Agreement. US Holdco intends to pay interest on the US Holdco Note on a monthly basis in order to enable the Trust to pay monthly distributions to Unitholders. If any payment of accrued interest required on the US Holdco Note is not permitted under the terms of the Base Confirmation Agreement, such accrued and unpaid interest will be capitalized by increasing the outstanding principal balance of the US Holdco Note by the amount of such accrued and unpaid interest.

Maturity and Repayment

The US Holdco Note will mature ten years after issuance. On maturity, US Holdco is required to repay the outstanding principal amount of the US Holdco Note, together with accrued and unpaid interest thereon.

Except as otherwise provided under the US Holdco Note, upon a liquidation, winding up, merger, sale or other disposition of all or substantially all of the assets of US Holdco and its subsidiaries, taken as a whole, the holder of the US Holdco Note can, at its option, require US Holdco to repay the entire outstanding balance of the US Holdco Note.

Additional Covenants

The US Holdco Note restricts US Holdco and its subsidiaries from incurring certain indebtedness or granting liens or security interests on certain property without the prior consent of the holder. The US Holdco Note also restricts US Holdco from making distributions without the prior consent of the holder unless, after giving effect to the distributions, the value of US Holdco's assets less its liabilities (other than amounts owing under the US Holdco Note) is greater than or equal to 105% of the principal balance owing under the US Holdco Note; however, this restriction does not apply to the extent such distribution is otherwise permitted under the Base Confirmation Agreement. The US Holdco Note also restricts US Holdco and its subsidiaries from selling certain assets or making certain capital expenditures without the prior consent in writing of the holder.

Subordination/Security

The payment of principal and interest on the US Holdco Note is required to be guaranteed pursuant to a guaranty agreement (the "**Guaranty Agreement**") from all present or future subsidiaries of US Holdco (other than Regional Energy and its subsidiaries) (the "**Subsidiary Guarantors**"). The payment of amounts owed by the Subsidiary Guarantors under the Guaranty Agreement is junior and subordinate to the amounts owed by such Subsidiary Guarantors to Macquarie Energy under the Base Confirmation Agreement, in accordance with the terms of a subordination and intercreditor agreement (the "**Subordination Agreement**") among Macquarie Energy, the Subsidiary Guarantors and Cdn Holdco.

The Subordination Agreement prohibits the Subsidiary Guarantors from making any payments to the holder of the US Holdco Note under the Guaranty Agreement, or taking certain collection or enforcement actions against the Subsidiary Guarantors under the Guaranty Agreement or applicable law, unless and until all obligations and indebtedness owed to Macquarie Energy have been paid in full and Macquarie Energy has no further commitment to extend any credit or other financial accommodation to any of the Subsidiary Guarantors. The Subordination Agreement also provides that a sale or other disposition of the equity interests of any Subsidiary Guarantor in connection with the exercise of remedies by Macquarie Energy or which is otherwise permitted under the terms of the US Holdco Note or the Guaranty Agreement shall automatically terminate such Subsidiary Guarantor's obligations and indebtedness under the Guaranty Agreement.

The indebtedness of US Holdco under the US Holdco Note is secured by a pledge of the Membership Units in the Company owned by US Holdco.

Default

The Loan Agreement sets out various events of default, including any of the following: (i) failure to pay any principal of, or interest on, the US Holdco Note within 10 days of the date such payment was due; (ii) default in the observance or performance of any covenant of the US Holdco Note; (iii) if the Borrower fails to make any payment in respect of any other indebtedness in excess of $500,000; (iv) certain events of dissolution, liquidation, reorganization or other similar insolvency proceedings, or the failure to satisfy certain final judgments relative to US Holdco or any of its subsidiaries that have guaranteed the US Holdco Note; and (v) the Trust or any subsidiary of the Trust ceases to own and control 100% of the equity interests of US Holdco free and clear of all liens. Upon an event of default, following any applicable grace period, and subject to the terms of the Subordination Agreement, the holder of the US Holdco Note may declare the principal amount of the US Holdco Note and any accrued and unpaid interest thereon forthwith due and payable.

DESCRIPTION OF THE COMPANY

General

The Company, a limited liability company, was formed on August 7, 2012 in Delaware. Following the Company Interest Acquisition, US Holdco will own approximately 26.8% of the Membership Units in the Company. See "Funding and Acquisition of the Company Interest — Closing Transactions". The remaining 73.2% of the Membership Units in the Company will be held by the Regional Energy Members (36.6%) and the Public Power Members (36.6%). The operations of Public Power and Regional Energy will form the entire business of the Company. The Company may also be considered to be the promoter of the Trust. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement" and "Promoter".

Upon completion of the Offering and the Company Interest Acquisition, the directors of the Company will be Mr. Sullivan, Mr. Burden, an independent director to be appointed by US Holdco immediately following the closing of the Offering, Mr. Gries and a nominee of the Regional Energy Members to be appointed immediately following the closing of the Offering. Each of Mr. Sullivan, Mr. Burden and the independent director to be appointed immediately following closing of the Offering are the nominees of US Holdco. Mr. Gries is the nominee of the Public Power Members. The executive officers of the Company will be the same as the executive officers of the Administrator. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement".

Governance

Upon and following the Company Interest Acquisition, US Holdco will be entitled to appoint three out of the five directors to the Company's board of directors, and thereby control the Company. Until such time as the Regional Energy Members and Public Power Members, in the aggregate, own less than 20% of the outstanding Membership Units in the Company, the Regional Energy Members, collectively, and Public Power Members, collectively, will each be entitled to appoint one director to the Company's board of directors, for a total of two directors. The business and affairs of the Company are required to be managed by or under the Company's board of directors, and the board of directors has the power and authority to appoint the officers of the Company and to determine the level of distributions by the Company out of distributable cash, if any. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement".

See "Trustee, Directors and Management" for the biographies of the directors of the Company who are also Administrator Directors.

Distributions

Within 15 days following the end of each month, the Company is required to distribute the Company Distributable Cash to its members in accordance with their respective Percentage Interests (as that term is defined in the Company LLC Agreement). See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Distributions" for additional details regarding the Company's distributions.

DESCRIPTION OF PUBLIC POWER

Public Power, a limited liability corporation, was incorporated on December 14, 2009 in the State of Connecticut. In April 2010, Public Power purchased the assets and assumed the liabilities of Public Power & Utility, an Energy Retailer.

On September 18, 2012, (i) pursuant to the Exchange Agreement, the owners of Public Power transferred their membership interests in Public Power, except for the Retained Public Power Interests, to the Company in exchange for 50% of the Membership Units in the Company, and (ii) pursuant to the Retained Security Option Agreement, the owners of the Retained Public Power Interests granted the Company an option to acquire the Retained Public Power Interests. Following the closing of the Offering, pursuant to the Purchase Agreement, US Holdco will acquire the Company Interest, constituting approximately 26.8% of the Membership Units in the Company, from the Company for a purchase price of C$89.5 million (payable in US$ based on the exchange rate on the date of closing of the Offering). The Company will use a portion of the proceeds received from US Holdco to acquire the Retained Public Power Interests, so that following the completion of the transactions Public Power will be a wholly-owned subsidiary of the Company. See "Funding and Acquisition of the Company Interest".

DESCRIPTION OF REGIONAL ENERGY

Regional Energy was incorporated on March 17, 2009 in the state of Nevada.

On September 18, 2012, (i) pursuant to the Exchange Agreement, the owners of Regional Energy transferred their securities of Regional Energy, other than the Retained Regional Energy Securities, to the Company in exchange for Membership Units in the Company and the Company agreed to issue Membership Units to certain officers of Regional Energy in exchange for futures services, with the result that the former Regional Energy securityholders and officers acquired 50% of the Membership Units in the Company, and (ii) pursuant to the Retained Security Option Agreement, the owners of the Retained Regional Energy Securities granted Regional Energy an option to acquire the Retained Regional Energy Securities. Following the closing of the Offering, pursuant to the Purchase Agreement, US Holdco will acquire the Company Interest, constituting approximately 26.8% of the Membership Units in the Company, from the Company for a purchase price of C$89.5 million (payble in US$ based on the exchange rate on the date of closing of the Offering). The Company will use a portion of the proceeds received from US Holdco to make an additional indirect investment in Regional Energy to permit Regional Energy to acquire the Retained Regional Energy Securities, so that following the completion of the transactions Regional Energy will be a wholly-owned subsidiary of the Company. See "Funding and Acquisition of the Company Interest".

PLAN OF DISTRIBUTION

The Offering consists of 10,000,000 Units (11,500,000 Units if the Over-Allotment Option is exercised in full). See "Description of the Trust" for a description of the attributes of the Units.

Under the Underwriting Agreement dated November 2, 2012, the Trust has agreed to issue and sell and the Underwriters have agreed to purchase on November 13, 2012, or on such other date as may be agreed upon among the parties thereto, but in any event no later than December 14, 2012 the 10,000,000 Units qualified for distribution under this prospectus pursuant to the Offering at a price of C$10.00 per Unit for a total consideration of C$100.0 million payable in cash to the Trust against delivery of such Units.

The offering price of the Units to be issued pursuant to the Offering was determined by negotiation between the Administrator, on behalf of the Trust, and the Underwriters. The Trust has agreed to pay a fee to the Underwriters in the amount of C$0.60 per Unit issued pursuant to the Offering, being an aggregate fee of C$6.0 million (C$6.9 million if the Over-Allotment Option is exercised in full). The Underwriter's fee is payable on closing of the Offering.

The Underwriters propose to offer the Units initially at the offering price specified on the cover page of this prospectus. After the Underwriters have made a reasonable effort to sell all of the Units at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page. In the event that the offering price of the Units to be issued under the Offering is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Trust for such Units. Any such reduction in price will not affect the proceeds received by the Trust.

The Trust has applied to list the Units distributed under this prospectus on the TSX under the symbol "KWH.UN". Listing will be subject to the Trust fulfilling all of the listing requirements of the TSX.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. If an Underwriter fails to purchase the Units which it has agreed to purchase, the remaining Underwriter(s) may terminate their obligation to purchase their allotment of Units, or may, but are not obligated to, purchase the Units not purchased by the Underwriter or Underwriters which fail to purchase. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Crius Group will jointly and severally indemnify the Underwriters, their respective affiliates and each of their respective directors, officers, employees, partners, shareholders, agents and each other person, if any, controlling an Underwriter or any of its subsidiaries and each shareholder of the Underwriter against certain liabilities, claims, actions, complaints, losses, costs, fines, penalties, taxes, interest, damages and expenses.

The Offering is being made in each of the provinces and territories of Canada. The Units to be issued pursuant to the Offering will be offered in each of the provinces and territories of Canada through those Underwriters or their affiliates who are registered to offer such Units for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Chardan Capital Markets, LLC is not a registered dealer in Canada and will only sell Units into the United States to institutional accredited investors as defined in Rule 501(a) of Regulation D under the 1933 Act, as described below. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer such Units outside of Canada.

In addition, the Trust has granted to the Underwriters the Over-Allotment Option to purchase up to an additional 1,500,000 Units, representing up to 15% of the Offering, at a price of C$10.00 per Unit on the same terms and conditions as the Offering, exercisable in whole or in part, from time to time, not later than the 30th day following the closing of the Offering, to cover over-allocations, if any. If the Over-Allotment Option is exercised in full, the total price to public, Underwriters' fee and net proceeds to the Trust in respect of the Offering (before deducting expenses of the Offering) will be C$115.0 million, C$6.9 million and C$108.1 million respectively. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this prospectus regardless of whether the over-allocation position is ultimately filled through exercise of the Over-Allotment Option or secondary market purchases. This prospectus also qualifies for distribution the Over-Allotment Option and the issuance of the additional Units pursuant to the exercise of the Over-Allotment Option.

The Units offered hereby to be issued pursuant to the Offering have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States absent registration or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act, and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement and except for offers and sales made by the Trust pursuant to an available exemption from registration requirements of the U.S. Securities Act, the Units to be issued pursuant to the Offering may not be offered or sold within the United States. Each Underwriter has agreed that it will not offer or sell Units within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Units that they have acquired pursuant to the Underwriting Agreement in the United States to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act. In addition, the Underwriting Agreement permits the Underwriters, through their U.S. broker-dealer affiliates, to offer Units to a limited number of institutional accredited investors as defined in Rule 501(a) of Regulation D under the 1933 Act as substituted purchasers, to whom the Trust may sell Units in transactions that comply with the exemption from the registration requirements of the 1933 Act provided by Rule 506 of Regulation D thereunder, and in accordance with similar exemptions under applicable state securities laws. The Underwriting

Agreement also provides that the Underwriters may offer and sell the Units outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act. This prospectus does not qualify any Units sold under the Offering within the United States.

Prior to the Offering, there has been no public market for the Units. The sale of a substantial amount of the Units in the public market after the Offering, or the perception that such sales may occur, could adversely affect the prevailing market price of the Units.

Subscriptions for Units comprising the Offering will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. One or more certificates representing the Units to be sold in the Offering will be issued in registered form to CDS, or to its nominee, and deposited with CDS on the date of closing of the Offering. A purchaser of Units comprising the Offering will receive only a customer confirmation from the registered dealer from or through which the Units are purchased. The Units comprising the Offering (other than any Units transferable or issuable, as applicable, upon exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the final receipt for this prospectus.

The Trust will file an undertaking with the securities regulatory authorities in each of the provinces and territories of Canada in accordance with sections 6.1 and 6.4 of National Policy 41-201 — *Income Trusts and Other Indirect Offerings* ("**NP 41-201**") pursuant to which it will agree that, among other things: (i) in complying with its reporting issuer obligations, it will treat all operating entities (as such term is used in NP 41-201) of the Trust as subsidiaries of the Trust; however, if IFRS as used by the Trust prohibits the consolidation of financial information of any of the Trust's operating entities and the Trust, then for as long as any such operating entity (including any of its significant interests) represents a significant asset of the Trust, the Trust will provide Unitholders with separate audited annual financial statements and interim financial reports prepared in accordance with the same IFRS as the Trust's financial statements, and related management's discussion and analysis, prepared in accordance with National Instrument 51-102 — *Continuous Disclosure Obligations* ("**NI 51-102**") or its successor, for each such operating entity (including information about any of its significant business interests); and (ii) it will take appropriate measures to require each person who would be required as a reporting insider of such operating entities or a person or company in a special relationship with such operating entities if such operating entities were a reporting issuer, to file insider reports about trades in Units (including securities which are exchangeable into Units) and to comply with statutory prohibitions against insider trading.

The Company, Cdn Holco and US Holdco will each file an undertaking with the securities regulatory authorities in each of the provinces and territories of Canada in accordance with sections 6.1 and 6.4 of NP 41-201 pursuant to which each will agree that, among other things: (i) if generally accepted accounting principles used by the Trust prohibit the consolidation of financial information of the entity, for as long as the entity represents a significant asset of the Trust and for as long as the Trust is a reporting issuer, to provide the Trust with financial statements prepared in accordance with the same generally accepted accounting principles as the Trust's financial statements, together with corresponding management's discussion and analysis for the relevant period prepared in accordance with NI 51-102 or its successor, complete business disclosure about the entity of the scope expected in an annual information form, a report of any material change that occurs in the affairs of the entity in the form and with the content that it would be required to file with the applicable securities regulatory authorities if it were a reporting issuer and to provide the aforementioned items in a timely manner so as to permit the Trust to comply with the continuous disclosure requirements relating to reports of material changes in its affairs and the delivery of financial statements as required under applicable securities laws; and (ii) each will take appropriate measures to require each person who would be required as a reporting insider of such entity or a person or company in a special relationship with such entity if such entity was a reporting issuer to file insider reports about trades in Units (including securities which are exchangeable into Units) and to comply with statutory prohibitions against insider trading.

The Trust, the Company, Cdn Holdco and US Holdco will each also agree to annually certify it has complied with such undertaking and to file such certification electronically on SEDAR at www.sedar.com, concurrent with the filing of the Trust's annual consolidated financial statements.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or otherwise affect the market price of the Units at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Units while the Offering is in progress. These transactions may also include making short sales of the Units, which involve the sale by the Underwriters of a greater number of Units than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, from time to time, or by purchasing Units in the open market or as otherwise permitted by applicable law.

In making this determination, the Underwriters will consider, among other things, the price of Units available for purchase in the open market compared with the price at which they may purchase Units through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Units in the open market or as otherwise permitted by applicable law. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters' over-allotment position.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Units. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Units are listed, in the over-the-counter market, or as otherwise permitted by applicable law.

Restrictions on the Sales of Units of the Trust and Other Securities of the Crius Group

Restrictions on the Crius Group

The parties to the Underwriting Agreement have agreed that without the prior consent of Scotia Capital Inc., RBC Dominion Securities Inc. and UBS Securities Canada Inc. on behalf of the Underwriters, which consent shall not be unreasonably withheld, delayed or refused, none of the Crius Group will, directly or indirectly, during the period ending 180 days after the closing of the Offering: (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, any equity securities of the Crius Group or any securities convertible into, or exchangeable or exercisable for, equity securities of the Crius Group; or (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of equity securities of the Crius Group, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of such securities, or other securities or interests, in cash or otherwise; or (iii) agree or, within such period, announce any intention to do so; other than: (a) as part of the transactions contemplated by the Purchase Agreement or the Retained Security Option Agreement, (b) Units issued pursuant to the exercise of the Over-Allotment Option, (c) Units issuable under the RTUP, and (d) Units issued as full or partial consideration for arm's length acquisitions of assets or equity securities, provided that the aggregate consideration for all acquisitions during the period ending 180 days after the closing of the Offering does not exceed 5% of the Trust's outstanding equity.

Restrictions on Company Members

The Underwriters will enter into Lock-up Agreements with the Locked-up Parties, holding in the aggregate 15,449,769 Membership Units in the Company (representing approximately 77% of the outstanding Membership Units in the Company on the closing of the Offering). Pursuant to the Lock-up Agreements, the Locked-up Parties have agreed for a period of 180 days following the closing of the Offering, subject to certain exceptions (which exceptions include the transactions contemplated by the Retained Security Option Agreement), not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any equity securities of any of the Crius Group or securities convertible into, or exchangeable or exercisable for, equity securities of the Crius Group, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of equity securities of the Crius Group, whether any such aforementioned transaction is to be settled by delivery of such securities or other securities or interests, in cash or otherwise, or announce the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Scotia Capital Inc., RBC Dominion Securities Inc. and UBS Securities Canada Inc., on behalf of the Underwriters.

Pursuant to the Lock-up Agreements, the Locked-up Parties are permitted to make transfers, sales, tenders or other dispositions of equity securities of the Crius Group in connection with a take-over bid for securities of the Crius Group or any other transaction, including, without limitation, a merger, arrangement or amalgamation, involving a change of control of the Crius Group (including, without limitation, entering into any lock-up, voting or similar agreement pursuant to which the Locked-up Parties may agree to transfer, sell, tender or otherwise dispose of equity securities of the Crius Group), in connection with any such transaction, or vote any equity securities of the Crius Group in favour of any such transaction), provided that all equity securities of the Crius Group subject to the Lock-up Agreements that are not so transferred, sold, tendered or otherwise disposed of remain subject to the Lock-up Agreements; and provided further that it shall be a condition of transfer, sale, tender or other disposition that if such take-over bid or other transaction is not completed, any equity securities of the Crius Group subject to the Lock-up Agreements shall remain subject to the restrictions therein.

The Lock-up Agreements will not apply to the disposition of Units acquired by the Locked-up Parties in the open market after the completion of the Offering and the Locked-up Parties' right to participate in the Over-Allotment Option. In addition, Scotia Capital Inc., RBC Dominion Securities Inc. and UBS Securities Canada Inc. have the authority, on behalf of the Underwriters, to provide consents to release any one or all of the Locked-up Parties from their respective Lock-up Agreements.

RELATIONSHIP BETWEEN THE TRUST AND CERTAIN OF THE UNDERWRITERS

Chardan Capital Markets, LLC and certain of its principals and employees hold Membership Units. In addition, an affiliate of Macquarie Capital Markets Canada Ltd. also holds Membership Units. In connection with the purchase of the Company Interest from the Company, the Company will acquire, pursuant to the Retained Security Option Agreement, Retained Public Power Interests held by Chardan Capital Markets, LLC and certain of its principals and employees, and therefore Chardan Capital Markets, LLC and certain of its principals and employees will indirectly receive a portion of the proceeds from the Offering. In addition, in connection with the exercise of the Over-Allotment Option, Membership Units held by Chardan Capital Markets, LLC and certain of its principals and employees and by an affiliate of Macquarie Capital Markets Canada Ltd. may be acquired by the Company out of funds indirectly received by the Company from the proceeds of the Offering. Accordingly, in connection with this Offering, the Trust may be considered to be a "connected issuer" of Chardan Capital Markets, LLC and Macquarie Capital Markets Canada Ltd. under applicable securities laws.

The terms, structuring and pricing of the Offering were determined solely by negotiation between the Trust and the Underwriters. Except as otherwise described in this prospectus, none of the proceeds of the Offering, except for that portion of the proceeds payable to the Underwriters for their fees and expenses, will be applied for the benefit of Chardan Capital Markets, LLC and Macquarie Capital Markets Canada Ltd.

Under applicable Canadian securities legislation, the Lead Underwriters are each independent underwriters acting as principals in connection with the Offering and are not related or connected to the Trust, Chardan Capital Markets, LLC or Macquarie Capital Markets Canada Ltd. In that capacity, the Lead Underwriters have participated with all other Underwriters in due diligence meetings relating to this prospectus with the Trust, have reviewed this prospectus and have had the opportunity to propose such changes to this prospectus as they considered appropriate. In addition, the Lead Underwriters have participated, together with the other Underwriters, in the structuring and pricing of the Offering.

PRINCIPAL SECURITYHOLDERS

There are no persons known to the Trust or to the Administrator who, following closing of the Offering, will beneficially own, or control or direct, directly or indirectly, more than 10% of the Units.

PRIOR SALES

On September 7, 2012, in connection with the establishment of the Trust, the Trust issued one Unit to the Administrator, as settlor of the Trust, for C$10.00. Immediately following the closing of the Offering, the one Unit held by the Administrator will be repurchased by the Trust for C$10.00, and cancelled.

FIDUCIARY RESPONSIBILITY OF THE ADMINISTRATOR

The Administrator, as administrator of the Trust, will have a contractual duty to administer the Trust in a manner beneficial to the Unitholders thereof. As well, the Administrator Directors and officers of the Administrator will have contractual obligations in that capacity to the Unitholders of the Trust and the directors and officers of each Trust Subsidiary will have fiduciary obligations in that capacity to such Trust Subsidiary, respectively. Situations may arise in which the interests of the Trust and its affiliates and associates may conflict with the interests of the directors of the Company and the Trust Subsidiaries, such directors and the Administrator Directors will be obligated to resolve such conflicts.

PROMOTER

The Company may be considered to be the promoter of the Trust in that it directly took the initiative in founding and organizing the Trust and its affiliates in connection with the Offering. The Trust will indirectly own an approximate 26.8% interest in the Company following the closing of the Offering. The Company will not own, directly or indirectly, any Units on the closing of the Offering. See "Description of the Company", "Funding and Acquisition of the Company Interest" and "Risk Factors".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below or elsewhere in this prospectus, there is no material interest, direct or indirect, of: (i) any Administrator Director or executive officer of the Administrator; (ii) any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Units; or (iii) any associate or affiliate of the persons or companies referred to above in (i) or (ii), in any transaction within the three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect the Trust or a subsidiary of the Trust. See "Administration Agreement".

(a) On September 18, 2012, Regional Energy and Public Power completed the Combination.

(b) In November 2011, Public Power entered into a $7,500,000 unsecured note payable to GF Alternative Finance 2, LLC, a company related to the Company's majority member through common management. Interest payable under the note was 15% per annum. During the six months ended June 30, 2012, the Company made a $1,000,000 principal payment and the remaining $5,800,000 balance was assumed by the majority member of Public Power. The assumption of this debt was treated as a non-cash capital contribution by the majority member into Public Power.

(c) In January 2010, Public Power entered into a $20,000,000 unsecured revolving line of credit with GF Alternative Finance, LLC, a company related to Public Power's majority member. Borrowings under the line of credit agreement bore interest at 15% per annum. Interest was payable monthly and principal was payable commencing in March 2011 in four quarterly payments equal to one-eighth of the total principal balance at December 31, 2010. This line of credit was repaid and canceled during the year ended December 31, 2011.

(d) In December 2010, Regional Energy issued Series A convertible preferred stock to various investors including some members of management of Regional Energy as well as common shareholders of Regional Energy and some related parties of those shareholders. This was fully redeemed by May 2012.

(e) At December 31, 2009, Public Power had a $4,341,000 note payable to an entity related to Public Power's shareholder. The note bore interest at 12% and was scheduled to mature in June 2010. Public Power also had a $247,000 note payable to a related entity that bore interest at 12% and was scheduled to mature in December 2010. Additionally, Public Power had an unsecured, non-interest bearing advances due to a related entity of $3,305,000. All amounts were repaid in 2010.

(f) During the year ended December 31, 2009, Public Power incurred consulting fees of $998,000 to the principal stockholder of Public Power.

(g) In October 2009, Regional Energy entered into the Montage Credit Facility to provide revolving credit loans for energy procurement, working capital and general corporate purposes. The Montage Credit Facility was funded by several Regional Energy equity holders. The Montage Credit Facility was cancelled and replaced by the Supplier Agreement with Macquarie Energy in September 2010. During the period ended December 31, 2010, the financing costs under the Montage Credit Facility were $1,055,000, which were included in finance costs.

(h) Public Power had a 14.32% investment in AAESD, a marketing company that obtained new customers for power generation companies in deregulated energy markets. AAESD was one of the marketing firms Public Power used in markets in which it operates. Public Power also had a note receivable from AAESD of $474,000, included in other current assets as at December 31, 2010. Public Power obtained the 14.32% equity interest as additional consideration for making the loan. Public Power determined that the equity interest had only nominal value as at the date of the loan or at December 31, 2010 and, as such, the equity interest is not recorded in the consolidated financial statements. The note receivable was determined to be uncollectible and written off to bad debt expense during the year ended December 31, 2011.

(i) At January 1, 2009, Public Power had a note payable to the primary shareholder of $702,000. The note bore interest at 12% and was re-paid in 2009.

PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Bennett Jones LLP, Canadian counsel to the Trust, and Torys LLP, Canadian counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an individual (other than a trust) who acquires Units pursuant to this prospectus and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with and is not affiliated with the Trust, and holds the Units as capital property (in this section of the prospectus, referred to as a "**Resident Holder**"). A Unit will generally be capital property to a holder provided that the holder does not hold the Unit in the course of carrying on a business and has not acquired the Unit in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain holders resident in Canada whose Units might not otherwise qualify as capital property may, in certain circumstances, be entitled to make the irrevocable election under subsection 39(4) of the Tax Act to have such Units and any other "Canadian security" (as defined in the Tax Act) owned by such holders in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Resident Holder that has elected to determine its "Canadian tax results" in a foreign currency pursuant to the functional currency rules contained in the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the tax consequences of acquiring Units pursuant to this prospectus.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency, and relies upon advice, including in the form of a certificate, from an officer of the Administrator as to certain factual matters. This summary assumes that the Proposed Amendments will be enacted in the form proposed, although no assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law or administrative practice, whether by judicial, legislative, governmental or administrative decisions or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The tax consequences of acquiring, holding and disposing of Units will vary according to the status and circumstances of the particular purchaser of Units. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser and no representations with respect to the income tax consequences to any particular purchaser of Units are made. Accordingly, prospective purchasers of Units should consult their own tax advisors about the tax consequences to them of acquiring, holding and disposing of Units in their own circumstances.

Status of the Trust

This summary assumes that the Trust will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that the Trust will validly elect under the Tax Act to be a "mutual fund trust" from the date it was established. The Administrator has advised counsel that it intends to ensure that the Trust will meet the requirements necessary for it to qualify as a "mutual fund trust" no later than the closing of the Offering, and at all times thereafter, and to file the necessary election so that the Trust will qualify as a "mutual fund trust" throughout its first taxation year.

If the Trust were not to qualify as a "mutual fund trust" at all times, the income tax considerations would be materially and adversely different from those described below.

This summary also assumes that the Trust will not at any time be a "SIFT trust" (as defined in the Tax Act). Provided the Trust does not hold any "non-portfolio property" (as defined in the Tax Act), it will not be a "SIFT trust". The investment restrictions set out in the Trust Indenture, the Commercial Trust Indenture and the articles of incorporation of Cdn Holdco preclude the Trust, the Commercial Trust and Cdn Holdco, respectively, from owning "non-portfolio property". If the Trust were to become a "SIFT trust", the income tax considerations would, in some respects, be materially and adversely different from those described below.

Taxation of the Trust

The Trust will be deemed to be an individual for tax purposes and will be taxable under Part I of the Tax Act on its income in the same manner as an individual, subject to specific rules in the Tax Act applicable to trusts and mutual fund trusts.

The Trust will be deemed to have a December 31st taxation year-end. In computing its income for a taxation year, the Trust will be required to include any dividends received by it in the year from Cdn Holdco on the Cdn Holdco Shares and any net taxable capital gains realized by the Trust in the year. The Trust will also be required to include in its income for a taxation year such amount of the Commercial Trust's income for purposes of the Tax Act, including any net taxable capital gains of the Commercial Trust, as is paid or becomes payable to the Trust in the year in respect of its Commercial Trust Units.

Amounts received by the Trust from Cdn Holdco as a return of paid-up capital on the Cdn Holdco Shares or from the Commercial Trust as a return of capital on the Commercial Trust Units will generally not be taxable to the Trust; however, the adjusted cost base to the Trust of the Cdn Holdco Shares or Commercial Trust Units, as the case may be, will be reduced by the amount of any such distribution received. To the extent the adjusted cost base of the Cdn Holdco Shares or Commercial Trust Units held by the Trust would otherwise be a negative amount, the Trust will be deemed to have realized a capital gain equal to the absolute value of such negative amount at that time.

In computing its income for a taxation year, the Trust will generally be entitled to deduct reasonable administrative costs and other expenses incurred by it in the year for the purpose of earning income, to the extent such costs or expenses do not constitute outlays or expenses on account of capital. Costs incurred by the Trust in the course of issuing Units may generally be deducted by the Trust over a period of five years on a straight-line basis.

In computing its income for a taxation year, the Trust will also be entitled to deduct an amount, not exceeding the amount that would otherwise be its income for the year, that became payable in the year to Unitholders in respect of their Units. For these purposes, an amount will be considered to become payable to a Unitholder in a year if it is paid to the Unitholder in the year or if the Unitholder is entitled in that year to enforce payment of the amount. Counsel has been advised by the Administrator that the Trust intends to distribute or make payable to Unitholders, in each taxation year of the Trust, an amount equal to the income of the Trust for the year, together with the taxable and non-taxable portion of any capital gains realized by the Trust in the year.

Taxation of the Commercial Trust

The Commercial Trust will be deemed to be an individual for tax purposes and will be taxable under Part I of the Tax Act on its income in the same manner as an individual, subject to specific rules in the Tax Act applicable to trusts.

The Commercial Trust will be deemed to have a December 31st taxation year-end. In computing its income for a taxation year, the Commercial Trust will be required to include any interest on US Holdco Note that accrues to the Commercial Trust to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. In computing its income for a taxation year, the Commercial Trust will also be required to include the net taxable capital gains (including any taxable capital gain arising as a result of any foreign currency gain, including on a repayment of the US Holdco Note) realized by it in the year.

In computing its income for a taxation year, the Commercial Trust will generally be entitled to deduct reasonable administrative costs and other expenses incurred by it in the year for the purpose of earning income, to the extent such costs or expenses do not constitute outlays or expenses on account of capital.

In computing its income for a taxation year, the Commercial Trust will also be entitled to deduct an amount, not exceeding the amount that would otherwise be its income for the year, that became payable in the year to the Trust in respect of its Commercial Trust Units. For these purposes, an amount will be considered to become payable to the Trust in a year if it is paid to the Trust in the year or if the Trust is entitled in that year to enforce payment of the amount.

Counsel has been advised by the Administrator that the Commercial Trust intends to distribute or make payable to the Trust, in each taxation year of the Commercial Trust, an amount equal to the income of the Commercial Trust for the year, together with the taxable and non-taxable portion of any capital gains realized by the Commercial Trust in the year.

Taxation of Cdn Holdco

Cdn Holdco will generally have a taxation year-end that is based on its fiscal year-end. Cdn Holdco's income will include dividends received by it on the US Holdco Shares, discussed below. In computing its income for a taxation year, Cdn Holdco will generally be entitled to deduct reasonable administrative costs and other expenses incurred by it in the year for the purpose of earning income, to the extent such costs or expenses do not constitute outlays or expenses on account of capital.

Cdn Holdco will be required to include in its income for a taxation year any dividends received by it in the year on the US Holdco Shares. Under the Proposed Amendments, since US Holdco will be a "foreign affiliate" of Cdn Holdco, distributions received by Cdn Holdco from US Holdco on the US Holdco Shares will generally be deemed to be dividends (except distributions made in the course of a liquidation and dissolution of US Holdco or on a redemption, acquisition or cancellation of US Holdco Shares by US Holdco).

In computing its taxable income, Cdn Holdco will generally be entitled to a deduction in respect of a portion or the entire amount of dividends received by it on the US Holdco Shares. The nature and extent of the deduction will depend on whether the dividend is prescribed to have been paid out of US Holdco's "exempt surplus", "taxable surplus" or "pre-acquisition surplus" (and, under the Proposed Amendments, "hybrid surplus") (as such terms are defined in the Tax Act and the Proposed Amendments). Cdn Holdco will be entitled to a deduction equal to that portion of any dividend that is prescribed to have been paid out of US Holdco's "exempt surplus". A dividend prescribed to be paid out of US Holdco's "taxable surplus" will be deductible to the extent of an amount based on a gross-up of the foreign tax prescribed to be applicable to any such dividend. Cdn Holdco will be entitled to a deduction equal to that portion of any dividend that is prescribed to have been paid out of US Holdco's "pre-acquisition surplus". However, Cdn Holdco will be required to reduce the adjusted cost base of its US Holdco Shares by a corresponding amount. If the adjusted cost base to Cdn Holdco of its US Holdco Shares becomes a negative amount, Cdn Holdco will be deemed to realize a capital gain equal to the absolute value of such negative amount at that time. Under the Proposed Amendments, Cdn Holdco will also generally be entitled to a deduction equal to one-half of the portion of any dividend that is prescribed to have been paid out of US Holdco's "hybrid surplus", plus an additional deduction in respect of the other half of such dividend based on a gross-up of the foreign tax prescribed to be applicable to such dividend.

The Administrator has advised counsel that, based on the activities of US Holdco and the Company, and as a consequence of the deductions described above, it anticipates that Cdn Holdco will not be subject to a material amount of Canadian federal income tax on the dividends received by it on the US Holdco Shares.

To the extent Cdn Holdco is entitled to a deduction with respect to dividends received from US Holdco as described above, Cdn Holdco will generally be entitled to designate a corresponding amount of taxable dividends paid by it to the Trust as "eligible dividends" for purposes of the Tax Act.

To the extent US Holdco, or any other "foreign affiliate" of Cdn Holdco that is a "controlled foreign affiliate" (as defined in the Tax Act), earns income that constitutes "foreign accrual property income" ("**FAPI**") (as defined in the Tax Act), Cdn Holdco will be required to include its proportionate share of such FAPI in its income in the year it is earned by the foreign affiliate (subject to a deduction for grossed-up "foreign accrual tax" as computed in accordance with the Tax Act), whether or not such income is actually distributed to or received by Cdn Holdco in the year. Any amount so included will increase the adjusted cost base to Cdn Holdco of its shares in US Holdco. Generally, at such time as Cdn Holdco receives a distribution of income that was previously treated as FAPI, that distribution will not be taxable to Cdn Holdco and there will be a corresponding reduction in the adjusted cost base to Cdn Holdco of its US Holdco Shares.

Taxation of US Holdco and the Company

The Administrator has advised counsel that, based on the activities of US Holdco and the Company, it is not expected that US Holdco or the Company will have any Canadian source income.

Taxation of Resident Holders

Trust Distributions

The tax consequences to a Resident Holder associated with holding Units will depend, in part, on the composition for purposes of the Tax Act of distributions paid by the Trust on the Units.

A Resident Holder generally will be required to include in computing income for a particular taxation year of the Resident Holder that portion of the net income of the Trust, including net realized taxable capital gains, that is paid or payable to the Resident Holder in that year. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Resident Holder.

Provided that the appropriate designations are made by the Trust, taxable dividends received (or deemed to be received) by the Trust from Cdn Holdco and net taxable capital gains realized by the Trust that are paid or become payable to a Resident Holder, will retain their character as taxable dividends or taxable capital gains, as the case may be, to the Resident Holder for purposes of the Tax Act. Amounts paid or payable by the Trust to a Resident Holder that are designated as taxable dividends from Cdn Holdco will be subject to the normal dividend gross up and tax credit rules. Taxable dividends in respect of which the appropriate designations are made by Cdn Holdco and the Trust may benefit from the enhanced dividend tax credit available in respect of "eligible dividends" (as defined in the Tax Act).

The non-taxable portion of any net realized capital gains of the Trust that is paid or payable to a Resident Holder in a year will not be included in computing the Resident Holder's income for the year and will not reduce the adjusted cost base of the Units held by such Resident Holder. Any other amount in excess of the net income of the Trust that is paid or payable to a Resident Holder in a year will generally not be included in the Resident Holder's income for the year. However, such an amount (other than proceeds in respect of the redemption of Units) will reduce the adjusted cost base of the Units held by such Resident Holder. To the extent the adjusted cost base of a Unit held by a Resident Holder would otherwise be a negative amount, the Resident Holder will be deemed to have realized a capital gain equal to the absolute value of such negative amount at that time.

Disposition of Units

On the disposition or deemed disposition of Units by a Resident Holder, whether on a redemption or otherwise, the Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the Resident Holder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Units disposed of and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is paid to the Resident Holder by the Trust and that the Resident Holder is otherwise required to include in the Resident Holder's income, including any capital gain or income realized by the Trust in connection with a redemption of the Resident Holder's Units that has been designated by the Trust to the Resident Holder.

The adjusted cost base of a Unit to a Resident Holder will equal the cost of the Unit to the Resident Holder, plus or minus certain adjustments as required by the Tax Act. The cost of Units to a Resident Holder will generally include all amounts paid or payable by the Resident Holder to acquire the Units. In the case of additional Units received in lieu of a cash distribution of income, the cost of such Units to a Resident Holder will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Resident Holder of a Unit, when a Unit is acquired the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Resident Holder as capital property immediately before that acquisition.

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a year on a disposition or deemed disposition of Units, along with the amount of any net taxable capital gains designated by the Trust in respect of the Resident Holder in the year, will be included in the Resident Holder's income as a taxable capital gain in the year. One-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder on a disposition or deemed disposition of a Unit must generally be deducted against any taxable capital gains realized by the Resident Holder in the year of disposition, subject to the detailed rules contained in the Tax Act. Any excess of allowable capital losses over taxable capital gains realized by a Resident Holder in a particular taxation year may be carried back and deducted against net taxable capital gains in the three preceding taxation years or in any subsequent taxation year, subject to the detailed rules contained in the Tax Act.

Alternative Minimum Tax

Capital gains realized by a Resident Holder on a disposition or deemed disposition of Units may increase the Resident Holder's liability for alternative minimum tax. In addition, net income of the Trust paid or payable to a Resident Holder that is designated as a taxable dividend or taxable capital gain may increase such Resident Holder's liability for alternative minimum tax.

U.S. FEDERAL INCOME TAXATION OF THE TRUST, CDN HOLDCO, US HOLDCO AND THE COMMERCIAL TRUST

Circular 230

TO COMPLY WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S., AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE UNITS.

The following is a summary of certain U.S. federal income tax considerations applicable to the Trust, the Commercial Trust, Cdn Holdco, US Holdco, the Company, and Regional Energy and was prepared by KPMG LLP, tax advisers to the Trust. This summary does not address any U.S. federal tax considerations applicable to a Unitholder. As Public Power will not be regarded as an entity separated from the Company for U.S. federal tax purposes following the Combination, this summary generally does not separately address any U.S. federal tax considerations applicable to Public Power. No rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax issues discussed in this summary. As a result, there can be no assurance that the IRS will not successfully challenge the conclusions in this summary. U.S. federal income tax treatment that is different from this summary could negatively impact cash flows, distributable cash available to the Unitholders, and the value of the Units.

This summary is not exhaustive of all possible U.S. federal income tax considerations applicable to the Trust, the Commercial Trust, Cdn Holdco, US Holdco, the Company, and Regional Energy. This summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units.

This summary is based on the Code; Treasury Regulations; IRS rulings and official pronouncements; judicial decisions; and the Convention between the United States of America and Canada with Respect to Taxes on Income and Capital, signed September 26, 1980, as amended (the "**Treaty**"), all as in effect on the date of this prospectus and all of which are subject to change, possibly with retroactive effect, or different interpretations, which could affect the accuracy of the statements and conclusions set forth below. Unless otherwise stated herein, all statutory references in this summary are to the applicable provisions of the Code.

U.S. Federal Income Taxation of the Trust

It is expected that the distributions the Trust receives from Cdn Holdco and the Commercial Trust with respect to the shares and units it owns in such entities should not constitute U.S.-source income or be subject to U.S. federal income tax.

The Trust will be treated as a corporation for U.S. federal income tax purposes and as a resident of Canada, and it is expected that it will be eligible for the benefits of the Treaty. The Trust does not expect to be engaged in a U.S. trade or business or have a permanent establishment in the U.S. for purposes of the Treaty. If the Trust were so engaged through a U.S. permanent establishment, it would be subject to U.S. federal income tax with respect to its net taxable income attributable to its U.S. permanent establishment at regular U.S. federal income tax rates and could be subject to a secondary U.S. branch profits tax at a rate of 5%. The discussion below assumes that the Trust will be treated as a corporation for U.S. federal income tax purposes.

