

**In the Matter of
the Securities Legislation of
Manitoba (the “Jurisdiction”)**

And

**In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions**

And

**In the Matter of
The Canadian Wheat Board (to be continued as G3 Canada Limited)**

And

The Trustees of the CWB Farmers Equity Trust

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the “**Application**”) from The Canadian Wheat Board, a corporation governed by the *Canadian Wheat Board (Interim Operations) Act* (Canada) which proposes to continue under the *Canada Business Corporations Act* (the “**CBCA**”) under the name “G3 Canada Limited” (the “**Filer**” or “**CWB**”) for a decision under the securities legislation of the Jurisdiction (the “**Legislation**”) granting the following exemptive relief:

1. the prospectus requirement set forth in section 37 of The Securities Act (Manitoba) (“the “**MSA**”) (and the corresponding provisions of the Legislation in each of British Columbia, Alberta and Saskatchewan) does not apply in respect of the following trades:
 - (a) the issuance by CWB of 499,000 Class B common shares (the “**CWB Class B Shares**”) to the CWB Farmers Equity Trust (the “**Trust**”), a trust to be formed under the laws of the Province of Manitoba in connection with the continuance of CWB under the CBCA;
 - (b) the issuance of trust units (“**Units**”) of the Trust to Farmers (as defined herein) pursuant to the Farmers Equity Plan (as defined herein); and
 - (c) transfers of Units by the holders thereof (“**Unitholders**”) made in accordance with the terms of the Declaration of Trust (as defined herein); and

2. in Manitoba only, the registration and prospectus requirements set forth in sections 6 and 37 of the MSA do not apply to CWB in connection with contracts entered into between CWB and Farmers relating to grain pools offered and operated by CWB (“**CWB Pools**”),

(collectively, the “**Requested Relief**”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) The Manitoba Securities Commission is the principal regulator for this Application; and
- (b) The Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – Passport System (“**MI 11-102**”) is intended to be relied upon in British Columbia, Alberta and Saskatchewan.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 – *Passport System* have the same meaning if used in this decision, unless otherwise defined in this decision.

For the purposes of this Decision Document, a “**Farmer**” means:

- (a) a person actually engaged in the production of grain and any person entitled, as landlord, vendor or mortgagee or hypothecary creditor, to grain produced by a person actually engaged in the production of grain or to any share of that grain; and
- (b) the estate of a deceased Farmer who prior to his or her death had not received Unit(s) which he or she was eligible to receive pursuant to the Farmers Equity Plan (as defined herein).

Representations

This decision is based on the following facts represented by the Filer:

Legacy Organization

1. Prior to the removal of the single desk monopoly for western grain farmers (the “**Deregulation**”) CWB operated as one of the world’s largest exporters of wheat, durum and barley. For the purposes of this Decision Document, CWB prior to such Deregulation will be referred to as the “**Legacy Organization**”.
2. The Legacy Organization was created in 1935 and, since 1943, operated under the single-desk marketing system mandating all western Canadian Farmers to market their wheat, durum and barley through it. Since then, the Legacy Organization provided financial stability and prudent risk management to farmers, while bringing certainty of grain supply to customers.
3. The Legacy Organization operated an efficient business model with considerable scale by employing various grain handling companies to act as agents to handle grain through the supply chain. Through this method, the Legacy Organization operated on a not-for-profit basis, for the benefit of Farmers in western Canada.

Deregulation of the Legacy Organization's Single Desk

4. On December 15, 2011, the Government of Canada passed the *Canadian Wheat Board (Interim Operations) Act* (Canada) to deregulate the western Canadian wheat, barley and durum markets. The announcement had a tremendous impact on the Legacy Organization which was the single seller of wheat, durum and barley in western Canada for over 70 years. The official Deregulation occurred on August 1, 2012 pursuant to the *Canadian Wheat Board (Interim Operations) Act* (Canada), which removed the single desk for western Canadian wheat, barley and durum markets. Since August 1, 2012, CWB has been a corporation governed by the *Canadian Wheat Board (Interim Operations) Act* (Canada).
5. Pursuant to the *Marketing Freedom for Grain Farmers Act* (Canada), CWB has developed a plan (the "**Commercialization Plan**") involving, among other things, the continuance of CWB under the CBCA and the issuance of shares of CWB as more particularly described herein (the "**Commercialization**"), which Commercialization Plan will receive the necessary approval of the Government of Canada under the *Marketing Freedom for Grain Farmers Act* (Canada) as a condition of its implementation.

Pursuant to the Commercialization Plan, among other things, the following will occur:

- (a) CWB will issue to the Trust under seal, for no consideration, a promissory note (the "**Promissory Note**") in the principal amount equal to \$10 million plus the aggregate value of 499,000 CWB Class B Shares. The estimated value of the Promissory Note upon Commercialization is estimated to be approximately \$250 million (subject to certain adjustments based on the value of the 499,000 CWB Class B Shares).
- (b) CWB will be continued as a share capital corporation under the CBCA (the "**Continuance**") and, following such Continuance, will have two classes of common shares ("**CWB Shares**"), being Class A common shares ("**CWB Class A Shares**") and the CWB Class B Shares. The attributes of the CWB Class A Shares and the CWB Class B Shares set forth in the articles of continuance of CWB will be identical in all respects and will entitle the holder(s) thereof: (i) to receive notice of and to attend and cast one vote at meetings of CWB shareholders; (ii) to receive dividends if, as and when declared by the board of directors of CWB; and (iii) to participate in the net assets of CWB upon a dissolution and winding up of CWB. The articles of continuance (the "**Articles**") of CWB will provide that no dividend may be declared or paid on the CWB Class A Shares without the declaration or payment of an identical dividend (on a per share basis) on the CWB Class B Shares, and vice versa. The Articles will further provide that upon the dissolution and winding up of CWB, the CWB Class A Shares and the CWB Class B Shares have the right to participate equally (on a per share basis) in the net assets of CWB;
- (c) CWB will issue 501,000 CWB Class A Shares to G3 Global Grain Group Limited ("**G3**"), an entity owned indirectly by Bunge Limited ("**Bunge**") and Saudi Agricultural and Livestock Investment Company ("**SALIC**") and 499,000 CWB Class B Shares to the Trust, such that G3 will own 50.1% of the issued and outstanding CWB Shares and

the Trust will own 49.9% of the issued and outstanding CWB Shares following the completion of the transactions comprising the Commercialization;

- (d) the Trust will have the primary purpose of owning the CWB Class B Shares and facilitating the plan (the “**Farmers Equity Plan**”) pursuant to which Units will be issued to Farmers on the terms and conditions set forth in the declaration of trust of the Trust (the “**Declaration of Trust**”) as more particularly described in paragraphs 9 and 10 below; and
- (e) CWB, G3 and the Farmers Trust will be parties to a unanimous shareholder agreement (the “**CWB USA**”) which will set forth, among other things, certain rights of CWB and its shareholders with respect to the CWB Shares held by the Trust for the benefit of Farmers, including provisions as more particularly described herein.

