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Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of WesternOne Equity Income Fund, Suite 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, Telephone (604) 678-4042, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

May 25, 2007

WESTERNO ONE EQUITY

WESTERNO ONE EQUITY INCOME FUND

\$18,000,000

4,500,000 Units

This short form prospectus qualifies the distribution of \$18,000,000 of Units of WesternOne Equity Income Fund (the "Fund") at a price of \$4.00 per Unit pursuant to an agency agreement dated May 25, 2007 (the "Agency Agreement") among the Fund and Blackmont Capital Inc., Dundee Securities Corporation, Canaccord Capital Corporation, Raymond James Ltd., HSBC Securities (Canada) Inc. and Sora Group Wealth Advisors Inc. (the "Agents"). The Fund is an unincorporated, open-ended limited purpose trust formed to indirectly acquire and hold securities of WesternOne Equity LP (the "Partnership"). The Fund's long-term objective is to provide Unitholders with stable cash distributions from investments in a diversified portfolio of businesses that are based primarily in Western Canada. The Fund's initial acquisition, Production Equipment, is a leading operator in renting, selling and servicing quality high reach and material handling equipment and in providing logistical support to its customers in British Columbia.

The outstanding units of the Fund are traded on the TSX Venture Exchange (the "Exchange") under the symbol WEQ.UN. On May 24, 2007, the business day immediately preceding the date of the announcement of the Offering, the closing price of the Units on the Exchange was \$4.00 per Unit. The Exchange has conditionally approved the listing of the Units distributed under this short form prospectus. Listing is subject to the Fund fulfilling all of the requirements of the Exchange.

Price: \$4.00 per Unit

	Price to Public ⁽¹⁾	Agents' Fee ⁽²⁾	Net Proceeds to the Fund ⁽³⁾
Per Unit	\$4.00	\$0.28	\$3.72
Total	\$18,000,000	\$1,260,000	\$16,740,000

(1) The offering price of the offered Units was determined by negotiation between the Agents (as defined herein) and the Fund.

(2) The Fund has granted to the Agents an over-allotment option, exercisable for a period of 30 days from the closing of the Offering (the "Closing"), to sell up to an additional 675,000 Units sold hereunder on the same terms as set out above solely to cover over-allotments, if any (the "Over-Allotment Option"). If the Over-Allotment Option is exercised in full, the total aggregate "Price to the Public", "Agents' Fee" and "Net Proceeds to the Fund" in respect of the sale of Units will be \$20,700,000, \$1,449,000 and \$19,251,000, respectively. This prospectus qualifies the distribution of the Over-Allotment Option. See "Plan of Distribution".

(3) Before deducting expenses of the Offering which are estimated to be \$250,000. The Partnership will pay these expenses and the Agents' fee from the proceeds of the Offering indirectly received by it.

The return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. Cash distributions are not guaranteed and their recovery by an investor is at risk and the anticipated return on investment is based upon many performance assumptions. The actual amounts of the Fund's monthly distributions could increase, decrease or be suspended in the future depending upon its net income and cash requirements. The Fund's ability to make cash distributions and the actual amount distributed will be dependent on the operations and assets of the Partnership including that of the Business LPs, and will be subject to various factors including its financial performance, fluctuations in its working capital, the sustainability of its margins and its investment in businesses. The market value of the Units may decline if the Fund is unable to meet its cash distribution objectives in the future, and that decline may be significant.

It is important for investors to consider the particular risk factors that may affect the industries in which the Partnership currently operates and the structure of the Offering, and therefore the stability of the distributions to investors. See “Risk Factors” for a more complete discussion of these risks as well as the Fund’s assessment of those risks and their potential consequences.

The after-tax return from an investment in Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be fully or partially taxable or may be tax deferred). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders. The Fund anticipates that all or substantially all of the monthly distributions will be taxed as ordinary income in the hands of a Unitholder. Amounts in excess of the income of the Fund that are paid or payable by it to a Unitholder in a year are generally non-taxable to a Unitholder (but reduce the Unitholder’s cost base of the Unit for tax purposes). On October 31, 2006 and December 21, 2006 the Minister of Finance (Canada) (“Finance”) released proposed changes to the Tax Act (the “2006 Proposed Tax Changes”) which would, if enacted, apply a tax on certain income earned by a “specified investment flow-through” trust (a “SIFT”), as well as taxing the taxable distributions received by investors from such entities as dividends. These proposed changes are discussed in more detail under the heading “Canadian Federal Income Tax Considerations – 2006 Proposed Tax Changes” and “Risk Factors”. As currently drafted, the 2006 Proposed Tax Changes do not change the tax treatment of distributions that are paid as a return of capital of SIFTs but there can be no assurance that the final legislation implementing the 2006 Proposed Tax Changes will maintain such a treatment. As currently drafted, the 2006 Proposed Tax Changes will not apply to an income trust such as the Fund, the units of which were publicly listed as of October 31, 2006, until the 2011 taxation year of the Fund, subject to certain concerns including the “undue expansion” of the Fund, as discussed further in this prospectus. See “Canadian Federal Income Tax Considerations” and “Risk Factors”.