Under section 7874, a corporation created or organized outside the U.S. (i.e., a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal tax purposes (and, therefore, as a U.S. tax resident) when (i) the foreign corporation directly or indirectly acquires substantially all of the assets held directly or indirectly by a U.S. corporation or substantially all of the properties constituting a trade or business of a U.S. partnership (including the indirect acquisition of assets by acquiring shares of the U.S. corporation or interests of the partnership); (ii) after the acquisition, at least 80% (by either vote or value) of the shares of the foreign acquiring corporation are owned by the former shareholders or partners of the acquired U.S. corporation or partnership, respectively, by reason of holding shares in such corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares) or partnership; and (iii) the foreign corporation's expanded affiliated group does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to the expanded affiliated group's worldwide activities. Solely for purposes of section 7874, "expanded affiliated group" means the foreign corporation and all subsidiaries in which the foreign corporation, directly or indirectly, owns more than 50% of the shares by vote and value. A publicly traded foreign partnership is treated as a foreign corporation solely for purposes of applying section 7874, that is, it will be treated as a U.S. corporation if section 7874 applies.

If after the acquisition at least 60% of the shares of the foreign acquiring corporation (or interests in an acquiring publicly-traded foreign partnership) are so owned, then the acquiring foreign corporation will not be treated as a domestic corporation, but U.S. federal income tax (the "**Toll Charge**") will apply to any "inversion gain" of the acquired U.S. corporation or partnership. Inversion gain includes the income or gain recognized by the acquired entities (or a related party) by reason of the transfer (including pursuant to certain licences) of stock or other properties during the "applicable period". Such period begins on the date property was first acquired pursuant to the inversion acquisition and ends ten years after the last date properties are acquired as part of the acquisition. This gain cannot be offset by any tax attributes (e.g., net operating losses or foreign tax credits). If a foreign corporation completes two or more of these acquisitions pursuant to a plan, then the acquisitions are treated as a single acquisition and the multiple U.S. corporations or partnerships are treated as a single domestic entity, so that the stock owned by all of the former shareholders and partners is aggregated in determining whether the 80% or 60% ownership requirement is satisfied.

In determining whether the section 7874 inversion rules apply, stock or other interests of an entity other than the acquiring foreign corporation may be treated as stock of the acquiring foreign corporation if such interests provide the holder distribution rights (dividend, redemption, and liquidation rights) that are substantially similar in all material respects to the distribution rights provided by stock of the acquiring foreign corporation and if so treating such interests would cause the acquiring foreign corporation to be treated as a U.S. corporation under section 7874. Furthermore, in applying the section 7874 inversion rules, stock (or other ownership interests) in the acquiring foreign corporation that is sold in a public offering related to the inversion transaction is not taken into account.

The Trust is a foreign corporation for purposes of applying the section 7874 anti-inversion rules. It is not anticipated that the Trust will initially acquire substantially all of the interests of the Company (or, indirectly through the Company, Regional Energy or Public Power). However, it is anticipated that the Trust may indirectly acquire additional interests in the Company in the future, in which case the Trust subsequently may be considered to have acquired substantially all of the interests of the Company. In such event, the section 7874 inversion rules could apply back to the original acquisition date if the acquisition of additional interests in the Company were considered part of the same plan as the original acquisition. As a result, if the Trust were subsequently determined to be a U.S. corporation for U.S. federal tax purposes under the section 7874 anti-inversion rules, the Trust could owe U.S. corporate income tax on its worldwide income, withholding tax on dividends paid to non-U.S. Unitholders, and penalties and interest, which amounts could be significant (or the acquired entities could be subject to the Toll Charge).

Even if the Trust did not acquire substantially all of the interests of the Company, the Trust could be treated as a U.S. corporation (or the acquired entities could be subject to the Toll Charge) under section 7874. In applying the 80%- (or 60%-) ownership test under section 7874, although the pre-offering owners of the Company (and, indirectly, of Regional Energy and Public Power) will hold no interests in the Trust, these members of the Company could be viewed as holding interests in the Trust if the distribution rights with respect to the Company are substantially similar in all material respects to the distribution rights provided by the Trust. In such event, because the other owners of the Trust that acquire their interest through the public offering are not taken into account, the 80%-ownership test under section 7874 could be met. In addition, it is possible that as a result, the Trust may be viewed as acquiring substantially all of the interests in the Company. Accordingly, as the Trust does not have substantial business activities in Canada, section 7874 could apply to result in the Trust being treated as a U.S. corporation for all U.S. federal income tax purposes with the results described above.

However, because the Trust will hold its interest in the Company through Cdn Holdco and US Holdco, the distribution rights with respect to interests in the Company will be substantially different in material respects from the distribution rights attributable to interests in the Trust. Moreover, the distribution rights with respect to the interests of the Company held by the pre-offering owners of the Company on the one hand, and such interests held by the Trust (through Cdn Holdco and US Holdco) on the other, are different in material respects. For example, the Company is required to offer to repurchase the interests of solely the pre-offering owners in the case of a Trust Change of Control or a Company Change of Control at a multiple of consolidated cash flow. Further, the Company is required to offer to repurchase the interests of solely the pre-offering owners commencing in 2019 at a multiple of consolidated cash flow to the extent there is excess cash flow. Also, US Holdco and the Commercial Trust are the sole beneficiaries of a guaranty provided by the Company (and certain of its subsidiaries) with respect to the repayment of the US Holdco Note, which effectively provides a limited preference to the holders of interests in the Trust. The foregoing differences are expected to result in material differences in the future distributions to be made to the Unitholders and the pre-offering owners of interests in the Company. Accordingly, the Trust has been advised that the pre-offering members of the Company should not be viewed as holding interests in the Trust for purposes of applying the 80%-ownership test or 60%-ownership test under section 7874.

However, the application of these rules is complex, and there is little or no guidance on many important aspects of section 7874. Moreover, it is possible that the IRS could successfully take a different position and treat the pre-offering members of the Company as holding interests in the Trust for purposes of applying the 80%-ownership or 60%-ownership test under section 7874. If such were the case, the adverse results described above could apply.

U.S. Federal Income Taxation of the Commercial Trust

The Commercial Trust will be treated as a corporation for U.S. federal income tax purposes and as a resident of Canada, and it is expected that it will be eligible for the benefits of the Treaty. The Commercial Trust does not expect to be engaged in a U.S. trade or business or have a permanent establishment in the U.S. for purposes of the Treaty. If the Commercial Trust were so engaged through a U.S. permanent establishment, it would be subject to U.S. federal income tax with respect to its net taxable income attributable to its U.S. permanent establishment at regular U.S. federal income tax rates and could be subject to a secondary U.S. branch profits tax at a rate of 5%. The interest income the Commercial Trust earns on the US Holdco Note will be treated as arising from a source within the U.S. Nonetheless, this U.S.-source interest income should be exempt from U.S. federal income tax and withholding under the Treaty.

Conduit Financing Rules

Pursuant to applicable Treasury Regulations, the participation of one or more persons in a "conduit financing arrangement" may be disregarded by the IRS under certain circumstances. For this purpose, a "financing arrangement" means a series of transactions by which one person (the financing entity) advances money or other property and another person (the financed entity) receives money or other property, if the advance and receipt are effected through one or more other persons (intermediate entities) and there are "financing transactions" linking the financing entity, each of the intermediate entities, and the financed entity. If an intermediate entity is related to a financing or financed entity, even though such intermediate entity does not participate in a financing transaction, the IRS can treat the intermediate entity as part of a conduit financing arrangement if (i) the participation of the intermediate entity in the financing arrangement reduces U.S. taxes and (ii) the participation of the intermediate entity in the financing arrangement is pursuant to a tax avoidance plan.

The US Holdco Notes are financing transactions for this purpose. The Units may also be treated as financing transactions as a result of the rights of redemption of the holders. If the Units were considered financing transactions and the participation of the Commercial Trust were ignored, the US Holdco Notes and the Units would together (to the extent of the outstanding principal balance of the US Holdco Notes) likely constitute a financing arrangement. Under the Treaty, interest paid to a qualified resident of Canada, such as the Commercial Trust, generally is exempt from U.S. federal withholding tax. In the absence of an applicable treaty or other exemption, interest paid by US Holdco to a non-U.S. person is subject to a 30% U.S. federal withholding tax; thus, the participation of the Commercial Trust in a financing arrangement that includes the US Holdco Notes may be found to reduce U.S. federal income taxes. If financing transactions that include the US Holdco Notes were treated as part of a conduit financing arrangement, and the participation of the Commercial Trust ignored, interest paid by US Holdco to the Commercial Trust on the US Holdco Notes could be subject to a 30% federal U.S. withholding tax, reducing the Commercial Trust's assets and cash available for distribution with respect to the Units.

Nevertheless, recharacterization (and the resulting withholding tax with respect to interest payments on the US Holdco Notes) should not result to the extent that interest payments on the US Holdco Notes, if made directly to the Unitholders, would qualify for exemption from U.S. withholding tax (including under the Treaty, another applicable income tax treaty with 0% withholding to which the U.S. is a party, or the portfolio interest exemption, which generally applies to registered debt held by non-U.S. owners of less than 10% of the voting interests of the issuer) and it is reasonable to assume that such Unitholders could provide proper certifications ("**Taxation Certification**") regarding their qualification for exemption from withholding tax (generally, IRS Form W-8BEN, Form W-9, or similar sufficient documentation).

Following a request by the Trustee or the Administrator, the Trustee or Administrator may require any Unitholder (or person holding Units for a beneficial Unitholder), to furnish a Taxation Certification (or use reasonable efforts to obtain one). If any Unitholder fails to furnish a Taxation Certification within 30 days following such a request or fails to use reasonable efforts to obtain a Taxation Certification from beneficial holders of Units, the Administrator may notify the Trustee, and (upon notice by the Trustee to the non-complying Unitholder) redeem the Units held by any non-complying Unitholders at the Redemption Price in accordance with the terms of the Indenture.

While it is reasonable to assume that Unitholders will provide the necessary Taxation Certifications, no assurance can be given that such certifications will be provided. Accordingly, the failure to obtain the necessary Taxation Certifications could result in interest payments on the US Holdco Notes being subject to a 30% U.S. withholding tax to the extent of any such failure.

U.S. Federal Income Taxation of Cdn Holdco

Generally

Cdn Holdco will be treated as a resident of Canada, and it is expected that it will be eligible for the benefits of the Treaty. Cdn Holdco does not expect to be engaged in a U.S. trade or business or have a permanent establishment in the U.S. for purposes of the Treaty; however, if it were to engage in a U.S. trade or business through a permanent establishment in the U.S., then Cdn Holdco would be subject to U.S. federal income tax with respect to its net taxable income attributable to the U.S. permanent establishment at regular U.S. federal corporate income tax rates and could be subject to a secondary U.S. branch profits tax at a rate of 5%. The distributions that Cdn Holdco receives from US Holdco will be treated as (i) dividends, to the extent of the earnings and profits of US Holdco; then, (ii) a return of capital, to the extent of Cdn Holdco's adjusted tax basis in the stock of US Holdco; and, thereafter, (iii) gain from the sale of the stock of US Holdco. The dividend portion of any distribution should be treated as arising from a source within the U.S. and subject to U.S. withholding tax of 5% pursuant to the Treaty. The taxation of the portion of any distribution from US Holdco that is not treated as a dividend is discussed immediately below.

Distributions in Excess of Earnings and Profits

A non-U.S. corporation that is not engaged in trade or business in the U.S. generally is not subject to U.S. federal income tax on any gain from the disposition of the stock of a U.S. corporation unless more than 50% of the value of the U.S. corporation's real property and trade or business assets is (or was at any time during the five years prior to the disposition) attributable to U.S. real property interests. It is expected that US Holdco will not own directly or indirectly any significant real property located within the U.S., and, therefore, such tax should not apply.

U.S. Federal Income Taxation of US Holdco

Generally

US Holdco will be treated as a corporation for U.S. federal income tax purposes. US Holdco is subject to U.S. federal income tax on its net taxable income, including its distributive share of the income of the Company. In computing its net taxable income, US Holdco should be entitled to deduct interest paid on the US Holdco Notes (subject to the limits discussed below) and certain other expenses incurred relating to the borrowing of funds pursuant to the US Holdco Notes.

Interest Deductions

US Holdco has been advised that, for U.S. federal income tax purposes, the US Holdco Notes should be treated as debt of US Holdco and the interest on the US Holdco Notes should be deductible subject to any applicable limitations. This advice will be based, in part, upon certain assumptions and representations as to factual matters that have been or will be provided by the Commercial Trust and US Holdco, including a financial model that reasonably projects the future financial performance of US Holdco.

However, the determination of whether the US Holdco Notes are debt for U.S. federal income tax purposes is based on an analysis of all of the relevant facts and circumstances, and there is no clear authority characterizing a similar arrangement as debt for U.S. federal income tax purposes. Consequently, there can be no assurance that this position will not be challenged by the IRS. If such a challenge were sustained, interest payments on the US Holdco Notes would be recharacterized as non-deductible distributions with respect to US Holdco's equity, and US Holdco's net taxable income (and, thus, its U.S. federal income tax liability) would increase. Moreover, in such case, such payments may be taxed as dividends and thereby subject to U.S. withholding tax to the extent US Holdco has earnings and profits. If US Holdco were liable for additional tax and if any such payments were subject to U.S. withholding tax, the distributable cash available to the Unitholders would be reduced, which could negatively impact the value of the Units.

Assuming the US Holdco Notes are treated as debt of US Holdco for U.S. federal income tax purposes, the amount of deductible interest paid on such debt may be subject to limitations. The amount of such interest must be consistent with the amount that would have been payable on a similar obligation at arm's length, or the amount actually paid may be recharacterized as a distribution on the equity of US Holdco. In this regard, the Trust's advisors have conducted certain interest rate and debt feasibility studies to support the amount of interest payable by US Holdco on the US Holdco Notes. In addition to the arm's-length limitation, section 163(j) limits the amount of deductions for interest paid on certain debt. In general, section 163(j) disallows or defers deductions for interest paid by a corporation if the corporation has all of the following: (i) a debt-to-equity ratio in excess of 1.5 to 1, (ii) net interest expense exceeding 50% of "adjusted taxable income" ("**excess interest expense**"), and (iii) "disqualified interest expense" (i.e., interest paid or accrued to a related person who is not subject to U.S. income tax upon receipt of the interest income). Adjusted taxable income is generally defined as the corporation's taxable income before net interest expense, depreciation, depletion, and amortization for purposes of section 163(j). A corporation and a creditor of the corporation will generally be "related" if the creditor owns, directly or by attribution, more than 50% of the corporation by vote or value. If section 163(j) applies in a given tax year, interest expense of a corporation is disallowed in an amount equal to the lesser of the corporation's excess interest expense or its "disqualified interest expense". Any interest that is disallowed under section 163(j) is carried over to subsequent years indefinitely.

US Holdco's debt-to-equity ratio will initially be in excess of 1.5 to 1. If the other tests are satisfied, section 163(j) may result in the disallowance of the deduction of a portion of the interest payable on the US Holdco Notes. If section 163(j) applies to limit the amount of interest deductible by US Holdco in respect of the US Holdco Notes in a future year, the amount of U.S. federal income tax payable by US Holdco will increase.

Dividends-Received Deduction

When Regional Energy makes a dividend distribution to the Company, the dividend income will be allocated among the members of the Company. Under section 243, a corporation that owns between 20% and

80% of another corporation is entitled to a deduction of 80% on any dividends received. As US Holdco will own more than 20% of the Company, it should be deemed to own more than 20% of the stock of Regional Energy and should thereby be entitled to an 80% deduction with respect to dividends indirectly received from Regional Energy through the Company.

Section 246A provides that the dividends-received deduction for "debt-financed portfolio stock" is reduced to the extent that there is indebtedness directly attributable to investment in the portfolio stock. Although US Holdco is issuing the US Holdco Note, the Trust believes that it is more likely than not that section 246A should not apply in the present situation, as the proceeds of such note are not directly traceable to the investment in the stock of Regional Energy.

Extraordinary Dividend

Under section 1059, a corporate shareholder must reduce its basis in stock of a corporation to the extent of the non-taxed portion of any "extraordinary dividend" received within the first two years of stock ownership. To the extent the non-taxed portion of the extraordinary dividend exceeds such basis, the shareholder will recognize taxable gain. Generally, an extraordinary dividend is a dividend that equals or exceeds 10% of the corporate shareholder's adjusted basis in the common stock of the issuing corporation, with specific rules provided as to when nominally separate dividends are aggregated for this purpose. The non-taxed portion of the dividend is, in general, the portion of the total dividend eligible for the dividends-received deduction. The Company will have a low tax basis in its Regional Energy stock, and therefore it is expected that the non-taxed portion of any extraordinary dividend it receives with respect to such stock will exceed its basis in such stock. However, section 1059(c)(4) provides a procedure whereby a corporate shareholder may elect to substitute the fair market value for basis in determining whether a dividend is an extraordinary dividend. It is expected that US Holdco will engage in this procedure, although there can be no guarantee that it will be successful in doing so. Thus, to the extent that 10% of the fair market value of such stock will exceed the amount of any dividend, section 1059 should not apply to such dividends.

U.S. Federal Income Taxation of the Company

Treatment as a Partnership and Pass-Through Nature of Taxation

Under the Code, the Company will be treated as a partnership for U.S. federal income tax purposes. As an entity taxed as a partnership, the Company is not subject to federal income tax. Instead, each partner will report on its federal income tax return its allocable share, as determined by the Company LLC Agreement, of profits and losses realized by the Company, whether or not any cash distribution is made to such partner during the taxable year. The character of any item of profit and loss (as capital gain, ordinary income, capital loss, or ordinary loss) will be the same to the partner as it is to the Company. Under the Code, allocations of partnership income, gain, loss, and deduction among the partners are respected to the extent such allocations have substantial economic effect. It is expected that the allocations of such items under the Company LLC Agreement should be deemed to have substantial effect.

Under the Code, each partnership or entity treated as a partnership is required to have a tax matters partner who has authority to interface with the IRS and, in the event of an audit, provide communications to the other partners. The tax matters partner has the power, among other things, to settle the Company's items with the IRS and to select the court in which a tax dispute will be litigated. The Company LLC Agreement provides for US Holdco to be the tax matters partner.

As with any taxpayer, the IRS may audit the Company. As a general rule, its partners are required to treat items of profit and loss in a manner consistent with the Company's tax return or file a statement with the IRS identifying the inconsistency. Any audit adjustments to the Company's tax return are automatically passed through to the partners without the need for separate IRS action on each partner's return. Such adjustments could require that state tax returns be amended, trigger an audit of state tax returns, or trigger an audit of the individual partner's federal income tax return. US Holdco will have the obligation to keep the other partners informed as to the progress of any audit and will generally control the selection of the court in which any federal tax dispute will be litigated.

The agreed value of the Company's assets contributed by the Regional Energy shareholders and Public Power exceed such assets' tax bases. Accordingly, the Company will need to account for such difference by using one of the methods available under the section 704(c) and the related regulations. The choice of method can have a material effect on the taxable income allocated to US Holdco and the income tax payable by it.

Tax Treatment of Certain Fees and Expenses Paid by the Company

Under the Code, the Company's expenditures will, as a general rule, fall into one of the following categories: (i) deductible expenses — expenditures such as interest, taxes, and ordinary and necessary business expenses that the Company is entitled to deduct in full when paid or incurred; (ii) amortizable expenses — expenditures that are entitled to be amortized (i.e., deducted ratably) over a fixed period of time; (iii) capital expenditures — expenditures that must be added to the amortization or depreciation basis of the Company's property (or loans) and deducted over a period of time as the property (or loan) is amortized or depreciated, or in certain circumstances are not depreciable or amortizable; (iv) start-up expenses — expenditures related to the Company's organization (subject to certain limitations, the Company can elect to deduct up to $5,000 in the first year of the business and amortize the remainder over a 180-month period); and (v) guaranteed payments to partners for services or use of capital — these expenses are deductible or belong to one of the preceding categories of expenditures if they meet certain requirements. All of the Company's fees and expenditures must constitute ordinary and necessary business expenses to be deducted by the Company's partners when paid or incurred, unless the deduction of any such item is otherwise expressly permitted by the Code (e.g., taxes). Expenditures must also be reasonable in amount. The IRS could also challenge a fee deducted by the Company's partners on the ground that such fee is a capital expenditure and must be amortized over an extended period or indefinitely deferred.

U.S. Federal Income Taxation of Regional Energy

Regional Energy will be treated as a corporation for U.S. federal income tax purposes. Regional Energy is subject to U.S. federal income tax on its net taxable income.

Interest Deductions

The Company and Regional Energy will treat the Regional Energy Notes as debt of Regional Energy for U.S. federal income tax purposes and the interest on the Regional Energy Notes as deductible subject to any applicable limitations. This treatment is supported by a financial model prepared by the Company, and by certain interest rate and debt feasibility studies and other analyses prepared on behalf of the Company and Regional Energy by its advisors. However, there can be no assurance that this position will not be challenged by the IRS. If such a challenge were sustained, interest payments on the Regional Energy Notes would be recharacterized as non-deductible distributions with respect to Regional Energy's equity, and Regional Energy's net taxable income (and, thus, its U.S. federal income tax liability) would increase. Moreover, in such case, US Holdco's allocable share of such payments may be taxed as dividends to the extent Regional Energy has earnings and profits. If Regional Energy were liable for additional tax and if any of such interest payments were treated as taxable dividend income, the distributable cash available to the Unitholders would be reduced, which could negatively impact the value of the Units.

RISK FACTORS

A prospective investor should carefully consider the risks described below before making an investment decision. The risks set out below are not an exhaustive description of all the risks associated with the Trust's business, the Company and the retail energy market generally. In addition, prospective investors should carefully review and consider all other information contained in this prospectus before making an investment decision. An investment in Units should only be made by persons who can afford a significant or total loss of their investment. Residents of the United States and other non-residents of Canada should have additional regard to the risk factors under the subheading "Risk Factors Applicable to Residents of the United States and Other Non-Residents of Canada".

Risks Relating to the Commodity Market, Credit Market and Other Markets

Significant and prolonged increases in the wholesale price of natural gas and electricity could negatively affect operating margins and the Company's financial performance.

In certain states in which the Company operates, we are exposed to market risk in the event of significant and prolonged increases in the price of natural gas and electricity. If energy prices are significantly above the utility service rate over a prolonged period of time, our pricing strategy may not be competitive. In states where the utility service rate is set through the procurement of energy over a period of months or years, the Company may reduce its operating margins in order to price more competitively with the utility service rate and may experience increased customer attrition, as some customers may switch to the utility service offer from the utility. While the utility service rate will eventually reflect the increased wholesale natural gas and electricity prices, the procurement of energy over a period of months or years will cause the utility service rate to lag the market conditions.

We are exposed to commodity risk in the ordinary course of business activities.

We are subject to the risks associated with electricity and natural gas procurement activities including price and volumetric risk. The Company enters into hedging transactions in order to mitigate price and volumetric risks. The Company utilizes futures to lock in a fixed quantity of electricity and natural gas supply at a fixed cost for hedging the expected energy consumption of its customers. The Company is then at risk of either under- or over-hedging, to the extent the consumption quantity of its customers deviates from the amount hedged by the futures contracts. If the customers' energy consumption level is significantly higher than the hedged quantity, for example, as a result of extreme weather conditions or other factors, the Company could be under-hedged relative to its load obligation and must purchase energy in the open market to serve its customers. If the spot price exceeds the contracted price paid by customers, the Company may supply energy at a loss to its customers. Conversely, where customer consumption is lower than expected, the Company faces the risk of being over-hedged and having to sell surplus in the spot market or sell it financially at a price below its long-term contract price. In addition, the Company's effectiveness of its hedging activities is dependent on accurate energy load forecasting. The Company uses third party energy forecasting services that utilize, among other factors customer load profiles, customer usage factors and weather data, to forecast the Company's energy load.

Hedging arrangements also expose the Company to the risk of financial loss in situations where the other party to the hedging contract defaults on its contract or, in the case of exchange-traded contracts, where there is a change in the expected differential between the underlying price in the hedging agreement and the actual prices paid or received by the Company. Hedging activities can themselves result in losses when a position is purchased in a declining market or a position is sold in a rising market. The Company may experience hedging losses in the future.

We are exposed to credit risk in the ordinary course of our business activities.

The Company is exposed to credit risk in all markets in which we operate. In POR markets, the Company is exposed to credit risk from the LDC. In non-POR markets, the Company is exposed to credit risk from the end-use customer.

In the POR markets in which we operate, the Company is exposed to payment default from LDCs for the customer receivables they have collected on behalf of the Company. The Company monitors the credit rating of the LDCs with POR programs to ensure credit exposure is limited. If an LDC defaults on payment obligations to the Company, it could have a material adverse effect on the results of operations and cash flows of the Company.

In non-POR markets in which the Company currently operates, credit review processes have been implemented to manage the Company's customer credit risk. The Company obtains credit scores from all new customers in non-POR markets as part of its screening process. The credit screening process utilizes credit report models and industry specific risk models to determine creditworthiness and balance bad debt targets through credit scores. These models may provide an inaccurate prediction of actual customer default and bad debt experienced by the Company. If customers default on their payments and bad debts are significantly higher than anticipated, it could have a material adverse effect on the results of operations and cash flow of the Company. As the Company's operations expand into new non-POR states, the Company's bad debt profile may change.

We may have insufficient financial liquidity to carry on our business.

Our business requires us to maintain sufficient financial liquidity to absorb the impact of seasonal energy consumption, volatile wholesale energy prices or other significant events. The seasonality of customer energy consumption and / or volatility in wholesale energy prices may create increased liquidity requirements as a result of the potential difference between energy payables and receivables. Similarly, the Company is required to post collateral in connection with some energy supply contracts, license obligations and obligations owed to certain LDCs, which may change over time as a result of unforeseen market events. Management expects that the Company's principal source of liquidity following the Offering will be cash generated from its operating activities, existing working capital, the cash to be retained by the Company for working capital purposes out of the gross proceeds of the Offering and borrowing capacity under our Base Confirmation Agreement with Macquarie Energy. The Company may require additional equity or debt financing to meet its financial requirements or undertake acquisitions. Financial covenants and restrictions under the Base Confirmation Agreement and Guarantee Agreement may make it difficult for the Company to borrow money from other lenders. There can be no assurance that additional equity or debt financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Company, in which event the financial condition of the Company may be materially adversely affected.

Restrictive covenants and the terms of the Base Confirmation Agreement with Macquarie Energy may make it more difficult for us to operate.

The terms of the Base Confirmation Agreement may constrain the ability of the Company to operate because it must comply with certain financial, organizational, operational and other restrictive covenants. Among other things, the Base Confirmation Agreement will restrict the Company's ability to undertake the following activities, subject to the approval of Macquarie Energy: (i) deal with other energy suppliers; (ii) enter into hedging transactions (iii) amend or terminate material contracts; (iv) amend or modify the Risk Management Policy; (v) make capital expenditures; (vi) make distributions or pay dividends on its Membership Units; (vii) invest in or acquire certain other businesses or entities; (viii) enter new markets and expand its business; (ix) enter into certain commercial transactions; (x) incur indebtedness, suffer liens or grant security on its assets; (xi) sell, liquidate or dissolve its assets; (xii) merge, amalgamate or consolidate with another entity; (xiii) release any utility, LDC or ISO from its contractual obligations; and (xiv) alter its accounting policies or organizational documents. In addition, the Base Confirmation Agreement requires that the Company and its subsidiaries, among other things, at all times maintain a minimum total net worth and minimum margin ratio, and comply with certain financial covenants.

Our business is dependent on our contracts with Macquarie Energy, and Macquarie Energy's inability to perform its obligations under the contracts could adversely affect our margins on electricity and natural gas sales.

Our business model is based on contracting for supply of natural gas and electricity, through physical and financial transactions, to fix margins. If Macquarie Energy experiences financial difficulties or is otherwise unable to perform its obligations to us, we may suffer losses, including as a result of being unable to secure energy supply on a timely basis. As a result, our ability to earn margins on electricity and natural gas sales could be affected. If the Company cannot identify an alternative supply of natural gas and electricity in a timely manner, our business will be adversely affected as the Company may not be able to meet its obligations to its customers.

A default under the Base Confirmation Agreement could adversely affect our business.

The Base Confirmation Agreement contains numerous covenants by the Company, including covenants relating to the operation and conduct of its business, ownership and maintenance of assets, regulatory approvals and licenses, compliance with laws, delivery of financial information, the incurrence of indebtedness, its Risk Management Policy, the maintenance of certain financial ratios, and restrictions on undertaking certain transactions without Macquarie Energy's consent. A breach of any of the covenants in the Base Confirmation Agreement constitutes an event of default, subject to cure periods in limited circumstances. Additional events of default include the revocation of certain licenses, exceeding certain exposure limits, the loss of key employees, the existence of unsatisfied judgments in excess of a threshold, the termination of material contracts and change of control. Upon an event of default, Macquarie Energy is entitled to suspend its performance under or terminate the Base Confirmation Agreement, including the supply of energy to the Company under the Base Confirmation Agreement, to accelerate any advances under the Working Capital Facility and to enforce its liens on the Company's assets. In addition, Macquarie Energy may elect not to enter into any further transactions under the Base Confirmation Agreement unless the representations and warranties contained in the Base Confirmation Agreement are true and correct and there has not been a material adverse change (as defined in the Base Confirmation Agreement). Any such termination or election not to enter into further transactions by Macquarie Energy would likely have an adverse economic impact on the business of the Company and on the Company's ability to make distributions on its Membership Units, which would reduce the distributable cash of the Trust.

We are exposed to interest rate risk and foreign currency exchange risk in the ordinary course of business.

The Company is exposed to interest rate risk associated with its credit facility, and the Trust and/or Trust Subsidiaries are exposed to foreign currency exchange rates associated with the repatriation of U.S. dollar denominated funds in order to pay Canadian dollar denominated distributions. The Trust Subsidiaries intend to enter into derivative instruments in order to manage exposures to changes in foreign currency rates and to mitigate the currency risk impact on the long-term sustainability of distributions to Unitholders. Derivative instruments are generally transacted over-the-counter. The inability or failure of the Company or the Trust Subsidiaries to manage and monitor interest rate and foreign currency exchange risks could have a material adverse effect on the results of operations and cash flow of the Company and distributions to Unitholders. See "Our Business — Business Strengths — Prudent Risk Management Culture — Foreign Currency Exchange Risk" for further details on the Company's foreign currency exchange risk strategy.

We may suffer economic losses where risk management policy and programs do not work as planned.

The Company's risk management programs may not work as planned. For example, actual electricity and natural gas prices may be significantly different or more volatile than the historical trends and assumptions upon which the Company based its risk management calculations. In addition, unforeseen market disruptions could decrease market depth and liquidity, negatively impacting the Company's ability to enter into new transactions. The Company enters into financial contracts to hedge commodity basis risk, and as a result is exposed to the risk that the correlation between delivery points could change with actual physical delivery. Similarly, interest rates or foreign currency exchange rates could change in significant ways that the Company's risk management procedures were not designed to address. As a result, the Company cannot always predict the impact that its risk management decisions may have on its business if actual events result in greater losses or costs than predicted by the Company's risk models, or if there is greater than expected volatility in the Company's results of operations.

In addition, the Company's trading, marketing and hedging activities are exposed to counterparty credit risk and market liquidity risk. If counterparties fail to perform, the risk of which has increased due to the economic downturn, the Company may be forced to enter into alternative arrangements at then-current market prices. In that event, the Company's results of operations are likely to be adversely affected.

Our business is reliant on the services provided by LDCs, and any disruptions to these services could adversely impact our results of operations and cash flow.

LDCs provides many essential services to the Company, including energy delivery, billing and collections and meter reading. The Company is reliant on LDCs to deliver the electricity and natural gas that it sells to customers. LDCs are reliant upon the continuing availability of existing distribution infrastructure. Any disruptions in this infrastructure could result in the Company invoking force majeure clauses in its contracts. Under such severe circumstances there would be no revenue or gross margin to report for the affected areas as the Company would have no alternative way to deliver energy to its customers.

The Company is reliant on LDCs to perform billing and collection services in utility consolidated billing markets, which includes paying the Company for its energy service delivered to customers. If LDCs cease to perform these services, the Company would have to seek a third party billing provider or develop internal systems and processes to perform these functions, which may require a significant capital expenditure and increased operating expenses to support the internal billing and collections functions.

The Company is reliant on LDCs to measure and record customer electricity and natural gas meter usage rates, which is used to calculate commodity charges billed to the customer. If the LDCs do not accurately measure or record customer usage rates and the customer is under-billed relative to their actual usage rates, the Company may not receive full payment for energy that has been supplied to its customers.

There can be no assurance that the practices or policies of LDCs in the future will not limit the growth or profitability of the Company.

The global economy has not fully recovered and unforeseen events may negatively impact our financial condition.

Market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, caused significant volatility to commodity prices over the last few years. These conditions have resulted in a loss of confidence in the broader U.S. and global credit and financial markets, resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers, and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted public entity valuations and continue to impact the performance of the global economy going forward.

If the economic climate in the U.S. or the world generally deteriorates further, demand for energy products could diminish further and prices for electricity and natural gas could decrease further, which could adversely impact our results of operations, liquidity and financial condition.

Risk Relating to the Retail Energy Industry

We operate in a highly competitive market and our customers may switch to another Energy Retailer.

A number of Energy Retailers compete with the Company in the residential and commercial markets. It is possible that the existing competition and additional new entrants may compete directly for the customer base that the Company targets, slowing growth or reducing its market share. It is also possible that new entrants may be better capitalized, or their existing customer bases will provide them with a competitive advantage over the Company. Changes in customer behaviour, government regulation or increased competition may affect (potentially adversely) attrition and retention rates in the future, and these changes could adversely impact the future cash flow or margin of the Company.

Our revenues and results from operations may fluctuate on a seasonal and quarterly basis as a result of our high concentration of residential customers.

Our revenues and results of operations may fluctuate significantly on a seasonal basis depending on the demand for electricity and natural gas. Generally demand for electricity peaks in winter and summer months while demand for natural gas peaks in the winter months for residential customers. The impact may be exaggerated as a result of extreme weather conditions, resulting in variances in forecasted electricity and natural gas consumption. Depending on prevailing market prices for electricity and natural gas, these and other unexpected circumstances may reduce our revenues and results of operations. Fluctuations in our revenues and results from operations will directly affect the amount of cash available to the Trust for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times where revenues and results from operations are not sufficient to support a distribution.

Customers may not widely accept Energy Retailers as their energy supplier.

The Company believes that its profitability and growth will depend upon the broad acceptance of Energy Retailers in the United States. There can be no assurance that customers will widely accept Energy Retailers as their energy supplier. The acceptance of our products may be adversely affected by our ability to offer a competitive value proposition, concerns relating to product reliability, general resistance to change, and price of alternative methods of supply (e.g. residential and commercial solar programs). Unfavourable publicity involving customer experiences with other Energy Retailers could also adversely affect its acceptance. Market acceptance could also be affected by regulatory developments. The failure of Energy Retailers to achieve deep market penetration may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is required to be licenced by the public utility commissions in each state in which we operate, and the denial of a new licence or revocation of an existing licence may impact the Company's financial results.

In each state in which we operate, the Company is required to be licenced by the relevant state utility commission. The Company's expansion strategy is dependent on continuing to be licenced in existing markets and receiving approval for additional licences in new and existing markets. For example, at the current time, the Company is in the process of applying for or renewing its electricity or natural licence in the following states: Illinois, Michigan, Massachusetts, New Jersey and Pennsylvania. If the Company is denied a licence, has a licence revoked or is not granted renewal of a licence, the Company's financial results may be negatively impacted.

Changes by state regulators to the utility service rate may affect the Company's ability to remain competitive.

The Company considers the utility service rate in each state to be the competitive benchmark for our products. The utility service rate in each state is regulated by the state's public utility commission. From time to time, utilities and government agencies propose changes to the utility service rate structure which may impact the Company's ability to offer a competitive value proposition to customers, which may increase customer attrition and negatively impact the Company's financial performance.

The utility service rate may not reflect actual wholesale energy market conditions, which may make the Company's value proposition for customers less competitive.

The Company considers the utility service rate in each state to be the competitive benchmark for our products. The utility service rate in each state is regulated by the state's public utility commission. In many of the states in which the Company operates, the utility service rate charged to customers is set yearly, quarterly, or monthly by the utility and is based on the price paid by the utility to procure electricity or natural gas for that period of time, which may have occurred over a period of up to three years. As a result, the service rate does not necessarily reflect actual market conditions, which may create circumstances where the Company is unable to offer a competitive value proposition to the customer and, as a result, may increase customer attrition and negatively impact the Company's financial performance.

Increases in state renewable portfolio standards and a further reduction in available production tax credits may adversely impact the price, availability and marketability of our renewable energy products.

We are required to purchase RECs for our electricity products. We purchase RECs to comply with state regulatory requirements under the state's renewable portfolio standards, if applicable. In addition, we purchase RECs to satisfy our voluntary requirements under the terms of our contracts with our customers, if applicable. Pursuant to state renewable portfolio standards, we must purchase a specified amount of RECs based on the amount of electricity sold by the Company in a state in a year. In addition, we have contracts with certain customers which require us to purchase voluntary RECs ranging from 20% to 100% of our power sold.

If a state increases its renewable portfolio standards, the demand for RECs within that state will increase, and therefore the market price for RECs will increase. While we attempt to forecast the price for the required RECs at the end of each month and incorporate this forecast into our customer pricing models, the price paid for RECs may be higher than forecasted. Despite our attempt to pass the higher cost of RECs onto our customers, unexpected increases in the price of RECs may decrease our results of operations and effect our ability to compete with other Energy Retailers that have not contracted with customers to purchase voluntary RECs. Further, a price increase for RECs may require the Company to decrease the renewable portion of its energy products, which may result in a loss of customers and possibly some independent contractors representing the Viridian Energy brand.

A further reduction in benefits received by LDCs from production tax credits in respect of renewable energy may adversely impact the availability to the Company, and marketability by the Company, of renewable energy under its brands. Accordingly, such decrease may result in reduced revenue for the Company.

Risks Relating to the Operations of the Company

The Company and its predecessors have limited historical data that can be utilized to assess the performance of the Company.

The Company was incorporated in August 2012 and acquired Regional Energy and Public Power in September 2012. Each of Regional Energy and Public Power has a limited operating history from which investors can evaluate its business and prospects. Regional Energy commenced marketing to customers in July 2009 and Public Power & Utility, a predecessor to Public Power, began operations in December 2008.

The Company's prospects must be considered in light of the risks and uncertainties encountered by an early stage company, and in rapidly evolving markets such as the retail electricity and natural gas markets. Some of these risks relate to the Company's potential inability to: effectively manage its business and operations; recruit and retain key personnel; successfully maintain a low-cost structure as it expands the scale of its business; manage rapid growth in personnel and operations; develop new products that complement its existing business; and successfully address the other risks it faces, as described throughout this prospectus.

If the Company cannot successfully address these risks, its business, future results of operations and financial condition may be materially adversely affected.

The Company's management may not successfully manage the Company's rapid growth.

The Company's success will depend on its ability to expand and manage its rapid growth. The Company's growth and expansion has resulted in, and may continue to result in, new and increased responsibilities for management and additional demands on management, operating and financial systems and resources. The Company's ability to continue to expand is dependent upon factors such as its ability to: hire and train new staff, managerial personnel and independent contractors; expand the Company's infrastructure; and adapt or amend the Company's structure to comply with present or future state legal requirements. Any failure or inability to successfully implement these and other factors may have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will be able to successfully integrate, manage and retain the customer accounts it acquires. If management is unable to successfully implement its growth strategy or manage growth effectively, the Company's business, financial condition and results of operations could be materially adversely affected.

Historical performance of the Company's operations may not be indicative of its future performance.

The Company's historical growth rate may not be indicative of its future growth rate. Accordingly, there can be no assurance that the Company's future customer acquisition rate will be consistent with its historical performance. Furthermore, the Company's current results of operations, including payback periods and customer acquisition costs in our marketing channels, may not be indicative of future performance. The Company's performance may change as the result of several factors including, but not limited to, wholesale market conditions and competitive considerations.

The Combination between Public Power and Regional Energy involves numerous risks that could have a material adverse effect on the Company's business, results of operations and financial condition.

The Combination of Public Power and Regional Energy involves numerous risks, which could have a material adverse effect on the Company's business, results of operations and financial condition, including: difficulties in integrating operations, technologies, products, marketing channels, existing contracts, accounting processes, personnel and customers; the potential loss of key employees and independent contractors; or the assumption of unanticipated risk, problems or latent liabilities. The anticipated benefits from the Combination, including a diverse energy platform, cost savings and access to capital, may not materialize. Additionally, the Company may not realize the expected benefit of the win back program in reducing customer attrition for new brands as has been the historical experience with Public Power. The failure to successfully realize the anticipated benefits of the combined businesses could have a material adverse effect on the Company's business, results of operations and financial condition.

Our business is dependent on information systems to support business operations, and any failures or disruptions in our information systems could have a material adverse effect on our results of operations.