6. One critical aspect of CWB’s business historically, currently and post-Commercialization is providing Farmers with the opportunity to participate in CWB Pools. CWB Pools currently offered include the following:

Early Delivery Pools - Early delivery pools allow a Farmer to capture commodity prices early in the crop year and cover sales planning, execution, foreign exchange, risk management and payment.

Annual Pools - Annual pools allow a Farmer to capture commodity prices throughout the crop year and cover sales planning, execution, foreign exchange and risk management.

Winter Pools – Winter pools allow a Farmer to capture commodity prices late in the crop year and cover sales planning, execution, foreign exchange, risk management and payment.

Generally, CWB locks in futures and foreign exchange in daily increments throughout the applicable pool period. The CWB Pools for wheat and canola also allow each participating Farmer to select the timing of when to lock in the applicable futures price.

A number of characteristics are common to all CWB Pools, including the following:

- (a) Farmers receive an initial, partial payment of the expected total return from all sales of the applicable CWB Pool, less costs;
- (b) Farmers receive a total return comprised of all net revenues earned by the applicable CWB Pool over the course of marketing such CWB Pool’s grain, referred to as a “pool period”. The final return of a CWB Pool is determined primarily by market factors prevailing over the course of the applicable pool period. CWB endeavours to achieve a return representative of the average grain price of the applicable pool period;
- (c) the mitigation of pricing risk by spreading that risk over time;

- (d) the mitigation of marketing risk by spreading that risk across markets in different regions and across different rail / port corridors;
- (e) Farmers contracting for CWB Pools prior to harvest benefit from an “act of God” clause that reduces the Farmers contractual commitment in the event of dramatic crop failure or sharp yield reduction. Some cash contracts also provide for an “act of God” clause, although typically at a significantly discounted value; and
- (f) for CWB Pools relating to wheat and durum, Farmers have substantial flexibility to deliver higher or lower grade and protein grain than originally contracted for at an estimated premium discount schedule based on the average experience over the pool period. This flexibility provides Farmers with the ability to mitigate the risk of higher or lower quality of their production when contracting prior to harvest. Cash contracts typically employ an approach where premiums or discounts for quality are established at time of delivery of the grain which often leaves the Farmer in a poor negotiating position.

As a result of participating in a CWB Pool, the Farmer participates in the economic outcome of the grain marketing process right through to delivery to the buyer of grain at an export terminal. This means the Farmer retains the economic interest in the outcome of the risks and returns realized over the course of marketing the grain. CWB Pools differ from a straight cash sale to a country grain elevator where the Farmer’s economic interest is complete, clear and final at the point of delivery of the grain to the country elevator.

7. Based upon information available to CWB, approximately 50,000 Farmers from across western Canada are located up to 2,000 kilometers away from export ports, and are therefore dependent upon primary (in country) elevators, port terminal grain handling services and transportation companies (rail / trucking) to get their grain to market.

The Trust and the Farmers Equity Plan

8. One critical aspect of the Commercialization Plan is the Farmers Equity Plan which is designed to align the interests of Farmers who wish to deliver their grain to CWB with the interests of CWB as well as to establish a methodology for allocating among Farmers the (indirect) equity interest of CWB to be held by the Trust.
9. Under the Farmers Equity Plan, CWB is tracking Farmers who have delivered grain to CWB during the period commencing on August 1, 2013 and ending at the time of Commercialization (the “**Pre-Commercialization Phase**”). Upon Commercialization, each such Farmer will be entitled to receive Units (unless a particular Farmer elects otherwise) with respect to deliveries made during the Pre-Commercialization Phase. The number of Units which a Farmer is entitled to receive upon Commercialization depends upon: (i) the amount of grain that such Farmer has delivered to CWB; (ii) the valuation of the Units as determined by the Trust and disclosed by CWB and the Trust from time to time; and (iii) the dollar value of Units to be issued per metric tonne of grain delivered, as determined and disclosed by CWB and the Trust from time to time. CWB has currently established the dollar value of the Units to be issued at \$5.00 per metric tonne.

10. During the period commencing after Commercialization and until all of the Units allocated for issuance are fully issued (the “**Post-Commercialization Phase**”), Farmers who deliver grain to CWB will be entitled to receive Units (unless a Farmer elects otherwise) for no additional consideration. The number of Units to which a Farmer will be entitled to receive will depend upon: (i) the amount of grain that such Farmer has delivered to CWB; (ii) the valuation of the Units as determined by the Trust and disclosed by CWB and the Trust from time to time; and (iii) the dollar value of Units to be issued per metric tonne of grain delivered, as determined and disclosed by CWB and the Trust from time to time. CWB has currently established the dollar value of the Units to be issued at \$5.00 per metric tonne.
11. The key features of the Trust and the Declaration of Trust are as follows:
- (a) The Declaration of Trust will be governed by the laws of the province of Manitoba.
 - (b) There shall be four (4) trustees of the Trust (each, a “**Trustee**” and collectively, the “**Trustees**”), three of which shall each qualify as an “Independent Trustee” (as defined below) and one of which shall be an “Advisory Trustee” (as defined below). All the Trustees shall be residents of Canada.

