

Aspen Canada Funds Management, Inc.
Medical, Safety, Infrastructure

Fund 1: BUSINESS DESCRIPTION AND OVERVIEW

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1 Introduction

1.1 Background

There are currently thousands of managed funds worldwide. However, there are very few structured by a proven delivery model. There exist a wide variety of funding mandates, asset classes, risk profiles and regions of focus. In the medical, safety and infrastructure space there are literally hundreds of billions of dollars interested in a niche investment opportunity providing alpha quality returns. However, there are very few firms with the corporate development skill and funding strategies designed to lift such assets to institutional grade maturity levels. Therein lies a significant opportunity for Aspen and accredited investors.

1.2 Purpose

Aspen Canada Funds Management, Inc. has prepared this document to introduce both potential projects and potential investors to our unique business model and articulate the value proposition for both groups. This is not a sales document, it does not constitute any offering - it is an introduction to Aspen, our development of unique assets and the Fund Management structure in which they will reside.

Through this document, Aspen aims to inform commercial stakeholders in evaluating or considering a partnership through the Aspen Canada Funds Management structure.

2 Aspen Canada Funds Management, Inc.

Aspen Canada Funds Management, Inc. ("**Aspen**") is a Saskatchewan based entity and part of Aspen Medical's multi-national business. Aspen is establishing a captive fund (the "**Fund**") designed to allow (for the first time) wholesale, accredited investors to participate in Aspen Medical's exceptional, global growth. Aspen will issue, manage and operate various unregistered wholesale equity structures on behalf of wholesale clients into a combination of real estate and equity securities.

The private equity investments will predominately target the Commonwealth nations of Canada and Australia. However, other jurisdictions will be considered on their merits. In all cases there will be a focused blend of three distinct sectors – Medical, Safety and Infrastructure.

The primary objective of the Fund is to generate alpha returns in excess of the alternative asset classes suitable for private equity investments. The Aspen team will achieve such returns by providing the strategic and financial support within carefully defined geographic concentrations of government, industry and First Nations demand.

As over a \$250 million revenue per year multi-national, Aspen has a globally established track record of delivery in a wide range of complex and demanding medical environments. Over the past decade Aspen has set the highest quality standards through its ISO accreditation and a range of internally driven operational and quality policies and practices. Because of the track record of excellence, all of the Fund's substantial investment and delivery activities – including operational, fiduciary and financial functions – are expected to be undertaken in-house.

2.1 Corporate Structure

Aspen will act as the manager for various unregistered managed investment funds, all strictly complying with the highest US, Canadian and/or Australian securities standards. Aspen will be the trustee of each structure with Aspen acting as manager of the funds ("Manager").

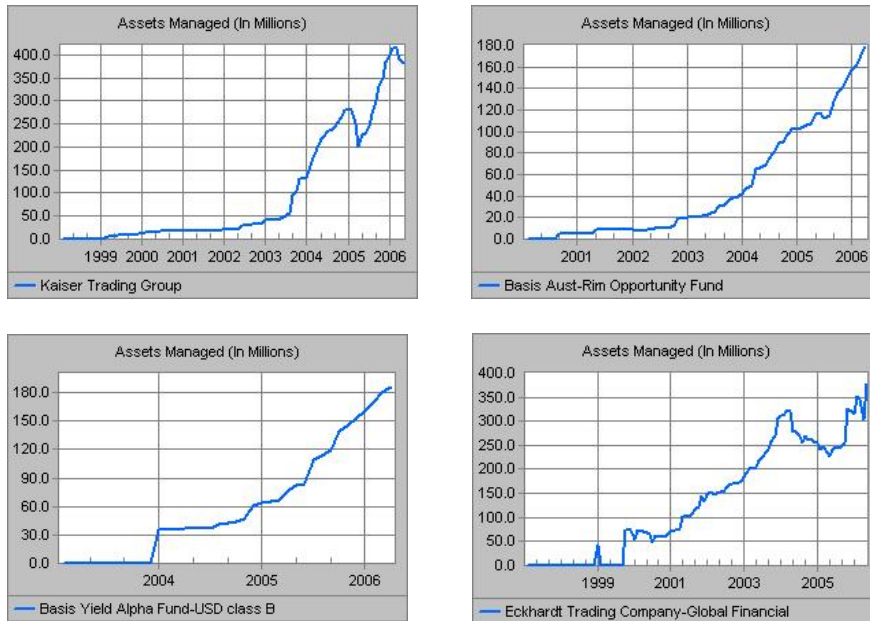
3 Investments

3.1 Growth Opportunity for Managed Funds

Institutions have carefully developed risk policies and investment criteria. As a result, their options are surprisingly small in number. When a new investment vehicle emerges that achieves their investment