The Company is dependent on third party information systems to track, monitor and correct or otherwise verify a high volume of data to ensure the accuracy of our sales, financial, accounting and other data. The Company has arrangements with various third parties to provide support for its energy load forecasting, electronic data interchange services, billing services and various marketing channels. Management also relies on information systems to provide the Company's independent contractors with updated marketing and compensation information and record each customer interaction. Our business and results of operations could be materially adversely affected if any of our information systems fail or have other significant shortcomings. We may also be subject to disruptions of our informational systems arising from events that are wholly or partially beyond our control (such as natural disasters, acts of terrorism, epidemics, computer viruses and telecommunications outages). Third party systems on which we rely could also suffer disruptions. Any failure of the information systems on which we rely or our failure to maintain and upgrade our information systems could have a material adverse effect on our business and results of operations.

In the future, it may no longer be feasible for the Company to continue to grow through strategic acquisition opportunities.

Our acquisition strategy is dependent on the Company's ability to identify suitable acquisition opportunities. We face competition for acquisitions primarily from other Energy Retailers, many of which are substantially larger and have considerably greater financial, technical and marketing resources than are available to us. Some of these competitors may also have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of acquisitions. The ability to consummate acquisitions will be dependent on capital being available at an acceptable cost.

As a result of competitive pressures, we may not be able to identify and make acquisitions that are consistent with our objectives or that generate attractive returns to our Unitholders. We may lose acquisition opportunities in the future if we do not match prices, structures and terms offered by competitors, or if we are unable to access sources of capital at attractive rates. Alternatively, we may experience decreased rates of return and increased risks of loss if we match prices, structures and terms offered by competitors. Although management believes there is significant opportunity for strategic acquisitions as a result of fragmentation and consolidation in the current retail energy market, there is no assurance that acquisition opportunities will continue to exist in the future, which could have a material adverse effect on our business, financial condition and results of operations.

Our expansion strategy involves numerous risks that could impact our viability and harm our business.

The Company plans to grow its business by expansion in new and existing deregulated markets through organic growth and acquisitions. The Company's expansion strategy involves numerous risks, which could harm the Company's business and results of operations, including: difficulties in integrating, supporting and transitioning customers accounts; difficulties in realizing value from the expansion of new and existing products and marketing channels; assets of the target company may exceed the value the Company realizes, or the value it could have realized if it had allocated the purchase price or other resources to another opportunity; risks of entering new markets or customer segments in which the Company has limited or no experience or are outside its core competencies; and inability to generate sufficient revenue to offset acquisition or expansion costs.

The Company may require additional financing should an appropriate acquisition be identified and it may not have access to the funding required for the expansion of its business or such funding may not be available to the Company on acceptable terms. Future acquisitions or expansion could result in the incurrence of additional debt and related interest expense, as well as unforeseen liabilities, all of which could have a material adverse effect on business, results of operations and financial condition. The failure to successfully evaluate and execute acquisitions or otherwise adequately address the risks associated with acquisitions could have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that the Company will determine to pursue any acquisition or that such an opportunity, if pursued, will be successful.

The Company's success depends upon the continued involvement of its present management.

The Company's success depends upon the continued involvement of its management, who are in charge of the Company's strategic planning and operations. In particular, the founders of each of Regional Energy and Public Power will form part of the management and the board of directors of the Company. The loss to the Company of any of these founders could have a material adverse impact on the operations of the Company. The Company may need to attract and retain additional talented individuals in order to carry out its business objectives. The competition for such persons could be intense and the Company may be unable to recruit the people it needs.

We will incur increased costs as a result of complying with the reporting requirements, rules and regulations affecting public issuers.

As a public issuer, the Trust will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Trust's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources, which could adversely affect our business and financial condition.

In particular, as a result of this Offering, the Trust and its subsidiaries will become subject to reporting and other obligations under applicable Canadian securities laws and TSX rules, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"). NI 52-109 requires annual management assessment of the effectiveness of the Trust's internal controls over financial reporting. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for the Trust to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. These reporting and other obligations will place significant demands on the Trust as well as on the Company's management, administrative, operational and accounting resources. The Crius Group anticipates that it will need to upgrade its systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. If the Crius Group is unable to accomplish these objectives in a timely and effective fashion, the Trust's ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls, including a failure to implement new or improved controls in response to identified material weaknesses in Public Power's system of internal controls, could cause the Trust to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the Trust cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in its reported financial information, which could result in a lower trading price of the Units.

If we are unable to maintain relationships with our exclusive marketing partners, our revenues may decline.

Our exclusive marketing partners represent an important channel for marketing and selling our products in many states. Our ability to increase revenues in the future will depend significantly on our ability to maintain our existing contractual relationships with our exclusive marketing partners and to sell more energy products through existing exclusive marketing partners. There can be no assurance that we will be successful in maintaining our existing contractual relationships with our exclusive marketing partners. Our exclusive marketing partners have in the past negotiated arrangements that are short-term and terminable on relatively short notice without penalty. In addition, our exclusive marketing partners may, in the future, negotiate arrangements that are short-term and subject to renewal, non-exclusive and/or terminable at the option of the partner on relatively short notice without penalty. Exclusive marketing partners that have not provided a long-term commitment or guarantee of exclusivity, or that have the ability to terminate on short notice, may exercise this flexibility to end their relationship with us or to negotiate from time to time more preferential financial and other terms than originally contracted for. We cannot ensure that such negotiations will not have a material adverse effect on our financial condition or results of operations.

Further, if our products do not generate sufficient revenue for our exclusive marketing partners, we may lose our exclusive marketing partners. The loss of any one or more of our exclusive marketing partners could have a material adverse effect on our business, revenues, results of operations and financial condition. There can also be no assurance that we will be able to establish relationships with new exclusive marketing partners, which represents an important part of the Company's overall growth strategy.

Marketing partner launches are dependent on the resources available at that time. Marketing partners may be selling other non-energy products which may impact the availability of resources that the marketing partner can leverage to distribute our energy products or delay the launch of our energy products. This may impact the performance of the marketing partner.

We are subject to reputational and regulatory risks that may arise from the actions of our exclusive marketing partners, their employees or their independent contractors that are wholly or partially beyond our control, such as negative publicity, bankruptcy or insolvency proceedings or regulatory issues or sanctions faced by our exclusive marketing partners.

The residual commissions paid to independent contractors and exclusive marketing partners could adversely affect the Company's operating margins and financial performance, particularly if our costs rise and we do not adjust our pricing strategy.

Some of our independent contractors and exclusive marketing partners earn ongoing residual commissions. Residual commissions are calculated based on a fixed percentage of revenues attributable to a customer's energy consumption, without regard to the Company's wholesale supply costs. Should the Company's supply costs rise, our operating margins and results of operations could be adversely affected if the Company does not appropriately adjust its pricing strategy to reflect cost increases.

If the Company is unable to maintain relationships with certain independent contractors in our network marketing channel, we may lose customers and other independent contractors, resulting in adverse financial consequences to the Company.

Our network marketing channel relies on independent contractors to market and sell our products. Within the network marketing channel, independent contractors create networks, referred to as a marketing organization, encompassing both independent contractors and customers. The Company has identified several key independent contractors who have large marketing organizations, which represent a significant portion of the Company's network marketing business. If the Company is unable to retain our key independent contractors, we may lose a significant number of customers and independent contractors, which could result in adverse financial consequences to the Company.

Our marketing channels may be contingent upon the viability of our independent sales contractors, telemarketing, door-to-door and outsourcing arrangements.

Our independent contractors are essential to our telemarketing, door-to-door and network marketing sales activities. Our ability to increase revenues in the future will depend significantly on the services of our independent contractors. If the Company is unable to attract new independent contractors and retain existing independent contractors, the Company's growth may be materially reduced. There can be no assurance that competitive conditions will allow these independent contractors, who are not employees of the Company, to continue to successfully sign up new customers or independent contractors. Further, if our products are not attractive to, or do not generate sufficient revenue for, our independent contractors, we may lose our existing relationships, which would have a material adverse effect on our business, revenues, results of operations and financial condition. In addition, the decline in landlines reduces the number of potential customers that may be reached by our independent telemarketers and as a result our telemarketing sales channel may become less viable, which may materially impact our business and results of operations.

Our independent contractors may expose us to risks.

We are subject to reputational risks that may arise from the actions of our independent contractors that are wholly or partially beyond our control, such as violations of our marketing policies and procedures as well as any failure to comply with applicable laws and regulations. If our independent contractors engage in marketing practices that are not in compliance with local laws and regulations, we may be in breach of applicable laws and regulations which may result in regulatory proceeding or the revocation of our Energy Retailer licence, which would materially impact our results of operations.

Changes to the Code regarding the employment status of independent contractors or a successful challenge by the IRS regarding the employment status of our independent contractors could result in adverse financial consequences to the Company.

Our independent contractors are essential to our marketing channels and sales. Independent contractors are not considered employees under the Code. The Company monitors and complies with regulations in the Code regarding the tax status of independent contractors. If the Code was amended in a way that altered the employment status of independent contractors, or if the Company was successfully challenged by the IRS or its independent contractors regarding the employment status of our independent contractors, our independent contractors could be considered employees of the Company. This could result in adverse financial consequences to the Company.

Capital investment requirements may affect the distributions available to Unitholders.

The timing and amount of capital expenditures incurred by the Company or by its subsidiaries will directly affect the amount of cash available to the Trust for distributions to Unitholders. Distributions may be reduced, or even eliminated, at times when capital expenditures are incurred or other unusual expenditures are made.

Risks Relating to the Legal and Regulatory Environment

If energy deregulation is reversed or discontinued, the Company's prospects and financial condition could be materially adversely affected.

In some retail energy markets, state legislators, government agencies and other interested parties, have made proposals to change the use of market-based pricing, re-regulate areas of these markets that have previously been competitive, or permit electricity delivery companies to construct or acquire generating facilities. Although the Company generally expects retail electricity and natural gas markets to continue to be competitive, other proposals to re-regulate this industry may be made, and legislative or other actions affecting the electricity and natural gas restructuring process may cause the process to be delayed, discontinued or reversed in states in which the Company currently operates or may in the future operate.

The Company operates in a regulated industry and is exposed to legislative and regulatory risks that could harm the Company's interests.

The Company currently operates in the regulated electricity and natural gas retail sales sectors in all of its jurisdictions. The Company must comply with the legislation and regulations in these jurisdictions in order to maintain its licenced status to continue its operations and to expand to new markets and/or products. Regulatory compliance affects how quickly we can expand organically or through acquisitions. Compliance is costly and we may be prohibited from expanding or operating if we fail to comply with regulations. There is potential for changes to the legislation and regulatory requirements that may unfavourably impact the Company's business model. As part of doing business through the Company's various marketing channels, the Company receives complaints from customers. The failure of the Company to successfully resolve complaints could result in sanctions by the state public utility commission, such as a loss of a licence, which would have a material adverse effect on the Company. Increased fragmentation of the retail energy industry, resulting in a greater number of Energy Retail providers operating in the same jurisdictions as the Company, may result in more customer complaints and heightened customer protection legislation. Similarly, changes to customer protection regulation in the states where the Company markets to non-commercial customers may unfavourably impact the Company's business model. There can be no assurance that future decisions of U.S. federal and state regulatory bodies having jurisdiction over the Company's business activities, or rules enacted by them, or new legislation or regulations or changes to existing legislation or regulations, will not adversely affect the operations or cash flow of the Company. There can be no assurance that future decisions of the regulatory bodies having jurisdiction over the Company's business activities, or rules enacted by them, or new legislation or regulations or changes to existing legislation or regulations, including any change in regulatory policy, rules, legislation or regulations which would impact the Company's ability to renew customer contracts on the expiration of their term, will not adversely affect the results of operations or cash flow of the Company.

The Company is subject to extensive local, state and federal regulation, including the Dodd-Frank Act, and is regulated by FERC.

We are subject to regulation by federal, state, and local regulatory authorities and are exposed to public policy decisions that may negatively impact the Company's earnings. Further, there are customer advocates and other parties which may intervene in regulatory proceedings and affect regulatory outcomes. In general, increasing regulation could affect the rates we charge to customers, our costs, and our profitability. Any additional expenses or capital incurred by the Company, as it relates to complying with increasing regulation, could adversely impact the Company's financial position.

In particular, the Company is subject to regulation by FERC and the North American Electricity Reliability Corporation ("**NERC**"). FERC regulates transportation of natural gas by interstate pipelines. Such regulation affects the Company's access to natural gas supplies. As to the wholesale electricity sector, FERC has issued regulations that require wholesale electric transmission services to be offered on an open-access, non-discriminatory basis. Although these regulations are designed to encourage competition in wholesale market transactions for electricity, there is potential that fair and equal access to transmission systems will not be available or that transmission capacity will not be available in the amounts the Company requires. The Company cannot predict the timing of industry changes as a result of these initiatives or the adequacy of transmission facilities in specific markets or whether ISOs and RTOs in applicable markets will efficiently operate transmission networks and provide related services.

FERC also regulates the sale of wholesale electricity by requiring companies who sell in the wholesale market to obtain a market-based rates authority license. If the Company did not receive market-based rates authority or its authority were revoked, it may adversely impact operations.

We are also subject to mandatory reliability standards enacted by the NERC and enforced by FERC. Compliance with the mandatory reliability standards may subject us to higher operating costs and may result in increased capital expenditures. If we are found to be in noncompliance with the mandatory reliability standards, we could be subject to sanctions, including substantial monetary penalties.

In addition, the Dodd-Frank Act provides a regulatory regime for derivatives addressing collateral requirements, exchange margin cash postings, and other aspects of derivative transactions, and generally requires swaps to be cleared. The Company may qualify for the commercial end-user exception to clearing, however, which would allow it to continue to enter into swaps in the over-the-counter market. Even if the Company qualifies for the commercial end-use exception, the Company will have increased costs related to compliance under the Dodd-Frank Act and the Dodd-Frank Act may affect the market for swaps generally, including increased costs passed through to the Company from swap providers.

Further, federal and/or state regulatory approval may be necessary for us to complete future acquisitions. As part of the regulatory approval process, governmental entities may impose terms and conditions on the transaction or our business that are unfavourable or add significant additional costs to our future operations.

The regulatory and legislative process may restrict our ability to grow earnings in certain parts of our business, cause delays in or affect business planning and transactions and increase the Company's costs.

The Company's energy procurement from ISOs and RTOs is based on load forecasting. Positive differences may arise between day-ahead purchases and customers' real-time load, which under ISO and RTO tariffs are sold in the real-time energy market. If such positive differences arise, the sales may be deemed wholesale sales of energy subject to the jurisdiction of FERC.

The Company's subsidiaries may purchase energy from ISOs and RTOs in the service area of the subsidiary's retail load to meet our contractual obligations with our retail customers. These subsidiaries schedule the purchases of energy in the day-ahead market based on load forecasting. Because forecasting is not precise, the day-ahead market purchases may differ from the real-time load. When a subsidiary's day-ahead market purchases exceed the actual real-time load, the subsidiary's sales of excess energy back to the ISO or RTO in real time may be considered wholesale sales of energy subject to the jurisdiction of FERC.

If a Company subsidiary's purchases in the day-ahead markets exceed the actual real-time load, the subsidiary may be deemed to be an energy wholesaler under the jurisdiction of FERC, and under FERC regulations would be required to obtain market-based rates authority to authorize such wholesale sales. If a subsidiary does not have such authority during any period when such net sales were made, the subsidiary may be subject to refund liability.

Four of the Company's subsidiaries that previously did not have market-based rates authority have submitted applications to FERC for authorization to conduct the above-mentioned energy load balancing transactions. Management does not anticipate such transactions taking place prior to obtaining the market-based rates authorizations.

The Company is exposed to the risk of current, pending and future legal proceedings that could harm the Company's interests.

The Company is a party to several legal proceedings, and may in the future be subject to class actions, other litigation and other actions, including those arising in relation to its customer contracts and marketing practices. This litigation is, and any such additional litigation could be, time consuming and expensive and could distract our management team from the conduct of our business. The adverse resolution or reputational damage of any specific lawsuit could have a material adverse effect on our ability to favourably resolve other lawsuits and on the Company's financial condition and liquidity.

Risks Relating to the Business and Operations of the Trust and the Trust Subsidiaries

Regional Energy Members and Public Power Members may not have interests that are aligned with the Unitholders.

Upon completion of the Company Interest Acquistion, the Trust will indirectly control the Company as a result of US Holdco's ability to appoint a majority of the directors of the Company pursuant to the Company LLC Agreement. Although, pursuant to the Company LLC Agreement, the Company's board of directors generally has the power and authority over the Company's business and operations, certain fundamental transactions will require approval by an Act of the Members, notably a merger or consolidation of the Company with another entity and certain amendments to the Company LLC Agreement. As long as the Regional Energy Members and Public Power Members, in the aggregate, own 20% or more of the outstanding Membership Units, they could prevent the Company from undertaking such transactions that require approval by an Act of the Members. Depending on the circumstances, the interests of the Regional Energy Members and the Public Power Members may not be aligned with those of the Unitholders and, as a result, the Regional Energy Members and Public Power Members may in certain circumstances be able to prevent the Company from undertaking transactions that might otherwise be beneficial to the Unitholders.

Certain provisions of the Company LLC Agreement may inhibit change of control transactions of the Trust or may result in higher or lower consideration being paid for the Trust Units than the Membership Units or require an offer to be made to owners of Membership Units of the Company when there are no payments being made to the Unitholders.

The Company LLC Agreement requires the Company or US Holdco to make an offer to purchase the outstanding Membership Units held by persons other than US Holdco, at a price equal to the Change of Control Purchase Price, if a Trust Change of Control occurs. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units Upon Trust Change of Control". The Change of Control Purchase Price for the Membership Units is not determined by reference to the price at which the Units are trading from time to time, or at which any offer might be made for Units. Accordingly, it may be more or less than those amounts. If the Change of Control Purchase Price for the Membership Units is higher than the price that a potential acquirer is prepared to pay for the Units, it could discourage potential acquirers from making a take-over bid for the Units or make it difficult for any bid to be completed. In addition, since a Trust Change of Control requires an offer to be made on the first day on which a majority of the members of the board of directors of the Administrators are not Continuing Directors, it could discourage Unitholders or others from initiating a proxy battle to replace all or a portion of the Administrator Directors. As a result, this requirement could potentially have an adverse impact on the trading price of the Units or the ability to replace the Administrator Directors. Canadian securities regulatory authorities may also consider the payment on a Trust Change of Control to be non-identical consideration for the purpose of applicable take-over bid rules, in which case they could intervene in the public interest to prevent the Trust Change of Control or the offer being made or completed (either on application by an interested party or by staff or a Canadian securities regulatory authority). Similarly, Canadian securities regulatory authorities may consider the repurchase of Membership Units by the Company pursuant to a Trust Change of Control following the replacement of all or a portion of the Administrator Directors to be a formal issuer bid that is made only to holders of Membership Units other than US Holdco, in which case they could intervene in the public interest to prevent the repurchase of such securities (either on application by an interested party or by staff of a Canadian securities regulatory authority). The Company, US Holdco and the holders of Membership Units other than US Holdco have filed undertakings, Non-Issuer Forms of Submission to Jurisdiction and Appointment of Agent for Service of Process and the Company LLC Agreement provides and ensures that Canadian securities regulatory authorities have the requisite authority to cease, halt or rescind any purchase of Membership Units by the Company, or sale of Membership Units by the holders of Membership Units other than US Holdco, following a Trust Change of Control, Company Change of Control or Liquidity Offer should they determine it appropriate to intervene in the public interest.

Certain provisions of the Company LLC Agreement may require the Company to repurchase Membership Units at a price that may be uneconomic, or to use cash resources that could be used for other, more accretive transactions.

Commencing in the 2019 fiscal year, the Company is required, within the first 90 days of each fiscal year of the Company, to make a Liquidity Offer to purchase the maximum number of Membership Units from the Regional Energy Members and Public Power Members that may be purchased out of Excess Cash, at a price per Membership Unit equal to the Liquidity Offer Purchase Price. The Liquidity Offer Purchase Price is based on a multiple of the Company's Consolidated Cash Flow (as defined in the Company LLC Agreement), and may differ from and could potentially exceed the fair market value of such Membership Units at the relevant time. In addition, this use of the Company's cash resources may not be as attractive or accretive to Unitholders as other potential uses by the Company, such as to fund future acquisitions or otherwise expand the Company's business.

The ability of purchasers of Units to collect damages from the promoter of the Offering for misrepresentation in this prospectus is limited.

Purchasers of Units under this prospectus will have a direct statutory right of action against the Company, in its capacity as promoter of the Trust, for any misrepresentation in this prospectus. All of the Company's assets are in the United States as such, purchasers of Units may be limited in their ability to collect damages from the Company, in its liability as promoter of the Trust, and this may adversely affect Unitholders. The ability of Unitholders to recover may be further limited by virtue of the fact that the Trust will indirectly have an approximate 26.8% ownership interest in the Company and the incremental benefit of the statutory right of action against the promoter may be practically limited to those interests in the Company held by the former securityholders of Regional Energy and former members of Public Power.

The value of the Canadian dollar against the U.S. dollar will affect the Trust's results and distributions.

All of the assets of the Company will be located in the United States. The Company's revenues are also received in U.S. dollars. US Holdco will receive distributions from the Company in U.S. dollars and the Trust pays distributions to Unitholders in Canadian dollars. The Trust also raises funds primarily in Canada from the sale of Units in Canadian dollars and invests indirectly through the Company in U.S. assets, using U.S. dollars. Thus, when the Canadian dollar increases in value against the U.S. dollar, the Trust's indirect investments in U.S. assets will be less expensive; however, distributions received by the Trust directly or indirectly from the Company will also be reduced. When the Canadian dollar decreases in value against the U.S. dollar, the Trust's indirect investments in U.S. assets will be more expensive. However, distributions received by the Trust directly or indirectly from the Company will increase.

The Trust is dependent upon the Company's operations and assets.

The Trust is a limited purpose trust and is entirely dependent upon the operations and assets of the Company through the Trust's indirect ownership of the Company Interest. Accordingly, the Trust's ability to pay distributions to Unitholders is dependent upon the ability of the Company to make distributions on its Membership Units. The Company's income will be derived from the sale of electricity and natural gas and is susceptible to the risks and uncertainties associated with the energy industry generally, and the retail energy industry specifically, in the United States.

The ability of the Trust to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the Company.

There can be no assurance regarding the amounts of income to be generated by the Company's business or ultimately distributed to the Trust. The ability of the Trust to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the Company, and will be subject to various factors including the Company's financial performance, its obligations under applicable credit facilities, fluctuations in its working capital, the sustainability of its margins and its capital expenditure requirements. The market value of the Units may deteriorate if the Trust is unable to meet its distribution targets in the future, and that deterioration may be significant.

The actual distributable cash available to the Unitholders is dependent on the amount of cash flow received by the Trust Subsidiaries from the Company and paid to the Trust, and can vary significantly from period to period for a number of reasons including, among other things: (i) the Company's operational and financial performance; (ii) fluctuations in the costs of electricity and natural gas; (iii) changes to the regulatory or competitive environment in the retail energy market; (iv) the amount of cash required or retained for debt service or repayment; (v) amounts required to fund capital expenditures and working capital requirements; (vi) foreign currency exchange rates and interest rates; and (vii) other obligations and liabilities such as environmental, contractual or legal liabilities and obligations. In addition, the Trust's level of distributions per Unit will be affected by the number of outstanding Units and other securities that may be entitled to receive cash distributions or payments. Distributions may be increased, reduced or suspended entirely depending on the performance of the Company.

The Trust is dependent upon distributions from the Company and the Trust Subsidiaries.

The Trust does not carry on any business operations directly, and is entirely dependent on receiving distributions from its direct and indirect investments in the Trust Subsidiaries and the Company to enable the Trust to make cash distributions to Unitholders on the Units. The boards of directors of the Company, US Holdco and Cdn Holdco, and the Administrator Directors on behalf of the Commercial Trust, each have considerable discretion in deciding whether to make cash distributions, if any, and the amount of any such distributions. The ability of the Company, US Holdco, Cdn Holdco and the Commercial Trust to make cash distributions will be subject to, among other things, applicable laws and regulations as well as contractual restrictions contained in instruments governing any indebtedness of those entities, including pursuant to the Base Confirmation Agreement and US Holdco Note. There can be no guarantee or assurance that the Company and/or the Trust Subsidiaries will make sufficient distributions in order to permit the Trust to make cash distributions to its Unitholders.

Forward-looking information, projections, estimates, and assumptions may prove inaccurate.

Numerous statements containing forward-looking information are found in this prospectus. Such statements and information are subject to risks and uncertainties and involve certain assumptions, some, but not all, of which are discussed elsewhere in this document. The occurrence or non-occurrence, as the case may be, of any of the events described in such risks could cause actual results to differ materially from those expressed in the forward-looking information.

Risks Relating to the Trust's Structure and Ownership of Units

Distributions do not represent a similar "yield" to that of debt instruments, and rights of redemption have limited liquidity.

Units will have no value when reserves from the properties owned by the Trust can no longer be economically produced and, as a result, distributions do not represent a "yield" in the traditional sense and are not comparable to bonds or other fixed yield securities, where investors are entitled to a full return of the principal amount of debt on maturity in addition to a return on investment through interest payments. Distributions represent a blend of return of Unitholders' initial investment and a return on that investment. Unitholders have a limited right to require a repurchase of their Units, which is referred to as a redemption right. It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. The right to receive cash in connection with a redemption is subject to material limitations. Any securities which may be distributed in specie to Unitholders in connection with a redemption may not be listed on any stock exchange and a market may not develop for such securities and such securities may be illiquid. In addition, there may be resale restrictions imposed by law upon the recipients of the securities pursuant to the redemption right.

The Units are not shares in a corporation and carry different risks.

The Units represent a fractional interest in the Trust. Corporate law does not govern the Trust and the rights of Unitholders. Unitholders will not have all of the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring oppression or derivative actions. The rights of Unitholders are specifically set forth in the Trust Indenture. In addition, trusts are not defined as recognized entities within the definitions of legislation such as the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and in some cases the *Winding Up and Restructuring Act* (Canada). As a result, in the event of an insolvency or restructuring, a Unitholder's position as such may be quite different than that of a shareholder of a corporation. The Trust's sole directly-held assets will be Cdn Holdco Shares and Commercial Trust Units. The price per Unit is a function of anticipated distributable income, the properties acquired by the Trust and the ability to effect long-term growth in value. The market price of the Units will be sensitive to a variety of market conditions including, but not limited to, interest rates and wholesale energy prices. Changes in market conditions may adversely affect the trading price of the Units.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation and does not carry on or intend to carry on the business of a trust company.

Unitholder limited liability is subject to contractual and statutory assurances that may have some enforcement risks.

The Trust Indenture provides that no Unitholder will be subject to any liability in connection with the Trust or its obligations and affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Trust's assets. However, there remains a risk, which is considered by the Trust to be remote in the circumstances, that a

Unitholder could be held personally liable, despite such statement in the Trust Indenture, for the obligations of the Trust to the extent that claims are not satisfied out of the assets of the Trust.

Distributions on the Units are Subject to the Discretion of the Administrator

Although the Trust intends to make monthly distributions to Unitholders, the payment and amount of any distribution is subject to the discretion of the Administrator, as well as to applicable laws, and may be subject to contractual restrictions in instruments governing the indebtedness of the Trust or other members of the Crius Group. Accordingly, there can be no guarantee or assurance that the Trust will be able to, or will, make distributions on its Units to Unitholders. In addition, the Trust Indenture allows for the payment of distributions in a form other than cash, and Unitholders could have taxable income and cash taxes payable in excess of the amount of cash distributions they receive from the Trust.

The issuance of additional Units may dilute existing Unitholders

The Trust Indenture authorizes the Trust to issue an unlimited number of Units for that consideration and on those terms and conditions as shall be established by the Trustees without the approval of any Unitholders. The Unitholders will have no pre-emptive rights in connection with such further issues.

The market price for Units may be volatile, and Unitholders may not be able to sell the stock at a favorable price or at all.

Many factors could cause the market price of the Units to rise and fall, including:

- actual or anticipated variations in quarterly results of operations;
- changes in the federal or state regulatory environment;
- changes in market valuations of companies in the industry;
- fluctuations in prevailing market interest rates or foreign exchange rates;
- changes in expectations of future financial performance;
- fluctuations in stock market prices and volumes;
- publicity about us, our industry, our independent contractors or our exclusive marketing partners;
- regulatory or other investigations into us or others operating in our industry;
- issuances of dilutive Units or other securities in the future;
- the addition or departure of key personnel; and
- announcements by the Trust or its competitors of acquisitions, investments or strategic alliances.

It is possible that the proceeds from sales of the Units may not equal or exceed the prices Unitholders paid for the Units.

Substantial sales of Units, or the perception that such sales might occur, could depress the market price of the Units.

Whether future issuances of the Units or resale in the open market will decrease the market price of the Units cannot be predicted. The consequence of any such issuances or resale of the Units on the market price may be increased to the extent the Units are thinly, or infrequently, traded. The exercise of any options, or the vesting of any restricted Units that may be granted to directors, executive officers and other employees in the future, the issuance of Units in connection with acquisitions and other issuances of Units may decrease the market price of the Units.

The Trust may issue additional Units diluting existing Unitholders' interests.

The Trust Indenture authorizes the Administrator to cause the Trust to issue an unlimited number of Units for such consideration and on such terms and conditions as shall be established by the Administrator without the approval of any Unitholders. The future issuance of additional Units would cause immediate, and potentially substantial, dilution to the net tangible book value of those Units that are issued and outstanding immediately prior to such transaction. Any future decrease in the net tangible book value of the issued and outstanding Units could have a material adverse effect on the market value of the Units.

There is currently no public market for the Units and there can be no assurance that an active trading market in the Units will develop or be sustained.

There is currently no market through which the Units may be sold and purchasers of Units may not be able to resell such Units purchased under this prospectus. There can be no assurance that an active trading market will develop for the Units or, if developed, that such market will be sustained. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. The initial public offering price has been determined by negotiation between the Trust and the Underwriters based on several factors and may bear no relationship to the price at which the Units will trade in the public market subsequent to the Offering. See "Plan of Distribution".

The market price for the Units could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Trust's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Units. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the energy sector, which have often been unrelated to the operating performance of particular companies.

Risk Factors Relating to Taxation

Income tax laws relating to mutual fund trusts may in the future be changed or interpreted in a manner that adversely affects the Trust and its Unitholders.

The Trust intends to qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency respecting mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Should the Trust cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Principal Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

The SIFT Rules apply to a trust that is a SIFT trust. If the SIFT Rules were to apply to the Trust, they would have an adverse impact on the Trust and on the level of distributions received by the Unitholders. The Trust will not be a SIFT trust for the purposes of these rules by virtue of not holding any "non-portfolio property" (as defined in the Tax Act), based on its investment restrictions. There can be no assurance that there will not be changes to the SIFT Rules or to the administrative policies or assessing practices of the Canada Revenue Agency which will adversely affect the Trust and its Unitholders.

Canadian tax laws may be changed or certain tax positions taken by the Trust and its subsidiaries may be challenged.

The income of the Trust and Trust Subsidiaries must be computed in accordance with Canadian and U.S. laws, as applicable, and the Trust, Cdn Holdco and the Commercial Trust are subject to Canadian tax laws. There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, or the administrative and assessing practices and policies of the Canada Revenue Agency and the Department of Finance (Canada) will not be changed in a manner that adversely affects Unitholders. Any such change could increase the amount of tax payable by the Trust or Cdn Holdco or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment available to Unitholders in respect of such distributions.

The Trust, Cdn Holdco, the Company and US Holdco are subject to United States tax laws.

There can be no assurance that U.S. federal income tax laws and Internal Revenue Service and Department of the Treasury administrative and legislative policies respecting the U.S. federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects the Unitholders. In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by US Holdco, Cdn Holdco, the Company or the Trust, reducing the amount of distributions which the Trust would otherwise receive and thereby reducing the amount available to pay distributions to Unitholders.

Future tax measures could impact the viability of the Trust.

There can be no assurance that future revisions to Canadian or United States tax law, or to the terms of the Treaty, will not result in an adverse change to the tax treatment of the operations of the Company, the amounts paid by US Holdco to Cdn Holdco and the Trust or a denial of treaty benefits to Cdn Holdco or the Trust with respect to such payments.

A successful IRS contest of the U.S. federal income tax positions taken may adversely affect the market for the Units, and the cost of an IRS contest will reduce distributable cash available to the Unitholders.

The IRS may challenge certain tax positions taken by the Trust, Cdn Holdco, the Company, US Holdco and Regional Energy, including the position that the interest on the US Holdco Notes and Regional Energy Notes is deductible or exempt from withholding tax. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions taken by the Trust, Cdn Holdco, the Company, US Holdco and Regional Energy. A U.S. court may not agree with some or all of the positions taken. Any contest with the IRS may materially and adversely impact the after-tax cash flow of US Holdco, the distributable cash available to the Unitholders and the price at which the Units trade.

The IRS could treat the US Holdco Notes or the Regional Energy Notes as equity, rather than debt. In such event, interest payments could be recharacterized as non-deductible distributions on equity, and the recipients' allocable shares of such payments could be taxed as dividends. In the case of the US Holdco Notes, such payments could also be subject to U.S. federal withholding tax. Even if the US Holdco Notes or Regional Energy Notes were characterized as debt, there is a risk that amounts payable by the borrower may be found to be in excess of those payable at arm's length. In such event, the excess over the arm's length amount could be recharacterized as non-deductible distributions on equity. US Holdco's or Regional Energy's inability to deduct all or a portion of the interest paid could materially increase its taxable income and thus its U.S. federal income tax. In addition, the recharacterization of interest payments on the US Holdco Notes as distributions on equity could cause such payments to be subject to U.S. federal withholding tax. These changes would adversely affect the financial position and cash flow of US Holdco and Regional Energy and would reduce after-tax income available for distribution.

Code section 163(j) imposes an additional limitation on a corporation's U.S. federal income tax deductions for interest paid to related foreign persons exempt from U.S. federal income tax in years in which (i) the debt-to-equity ratio of the United States corporate taxpayer exceeds 1.5 to 1 (based on the tax basis of assets and subject to certain adjustments), and (ii) the corporation's net interest expense (i.e., the excess of interest expense over interest income) exceeds 50% of "adjusted taxable income". Adjusted taxable income is generally defined as the corporation's taxable income before certain deductions, including net interest expense, depreciation, and amortization. For purposes of Code section 163(j), the Commercial Trust may be "related" to US Holdco provided the Commercial Trust owns, directly or by attribution, more than 50% of US Holdco by vote or value.

Code section 163(j) may limit US Holdco's ability to deduct the interest paid on the US Holdco Notes. In addition, there can be no assurance that future changes to U.S. federal income tax provisions will not otherwise restrict or eliminate the ability of US Holdco to claim a deduction for U.S. federal income tax purposes for interest paid on the US Holdco Notes. An additional restriction on, or elimination of, the ability of US Holdco to claim deductions for interest payments could increase US Holdco's U.S. federal income tax liability, which would reduce the amount of the distributions which the Trust would otherwise receive and thereby have an adverse effect on the amount available to pay distributions to Unitholders.

The Trust could be subject to the anti-inversion tax law of the United States.

Generally for U.S. tax purposes, a business entity is treated as foreign if it is created or organized outside the United States. Because the Trust will be created under Canadian law, it should be treated as a Canadian resident. However, under Code section 7874, in certain circumstances a foreign entity may be treated as a U.S. corporation for U.S. tax purposes (also known as "anti-inversion rules"). See "U.S. Federal Income

Taxation of the Trust, Cdn Holdco, US Holdco and the Commercial Trust". This anti-inversion rule may apply if, pursuant to a plan, a foreign entity treated as a corporation (such as the Trust), directly or indirectly acquires "substantially all" of the assets held by a U.S. corporation or partnership and, after the acquisition, at least 80% of the shares or interests of the acquirer are owned by the former shareholders or partners of the acquired U.S. entity or entities. In determining whether the ownership requirement is met, interests in another entity that provide distribution rights that are substantially similar to the distribution rights provided by interests in the acquirer may be counted and interests in the acquirer that are sold in a public offering related to the inversion transaction are not counted. A second anti-inversion rule taxes "inversion gain" of the acquired U.S. corporation or partnership if at least 60% of the shares or interests of the acquirer are owned by the former shareholders or partners of the acquired U.S. entity or entities.

It is not anticipated that the Trust will initially acquire substantially all of the interests of the Company, or that the former shareholders or members of Regional Energy or Public Power will acquire Units of the Trust. However, the Trust is not prohibited from acquiring additional interests in the Company, and if the Trust is later considered to have acquired substantially all of the interests of the Company as part of the same plan as the original acquisition and such shareholders or members acquire Units in the Trust, the anti-inversion rules could apply back to the original acquisition date, retroactively causing the Trust to be treated as a U.S. corporation (or subjecting the acquired U.S. entity or entities to tax on any "inversion gain").

Even if the Trust does not directly or indirectly acquire substantially all of the interests of the Company, the Trust could be treated as a U.S. corporation (or subject the acquired U.S. entity or entities to tax on its "inversion gain") under Code section 7874 if the pre-offering owners of Regional Energy or Public Power are viewed as holding interests in the Company with distribution rights substantially similar in all material respects to the distribution rights provided by the Trust to its Unitholders. As a result, the Trust could be viewed as acquiring substantially all of the interests in the Company and the ownership test could be satisfied. The Trust does not believe that the members of the Company should be viewed as holding interests in the Trust for purposes of Code section 7874 because the Trust does not believe that the relevant distribution rights are substantially similar in all material respects. No assurance can be given, however, that the IRS would not take a contrary position regarding Code section 7874's application or that such position, if asserted, would not be sustained. If the Trust is unsuccessful in resolving any such tax controversy in its favor, the Trust could owe U.S. corporate income tax on its worldwide income and withholding tax on dividends paid to non-U.S. Unitholders (or alternatively, the acquired U.S. entity or entities could owe tax on any "inversion gain"), and associated penalties and interest, which amounts could be significant.

Unitholders may be subject to Canadian income tax with respect to any foreign exchange gain realized on a future repayment of the US Holdco Note.

The US Holdco Note will be denominated in U.S. dollars. Any foreign exchange gain realized by the Commercial Trust upon repayment of the principal amount of the US Holdco Note by US Holdco will generally be deemed to be a capital gain of the Commercial Trust for purposes of the Tax Act. The Commercial Trust intends to distribute or make payable to the Trust, and, in turn, the Trust intends to distribute or make payable to the Unitholders, the taxable portion of any such capital gain in the year it is realized (net of available tax loss carryforwards, if any). A Resident Holder will, in turn, be required to include in income any such net realized taxable capital gain that is paid or payable to the Resident Holder by the Trust in that year. Accordingly, upon the repayment of the principal amount of the US Holdco Note, Unitholders may be subject to Canadian income tax attributable to any such resulting foreign exchange gain realized by the Commercial Trust.

Risk Factors Applicable to Residents of the United States and Other Non-Residents of Canada

Persons not resident in Canada may have difficulty enforcing civil remedies.

The Trust and Cdn Holdco are organized under the laws of Ontario and have their principal place of business in Canada. US Holdco and the Company are organized under the laws of the State of Delaware. The Trustee of the Trust and a majority of the Administrator's and the Trust Subsidiaries' directors and all or a substantial portion of the assets of such persons, as well as all of the assets held directly by the Trust, are located in Canada. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon such directors, officers and representatives of experts who are not residents of the

United States or to enforce against them judgments of the United States courts based upon civil liability under the U.S. federal securities laws or the securities laws of any state within the United States. There is doubt as to the enforceability in Canada against the Trust, the Administrator and Cdn Holdco or against any of their respective directors or officers who are not residents of the United States, in original actions or in actions for enforcement of judgments of United States courts of liabilities based solely upon the U.S. federal securities laws or securities laws of any state within the United States.

The Trust has the authority to impose restrictions on the ownership of Units by, and the issuance or transfer of Units to, non-residents or U.S. residents in certain circumstances.

The Trust intends to comply at all relevant times with the requirements under the Tax Act to qualify as a "mutual fund trust" for purposes of the Tax Act. A mutual fund trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents of Canada (including partnerships owned in whole or in part by non-residents), subject to certain limited exceptions. One of those exceptions applies where, in general terms, substantially all of the mutual fund trust's property is not "taxable Canadian property" (as defined in the Tax Act).

As a result of the Trust's investment restrictions, the Trust is not expected to hold any taxable Canadian property and should therefore not be subject to the Tax Act's non-resident ownership restrictions. However, in the event the Trust acquires any taxable Canadian property so that the non-resident ownership restrictions are potentially engaged, the Trustee has various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Units. See "Description of the Trust — Limitation on Non-Resident Ownership".

The Trust also intends to comply with the requirements under the U.S. Securities Act to qualify as a "foreign private issuer" (as defined in the U.S. Securities Act). Those requirements generally prohibit more than 50% of the outstanding Units from being directly or indirectly owned of record by U.S. residents. The Trustee has various powers that can be used for the purpose of monitoring and controlling the extent of U.S. resident ownership of the Units. See "Description of the Trust — U.S. Resident Restriction".

The above restrictions may limit or prevent Unitholders from selling or otherwise transferring Units to persons who are non-residents or U.S. residents. In certain circumstances, the Administrator may also require non-resident or U.S. resident Unitholders, or holders whom the Administrator believes may be non-residents or U.S. residents, to dispose of all or a portion of their Units. If restrictions on the issuance of Units by the Trust to non-residents or U.S. residents are imposed by the Trust, the ability of the Trust to raise financing for future acquisitions or operations could be negatively affected. In addition, the fact that such restrictions may be implemented in the future may limit the ability of Unitholders to sell their Units at the best price, and could discourage certain categories of investors from purchasing Units in the open market, which could negatively affect the liquidity of the Units and the future market price for Units.

Non-residents of Canada are subject to additional taxation requirements.

Net income of the Trust, other than certain net realized capital gains, distributed to non-residents will be subject to withholding tax under the Tax Act at a 25% rate, subject to reduction under an applicable income tax treaty.

