

DATE: June 20, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
NOVA SCOTIA, MANITOBA AND NEWFOUNDLAND AND LABRADOR
(collectively, the "**Jurisdictions**")

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF 1731807 ONTARIO INC.
(the "**Offeror**") and EDGESTONE CAPITAL EQUITY FUND III (CANADA), L.P. (together,
the "**Applicants**")

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the "**Decision Makers**") in each of the Jurisdictions has received an application from the Applicants for a decision under the securities legislation of the Jurisdictions (collectively, the "**Legislation**") that the Applicants be exempt in all of the Jurisdictions from the requirement under the Legislation that the offer or circular in respect of a take-over bid to acquire all of the outstanding units (the "**Units**") of Stephenson's Rental Services Income Fund ("**Stephenson's**") contain a summary of a valuation of the offeree issuer (the "**Valuation Requirement**").

2. Under National Policy 12-201 – *Mutual Reliance Review System for Exemptive Relief Applications* (the "**MRRS**"):

(a) the Manitoba Securities Commission is the principal regulator for this application; and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretations

3. Defined terms contained in National Instrument 14-101 – *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

4. This decision is based on the following facts represented by the Applicants:

(a) On January 5, 2007, Stephenson's announced that it was considering strategic initiatives to determine how to maximize value for Unitholders. Shortly thereafter, an auction process whereby numerous bidders were invited to bid for the Units. After a lengthy process, on May 24, 2007, the Offeror and Stephenson's entered into a Support Agreement pursuant to which the Offeror has agreed to make an offer (the "**Offer**") to acquire all of the outstanding Units for a cash price of \$6.875 per unit. On or about June 8, 2007, the Offeror intends to commence the Offer by mailing and filing a take-over bid circular (the "**Offer and Circular**") setting out the terms of the Offer. The Offer and Circular will be delivered to holders of Units on or about June 8, 2007, in compliance with the Legislation (assuming the issuance of the exemptive relief sought hereby) and the securities legislation of the provinces of Canada.

(b) The Offeror is an Ontario corporation existing under the *Business Corporations Act* (Ontario).

(c) The Offeror has not carried on any business prior to the date hereof other than in respect of matters directly relating to the making of the Offer.

(d) The Offeror's shares are not listed on any stock exchange.

(e) EdgeStone Capital Equity Fund III (Canada) L.P. ("EdgeStone") is an Ontario limited partnership organized on December 16, 2005. The registered office of EdgeStone is 130 King Street West, Suite 600, Toronto, Ontario, M5X 1A6.

(f) EdgeStone is an indirect affiliate of the Offeror and has guaranteed the payment of the Offer.

(g) EdgeStone is managed by EdgeStone Capital Partners, one of Canada's leading private equity firms, that has managed in excess of \$2.3 billion of private capital on behalf of institutional and high net worth clients.

(h) None of the officers or directors of either the Offeror or EdgeStone is, or ever has been, an officer or director of Stephenson's. The Offeror, EdgeStone or affiliates thereof currently own 332,200 Units, representing approximately 3.4% of the outstanding Units on a fully-diluted basis. These Units were all acquired in arms-length, public market transactions. Accordingly, the Offer is not an "insider bid" for Stephenson's.

(i) Neither the Offeror nor any joint actor with the Offeror has, after reasonable inquiry, knowledge of any material information concerning Stephenson's or its securities that has not been generally disclosed.

(j) The offer price as well as the terms of the Support Agreement were settled following a public auction process and an ensuing arm's length negotiation between the parties.

(k) The Offer is being made in compliance with the take-over bid requirements of the Legislation and the applicable take-over bid requirements of the other Canadian jurisdictions where registered holders of Units are located.

(l) The Offeror anticipates that a business combination or going private transaction will follow the Offer for the purposes of the Legislation if a Compulsory Acquisition (as defined in the Offer and Circular) cannot be or otherwise is not completed pursuant to Stephenson's Declaration of Trust.

(m) In connection with any business combination or going private transaction which follows the Offer, the Offeror will be subject to the provisions of Ontario Securities Commission Rule 61-501 – *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* ("**Rule 61-501**") and Québec Regulation Q-27 – *Respecting Protection of Minority Securityholders in the Course of Certain Transactions* ("**Regulation Q-27**"), which require valuations in connection with business combinations or going private transactions unless an exemption is available or granted. It is currently anticipated that any acquisition of Units will be exempt from the valuation requirements in Rule 61-501 and Regulation Q-27, in that:

(i) the business combination of Stephenson's will be effected by the Offeror or an affiliate(s) of the Offeror following the formal bid constituted by the Offer and will be in respect of the Units for which the bid was made and that were not acquired in the Offer;

(ii) the business combination will be completed no later than 120 days after the date of expiry of the Offer;

(iii) the consideration per Unit paid by the Offeror or an affiliate of the Offeror in the business combination will be paid in cash and will be at least equal in value to the consideration per Unit that is being paid by the Offerors under the Offer.

(iv) the intent of the Offeror to effect a business combination will be disclosed in the Offer and Circular;

(v) the Offer and Circular will disclose:

(A) that if the Offeror acquires Units under the Offer, the Offeror intends to acquire the remainder of the outstanding Units by Compulsory Acquisition

or Subsequent Acquisition Transaction (as defined in the Offer and Circular); and

(B) the expected tax consequences of the Offer and the Subsequent Acquisition Transaction, to the extent currently known to the Offeror.

(n) The Offer is being made in compliance with Rule 61-501, Regulation Q-27 and other applicable securities laws, regulations and policies in all jurisdictions in Canada where the Offer is being made.

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the decision has been met.

6. The decision of the Decision Makers pursuant to the Legislation is that the Requested Relief is granted provided that the Applicants comply with the other requirements in the Legislation applicable to formal take-over bids.

“Chris Besko”

Chris Besko

Deputy Director