An “**Independent Trustee**” means a Trustee who:

- (i) other than as the Trust’s nominee as a director of CWB pursuant to the CWB USA, if applicable, is not: (A) a current or former director of CWB at any time following the Continuance; (B) a current or former officer or employee of CWB; (C) a current or former director, officer or employee of any shareholder of CWB (other than the Trust) or of an affiliate or associate of CWB or of a shareholder of CWB;
- (ii) other than as the Trust’s nominee as a director of CWB pursuant to the CWB USA, if applicable, is not currently receiving, and has not at any time during the past three (3) years (but for greater certainty excluding the period prior to the Continuance) received, compensation, whether in the capacity of employee, director, officer, independent contractor, agent or otherwise, from CWB or from any shareholder of CWB (other than the Trust) or of an affiliate or associate of CWB or of a shareholder of CWB;
- (iii) is not a Unitholder; and
- (iv) is not an associate of any of the foregoing.

An “**Advisory Trustee**” means a Trustee appointed by CWB in accordance with the Declaration of Trust.

- (c) The Declaration of Trust provides that: (i) the Advisory Trustee shall not have the right to vote on any matter in the Declaration of Trust and shall do all acts and execute and deliver any documents, agreements and resolutions as may be requested by the Independent Trustees; (ii) any action, approval or vote to be taken under the Declaration of Trust shall only be required to be taken, approved or voted upon by the Independent Trustees without any action, approval or vote by the Advisory Trustee; and (iii) any reference in the Declaration of Trust to the unanimous or majority approval or action of the Trustees shall mean only the unanimous or majority approval or action of the Independent Trustees. Accordingly, the Advisory Trustee is effectively a non-voting member of the board of Trustees which ensures that CWB has an appointee who has the right to attend meetings of the Trustees and receive information concerning the Trust.
- (d) The Declaration of Trust further provides that a majority of the Independent Trustees shall be financially literate, where “financially literate” means possessing the ability 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 issues that can reasonably be expected to be raised by the financial statements of the Trust or of CWB.
- (e) The initial Trustees will be appointed by CWB prior to the Continuance. Thereafter, any vacancies in the Independent Trustees will be filled by appointments made by the remaining Independent Trustees, all in accordance with the Declaration of Trust and any vacancy in the Advisory Trustee shall be filled by an appointment made by CWB.
- (f) Other than such cash required to pay the expenses of the Trust, the primary assets of the Trust will be 499,000 CWB Class B Shares which will initially represent 49.9% of the aggregate number and value of all issued and outstanding CWB Shares immediately following the Commercialization (which will include the initial issuance of 501,000 CWB Class A Shares to G3).
- (g) The Declaration of Trust provides that the Trustees shall issue Units in accordance with the Farmer Equity Plan. The Farmer Equity Plan contemplates that the Trust will issue Units until “**Full Allocation**” is achieved (unless the Trust is terminated and wound up earlier in accordance with the terms of the Declaration of Trust). “**Full Allocation**” means the allocation and issuance of Units having an aggregate issue value (being the estimated fair market value as determined by the Trustees in their sole discretion on the date of issue of each particular Unit) equal to the “**Tax Free Pool**”. The “**Tax Free Pool**” means the aggregate issue value of Units which may be issued to Farmers on a tax-deferred basis to Farmers under amendments to the *Income Tax Act* (Canada) (the “**Tax Legislation**”). The Tax Legislation provides that the Tax Free Pool is equal to the fair market value of the 499,000 CWB Class B Shares received by the Trust upon Commercialization (subject to adjustments which correspond to any purchase price adjustments applicable to the 501,000 CWB Class A Shares purchased by G3). The Tax Legislation, if enacted, will be retroactive to prior to the Commercialization.

As a result of the Tax Legislation, Farmers will not be taxed on any Units received by the Farmer until the Farmer sells or disposes of the Units or until the Trust fails to comply with certain restrictions set out in the Tax Legislation. In the event that the Trust declares and pays a distribution on Units, the amount of such distribution will be fully taxable in the hands of Farmers.

- (h) The Declaration of Trust provides that, until Full Allocation, each Unit represents a proportionate ownership interest in the Trust based upon the number of Units that the Trustees estimate in good faith will be outstanding upon Full Allocation. This amount is determined by the Trustees having regard to the remaining balance of the Tax Free Pool and the most recent value of Units, all as determined by the Trustees in good faith, and is referred to as the “**Fully Allocated Pro Rata Portion**”. Upon and following Full Allocation, each Unit represents a proportionate ownership interest in the Trust based upon the number of outstanding Units. In the event of termination of the Trust in accordance with the terms of the Declaration of Trust (whether prior to or following Full Allocation), each Unit will entitle the holder thereof to participate, on a *pro rata* basis based upon the actual number of Units outstanding in any distribution to Unitholders out of the net assets of the Trust remaining after satisfaction of all liabilities.
- (i) Under the Declaration of Trust, the Units will not be transferable, except in the following circumstances and only if approved by the Trustees:
 - (i) by a Unitholder to a Permitted Transferee (as defined below) of such Unitholder at any time; and
 - (ii) if otherwise permitted or required by the Trustees.

For the purposes of the Declaration of Trust a “**Permitted Transferee**” means:

- (i) in respect of a Unitholder who is an individual, a corporation controlled by such Unitholder or a family trust the sole beneficiaries of which are Persons who are related to the Unitholder for the purposes of the Tax Act (which for greater certainty may include the Unitholder);
- (ii) in respect of a holder that is a corporation, the shareholder of the corporation who is the Related Individual (as defined below) of such corporation or a Farmer who is related to the Unitholder for the purposes of the Tax Act; and
- (iii) in respect of a holder that is a family trust, a beneficiary of such family trust or a Farmer who is related to the Unitholder for the purposes of the Tax Act.

For the purposes of the Declaration of Trust, the term “**Person**” is defined broadly to include without limitation an individual, partnership, corporation and trust and “**Related Individual**” means, in respect of a Unitholder that is not an individual, the individual who is designated and disclosed in writing to the Trust as the “Related Individual” of the Unitholder, which individual shall be in the case where the Unitholder is a

corporation the individual who beneficially owns, directly or indirectly, or exercises control or direction over, a majority of the outstanding voting or equity securities of the Unitholder, if there is such an individual in respect of such a Unitholder and in the case where the Unitholder is a family trust, a beneficiary of such trust.