An additional 15% Canadian withholding tax also applies to the return of capital portion of distributions made to non-resident Unitholders for publicly traded trusts whose trust units derive more than 50% of their value from any combination of real property situated in Canada, "Canadian resource property" (as defined in the Tax Act), or "timber resource property" (as defined in the Tax Act). The Trust and its affiliates do not expect to hold any of the properties referred to above, and accordingly, the additional withholding tax should not apply to the Trust and its Unitholders. There can be no assurance that Canadian tax laws or international tax treaties will not be changed in a manner which adversely affects the rate of withholding on distributions of the Trust's capital and/or income.

If the Trust ceases to qualify as a mutual fund trust for purposes of the Tax Act, non-resident Unitholders may be subject to Canadian tax (subject to any treaty relief) on gains realized on a disposition of Units if, at any time in the 60 month period preceding the disposition of the Units, more than 50% of the value of the Units was derived, directly or indirectly, from real or immovable property situated in Canada, Canadian resource property, timber resource property (each as defined in the Tax Act) and/or options and interests in any of the foregoing. The Trust and its affiliates do not expect to hold any of the properties referred to above and, accordingly, non-resident Unitholders should not be subject to Canadian tax on a disposition of Units; however, no assurances can be given in this regard.

Non-resident Unitholders are subject to additional foreign exchange risk.

The Trust's distributions are declared in Canadian dollars and converted to foreign denominated currencies at the spot exchange rate at the time of payment. As a consequence, non-resident Unitholders are subject to foreign exchange risk. To the extent that the Canadian dollar strengthens with respect to their currency, the amount of the distribution will be reduced when converted to their home currency.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management is not aware of any material outstanding, threatened or pending litigation as at the date hereof by or against the Trust, the Commercial Trust, Cdn Holdco, US Holdco, the Company, the Administrator or any direct and indirect subsidiaries of the Trust.

There have not been any penalties or sanctions imposed against the Trust by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Trust, and the Trust has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Ernst & Young LLP, 225 Asylum Street, Hartford, Connecticut, 06103, the auditors of the Trust, Regional Energy and Public Power, have advised that they are independent within the meaning of the Rules of the American Institute of Certified Public Accountants (the "**AICPA**").

The transfer agent and registrar for the Units is Computershare, at its principal offices in Toronto, Ontario and Calgary, Alberta where transfers of securities may be recorded.

EXPERTS

Certain legal matters relating to the Offering under Canadian law will be passed upon by Bennett Jones LLP on behalf of the Trust. Certain tax matters relating to the Offering under U.S. law will be passed upon by KPMG LLP and certain legal matters relating to the Offering under U.S. law will be passed upon by Haynes and Boone, LLP on behalf of the Trust. Certain matters relating to the Offering under Canadian and U.S. law will be passed upon by Torys LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of each of Bennett Jones LLP, Torys LLP, KPMG LLP and Haynes and Boone, LLP, as respective groups, do not beneficially own, directly or indirectly, any of the outstanding Units, and such groups respectively each own less than 1% of the outstanding securities of any associate or affiliate of the Trust.

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this prospectus as having prepared or certified a part of this prospectus, or a report, valuation, statement or opinion described in this prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Trust or any associate or affiliate of the Trust.

Ernst & Young LLP has advised they are independent with respect to the Trust, Regional Energy and Public Power within the meaning of the Rules of the AICPA.

MATERIAL CONTRACTS

Copies of the following documents, once executed, will be available for inspection during normal business hours at the Administrator's principal head and registered office located at Suite 3400, 1 First Canadian Place, P.O. Box 130, Toronto, Ontario M5X 1A4 during the period of distribution, or at any time after closing of the Offering on SEDAR at www.sedar.com under the Trust's profile.

1. Trust Indenture. See "Description of the Trust".
2. Administration Agreement. See "Administration Agreement".
3. The US Holdco Note. See "Description of US Holdco — The US Holdco Note".
4. Voting Agreement. See "Voting Agreement".
5. Underwriting Agreement. See "Plan of Distribution".
6. Purchase Agreement. See "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Purchase Agreement".
7. Company LLC Agreement. See "Funding and Acquisition of the Company Interest — The Company LLC Agreement".
8. Governance Agreement. See "Funding and Acquisition of the Company Interest — Governance Agreement".
9. Retained Security Option Agreement. See "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement".
10. Exchange Agreement. See "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement".
11. Base Confirmation Agreement. See "Our Business — Principal Agreement with Macquarie Energy".

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

GLOSSARY

In this prospectus, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

"**ACP**" has the meaning set out under the heading "Our Business — Risk Management — Renewable Energy Certificates";

"**Act of the Members**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Matters Requiring Approval by an Act of the Members";

"**Additional Company Interest**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of the Company Interest — Purchase Agreement";

"**Additional Public Power Member Indemnity**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Additional Regional Energy Member Indemnity**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Adjusted EBITDA**" means EBITDA adjusted to exclude any change in the fair value of derivative instruments;

"**adjusted taxable income**" means "adjustable taxable income" as defined in the Tax Act;

"**Administration Agreement**" means the administration services agreement dated September 7, 2012, between the Trustee and the Administrator, pursuant to which the Administrator has agreed to provide administrative services to the Trust and pursuant to which the Administrator has been delegated certain duties in connection with the governance of the Trust;

"**Administrative Services**" means the services the Administrator will provide to the Trust pursuant to the Administration Agreement;

"**Administrator**" means Crius Energy Administrator Inc., or such other party as may be appointed as administrator of the Trust from time to time pursuant to the Administration Agreement;

"**Administrator Directors**" means the directors of the Administrator from time to time, and "**Administrator Director**" means any one of them;

"**Administrator Indemnitees**" has the meaning set out under the heading "Administration Agreement — Reliance, Limitation of Liability and Indemnification";

"**Administrator Service Providers**" has the meaning set out under the heading "Administration Agreement — Reliance, Limitation of Liability and Indemnification";

"**Administrator Shareholder**" means 664848 N.B. Inc.;

"**affiliate**" or "**associate**" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**AICPA**" has the meaning set out under the heading "Auditors, Transfer Agent and Registrar";

"**allowable capital loss**" has the meaning set out under "Principal Canadian Federal Income Tax Considerations — Taxation of Resident Holders — Disposition of Units";

"**Base Confirmation Agreement**" has the meaning set out under "Our Business — Principal Agreement with Macquarie Energy";

"**Beneficial Owner**" has the meaning set out under the heading "Description of the Trust — Book Entry Only System";

“**Beneficiary**” means a Unitholder, beneficial owner of Units, holder of Other Trust Securities or “annuitant” (as defined in the Trust Indenture);

“**Bid Units**” has the meaning set out under the heading “Description of the Trust — Take-over Bids”;

“**Board**” means all of the Administrator Directors;

“**business day**” means a day other than a Saturday, Sunday or a day on which the principal chartered banks located at Toronto, Ontario are not open for business;

“**Buyer Group**” has the meaning set out under the heading “Our Business — Principal Agreement with Macquarie Energy”;

“**Cdn Holdco**” means Crius Energy Holdings Inc., a corporation to be formed pursuant to the OBCA and a wholly-owned subsidiary of the Trust;

“**Cdn Holdco Shares**” means the common shares in the capital of Cdn Holdco;

“**CDS**” means CDS Clearing and Depository Services Inc. or its nominee;

“**CDS Participants**” has the meaning set out under the heading “Description of the Trust — Book-Entry-Only System”;

“**Change of Control Purchase Price**” has the meaning set out under the heading “Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units Upon Trust Change of Control”;

“**Charter**” has the meaning set out under the heading “Corporate Governance — Charter”;

“**Cincinnati Bell**” means Cincinnati Bell Inc.;

“**CIS**” has the meaning set out under the heading “Our Business — Information Technology and Software — Energy Operations”;

“**Claims**” has the meaning set out under the heading “Administration Agreement — Reliance, Limitation of Liability and Indemnification”;

“**Closing Date**” has the meaning set out on the cover page and is the date the closing of the Offering is expected to occur;

“**Code**” has the meaning set out under the heading “Restricted Trust Unit Plan”;

“**Collateral**” has the meaning set out under the heading “Our Business — Principal Agreement with Macquarie Energy — Letters of Credit — Security Interest Given Under Base Confirmation Agreement”;

“**Combination**” has the meaning set out under the heading “Notice to Investors”;

“**commercial platform**” has the meaning set out under the heading “Prospectus Summary — Crius Energy, LLC — Business Strengths — Diversified Sales and Marketing Platform”;

“**Commercial Trust**” means Crius Energy Commercial Trust, a trust formed pursuant to the laws of the Province of Ontario and a wholly-owned associate of the Trust;

“**Commercial Trust Indenture**” means the trust indenture to be entered into prior to closing of the Offering between the Administrator and the Trust establishing the Commercial Trust;

“**Commercial Trust Units**” means the trust units of the Commercial Trust, each such trust unit representing an equal undivided beneficial interest in the Commercial Trust;

“**Company**” has the meaning set out on the cover page;

“**Company Change of Control**” has the meaning set out under the heading “Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units in Connection with Company Change of Control”;

"**Company Distributable Cash**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Distributions";

"**Company Interest**" has the meaning set out on the cover page;

"**Company Interest Acquisition**" means the acquisition of the Company Interest by US Holdco pursuant to the Purchase Agreement immediately following the closing of the Offering;

"**Company LLC Agreement**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement";

"**Computershare**" means Computershare Trust Company of Canada;

"**conduit financing arrangement**" has the meaning set out under the heading "Federal Income Taxation of the Trust, Cdn Holdco, US Holdco and the Commercial Trust — U.S. Federal Income Taxation of the Commercial Trust — Conduit Financing Rules";

"**Crius Group**" means, collectively, the Administrator, the Trust, the Trust Subsidiaries, the Company, and the Company's direct and indirect subsidiaries, including Regional Energy and Public Power;

"**D&O Options**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Deductible Amount**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Delaware Act**" means the *Delaware Limited Liability Company Act*, 6 Del. C. Section 18-101, et seq., as amended, supplemented or restated from time to time;

"**DGCL**" means Delaware General Corporation Law;

"**Dodd-Frank Act**" means the *Dodd-Frank Wall Street Reform and Consumer Protection Act*;

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization;

"**ECI**" has the meaning set out under the heading "Our Business — Information Technology and Software — Energy Operations";

"**EDI**" has the meaning set out under the heading "Our Business — Information Technology and Software — Energy Operations";

"**Emera**" has the meaning set out under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Public Power — Results of Operations — Three and Six Months Ending June 30, 2012 Compared to Three and Six Months Ending June 30, 2011 — Finance Costs";

"**energy**" has the meaning set out under the heading "Notice to Investors";

"**Energy Retailer**" means retail energy provider;

"**ESG**" means Energy Services Group Inc.;

"**Excess Cash**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units from Excess Cash";

"**excess interest expense**" "U.S. Federal Income Taxation of the Trust, Cdn Holdco, US Holdco and the Commercial Trust — U.S. Federal Income Taxation of US Holdco — Interest Deductions";

"**Exchange Agreement**" means the exchange agreement dated September 18, 2012 between, among others, the Company and the former owners of all of the outstanding shares of Regional Energy and all of the outstanding membership interests in Public Power providing for the acquisition by the Company of shares of Regional Energy and membership interests in Public Power in consideration for membership interests in the Company;

"**Excluded Services**" has the meaning set out under the heading "Administration Agreement";

"**Experts**" has the meaning set out under the heading "Administration Agreement — Reliance, Limitation of Liability and Indemnification";

"**FairPoint**" means FairPoint Communications, Inc.;

"**FAPI**" means "foreign accrual property income" as defined in the Tax Act;

"**FERC**" means the United States Federal Energy Regulatory Commission;

"**First Niagara**" has the meaning set out under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Public Power — Results of Operations — Three and Six Months Ending June 30, 2012 Compared to Three and Six Months Ending June 30, 2011 — Finance Costs";

"**foreign affiliate**" means "foreign affiliate" as defined in the Tax Act;

"**Forward-Looking Statements**" means forward-looking statements and forward-looking information, collectively;

"**Frontier**" means Frontier Communications Corporation;

"**Governance Agreement**" means the governance agreement dated September 18, 2012 between the Company, Regional Energy, Public Power, the Regional Energy Members and the Public Power Members relating to the Company;

"**Grant Date**" has the meaning set out under the heading "Restricted Trust Unit Plan";

"**Gries Fund**" means Gries Investment Fund I, LLC;

"**Guaranty Agreement**" has the meaning set out under the heading "Description of US Holdco — The US Holdco Note — Subordination/Security";

"**IAS**" means International Accounting Standards;

"**IASB**" means the International Accounting Standards Board;

"**IFRS**" means International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board;

"**IRS**" has the meaning set out under the heading "Prospectus Summary — The Offering";

"**ISO**" means independent system operator;

"**KEMA**" has the meaning set out under the heading "Market and Industry Data";

"**Knowledgeable Person**" has the meaning set out under the heading "Administration Agreement — Reliance, Limitation of Liability and Indemnification";

"**LDCs**" has the meaning set out under the heading "Prospectus Summary — Industry Overview — Retail Energy Market Overview";

"**Lead Underwriters**" has the meaning set out on the cover page;

"**LIBOR**" means London Interbank Offered Rate;

"**Liquidity Offer Purchase Price**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units from Excess Cash";

"**LNG**" means liquefied natural gas;

"**Loan Agreement**" has the meaning set out under the heading "Description of US Holdco — The US Holdco Note";

"**Lockbox Accounts**" has the meaning set out under the heading "Our Business — Principal Agreement with Macquarie Energy — Pricing and Payment — Lockbox Account";

"**Locked-up Parties**" means, collectively, GF Power I, LLC, GF Factoring, LP, Chardan Capital Markets, LLC, Laurence Partners LLC, Monsey Equities LLC, JMEG Holdings LLC, Michael Fallquist, Roop Bhullar and Jan Fox that have entered into Lock-up Agreements;

"**Lock-up Agreements**" means the lock-up agreements to be entered into on the closing of the Offering between each the Locked-up Parties and Scotia Capital Inc., RBC Dominion Securities Inc. and UBS Securities Canada Inc., on behalf of the Underwriters;

"**LTM**" means last twelve months to June 30, 2012;

"**Macquarie Energy**" means Macquarie Energy LLC;

"**management**" has the meaning set out under the heading "Notice to Investors";

"**MBR**" means market-based rates;

"**Membership Unit**" means an equity security of the Company representing a fractional part of the ownership interests of all members in the Company;

"**Mmbtu**" means one million British Thermal Units;

"**Montage Credit Facility**" has the meaning set out under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Regional Energy — Results of Operations — Year Ending December 31, 2011 Compared to Year Ending December 31, 2010 — Finance Costs";

"**MTM Valuation**" has the meaning set out under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Regional Energy — Critical Accounting Estimates — Fair Value of Derivative Instruments";

"**mutual fund trust**" has the meaning set out on the cover page;

"**MWh**" means megawatt hour;

"**NEOs**" or "Named Executive Officers" has the meaning set out under the heading "Executive Compensation";

"**NERC**" means North American Electricity Reliability Corporation;

"**NI 51-102**" has the meaning set out under the heading "Plan of Distribution";

"**NI 52-109**" has the meaning set out under the heading "Risk Factors — Risks Relating to the Operations of the Company";

"**NI 52-110**" has the meaning set out under the heading "Corporate Governance — The Board";

"**NP 41-201**" has the meaning set out under the heading "Plan of Distribution";

"**non-portfolio property**" means "non-portfolio property" as defined in the Tax Act;

"**Non-Tendered Membership Units**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units from Excess Cash";

"**NYMEX**" has the meaning set out under the heading "Industry Overview — Retail Energy Systems — Energy Procurement and Billing — Utility Service and Procurement Process";

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations thereunder;

"**Offering**" has the meaning set out on the cover page;

"**Operating Account**" has the meaning set out under the heading "Our Business — Principal Agreement with Macquarie Energy — Pricing and Payment — Lockbox Accounts";

"**Operating Companies**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement — General";

"**Order**" has the meaning set out under the heading "Trustee, Directors and Management — Bankruptcies, Cease Trade Orders, Penalties or Sanctions — Cease Trade Orders";

"**Ordinary Resolution**" means a resolution passed by more than 50% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy at a meeting of Unitholders at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing, in one or more counterparts, by holders of more than 50% of the votes represented by those Units entitled to be voted on such resolution, provided that such written resolution is not a unanimous written resolution of the Unitholders;

"**OTC**" means over-the-counter;

"**Other Trust Securities**" means any type of securities of the Trust, other than Units, including notes, options, rights, warrants or other securities convertible into or exercisable for Units or other securities of the Trust (including convertible debt securities, subscription receipts and instalment receipts);

"**Over-Allotment Option**" means the option granted by the Trust to the Underwriters exercisable in whole or in part, from time to time, for a period of 30 days from closing of the Offering, to purchase up to 1,500,000 additional Units from the Trust on the same terms as the Units sold under the Offering, to cover over-allotments, if any;

"**Participants**" has the meaning set out under the heading "Restricted Trust Unit Plan";

"**Permitted Distribution**" has the meaning set out under the heading "Our Business — Principal Agreement with Macquarie Energy — Notable Representations and Covenants — Distributions";

"**person**" means and includes individuals, companies, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, trusts, banks, trust companies, pension funds, and other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof;

"**POR**" has the meaning set out under the heading "Prospectus Summary — Crius Energy, LLC — Business Strengths — Prudent Risk Management Culture";

"**portfolio investment entity**" means "portfolio investment entity" as defined in the Tax Act;

"**price to compare**" has the meaning set out under the heading "Industry Overview — Retail Energy Systems — Energy Procurement and Billing — Utility Service and Procurement Process";

"**Proposed Amendments**" has the meaning set out under the heading "Principal Canadian Federal Income Tax Considerations";

"**Proposed Price**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Governance Agreement — Transfer Restrictions";

"**Public Power**" means Public Power, LLC;

"**Public Power Indemnitor**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Public Power Member Indemnity**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Public Power Members**" means the owners of membership interests in Public Power who acquired Membership Units in the Company pursuant to the Exchange Agreement;

"**Public Power & Utility**" means Public Power & Utility, Inc.;

"**PUCs**" has the meaning set out under the heading "Prospectus Summary — Industry Overview — Retail Energy Market Overview";

"**PUR**" means a phantom unit right of the Trust, granted in accordance with the PURP;

"**Purchase Agreement**" has the meaning set out on the cover page;

"**PURP**" means the phantom unit rights plan of the Company, as may be adopted by the Company prior to the completion of the Offering;

"**RCE**" has the meaning set out under the heading "Notice to Investors";

"**RECs**" means renewable energy certificates;

"**Redemption Date**" has the meaning set out under the heading "Description of the Trust — Redemption at the Option of Unitholders";

"**Redemption Notes**" means subordinated unsecured promissory notes of the Trust that may be issued by the Trust in accordance with the Trust Indenture on a redemption of Units;

"**Redemption Price**" means the redemption price applicable to any redemption of Units by Unitholders as further described under "Description of the Trust — Redemption at the Option of Unitholders";

"**Regional Energy**" means Regional Energy Holdings, Inc.;

"**Regional Energy Indemnitor**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Regional Energy Indemnity**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Regional Energy Members**" means the officers and owners of securities of Regional Energy who acquired Membership Units in the Company pursuant to the Exchange Agreement;

"**Regional Energy Notes**" means the loan to be made by the Company, following the closing of the Offering, to a wholly-owned subsidiary of the Company prior to the merger of the subsidiary with Regional Energy;

"**Registered Plans**" means, collectively, registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts, all as defined in the Tax Act;

"**Regulation S**" has the meaning set out on the cover page;

"**ResCom**" means ResCom Energy, LLC;

"**ResCom Acquisition**" has the meaning set out under the heading "Prospectus Summary — Crius Energy, LLC — Opportunities for Growth";

"**Resident Holder**" has the meaning set out under the heading "Principal Canadian Federal Income Tax Considerations";

"**Retained Public Power Interest**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Retained Regional Energy Securities**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**Retained Security Option Agreement**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — Acquisition of Company Interest — Exchange Agreement and Retained Security Option Agreement";

"**RFP**" means request for proposal;

"**Risk Management Policy**" has the meaning set out under the heading "Prospectus Summary — Crius Energy, LLC — Business Strengths — Prudent Risk Management Culture";

"**RRIF**" means "registered retirement income fund" as defined in the Tax Act;

"**RRSP**" means "registered retirement savings plan" as defined in the Tax Act;

"**RTO**" means regional transmission organization;

"**RTU**" means a restricted trust unit of the Trust;

"**RTU Entitlement Date**" has the meaning set out under the heading "Restricted Trust Unit Plan";

"**RTUP**" means the Restricted Trust Unit Plan of the Trust;

"**RTUP Administrator**" has the meaning set out under the heading "Restricted Trust Unit Plan";

"**SCO**" has the meaning set out under the heading "Industry Overview — Retail Energy Systems — Energy Procurement and Billing — Utility Service and Procurement Process";

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**SIFT Rules**" means the provisions of the Tax Act that apply to a SIFT trust;

"**SIFT trust**" means a "specified investment flow-through trust" as defined in subsection 122.1(1) of the Tax Act;

"**Sleeved Transaction**" has the meaning set out under the heading "Our Business — Principal Agreement with Macquarie Energy";

"**Specified Markets**" has the meaning set out under the heading "Our Business — Principal Agreement with Macquarie Energy — Notable Representations and Covenants — Business Operation in Specified Markets";

"**Special Resolution**" means a resolution passed by more than 66⅔% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing, in one or more counterparts, by holders of more than 66⅔% of the votes represented by those Units entitled to be voted on such resolution, provided that such written resolution is not a unanimous written resolution of the Unitholders;

"**Subordination Agreement**" has the meaning set out under the heading "Description of US Holdco — The US Holdco Note — Subordination/Security";

"**Subsidiary Guarantors**" has the meaning set out under the heading "Description of US Holdco — The US Holdco Note — Subordination/Security";

"**Supplier Agreement**" has the meaning set out under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Regional Energy — Results of Operations — Three and Six Months Ending June 30, 2012 Compared to Three and Six Months Ending June 30, 2011 — Finance Costs";

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time;

"**taxable capital gain**" has the meaning set out under the heading "Principal Canadian Federal Income Tax Considerations — Taxation of Resident Holders — Disposition of Units";

"**Taxation Certification**" has the meaning set out under the heading "U.S. Federal Income Taxation of the Trust, Cdn Holdco, US Holdco and the Commercial trust — U.S. Federal Income Taxation of the Commercial Trust — Conduit Financing Rules";

"**TFSA**" means a tax-free savings account as defined in the Tax Act;

"**Third Party Hedge**" has the meaning set out under the heading "Our Business — Principal Agreement with Macquarie Energy";

"**Toll Charge**" has the meaning set out under the heading "U.S. Federal Income Taxation of the Trust, Cdn Holdco, US Holdco and the Commercial Trust — U.S. Federal Income Taxation of the Trust";

"**Transition Service Agreement**" has the meaning set out under the heading "Executive Compensation";

"**Treaty**" has the meaning set out under the heading "U.S. Federal Income Taxation of the Trust, Cdn Holdco, US Holdco and the Commercial Trust — Circular 230";

"**Trust**" has the meaning set out on the cover page;

"**Trust Change of Control**" has the meaning set out under the heading "Funding and Acquisition of the Company Interest — The Company LLC Agreement — Offer to Purchase Membership Units Upon Trust Change of Control";

"**Trust Claims**" has the meaning set out under the heading "Administration Agreement — Reliance, Limitation of Liability and Indemnification";

"**Trust Indemnitees**" has the meaning set out under the heading "Administration Agreement — Reliance, Limitation of Liability and Indemnification";

"**Trust Indenture**" means the trust indenture made September 7, 2012 between the Trustee and the Administrator establishing the Trust;

"**Trust Property**" means, at any time, all of the money, properties and other assets of any nature or kind whatsoever as are, at such time, held by the Trust or by the Trustee or its delegate on behalf of the Trust;

"**Trust Subsidiaries**" means, collectively, Cdn Holdco, US Holdco and the Commercial Trust, and "Trust Subsidiary" means any one of them;

"**Trustee**" means the trustee of the Trust, initially being Computershare;

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

"**Underwriters**" has the meaning set out on the cover page;

"**Underwriting Agreement**" means the underwriting agreement dated November 2, 2012 among the Trust, the Administrator, the Trust Subsidiaries, the Company, Regional Energy, Public Power and the Underwriters, as further described under "Plan of Distribution";

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**Unitholder**" means a registered holder of Units;

"**Units**" means the trust units of the Trust, each such trust unit representing an equal undivided beneficial interest in the Trust;

"**U.S. EIA**" has the meaning set out under the heading "Market and Industry Data";

"**US Holdco**" has the meaning set out on the cover page;

"**US Holdco Note**" means the subordinated promissory note to be issued by US Holdco to Cdn Holdco pursuant to the Loan Agreement immediately following the closing of the Offering, which will be distributed by Cdn Holdco to the Trust and contributed by the Trust to the Commercial Trust;

"**US Holdco Shares**" means shares in the common stock of US Holdco;

"**U.S. Participants**" has the meaning set out under the heading "Executive Compensation — Compensation Discussion and Analysis — Components of Compensation — Long-Term Compensation Plan";

"**U.S. Securities Act**" has the meaning set out on the cover page;

"**Voting Agreement**" means the voting agreement dated September 7, 2012 among the Administrator Shareholder, the Trustee and the Administrator;

"**win back program**" has the meaning set out under the heading "Prospectus Summary — Crius Energy, LLC — Business Strengths — Diversified Sales and Marketing Program"; and

"**Working Capital Facility**" has the meaning set out under the heading "Our Business — Principal Agreement with Macquarie Energy — Working Capital Facility".

APPENDIX A

CRIUS ENERGY ADMINISTRATOR INC.

AUDIT AND RISK COMMITTEE CHARTER

1. GENERAL

Crius Energy Administrator Inc. (the "**Administrator**") is the administrator of Crius Energy Trust (the "**Trust**") and as such, the board of directors of the Administrator (the "**Board**") is responsible for the stewardship of the affairs of the Trust and the Trust's direct and indirect subsidiary entities (collectively, with the Administrator and the Trust, the "**Crius Group**"), for the benefit of the unitholders of the Trust (the "**Unitholders**"). The Board has established an Audit Committee (the "**Committee**"), composed entirely of independent directors, the primary role of which is to assist the Board in fulfilling its oversight responsibilities for the Crius Group's internal controls, financial reporting and risk management processes. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board, including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

2. COMPOSITION OF THE COMMITTEE

A. The Committee shall consist of at least three (3) directors of the Administrator. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Governance, Nomination & Compensation Committee in identifying qualified candidates. The Board shall appoint one member of the Committee to be the chair of the Committee (the "**Chair**").

B. Each director appointed to the Committee by the Board shall be "independent" as contemplated in National Instrument 58-101 — *Disclosure of Corporate Governance Practices*. An independent director is a director of the Administrator who is independent of management of the Crius Group and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director's ability to act with a view to the best interests of the Trust, other than interests and relationships arising from the Securityholdings. In determining whether a director of the Administrator is independent of management of the Crius Group, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.

C. Each member of the Committee shall be "financially literate". In order to be financially literate, a director of the Administrator must be, at a minimum, able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

D. A director of the Administrator appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

3. MEETINGS OF THE COMMITTEE

A. The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or a senior officer of the Administrator. Meetings of the Committee shall also correspond with the review of the quarterly financial statements and management's discussion and analysis.

B. Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.

C. Notice of a meeting of the Committee shall:

(i) be in writing;

(ii) state the nature of the business to be transacted at the meeting in reasonable detail;

(iii) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and

(iv) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.

D. A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee. However, it shall be the practice of the Committee to require review, and, if necessary, approval of certain important matters by all members of the Committee.

E. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

F. In the absence of the Chair, the members of the Committee shall choose one of the members present to be chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.

G. The chairman of the Board, senior management of the Crius Group and other parties may attend meetings of the Committee; however, the Committee (i) shall meet with the external auditors independent of management, as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.

H. Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting.

4. COMMITTEE RESPONSIBILITIES

The Committee's primary responsibilities are to:

A. identify and monitor the management of the principal risks that could impact the financial reporting of the Crius Group;

B. monitor the integrity of the Crius Group's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

C. monitor the independence and performance of the Crius Group's external auditors;

D. deal directly with the external auditors to approve external audit plans, other services (if any) and fees;

E. directly oversee the external audit process and results;

F. provide an avenue of communication among the external auditors, management and the Board; and

G. ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.

5. DUTIES

A. The Committee shall:

i. review the audit plan with the Crius Group's external auditors and with management;

ii. discuss with management of the Crius Group and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;

iii. review with management of the Crius Group and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;

iv. review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management of the Crius Group or significant accounting issues on which there was a disagreement with management;

v. review with senior management of the Crius Group the process of identifying, monitoring and reporting the principal risks affecting financial reporting;

vi. review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of the Crius Group of all significant variances between comparative reporting periods;

vii. consider and review with management of the Crius Group, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Crius Group and subsequent follow-up to any identified weaknesses;

viii. review with financial management and the external auditors the quarterly unaudited financial statements and management's discussion and analysis before release to the public;

ix. before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management's discussion and analysis and press releases containing financial information;

x. oversee any of the financial affairs of the Crius Group, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management;

xi. evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditors or the discharge of the external auditors when circumstances are warranted;

xii. consider the recommendations of management in respect of the appointment of the external auditors;

xiii. pre-approve all non-audit services to be provided to the Crius Group by its external auditors, or the external auditors of the Crius Group;

xiv. approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and consider the potential impact of such services on the independence of the external auditors;

xv. when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 — *Continuous Disclosure Obligations* (or any successor instrument) of the Canadian Securities Administrators and the planned steps for an orderly transition period;

xvi. establish and maintain procedures for:

    i. the receipt, retention and treatment of complaints received by the Crius Group regarding accounting controls, or auditing matters; and

    ii. the confidential, anonymous submission by employees of the Crius Group of concerns regarding questionable accounting or auditing matters;

xvii. review and approve the Crius Group hiring policies regarding employees and former employees of the present and former external auditors or auditing matters;

xviii. review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors;

xix. review with management at least annually, the financing strategy and plans of the Crius Group; and

xx. review all securities offering documents (including documents incorporated therein by reference) of the Trust.

B. The Committee has the authority to:

i. inspect any and all of the books and records of the Crius Group (to the extent necessary);

ii. discuss with the management and senior staff of the Crius Group, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;

iii. engage independent counsel and other advisors as it determines necessary to carry out its duties;

iv. to set and pay the compensation for any advisors employed by the Committee; and

v. at any meeting, request the presence of the auditor, a member of senior management or any other person who could contribute to the subject of the meeting.

C. The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

6. CHAIR OF THE COMMITTEE

The Board will appoint one member who is qualified for such purpose to be Chair, to serve until the next annual election of directors of the Administrator or otherwise until his or her successor is duly appointed. If, following the election of directors of the Administrator, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

7. REMOVAL AND VACANCIES

Any member of the Committee may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as he or she resigns or ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board on the recommendation of the Committee. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

8. ASSESSMENT

At least annually, the Committee will assess its effectiveness in fulfilling its responsibilities and duties as set out in this Mandate and in a manner consistent with the Board mandate to be adopted by the Board.

9. REVIEW AND DISCLOSURE

The Committee will review this Mandate at least annually and submit it to the Board for approval with such further proposed amendments as it deems necessary and appropriate.

10. ACCESS TO OUTSIDE ADVISORS

The Committee may retain any outside advisor, including an executive search firm, at the expense of the Administrator at any time and has the authority to determine any such advisor's fees and other retention terms. The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Crius Group which it deems relevant to the performance of its duties.

APPENDIX B

CRIUS ENERGY ADMINISTRATOR INC.

BOARD CHARTER

To each of the directors of Crius Energy Administrator Inc. (the "**Administrator**").

1. GENERAL

The Administrator is the administrator of Crius Energy Trust (the "**Trust**") and as such, the board of directors of the Administrator (the "**Board**") is responsible for the stewardship of the affairs of the Trust and the Trust's direct and indirect subsidiary entities (collectively, with the Administrator and the Trust, the "**Crius Group**"), for the benefit of the unitholders of the Trust (the "**Unitholders**"). The fundamental responsibility of the Board is to supervise the management of the business and affairs of the Crius Group.

The Board has adopted this Charter, which reflects the Crius Group's commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Crius Group.

The Board believes that sound corporate governance practices are essential to the well-being of the Crius Group and the promotion and protection of its unitholders' interests. The Board oversees the functioning of the Crius Group's governance system, in part through the work of the Governance, Nomination & Compensation Committee.

The Board promotes fair reporting, including financial reporting, to unitholders of the Trust and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that the Crius Group is best served by a board of directors that functions independently of management and is informed and engaged.

The Governance, Nomination & Compensation Committee will review this mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate in light of the Crius Group's needs and legal and regulatory developments.

2. COMPOSITION AND OPERATION OF THE BOARD

The Board will consist of a minimum of three (3) members up to the stipulated maximum number of members as prescribed in the Administrator's articles. A majority of the members of the Board shall be residents of Canada. In addition, a majority of the members of the Board shall be "independent" as contemplated in National Instrument 58-101 — *Disclosure of Corporate Governance Practices*. An independent director is a director of the Administrator who is independent of management of the Crius Group and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director's ability to act with a view to the best interests of the Trust, other than interests and relationships arising from securityholdings. In determining whether a director of the Administrator is independent of management of the Crius Group, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its chairman, nominating candidates for election to the board, constituting committees of the full Board and determining compensation for the directors. Subject to the articles and by-Laws of the Administrator and the *Business Corporations Act* (Ontario) ("**OBCA**"), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

3. RESPONSIBILITIES

The Board's fundamental objectives are to enhance and preserve long-term unitholder value, to ensure the Crius Group meets its obligations on an ongoing basis and that the Crius Group operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders such as employees, customers and communities may have in the Crius Group. In broad terms, the stewardship of the Crius Group involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

4. DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories.

4.1 Legal Requirements

A. The Board has the oversight responsibility for meeting the Crius Group's legal requirements and for properly preparing, approving and maintaining the Crius Group's documents and records.

B. The Board has the statutory responsibility to:

   i. manage the business and affairs of the Trust;

   ii. act honestly and in good faith with a view to the best interests of the Trust;

   iii. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and

   iv. act in accordance with its obligations contained in the OBCA and the regulations thereto, the trust indenture of the Trust, the articles and by-laws of the Administrator, securities laws and regulations, and other relevant legislation and regulations.

C. The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:

   i. any submission to the Unitholders of a question or matter requiring the approval of the Unitholders;

   ii. the filling of a vacancy among the directors;

   iii. the issuance of securities;

   iv. the declaration of distributions;

   v. the purchase, redemption or any other form of acquisition of units issued by the Trust;

   vi. the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase units of the Trust from the Trust or from any other person, or procuring or agreeing to procure purchasers for any such units;

   vii. the approval of management proxy circulars; and

   viii. the approval of any take-over bid circular or directors' circular.

4.2 Independence

The Board shall have the responsibility to:

A. implement appropriate structures and procedures to permit the Board to function independently of management;

B. implement a system which enables an individual director to engage an outside advisor at the reasonable expense of the Administrator in appropriate circumstances; and

C. provide an orientation and education program for newly appointed members of the Board.

4.3 Strategy Determination

The Board shall:

A. adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business; and

B. annually review operating and financial performance results relative to established strategy, budgets and objectives.

4.4 Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Crius Group is engaged, to achieve a proper balance between risks incurred and the potential return to Unitholders, and to confirm that systems are in place to effectively monitor and manage those risks with a view to the long-term viability of the Crius Group.

4.5 Appointment, Training and Monitoring of Senior Management

The Board shall:

A. appoint the Chief Executive officer ("**CEO**") and such other senior officers as it determines to be appropriate;

B. approve (upon recommendations from the Governance, Nomination & Compensation Committee) the compensation of the CEO and other senior officers;

C. monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing Unitholder value;

D. ensure that a process is established that adequately provides for succession planning, including the appointment, training and monitoring of the CEO and other senior officers; and

E. establish limits of authority delegated to management of the Crius Group.

4.6 Reporting and Communication

The Board has the responsibility to:

A. verify that the Crius Group has in place policies and programs to enable the Trust to communicate effectively with its Unitholders, other stakeholders and the public generally;

B. verify that the financial performance of the Trust is reported to Unitholders, other security holders and regulators on a timely and regular basis;

C. verify that the financial results are reported fairly and in accordance with generally accepted accounting standards (including International Financial Reporting Standards as applicable);

D. verify the timely reporting of any other developments that have a significant and material impact on the value of the Trust; and

E. report annually to Unitholders on its stewardship of the affairs of the Crius Group for the preceding year.

4.7 Monitoring and Acting

The Board has the responsibility to:

A. review and approve the Trust's financial statements and oversee the Crius Group's compliance with applicable audit, accounting and reporting requirements;

B. verify that the Crius Group operates at all times within applicable laws and regulations to the highest ethical and moral standards;

C. approve and monitor compliance with significant policies and procedures by which the Crius Group is operated;

D. recommend to Unitholders the appointment of the Trust's external auditor, pursuant to the recommendation of the Audit & Risk Committee, and set the external auditor's compensation.

E. monitor the Crius Group's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;

F. take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant; and

G. verify that the Crius Group has implemented adequate internal controls and information systems which ensure the effective discharge of its responsibilities.

4.8 Other Activities

The Board may exercise or delegate any other powers consistent with this mandate, the trust indenture of the Trust, the Administrator's articles and by-laws, the OBCA and any other governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. The Board may perform any other activities consistent with this mandate, the trust indenture of the Trust, the by-laws of the Administrator, the OBCA and any other governing laws as the Board determines necessary or appropriate.

INDEX TO FINANCIAL STATEMENTS

	Page
Auditors' Consent — Crius Energy Trust	F-2
Auditors' Consent — Regional Energy Holdings, Inc.	F-3
Auditors' Consent — Public Power, LLC	F-4
Audited Financial Statements of Crius Energy Trust	**F-5**
Independent Auditors' Report	F-6
Statement of Financial Position as at the date of formation on September 7, 2012	F-7
Notes to Statement of Financial Position	F-8
***Pro Forma* Consolidated Financial Statements of Crius Energy Trust**	**F-9**
Pro Forma Consolidated Statement of Financial Position as at June 30, 2012	F-10
Pro Forma Consolidated Statement of Comprehensive Income for the six months ended June 30, 2012	F-11
Pro Forma Consolidated Statement of Comprehensive Income for the year ended December 31, 2011	F-12
Notes to the *Pro Forma* Consolidated Financial Statements	F-13
Audited Consolidated Financial Statements of Regional Energy Holdings, Inc.	**F-17**
Independent Auditors' Report	F-18
Consolidated Statements of Financial Position as at December 31, 2011 and 2010	F-19
Consolidated Statements of Comprehensive Income (Loss) for the years ending December 31, 2011 and 2010 and the period from March 17, 2009 (inception) to December 31, 2009	F-20
Consolidated Statements of Changes in Equity for the years ending December 31, 2011 and 2010 and the period from March 17, 2009 (inception) to December 31, 2009	F-21
Consolidated Statements of Cash Flows for the years ending December 31, 2011 and 2010 and the period from March 17, 2009 (inception) to December 31, 2009	F-22
Notes to the Consolidated Financial Statements	F-23
Interim Condensed Consolidated Financial Statements of Regional Energy Holdings, Inc.	**F-44**
Interim Condensed Consolidated Statements of Financial Position as at June 30, 2012 and December 31, 2011	F-45
Interim Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2012 and 2011	F-46
Interim Condensed Consolidated Statements of Changes in Equity for the six months ended June 30, 2012 and 2011	F-47
Interim Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2012 and 2011	F-48
Notes to the Interim Condensed Consolidated Financial Statements	F-49
Audited Financial Statements of Public Power, LLC	**F-60**
Independent Auditors' Report	F-61
Consolidated Statements of Financial Position as at December 31, 2011, 2010, 2009 and January 1, 2009	F-62
Consolidated Statements of Comprehensive Income for the years ending December 31, 2011, 2010 and 2009	F-63
Consolidated Statements of Changes in Members' Equity for the years ending December 31, 2011, 2010 and 2009	F-64
Consolidated Statements of Cash Flows for the years ending December 31, 2011, 2010 and 2009	F-65
Notes to the Consolidated Financial Statements	F-66
Interim Condensed Consolidated Financial Statements of Public Power, LLC	**F-87**
Interim Condensed Consolidated Statements of Financial Position as at June 30, 2012 and December 31, 2011	F-88
Interim Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2012 and 2011	F-89
Interim Condensed Consolidated Statements of Changes in Members' Equity for the six months ended June 30, 2012 and 2011	F-90
Interim Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2012 and 2011	F-91
Notes to the Interim Condensed Consolidated Financial Statements	F-92

AUDITORS' CONSENT

We have read the prospectus of Crius Energy Trust (the "**Trust**") dated November 2, 2012 relating to the issue and sale of trust units of the Trust (the "**Prospectus**"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the Prospectus of our report to the Directors of Crius Energy Administrator Inc., as administrator of the Trust, on the statement of financial position of Crius Energy Trust as at September 7, 2012. Our report is dated November 2, 2012.

(Signed) Ernst & Young LLP
Hartford, Connecticut
November 2, 2012

AUDITORS' CONSENT

We have read the prospectus of Crius Energy Trust (the "**Trust**") dated November 2, 2012 relating to the issue and sale of trust units of the Trust (the "**Prospectus**"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the Prospectus of our report to the Board of Directors and Stockholders of Regional Energy Holdings, Inc. on the consolidated statements of financial position of Regional Energy Holdings, Inc. as at December 31, 2011 and 2010, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2011 and 2010 and the period from March 17, 2009 (inception) to December 31, 2009. Our report is dated November 2, 2012.