The Fund qualifies as a “mutual fund trust” as defined under the Tax Act but is not a “mutual fund” as defined under applicable securities legislation. The Fund is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. 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. The Fund has not applied for a stability rating from an independent rating agency. The return on an investor’s investment is not comparable to the return on investment in a fixed income security. The recovery of an investor’s initial investment is at risk, and the anticipated return on investment is based on many performance assumptions, including those described above.

The Agents offer the Units on a best efforts basis, subject to prior sale, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to approval of certain legal matters on behalf of the Fund by Farris, Vaughan, Wills & Murphy LLP and as to certain legal matters on behalf of the Agents by Lawson Lundell LLP.

The following previously issued compensation securities are collectively held by certain of the Agents:

Agents’ Position⁽¹⁾	Maximum Number of Securities Held	Exercise Period / Acquisition Date	Exercise Price
Over-allotment option	Nil	n/a	n/a
Compensation option ⁽²⁾	227,231 ⁽³⁾ / 4,987 ⁽⁴⁾	August 15, 2009	\$3.50 ⁽³⁾ / \$100 ⁽⁴⁾
Any other option granted by the Fund or an insider of the Fund	Nil	n/a	n/a
Total securities under option	227,231 ⁽³⁾ / 4,987 ⁽⁴⁾	August 15, 2009	\$3.50 ⁽³⁾ / \$100 ⁽⁴⁾
Other compensation securities	Nil	n/a	n/a

(1) The compensation securities described below in this table do not include the Over-Allotment Option granted to the Agents as part of the Offering. See “Plan of Distribution”.

(2) At the closing of the Fund’s initial public offering on August 15, 2006, certain of the Agents were granted compensation options to acquire from the Fund, upon payment of additional consideration as noted, Units and Series A Debentures. The compensation options have a three year term and expire on August 15, 2009. The distribution of the compensation options was qualified by the Fund’s final prospectus dated July 31, 2006.

(3) Options to acquire Units. Each option entitles the holder to acquire one Unit upon payment of additional consideration of \$3.50 per Unit.

(4) Options to acquire Series A Debentures. Each option entitles the holder to acquire one Series A Debenture having a principal amount of \$100 upon payment of additional consideration of \$100 per Series A Debenture.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry certificate representing the Units will be issued in registered form to The Canadian Depository for Securities Limited (“CDS”) or its nominee and will be deposited with CDS on Closing. The date of Closing is expected to occur on or about June 1, 2007, or such later date as the Fund and the Agents may agree, but in any event not later than June 14, 2007. The purchaser of Units will receive only a customer confirmation from a registered dealer that is a participant in the CDS depository service and from or through which the Units are purchased.

The Canadian chartered bank affiliate of HSBC Securities (Canada) Inc. has previously made credit facilities available to WEQ Production Equipment LP, an indirect subsidiary of the Fund. Accordingly, under applicable securities laws, the Fund may be considered a “connected issuer” to HSBC Securities (Canada) Inc. See “Plan of Distribution”.

No person is authorized by the Fund to provide any information or to make any representation other than as contained in this prospectus in connection with the issue and sale of the securities offered hereunder.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Fund, filed with the securities commissions or similar authorities in each of the provinces of Canada except Quebec, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the material change report of the Fund dated May 2, 2007 respecting the execution of the Acquisition Agreement to acquire Old Country Rentals and a conditional increase in the monthly cash distribution to Unitholders;
- (b) the initial annual information form of the Fund dated March 30, 2007 (including the documents incorporated by reference therein) for the period ended December 31, 2006;
- (c) the information circular of the Fund dated March 13, 2007 issued in connection with the annual meeting of the Unitholders held on April 12, 2007 (excluding those portions that, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference herein);
- (d) the audited consolidated financial statements of the Fund for the period ended December 31, 2006, together with the auditors’ report thereon and the notes thereto; and
- (e) management’s discussion and analysis for the period ended December 31, 2006.

Any annual information forms, material change reports (excluding confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditor’s report thereon, management’s discussion and analysis of financial condition and results of operations in respect of the periods covered by such interim or annual financial statements, any other financial information about the Fund for subsequent financial periods that is publicly disseminated by, or on behalf of, the Fund through news release or otherwise, management information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 of the Canadian Securities Administrators to be incorporated by reference herein), any other disclosure document the Fund has filed pursuant to an undertaking to a regulatory authority since the beginning of its current financial year, and any other document filed pursuant to an exemption from applicable securities law disclosure rules since the

beginning of its current financial year, which are filed by the Fund with a securities commission or similar authority in any of the provinces of Canada after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an 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 light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this short form prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this short form prospectus.