The Declaration of Trust will also restrict any issuances, transfers or sales of Units to any Person who is a Non-Resident (as defined below) or who is a tax exempt entity under Section 149 of the *Income Tax Act* (Canada). For the purposes of the Declaration of Trust, a “**Non-Resident**” means any Person that is not a Resident and “**Resident**” means any Person that is: (i) not a non-resident of Canada, or a Canadian partnership, in each case as defined in the *Income Tax Act* (Canada). Any such purported issuances, transfer or sales of Units are void *ab initio*.

- (j) The Declaration of Trust provides for the following redemption rights attaching to the Units:

Upon the occurrence of:

- (a) the death of a Unitholder or, in respect of a Unitholder that is not an individual, the Related Individual; or
- (b) a Unitholder or, in respect of a Unitholder that is not an individual, the Related Individual, reaching the Redemption Age (as defined below),

the Unitholder, or the executor, personal representative or administrator of the estate of the Unitholder, as applicable, shall be entitled to require the Trustees to redeem, out of the cash held on behalf of the Trust, all of the Units registered in the name of the Unitholder (or the executor, personal representative or administrator of the estate of the Unitholder) at the Unit Redemption Price (as defined below), subject to the satisfaction of the conditions of this Section and further provided that, in the case of a redemption request by a Unitholder pursuant to paragraph (b) above, the Unitholder has held the Units for a minimum of three (3) years.

In the event that the Trust does not have sufficient cash reserves on hand to satisfy the Unit Redemption Price for the Units to be redeemed as well as its estimated anticipated expenses, as determined by the Trustees in their sole discretion, the Trustees shall not be required to redeem such Units.

The Unit Redemption Price payable in respect of the Units tendered for redemption and for which the conditions of Unit redemption are satisfied, shall be paid by cheque, payable to the order of the Unitholder who exercised the right of redemption as soon as practicable. Payments of the Unit Redemption Price made by the Trustees on behalf of the Trust are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder unless such cheque is dishonored upon

presentment. Upon such payment, the Trust shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed.

All Units which are redeemed shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

The Declaration of Trust defines the following terms which are relevant for the purposes of the redemption provisions:

“**Redemption Age**” means the age of 75 (or such other age as may be designated by the Trustees in their sole discretion from time to time);

“**Related Individual**” means, in respect of a Unitholder that is not an individual, the individual who is designated and disclosed in writing to the Trust as the “Related Individual” of the Unitholder, which individual shall be in the case where the Unitholder is a corporation the individual who beneficially owns, directly or indirectly, or exercises control or direction over, a majority of the outstanding voting or equity securities of the Unitholder, if there is such an individual in respect of such a Unitholder and in the case where the Unitholder is a family trust, a beneficiary of such trust;

“**Unit Redemption Price**” means, with respect to a Unit, an amount calculated by multiplying the Net Asset Value of the Trust by the Fully Allocated Pro Rata Portion; and

“**Net Asset Value of the Trust**” means the good faith estimate of the Trustees of the fair market value of the assets of the Trust, less (i) the good faith estimate of the Trustees of the liabilities of the Trust; and (ii) an amount of a reasonable reserve for anticipated expenses of the Trust (as determined by the Trustees from time to time).

- (k) The Declaration of Trust will also provide that the Units of any Unitholder who becomes a Non-Resident or who becomes a tax exempt entity under section 149 of the *Income Tax Act* (Canada) shall be automatically redeemed at the Unit Redemption Price, effective on the date that is five (5) business days prior to the date upon which such Unitholder became (i) a Non-Resident; or (ii) a tax exempt entity under section 149 of the *Income Tax Act* (Canada). In such event, the Trustees are entitled to satisfy the Unit Redemption Price by way of the issuance to the Unitholder of a non-interest bearing promissory note of the Trust payable on the earlier of: (i) the wind-up of the Trust; and (ii) twenty (20) years from the effective date of the redemption of the Units.
- (l) In the event that: (i) CWB announces and completes a CWB Strategic Transaction (as defined below); or (ii) the assets of the Trust no longer include CWB Shares (or any securities, whether of CWB or another issuer, issued in exchange for CWB Shares), the Trust will be wound up and the assets of the Trust will be distributed to the holders of Units on a *pro rata* basis. A “**CWB Strategic Transaction**” means: (i) a public offering of securities of CWB only if shares of CWB are listed on a recognized stock

exchange following such public offering; (ii) any amalgamation, arrangement, merger or other business combination which results in the securities of CWB becoming listed on any recognized stock exchange in Canada; (iii) a transaction involving the acquisition of all of the outstanding equity securities of CWB in exchange for the securities of an entity which are listed on any recognized stock exchange in Canada; (iv) a transaction involving the acquisition of all of the outstanding equity securities of CWB for cash consideration by a person or persons acting jointly and in concert, within the meaning of applicable securities laws; or (v) a transaction involving the sale of all or substantially all of the assets of CWB, other than pursuant to an internal reorganization of CWB.

- (m) As a result of the Tax Legislation, there will be no tax consequences to a Farmer in connection with the issuance of Units to the Farmer until such time as the Farmer sells or transfers such Units, provided that the Trust satisfies certain conditions under the Tax Legislation. Upon a sale or transfer of such Units, unless a rollover is available under the *Income Tax Act* (Canada), as amended by the Tax Legislation, the proceeds from the sale or transfer of Units will be taxed as business income in the hands of the Farmer.

12. The grain delivery contracts entered into between CWB and Farmers since August 1, 2013 have provided that the Farmer agrees and acknowledges as follows:

- (a) as a result of uncertainties regarding whether a Commercialization transaction will occur and, even if one does occur, whether an eligible Farmer will derive any benefit from the Farmers Equity Plan, a Farmer should not deliver grain to CWB unless it is satisfied that the consideration that the Farmer receives and/or will receive for the grain is fair and acceptable, without regard to any potential benefit under the Farmers Equity Plan. **The Farmer is satisfied that the consideration to be received by the Farmer for the grain is fair and acceptable, without regard to any potential benefit under the Farmers Equity Plan;**
- (b) except as disclosed in the agreement, neither CWB nor any other person has made any representations or warranties to the Farmer regarding the Farmers Equity Plan, the likelihood of the Commercialization or the future value of any potential interest in CWB;
- (c) information regarding the Farmers Equity Plan is provided solely for information of Farmers regarding the current intentions of CWB and there is no legally binding obligation of CWB with respect to the Farmers Equity Plan; and
- (d) nothing in the delivery contract or in any other document or communication constitutes an offering of securities in CWB or any other entity. An offering and issuance of securities will only be made in compliance with applicable securities laws or exemptions therefrom.