(Signed) Ernst & Young LLP
Hartford, Connecticut
November 2, 2012

AUDITORS' CONSENT

We have read the prospectus of Crius Energy Trust (the "**Trust**") dated November 2, 2012 relating to the issue and sale of trust units of the Trust (the "**Prospectus**"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the Prospectus of our report to the members of Public Power, LLC on the consolidated statements of financial position of Public Power, LLC as at December 31, 2011, 2010, 2009 and January 1, 2009, and the consolidated statements of comprehensive income, changes in members' equity and cash flows for each of the three years in the period ended December 31, 2011. Our report is dated November 2, 2012.

(Signed) Ernst & Young LLP
Hartford, Connecticut
November 2, 2012

AUDITED FINANCIAL STATEMENTS OF CRIUS ENERGY TRUST

INDEPENDENT AUDITORS' REPORT

Directors of Crius Energy Administrator Inc., as administrator of Crius Energy Trust

We have audited the accompanying financial statement of Crius Energy Trust (the "Trust"), which comprises the statement of financial position as at September 7, 2012 (the date of formation) and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management of Crius Energy Administrator Inc., on behalf of the Trust, is responsible for the preparation and fair presentation of this financial statement in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of Crius Energy Trust as at September 7, 2012 (the date of formation) in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) Ernst & Young LLP
Hartford, Connecticut
November 2, 2012

CRIUS ENERGY TRUST

STATEMENT OF FINANCIAL POSITION

As at the date of formation on September 7, 2012

	September 7, 2012
	$
Assets	
Current	
Cash	$10
Unitholder's equity	
Trust units (Note 3)	$10

Subsequent events (Note 4)

See accompanying notes to the financial statement.

CRIUS ENERGY TRUST
NOTES TO STATEMENT OF FINANCIAL POSITION
As at September 7, 2012

1. BASIS OF PRESENTATION

Crius Energy Trust (the "**Trust**") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust was settled when Crius Energy Administrator Inc., as settler of the Trust, contributed C$10 to the Trust and was issued one trust unit of the Trust. The Trust was established to indirectly acquire an approximate 26.8% ownership interest (the "**Company Interest**") in Crius Energy, LLC (the "**Company**"), a Delaware limited liability company (see Note 4). The Trust has no history of operations or earnings. The financial statement has been prepared in accordance with Canadian generally accepted accounting principles for publicly accountable enterprises (being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board) and is presented in United States dollars. The financial statement has been approved by the directors of Crius Energy Administrator Inc., as administrator of the Trust, on November 2, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Cash*

Cash is comprised of cash on hand.

(b) *Trust Capital*

Trust units are classified as equity. Incremental costs directly attributable to the issue of trust units are recognized as a deduction from equity, net of any tax effects.

3. UNITHOLDER'S EQUITY

Authorized

An unlimited number of trust units.

Issued	**Number of Trust Units**	**Consideration ($)**
Issued on initial organization on September 7, 2012	1	$10

4. SUBSEQUENT EVENTS

On October 23, 2012, Crius Energy Holdings Inc. ("**Cdn Holdco**") was incorporated under the *Business Corporations Act* (Ontario) and the Trust subscribed for one common share of Cdn Holdco for C$5. The Trust is the sole shareholder of Cdn Holdco. Cdn Holdco was incorporated for the purpose of forming, acquiring and holding all of the issued and outstanding shares in, Crius Energy Corporation ("**US Holdco**").

On October 26, 2012, US Holdco was incorporated under the *Delaware General Corporation Law* and Cdn Holdco subscribed for one common share of US Holdco for $5. Cdn Holdco is the sole shareholder of US Holdco. US Holdco was incorporated for the purpose of acquiring the Company Interest.

On November 2, 2012, US Holdco entered into a purchase agreement with the Company, pursuant to which US Holdo agreed to acquire from the Company, and the Company agreed to sell, the Company Interest for a purchase price of $89.7 million. The closing of the acquisition of the Company Interest by US Holdco is conditional upon the closing of the Offering.

On November 2, 2012, the Trust filed a prospectus which qualified the distribution of 10,000,000 Units pursuant to the Offering for total proceeds of $89.7 million, net of $10.6 million of issuance costs. The Trust intends to use the net proceeds from the Offering to subscribe for additional shares of Cdn Holdco, which will in turn subscribe for additional shares of and make a loan to US Holdco in order to permit US Holdco to pay the purchase price for the Company Interest.

Prior to the closing of the Offering, Crius Energy Commercial Trust (the "**Commercial Trust**") will be established as an unincorporated open-ended limited purpose trust under the laws of the Province of Ontario. The Commercial Trust will be settled when the Trust, as settlor of the Commercial Trust, contributes C$5 to the Commercial Trust and is issued one trust unit of the Commercial Trust. The Trust will be the sole holder of trust units of the Commercial Trust. The Commercial Trust will be established for the purpose of acquiring and holding debt of the Trust's other subsidiaries, including debt of US Holdco following the closing of the Offering of trust units of the Trust.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF CRIUS ENERGY TRUST

CRIUS ENERGY TRUST

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2012
(in thousands of U.S. dollars)
(Unaudited)

	Crius Energy Trust	Regional Energy Holdings, Inc.	Public Power, LLC	*Pro Forma* Adjustments	Note 3	Crius Energy Trust *Pro Forma* Consolidated
ASSETS						
Current						
Cash and cash equivalents	$ —	$ 4,649	$ 334	$ 21,389	(a)(n)(h)(l)	$ 26,372
Restricted cash and cash equivalents		16	—	—		16
Collateral deposits		60	—	—		60
Accounts receivable		22,993	24,906	—		47,899
Income tax receivable		691	—	—	(c)	691
Other current assets		109	1,949	—		2,058
	—	28,518	27,189	21,389		77,096
Collateral deposits		—	6,762	—		6,762
Property and equipment		214	146	—		360
Intangible assets		264	13,324	43,552	(b)	57,140
Deferred tax asset		904	—	—		904
Other assets		12	12	—		24
Goodwill		—	—	130,182	(b)	130,182
	$ —	$29,912	$47,433	$195,124		$272,469
LIABILITIES AND EQUITY						
Liabilities						
Current						
Line of credit		$ —	$15,238	$ —		$ 15,238
Trade and other payables		19,905	11,615	4,622	(j)(m)	36,142
Current portion of note payable		—	1,672	(1,672)	(h)	—
Current financial liabilities		551	234	—		785
	—	20,456	28,759	2,950		52,165
Long-term liabilities						
Warrant liability		161	—	(161)	(n)	—
Notes payable less current portion		—	1,531	(1,531)	(h)	—
Deferred tax liability		—	—	3,569	(d)	3,569
Other long term liabilities		29	1,604	—		1,633
	—	20,646	31,894	4,827		57,367
Unitholders' Equity						
Capital	—	1	—	(1)	(o)	—
Paid-in-capital	—	8,502	—	(8,502)	(o)	—
Equity	—	763	15,539	198,800	(a)(b)(j)(k)(l)(m)(n)(o)	215,102
Total equity attributable to equity holders of the Trust					(f)	57,647
Non-controlling interest					(f)	157,455
	—	9,266	15,539	190,296		215,102
	$ —	$29,912	$47,433	$195,124		$272,469

See accompanying notes to the pro forma consolidated financial statements.

CRIUS ENERGY TRUST

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended June 30, 2012
(in thousands of U.S. dollars)
(Unaudited)

	Regional Energy Holdings, Inc.	Public Power, LLC	*Pro Forma* Adjustments	Note 3	Crius Energy Trust *Pro Forma* Consolidated
Revenue	$90,275	$95,390	$ —		$ 185,665
Cost of sales	64,694	61,488	—		126,182
Gross margin	25,581	33,902	—		59,483
Expenses					
Selling expenses	5,453	5,253	—		10,706
General and administrative expenses	10,269	5,258	—		15,527
Depreciation and amortization	189	3,817	6,545	(g)	10,551
	15,911	14,328	6,545		36,784
Operating profit (loss)	9,670	19,574	(6,545)		22,699
Other income (expense)					
Finance costs	(2,314)	(1,421)	527	(i)	(3,208)
Change in fair value of derivative instruments	12	1,347	(95)	(e)	1,264
Income (loss) before income taxes	7,368	19,500	(6,113)		20,755
Provision (benefit) for income taxes	3,012	—	(1,997)	(c)	1,015
Net income (loss) and total comprehensive income	4,356	19,500	(4,116)		19,740
Attributable to:					
Unitholders of Crius Energy Trust				(f)	6,459
Non-controlling interests				(f)	13,281
Net income (loss) and total comprehensive income	$ 4,356	$19,500	$(4,116)		$ 19,740
Net income per unit attributable to unitholders of Crius Energy Trust					$ 0.65
Weighted average number of units outstanding					10,000,000

See accompanying notes to the pro forma consolidated financial statements.

CRIUS ENERGY TRUST

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2011
(in thousands of U.S. dollars)
(Unaudited)

	Regional Energy Holdings, Inc.	Public Power, LLC	*Pro Forma* Adjustments	Note 3	Crius Energy Trust *Pro Forma* Consolidated
Revenue	$205,458	$107,891	$ —		$ 313,349
Cost of sales	163,552	82,186	—		245,738
Gross margin	41,906	25,705	—		67,611
Expenses					
Selling expenses	10,980	3,191	—		14,171
General and administrative expenses	19,784	7,918	—		27,702
Depreciation and amortization	339	850	21,305	(g)	22,494
	31,103	11,959	21,305		64,367
Operating profit (loss)	10,803	13,746	(21,305)		3,244
Other income (expense)					
Finance costs	(5,665)	(1,276)	2,037	(i)	(4,904)
Change in fair value of derivative instruments	(42)	(1,653)	133	(e)	(1,562)
Income (loss) before income taxes	5,096	10,817	(19,135)		(3,222)
Provision (benefit) for income taxes	1,270	—	(9,786)	(c)	(8,516)
Net income (loss) and total comprehensive income	3,826	10,817	(9,349)		5,294
Attributable to:					
Unitholders of Crius Energy Trust				(f)	8,332
Non-controlling interests				(f)	(3,038)
Net income (loss) and total comprehensive income	$ 3,826	$ 10,817	$ (9,349)		$ 5,294
Net income per unit attributable to unitholders of Crius Energy Trust					$ 0.53
Weighted average number of units outstanding					10,000,000

See accompanying notes to the pro forma consolidated financial statements.

1. BASIS OF PRESENTATION

Crius Energy Trust (the "**Trust**") is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust has been established to provide investors with a distribution-producing investment through its acquisition of an approximate 26.8% ownership interest (the "**CE Interest**") in Crius Energy, LLC (the "**CE**"), a Delaware limited liability company, by its indirect wholly-owned subsidiary, Crius Energy Corporation ("**US Holdco**"), concurrently with the distribution by the Trust of 10,000,000 trust units of the Trust ("**Units**") at a price of C$10 per Unit pursuant to an initial public offering (the "**Offering**").

The unaudited *pro forma* consolidated statement of financial position as at June 30, 2012 and the unaudited *pro forma* consolidated statement of comprehensive income for the year ended December 31, 2011 and the six months ended June 30, 2012 of the Trust have been prepared from the statement of financial position of the Trust, the audited and unaudited consolidated financial statements of Regional Energy Holdings, Inc. ("**REH**") and the audited and unaudited financial statements of Public Power, LLC ("**PP**") included in this prospectus. These unaudited *pro forma* financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The unaudited *pro forma* consolidated financial statements of the Trust should be read in conjunction with the statement of financial position of the Trust as at September 7, 2012, the unaudited interim condensed consolidated interim financial statements of REH as at and for the six month period ended June 30, 2012, the unaudited interim condensed consolidated interim financial statements of PP as at and for the six month period ended June 30, 2012, the audited consolidated financial statements of REH as at December 31, 2011 and for the year then ended and the audited consolidated financial statements of PP as at December 31, 2011 and for the year then ended.

The unaudited *pro forma* consolidated statement of financial position of the Trust gives effect to the adjustments in Note 3 as if they had occurred on June 30, 2012. The unaudited *pro forma* consolidated statement of comprehensive income for the year ended December 31, 2011 and the six months ended June 30, 2012 give effect to the adjustments in Note 3 as if the transactions occurred on January 1, 2011.

The unaudited *pro forma* consolidated financial statements may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results that may be obtained in the future. The unaudited *pro forma* consolidated financial statements are not a forecast or projection of future results. The actual financial position and results of operations of the Trust for any period following the closing of the transactions contemplated by this prospectus will likely vary from the amounts set forth in the unaudited *pro forma* consolidated financial statements and such variation may be material.

2. PRE-CLOSING AND CLOSING TRANSACTIONS

The Trust has filed a prospectus for the Offering. The Trust indirectly owns all of the issued and outstanding shares of US Holdco. Prior to the closing of the Offering, US Holdco will enter into the purchase agreement (the "**Purchase Agreement**") with CE to acquire an approximate 26.8% membership interest of all members in CE ("**Membership Units**"). The Trust will invest the net proceeds of the Offering in Crius Energy Holdings Inc. ("**Cdn Holdco**"), a corporation formed pursuant to the *Business Corporations Act* (Ontario) and a wholly-owned subsidiary of the Trust, which will in turn provide the net proceeds of the Offering to US Holdco. US Holdco will use those proceeds to fund the purchase price of $89,715 for the CE Interest.

The following is a summary of the principal transactions that will take place in connection with completion of the Offering:

(a) On September 18, 2012, pursuant to an exchange agreement (the "**Exchange Agreement**"), the owners of the outstanding securities of REH contributed their securities, other than a minority of REH shares and stock options that were retained ("**Retained REH Securities**"), to CE and the owners of the outstanding membership interests in PP contributed their membership interests, other than a minority of PP membership interests that were retained ("**Retained PP Interests**"), to CE in exchange for Membership Units in CE, so that REH and PP both became subsidiaries of CE. In addition, pursuant to a retained security option agreement, the owners of the Retained REH Securities granted to REH an option to acquire the Retained REH Securities and the owners of the Retained PP Interests granted to CE an option to acquire the Retained PP Interests (the "**Retained Security Option Agreement**"). Under the Purchase Agreement, CE is required to exercise its option to acquire the Retained PP Interests, and cause REH to exercise its option to acquire the Retained REH Securities, as a condition of closing the acquisition of the CE Interest by US Holdco.

(b) Upon closing of the Offering, the Trust will use the net proceeds of the Offering to subscribe for additional common shares in the capital of Cdn Holdco ("**Cdn Holdco Shares**").

(c) Cdn Holdco will use a portion of the proceeds received from the Trust to subscribe for additional shares in the capital of US Holdco and will loan the remaining proceeds of $59,810 to US Holdco in exchange for a subordinated promissory note to be issued by US Holdco to Cdn Holdco having an aggregate principal amount equal to the amount of the loan ("**US Holdco Note**").

(d) US Holdco will use the proceeds received from Cdn Holdco to acquire the CE Interest from CE for a purchase price of $89,715.

(e) CE will use a portion of the proceeds received from US Holdco and issue additional CE units to acquire the Retained PP Interests and enable REH to acquire the Retained REH Securities. Following these transactions, CE will own 100% of the securities of REH and 100% of the membership interests in PP.

(in thousands of U.S. dollars, unless otherwise stated)

2. PRE-CLOSING AND CLOSING TRANSACTIONS (Continued)

(f) Cdn Holdco will distribute the US Holdco Note to the Trust as a reduction of capital at Cdn Holdco and the Trust will contribute the US Holdco Note to Crius Energy Commercial Trust (the "**Commercial Trust**") in consideration of additional trust units of the Commercial Trust, such that the principal amount and interest payable under the US Holdco Note will be owed by US Holdco directly to the Commercial Trust.

Following completion of the above transactions, US Holdco will own approximately 26.8% of the Membership Units in CE (or up to approximately 30.8% of the Membership Units if the over-allotment option is exercised), REH and PP will both be wholly-owned subsidiaries of CE, and CE will hold proceeds of approximately $25,000 which will be available for CE's general corporate purposes and to fund future acquisitions.

3. *PRO FORMA* ADJUSTMENTS

(a) **Initial public offering**

The Trust will issue 10,000,000 Units pursuant to the Offering for proceeds of approximately C$100,000. The U.S. dollar equivalent of the Offering, based on the exchange rate of C$0.9973 per US$ is $100,271. The net proceeds, after deducting estimated expenses of the Offering of $4,539 and underwriters' fees of $6,016, are approximately $89,715.

(b) **REH and PP exchange for Membership Units**

The exchange of REH and PP interests for Membership Units will be accounted for using the acquisition method as set out in IFRS 3 "Business Combinations", under which REH is deemed to have acquired PP. The enterprise fair value of PP has been preliminarily allocated to the assets and liabilities of PP have been preliminarily fair valued as at June 30, 2012 as follows:

Net assets acquired:	('000)
Net assets	$ 5,418
Intangible assets	$ 56,876
Deferred tax liability	$ (3,569)
Other liabilities	$ (56,000)
Goodwill	$130,182
Total	$132,907

The actual determination of the fair values of the net assets acquired will be based upon the assets purchased and the liabilities assumed at the acquisition date. Intangible assets represent values to be principally assigned to the customer contracts and other intangible assets.

(c) **Tax provision/(benefit)**

Represents the tax effect of the *pro forma* adjustments, totalling $(4,116) and $(9,349) for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively.

(d) **Deferred tax liability**

Represents the deferred tax liability *pro forma* adjustment of $3,569 resulting from the fair value adjustment to intangible assets acquired from PP, as described in note 3(b) above.

(e) **Change in fair value of derivatives**

Represents the change in fair value of REH warrants outstanding which were granted with the Series A convertible preferred stock that are included in long term debt and are recorded at fair value through income or loss. As these warrants will be exchanged for Membership Units or otherwise extinguished in conjunction with the Exchange Agreement, the warrant liability will be extinguished. *Pro forma* adjustments of $(95) and $133 are made on the *pro forma* statements of comprehensive income for the six months ended June 30, 2012 and year ended December 31, 2011, respectively.

(f) **Non-controlling interests**

Non-controlling interest *pro forma* adjustment on the *pro forma* statements of comprehensive income represents approximately 73.2% non-controlling interest portion of the consolidated *pro forma* net income. In conjunction with the closing of the Offering, US Holdco, an indirect wholly-owned subsidiary of the Trust acquired approximately 26.8% membership interest in CE with the remaining members of CE retaining approximately 73.2% of the Membership Units, representing the non-controlling interests.

(g) **Depreciation and amortization**

This *pro forma* adjustment is a result of the fair value adjustment to record incremental intangibles on the acquisition of PP as described in Note 3(b) above.

3. *PRO FORMA* ADJUSTMENTS (Continued)

For the six months ended June 30, 2012, depreciation and amortization has been adjusted, in the amount of $6,545, for the fair value adjustment to intangibles for the PP acquisition. For the year ended December 31, 2011, depreciation and amortization has been adjusted in the amount of $21,305 for the fair value adjustment to intangibles for the PP acquisition.

(h) **Long term debt**

In the *pro forma* consolidated statement of financial position, *pro forma* adjustments of $1,531 and $1,672 have been made to reflect the repayment of note payable and current portion of note payable, respectively with the Offering proceeds that would have occurred had the Offering occurred on June 30, 2012.

(i) **Finance costs**

In the *pro forma* consolidated statement of comprehensive income, finance costs have been adjusted to reduce finance costs by $527 and $2,037 for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively, using the assumption that the new Macquarie Energy LLC supplier agreement was in place from January 1, 2011.

(j) **Debt issuance costs**

A pro forma adjustment has been made to remove capitalized debt issuance costs of $1,063 included within trade and other payables on the REH statement of financial position that were associated with the Macquarie Energy LLC supplier agreement in place prior to the entering into of the Exchange Agreement and new Macquarie Energy LLC Supplier Agreement.

(k) **Issuance of Membership Units**

On September 18, 2012, CE granted Membership Units to certain officers and employees of REH and the principal unitholder of PP transferred membership units to its financial advisor and other parties for services performed in the amount of $25,834. The associated one-time charge has been reflected as a *pro forma* adjustment in the *pro forma* consolidated statement of financial position.

(l) **Cash bonuses**

CE has granted certain officers cash bonuses of $350, to be paid upon the closing of the Offering. The associated one-time charge has been reflected as a *pro forma* adjustment in the *pro forma* consolidated statement of financial position.

(m) **Non-recurring advisory and legal costs**

CE incurred various non-recurring advisory and legal costs of $3,559 related to the merger, which have been reflected as a *pro forma* adjustment in the *pro forma* consolidated statement of financial position as a one-time charge.

(n) **Exchange of Membership Units**

On September 18, 2012, CE exchanged Membership Units to Macquarie Energy LLC and certain Series A Warrant holders for previously issued REH warrants and recorded a loss on the exchange of $5,250 and $569, respectively. The associated one-time charge has been reflected as a *pro forma* adjustment in the *pro forma* consolidated statement of financial position.

(o) **Capital and paid-in-capital reclassification**

To reclassify REH's additional paid-in-capital and capital amounts to equity.

4. OTHER

(a) **Public issuer costs**

Estimated general and administrative expenses to be incurred by the Trust in connection with reporting to unitholders, investor relations, directors' fees and insurance and other expenses resulting from being a public issuer have not been reflected in the *pro forma* adjustments in the consolidated statements of comprehensive income.

(b) **Anticipated cost reductions**

With the Combination, the Trust expects to achieve certain synergies in the form of reduced corporate overhead expenses required to maintain separate corporate offices and operations. These cost savings have not been reflected as *pro forma* adjustments in the consolidated statements of comprehensive income.

5. INCOME TAXES

The Trust and its subsidiaries are subject to Canadian and United States tax laws, all of which may be changed in a manner that could adversely affect the profitability and cash flows of the Trust. Further, there can be no assurance that taxation authorities will accept certain tax positions adopted by the Trust or its subsidiaries. The Trust's corporate structure involves a significant amount of inter-group

5. INCOME TAXES (Continued)

debt. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted on such inter-group debt. If such a challenge were to succeed, it could materially adversely affect the cash flows of the Trust. The Trust believes that the interest expense inherent in the Trust's structure is supportable and reasonable in light of the terms of the inter-group debt.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF REGIONAL ENERGY HOLDINGS, INC.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders of Regional Energy Holdings, Inc.

We have audited the accompanying consolidated financial statements of Regional Energy Holdings, Inc., which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2011 and 2010 and the period from March 17, 2009 (inception) to December 31, 2009, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Regional Energy Holdings, Inc. as at December 31, 2011 and 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 and the period from March 17, 2009 (inception) to December 31, 2009 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) Ernst & Young LLP
Hartford, Connecticut
November 2, 2012

REGIONAL ENERGY HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of U.S. dollars)

	Notes	December 31, 2011	December 31, 2010
ASSETS			
Current			
Cash and cash equivalents		$12,029	$ 893
Restricted cash and cash equivalents		—	4,660
Collateral deposits		128	2,168
Accounts receivable		24,309	17,156
Income tax receivable		—	137
Other current assets		237	351
		36,703	**25,365**
Property and equipment	7	194	236
Intangible assets	8	339	460
Deferred tax assets	12	995	—
Other assets		12	12
		$38,243	**$26,073**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Trade and other payables		$22,829	$22,737
Income tax payable	12	2,108	—
Series A convertible preferred stock	9	7,700	—
Other current financial liabilities	10	468	559
		33,105	**23,296**
Long-term liabilities			
Series A convertible preferred stock	9	—	2,357
Warrant liability	9, 10	256	30
Other long-term liabilities		33	24
		289	**2,411**
Shareholders' equity			
Share capital	13	1	1
Paid-in capital		8,441	7,784
Deficit		(3,593)	(7,419)
		4,849	**366**
		$38,243	**$26,073**
Commitments	20		

See accompanying notes to the consolidated financial statements.

REGIONAL ENERGY HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands of U.S. dollars)

	Notes	Year ended December 31, 2011	Year ended December 31, 2010	March 17, 2009 (inception) to December 31, 2009
Revenue		**$205,458**	**$56,615**	**$ 2,240**
Cost of sales		**163,552**	**45,090**	**1,893**
Gross margin		**41,906**	**11,525**	**347**
Expenses				
Selling expenses		10,980	3,309	127
General and administrative expenses		19,784	7,926	5,131
Depreciation and amortization	7, 8	339	209	30
		31,103	**11,444**	**5,288**
Operating income (loss)		**10,803**	**81**	**(4,941)**
Other income (expense)				
Finance costs		(5,665)	(1,955)	(45)
Change in fair value of derivative instruments	10	(42)	(559)	—
Income (loss) before income taxes		**5,096**	**(2,433)**	**(4,986)**
Provision for income taxes	12	1,270	—	—
Net income (loss) and total comprehensive income (loss)		**$ 3,826**	**$ (2,433)**	**$(4,986)**

See accompanying notes to the consolidated financial statements.

REGIONAL ENERGY HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of U.S. dollars)

	Notes	Common Stock		Paid-in	Deficit	Total
		Shares	Par Value	Capital		
Balance, March 17, 2009 (inception)		—	$—	$ —	$ —	$ —
Issuance of common stock		200,000	1	999	—	1,000
Stock-based compensation	11	800,000	—	4,000	—	4,000
Net loss and total comprehensive loss		—	—	—	(4,986)	(4,986)
Balance, December 31, 2009		**1,000,000**	**1**	**4,999**	**(4,986)**	**$ 14**
Issuance of common stock	11	158,548	—	2,000	—	2,000
Stock-based compensation	11	—	—	785	—	785
Net loss and total comprehensive loss		—	—	—	(2,433)	(2,433)
Balance, December 31, 2010		**1,158,548**	**1**	**7,784**	**(7,419)**	**366**
Issuance of warrants	9, 10	—	—	657	—	657
Net income and total comprehensive income		—	—	—	3,826	3,826
Balance, December 31, 2011		**1,158,548**	**$ 1**	**$8,441**	**$(3,593)**	**$ 4,849**

See accompanying notes to the consolidated financial statements.

REGIONAL ENERGY HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	Notes	Year ended December 31, 2011	Year ended December 31, 2010	March 17, 2009 (inception) to December 31, 2009
Net inflow (outflow) of cash related to the following activities				
Operating				
Net income (loss)		**$ 3,826**	**$(2,433)**	**$(4,986)**
Add (deduct) items not affecting cash				
Depreciation of property and equipment	7	109	43	—
Amortization of intangibles	8	230	131	30
Change in fair value of derivative instruments	10	42	559	—
Deferred income taxes	12	(995)	—	—
Bad debt expense		512	68	—
Finance costs		85	37	—
Stock-based compensation		—	785	4,000
		3,809	**(810)**	**(956)**
Net change in operating assets and liabilities	14	2,028	(1,785)	119
		5,837	**(2,595)**	**(837)**
Investing				
Purchase of property and equipment	7	(67)	(279)	—
Purchase of intangible assets	8	(109)	(459)	(162)
		(176)	**(738)**	**(162)**
Financing				
Issuance of common stock	11	—	2,000	1,000
Series A convertible preferred stock	9	5,475	2,225	—
		5,475	**4,225**	**1,000**
Net cash inflow		**11,136**	**892**	**1**
Cash and cash equivalents, beginning of year		893	1	—
Cash and cash equivalents, end of year		**$12,029**	**$ 893**	**$ 1**
Supplemental cash flow information				
Interest paid		4,331	1,559	45
Income taxes paid		20	137	—

See accompanying notes to the consolidated financial statements.

1. NATURE AND ORGANIZATION

Regional Energy Holdings, Inc. ("**REH**") is an independent energy marketer of retail electricity and natural gas to residential and commercial customers. REH is a holding company that operates through its wholly-owned operating subsidiaries: Viridian Energy Inc., Viridian Energy PA LLC, Viridian Energy NY LLC, Cincinnati Bell Energy LLC (formerly, Viridian Energy NJ LLC), FairPoint Energy LLC (formerly Viridian Energy MD LLC), Viridian Network LLC and FTR Energy Services LLC (formerly Viridian Energy NG, LLC).

REH and its subsidiaries (collectively, the "**Company**") provide retail electricity to its customers in the Connecticut, Illinois, Maryland, New Jersey, New York, Ohio and Pennsylvania markets. The Company is licensed by the Federal Energy Regulatory Commission ("**FERC**") as a power marketer. In addition to the states in which the Company currently operates, the Company is also licensed, certified, or otherwise qualified by applicable state agencies to supply retail electricity in Maine, New Hampshire, Massachusetts and the District of Columbia and to supply retail natural gas in New Jersey, New York, Pennsylvania and Ohio.

The Company was incorporated and commenced operations on March 17, 2009 (inception) and is domiciled in the United States of America and the address of its registered office is 64 North Main Street Norwalk, Connecticut, USA. The consolidated financial statements include the accounts of REH and its subsidiaries.

2. OPERATIONS

The Company's business involves the sale of electricity to residential and commercial customers under variable-priced contracts. The Company derives its gross margin from the difference between the price at which it sells the commodities to its customers and the price at which it purchases the associated volumes from its suppliers.

3. BASIS OF PRESENTATION

Basis of presentation and adoption of IFRS

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). The Company adopted IFRS from March 17, 2009 (inception), and thus there was no impact on the opening period.

The consolidated financial statements are presented in U.S. dollars, the functional currency of the Company, and all values are rounded to the nearest thousands. The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for certain financial assets and liabilities which are stated at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of REH and its subsidiaries as at December 31, 2011. Subsidiaries are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Judgments, made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of electricity consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of electricity consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

Accounts receivable

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of derivative instruments is significantly influenced by the variability of forward spot energy.

Impairment

In assessing the value of intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to intangible assets.

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

5. SIGNIFICANT ACCOUNTING POLICIES

Cash and equivalents

Cash and cash equivalents consists of cash with financial institutions and includes highly liquid investments with original maturities of three months or less. At any time, cash in banks may exceed federally insured limits.

Restricted cash and cash equivalents

Restricted cash and cash equivalents are pledged as collateral for energy purchase and other obligations as required under the Company's Supplier Agreement with Macquarie Energy LLC (note 9).

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collateral deposits

Collateral deposits represent cash which is posted with State regulatory entities, independent system operators ("**ISO**"), utilities or other counterparties as collateral for assurance bonds, required collateral in order to operate in certain markets or for other financial assurance programs. They are classified as current or long-term depending on the duration and nature of the deposit requirements.

Accounts receivable

The Company delivers electricity to its customers through local distribution companies ("**LDCs**"), many of which guarantee amounts due from customers for consumed electricity. Accounts receivable primarily represents amounts due for electricity consumed by customers net of an allowance for estimated amounts that will not be collected from customers.

Credit risk and allowance for doubtful accounts

The Company exclusively operates in electric utility markets which have purchase of receivables ("**POR**") programs in place under which the utilities assume the credit risk associated with the customer billings. Consequently, the company's exposure to credit risk concentration is limited primarily to those local utilities that collect and remit receivables on a daily or monthly basis. The Company's customers are individually insignificant and geographically dispersed. The Company regularly monitors the financial condition of each such local utility and currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those LDCs is remote.

In the New Jersey market, the POR program is a limited recourse POR program. In this market, after customers have been delinquent with the utilities for an extended period, receivables are billed and collected by the Company. The Company bears the credit risk on these accounts and records an appropriate allowance for doubtful accounts to reflect any losses due to non-payment by customers. The Company maintains an allowance for doubtful accounts, which represents management's estimates of probable losses inherent in the accounts receivable balance based on known troubled accounts, historical experience, account aging and other current available information.

Property and equipment

Property and equipment are recognized at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, to bring the asset to a working condition for its intended use. The commencement date for capitalization of costs occurs when the Company first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use.

Depreciation commences when the assets are available for use and is recognized on a straight-line basis to depreciate the cost of these assets to their estimated residual value over their estimated useful lives. Maintenance and repairs are charged to expense as incurred. When significant parts of an item included in fixed assets have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Estimated useful lives are as follows:

Asset category	Depreciation method	Useful life
Office furniture and equipment	Straight line	3 years
Computer hardware	Straight line	3 years
Leasehold improvements	Straight line	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in net income in the period the item is derecognized.

Intangible assets

Intangible assets are measured at cost at their initial recognition and are carried at cost less any accumulated amortization and any accumulated impairment losses.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization method and useful life of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected life or pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimate and recorded on a prospective basis. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statement of comprehensive income (loss) in depreciation and amortization expense.

Intangible assets consist of computer related software.

Gains and losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of comprehensive income (loss) when the asset is derecognized.

Asset category	Amortization method	Useful life
Computer software	Straight line	3 years

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its finite life non-financial assets, including property and equipment and intangibles to determine whether there is any indication of impairment.

For the purposes of reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit (“**CGU**”).

If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs is tested for impairment. Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss in the period in which they occur. Where impairment, other than for goodwill, subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in profit and loss in the period in which they occur.

Provisions

Provisions are recognized to the extent that we determine it is probable that the Company will be required to settle a present obligation (legal or constructive) and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of the reporting periods presented, the Company has no material provisions.

Finance Costs

Finance costs are primarily incurred on the Company’s Supplier Agreement and the Series A convertible preferred stock, which is expensed in the period in which it is incurred (note 9).

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingencies

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized accordingly.

Liabilities associated with Series A convertible preferred stock

On December 15, 2010, the Company raised capital by issuing Series A convertible preferred shares. Given the fixed dividend component and the redemption obligation which is outside the control of the Company, the instrument does not meet the criteria to be recorded as equity. Accordingly, the preferred shares have been recorded as a liability and the distributions accrued and paid under this instrument are recorded as finance costs.

Stock based compensation

All transactions involving stock-based payments are recognized as an expense over the vesting period. The cost of stock-based compensation is measured by reference to the fair value of the award on the date when it was granted. Awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions.

The cost of equity-settled transactions are recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of awards that will ultimately vest. When the options are exercised or exchanged, the amounts credited to paid in capital are reversed and credited to share capital.

Income taxes

Income tax expense consists of current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the Company's financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income and loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Revenue recognition

Energy sales

Revenue is recognized based on consumption. Sales of electricity are billed based upon information received from the local utilities. The billing cycles for customers do not coincide with the accounting periods used for financial reporting purposes. Electricity that has been consumed by a customer, but not yet billed to that customer, is estimated on an accrual basis and included in revenue during the period in which it was consumed. Such estimates are refined in subsequent periods upon obtaining customer billing information from the utilities. Changes in these estimates are reflected in revenue in the period they are refined.

The Company's operations are seasonal. Electricity consumption is typically highest in January, February, July and August. Electricity consumption is lowest in October through December and April through June.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost of sales

Direct energy costs are recognized concurrently with the related energy sales. Direct energy costs include the commodity cost of purchased electricity, costs associated with energy delivery fees incurred from various energy related service providers, the cost of Renewable Energy Certificates and fees and charges from the ISOs and the LDCs. The Company estimates and accrues for these fees based on invoices, activity levels, preliminary settlements and other available information. Final determination and settlements of these charges may take up to several months following the month of delivery and are adjusted as information become available.

Fee revenue

Fee revenue primarily consists of sign-up fees and other monthly fees received from the Company's independent contractor sales associates in the Viridian Network sales channel. The sign-up fees component of fee revenues is recognized over the one year term of the agreement with the individual contractor and the monthly fees are recognized on a monthly basis.

Collection of sales tax

Sales tax is added to customer bills for many markets served by the Company. Sales tax collected from customers on behalf of governmental entities is recorded on a net basis. Such amounts are excluded from the Company's revenues and are recorded in trade and other payables on the consolidated statement of financial position until they are remitted to the appropriate governmental entities.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity" or "financial liabilities measured at amortized cost."

Financial assets and financial liabilities classified as fair value through profit or loss are either classified as held for trading or designated at fair value through profit or loss and are measured at fair value with changes in those fair values recognized in profit or loss.

Financial assets classified as loans and receivables, held-to-maturity and financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method of amortization.

Financial assets classified as available-for-sale are measured at fair value, with changes in fair value recognized in accumulated other comprehensive income (loss).

All derivative instruments are classified as held for trading.

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Derivative contracts	Held for trading	Fair value
Accounts receivable	Loans and receivable	Amortized cost
Collateral deposits	Held for trading	Fair value
Trade and other payables	Other financial liabilities	Amortized cost
Series A convertible preferred stock	Other financial liabilities	Amortized cost
Warrant liability	Other financial liabilities	Fair value

The Company has not classified any financial assets as available-for-sale.

Fair values are determined based on the quoted market values where available from active markets. If the financial asset is not traded in an active market, the Company establishes the fair value through valuation techniques taking into account external market inputs where possible.

Gains and losses on fair value of derivative instruments are recognized in net income in the period in which they are incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transaction costs are capitalized to the carrying amount of the instrument and amortized using the effective interest method, other than those related to financial instruments measured at fair value through net income, which are expensed as incurred.

Impairment of financial instruments

Financial assets, other than those classified as fair value through profit or loss, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in net income.

With the exception of available-for-sale instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized the previously recognized impairment loss is reversed through net income. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Comprehensive income (loss)

The Company is required to report total comprehensive income (loss) and its components in the financial statements. The Company has no items impacting other comprehensive income (loss) and, accordingly, the Company's net income (loss) equals total comprehensive income (loss).

6. FUTURE ACCOUNTING PRONOUNCEMENTS

The IASB amended IFRS 7 "Financial Instruments: Disclosure" and IAS 32 "Financial Instruments: Presentation" to enhance disclosure requirements and clarify the requirements for the offsetting of financial assets and liabilities. The amendments are effective for years beginning on or after January 1, 2013 and January 1, 2014, respectively. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 9 "Financial Instruments: Classifications and Measurement". This is the first part of a new standard on the classification and measurement of financial assets that will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit or loss. IFRS 9 was also updated to include guidance on financial liabilities and derecognition of financial instruments. This guidance is similar to the guidance included in IAS 39 relating to financial liabilities and derecognition of financial instruments. IFRS 9 is effective for years beginning on or after January 1, 2015. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

6. FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

The IASB issued IFRS 10 "Consolidated Financial Statements", which replaces portions of IAS 27, "Consolidated and Separate Financial Statements" and interpretation SIC-12 "Consolidation — Special Purpose Entities". The new standard requires consolidated financial statements to include all controlled entities under a single control model. As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the Company controls another entity; there are no clear lines. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice. IFRS 10 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 11 "Joint Arrangements", which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. IFRS 11 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 12 "Disclosure of Interests in Other Entities", which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities, and replaces existing disclosure requirements. Due to this new standard, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. IFRS 12 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB issued IFRS 13 "Fair Value Measurements," which provided guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the standard will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB reissued IAS 27 "Separate Financial Statements", to reflect the change as the consolidation guidance has recently been included in IFRS 10.

In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. IFRS 27 is effective for years beginning on or after April 1, 2013. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 28 "Investments in Associates and Joint Ventures" as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 28 has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When it has been determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with IAS 28. IAS 28 is effective for years beginning on or after April 1, 2013. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 1 "Presentation of Financial Statements" to expand on the disclosures required of items within other comprehensive income (loss). The revised standard requires that an entity distinguishes between those items that are recycled to profit and loss versus those items that are not recycled. Retrospective application is required and the standard is effective for annual periods beginning on or after July 1, 2012. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

The IASB amended IAS 12 "Income Taxes" in December 2010, in certain areas applicable to the measurement of deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. The amendment states that an entity may presume, for purposes of calculating deferred income taxes associated with temporary differences relating to investment properties, that the carrying amount of an investment property is recovered entirely through its sale, as opposed to presuming that the properties are held with the objective to consume substantially all of the economic benefits of the investment property over time. This amendment

(in thousands of U.S. dollars, unless otherwise stated)

6. FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

replaces SIC-21 and is effective for annual periods beginning on or after January 1, 2012. The adoption of this amendment will have no impact on the Company.

IAS 19 Employee Benefits was issued by the IASB in June 2011. IAS 19 amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires re-measurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income (loss) and increases the disclosure. This amended standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The adoption of this amendment will have no impact on the Company.

7. PROPERTY AND EQUIPMENT

2011	Computer hardware	Office furniture and equipment	Leasehold improvements	Total
Cost				
Balance as at January 1, 2011	$ 20	$ 73	$186	$ 279
Additions		41	26	67
Balance as at December 31, 2011	20	114	212	346
Accumulated depreciation and impairment				
Balance as at January 1, 2011	(6)	(12)	(25)	(43)
Depreciation	(6)	(35)	(68)	(109)
Balance as at December 31, 2011	(12)	(47)	(93)	(152)
Net book value — December 31, 2011	$ 8	$ 67	$119	$ 194

2010	Computer hardware	Office furniture and equipment	Leasehold improvements	Total
Cost				
Balance as at January 1, 2010	$—	$—	$—	$—
Additions	20	73	186	279
Balance as at December 31, 2010	20	73	186	279
Accumulated depreciation and impairment				
Balance as at January 1, 2010	—	—	—	—
Depreciation	(6)	(12)	(25)	(43)
Balance as at December 31, 2010	(6)	(12)	(25)	(43)
Net book value — December 31, 2010	$14	$ 61	$161	$236

(in thousands of U.S. dollars, unless otherwise stated)

8. INTANGIBLE ASSETS

2011	Computer Software
Cost	
Balance as at January 1, 2011	$ 621
Additions	109
Balance as at December 31, 2011	730
Accumulated amortization and impairment	
Balance as at January 1, 2011	(161)
Amortization	(230)
Balance as at December 31, 2011	(391)
Net book value — December 31, 2011	$ 339

2010	Computer Software
Cost	
Balance as at January 1, 2010	$ 162
Additions	459
Balance as at December 31, 2010	621
Accumulated amortization and impairment	
Balance as at January 1, 2010	(30)
Amortization	(131)
Balance as at December 31, 2010	(161)
Net book value — December 31, 2010	$ 460

At December 31, 2011, the remaining amortization period was 0.9 years (2010 — 2.3 years).