criteria, the growth can be exponential. This reality is one of the key reasons behind Aspen creating a captive fund: the capital raising can keep up with Aspen's own growth trajectory.

The graphs below illustrate the growth a typical fund experiences once they have achieved the institutional criteria (minimum investment size, total AUM, etc). The key in each of these funds was achieving assets under management of over \$20 million. From then the growth was exponential:



3.2 Target Investment Transactions

Typically, Aspen's target initiatives will be public private partnerships ("PPP") or similar structures designed as build own operate ("BOO") assets. Whether or not a PPP, each initiative must demonstrate a clear pathway to optimizing both the CapEx and OpEx of delivering health outcomes. This will be done through Aspen's Efficiency by Design platform. This will include four areas of efficiency gains:

1. Purpose Designed/Built **Infrastructure**
2. Patient Value and Outcome Based **Model**
3. Efficient **Logistics** / Operational Productivity
4. Result-focused **Mindset**.

Aspen has an extensive pipeline of transactions in three under-served market sectors:

- Medical Delivery – Urgent Care Facilities, Surgeries, Clinics, Delivery Software
- Safety – OHS Acquisitions, Water Treatment; Scheduling & Billing Software
- Infrastructure – Hospitals, Aged Care Facilities, Education Facilities

These initiatives will improve Aspen's local, national and multi-national competitive position. Wholesale investors will benefit through systematic and aggressive growth and the correlating economies of scale and bargaining power in each geographic market segment.

3.3 Target Investors

Aspen will target wholesale investors who have a vested interest in Aspen's success. These include the practitioners and local individuals who want to see better health outcomes, safety and public infrastructure in place.

Aspen will launch with a commitment of \$20million minimum per fund. Currently Aspen has sourced projects to the value of approximately \$2.4 billion across Canada and Australia within the three transaction sectors (described above). The estimated total *equity* requirements for the development fund(s) is shown below:

- Health Villages - \$150 million
- Medical Centers of Excellence - \$150 million
- OHS - \$50 million
- Infrastructure - \$400million

This funding will be sourced from a combination of high net worth individuals and institutional investors that have existing relationships with Aspen.

3.4 Structure of Funds and Initial Funding

To accommodate the requirements of an initial group of investors, Aspen's first fund will execute an aggressive development strategy. This structure will invest in a blend of transactions sourced from the three separate transaction silos. This fund is expected to be operational no later than March 30, 2013.

3.5 Fixed Unit Funds

The Aspen is arranging for two separate fund structures to support the transaction sectors – the first an early stage "Development Fund". The second structure an Asset Management Fund, possibly a medical real estate investment trust or REIT. The REIT is a more traditional structure that will accommodate both larger investments / larger transactions and a pre-defined exit for the Development Fund investors.

3.6 Types of Aspen Investments

The right, repeatable economic factors must exist for Aspen to have conviction for any initiative's long-term value creation. An Aspen investment will typically be at one of the following stages of corporate development:

- **Greenfield** – Where the demand in a geographic market segment indicates that a new facility is required, Aspen will team up with local skills and government to structure a PPP or other type of infrastructure or development play.
- **Expansion** – Where the initiative has been established for some time and requires funds to enable growth and expansion to take place. Since growth can be quite rapid during this stage, several rounds of capital injection may be necessary to ensure that the business objectives are met.
- **Acquisition** – This will apply to initiatives such as medical, OHS, and software companies with an established growth profile. Aspen will provide capital for future growth and/or acquisitions.
- **Management Buy-out (MBO)** - Aspen partners with an existing management team of an established business to provide funds to allow the team to buy the business from its current owners and to manage it to a mutually agreed business plan.
- **Leveraged Buy-out (LBO)** - The acquisition of a business, which is financed mainly by borrowings and is supported mainly by the businesses own assets and cash flows. Aspen has used this method to very positive results.