13. At all times, Farmers will have access to information concerning the Farmers Equity Plan on CWB's website, which will include the disclosure substantially in the form set forth in Appendix "A", with such modifications as CWB and the Trustees consider necessary or

advisable from time to time in order to ensure that the information concerning the Farmers Equity Plan is accurate in all material respects.

14. CWB and its shareholders (including the Trust) will be parties to the CWB USA which will govern the rights of CWB and its shareholders. The CWB USA will contain certain minority shareholder protections, including:
 - (a) the right of the Trust to appoint one (1) director to the board of directors of CWB for so long as the Trust is a shareholder of CWB; and
 - (b) a “call right” in favour of G3 pursuant to which G3 may purchase all of the CWB Shares and any other equity interests in the capital of CWB held by the Trust at the fair market value thereof (determined in accordance with an agreed upon process set forth in the CWB USA) initially exercisable on the date that is the earlier of: (i) seven (7) years from the closing of the Commercialization transaction; and (ii) the date that the Trustees notify G3 of Full Allocation, and exercisable by G3 on an annual basis thereafter.
15. The securities regulatory authorities in each of British Columbia, Alberta and Saskatchewan have adopted blanket orders which exempt from the registration and prospectus requirements of their respective Legislation the entering into of contracts between CWB and Farmers relating to CWB Pools.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Requested Relief is granted, provided that:

1. as it relates to the issuance of CWB Class B Shares to the Trust:
 - (a) the first trade of CWB Class B Shares by the Trust will be deemed to be a distribution or a primary distribution to the public under the Legislation, unless the conditions of section 2.6 of National Instrument 45-102 – *Resales of Securities* are satisfied; and
 - (b) in the event of a wind-up of the Trust resulting in the distribution of CWB Class B Shares to Unitholders, the first trade of CWB Class B Shares by Unitholders will be deemed to be a distribution or a primary distribution to the public under the Legislation, unless the conditions of section 2.6 of National Instrument 45-102 – *Resale of Securities* are satisfied (other than the condition set forth in item 1 of subsection 2.6(3) where CWB has become a reporting issuer by filing a prospectus in a jurisdiction listed in Appendix B to National Instrument 45-102 – *Resale of Securities* and is a reporting issuer in a jurisdiction of Canada at the time of the trade).
2. as it relates to the issuance and transfer of Units, the representation in paragraph 13 is complied with and provided that the first trade of Units by a Unitholder, other than a transfer of Units made in accordance with the Declaration of Trust, will be deemed to be a distribution or a

primary distribution to the public under the Legislation, unless the conditions of section 2.6 of National Instrument 45-102 – *Resales of Securities* are satisfied; and

3. as it relates to the CWB Pools, the party to the contract (other than CWB) relating to the applicable CWB Pool is a Farmer.
4. A copy of this order shall be made available on the CWB website along with the information concerning the Farmers Equity Plan as described in paragraph 13 of the representations above.

Chris P. Besko
Director, The Manitoba Securities Commission

Appendix “A”

CWB FARMERS EQUITY TRUST

Important Information about the CWB Farmers Equity Trust and the CWB Farmers Equity Plan

Background

The Canadian Wheat Board (“CWB”) was continued as “G3 Canada Limited” under the *Canada Business Corporations Act* on [July •, 2015]. At that time, CWB became a share capital corporation and issued 50.1% of its common shares to G3 Global Grain Group Limited (“G3”) and 49.9% of its common shares to CWB Farmers Equity Trust (the “Trust”), a trust formed under the laws of the Province of Manitoba (the “Commercialization”). The Trust was established for the sole purpose of holding shares of CWB and issuing trust units (“Units”) to eligible farmers in accordance with the CWB Farmers Equity Plan (the “Farmers Equity Plan”) described below. There are four trustees (each, a “Trustee” and collectively, the “Trustees”) of the Trust as more particularly described under “Trustees” below.

Farmers Equity Plan

General

The Farmers Equity Plan aligns the interests of Farmers (as defined below) who wish to deliver their grain to CWB with the interests of CWB by providing such Farmers with the right to an indirect economic interest in CWB through the ownership of Units.

Grain Deliveries between August 1, 2013 and Commercialization (“Pre-Commercialization”)

Under the Farmers Equity Plan, CWB has tracked which Farmers have delivered grain to CWB during the Pre-Commercialization period.

Upon Commercialization, such Farmers will be entitled to receive Units (unless a particular Farmer elects otherwise) with respect to deliveries of grain made during the Pre-Commercialization period.

The number of Units which a Farmer is entitled to receive upon Commercialization depends upon: (i) the amount of grain that such Farmer has delivered to CWB from August 1, 2013 up to the date of Commercialization; (ii) the valuation of the Units as determined by the Trust and disclosed by CWB and the Trust from time to time; and (iii) the dollar value of Units to be issued per metric tonne of grain delivered, as determined and disclosed by CWB and the Trust from time to time.

The dollar value of the Units to be issued to Farmers who delivered grain during the Pre-Commercialization Period has been established at \$5.00 per metric tonne of grain delivered.

Grain Deliveries following Commercialization (“Post-Commercialization”)

Following Commercialization and until all Units are fully allocated, Farmers who deliver grain to CWB will be entitled to receive Units (unless a Farmer elects otherwise) for no additional consideration.

The number of Units to which a Farmer will be entitled to receive will depend upon: (i) the amount of grain that such Farmer delivers to CWB; (ii) the valuation of the Units as determined by the Trust and disclosed by CWB and the Trust from time to time; and (iii) the dollar value of Units to be issued per metric tonne of grain delivered, as determined and disclosed by CWB and the Trust from time to time.

As at Commercialization, CWB and the Trustees established the dollar value of the Units to be issued at \$5.00 per metric tonne of grain delivered. ***This amount is subject to change from time to time and will be posted on CWB’s website.***

Timing of Issuance of Units and Unit Value Determinations

Units shall be issued on such dates upon or following Commercialization as the Trustees determine in their sole and unfettered discretion.