9. FINANCING

Macquarie Energy Supplier Agreement

In September 2010, the Company entered into several agreements (the "**Supplier Agreement**") with Macquarie Energy LLC ("**Macquarie Energy**") for the exclusive supply of the Company's wholesale energy needs and hedging requirements for a term of three years. Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each ISO. Under the Supplier Agreement, the local utilities serving the Company's customers are directed to remit all customer payments into a designated restricted bank account, (the "**Lockbox**"), and the funds in that account are used to pay Macquarie Energy for the energy supplied and other fees and interest due under the Supplier Agreement. The trade payables are secured by funds pledged in the Lockbox, accounts receivable and all other assets in the Company. The funds in the Lockbox were subject to a minimum balance requirement of $1,000 for the term of the agreement.

Macquarie Energy extends trade credit to the Company to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. The credit extended under the Supplier Agreement was limited to a twelve month megawatt hour cap of 2,000,000 MWh, is subject to certain standard financial covenants, and is limited to a calculated credit base based on restricted cash in the Lockbox and billed and unbilled receivables. The Company incurs a volumetric fee based on the wholesale energy delivered, which is included in finance costs in the statement of comprehensive income. The Supplier Agreement contained a deferred payment provision under which payables can be extended for an additional month subject to the lower of the available credit base and a deferred payment cap. The deferred payment cap was $6,500 for the first six months of the term and the lesser of $10,000 or 30% of the credit base for the remainder of the term. In addition, the deferred payment provision contained a limited cash line of credit facility for the first six months of the term for funding of the Company's operating expenses. Under this cash line, the Company could draw cash to cover its monthly operating expenses subject to various criteria including credit base restrictions, the prior months operating expenses and the cumulative deferred payment cap. All deferred payments under this line are subject to an annual interest rate of 13% and all amounts drawn were repayable in full the following month. The Supplier Agreement contained minimum annual payment requirements over the term of the agreement aggregating $525 as well as certain customary financial covenants. The Company was in compliance with

9. FINANCING (Continued)

these minimum annual payment requirements and covenants as at December 31, 2011. The Company is able to terminate the Supplier Agreement by prior written notice and the payment of certain minimum termination fees.

During 2011, the Company and Macquarie Energy amended the terms of the Supplier Agreement to provide a number of enhancements to the facility. In February 2011, a letter of credit facility of up to the lesser of $10,000 or 20% of the calculated credit base was added. Letters of credit issued under this line are subject to an annual interest rate of 8%. In December 2011, the following amendments were made to the Supplier Agreement: the 2,000,000 MWh cap was removed; the overall facility limit was set at $100,000; a working capital facility including a cash advance facility and a letter of credit facility was established with a sub-limit of $25,000 to replace the existing letter of credit facility and deferred payments facility with letters of credit at an annual interest rate of 8% and with cash advances at an annual interest rate of LIBOR plus 8%; the term of the Supplier Agreement was extended to December 2014, the $1,000 minimum cash balance in the Lockbox was removed; the minimum annual payments were removed; the ability to market natural gas to customers and procure natural gas and hedge these purchases was added and the ability to sell fixed price contracts to customers and to hedge these sales through forward purchases was added.

As at December 31, 2011, Macquarie Energy had extended trade credit to the Company totalling $13,042 (2010 — $16,936), under the Supplier Agreement, including deferred payments in 2010 of $6,074. At December 31, 2011, letters of credit totalling $3,600 and no cash advances were drawn under the working capital facility. Total interest paid under the working capital facility for letters of credit and under the deferred payment provision totaled $362 (2010 — $152).

As at December 31, 2011, the availability under the Supplier Agreement was $1,745 (2010 — $1,403).

Warrants issued to Macquarie Energy

In conjunction with the expansion of the Supplier Agreement in December 2011, the Company issued 163,532 warrants to Macquarie Energy (the "**Macquarie Warrants**"), each exercisable for one share of the Company's common stock at any time through November 30, 2017. Each of the Macquarie Warrants had an exercise price equal to $61.15 per share, subject to standard adjustments.

The fair value of the Macquarie Warrants was estimated using the Black-Scholes valuation model as at the date of the grant and is amortized over the term of the supplier agreement. The unamortized value of the Macquarie Warrants is included in trade and other payables in the consolidated statement of financial position and amortization is included in finance costs, in the consolidated statement of comprehensive income (loss). The Black-Scholes value calculated is $4.02 per warrant.

Series A convertible preferred stock

The Company issued 89,510 and 39,316 shares of Series A convertible preferred stock ("**Series A**") during 2011 and 2010, respectively, for consideration of $5,350 and $2,350, respectively, or $59.77 per share. The Series A stock ranks senior to common stock as to dividends and upon a liquidation event. The Series A stock has a fixed dividend which is payable monthly by the Company in cash at the annual rate of 23% of the purchase price. The Series A stock is convertible immediately, in whole or in part, into an equivalent number of shares of common stock, subject to standard adjustments, at the option of the holder. The Series A convertible stock is redeemable in cash at the option of the Company at any time after, December 2011, the first anniversary of the original date of issuance, and at the option of the holder at any time after, December 2013, the third anniversary of the original date of issuance. The Series A convertible stock is recorded as a liability and the distributions under the instrument are recorded as finance costs.

Warrants related to the Series A convertible preferred stock

As partial inducement to purchase the Series A convertible preferred stock, the Company issued to the holders, in proportion to their Series A holdings, 44,755 and 19,658 detachable warrants ("**Series A Warrants**") during 2011 and 2010, respectively, exercisable for one share of the Company's common stock at any time through the fifth anniversary of the date of issuance. Each of the warrants has an exercise price equal to $74.71 per share, subject to standard adjustments. Additionally, the warrants contain a down-round protection provision under which the exercise price is adjusted downward if common stock is subsequently issued for a lower price. The exercise price on the warrants was adjusted downward in December 2011 to $61.15 per share as a result of the issuance of additional warrants to Macquarie Energy.

The Company accounts for the Series A Warrants as liabilities on the consolidated statement of financial position at fair value. At each reporting period end, the Company remeasures the fair value of the Series A Warrant liability and any gains or losses are recorded as a component of change in fair value of derivative instruments in the consolidated statement of comprehensive income (loss). For the year ended December 31, 2011, there was a loss of $133 (2010 — $0) recorded in relation to changes in the Series A Warrant liability.

(in thousands of U.S. dollars, unless otherwise stated)

9. FINANCING (Continued)

Financing costs were as follows:

	Year ended		March 17, 2009 (inception) to
	December 31, 2011	December 31, 2010	December 31, 2009
Supplier Agreement	$4,249	$ 847	$—
Series A convertible preferred stock	1,418	56	—
Montage credit facility	—	1,055	45
Interest and dividend income	(2)	(3)	—
	$5,665	$1,955	$45

10. FINANCIAL INSTRUMENTS

Fair value

Fair value is the estimated amount that the Company would pay or receive to dispose of financial instruments in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the fair value of electricity swaps using a method that employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. Due to their short-term nature, the carrying amount of the Company's other current asset and current liabilities approximates their fair value.

The Company's retail marketing activities expose it to a variety of market risks, principally from fluctuating commodity prices. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results. The Company's risk management activities include the use of derivative instruments such as swaps, forwards and options. The Company maintains commodity price risk management strategies that use derivative instruments, within approved risk tolerances to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility.

Supplying electricity to retail customers requires the Company to match customers' projected demand and commodity purchases. These retail marketing activities expose the Company to a variety of market risks, principally from fluctuating electricity prices. In order to mitigate these risks, management engages in hedging activities designed to reduce the potentially adverse effects that the price volatility of these markets may have on its operating activities.

The following table illustrates gains/(losses) related to the Company's derivative financial instruments classified as held-for-trading and recorded in the consolidated statements of comprehensive income (loss):

	Year ended		March 17, 2009 (inception) to
	December 31, 2011	December 31, 2010	December 31, 2009
Fixed-for-floating electricity swaps	$ 91	$(559)	$ —
Series A convertible preferred share warrants	(133)	—	—
Change in fair value of derivative instruments	$ (42)	$(559)	$ —

The following table summarizes the fair value of the financial assets and liabilities recorded in the consolidated financial statements at December 31, 2011:

	Other current financial liabilities	Warrant Liability
Fixed-for-floating electricity swaps	$(468)	—
Warrant liability	—	(256)
	$(468)	$(256)

(in thousands of U.S. dollars, unless otherwise stated)

10. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the fair value of the financial assets and liabilities recorded in the consolidated financial statements as at December 31, 2010.

	Other current financial liabilities	Warrant Liability
Fixed-for-floating electricity swaps	$(559)	—
Warrant liability	—	(30)
	$(559)	$(30)

The following table summarizes financial instruments which are classified as held-for-trading as at December 31, 2011 and 2010:

	Notional Volume	Total Remaining Volume	Maturity Date	Fixed Price	Fair Value (unfavorable)	Notional Value
2011						
Fixed-for-floating electricity swaps	1-200 Megawatts	314,603 MWh	1-3 months	$33.55 to $71.62	(468)	13,945
2010						
Fixed-for-floating electricity swaps	6-57 Megawatts	119,256 MWh	1 month	$56.62 to $76.37	(559)	7,841

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices. The Company values its cash and cash equivalents, restricted cash, collateral deposits, accounts receivable, trade and other payable under level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Derivatives liabilities included in Level 2 are valued using multiple prices quoted by market participants other than exchanges, industry pooling, and other inputs that are derived principally from, or collaboratively by, observable market data.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. The Company's policy is to recognize transfers in and out as at the end of the reporting period.

During the year ended December 31, 2011 and 2010, there were no significant transfers between levels.

(in thousands of U.S. dollars, unless otherwise stated)

10. FINANCIAL INSTRUMENTS (Continued)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at December 31, 2011:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 12,029	$ —	$ —	$ 12,029
Collateral deposits	128	—	—	128
Accounts receivable	24,309	—	—	24,309
Derivative financial assets	—	138	—	138
Financial liabilities				
Trade and other payables	(22,829)	—	—	(22,829)
Series A convertible preferred stock	(7,700)			(7,700)
Warrant liability	—	—	(256)	(256)
Derivative financial liabilities	—	(606)	—	(606)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at December 31, 2010:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents and restricted cash	$ 5,553	$ —	$—	$ 5,553
Collateral deposits	2,168	—	—	2,168
Accounts receivable	17,156	—	—	17,156
Derivative financial assets	—	—	—	—
Financial liabilities				
Trade and other payables	(22,737)	—		(22,737)
Series A convertible preferred stock	(2,357)			(2,357)
Warrant liability	—	—	(30)	(30)
Derivative financial liabilities	—	(559)	—	(559)

Changes in Level 3 financial liabilities, during the years ended December 31, 2011 and 2010:

	Warrant liability
Liability at January 1, 2010	$ —
Issuances	(30)
Liability at December 31, 2010	(30)
Net unrealized loss included in profit or loss	(133)
Issuances	(93)
Liability at December 31, 2011	$(256)

The Warrant liability included in Level 3 represents the fair value of the Series A Warrants outstanding as at December 31, 2011 and 2010, which was estimated using a Monte Carlo simulation based valuation model. The net unrealized losses for the warrant liabilities are included in change of fair value of derivative instruments in the consolidated statement of comprehensive income (loss).

Classification of financial assets and liabilities

As at December 31, 2011 and 2010 the carrying amounts of the financial assets and liabilities, except for derivative liabilities and warrants, approximated their fair value. The derivative liabilities and warrants are recorded at fair value.

(in thousands of U.S. dollars, unless otherwise stated)

10. FINANCIAL INSTRUMENTS (Continued)

Management of risks arising from financial instruments

The risks associated with the Company's financial instruments are as follows:

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Company is exposed are discussed below.

Interest rate risk

The Company is exposed to interest rate risk on certain advances within the Supplier Agreement with Macquarie Energy. The Company has not utilized any such advances under the Supplier Agreement and therefore has not been exposed to interest rate risk. The Company's current exposure to interest rates does not economically warrant the use of derivative instruments and the Company does not currently believe that it is exposed to material financial risks.

Commodity price risk

The Company is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity portfolios. The Company's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Company.

The fair values of the Company's financial instruments are significantly influenced by the variability of forward spot prices for electricity. Period to period changes in forward spot prices could cause significant changes in the marked to market valuation ("MTM valuation") of these contracts, as shown below:

	Electricity	
Percentage change in the forward spot price at December 31, 2011	Percent change in MTM Valuation	Dollar change in MTM Valuation
+/− 1%	+/− 28.9%	+/− $135
+/− 5%	+/− 144.6%	+/− $677
+/− 10%	+/− 289.2%	+/− $1,354

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In New Jersey, the Company is exposed to customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Company.

For the Company's remaining markets, the LDCs provide collection services and assume the risk of any bad debts owing from the Company's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

As at December 31, 2011, accounts receivable for the New Jersey non-POR market where the Company is exposed to credit risk is $612 (2010 — $68).

(in thousands of U.S. dollars, unless otherwise stated)

10. FINANCIAL INSTRUMENTS (Continued)

A reconciliation of the beginning and ending amounts of the Company's allowance for doubtful accounts is as follows:

	2011	2010
Balance at the beginning of the period	$ 68	$—
Additional amounts provided for during the period	512	68
	$580	$68

As at December 31, 2011, there are no amounts past due that are not impaired.

Counterparty credit risk

Counterparty credit risk represents the loss that the Company would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Company replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty risk is limited to Macquarie Energy for all wholesale supply positions. However, the failure of the counterparty to meet its contracted obligations could have a material adverse effect on the operations and cashflows of the Company.

As at December 31, 2011 and 2010, the maximum counterparty credit risk exposure amounted to $138 (2010 — $—) representing the risk relating to its derivative financial assets.

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Company manages this risk by monitoring cash flow forecasts for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities of the Company's financial liabilities as at December 31, 2011.

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Trade and other payables	$22,829	$22,829	$22,829	$—	—
Operating leases	—	158	82	76	—
Series A convertible preferred stock	7,700	7,700	7,700		
Derivative instruments	468	468	468	—	—
	$30,997	$31,155	$31,079	$76	—

During July 2012, the Company entered into a sub-lease agreement to lease office premises in Stamford, Connecticut for a term of four years with an initial base rent of $34 per month with annual rent escalations of approximately 5%.

Supplier risk

The Company purchases its electricity delivered to its customers through contracts entered into with Macquarie Energy. The Company has an exposure to supplier risk as the ability to continue to deliver electricity to its customers is reliant upon the ongoing operations of this supplier and its contractual obligations.

11. STOCK BASED COMPENSATION

In February 2010, the Company granted 120,000 non-qualified stock options to officers and directors, which were fully vested on the grant date. During the year ended December 31, 2011, non-cash compensation expense recorded in general and administrative expenses for stock option grants was $0 (2010 — $785, 2009 — $0), and no stock options were granted, exercised, cancelled or forfeited.

The status of the Company's stock option plan as at December 31, 2011 is shown below:

	Stock options outstanding and exercisable			
	Stock options outstanding	Weighted average Exercise price	Weighted average remaining Contractual Life	Grant date fair value
Beginning of period	120,000	$10.00	10-Yrs	$6.45
Granted	—			
Cancelled	—			
December 31, 2011	120,000	$10.00	8-Yrs	

(in thousands of U.S. dollars, unless otherwise stated)

11. STOCK BASED COMPENSATION (Continued)

The fair value of each stock option granted was estimated as at the grant date using the Black-Scholes option pricing model. The following assumptions were used in arriving at the grant-date fair value associated with stock options for which compensation costs were recognized.

Risk-free interest rate	3.59%
Expected life in years	10 years
Expected dividends	0%
Expected forfeitures per year	0%
Volatility	25.09%

The Company had no unrecognized compensation expense at December 31, 2011 and 2010.

The Company issued 800,000 shares of common stock to its founders during the period ended December 31, 2009 for no consideration. A stock based compensation charge of $4,000 was recognized in general and administration expenses during 2009 for the fair value of shares issued.

12. INCOME TAXES

Tax expense

The major components of the provision for income taxes for the years ended December 31, 2011, 2010 and the period from March 17, 2009 (inception) to December 31, 2009 are:

	Year ended		March 17, 2009 (inception)
	December 31, 2011	December 31, 2010	to December 31, 2009
Current income tax:			
Current income tax charge	$ 2,265	—	—
Deferred income tax:			
Origination and reversal of temporary differences	324	—	—
Benefit of previously unrecognized tax loss and temporary differences	(1,319)	—	—
Total deferred income tax	(995)	—	—
Total tax expense	$ 1,270	—	—

Reconciliation of effective tax rate

The provision for income taxes represents an effective tax rate different than the combined federal and state statutory tax rate as follows:

	Year ended		March 17, 2009 (inception)
	December 31, 2011	December 31, 2010	to December 31, 2009
Income (loss) before income taxes	$ 5,096	$ (2,433)	$ (4,986)
Combined statutory federal and state income tax rate	39.3%	39.3%	39.3%
Income tax expense (recovery) based on statutory rate	2,002	(956)	(1,959)
Increase (decrease) in income taxes resulting from:			
Non-deductible expenses for tax purposes:			
Interest on Series A convertible preferred stock	572	7	—
Stock based compensation	—	—	1,572
Other permanent items	15	3	15
Benefit (cost) of tax losses and other temporary differences not recognized	(1,319)	946	372
Total provision for income taxes	$ 1,270	$ —	$ —

(in thousands of U.S. dollars, unless otherwise stated)

12. INCOME TAXES (Continued)

Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

	December 31, 2011
Deferred tax assets:	
Mark to market losses on commodity swaps	$ 184
Mark to market losses on Series A Warrants	52
Stock based compensation	308
Allowance for doubtful accounts	229
Incentive compensation	259
Total deferred tax assets	1,032
Deferred tax liabilities:	
Depreciation and amortization	(37)
Total deferred tax liabilities	(37)
Total net deferred tax assets	$ 995

Movement in deferred tax balances

	Balance January 1, 2011	Recognized in statement of comprehensive income	Balance December 31, 2011
Mark to market losses on commodity swaps	—	$184	$184
Mark to market losses on Series A Warrants	—	52	52
Stock based compensation	—	308	308
Allowance for doubtful accounts	—	229	229
Incentive compensation	—	259	259
Depreciation and amortization	—	(37)	(37)
Total net deferred tax assets	—	$995	$995

There are no net deferred tax assets recognized as at December 31, 2010 on the basis that management did not believe that the Company would realize the benefits of the deferred tax assets.

Unrecognized deferred tax assets

There are no unrecognized deferred tax assets as at December 31, 2011. Deferred tax assets not recognized as at December 31, 2010 are as follows:

	December 31, 2010
Net operating losses	703
Mark to market losses on commodity swaps	220
Stock based compensation	308
Allowance for doubtful accounts	27
Incentive compensation	93
Depreciation and amortization	(32)
Total unrecognized net deferred tax assets	1,319

As at December 31, 2011 the Company had no net operation loss carry forwards for Federal and State tax purposes.

13. SHAREHOLDERS' EQUITY

Authorized

The Company has authorized 299,925,000 common shares with a par value of $0.001 per share.

(in thousands of U.S. dollars, unless otherwise stated)

13. SHAREHOLDERS' EQUITY (Continued)

Issued

	Common Shares	$
Share capital at December 31, 2009	1,000,000	1
Share capital at December 31, 2010	1,158,548	1
Share capital at December 31, 2011	1,158,548	1

Paid-in capital

The net increase in paid-in capital from 2010 to 2011 of $657 relates to the issuance of warrants to Macquarie Energy (note 9).

14. CONSOLIDATED STATEMENTS OF CASH FLOWS

The inflows (outflows) of net change in operating assets and liabilities is as follows:

	Year ended		March 17, 2009 (inception)
	December 31, 2011	December 31, 2010	to December 31, 2009
Accounts receivable	$(7,665)	$(15,435)	$(1,789)
Trade and other payables	92	19,655	3,082
Collateral deposits	2,040	(1,668)	(500)
Income tax payable/receivable	2,245	(137)	—
Restricted cash and cash equivalents	4,660	(3,987)	(674)
Other	656	(213)	—
	$ 2,028	$ (1,785)	$ 119

15. EMPLOYEE BENEFITS

Employee benefit expense

	Year ended		March 17, 2009 (inception)
	December 31, 2011	December 31, 2010	to December 31, 2009
Salaries and other short term benefits	$5,014	$1,882	$ 270
Post employment benefits	90	23	—
Stock based compensation	—	785	4,000
	$5,104	$2,690	$4,270

16. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Company's key management personnel are comprised of the Board of Directors and members of the executive team of the Company. Compensation of key management personnel that is directly attributable to the Company is as follows:

	Year ended		March 17, 2009 (inception)
	December 31, 2011	December 31, 2010	to December 31, 2009
Wages, salaries and other short-term employee benefits	$2,371	$ 893	$ 180
Post-employment benefits	32	8	—
Stock based compensation	—	785	4,000
	$2,403	$1,686	$4,180

(in thousands of U.S. dollars, unless otherwise stated)

17. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2011, the Company recorded $375 (2010 — $0, 2009 — $20), of executive compensation expense to two of the members of the Company's board of directors for services rendered, which is included in general and administrative expense in the consolidated statements of comprehensive income (loss).

In October 2009, the Company entered into a Loan and Security Agreement with Montage LLC (the "**Montage Credit Facility**") to provide revolving credit loans for energy procurement, working capital and general corporate purposes. The Montage Credit Facility was funded by several Regional Energy equity holders. The Montage Credit Facility was cancelled and replaced by the Supplier Agreement with Macquarie Energy in September 2010. During the period ended December 31, 2010, the financing costs under the Montage Credit Facility were $1,055 (2009 — $45), which were included in financial costs.

Regional Energy did not complete any other material transactions with any individuals or companies that are not considered independent of Regional Energy.

18. CAPITAL DISCLOSURES

For capital management purposes, the Company defines capital as the aggregate of its shareholders' equity and Series A preferred stock. The Company's principal objectives in managing capital are:

- ensure sufficient liquidity to adequately fund the ongoing operations of the business;
- provide flexibility to take advantage of contract and growth opportunities that are expected to provide satisfactory returns to shareholders;
- maintain a strong capital base so as to maintain client, investor, creditor and market confidence;
- provide returns and generating predicable cash flow for distributions to shareholders;
- comply with financial covenants required under its commodity supply facility.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. The Company is not subject to externally imposed capital requirements other than financial covenants in the Supplier Agreement. At December 31, 2011 all these covenants have been met.

19. REPORTABLE BUSINESS SEGMENT

The Company's business operations are comprised of a single segment, retail electricity marketing.

The Company's revenue consists of the following:

	Year ended		March 17, 2009 (inception) to December 31, 2009
	December 31, 2011	December 31, 2010	
Electricity	$199,751	$54,582	$2,217
Fees	5,707	2,033	23
Total	$205,458	$56,615	$2,240

Geographic information

All of the Company's sales from external customers and assets are located in the United States of America. The Company does not have any key customers. The Company operates in three states which together comprise 87.3% of revenues (2010 — 2 states comprising 85.9%, 2009 — 1 state comprising 100%).

20. COMMITMENTS

Surety bonds

As at December 31, 2011, the Company has surety bonds issued of $1,750 (2010 — $1,050) to the various state regulatory commissions and LDCs.

20. COMMITMENTS (Continued)

Operating leases

The Company leases its corporate office facility under a non-cancelable operating lease which contains fixed escalation clauses and is subject to extension at the option of the Company. The Company takes into account escalation clauses when determining the amount of future minimum lease payments. All future minimum lease payments are recognized on a straight-line basis over the minimum lease term. For the year ended December 31, 2011, rent expense under its operating lease of $66 (2010 — $45, 2009 — $0) was incurred and these costs are included in the consolidated statements of comprehensive income (loss) and the associated deferred rent liability is included within other long-term liabilities on the consolidated statement of financial position.

Employee defined contribution plan

The Company has a 401(k) retirement plan in which substantially all full-time employees may participate. The Company matches employee contributions up to a maximum of 4% of each participant's annual salary. During the period ended December 31, 2011, employer contributions totaled $90 (2010 — $23, 2009 — $0).

Regulatory proceedings

The Company is an independent energy marketer of retail electricity to residential and commercial customers across numerous states. Market rules and regulations locally, regionally and state to state change periodically. These changes will likely have an impact on the Company's business; some may be material and others may not. Some changes may lead to new or enhanced business opportunities, some changes may result in a negative impact on the Company's business. As such, there is no way to impute an exact effect through a cost benefit analysis, because there are many variables. The regulatory process does allow for some participation, and the Company engages in that participation, however, such participation provides no assurance as to the outcome of such proceedings. The Company does not expect proceedings to have a material adverse effect on the Company's financial condition or results of operations.

Litigation and other claims

The Company is involved in various disputes and litigation. In the opinion of management, the resolution of these disputes against the Company will not have a material effect on the consolidated earnings, cash flows or financial position of the Company.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company were authorized for issue on November 2, 2012 by the Board of Directors.

22. SUBSEQUENT EVENTS

In February 2012, the Company redeemed 64,413 or 50% of the total outstanding Series A convertible preferred shares from the holders for total cash consideration of $3,850, at the price of $59.77 per share. In May, 2012, the Company redeemed an additional 63,367 Series A convertible preferred shares for total cash consideration of $3,787 at the price of $59.77 per share and 1,046 of the Series A convertible preferred stock were converted into common stock at the price of $59.77 per share. At May 31, 2012, there were no Series A convertible preferred shares outstanding.

On September 18, 2012, the Company entered into a business combination (the "**Combination**") with Public Power, LLC ("**PP**") which entailed a transaction whereby ownership interests and shares in PP and the Company were contributed by the owners to a new entity, Crius Energy, LLC ("**CE**"), in exchange for membership interests in CE.

On September 18, 2012, in conjunction with the Combination, certain Series A and Macquarie Warrants were exchanged for membership interests in CE. The remaining Series A Warrants were canceled or exercised.

On September 18, 2012, CE granted membership units to certain officers and employees of the Company and the associated non-cash share based compensation expense will be recognized and included within general and administrative expenses of the Company.

On September 18, 2012, the Company entered into an amended and restated supplier agreement with Macquarie Energy to replace the existing Supplier Agreement. This agreement was extended with an expiration date of October 1, 2017 and incorporated the following amendments: an increase to the overall limit to $200,000, reduced volumetric fees as well as a reduction in the interest rates on the working capital facility from LIBOR plus 8% to LIBOR plus 5.5%, and the agreement was expanded to include CE and all of its subsidiaries to reflect the Combination.

On November 2, 2012, Crius Energy Trust agreed to acquire an approximate 26.8% membership interest in CE. In conjunction therewith, CE agreed to issue a note to the Company for $32,358 with interest due monthly at 10% and principal due 10 years from the closing of the offering. The Company will use the proceeds from the note and issuance of CE membership interests to repurchase approximately 290,000 common shares at $163 per share and 45,000 stock options will be net settled for $153 per share as grossed up for taxes owed. The remaining 75,000 stock options will be canceled.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF REGIONAL ENERGY HOLDINGS, INC.
For the three and six months ended June 30, 2012 and 2011

REGIONAL ENERGY HOLDINGS, INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of U.S. dollars)
(Unaudited)

	Notes	June 30, 2012	December 31, 2011
ASSETS			
Current			
Cash and cash equivalents		$ 4,649	$12,029
Restricted cash and cash equivalents		16	—
Collateral deposits		60	128
Accounts receivable		22,993	24,309
Income tax receivable		691	—
Other current assets		109	237
		28,518	**36,703**
Property and equipment		214	194
Intangible assets		264	339
Deferred tax assets		904	995
Other assets		12	12
		$29,912	**$38,243**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Trade and other payables		$19,905	$22,829
Income tax payable	7	—	2,108
Series A convertible preferred stock	6	—	7,700
Other current financial liabilities	5	551	468
		20,456	**33,105**
Long-term liabilities			
Warrant liability	6	161	256
Other long-term liabilities		29	33
		190	**289**
Shareholders' equity			
Share capital	8	1	1
Paid-in capital	8	8,502	8,441
Equity (Deficit)		763	(3,593)
		9,266	**4,849**
		$29,912	**$38,243**
Commitments	15		

See accompanying notes to the interim condensed consolidated financial statements.

REGIONAL ENERGY HOLDINGS, INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of U.S. dollars)
(Unaudited)

	Notes	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Revenue		**$43,133**	**$45,694**	**$90,275**	**$89,338**
Cost of sales		**30,688**	**37,228**	**64,694**	**75,271**
Gross margin		**12,445**	**8,466**	**25,581**	**14,067**
Expenses					
Selling expenses		2,822	2,719	5,453	5,149
General and administrative expenses		5,383	4,530	10,269	7,882
Depreciation and amortization		96	84	189	163
Operating profit		**4,144**	**1,133**	**9,670**	**873**
Other income (expense)					
Finance costs		(1,103)	(1,301)	(2,314)	(2,631)
Change in fair value of derivative instruments	5	2,169	(468)	12	90
Income (loss) before income taxes		**5,210**	**(636)**	**7,368**	**(1,668)**
Provision for income taxes	7	2,100	—	3,012	—
Net income (loss) and total comprehensive income (loss)		$ 3,110	$ (636)	$ 4,356	**$ (1,668)**

See accompanying notes to the interim condensed consolidated financial statements.

REGIONAL ENERGY HOLDINGS, INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of U.S. dollars)
(Unaudited)

	Note	Common Stock Shares	Common Stock Par Value	Paid-in Capital	Deficit	Total
Balance, December 31, 2010		1,158,548	1	7,784	(7,419)	366
Net loss and total comprehensive loss		—	—	—	(1,668)	(1,668)
Balance, June 30, 2011		**1,158,548**	**1**	**7,784**	**(9,087)**	**(1,302)**
Balance, December 31, 2011		1,158,548	1	8,441	(3,593)	4,849
Issuance of common stock from conversion of Series A preferred convertible stock	8	1,046	—	61	—	61
Net income and total comprehensive income		—	—	—	4,356	4,356
Balance, June 30, 2012		**1,159,594**	**1**	**8,502**	**763**	**9,266**

See accompanying notes to the interim condensed consolidated financial statements.

REGIONAL ENERGY HOLDINGS, INC.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of U.S. dollars)
(Unaudited)

	Notes	Six months ended June 30, 2012	Six months ended June 30, 2011
Net inflow (outflow) of cash related to the following activities			
Operating			
Net income (loss)		**4,356**	**(1,668)**
Add (deduct) items not affecting cash			
Depreciation of property and equipment		65	52
Amortization of intangibles		124	111
Finance costs		—	41
Change in fair value of derivative instruments	5	83	(90)
Change in fair value of warrant obligation		(95)	—
Deferred income taxes	7	91	—
Bad debt expense (recovery)		(19)	201
		4,605	**(1,353)**
Net change in operating assets and liabilities	9	(4,213)	(2,140)
		392	**(3,493)**
Investing			
Purchase of property and equipment		(85)	(50)
Purchase of intangible assets		(49)	(64)
		(134)	**(114)**
Financing			
Series A convertible preferred stock		(7,638)	4,225
		(7,638)	**4,225**
Net cash inflow (outflow)		**(7,380)**	**618**
Cash and cash equivalents, beginning of period		12,029	893
Cash and cash equivalents, end of period		**4,649**	**1,511**
Supplemental cash flow information			
Interest paid		1,462	1,924
Income taxes paid		5,720	19

See accompanying notes to the interim condensed consolidated financial statements.

1. NATURE AND ORGANIZATION

Regional Energy Holdings, Inc. ("**REH**") is an independent energy marketer of retail electricity and natural gas to residential and commercial customers. REH is a holding company that operates through its wholly-owned operating subsidiaries: Viridian Energy Inc., Viridian Energy PA LLC, Viridian Energy NY LLC, Fair Point Energy LLC (formerly, Viridian Energy MD LLC), Cincinnati Bell Energy LLC (formerly, Viridian Energy NJ LLC), Viridian Network LLC and FTR Energy Services LLC (formerly, Viridian Energy NG, LLC).

REH and its subsidiaries (collectively, the "**Company**") provide retail electricity to its customers in the Connecticut, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio and Pennsylvania markets and provide retail natural gas in New Jersey, New York, Ohio and Pennsylvania. The Company is licensed by the Federal Energy Regulatory Commission ("**FERC**") as a retail marketer. In addition to the states in which the Company currently operates, the Company is also licensed, certified, or otherwise qualified by applicable state agencies to supply retail electricity in the District of Columbia and Delaware.

The Company was incorporated in 2009 and is domiciled in the United States of America and the address of its registered office is 64 North Main Street Norwalk, Connecticut, USA. The interim condensed consolidated financial statements include the accounts of REH and its consolidated subsidiaries.

2. OPERATIONS

The Company's business primarily involves the sale of electricity and natural gas to residential and commercial customers under variable-priced and fixed-price contracts. The Company commenced electricity marketing in 2009 and natural gas marketing in 2012, and derives its gross margin from the difference between the price at which it sells the commodities to its customers and the price at which it purchases the associated volumes from its suppliers.

3. BASIS OF PRESENTATION AND INTERIM REPORTING

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting Standards". Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

Basis of presentation and interim reporting

These unaudited interim condensed consolidated financial statements should be read in conjunction with and follow the same accounting policies and methods of application as those used in the audited consolidated financial statements for the years ended December 31, 2011, 2010 and 2009.

The Company's operations are seasonal and, therefore, the interim operating results are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. Natural gas consumption by customers is typically highest in October through March and lowest in April through September. Electricity consumption is typically highest in January through March and July through September. Electricity consumption is lowest in October through December and April through June. However, the impact of seasonality on customer usage is one of the many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition.

The interim condensed consolidated financial statements are presented in U.S. dollars, the functional currency of the Company, and all values are rounded to the nearest thousand unless otherwise stated. The consolidated financial statements are prepared on a going concern basis, under the historical cost convention except for certain financial assets and liabilities that are presented at fair value.

Principle of consolidation

The interim condensed consolidated financial statements include the accounts of REH and its subsidiaries as at June 30, 2012. Subsidiaries are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments, made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of electricity consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of electricity consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

Accounts receivable

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of derivative instruments is significantly influenced by the variability of forward spot energy.

Impairment

In assessing the value of intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, Regional Energy may be required to record impairment charges related to intangible assets.

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

(in thousands of U.S. dollars, unless otherwise stated)

5. FINANCIAL INSTRUMENTS

Fair value

Fair value is the estimated amount that the Company would pay or receive to dispose of the financial instruments in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity and natural gas swaps using a method that employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows.

The Company's retail marketing activities expose it to a variety of market risks, principally from fluctuating commodity prices. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results. The Company's risk management activities include the use of derivative instruments such as swaps, forwards and options. The Company maintains commodity price risk management strategies that use, within approved risk tolerances to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility.

Supplying electricity and natural gas to retail customers requires the Company to match customers' projected demand and commodity purchases. These retail marketing activities expose the Company to a variety of market risks, principally from fluctuating wholesale energy prices. In order to mitigate these risks, management engages in hedging activities designed to reduce the potentially adverse effects that the price volatility of these markets may have on its operating activities.

The following table illustrates the gains (losses) related to the Company's derivative financial instruments classified as held-for-trading and recorded on the interim condensed consolidated statements of comprehensive income (loss):

	For the three months ended June 30, 2012	For the three months ended June 30, 2011	For the six months ended June 30, 2012	For the six months ended June 30, 2011
Fixed-for-floating electricity swaps	2,063	(468)	(110)	90
Fixed-for-floating natural gas swaps	36	—	27	—
Warrant liability	70	—	95	—
Change in fair value of derivative instruments	2,169	(468)	12	90

The following table summarizes the fair value of the financial assets and liabilities recorded in the consolidated financial statements as at June 30, 2012:

	Other current financial liabilities	Warrant liability
Fixed-for-floating electricity swaps	(577)	—
Fixed-for-floating natural gas swaps	26	—
Warranty liability	—	(161)
	(551)	(161)

(in thousands of U.S. dollars, unless otherwise stated)

5. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the fair value of the financial assets and liabilities recorded in the consolidated financial statements as at December 31, 2011:

	Other current financial liabilities	Warrant liability
Fixed-for-floating electricity swaps	(468)	—
Warrant liability	—	(256)
	(468)	(256)

The following table summarizes financial instruments which the Company has classified as held-for-trading as at June 30, 2012:

	Notional Volume	Total Remaining Volume	Maturity Date	Fixed Price	Fair Value (unfavorable) favorable	Notional Value
June 30, 2012						
Fixed-for-floating electricity swaps	1-100 Megawatts	508,549 MWh	July 2012 – April 2014	$26.74 to $58.67	(577)	21,585
Fixed-for-floating gas swaps	10,000 to 15,000 Mmbtu	55,000 Mmbtu	July 2012 – October 2012	$2.24 to $2.45	26	129
December 31, 2011						
Fixed-for-floating electricity swaps	1-200 Megawatts	314,603 MWh	1-3 months	$33.55 to $71.62	(468)	13,945

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices. The Company values its cash and cash equivalents, restricted cash, collateral deposits, accounts receivable, trade and other payables under level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Derivatives assets and derivative liabilities included in Level 2 are valued using multiple prices quoted by market participants other than exchanges, industry pooling, and other inputs that are derived principally from, or collaboratively by, observable market data.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy where the Company is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities or related observable inputs that can be corroborated at the measurement date. The Company's policy is to recognize transfers in and out as at the end of the reporting period.

(in thousands of U.S. dollars, unless otherwise stated)

5. FINANCIAL INSTRUMENTS (Continued)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at June 30, 2012:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents including restricted cash	4,665	—	—	4,665
Collateral deposits	60	—	—	60
Accounts receivable	22,993	—	—	22,993
Financial liabilities				
Trade and other payables	(19,905)	—	—	(19,905)
Warrant liability	—	—	(161)	(161)
Derivative financial liabilities	—	(551)	—	(551)

Changes in Level 3 financial liabilities for the six-months ended June 30, 2012 and the year ended December 31, 2011:

	June 30, 2012	December 31, 2011
Balance, beginning of period	(256)	(30)
Issuance	—	(93)
Net unrealized gain/(loss) included in earnings	95	(133)
Balance, end of period	(161)	(256)

The Series A Warrant liability included in Level 3 represents the fair value of the Warrants outstanding as at June 30, 2012 and December 31, 2011, which was estimated using a Monte Carlo simulation based valuation model. The net unrealized losses for the warrant liabilities are included in change in fair value of derivative instruments in the interim condensed consolidated statement of comprehensive income (loss).

Classification of financial assets and liabilities

As at June 30, 2012 and December 31, 2011, the carrying amounts of the financial assets and liabilities, except for derivative liabilities and warrants, approximated their fair value. The derivative liabilities and warrants are recorded at fair value.

Management of risks arising from financial instruments

The risks associated with the Company's financial instruments are as follows:

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Company is exposed are discussed below.

Interest rate risk

The Company is exposed to interest rate risk on certain advances within the Supplier Agreement with Macquarie Energy. The company has not utilized any such advances under its Supplier Agreement and therefore has not been exposed to interest rate risk. The Company's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Company does not currently believe that it is exposed to material financial risks.

Commodity price risk

The Company is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the wholesale

5. FINANCIAL INSTRUMENTS (Continued)

supply portfolios. The Company's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Company.

The fair values of the Company's financial instruments are significantly influenced by the variability of forward spot prices for electricity and natural gas. Period to period changes in forward spot prices could cause significant changes in the marked to market valuation ("**MTM valuation**") of these contracts, as shown below:

Percentage change in the forward spot price at June 30, 2012	Electricity		Natural Gas	
	Percent change in MTM Valuation	Dollar change in MTM Valuation (in thousands)	Percent change in MTM Valuation	Dollar change in MTM Valuation (in thousands)
+/−1%	+/−36.3%	+/−$210	+/−3.8%	+/−$1
+/−5%	+/−181.7%	+/−$1,050	+/−18.9%	+/−$5
+/−10%	+/−363.5%	+/−$2,101	+/−37.8%	+/−$10

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In Maine, Massachusetts, New Hampshire and New Jersey the Company is exposed to customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Company.

As at June 30, 2012, accounts receivable for the markets where the Company is exposed to credit risk was $573 (2011 – $612).

A reconciliation of the beginning and ending amounts of the Company's allowance for doubtful accounts is as follows:

	June 30, 2012	December 31, 2011
Balance at the beginning of the period	580	68
Additional amounts provided for (recovered) during the period	(19)	512
	561	580

As at June 30, 2012, there are no amounts past due that are not impaired.

Counterparty credit risk

Counterparty credit risk represents the loss that the Company would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Company replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty risk is limited to Macquarie Energy for all wholesale supply positions. However, the failure of the counterparty to meet its contractual obligations could have a material adverse effect on the operations and cashflows of the Company.

As at June 30, 2012, the maximum counterparty credit risk exposure amounted to $26 (December 31, 2011 — $138) representing the risk relating to its derivative financial assets.

(in thousands of U.S. dollars, unless otherwise stated)

5. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Company manages this risk by monitoring cash flow forecasts for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities, excluding interest payments, of the Company's financial liabilities as at June 30, 2012.

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Trade and other payables	19,905	19,905	19,905	—	—
Operating leases	—	1,880	400	1,480	—
Derivative instruments	551	551	544	7	—
	20,456	22,336	20,849	1,487	—

Supplier risk

The Company purchases the electricity and natural gas delivered to its customers through contracts entered into with Macquarie Energy. The Company has an exposure to supplier risk as the ability to continue to deliver electricity and natural gas to its customers is reliant upon the ongoing operations of this supplier and its contractual obligations.