Aspen will not invest in transactions that do not fit its repeatable economic criteria (*see supporting documentation for the Repeatable Economic Module strategy*).

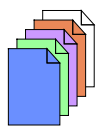
4 Investment Process

Aspen believes that the ability to identify, access and analyze relevant opportunities in unlisted companies in the medical, safety and infrastructure is an underserved, niche market presenting exceptional economic benefits and financial returns.

Outlined below is a simple illustration map showing the investment process adopted by the Manager. The schematic illustrates a generic flow of a transaction from deal origination to transaction to a pre-defined exit.

4.1 The Model

What makes Aspen’s funds management model unique is the ability to provide pre-qualified investments with (1) seed funding, (2) hands-on executive skill and (3) a clear pathway to institutional investment.



1. **Pre-Qualified Deal Flow:** suitable investments require seed or *Series A* capital of a minimum of US\$2 million and up to \$15 million with predefined trigger points for a large scale, *Series B* capital – typically the funding requirements would be between \$50 - \$500 million.

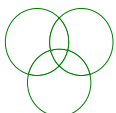
Referrals are sourced from our international, global network. Pre-qualification requires the investment achieves the following:

- a. Meets Aspen’s investment criteria (see mandate)
- b. 24 month development window
- c. Offers a market “Taproot” with strong “Share of Wallet” potential
- d. Pre-defined exit strategy (into the REIT or other similar structure)



2. **Pre-Bankable Development Fund:** all early stage investments are assigned to Fund 1 (or the “Development Fund”). In Fund 1 Aspen’s management team is charged with conducting the due diligence, corporate development and securing the larger institutional funding. Pre-qualified investments are assigned interim management to ensure the following actions lead to commercial success:

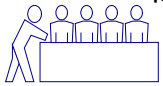
- a. **Investigation / Due Diligence**
 - o Situational Analysis – according to Aspen’s strategy
 - o Gap Analysis Report – gaps to achieve Institutional grade
 - o Third Party Analysis – where required
- b. **Active Investment and Development**
 - o Formal Business Documentation
 - o Maximum 24 month development
 - o Overcome Market, Production, Supply and Construction Risks
- c. **Institutional Preparation / Exit**
 - o All documents, team members and contracts in place
 - o Prepare to precise EXIT or structured finance criteria



3. **Asset Management Fund (REIT):** investments are acquired from Fund 1 once they become institutional grade (PPP, structured finance, off-take, underwritten). This provides the Asset Management Fund with prime, medical, safety or infrastructure investments that require large scale,

Series B capitalization. The Asset Management Fund will utilize institutional investments and is built to manage billions in assets.

The Asset Management Fund acquires established projects from Fund 1. Aspen's structure has been designed to accommodate the largest private / institutional investors. To this end, there is complete investment transparency, the highest regulatory compliance and the largest, best-known service providers. The result is a cutting edge financial vehicle for long-term capital appreciation in a niche market.



4. **Investment Controls:** both the Development and Asset Management Funds will be regulated and independently audited. The fund's Board will be comprised of the most well respected leaders in Industry, Funds Management, First Nations, Law and/or Medicine. The Credit Committee will approve investments with a 100% agreement threshold (in other words complete conviction). All investments will have milestone benchmarks to ensure the proper discipline; operational control will be assigned to the interim management team. Whenever any investment is made, the initiatives' board representation will be required which will be accompanied with certain budget approval and veto rights.

Process, controls, interim management and continuous transparency militate against development risk.

- a. **Controls:**
 - o Pre-qualified Project Referrals
 - o Credit Committee Investment Sanctions
 - o Regular Board Reviews
 - o Aspen Management (for the duration of project)
- b. **Support:**
 - o International, multidisciplinary team
 - o Access to technical, commercial, legal, financial and international channel management expertise



5. **Multi-Strategy Fund Management:** the executive directors have vast experience in managing multi-billion dollar portfolios and corporate operations. In addition, independent directors from the finance and banking sectors have been retained to complement the alternative investment profile of the company.