For the purposes of determining the dollar value of the Units, the Trustees shall make a good faith estimate of the value of the Units as of the date of the issuance of the Units based on the value of CWB equity held by the Trustees in CWB. The determination of the estimated value of the Units shall be final and binding on the Farmer and the Trust. There shall be no subsequent adjustment to the number of Units issued to a Farmer as a result of a dispute regarding the determination of the value of the Units on the date that such Units were issued or as a result of any subsequent adjustment or change in the value of the Units (or the CWB Shares held by the Trust) on or after the date of issuance, whether due to new information or events or information or events existing or occurring on or prior to the date of issuance.

The foregoing restriction on adjustments to the number and value of Units shall apply in all circumstances, even if the value of the Units is ultimately determined to be less (or greater) than the dollar value of Units per metric tonne of grain delivered established by CWB and the Trustees.

Trustees

There are four Trustees on the board of trustees of the Trust. Each of the Trustees must be a resident of Canada.

Three of the Trustees must each qualify as an Independent Trustee. The definition of “**Independent Trustee**” is intended to ensure that the Trustees making decisions regarding the Trust are independent of CWB and are also not Unitholders (as defined below). An individual is not disqualified as an Independent Trustee solely as a result of being the Trust’s appointee to the CWB board of directors.

To facilitate communication between CWB and the Trustees, CWB has the right to appoint an “**Advisory Trustee**”, who has no right to vote or to make any decisions relating to the Trust. All of the decisions of the Trust are made by the Independent Trustees.

CWB Board Appointee of the Trust

The Trust has the right to appoint one (1) director to the board of directors of CWB for so long as the Trust is a shareholder of CWB.

Units

The following is a brief description of the Units and certain provisions of the declaration of trust governing the Trust (the “Declaration of Trust”). This description is general in nature, is not purported to be complete, and is qualified entirely by the Declaration of Trust.

Authorized Number of Units

The Trustees shall issue Units in accordance with the Farmer Equity Plan until “**Full Allocation**” is achieved (unless the Trust is terminated and wound up earlier in accordance with the terms of the Declaration of Trust).

“**Full Allocation**” means the allocation and issuance of Units having an aggregate issue value (being the estimated fair market value as determined by the Trustees in their sole discretion on the date of issue of each particular Unit) equal to the “**Tax Free Pool**”. The “**Tax Free Pool**” means the aggregate issue value of Units which may be issued to Farmers on a tax-deferred basis to Farmers under amendments to the *Income Tax Act* (Canada) proposed to be enacted by the Government of Canada in connection with the Commercialization. The proposed amendments to the *Income Tax Act* (Canada) provide that the Tax Free Pool is equal to the fair market value of the 499,000 CWB Class B Shares received by the Trust upon Commercialization (subject to adjustments which correspond to any purchase price adjustments applicable to the 501,000 CWB Class A Shares purchased by G3). Such amendments to the *Income Tax Act* (Canada), if enacted, will be retroactive to prior to the Commercialization.

See “Deferral of Tax Payable on Units” below.

Attributes of Units

Until Full Allocation, each Unit represents a proportionate ownership interest in the Trust based upon the number of Units that the Trustees estimate in good faith will be outstanding upon Full Allocation. This amount is determined by the Trustees from time to time having regard to the remaining balance of the Tax Free Pool and the most recent value of Units, all as determined by the Trustees in good faith, and is referred to as the “**Fully Allocated Pro Rata Portion**”.

Upon and following Full Allocation, each Unit represents a proportionate ownership interest in the Trust based upon the number of outstanding Units. In the event of termination of the Trust in accordance with the terms of the Declaration of Trust (whether prior to or following Full Allocation), each Unit will entitle the holder thereof to participate, on a *pro rata* basis based upon the actual number of Units outstanding in any distribution to the holders of the Units (“**Unitholders**”) out of the net assets of the Trust remaining after satisfaction of all liabilities.

Restrictions on the Transfer of Units

There are restrictions on the transfer of Units under the Declaration of Trust and under applicable securities laws. It is recommended that Unitholders consult their professional advisors prior to transferring a Unit.

Under the Declaration of Trust, the Units will not be transferable, except in the following circumstances and only if approved by the Trustees:

- (iii) by a Unitholder to a Permitted Transferee (as defined below) of such Unitholder at any time; and
- (iv) if otherwise permitted or required by the Trustees.

The Declaration of Trust defines a “**Permitted Transferee**” to mean:

- (j) in respect of a Unitholder who is an individual, a corporation controlled by such Unitholder or a family trust the sole beneficiaries of which are Persons who are related to the Unitholder for the purposes of the *Income Tax Act* (Canada) (which for greater certainty may include the Unitholder);
- (iv) in respect of a Unitholder that is a corporation, the shareholder of the corporation who is the Related Individual of such corporation or a Farmer who is related to the Unitholder for the purposes of the *Income Tax Act* (Canada); and
- (v) in respect of a Unitholder that is a family trust, a beneficiary of such family trust or a Farmer who is related to the Unitholder for the purposes of the *Income Tax Act* (Canada).

For the purposes of the Declaration of Trust, the term “**Person**” is defined broadly to include without limitation an individual, partnership, corporation and trust and “**Related Individual**” means, in respect of a Unitholder that is not an individual, the individual who is designated and disclosed in writing to the Trust as the “Related Individual” of the Unitholder, which individual shall be in the case where the Unitholder is a corporation, the individual who beneficially owns, directly or indirectly, or exercises control or direction over, a majority of the outstanding voting or equity securities of the Unitholder, if there is such an individual in respect of such a Unitholder and in the case where the Unitholder is a family trust, a beneficiary of such trust.

The Declaration of Trust also restricts any issuances, transfers or sales of Units to any Person who is a Non-Resident (as defined below) or who is a Tax Exempt Person (as defined below) and provides that any such issuances, transfer or sales are void *ab initio*.

The Declaration of Trust defines a “**Non-Resident**” as any Person that is (i) a non-resident of Canada; or (ii) a partnership that is not a Canadian partnership, in each case as described and for purposes of the *Income Tax Act* (Canada).

The Declaration of Trust defines a “**Tax Exempt Person**” as a Person who is exempt from tax under section 149 of the *Income Tax Act* (Canada).