6. SUPPLY AGREEMENT AND FINANCING

Macquarie Energy Supplier Agreement

In September 2010, the Company entered into several agreements (the "**Supplier Agreement**") with Macquarie Energy LLC ("**Macquarie Energy**") for the exclusive supply of the Company's wholesale energy needs and hedging requirements for a term of three years. Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each ISO. Under the Supplier Agreement, the local utilities serving the Company's customers are directed to remit all customer payments into a designated restricted bank account, (the "**Lockbox**"), and the funds in that account are used to pay Macquarie Energy for the energy supplied and other fees and interest due under the Supplier Agreement. The trade payables are secured by funds pledged in the Lockbox, accounts receivable and all other assets in the Company. The funds in the Lockbox were subject to a minimum balance requirement of $1,000 for the term of the agreement.

Macquarie Energy extends trade credit to the Company to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. The credit extended under the Supplier Agreement is limited to a twelve month megawatt hour cap of 2,000,000 MWh, is subject to certain standard financial covenants, and is limited to a calculated credit base based on restricted cash in the Lockbox and billed and unbilled receivables. The Company incurs a volumetric fee based on the wholesale energy delivered, which is included in finance costs in the statement of comprehensive income. The Supplier Agreement contained a deferred payment provision under which payables can be extended for an additional month subject to the lower of the available credit base and a deferred payment cap. The deferred payment cap was $6,500 for the first six months of the term and the lesser of $10,000 or 30% of the credit base for the remainder of the term. In addition, the deferred payment provision contained a limited cash line of credit facility for the first six months of the term for funding of the Company's operating expenses. Under this cash line, the Company could draw cash to cover its monthly operating expenses subject to various criteria including credit base restrictions, the prior months operating expenses and the cumulative deferred payment cap. All deferred payments under this line are subject to an annual interest rate of 13% and all amounts drawn were repayable in full the following month. The Supplier Agreement contained minimum annual payment requirements over the term of the agreement aggregating $525 as well as certain customary financial covenants. The Company was in compliance with these minimum annual payment requirements as at June 30, 2012. The Company is able to terminate the Supplier Agreement by prior written notice and the payment of certain minimum termination fees.

During 2011, the Company and Macquarie Energy amended the terms of the Supplier Agreement to provide a number of enhancements to the facility. In February 2011, a letter of credit facility of up to the lesser of $10,000 or 20% of the calculated credit base was added. Letters of credit issued under this line are subject to an annual interest rate of 8%. In December 2011, the following amendments were made to the Supplier Agreement: the 2,000,000 MWh cap was removed; the overall facility limit was set at $100,000; a working capital facility including a cash advance facility and a letter of credit facility was established with a sub-limit of $25,000 to replace the existing letter of credit facility and deferred payments facility with letters of credit at an annual interest rate of 8% and with

6. SUPPLY AGREEMENT AND FINANCING (Continued)

cash advances at an annual interest rate of LIBOR plus 8%; the term of the Supplier Agreement was extended to December 2014; the $1,000 minimum cash balance in the Lockbox was removed; the minimum annual payments were removed; the ability to market natural gas to customers and procure natural gas and hedge these purchases was added, the ability to sell fixed price contracts to customers and to hedge these sales through forward purchases was added.

Macquarie Energy had extended trade credit to the Company totalling $12,862 (December 31, 2011 — $13,042) as at June 30, 2012 under this Supplier Agreement. At June 30, 2012 letters of credit totalling $3,857 (December 31, 2011 — $3,600) and no cash advances were drawn under the working capital facility. During the three and six months ended June 30, 2012, interest paid under the working capital facility for letters of credit and under deferred payment provision totaled $194 (2011 — 72) and $267 (2011 — $234).

As at June 30, 2012, the availability under the credit facility was $1,637 (December 31, 2011 — $1,745)

Warrants issued to Macquarie Energy LLC

In conjunction with an expansion of the Supplier Agreement in December 2011, the Company issued 163,532 Warrants to Macquarie Energy (the "**Macquarie Warrants**"), each exercisable for one share of the Company's common stock at any time through November 30, 2017. Each of the Macquarie Warrants had an exercise price equal to $61.15 per share, subject to standard adjustments.

The fair value of the Macquarie Warrants was estimated using the Black-Scholes valuation model as at the date of the grant and is amortized over the term of the supplier agreement. The unamortized value of the Macquarie Warrants is included in trade and other payables in the consolidated statement of financial position and amortization is included in finance costs, in the consolidated statement of comprehensive income (loss). The Black-Scholes value calculated is $4.02 per warrant.

Series A convertible preferred shares

The Company issued 89,510 and 39,316 Series A convertible preferred shares, ("**Series A shares**"), during 2011 and 2010, respectively, for consideration of $5,350 and $2,350, respectively, or $59.77 per share. The Series A shares rank senior to common stock as to dividends and upon a liquidation event. The Series A shares have a fixed dividend which is payable monthly by the Company in cash at the annual rate of 23% of the purchase price. The Series A shares are convertible immediately, in whole or in part, into an equivalent number of shares of common stock, subject to standard adjustments, at the option of the holder. The Series A shares are redeemable in cash at the option of the Company at any time after the first anniversary of the original date of issuance and at the option of the holder at any time after the third anniversary of the original date of issuance. The Series A shares are recorded as a liability and distributions under the instrument are recorded as finance costs.

In February 2012, the Company redeemed 64,413 or 50% of the total outstanding Series A shares from the holders for total cash consideration of $3,850, at the price of $59.77 per share. In May, 2012, the Company redeemed an additional 63,367 Series A shares for total cash consideration of $3,788 at the price of $59.77 per share and 1,046 of the Series A shares were converted into common stock at the price of $59.77 per share. At May 31, 2012, there were no Series A shares outstanding.

Warrants related to the Series A convertible preferred shares

As partial inducement to purchase the Series A shares, the Company issued to the holders, in proportion to their Series A share holdings, 44,755 and 19,658 detachable warrants, ("**Series A Warrants**") during 2011 and 2010, respectively, exercisable for one share of the Company's common stock at any time through the fifth anniversary of the date of issuance. Each of the warrants has an exercise price equal to $74.71 per share, subject to standard adjustments. Additionally, the warrants contain a down-round protection provision under which the exercise price is adjusted downwards if common stock is subsequently issued for a lower price. The exercise price on the warrants was adjusted downwards in December 2011 to $61.15 per share as a result of the issuance of additional warrants to Macquarie Energy.

The Company accounts for the Series A Warrants as liabilities on the interim condensed consolidated statement of financial position at fair value. At each reporting period end, the Company will remeasure the fair value of the Warrant liability and any gains or losses are recorded as a component of change in fair value of derivative instruments. For the three and six months ended June 30, 2012 there was a gain of $70 (2011 — $0) and a gain of $95 (2011 — $0) recorded in relation to changes in the fair value of derivative instruments.

(in thousands of U.S. dollars, unless otherwise stated)

7. INCOME TAXES

The major components of the provision for income taxes is as follows:

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Current income tax:				
Current income tax charge	1,163	—	2,921	—
Deferred income tax:				
Origination and reversal of temporary differences	937	—	91	—
Total tax expense	2,100	—	3,012	—

8. CAPITAL STOCK

Authorized

The Company has authorized 299,925,000 common shares with a par value of $0.001 per share.

Issued

	Common Shares	$
Share capital at June 30, 2012	1,159,594	1
Share capital at December 31, 2011	1,158,548	1

Paid-in capital

The net increase in paid-in capital of $61 for the six months ending June 30, 2012 relates to the issuance of common stock upon the conversion of 1,046 shares by the holders of Series A convertible preferred shares.

9. CONSOLIDATED STATEMENTS OF CASH FLOWS

The inflows (outflows) of net change in operating assets and liabilities is as follows:

	June 30, 2012	June 30, 2011
Accounts receivable	1,335	(8,543)
Trade and other payables	(2,924)	1,166
Collateral deposits	68	2,001
Income tax payable/receivable	(2,799)	(19)
Restricted cash and cash equivalents	(16)	3,452
Other	123	(197)
	(4,213)	(2,140)

(in thousands of U.S. dollars, unless otherwise stated)

10. REPORTABLE BUSINESS SEGMENTS

The Company operates in the following reportable segments: electricity marketing, natural gas marketing and other, which represents fee revenue from network marketing. Management evaluates the performance of its business segments based on gross margin. The following table presents the Company's results by business segment.

	For the three months ended		For the six months ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Revenue				
Electricity	$41,666	44,127	87,533	86,397
Natural Gas	500	—	779	—
Other	967	1,567	1,963	2,941
	43,133	**45,694**	**90,275**	**89,338**
Cost of sales				
Electricity	30,236	37,228	64,035	75,271
Natural Gas	452	—	659	—
Other	—	—	—	—
	30,688	**37,228**	**64,694**	**75,271**
Gross margin				
Electricity	11,430	6,899	23,498	11,126
Natural gas	48	—	120	—
Other	967	1,567	1,963	2,941
	12,445	**8,466**	**25,581**	**14,067**
Expenses				
Selling expenses	2,822	2,719	5,453	5,149
General and administrative expenses	5,383	4,530	10,269	7,882
Depreciation and amortization	96	84	189	163
Operating profit	**4,144**	**1,133**	**9,670**	**873**
Finance costs	(1,103)	(1,301)	(2,314)	(2,631)
Change in fair value of derivative instruments	2,169	(468)	12	90
Income (loss) before income taxes	**5,210**	**(636)**	**7,368**	**(1,668)**
Provision for income taxes	2,100	—	3,012	—
Net income (loss) and total comprehensive income (loss)	**3,110**	**(636)**	**4,356**	**(1,668)**

Capital expenditures, assets and liabilities are not allocated by segment.

Geographic information

All of the Company's revenues from external customers and assets are located in the United States of America. The Company does not have any key customers. For the three and six months ending June 30, 2012, the Company operated in three states which together comprise 76.0% (2011 — 89.8%) and 77.3% (2011 — 91.4%) of revenue, respectively.

11. COMMITMENTS

Surety bonds

As at June 30, 2012, the Company has surety bonds issued of $2,075 (December 31, 2011 of $1,750) to various state regulatory commissions and LDCs.

11. COMMITMENTS (Continued)

Operating leases

The Company leases its corporate office facility under a non-cancelable operating lease which contains escalation clauses and is subject to extension at the option of the Company. The Company takes into account escalation clauses when determining the amount of future minimum lease payments, which are recognized on a straight-line basis over the minimum lease term. During the three and six months ended June 30, 2012, rent expense under its operating lease was $34 (2011 — $28) and $69 (2011 — $53) respectively. These costs are included in the interim condensed consolidated statements of comprehensive income (loss) and the associated deferred rent liability is included within other long-term liabilities on the consolidated statement of financial position.

During July 2012, the Company entered into a sub-lease agreement to lease office premises in Stamford, Connecticut for a term of four years with an initial base rent of $34 per month with annual rent escalations of approximately 5%.

Regulatory proceedings

The Company is an independent energy marketer of retail electric power and natural gas to residential and commercial customers across numerous states. Market rules and regulations locally, regionally and state to state change periodically. These changes will likely have an impact on the Company's business; some may be material and others may not. Some changes may lead to new or enhanced business opportunities, some changes may result in a negative impact the Company's business. As such, there is no way to impute an exact effect through a cost benefit analysis, because there are many variables. The regulatory process does allow for some participation, and the Company engages in that participation; however, such participation provides no assurance as to the outcome of such proceedings. The Company does not expect proceedings to have a material adverse effect on the Company's financial condition or results of operations.

Litigation and other claims

The Company is involved in various disputes and litigation. In the opinion of management, the resolution of these disputes against the Company, will not result in a material effect on the consolidated financial position of the Company.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Company were authorized for issue on November 2, 2012 by the Board of Directors.

13. SUBSEQUENT EVENTS

On September 18, 2012, the Company entered into a business combination (the "**Combination**") with Public Power, LLC ("**PP**") which entailed a transaction whereby ownership interests and shares in PP and the Company were contributed by the owners to a new entity, Crius Energy, LLC ("**CE**"), in exchange for membership interests in CE.

On September 18, 2012, CE granted membership units to certain officers and employees of the Company and the associated non-cash share based compensation expense will be recognized and included within general and administrative expenses of the Company.

On September 18, 2012, in conjunction with the Combination, certain Series A and Macquarie Warrants were exchanged for membership interests in CE. The remaining Series A Warrants were canceled or exercised.

On September 18, 2012, the Company entered into an amended and restated supplier agreement with Macquarie Energy to replace the existing Supplier Agreement. This agreement was extended with an expiration date of October 1, 2017 and incorporated the following amendments: an increase to the overall limit to $200,000, reduced volumetric fees as well as a reduction in the interest rates on the working capital facility from LIBOR plus 8% to LIBOR plus 5.5%, and the agreement was expanded to include CE and all of its subsidiaries to reflect the Combination.

On November 2, 2012, Crius Energy Trust agreed to acquire an approximate 26.8% membership interest in CE. In conjunction therewith, CE agreed to issue a note to the Company for $32,358 with interest due monthly at 10% and principal due 10 years from the closing of the offering. The Company will use the proceeds from the note and issuance of CE membership interests to repurchase approximately 290,000 common shares at $163 per share and 45,000 stock options will be net settled for $153 per share as grossed up for taxes owed. The remaining 75,000 stock options will be canceled.

AUDITED FINANCIAL STATEMENTS OF PUBLIC POWER, LLC

DECEMBER 31, 2011, 2010 AND 2009

INDEPENDENT AUDITORS' REPORT

The Members of Public Power, LLC

We have audited the accompanying consolidated financial statements of Public Power, LLC, which comprise the consolidated statements of financial position as at December 31, 2011, 2010, 2009 and January 1, 2009, and the consolidated statements of comprehensive income, changes in members' equity and cash flows for each of the three years in the period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statement

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Public Power, LLC as at December 31, 2011, 2010, 2009 and January 1, 2009, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) Ernst & Young LLP
Hartford, Connecticut
November 2, 2012

PUBLIC POWER, LLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of U.S. dollars)

	Notes	December 31, 2011	December 31, 2010	December 31, 2009	January 1, 2009
Assets					
Current					
Cash and cash equivalents		$ 701	$ 278	$ 699	$ 6
Collateral deposits, current	12	—	4,874	633	22
Accounts receivable	9	18,068	11,471	8,379	998
Other current financial assets	14	—	72	—	—
Other current assets		297	597	338	4
		19,066	**17,292**	**10,049**	**1,030**
Collateral deposits, long-term	12	5,266	1,897	4,243	1,520
Property and equipment	10	102	98	46	10
Intangible assets	11	16,757	—	—	—
Deferred tax assets	18	—	—	312	1,809
Other assets		12	9	5	2
Total Assets		**$41,203**	**$19,296**	**$14,655**	**$ 4,371**
Liabilities and members' equity (deficit)					
Liabilities					
Current					
Line of credit, bank	15	$ 6,631	$ 6,056	$ —	$ —
Trade and other payables		9,800	5,263	6,486	6,062
Other current financial liabilities	14	1,581	—	—	—
Current maturities of notes payable	15	4,599	—	—	—
Notes payable, related parties	19	—	2,784	7,892	702
		22,611	**14,103**	**14,378**	**6,764**
Long-term liabilities					
Notes payable, less current maturities	15	3,401	—	—	—
Notes payable, related parties, less current maturities	19	6,800	2,785	—	—
Other long-term liabilities		2,031	—	—	—
		34,843	**16,888**	**14,378**	**6,764**
Members' equity (deficit)					
Members' equity (deficit)		6,360	2,408	277	(2,393)
Total liabilities and members' equity		**$41,203**	**$19,296**	**$14,655**	**$ 4,371**
Commitments	22				

See accompanying notes to the consolidated financial statements.

PUBLIC POWER, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands of U.S. dollars)

	Notes	December 31, 2011	December 31, 2010	December 31, 2009
Revenue		$107,891	$76,239	$45,434
Cost of sales		82,186	60,293	30,847
Gross margin		**25,705**	**15,946**	**14,587**
Expenses				
Selling expenses		3,191	3,383	1,282
General and administrative expenses		7,918	6,411	8,949
Depreciation and amortization		850	37	4
		11,959	**9,831**	**10,235**
Operating profit		**13,746**	**6,115**	**4,352**
Other income (expense)				
Finance costs		(1,276)	(1,153)	(187)
Change in fair value of derivative instruments	14	(1,653)	72	—
Income before income taxes		**10,817**	**5,034**	**4,165**
Provision for income taxes	18	—	—	1,497
Net income and total comprehensive income		**$ 10,817**	**$ 5,034**	**$ 2,668**

See accompanying notes to the consolidated financial statements.

PUBLIC POWER, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

(in thousands of U.S. dollars)

	Total
Balance, January 1, 2009	$(2,393)
Capital contribution	19
Distributions	(17)
Net income	2,668
Balance, December 31, 2009	**277**
Capital contributions	885
Distributions	(3,788)
Net income	5,034
Balance, December 31, 2010	**2,408**
Distributions	(6,865)
Net income	10,817
Balance, December 31, 2011	**$ 6,360**

See accompanying notes to the consolidated financial statements.

PUBLIC POWER, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	Notes	December 31, 2011	December 31, 2010	December 31, 2009
Net inflow (outflow) of cash related to the following activities				
Operating				
Net income		**$ 10,817**	**$ 5,034**	**$ 2,668**
Add (deduct) items not affecting cash				
Depreciation of property and equipment		63	37	4
Amortization of intangibles		787	—	—
Change in fair value of derivative instruments	14	1,653	(72)	—
Finance costs		25	—	—
Deferred income taxes		—	—	1,497
Bad debt expense		1,129	—	—
		14,474	**4,999**	**4,169**
Net change in operating assets and liabilities	16	(3,787)	(6,160)	(10,628)
		10,687	**(1,161)**	**(6,459)**
Investing				
Purchase of property and equipment		(67)	(89)	(40)
Purchase of intangible assets	7	(10,113)	—	—
		(10,180)	**(89)**	**(40)**
Financing				
Net borrowings on line of credit, bank		600	6,080	—
Proceeds from notes payable		5,000	—	—
Proceeds from notes payable, related parties		6,800	5,569	12,042
Re-payments on notes payable, related parties		(5,569)	(7,892)	(4,852)
Loan fees incurred		(50)	(25)	—
Capital contributions		—	885	19
Distributions to members		(6,865)	(3,788)	(17)
		(84)	**829**	**7,192**
Net cash inflow (outflow)		**423**	**(421)**	**693**
Cash and cash equivalents, beginning of year		278	699	6
Cash and cash equivalents, end of year		**$ 701**	**$ 278**	**$ 699**
Supplemental cash flow information	16			

See accompanying notes to the consolidated financial statements.

1. NATURE AND ORGANIZATION OF BUSINESS

Public Power, LLC ("**Public Power**"), a Connecticut Limited Liability Company was established in December 2009. On April 1, 2010, Public Power acquired all assets and assumed all liabilities and contracts of Public Power & Utility, Inc. ("**PPU**"), a corporation under identical ownership and control with that of Public Power.

As both companies were under identical ownership and management control, this transaction has been accounted for as entities under common control using the pooling of interests method. The assets and liabilities and the results of operations of PPU are combined and included in the financial statements from the beginning of the earliest year presented in these financial statements.

The consolidated financial statements include the accounts of Public Power, LLC and its wholly owned subsidiaries (the "**Company**").

The Company purchases and resells electricity to residential and commercial businesses throughout Connecticut, the District of Columbia, Maryland, Massachusetts, New Jersey, New York, Ohio and Pennsylvania and is licensed by the Federal Energy Regulatory Commission ("**FERC**"), as a power marketer. The Company is domiciled in the United States of America and the address of its registered office is 39 Old Ridgebury Rd, Suite 14 Danbury, Connecticut.

2. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements of the Company represent the first annual financial statements of the Company prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). Previously, the Company prepared its annual consolidated financial statements in accordance with U.S. generally accepted accounting principles.

Since this is the Company's initial year presenting its financial position, results of operations and cash flows under IFRS, these consolidated financial statements have been prepared in accordance with IFRS 1 *First-Time Adoption of IFRS*. The Company has adopted the transition provision of IFRS 7 and thus, has not provided comparative fair value hierarchy disclosures.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing its opening IFRS statements of financial position as at January 1, 2009. The impact of the transition from U.S. GAAP to IFRS is presented in note 6.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are presented in US dollars, the functional currency of the Company, and all values are rounded to the nearest thousand, unless otherwise stated.

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for derivative financial instruments, which are stated at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of Public Power and its wholly-owned subsidiaries. Subsidiaries are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents consists of cash with financial institutions and includes highly liquid investments with original maturities of three months or less. At any time, cash in banks may exceed federally insured limits.

Collateral deposits

Collateral deposits represent cash which is posted with state regulatory entities, independent system operators ("**ISO**"), utilities or other counterparties as collateral for assurance bonds, required collateral in order to operate in certain markets or for other financial assurance programs. They are classified as current or long-term depending on the duration and nature of the deposit requirements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

The Company delivers electricity to its customers through local distribution companies ("**LDCs**"), many of which guarantee amounts due from customers for consumed electricity. Accounts receivable primarily represents amounts due for electricity consumed by customers net of an allowance for estimated amounts that will not be collected from customers.

Credit risk and allowance for doubtful accounts

With the exception of Massachusetts, the Company exclusively operates in electricity utility markets which have purchase of receivables ("**POR**") programs in place under which the utilities assume the credit risk associated with the customer billings. Consequently, the Company's exposure to credit risk concentration is limited primarily to those local utilities that collect and remit receivables on a daily or monthly basis. The Company regularly monitors the financial condition of each such local utility and currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivables with those LDCs is remote.

The Company operates in New Jersey, where there is a limited recourse POR program and Massachusetts, which does not have a POR program. In markets with limited recourse POR programs or no POR programs, the Company bears the credit risk on these accounts and records an appropriate allowance for doubtful accounts to reflect any losses due to non-payment by customers. The Company maintains an allowance for doubtful accounts, which represents management's estimates of probable losses inherent in the accounts receivable balance based on known troubled accounts, historical experience, account aging and other current available information.

Property and equipment

Property and equipment are recognized at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset to bring the asset to a working condition for its intended use. The commencement date for capitalization of costs occurs when the Company first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use.

Depreciation commences when the assets are available for use and is recognized on a straight-line basis to depreciate the cost of these assets to their estimated residual value over their estimated useful lives. Maintenance and repairs are charged to expense as incurred. When significant parts of an item of fixed assets have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Estimated useful lives are as follows:

Asset category	Depreciation method	Useful life
Office furniture and equipment	Straight line	5 years
Computer hardware	Straight line	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in net income in the period the item is derecognized.

Intangible assets

Intangible assets acquired outside of a business combination are measured at cost at initial recognition and are carried at cost less any accumulated amortization and, any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and are treated as a change in accounting estimate and recorded on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gains and losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Asset category	Amortization method	Rate
Customer list	Straight line	3 years
Non-compete agreements	Straight line	3 years
Option to purchase New Jersey accounts	Straight line	1 year

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its finite life non-financial assets, including property and equipment and intangible assets, to determine whether there is any indication of impairment.

For the purposes of reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("**CGU**").

If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs is tested for impairment. Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss in the period in which they occur. Where impairment, other than for goodwill, subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in profit or loss in the period in which they occur.

Provisions

Provisions are recognized to the extent that we determine it is probable that the Company will be required to settle a present obligation (legal or constructive), and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of the reporting periods presented, the Company has no material provisions.

Contingencies

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized accordingly.

Income taxes

The Company is taxed as a partnership for federal and state income tax purposes. Accordingly, the accompanying consolidated financial statements do not include a provision for tax related to the LLC from the date of acquisition of PPU on April 1, 2010 and 2011 as the LLC's earnings or losses are included in the LLC members' income tax returns and the income tax expense or benefits resulting therefrom are borne by the members. The accompanying 2009 consolidated financial statements include a provision for income taxes

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

and represents the taxes related to the operations of PPU, a C corporation. The provision for income taxes for PPU from January 1, 2010 through the date of acquisition by the Company is not material.

Deferred tax assets and liabilities are recognized as at January 1, 2009 and December 31, 2009 for deferred tax consequences attributable to differences between the Company's financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities were measured using the enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Revenue recognition

Energy Sales

The Company recognizes revenue when significant risks and rewards of ownership are transferred to the customer. Transfer of risk and rewards occurs when electricity has been delivered and consumed by the customer. The Company records revenue exclusive of sales taxes. Sales taxes are collected from the utilities and remitted to the appropriate collecting authority. Such taxes are excluded from revenue and recorded in trade and other payables as the Company is a pass-through entity with respect to these taxes.

Cost of sales

Direct energy costs are recognized concurrently with the related energy sales. Direct energy costs include the commodity cost of purchased electricity, costs associated with energy delivery fees incurred from various energy related service providers, the cost of Renewable Energy Certificates and fees and charges from the ISOs and the LDCs. The Company estimates and accrues for these fees based on invoices, activity levels, preliminary settlements and other available information. Final determination and settlements of these charges may take up to several months following the month of delivery and are adjusted as information become available.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity" or "financial liabilities measured at amortized cost."

Financial assets and financial liabilities measured at fair value through profit or loss are either classified as held for trading or designated at fair value through profit or loss and are measured at fair value with changes in those fair values recognized in profit or loss.

Financial assets classified as loans and receivables, held-to-maturity and financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method of amortization.

Financial assets classified as available-for-sale are measured at fair value, with changes in fair value recognized in accumulated other comprehensive income.

All derivative instruments are classified as held for trading.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Derivative contracts	Held for trading	Fair value
Accounts receivable	Loans and receivable	Amortized cost
Collateral deposits	Held for trading	Fair value
Trade and other payables	Other financial liabilities	Amortized cost
Notes payable and bank debt	Other financial liabilities	Amortized cost
Other liabilities	Other financial liabilities	Amortized cost

The Company has not classified any financial assets as available-for-sale or held to maturity.

Fair values are determined based on the quoted market values where available from active markets. If the financial asset is not traded in an active market, the Company establishes the fair value through valuation techniques that are recognized by market participants. Such techniques may include using recent arms-length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models. An analysis of the fair values of financial instruments is provided in note 14.

Gains and losses on fair value of derivative instruments are recognized in net income in the period in which they are incurred.

Transaction costs are capitalized to the carrying amount of the instrument and amortized using the effective interest method, other than those related to financial instruments measured at fair value through net income, which are expensed as incurred.

Impairment of financial instruments

Financial assets, other than those measured at fair value through net income, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in net income.

With the exception of available-for-sale instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through net income. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Comprehensive income

The Company is required to report total comprehensive income and its components in the accompanying financial statements. The Company has no other comprehensive income components and, accordingly, the Company's net income equals total comprehensive income.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments, made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of electricity consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of electricity consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

Accounts receivable

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of derivative instruments is significantly influenced by the variability of forward spot energy.

Impairment

In assessing the value of intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to intangible assets.

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Acquisition accounting

Management uses judgment to determine whether an acquisition qualifies as an asset acquisition or a business combination by reviewing inputs, processes, outputs within a transaction. All identifiable assets, liabilities and contingent liabilities acquired in a asset purchase are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

5. FUTURE ACCOUNTING PRONOUNCEMENTS

The IASB amended IFRS 7 "Financial Instruments: Disclosure" and IAS 32 "Financial Instruments: Presentation" to enhance disclosure requirements and clarify the requirements for the offsetting of financial assets and liabilities. The amendments are effective for years beginning on or after January 1, 2013 and January 1, 2014, respectively. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB issued IFRS 9 "Financial Instruments: Classification and Measurement". This is the first part of a new standard on the classification and measurement of financial assets that will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit or loss. IFRS 9 was also updated to include guidance on financial liabilities and derecognition of financial instruments. This guidance is similar to the guidance included in IAS 39 relating to financial liabilities and derecognition of financial instruments. IFRS 9 is effective for years beginning on or after January 1, 2015. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB issued IFRS 10 "Consolidated Financial Statements" which replace portions of IAS 27, Consolidated and Separate Financial Statements and interpretation SIC-12, Consolidation — Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the Company controls another entity; there are no clear lines. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice. IFRS 10 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB issued IFRS 11 "Joint Arrangements", which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. IFRS 11 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB issued IFRS 12 "Disclosure of Interests in Other Entities", which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities, and replaces existing disclosure requirements. Due to this new standard, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. IFRS 12 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB issued IFRS 13 "Fair Value Measurement", which provided guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the standard will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for years beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB reissued IAS 27 "Separate Financial Statements", to reflect the change as the consolidation guidance has recently been included in IFRS 10.

In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. IFRS 27 is effective for years beginning on or after April 1, 2013. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

5. FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

The IASB amended IAS 28 "Investments in Associates and Joint Ventures". As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 have been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When it has been determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with IAS 28. IAS 28 is effective for years beginning on or after April 1, 2013. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB amended IAS 1 "Presentation of Financial Statements" to expand on the disclosures required of items within other comprehensive income (loss). The revised standard requires that an entity distinguishes between those items that are recycled to profit and loss versus those items that are not recycled. Retrospective application is required and the standard is effective for annual periods beginning on or after July 1, 2012. The adoption of this amendment will have no impact on the company.

The IASB amended IAS 12 "Income Taxes" in December 2010 in certain areas applicable to the measurement of deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. The amendment states that an entity may presume, for purposes of calculating deferred income taxes associated with temporary differences relating to investment properties, that the carrying amount of an investment property is recovered entirely through its sale, as opposed to presuming that the properties are held with the objective to consume substantially all of the economic benefits of the investment property over time. This amendment replaces SIC-21 and is effective for annual periods beginning on or after January 1, 2012. The Company does not expect the amendment to IAS 12 to have an impact on the consolidated financial statements.

IAS 19 Employee Benefits was issued by the IASB in June 2011. IAS 19 amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires re-measurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income (loss) and increases the disclosure. This amended standard is effective for annual periods beginning on or after January 1, 2013. The adoption of this amendment will have no impact on the company.

6. IFRS FIRST-TIME ADOPTION

The accounting policies described in note 3 have been applied in preparing the consolidated financial statements as at and for the years ended December 31, 2011, 2010 and 2009, and the opening IFRS statement of financial position as at January 1, 2009, the Company's date of transition to IFRS.

The adoption of IFRS effective January 1, 2009 does not impact the underlying economics of the Company's operations or its cash flows. The most significant impacts of adoption of IFRS and the application of IFRS 1 has been statement of financial position reclassifications to comply with the IFRS presentations; as such, there is no change to members' equity at the time of adoption of IFRS.

IFRS 1 exemptions

The general principle to be applied on first-time adoption of IFRS is that standards in force should be applied as at the date of transition to IFRS (i.e. January 1, 2009) and throughout all periods presented in the first IFRS financial statements. However, IFRS 1 contains a number of exemptions that companies are permitted to apply. There were no elective exemptions applied. In preparing these consolidated financial statements in accordance with IFRS 1, the Company applied certain mandatory exemptions from full retrospective application of IFRS, as it relates to estimates. Hindsight was not used to create or revise estimates and, accordingly, the estimates made by the Company under U.S. GAAP are consistent with their application under IFRS.

Reconciliation from U.S. GAAP to IFRS

In preparing the consolidated financial statements, the Company adjusted amounts reported previously in its consolidated financial statements prepared under U.S. GAAP. An explanation of how the transition from U.S. GAAP to IFRS affected the Company's financial position is presented in the following reconciliations (as required by IFRS 1) and explanatory notes.

(in thousands of U.S. dollars, unless otherwise stated)

6. IFRS FIRST-TIME ADOPTION (Continued)

Reconciliation of financial position and equity at January 1, 2009

	Notes	U.S. GAAP balance	Reclassification Note	IFRS reclassifications	IFRS balance
Assets					
Current					
Cash and cash equivalents		$ 6		$ —	$ 6
Collateral deposits, current		22		—	22
Accounts receivable	9	998		—	998
Other current assets		4		—	4
Deferred tax asset		180	1	(180)	—
		1,210		(180)	1,030
Collateral deposits, long-term		1,520		—	1,520
Property and equipment	10	10		—	10
Deferred tax asset		1,629	1	180	1,809
Other assets		2		—	2
Total assets		$ 4,371		$ —	$ 4,371
Liabilities and members' (deficit)					
Liabilities					
Current					
Accrued liabilities		$ 6,061	2	$(6,061)	—
Trade and other payables		1	2	6,061	$ 6,062
Notes payable, related parties	19	702		—	702
		6,764		—	6,764
Members' deficit					
Members' deficit		(2,393)		—	(2,393)
Total liabilities and members' deficit		$ 4,371		$ —	$ 4,371

Notes for Reconciliation from U.S. GAAP to IFRS

- Reclassification 1 — Under U.S. GAAP, deferred tax assets and liabilities are recorded as current or non-current based on the classification of the underlying asset or liability. Under IFRS, all deferred tax assets and liabilities are classified as non-current.
- Reclassification 2 — Under U.S. GAAP, accounts payable and accrued liabilities are disclosed separately. Under IFRS, accounts payable and accrued liabilities are combined.

The adoption of IFRS had no impact on the Company's operations, members' equity, or its cashflows as at December 31, 2011. The statement of financial position had one reclassification of accrued liabilities which are combined with trade and other payables under IFRS.

7. ASSET ACQUISITION

On November 18, 2011, the Company completed the purchase of a customer list and other assets from ResCom Energy, LLC ("**ResCom**"). The transaction was recorded as an asset acquisition. The customer list consisted of ResCom's Connecticut and Maryland customers. Total consideration paid for the assets was $17,544 of which $10,000 was paid in cash, $3,000 was provided in the form of a note payable to ResCom, $700 is contingent consideration to be paid upon a change of control of the Company, $344 in transaction costs and the assumption of $3,500 of liabilities. As part of the purchase agreement, the Company is required to pay ResCom 5% of the selling price of the Company, up to a maximum of $1,000 of contingent consideration, in the event the Company is sold. The Company has estimated the fair value of the contingent consideration and recorded $700 as contingent consideration to be paid in the future. The liability assumed relates to estimated residual commissions owed on the customer contracts acquired.

(in thousands of U.S. dollars, unless otherwise stated)

7. ASSET ACQUISITION (Continued)

The consideration paid was allocated on a relative fair value basis as follows:

Assets acquired	
Customer list	$15,120
Non-compete agreements	1,751
Option to purchase New Jersey accounts	673
Relative fair value of assets acquired	$17,544

8. INVESTMENTS

The Company has a 14.32% investment in a related party, American Approved Energy Services Direct, LLC ("**AAESD**"), a marketing company that obtains new customers for power generation companies in deregulated energy markets. AAESD is one of the marketing firms the Company uses in markets in which the Company operates. The Company also has a note receivable from AAESD of $474 that bears interest at 10%, included in other current assets as at December 31, 2010. The Company obtained the 14.32% equity interest as additional consideration for making the loan. The Company determined that the equity interest had only nominal value as at the date of the loan or at December 31, 2010 and, as such, the equity interest is not recorded in the consolidated financial statements. The equity share of AAESD's net losses for the year ended December 31, 2010 was not material and not recorded given that no investment was recorded at December 31, 2010.

In June 2011, the note receivable was determined to be uncollectable and written off to bad debt expense.

9. ACCOUNTS RECEIVABLE

	December 31, 2011	December 31, 2010	December 31, 2009	January 1, 2009
Accounts receivable	$18,666	$11,471	$8,379	$998
Less: allowance for doubtful accounts	(598)	—	—	—
	$18,068	$11,471	$8,379	$998

10. PROPERTY AND EQUIPMENT

December 31, 2011	Computer hardware	Office furniture and equipment	Total
Cost			
Balance as at January 1, 2011	$ 139	$ 3	$ 142
Additions	67	—	67
Balance as at December 31, 2011	206	3	209
Accumulated depreciation and impairment			
Balance as at January 1, 2011	(42)	(2)	(44)
Depreciation	(63)	—	(63)
Balance as at December 31, 2011	(105)	(2)	(107)
Net book value — December 31, 2011	**$ 101**	**$ 1**	**$ 102**

(in thousands of U.S. dollars, unless otherwise stated)

10. PROPERTY AND EQUIPMENT (Continued)

December 31, 2010	Computer hardware	Office furniture and equipment	Total
Cost			
Balance as at January 1, 2010	$ 50	$ 3	$ 53
Additions	89	—	89
Balance as at December 31, 2010	139	3	142
Accumulated depreciation and impairment			
Balance as at January 1, 2010	(6)	(1)	(7)
Depreciation	(36)	(1)	(37)
Balance as at December 31, 2010	(42)	(2)	(44)
Net book value — December 31, 2010	$ 97	$ 1	$ 98

December 31, 2009	Computer hardware	Office furniture and equipment	Total
Cost			
Balance as at January 1, 2009	$10	$ 3	$13
Additions	40	—	40
Balance as at December 31, 2009	50	3	53
Accumulated depreciation and impairment			
Balance as at January 1, 2009	(3)	—	(3)
Depreciation	(3)	(1)	(4)
Balance as at December 31, 2009	(6)	(1)	(7)
Net book value — December 31, 2009	**$44**	**$ 2**	**$46**
Net book value — January 1, 2009	**$ 7**	**$ 3**	**$10**

11. INTANGIBLE ASSETS

December 31, 2011	Customer lists	Non-compete agreements	Option to purchase New Jersey Accounts	Total
Cost				
Balance, January 1, 2011	$ —	$ —	$—	$ —
Additions	15,120	1,751	673	17,544
Balance, December 31, 2011	15,120	1,751	673	17,544
Accumulated depreciation and impairment				
Balance, January 1, 2011	—	—	—	—
Amortization	(630)	(73)	(84)	(787)
Balance, December 31, 2011	(630)	(73)	(84)	(787)
Net book value — December 31, 2011	**$14,490**	**$1,678**	**$589**	**$16,757**

At December 31, 2011, the remaining amortization period was 2.88 years for the customer lists and non-compete agreements and 10.5 months for the option to purchase New Jersey accounts. There were no intangible assets as at December 31, 2010, 2009 or January 1, 2009.

(in thousands of U.S. dollars, unless otherwise stated)

12. COLLATERAL DEPOSITS

The Company is required to maintain cash deposits with each ISO regulating the state or region in which the Company transacts business.

The ISOs are quasi-governmental organizations that oversee the wholesale markets for electricity. The cash balances in these accounts serve as collateral for the accrued but unpaid power costs, ancillary costs and other charges due to the Company's vendors at any given date. The accounts are held by an investment company and are insured by the Securities Investor Protection Corporation ("**SIPC**") up to $250 and are to be maintained as long as the Company transacts business in that state or region.

At December 31, 2011, the Company had deposits with three ISOs and several other intermediaries aggregating $4,516 (2010 — $6,421, 2009 — $4,243, January 1, 2009 — $1,520). One ISO regulates the States of Connecticut, Massachusetts, Maine and Rhode Island ("**New England States**"), one ISO regulates the State of Pennsylvania and several other states, and the last ISO regulates the State of New York.

Restricted cash and cash equivalents are classified as current and long-term depending on the duration and the nature of the deposit required.

13. FACTORING AGREEMENT

During the year ended December 31, 2009, the Company sold nearly all of its accounts receivable with partial recourse to a factor. The factor retained a portion of the proceeds from the accounts receivable sale as reserves, which were released to the Company as the accounts receivable were collected by the factor. Proceeds received from sales of such accounts receivable during the year ended December 31, 2009 totaled $44,826. The factoring agreement expired on December 29, 2009 and was not renewed, requiring a contract termination fee of $600. This amount is included in trade and other payables in the statement of financial position as at December 31, 2009.

14. FINANCIAL INSTRUMENTS

Fair value

Fair value is the estimated amount that the Company would pay or receive to dispose of the financial instruments in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity swaps using market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. The Company's retail marketing activities expose it to a variety of market risks, principally from fluctuating commodity prices. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results. The Company's risk management activities include the use of derivative instruments such as swaps. The Company maintains commodity price risk management strategies that use these derivative instruments, within approved risk tolerances to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility.

Supplying electricity to retail customers requires the Company to match customers' projected demand and commodity purchases. These retail marketing activities expose the Company to a variety of market risks, principally from fluctuating electricity prices. In order to mitigate these risks, management engages in hedging activities designed to reduce the potentially adverse effects that the price volatility of these markets may have on its operating activities.

The following table includes the unrealized gains/(losses) related to the Company's derivative financial instruments as recorded in the statements of comprehensive income for the years ended December 31, 2011, 2010 and 2009:

	December 31, 2011	December 31, 2010	December 31, 2009
Fixed-for-floating electricity swaps	$(1,653)	$72	$—
	$(1,653)	$72	$—

(in thousands of U.S. dollars, unless otherwise stated)

14. FINANCIAL INSTRUMENTS (Continued)

Financial assets and liabilities recorded in the consolidated statements of financial position as at December 31, 2011, 2010, 2009 and January 1, 2009 were ($1,581), $72, $0 and $0, respectively.

The following table summarizes financial instruments classified as held-for-trading as at December 31, 2011 to which the Company has committed:

Description	Begin Date	End Date	Notional volume (MWh)	Fixed Price / (MWh)	Fair Value favorable (unfavorable)	Notional Value
Fixed for floating electricity swap	1-Jan-12	29-Feb-12	97,920	$52.45-$56.50	$(1,083)	$ 5,451
Fixed for floating electricity swap	1-Jun-12	30-Jun-12	72,480	$41.70-$48.40	(260)	3,145
Fixed for floating electricity swap	1-Jul-12	31-Jul-12	54,720	$47.15-$56.75	(238)	2,677
					$(1,581)	$11,273

The following table summarizes financial instruments classified as held-for-trading as at December 31, 2010 to which the Company has committed:

Description	Begin Date	End Date	Notional volume (MWh)	Fixed Price / (MWh)	Fair value favorable (unfavorable)	Notional Value
Fixed for floating electricity swap . . .	1-Jan-11	31-Jan-11	(37,200)	$57.25-$65.35	$ 116	$(2,384)
Fixed for floating electricity swap . . .	1-Feb-11	28-Feb-11	(28,800)	$57.25	(244)	(1,649)
Fixed for floating electricity swap . . .	1-Feb-11	28-Feb-11	28,800	$58.80	200	1,693
					$ 72	$(2,340)

There were no financial instruments classified as held-for-trading as at December 31, 2009 or January 1, 2009.