6. **Private Investors:** Angel investors are offered exceptional returns and active executive management opportunities within the Fund 1 investments. Private investors can serve as a key benefactor in this strategy. Aspen's model offers a wide range of prime investment opportunities that are challenging and fit within the typical 3-4 year development window.

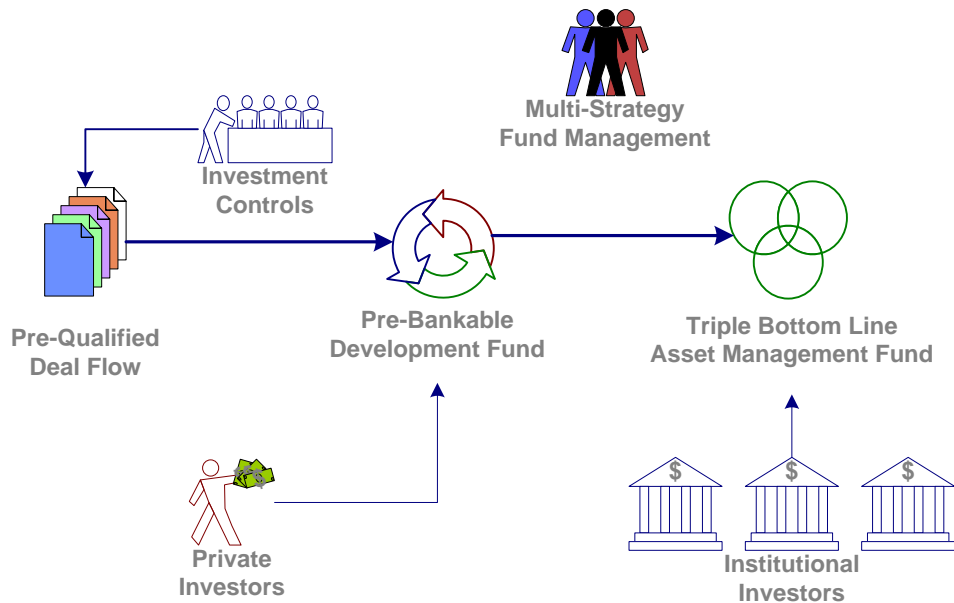


7. **Institutional Investors:** these groups will be the focus of the Asset Management fund. They will include names such as CitiGroup, Bank of America, Commonwealth Bank of Australia, HSBC, Greystone Capital and Goldman Sachs. They typically have minimum investment levels of between US\$10 - 100 million and have very clear investment hurdles that must be met. Understanding this, the Asset Management Fund has been leveraged to achieve these benchmarks:

- a. **Infrastructure** – licenses, structure and service providers
- b. **Experienced Management** – strong experience, proven operating systems
- c. **Assets Under Management** – over \$200 million (delivered from Fund 1)
- d. **Performance Track Record** – over 9 years of award winning growth and returns

- e. **Correlation** – returns that do not correlate with the market index
- f. **Investment Strategy** – the medical, safety and infrastructure asset classes

8. **Strategy Life Cycle:** Aspen’s model is designed to stabilize and develop immature assets to the institutional grade. This simple flow chart illustrates how the Company’s core competencies interact:



5 Operational structure

The culture of compliance will be an essential component of the private equity operations. This culture will be created and then regulated using market and operational risk management guidelines, codes of conduct, policies and procedures, management reporting, regular risk management meetings, business marketing - 'know your client' - and client advising strategies.

5.1 Core Principals

The investment objective of Aspen is to deliver consistent capital appreciation through a unique investment focus into three main sectors combined with robust risk management practices to return absolute uncorrelated returns over a long-term time horizon.

Aspen will adhere to a strict discipline regarding the implementation and monitoring of investment decisions for the fund and has the following core principals.