Redemptions of Units

Redemption Right

The Declaration of Trust provides for the right of the Unitholder to require the Trust to redeem the Units in certain circumstances.

Upon the occurrence of:

- (c) the death of a Unitholder or, in respect of a Unitholder that is not an individual, the Related Individual; or
- (d) a Unitholder or, in respect of a Unitholder that is not an individual, the Related Individual, reaching the Redemption Age,

the Unitholder, or the executor, personal representative or administrator of the estate of the Unitholder, as applicable, shall be entitled to require the Trustees to redeem, out of the cash held on behalf of the Trust, all of the Units registered in the name of the Unitholder (or the executor, personal representative or administrator of the estate of the Unitholder) at the Unit Redemption Price, subject to the satisfaction of the condition set forth in the following paragraph and further provided that, in the case of a redemption request by a Unitholder pursuant to paragraph (b) above, the Unitholder has held the Units for a minimum of three (3) years.

The right to redeem the Units is subject to certain limitations set forth in the Declaration of Trust, including whether the Trust has sufficient cash reserves on hand to satisfy the redemption price and to pay its estimated anticipated expenses. In the event that the Trust does not have sufficient cash reserves on hand, as determined by the Trustees in their sole discretion, the Trustees shall not be required to redeem such Units.

The Declaration of Trust defines the following terms which are relevant for the purposes of the redemption provisions:

“**Redemption Age**” means the age of 75 (or such other age as may be designated by the Trustees in their sole discretion from time to time);

“**Redemption Date**” means the date upon which a notice of redemption is delivered to the Trustees by or on behalf of a Unitholder;

“**Related Individual**” means, in respect of a Unitholder that is not an individual, the individual who is designated and disclosed in writing to the Trust as the “Related Individual” of the Unitholder, which individual shall be in the case where the Unitholder is a corporation the individual who beneficially owns, directly or indirectly, or exercises control or direction over, a majority of the outstanding voting or equity securities of the Unitholder, if there is such an individual in respect of such a Unitholder and in the case where the Unitholder is a family trust, a beneficiary of such trust;

“**Unit Redemption Price**” means, with respect to a Unit, an amount calculated by multiplying the Net Asset Value of the Trust by the “Fully Allocated Pro Rata Portion” [see “*Units – Attributes of Units*” above]; and

“**Net Asset Value of the Trust**” means the good faith estimate of the Trustees of the fair market value of the assets of the Trust, less (i) the good faith estimate of the Trustees of the liabilities of the Trust; and (ii) an amount of a reasonable reserve for anticipated expenses of the Trust (as determined by the Trustees from time to time).

Automatic Redemption

The Units of any Unitholder who becomes Non-Resident or who becomes a Tax Exempt Person shall be automatically redeemed at the Unit Redemption Price, effective on the date that is five (5) business days prior to the date upon which such Unitholder became: (i) a Non-Resident; or (ii) a Tax Exempt Person. In such event, the Trustees are entitled to satisfy the Unit Redemption Price by way of the issuance to the Unitholder of a non-interest bearing promissory note of the Trust payable on the earlier of: (i) the wind-up of the Trust; and (ii) twenty (20) years from the effective date of the redemption of the Units.

The terms “Non-Resident” and “Tax Exempt Person” have the meanings set forth above under “*Units – Restrictions on Transfers of Units*”.

Liquidation Events

CWB Strategic Transaction

The Declaration of Trust provides that the Trust will be wound up and the CWB Class B Shares (if they are still owned by the Trust) and/or other assets held by the Trust (such as cash, including the cash proceeds from the sale of CWB Class B Shares by the Trust) at the time will be distributed to Unitholders on a *pro rata* basis in the event that: (i) CWB announces and completes a Strategic Transaction; or (ii) the Trust no longer owns CWB Shares (or any securities, whether of CWB or another issuer, issued in exchange for the CWB Shares).

“**CWB Strategic Transaction**” means any of the following:

- (i) a public offering of securities of CWB only if shares of CWB are listed on a recognized stock exchange in Canada following such public offering;
- (ii) any amalgamation, arrangement, merger or other business combination which results in the securities of CWB becoming listed on any recognized stock exchange in Canada;
- (iii) a transaction involving the acquisition of all of the outstanding equity securities of CWB in exchange for the securities of an entity which are listed on any recognized stock exchange in Canada;

- (iv) a transaction involving the acquisition of all of the outstanding equity securities of CWB for cash consideration by a person or persons acting jointly and in concert, within the meaning of applicable securities laws; or
- (v) a transaction involving the sale of all or substantially all of the assets of CWB, other than pursuant to an internal reorganization of CWB.

Call Right in favour of G3

Under the CWB USA, G3 has a “call right” (the “**Call Right**”) pursuant to which G3 may purchase all of the CWB Shares held by the Farmers Trust at the “Fair Market Value” (determined in accordance with an agreed upon process and criteria set forth in the CWB USA, including determination by a qualified independent business valuator without the application of any minority discount).

The Call Right is initially exercisable on the date that is the earlier of: (i) seven (7) years from the Commercialization; and (ii) the date that the Trustees notifying G3 that the Units have been fully allocated. The Call Right is exercisable by G3 on an annual basis thereafter.

Deferral of Tax Payable on Units

Under the proposed amendments to the *Income Tax Act* (Canada), there will be no tax consequences to a Farmer in connection with the issuance of Units to the Farmer until such time as the Farmer sells or transfers such Units or unless the Trust fails to meet certain conditions set forth in amendments to the *Income Tax Act* (Canada). In the event that distributions are declared and paid on Units, the distribution will be fully taxable in the hands of the Farmers.

Based upon the proposed amendments, a Farmer’s cost of the Units for tax purposes will be deemed to be nil. Upon the sale or transfer of Units, a Farmer will be required to include the full amount of the sale proceeds in taxable income and such amount will be taxed as business income.

If and when enacted, such proposed amendments would be retroactive to prior to the date of the Commercialization. Farmers and Unitholders are encouraged to consult with their professional tax advisors with respect to their participation in the Farmers Equity Plan and the tax consequences (or potential tax consequences) of selling, holding or transferring Units.