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices. The Company values its cash and cash equivalents, accounts receivable collateral deposits and trade and other payables under level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Derivatives assets and derivative liabilities included in Level 2 are valued using multiple prices quoted by market participants other than exchanges, industry pooling, and other inputs that are derived principally from, or collaboratively by, observable market data.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. The Company's policy is to recognize transfers in and out as at the end of the reporting period. During the years ended December 31, 2011 and 2010, there were no significant transfers between levels.

(in thousands of U.S. dollars, unless otherwise stated)

14. FINANCIAL INSTRUMENTS (Continued)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at December 31, 2011:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 701	$ —	—	$ 701
Accounts receivable	18,068	—	—	18,068
Collateral deposits	5,266	—	—	5,266
Financial liabilities				
Derivative financial liabilities	—	(1,581)	—	(1,581)
Trade and other payables	(9,800)	—	—	(9,800)
Line of credit, bank	(6,631)	—	—	(6,631)
Notes payable	(8,000)	—	—	(8,000)
Notes payable, related parties	—	(6,800)	—	(6,800)
Other liabilities	(2,031)	—	—	(2,031)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at December 31, 2010:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 278	$ —	—	$ 278
Accounts receivable	11,471	—	—	11,471
Collateral deposits	6,771	—	—	6,771
Derivative financial assets	—	72	—	72
Financial liabilities				
Trade and other payables	(5,263)	—	—	(5,263)
Line of credit, bank	(6,056)	—	—	(6,056)
Notes payable, related parties	—	(5,569)	—	(5,569)

Classification of financial assets and liabilities

As at December 31, 2011 the carrying amounts of cash and cash equivalents, receivables, collateral deposits, line of credit, bank and notes payable were equal to their fair value due to their short-term liquidity. The carrying value of long term notes payable approximates fair value.

Management of risks arising from financial instruments

The risks associated with the Company's financial instruments are as follows:

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Company is exposed are discussed below.

Interest rate risk

The Company is exposed to interest rate fluctuations associated with its credit facility. The Company's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Company does not currently believe that it is exposed to material financial risks. A 1% increase (decrease) in the interest rates would have resulted in a decrease (increase) in net income of $4 for the year ended December 31, 2011.

14. FINANCIAL INSTRUMENTS (Continued)

Commodity price risk

The Company is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity portfolios which also feed risk management models; should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. The Company's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Company.

If energy prices had risen (fallen) by 10%, assuming that all other variables had remained constant, net income for the year ended December 31, 2011 would have increased (decreased) by $969 primarily as a result of the change in fair value of the Company's derivative instruments.

	Electricity	
Percentage change in the forward spot price at June 30, 2012	**Percent change in MTM Valuation**	**Dollar change in MTM Valuation (in thousands)**
+/−1%	+/−6.1%	+/−$97
+/−5%	+/−30.6%	+/−$485
+/−10%	+/−61.3%	+/−$969

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In New Jersey and Massachusetts, the Company has customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Company. Our maximum credit risk in the New Jersey and Massachusetts markets is $598 at December 31, 2011.

The change in allowance for doubtful accounts is as follows:

Balance, January 1, 2011	$ —
Additional amounts provided during the year	(598)
Balance, December 31, 2011	$(598)

As at December 31, 2011, there are no amounts past due that are not impaired.

For the remaining markets, the LDCs provide collection services and assume the risk of any bad debts owing from the Company's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

There were no receivables from non-POR markets at December 31, 2009 or January 1, 2009.

Counterparty credit risk

Counterparty credit risk represents the loss that the Company would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Company replacing contracted supply at prevailing market rates, thus impacting the related customer margin. However, the failure of a counterparty to meet its contractual obligation could have a material adverse effect on the operations and cash flows of the Company.

(in thousands of U.S. dollars, unless otherwise stated)

14. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Company manages this risk by monitoring detailed weekly cash flow for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of the Company's financial liabilities as at December 31, 2011:

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Trade and other payables	$ 9,800	$ 9,995	$ 9,995	$ —	$—	$—
Line of credit, bank	6,631	6,680	6,680	—	—	—
Notes payable	8,000	8,000	4,599	3,401	—	—
Notes payable, related parties	6,800	6,800	—	6,800	—	—
Other liabilities	2,031	2,696	—	2,586	110	—
Derivative financial liabilities	1,581	1,581	1,581	—	—	—
	$34,843	$35,752	$22,855	$12,787	$110	$—

The following are the contractual maturities of interest payments relating to the disbursements of the Company's financial liabilities as at December 31, 2011:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Notes payable*	172	102	—	—
Notes payable, related parties**	1,020	1,020	—	—
	$1,192	$1,122	$—	$—

* This note was paid in full in August 2012. As such, the contractual interest noted in the table above was not paid in accordance with this schedule.

** This note was assumed by GF Power I on June 30, 2012 at which time the Company was relieved of this liability. As such, the contractual interest noted in the table above was not paid in accordance with this schedule.

Supplier risk

The Company purchases its electricity delivered to its customers through contracts entered into with Emera Energy Services, Inc. ("**Emera**"). The Company has an exposure to supplier risk as the ability to continue to deliver electricity to the customer is reliant upon the ongoing operations of their suppliers and its ability to fulfill its contractual obligations.

15. FINANCING FACILITIES

	December 31, 2011	December 31, 2010	December 31, 2009
Note payable, interest bearing (a)	$ 5,000	$—	$—
Note payable, non-interest bearing (b)	3,000	—	—
	8,000	—	—
Less: current portion	(4,599)	—	—
	$ 3,401	$—	$—

(a) Note payable, bearing interest at 4.02% per year. The note is collateralized, together with the line of credit, by substantially all the assets of the Company and requires monthly principal and interest payments of $148, plus principal prepayments of 25% of the

(in thousands of U.S. dollars, unless otherwise stated)

15. FINANCING FACILITIES (Continued)

Company's monthly net excess cash flow, as defined, through the maturity date of December 9, 2013, with the remaining principal and interest due at that date.

(b) Note payable, non interest bearing, secured by all the Company's assets but subordinate to the notes payable and lines of credit with other financial institutions maturing December 31, 2012. In January 2012, this note payable was amended to provide for the right of offset against amounts due to the Company associated with the customer list purchased (see note 7), which are included in accounts receivable in the accompanying consolidated statement of financial position.

Line of credit

The Company has a $25,000 line of credit arrangement with First Niagara Bank. Borrowings under the agreement bear interest at the prime rate plus the Prime margin, as defined in the agreement (5.25% at December 31, 2011). The interest rate is subject to change to LIBOR, plus the LIBOR margin, as defined in the agreement (3.87% at December 31, 2011) for certain portions of advances under the line of credit at the option of the Company. Interest is payable monthly, and borrowings under the line of credit are secured by all assets of the Company and a pledge of the owners' interests in the Company. Borrowings are limited to a formula based upon the Company's customer receivables as at the end of the prior calendar month, as defined in the agreement. The line contains a sublimit of $3,000 for the issuance of letters of credit which leaves $22,000 available for borrowings for working capital. At December 31, 2011, $16,261 of the $22,000 was the maximum amount available to the Company based on the outstanding receivables; of which $6,680 was borrowed leaving an available balance of $9,581. On the $3,000 letter of credit sublimit, a $750 letter of credit was issued at December 31, 2011, leaving an available balance of $2,250. The line of credit expires on January 11, 2013.

The agreement contains certain financial covenants and restrictions, including:

(1) a maximum debt to earnings before interest, taxes, depreciation and amortization ratio;

(2) a minimum fixed charge ratio and

(3) limitations on new borrowings, investments, dividends and disposal of assets.

At December 31, 2011 and 2010, amounts outstanding under this line of credit were $6,680 and $6,080, respectively.

In March 2012, the line of credit was amended to increase the maximum borrowing capacity to $28,000. All other terms and conditions remain the same.

Finance costs were as follows for the years ended December 31:

	2011	2010	2009
Line of credit, bank	$ 422	$ 395	$183
Notes payable	13	—	—
Notes payable, related parties	402	779	19
Energy purchasing	388	—	—
Other	51	(21)	(15)
	$1,276	$1,153	$187

16. CONSOLIDATED STATEMENTS OF CASH FLOWS

The inflows (outflows) of the net change in operating assets and liabilities is as follows:

	December 31, 2011	December 31, 2010	December 31, 2009
Accounts receivable	$(7,195)	$(3,092)	$ (7,382)
Other current assets	(229)	(262)	(334)
Other assets	(4)	(3)	(3)
Collateral deposits	1,505	(1,895)	(3,334)
Trade and other payables	2,136	(908)	425
	$(3,787)	**$(6,160)**	**$(10,628)**

(in thousands of U.S. dollars, unless otherwise stated)

16. CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Cash interest

	December 31, 2011	December 31, 2010	December 31, 2009
Interest paid	$1,564	$1,102	$233

17. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Company's key management personnel are comprised of members of the executive team of the Company including the Chief Executive Officer and the Chief Financial Officer.

Compensation of key management personnel that is directly attributable to the Company is as follows:

	December 31, 2011	December 31, 2010	December 31, 2009
Wages, salaries and other short-term benefits	$475	$488	$280

18. INCOME TAX

The provision for income taxes is as follows:

	December 31, 2011	December 31, 2010	December 31, 2009
Current income tax expense			
Federal	$—	$—	$ —
State	—	—	—
	—	—	—
Deferred income tax expense	—	—	$1,497
	$—	$—	$1,497

Recognized deferred tax assets and liabilities are attributed to the following:

	December 31, 2011	December 31, 2010	December 31, 2009	January 1, 2009
Deferred tax assets				
Net operating loss carryforward	$—	$—	$ 15	$1,631
Renewable energy credits	—	—	287	162
Other	—	—	17	18
Deferred tax liabilities				
Property and equipment	—	—	(7)	(2)
	$—	$—	$312	$1,809

Reconciliation of effective tax rate

The provision for income taxes represents an effective rate different than the combined federal and state statutory rate for the year ended December 31, 2009 as follows:

Federal and State statutory rate	38.95%
Permanent items	(3.01)
Effective federal and state income tax rate	35.94%

There are no income taxes for 2010 and 2011 as the Company is taxed as a partnership for tax purposes.

(in thousands of U.S. dollars, unless otherwise stated)

18. INCOME TAX (Continued)

The table below details the movement in deferred tax balances for the years ending December 31, 2010 and 2009:

	Balances January 1, 2010	Recognized in equity as distribution	Balances December 31, 2010
Net operating loss carryforwards	$ 15	$ (15)	$—
Renewable energy credits	287	(287)	—
Other	17	(17)	—
Depreciation and amortization	(7)	7	—
Total net deferred tax assets	$312	$(312)	$—

	Balances January 1, 2009	Recognized in statement of comprehensive income	Balances December 31, 2009
Net operating loss carryforwards	$1,631	$(1,616)	$ 15
Renewable energy credits	162	125	287
Other	18	(1)	17
Depreciation and amortization	(2)	(5)	(7)
Total net deferred tax assets	$1,809	$(1,497)	$312

At December 31, 2011 and 2010, there were no deferred tax assets or liabilities, as the Company was a Limited Liability Company ("**LLC**") effective April 1, 2010, which allows for pass-through taxation for the members of the LLC.

19. RELATED PARTY TRANSACTIONS

Note payable

At January 1, 2009, the Company had a note payable to its primary shareholder of $702. The note bore interest at 12% and was re-paid in 2009.

As at December 31, 2009, the Company had a $4,341 note payable to an entity related to the Company's shareholder. The note bore interest at 12% and was scheduled to mature in June 2010. The Company also had a $247 note payable to a related entity that bore interest at 12% and was scheduled to mature in December 2010. Additionally, the Company had unsecured, non-interest bearing advances due to related entities of $3,305. All amounts were repaid in 2010.

During the year ended December 31, 2009, the Company incurred consulting fees of $998 to the principal stockholder of the Company.

In January 2010, the Company entered into a $20,000 unsecured revolving line of credit with GF Alternative Finance, LLC, a company related to the Company's majority member. Borrowings under the line of credit agreement bore interest at 15% per annum. Interest was payable monthly and principal was payable commencing in March 2011 in four quarterly payments equal to one-eighth of the total principal balance at December 31, 2010. The balance outstanding at December 31, 2010 was $5,569. Any remaining principal balance was due in March 2012. Payments on borrowings under this line of credit were subordinate to the First Niagara Bank credit agreement. This line of credit was repaid and canceled during the year ended December 31, 2011.

In November 2011, the Company entered into a $7,500 unsecured note payable with GF Alternative Finance 2, LLC, a Company related to the Company's majority member. Borrowings under the note payable bear interest at 15% per annum. Interest is payable monthly and principal is payable in a balloon payment at maturity on December 31, 2013. As at December 31, 2011 the Company had borrowed $6,800 on the available facility. Repayment of this note payable is subordinate to the First Niagara Bank credit agreement. In June 2012, the remaining balance of $5,800 on this note was assumed by the majority member of the Company and treated as a capital contribution.

(in thousands of U.S. dollars, unless otherwise stated)

20. CAPITAL DISCLOSURES

For capital management purposes, the Company defines capital as the aggregate of its members' equity, lines-of-credit and notes payable. The Company's principal objectives in managing capital are:

- ensure sufficient liquidity to adequately fund the ongoing operations of the business;
- provide flexibility to take advantage of contract and growth opportunities that are expected to provide satisfactory returns to shareholders;
- maintain a strong capital base so as to maintain client, investor, creditor and market confidence;
- provide returns and generating predicable cash flow for distributions to shareholders; and
- comply with financial covenants required under its various borrowing facilities.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally imposed capital requirements other than financial covenants in its credit facility. At December 31, 2011 and 2010, all theses covenants have been met.

21. REPORTABLE BUSINESS SEGMENT

The Company operates as a single reportable segment.

Geographic information

All of the Company's sales from external customers and assets are located in the United States of America. The company does not have any key customers. The company operates in two states which together comprise 82.6% of revenues (2010 — one state comprised 93.9%, 2009 — one state comprising 100%).

22. COMMITMENTS

Operating leases

The Company leases its facilities under non-cancelable operating leases. These leases require monthly payments of $16 and contain fixed escalation clauses. Total facility rent expense was $190, $98 and $27 for the years ended December 31, 2011, 2010 and 2009, respectively and is included in general and administrative expenses in the accompanying consolidated statements of comprehensive income (loss).

The future minimum lease payments required under the non-cancelable operating leases at December 31, 2011 are as follows:

2012	$125
2013	101
2014	8
	$234

Letters of credit and bonds

The Company had $1,100 in letters of credit outstanding and $1,650 of bonds outstanding at December 31, 2011 which secure certain future obligations for energy purchases.

Renewable energy credits

State renewable energy portfolio standards require the Company to purchase a certain proportion of electricity from renewable energy sources for every megawatt-hour of power purchased. The Company complies with such standards by purchasing renewable energy credits through power purchase contracts.

As at December 31, 2011, the Company has four contracts to purchase renewable energy credits during 2012 in the amount of $700 which will be applied to 2011 and 2012 renewable energy credits. In addition to these contracts, the Company will be required to purchase additional 2012 renewable energy credits of $1,253 which are valued at current market prices at December 31, 2011. These contracts allow the Company to buy output from the renewable facilities at a predetermined price.

22. COMMITMENTS (Continued)

Indemnification agreement

In connection with the acquisition of PPU's assets and liabilities in 2010, the Company's majority member agreed to indemnify the former shareholders of PPU for certain contingent litigation obligations. The Company, in turn, has agreed to assume those indemnification obligations, which are limited to a maximum of $250. During the year ended December 31, 2011 and 2010, there have been no charges related to this indemnification agreement.

Emera energy agreement

Effective March 1, 2011 the Company and Emera entered into an agreement which allows Emera to serve as an intermediary and to purchase power for the Company in the Connecticut market. In connection with this agreement, Emera has agreed to post all collateral obligations with the associated ISO in return for a weekly fee of the greater of $6 or $0.70 per megawatt hour purchased. This fee is subject to certain reductions for amounts purchased in excess of 18,000 Megawatt hours. Fees under this agreement aggregated $388 and are included in finance costs for the year ended December 31, 2011 in the statement of comprehensive income. The agreement expires in February 2013 and can be extended for one year subject to the approval of both parties.

For the year ended December 31, 2011, total energy costs (including ancillary costs) purchased from Emera amounted to $34,032.

Litigation and regulatory matters

The Company is involved in ongoing routine litigation and regulatory administrative matters incidental to its business. The Company believes the ultimate disposition of proceedings will not have a material adverse effect on its consolidated earnings, cash flows or financial position.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company were authorized for issue on November 2, 2012 by the managing member.

24. SUBSEQUENT EVENTS

On September 18, 2012, the Company entered into a business combination (the "**Combination**") with Regional Energy Holdings, Inc. ("**REH**") which entailed a transaction whereby 75% of its ownership interests and shares in REH were contributed by the owners to a new entity, Crius Energy, LLC ("**CE**"), in exchange for a 50% membership interest in CE.

On September 18, 2012 membership units were transferred by the Company's principal unitholder to financial advisor Chardan Capital Markets, LLC and various other parties for services performed related to the Combination, and the associated non-cash share based compensation expense will be recognized and included within general and administrative expenses of the Company.

On November 2, 2012, Crius Energy Trust agreed to acquire an approximate 26.8% membership interest in CE. In conjunction therewith, CE agreed to acquire the remaining 25% membership interest in the Company thereby owning 100% of the Company.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PUBLIC POWER, LLC

PUBLIC POWER, LLC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of U.S. dollars)
(Unaudited)

	Notes	June 30, 2012	December 31, 2011
Assets			
Current			
Cash and cash equivalents		$ 334	$ 701
Accounts receivable		24,906	18,068
Other current assets		1,949	297
		27,189	**19,066**
Collateral deposits		6,762	5,266
Property and equipment		146	102
Intangible assets		13,324	16,757
Other assets		12	12
		$47,433	**$41,203**
Liabilities and members' equity			
Liabilities			
Current			
Line of credit, bank	5	$15,238	$ 6,631
Trade and other payables		11,615	9,800
Other current financial liabilities	4	234	1,581
Current maturities of notes payable	5	1,672	4,599
		28,759	**22,611**
Long-term liabilities			
Notes payable, less current maturities	5	1,531	3,401
Notes payable, related parties		—	6,800
Other liabilities		1,604	2,031
		31,894	**34,843**
Members' Equity			
Members' equity		15,539	6,360
		$47,433	**$41,203**
Commitments	9		

See accompanying notes to the interim condensed consolidated financial statements.

PUBLIC POWER, LLC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of U.S. dollars)
(Unaudited)

	Notes	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Revenue		$45,336	$20,286	$95,390	$42,551
Cost of sales		28,791	15,413	61,488	33,219
Gross margin		**16,545**	**4,873**	**33,902**	**9,332**
Expenses					
Selling expenses		2,973	928	5,253	1,446
General and administrative expenses		2,497	1,893	5,258	3,594
Depreciation and amortization		1,910	17	3,817	30
		7,380	2,838	14,328	5,070
Operating profit		9,165	2,035	19,574	4,262
Other income (expense)					
Finance costs		(601)	(236)	(1,421)	(608)
Change in fair value of derivative instruments	4	1,249	(1,063)	1,347	(770)
Net income and total comprehensive income		**$ 9,813**	**$ 736**	**$19,500**	**$ 2,884**

See accompanying notes to the interim condensed consolidated financial statements.

PUBLIC POWER, LLC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

(in thousands of U.S. dollars)
(Unaudited)

	Note	
Balance, December 31, 2010		$ 2,408
Distributions		(903)
Net income and total comprehensive income		2,884
Balance, June 30, 2011		**$ 4,389**
Balance, December 31, 2011		$ 6,360
Contribution	6	5,800
Distributions		(16,121)
Net income and total comprehensive income		19,500
Balance, June 30, 2012		**$ 15,539**

See accompanying notes to the interim condensed consolidated financial statements.

PUBLIC POWER, LLC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)
(Unaudited)

	Notes	For the six months ended June 30, 2012	For the six months ended June 30, 2011
Net inflow (outflow) of cash related to the following activities			
Operating			
Net income		**$ 19,500**	**$ 2,884**
Add (deduct) items not affecting cash			
Depreciation of property and equipment		25	30
Amortization of intangibles		3,792	—
Change in fair value of derivative instruments	4	(1,347)	770
Bad debt expense		93	—
Finance costs		12	—
		22,075	**3,684**
Net change in operating assets and liabilities	6	(12,036)	1,247
		10,039	**4,931**
Investing			
Purchase of property and equipment		(83)	(43)
		(83)	**(43)**
Financing			
Net borrowings on line of credit, bank		8,595	1,539
Re-payments on notes payable		(1,797)	—
Proceeds from notes payable, related parties		1,000	—
Re-payments on notes payable, related parties		(2,000)	(4,800)
Distributions to members		(16,121)	(903)
		(10,323)	**(4,164)**
Net cash inflow (outflow)		**(367)**	**724**
Cash and cash equivalents, beginning of period		701	278
Cash and cash equivalents, end of period		**$ 334**	**$ 1,002**
Supplemental cash flow information	6		

See accompanying notes to the interim condensed consolidated financial statements

1. NATURE AND ORGANIZATION OF BUSINESS

Public Power, LLC ("**Public Power**"), a Connecticut Limited Liability Company, was established in December 2009.

The consolidated financial statements include the accounts of Public Power, LLC and its wholly owned subsidiaries (the "**Company**").

The Company purchases and resells electricity and natural gas to residential and commercial businesses throughout Connecticut, the District of Columbia, Maryland, Massachusetts, New Jersey, New York, Ohio and Pennsylvania and is licensed by the Federal Energy Regulatory Commission ("**FERC**"), as a power marketer. The Company is domiciled in the United States of America and the address of its registered office is 39 Old Ridgebury Rd, Suite 14 Danbury, Connecticut.

2. BASIS OF PRESENTATION AND INTERIM REPORTING

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting Standards." Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

Basis of presentation and interim reporting

These unaudited interim condensed consolidated financial statements should be read in conjunction with and follow the same accounting policies and methods of application as those used in the audited consolidated financial statements for the years ended December 31, 2011, 2010 and 2009.

The Company's operations are seasonal and, therefore; the interim operating results are not necessarily indicative of the results that may be expected for the full year ending December 31, 2012. Natural gas consumption by customers is typically highest in October through March and lowest in April through September. Electricity consumption is typically highest in January through March and July through September. Electricity consumption is lowest in October through December and April through June. However, the impact of seasonality on customer usage is one of the many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition.

The interim condensed consolidated financial statements are presented in U.S. dollars, the functional currency of the Company, and all values are rounded to the nearest thousand, unless otherwise stated. The consolidated financial statements were prepared on a going concern basis, under the historical cost convention except for certain financial assets and liabilities that are presented at fair value.

Principles of consolidation

The interim condensed consolidated financial statements include the accounts of Public Power and all of its subsidiaries as at June 30, 2012. Subsidiaries are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in consolidation.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Judgments, made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of electricity consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of electricity consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

Accounts receivable

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of derivative instruments is significantly influenced by the variability of forward spot energy.

Impairment

In assessing the value of intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to intangible assets.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company. During the three and six month period ended June 30, 2012, the Company recorded an additional $315 and $630 of amortization expense, respectively, related to the ResCom customer list as a result of a change in useful life from 3 years to 2.5 years based on actual attrition rates incurred during the period.

Acquisition accounting

Management uses judgment to determine whether an acquisition qualifies as an asset acquisition or a business combination by reviewing inputs, processes, outputs within a transaction. All identifiable assets, liabilities and contingent liabilities acquired in a asset purchase are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

4. FINANCIAL INSTRUMENTS

Fair value

Fair value is the estimated amount that the Company would pay or receive to dispose of derivative instruments in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity swaps market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows.

(in thousands of U.S. dollars, unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

The Company's retail marketing activities expose it to a variety of market risks, principally form fluctuating commodity prices. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results. The Company's risk management activities include the use of derivative instruments such as swaps. The Company maintains commodity price risk management strategies that use these derivative instruments, within approved risk tolerances to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility.

Supplying electricity to retail customers requires the Company to match customers' projected demand and commodity purchases. These retail marketing activities expose the Company to a variety of market risks, principally from fluctuating electricity prices. In order to mitigate these risks, management engages in hedging activities designed to reduce the potentially adverse effects that the price volatility of these markets may have on its operating activities.

The following table includes the unrealized gains/(losses) related to the Company's derivative financial instruments as recorded in the statements of comprehensive income for the three and six months ended June 30, 2012 and 2011.

	3 months ended		6 months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Fixed-for-floating electricity swaps	$1,249	$(1,063)	$1,347	$(770)
Change in fair value of derivative instruments	**$1,249**	**$(1,063)**	**$1,347**	**$(770)**

At June 30, 2012 and December 31, 2011, the Company had financial liabilities associated with fixed-for-floating electricity swap contracts of $234 and $1,581, respectively. These financial liabilities are recorded as current liabilities in the accompanying interim condensed consolidated statements of financial position.

The following table summarizes financial instruments classified as held-for-trading at June 30, 2012 to which the Company has committed:

Description	Beginning date	End date	Notional volume (MWh)	Fixed price / (MWh)	Fair value favorable (unfavorable)	Notional value
Fixed for floating electricity swap	1-July-12	31-July-12	54,720	$47.15-$56.75	(234)	$2,677
					(234)	$2,677

The following table summarizes financial instruments classified as held-for-trading as at December 31, 2011 to which the Company has committed:

Description	Begin Date	End Date	Notional volume (MWh)	Fixed Price / (MWh)	Fair Value favorable (unfavorable)	Notional value
Fixed for floating electricity swap	1-Jan-12	29-Feb-12	97,920	$52.45-$56.50	(1,083)	$ 5,451
Fixed for floating electricity swap	1-Jun-12	30-Jun-12	72,480	$41.70-$48.40	(260)	3,145
Fixed for floating electricity swap	1-Jul-12	31-Jul-12	54,720	$47.15-$56.75	(238)	2,677
					(1,581)	$11,273

(in thousands of U.S. dollars, unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Fair Value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices. The Company values its cash and cash equivalents, accounts receivable, collateral deposits, bank indebtedness, long-term debt and trade and other payables under level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Derivatives assets and derivative liabilities included in Level 2 are valued using multiple prices quoted by market participants other than exchanges, industry pooling, and other inputs that are derived principally from, or collaboratively by, observable market data.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy, where the Company is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities or related observable inputs that can be corroborated at the measurement date. The Company's policy is to recognize transfers in and out as at the end of the reporting period.

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at June 30, 2012:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 334	$—	$—	$ 334
Accounts receivable	24,906	—	—	24,906
Collateral deposits	6,762	—	—	6,762
Financial liabilities				
Line of credit, bank	(15,238)	—	—	(15,238)
Notes payable	(3,203)	—	—	(3,203)
Derivative financial liabilities	—	(234)	—	(234)
Trade and other payables	(13,219)	—	—	(13,219)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at December 31, 2011:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	$ 701	$ —	$—	$ 701
Accounts receivable	18,068	—	—	18,068
Collateral deposits	5,266	—	—	5,266
Financial liabilities				
Line of credit, bank	(6,631)	—	—	(6,631)
Notes payable	(8,000)	—	—	(8,000)
Notes payable, related parties	—	(6,800)	—	(6,800)
Derivative financial liabilities	—	(1,581)	—	(1,581)
Trade and other payables	(9,800)	—	—	(9,800)
Other liabilities	(2,031)	—	—	(2,031)

Classification of financial assets and liabilities

As at June 30, 2012 and December 31, 2011, the carrying amounts of the above financial assets and liabilities approximated their fair value, except for derivative financial liabilities which are recorded at fair value.

4. FINANCIAL INSTRUMENTS (Continued)

Management of risks arising from financial instruments

The risks associated with the Company's financial instruments are as follows:

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Company is exposed are discussed below.

Interest rate risk

The Company is exposed to interest rate fluctuations associated with its floating rate credit facility. The Company's current exposure to interest rate does not economically warrant the use of derivative instruments and the Company does not currently believe that it is exposed to material financial risks. A 1% increase (decrease) in the interest rates would have resulted in a decrease (increase) in net income of $4 for the six months ended June 30, 2012.

Commodity price risk

The Company is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity portfolios which also feed risk management models; should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. The Company's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Company.

If energy prices had risen (fallen) by 10%, assuming that all other variables had remained constant, net income for the six months ended June 30, 2012 would have increased (decreased) by $244 primarily as a result of the change in fair value of the Company's derivative instruments.

	Electricity	
Percentage change in the forward spot price at June 30, 2012	Percent change in MTM Valuation	Dollar change in MTM Valuation (in thousands)
+/− 1%	+/− 10.4%	+/− $24
+/− 5%	+/− 52.1%	+/− $122
+/− 10%	+/− 104.2%	+/− $244

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In New Jersey, Massachusetts and the District of Columbia, the Company has customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Company.

For the remaining markets, the local distribution companies ("**LDCs**"), provide collection services and assume the risk of any bad debts owing from the Company's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

A reconciliation of the beginning and ending carrying amounts of the Company's allowance for doubtful accounts is as follows:

	June 30, 2012	December 31, 2011
Balance at the beginning of the period	$(598)	$ —
Additional amounts provided for	(93)	(598)
Balance at the end of the period	(691)	$ (598)

(in thousands of U.S. dollars, unless otherwise stated)

4. FINANCIAL INSTRUMENTS (Continued)

Counterparty credit risk

Counterparty credit risk represents the loss that the Company would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Company replacing contracted supply at prevailing market rates, thus impacting the related customer margin. The failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cashflows of the company.

As at June 30, 2012, the maximum counterparty credit risk exposure amounted to $691 representing the risk relating to the Company's accounts receivable from the Massachusetts, New Jersey and the District of Columbia markets. (2011 — $598)

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Company manages this risk by monitoring detailed weekly cash flow for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of the Company's financial liabilities as at June 30, 2012.

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Trade and other payables	$11,615	$12,180	$12,180	$ —	$—	$—
Line of credit, bank	15,238	15,275	15,275	—	—	—
Notes payable	3,203	3,203	1,672	1,531	—	—
Other liabilities	$ 1,604	1,435	—	1,414	21	—
Derivative financial liabilities	234	234	234	—	—	—
	$31,894	**$32,327**	**$29,361**	**$2,945**	**$21**	**$—**

The following are the contractual maturities of interest payments relating to the disbursements of the Company's financial liabilities as at June 30, 2012:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Notes payable	$98	$22	$—	$—
	$98	$22	$—	$—

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of the Company's financial liabilities as at December 31, 2011:

	Carrying amount	Contractual cash flow	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Trade and other payables	$ 9,800	$ 9,995	$ 9,995	$ —	$—	$—
Line of credit, bank	6,631	6,680	6,680	—	—	—
Notes payable	8,000	8,000	4,599	3,401	—	—
Notes payable, related parties	6,800	6,800	—	6,800	—	—
Other liabilities	2,031	2,696	—	2,586	110	—
Derivative financial liabilities	1,581	1,581	1,581	—	—	—
	$34,843	$35,752	$22,855	$12,787	$110	$—

Supplier risk

The Company purchases its electricity delivered to its customers through contracts entered into with Emera Energy Services, Inc. ("**Emera**"). The Company has an exposure to supplier risk as the ability to continue to deliver electricity to the customer is reliant upon the ongoing operations of this supplier and its ability to fulfill its contractual obligations.

(in thousands of U.S. dollars, unless otherwise stated)

5. FINANCING FACILITIES

	June 30, 2012	December 31, 2011
Note payable, interest bearing (a)	$ 3,203	$ 5,000
Note payable, non-interest bearing (b)	—	3,000
	3,203	8,000
Less: current portion	(1,672)	(4,599)
	$ 1,531	$ 3,401

(a) Note payable, bearing interest at 4.02% per year. The note is collateralized, together with the line of credit, by substantially all the assets of the Company and requires monthly principal and interest payments of $148, plus principal prepayments of 25% of the Company's monthly net excess cash flow, as defined, through the maturity date of December 9, 2013, with the remaining principal and interest due at that date. In August 2012, this note was re-paid in full.

(b) Note payable, non interest bearing, secured by all the Company's assets but subordinate to the notes payable and lines of credit with other financial institutions maturing December 31, 2012. In January 2012, this note payable was amended to provide for the right of offset against amounts due to the Company associated with the customer list purchased. In January 2012, this note was offset against those receivables, which were included in accounts receivable, trade in the accompanying December 31, 2011 consolidated statement of financial position.

Line of credit

The Company has a $28,000 line of credit arrangement with First Niagara Bank. Borrowings under the agreement bear interest at the prime rate plus the Prime margin, as defined in the agreement. The interest rate is subject to change to LIBOR, plus the LIBOR margin, as defined in the agreement, (2.47% at June 30, 2012 and 3.87% at December 31, 2011) for certain portions of advances under the line of credit at the option of the Company. Interest is payable monthly, and borrowings under the line of credit are secured by all assets of the Company and a pledge of the owners' interests in the Company. Borrowings are limited to a formula based upon the Company's customer receivables as at the end of the prior calendar month, as defined in the agreement. The line contains a sublimit of $1,500 for the issuance of letters of credit which leaves $26,500 available for working capital borrowings. At June 30, 2012, $22,415 was the maximum amount available to the Company based on the outstanding receivables; of which $15,275 was borrowed leaving an available balance of $7,140. On the $1,500 letter of credit sublimit, a $1,350 letter of credit was issued at June 30, 2012 leaving an available balance on the letter of credit sublimit of $150. The line of credit expires on January 11, 2013.

The agreement contains certain financial covenants and restrictions, including:

(1) a maximum debt to earnings before interest, taxes, depreciation and amortization ratio;

(2) a minimum fixed charge ratio and

(3) limitations on new borrowings, investments, dividends and disposal of assets.

At June 30, 2012, all of these covenants have been met.

6. CONSOLIDATED STATEMENTS OF CASH FLOWS

The inflows (outflows) of net change in operating assets and liabilities is as follows:

	For the six-months ended	
	June 30, 2012	June 30, 2011
Accounts receivable	$ (9,931)	$ 790
Other current assets	(1,652)	(563)
Other assets	(125)	(3)
Collateral deposits	(1,496)	3,159
Trade and other payable	1,168	(2,136)
	$(12,036)	**$ 1,247**

(in thousands of U.S. dollars, unless otherwise stated)

6. CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Cash interest

	For the six-months ended	
	June 30, 2012	**June 30, 2011**
Interest paid	$1,552	$653

Non-cash financing activities

In June 2012, the majority member of the Company assumed the liability for a $5,800 related party note payable that the Company owed to GF Alternative Finance 2, LLC. This assumption was treated as a non-cash capital contribution.

7. RELATED PARTY TRANSACTIONS

Note payable

In January 2010, the Company entered into a $20,000 unsecured revolving line of credit with GF Alternative Finance, LLC, a company related to the Company's majority member. Borrowings under the line of credit agreement bore interest at 15% per annum. Interest was payable monthly and principal was payable commencing in March 2011 in four quarterly payments equal to one-eighth of the total principal balance at December 31, 2010. Any remaining principal balance was due in March 2012. Repayments of borrowings under this line of credit were subordinate to the First Niagara Bank credit agreement. This line of credit was repaid and canceled during the year ended December 31, 2011.

In November 2011, the Company entered into a $7,500 unsecured note payable with GF Alternative Finance 2, LLC, a Company related to the Company's majority member. Borrowings under the note payable bear interest at 15% per annum. Interest is payable monthly and principal is payable in a balloon payment at maturity on December 31, 2013. During the six months ended June 30, 2012, the Company made a $1,000 principal payment and the remaining balance of $5,800 on this note was assumed by the majority member of the Company and treated as a capital contribution.

During the three month period ended June 30, 2012 and 2011, interest expense for all related party borrowings was $242 and $35, respectively. During the six month period ended June 30, 2012 and 2011, interest expense for all related party borrowings was $497 and $216, respectively.

8. REPORTABLE BUSINESS SEGMENT

The Company operates as a single reportable segment.

Geographic information

All of the Company's sales from external customers and assets are located in the United States of America. The Company does not have any key customers. For the three and six months ended June 30, 2012, the Company operated in 3 states which together comprise 88.0% (2011 — 92.9%) and 90.6% (2011 — 95.0%) of revenue, respectively.

9. COMMITMENTS

Operating leases

The Company leases its facilities under non-cancelable operating leases. These leases require monthly payments of $16 and contain escalation clauses. During the three months ended June 30, 2012 and 2011, total facilities rent was $45 and $47, respectively and during the six months ended June 30, 2012 and 2011, total facilities rent was $87 and $96, respectively, and is included in general and administrative expenses in the accompanying condensed consolidated statements of comprehensive income.

Letters of credit and bonds

The Company had $1,700 in letters of credit outstanding and $1,900 of bonds outstanding at June 30, 2012 ($1,100 and $1,650 at December 31, 2011) which secure certain future obligations for energy purchases.

Renewable energy credits

State renewable energy portfolio standards require the Company to purchase a certain proportion of electricity from renewable energy sources for every megawatt-hour of power purchased. The Company complies with such standards by purchasing renewable energy credits through power purchase contracts.

At June 30, 2012, the Company had contracts in place to purchase renewable energy credits for 86,590 MWh during 2012 in the aggregate amount of $761 which will be applied to 2011 and 2012 renewable energy credits. In addition to these contracts, the Company will be required to purchase additional renewable energy credits of $3,507 which are valued at current market prices at June 30, 2012.

9. COMMITMENTS (Continued)

As at December 31, 2011, the Company had four contracts to purchase renewable energy credits during 2012 in the amount of $700 which will be applied to 2011 and 2012 renewable energy credits.

Emera energy agreement

Effective March 1, 2011 the Company and Emera entered into an agreement which allows Emera to serve as an intermediary and to purchase power for the Company in the Connecticut market. In connection with this agreement, Emera has agreed to post all collateral obligations with the associated ISO in return for a weekly fee of the greater of $6 or $0.70 per MWh purchased. This fee is subject to certain reductions for amounts purchased in excess of 18,000 MWh hours. Fees under this agreement aggregated $185 and $109 for the three months ended June 30, 2012 and 2011, respectively, and $411 and $153 for the six months ended June 30, 2012 and 2011, respectively, and are included in finance costs in the condensed consolidated statements of comprehensive income. The agreement expires in February 2013 and can be extended for one year subject to the approval of both parties.

During the three months ended June 30, 2012 and 2011, total energy costs (including ancillary costs) incurred aggregated $17,030 and $10,767, respectively. During the six months ended June 30, 2012 and 2011, total energy costs (including ancillary costs) incurred aggregated $33,714, and $13,434, respectively.

Litigation and regulatory matters

The Company is involved in ongoing routine litigation and regulatory administrative matters incidental to its business. The Company believes the ultimate disposition of the proceeding will not have a material adverse effect on its consolidated earnings, cash flows or financial position.

10. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Company were approved by the managing member on November 2, 2012.

11. SUBSEQUENT EVENTS

On September 18, 2012, the Company entered into a business combination (the "**Combination**") with Regional Energy Holdings, Inc. ("**REH**") which entailed a transaction whereby 75% of its ownership interests and shares in REH were contributed by the owners to a new entity, Crius Energy, LLC ("**CE**"), in exchange for a 50% membership interest in CE.

On September 18, 2012 membership units were transferred by the Company's principal unitholder to financial advisor Chardan Capital Markets, LLC and various other parties for services performed related to the Combination, and the associated non-cash share based compensation expense will be recognized and included within general and administrative expenses of the Company.

On November 2, 2012, Crius Energy Trust agreed to acquire an approximate 26.8% membership interest in CE. In conjunction therewith, CE agreed to acquire the remaining 25% membership interest in the Company thereby owning 100% of the Company.

CERTIFICATE OF THE TRUST AND THE PROMOTER

Dated: November 2, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

CRIUS ENERGY TRUST
By: Crius Energy Administrator Inc.,
as Administrator of the Trust

By: (Signed) MICHAEL FALLQUIST
Chief Executive Officer and Director

By: (Signed) ROOP BHULLAR
Chief Financial Officer

On Behalf of the Board of Directors
of Crius Energy Administrator Inc.,
the Administrator of the Trust

By: (Signed) ROBERT D. GRIES, JR.
Chairman

By: (Signed) BRIAN BURDEN
Director

BY THE PROMOTER
Crius Energy, LLC.

By: (Signed) MICHAEL FALLQUIST
Chief Executive Officer

CERTIFICATE OF THE UNDERWRITERS

Dated: November 2, 2012

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

SCOTIA CAPITAL INC.	RBC DOMINION SECURITIES INC.	UBS SECURITIES CANADA INC.
By: (Signed) STUART LOCHRAY	By: (Signed) DAVID DAL BELLO	By: (Signed) ROB MAGWOOD

NATIONAL BANK FINANCIAL INC.

By: (Signed) MITCHELL GILBERT

MACQUARIE CAPITAL MARKETS CANADA LTD.

By: (Signed) MIKE MACKASEY

RAYMOND JAMES LTD.

By: (Signed) DAVE CHEADLE

DESJARDINS SECURITIES INC.	GMP SECURITIES L.P.
By: (Signed) FRANCOIS CARRIER	By: (Signed) JASON ROBERTSON

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