- Driving Repeatable Economics Module Leadership
- Careful Management of Aspen’s Return Map
- Lean, Streamlined Logistics and Evidence Based Protocols
- Creating Result-focused Mindsets and High-performance Environments

The Manager will be comprised of two operational focuses:

1. **Initiative Investment** – Due Diligence and Research, Portfolio Creation and Management and Transactional Execution; and

2. **Fund Creation / Management** – Investor Relations, Trustee and Custodial Requirements, Compliance, Corporate Governance, Administration, Accounting, Company Secretarial, Legal, Human Resource Management, Cash Flow Management and Marketing

5.2 Group Organizational Structures

To undertake these operations the Group will implement the following operational structures:

- Board of Directors;
- Investment Committee;
- Compliance and Risk Management Committee;
- Transaction Development Teams

5.3 Board of Directors

Aspen will appoint five directors – one Independent Chairperson, two non-executive directors and two executive directors. The Board will meet at least 6 times a year and will be governed by an organizational code of conduct and Board charter.

Each Board Member will have a letter of engagement which outlines in detail their duties and responsibilities. In general this will include investment decisions, general operational strategies and corporate compliance.

5.4 Investment Committee

Each fund will have an investment committee comprising of industry experts and representatives from Aspen. The investment committees will meet on an as-needed basis to review proposed investment opportunities and existing investments. The investment committee will be responsible for making recommendations to the Board of Directors involving due diligence research, transactional negotiation and execution, portfolio construction and risk management.

5.5 Compliance and Risk Management Committee

The Compliance and Risk Management Committee will be made up of two executive directors and one independent Board member. The Compliance and Risk Management Committee will meet on a regular basis and will report to the Board of Directors on a monthly basis.

The Compliance and Risk Management Committee will review on a weekly basis the current Scheme assets, asset allocation, Net Asset Value and reconciliation of Scheme Asset value to Custodian values. This Committee will report to the Board of Directors on a monthly basis.

5.6 Transaction Development Teams

Initially three fulltime staff will be involved in the administration of the company and its funds. These three full-time staff will be appointed to manage the daily administration including accounting, compliance, scheme administration, cash flow forecasting, AFS License requirements, external service provider co-ordination, marketing, fund raising.

To support the management of the scheme assets, Aspen will also enter into agreements with suitably qualified specialist advisors to assist with Management Strategies, Auditing, Legal, Tax Preparation and Compliance Auditing requirements. These agreements will not cover any substantial activities regarding financial product advice and will not have any responsibilities regarding dealing in financial products or custodial services.

6 Key Features of the Fund

6.1 Aim of Fund 1

The Aim of this fund is to invest and develop initiatives that give significant commercial exposure to Aspen in targeted, pre-defined geographic regions predominantly throughout Canada and Australia (but also including the Middle East, China and Europe). Targeted transactions will be across three sectors – medical, safety and infrastructure.

Fund investments may take the form of capital for expansion, management buyouts, management buy-ins, leveraged buyouts, industry consolidation or succession planning and execution.

6.2 Structure of Fund 1

Fund 1 will be a 4-Year closed-end, unlisted fund with the option of extending an additional year. Investor commitments, investments made and all fees and expenses relating to Fund 1 are managed through the Manager (Aspen Canada Funds Management, Inc.).

6.3 Return Objective of Fund 1

Fund 1 aims to achieve alpha returns of 21% per annum (after fees and expenses and before tax) over the life of the Fund.

6.4 Hurdle Rate of Return

A profit share hurdle of 5% per annum (after all fees and costs) will apply with the Manager receiving a performance profit of 20% per annum when the investors' profit amount exceeds this hurdle rate.

6.5 Term of Fund 1

4 years (from date of the final close) with option to extend an additional year (5 years).

6.6 Target Capital Raise and Minimum Investment

Target: CA\$280 million and minimum investment of CA\$250 thousand

6.7 Management Fees

2% per annum of committed capital less realised losses.

6.8 Performance Fee

When Fund 1 has returned 5% per annum, the remaining proceeds will be split between Limited Partners and the General Partner in a 20% / 80% allocation.

7 Fund Summary

Minimum Commitment	\$250,000.00
Management Fees	2% per annum
Preferred Return	5% per annum
Disbursements	None
Liquidity	None
Valuation	Net Asset Value
Client Information	Client receives portfolio information in the form of:

- Quarterly financial reports
- Semi-annual portfolio update
- Audited annual report

8 Investment Blend