IMPORTANT REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS MADE BY PARTICIPANTS IN THE FARMERS EQUITY PLAN

As a condition of participating in the Farmers Equity Plan and accepting Units, each participating Farmer and holder of Units represents, warrants and acknowledges the following to CWB and to the Trust:

- (e) **the Farmer:**
 - (i) **is not and shall at no time while the Farmer is a Unitholder become a “Non-Resident” or a “Tax Exempt Person” (as defined in the Declaration of Trust and this disclosure document); and**

- (ii) acknowledges that Non-Residents and Tax Exempt Persons are not permitted to hold Units and that any purported transfer of a Unit to a Non-Resident or a Tax Exempt Person shall be deemed to be void and the Farmer shall not effect or attempt to effect any transfer of Units to a Non-Resident or to a Tax Exempt Person;
- (f) the Farmer is satisfied that the consideration that the Farmer receives and/or will receive for the grain is fair and acceptable, without regard to any potential benefit under the Farmers Equity Plan;
- (g) the Farmer is under no compulsion or obligation to participate in the Farmers Equity Plan or to receive or hold Units. The Farmer has been provided an opportunity to review this disclosure document entitled “Important Information about the CWB Farmers Trust and the CWB Farmers Equity Plan” (the “**Farmers Trust Disclosure Document**”), has consulted the independent professional advisors of the Farmer to the extent that the Farmer considered necessary or advisable, or independently determined that consultation with the Farmer’s independent professional advisors was not necessary or advisable;
- (h) the Farmer acknowledges the attributes of the Units and the risks associated with the Units, including the risks identified in this disclosure document. Without limiting the generality of the foregoing, the Farmer acknowledges that:
 - (i) the Units represent an interest in the Trust which provides for an indirect equity interest in CWB and an equity interest in CWB is subject to a number of risks based upon the nature of CWB and its business, the nature of the CWB shares and the nature of the Units;
 - (ii) The value of the CWB Shares owned by the Trust and therefore the Units are subject to inherent risk, including risks described herein;
 - (iii) it is difficult to determine the value of the CWB Shares (and the Units) due to the fact that there is no public market for the CWB Shares (or the Units). Accordingly, the determination of value is inherently subjective;
 - (iv) there are restrictions on the transfer of Units, there is a limited right of redemptions of the Units and there are limited liquidity events which would result in the Farmer receiving proceeds from the Units. There can be no assurance that the Farmer (or the Farmer’s personal representative) will be able to liquidate the Units upon retirement or upon death or otherwise. Accordingly, the Farmer is not planning to receive any proceeds or income from the Units as part of the Farmer’s financial planning;
- (i) the Farmer is a “Farmer” as defined in the Declaration of Trust and is resident in the Province of Manitoba, Saskatchewan, Alberta or British Columbia;
- (j) the Farmer has not received and will not receive a prospectus or offering memorandum and will not have any statutory rights of action in the event of a misrepresentation;

- (k) the Farmer's decision to participate in the Farmers Equity Plan and to receive Units was not based upon, and the Subscriber has not received or relied upon, any verbal or written representations as to fact made by or on behalf of CWB, the Trust or any of their respective representatives;
- (l) the Units have not been qualified by prospectus under applicable securities laws, nor is such qualification contemplated, and the Units are being issued pursuant to a decision document issued by or on behalf of securities regulatory authorities in the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia from the prospectus and registration requirements of applicable securities laws;
- (m) CWB's grain business is subject to a number of risks inherent in that business, including without limitation risks relating to the present stage of CWB's business plan and stage of development, planned business growth and capital expenditures (including relating to the construction of additional grain elevators), weather conditions, crop production and crop quality, world agricultural commodity prices and markets; producers' decisions regarding total seeded acreage and crop selection; dependence on key management personnel; management risk dependence on key strategic partners and business relationships; labour disruptions and employee relations, financial leverage and funding requirements, credit risk in respect of customers, continued availability of credit facilities; financing risk, foreign exchange risk and counterparty risk with foreign exchange and commodity hedging programs, changes in grain handling and competitive environments, including pricing pressures, Canadian grain export levels, changes in government policy and transportation regulations, tax risks, international trade matters and global political and economic conditions, including grain subsidy actions and tariffs; environmental risks and unanticipated expenditures relating to environmental or other matters, the transition of CWB from a non-share capital corporation to a share capital corporation and the integration of CWB's business with its strategic partners, no guarantee of profitability, ongoing capital requirements;
- (n) CWB Shares owned by the Trust are equity securities and are subject to a number of risks inherent in the nature of the CWB Shares, including without limitation risks relating to the fluctuation in the value of the CWB Shares, which fluctuations could be frequent and potentially volatile, there can be no assurance as to the future value of the CWB Shares or that the Trust will ever realize any value therefrom, liquidation risk as a result of there being no public market for the CWB Shares (and none is expected to develop in the foreseeable future). A holder of Units should understand and be willing to accept the risks associated with the Units prior to participating in the Farmers Equity Plan, including risks relating to valuation, liquidity (including restrictions on transferability and a limited right of redemption and no guarantee that the Units will be liquidated in a timely manner or at all) and the limited influence of the Trust and the Trustees on the business decisions of CWB;
- (o) no person has made any written or oral representations that any person will resell or repurchase any of the Units;
- (p) no person has made any written or oral representation as to the future price or value of the Units or the CWB Shares;

- (q) the Farmer has consulted, to the extent deemed appropriate by the Farmer, with the Farmer's own advisers as to the financial, tax, legal and related matters concerning the Farmer's participation in the Farmers Equity Plan and the receipt of Units and on that basis believes that participation in the Farmers Equity Plan and the receipt of Units is suitable and appropriate for the Farmer; and
- (r) in connection with the Farmers Equity Plan, the Trustees may collect certain "personal information", as that term is defined in applicable privacy legislation. The Farmer agrees and acknowledges that the Trustees may use and disclose the Farmer's personal information as follows:
 - (i) for internal use with respect to managing the Farmers Equity Plan;
 - (ii) for use and disclosure for income tax related purposes, including without limitation, where required by law, disclosure to the Canada Revenue Agency;
 - (iii) disclosure to any regulatory bodies having jurisdiction;
 - (iv) disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure;
 - (v) disclosure to professional advisers of the Trust in connection with the performance of their professional services;
 - (vi) disclosure to CWB; and

use and disclosure as otherwise required or permitted by law.