Neither the Fund nor the Agents have provided, or otherwise authorized any other person to provide, investors with information other than as contained or incorporated by reference in this prospectus. If an investor is provided with different or inconsistent information, he or she should not rely on it.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada except Quebec. Copies of the documents incorporated herein by reference or a copy of the permanent information record may be obtained on request without charge from the Chief Financial Officer of WesternOne Equity Income Fund, Suite 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 or by accessing the disclosure documents available through the Internet on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com.

NON-GAAP MEASURES

In addition to financial measures prescribed by Canadian generally accepted accounting principles (“GAAP”) certain non-GAAP measures are used in this prospectus. These measures include “EBITDA”, “Adjusted EBITDA” and “cash available for distribution”.

References to the Fund’s EBITDA for any period are to the Fund’s net income for such period before interest expense, taxes, depreciation and amortization, in each case to the extent reflected in such net income. EBITDA is a metric used by many investors to determine the ability of an issuer to generate cash from operations. As the Fund intends to distribute a substantial portion of its available cash on an ongoing basis (after providing for certain amounts described elsewhere in this prospectus), it believes that, in addition to net income or loss and statements of cash flows, EBITDA is a useful supplemental measure from which to determine the Fund’s ability to generate, and from which to make adjustments to determine, its cash available for distribution.

The Fund has used Adjusted EBITDA as the basis for the analysis of its past financial performance. References to Adjusted EBITDA are to EBITDA after adjusting for various non-recurring or other items. Adjusted EBITDA is a measure that the Fund believes facilitates the comparability of the results of historical periods and the analysis of its financial performance.

References to cash available for distribution are to cash available for distribution to Unitholders in accordance with the distribution policies of the Fund described in this prospectus. Cash available for distribution is presented in this prospectus as the Fund intends to make monthly cash distributions and it is therefore a useful financial measure as an indication of the Fund’s ability to make such distributions. It is also a measure generally used by income funds in Canada as an indicator of financial performance. As one of the factors that may be considered relevant by prospective investors is the cash available to be distributed by the Fund relative to the price of the Units, management believes that cash available for distribution is a useful supplemental measure that may assist prospective investors to assess an investment in Units.

EBITDA, Adjusted EBITDA and cash available for distribution are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and

cash available for distribution may not be comparable to similar measures presented by other issuers, including other companies or income funds that operate in businesses similar to the Fund's. Investors are cautioned that EBITDA, Adjusted EBITDA and cash available for distribution should not be construed as an alternative to net income or loss determined in accordance with GAAP as indicators of the Fund's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

FORWARD LOOKING STATEMENTS

Forward looking statements are included in this prospectus, which involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These forward looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

These statements reflect current expectations of management regarding future events and operating performance as of the date of this prospectus. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements, including, but not limited to, the following factors: financial health of the Fund's subsidiaries and their related cash flows, competitive and economic environment, seasonality and fluctuations in results, expansion, interest rates, foreign exchange, cash distributions are not guaranteed and will fluctuate with the performance of subsidiaries, nature of Units, and the proposed changes to the Canadian federal income tax treatment of income trusts, all found at pages 56 through 67 of the initial annual information form of the Fund dated March 30, 2007 which is incorporated by reference herein.

Although the forward looking statements contained in this prospectus are based upon what the Fund's management believes to be reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements reflect management's current beliefs and are based on information currently available to the Fund. They reflect current assumptions regarding future events and operating performance including, without limitation, a strong economy in Western Canada, stable interest rates and continued strength in the equipment rental and equipment sales industry in which the Fund operates, and speak only as of the date of this discussion. These forward looking statements are made as of the date of this prospectus and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

ELIGIBILITY FOR INVESTMENT

In the opinion of Farris, Vaughan, Wills & Murphy LLP, counsel to the Fund, and of Lawson Lundell LLP, counsel to the Agents, provided that the Fund is a mutual fund trust under the Tax Act at the time of Closing, the Units, if issued at the time of Closing, will be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act (collectively, the "Plans") on that date.

Recent legislation, with effect from January 1, 2005, has eliminated the limitations on the amounts of foreign property that may be held by pension funds and certain other tax-exempt persons or Plans. See "Canadian Federal Income Tax Considerations" and "Risk Factors".

COMMONLY USED TERMS

In this prospectus the following words and phrases have the following meanings unless the context otherwise requires:

“**Acquisition Agreement**” means the acquisition agreement among WEQ Old Country Rentals LP, as purchaser, Old Country Rentals Ltd., as vendor, and the shareholders of Old Country Rentals Ltd. dated April 25, 2007 to acquire Old Country Rentals;

“**Adjusted EBITDA**” has the meaning ascribed to it under “Non-GAAP Measures”;

“**affiliate**” has the meaning provided for in the CBCA, read as if the word “body corporate” includes a trust, partnership, limited liability company or other form of business organization;

“**Agency Agreement**” means the agency agreement dated May 25, 2007 between the Fund, the Trust, WesternOne Equity LP, WesternOne Equity GP, the Principal Unitholder and the Agents;

“**Agents**” means, collectively, Blackmont Capital Inc., Dundee Securities Corporation, Canaccord Capital Corporation, Raymond James Ltd., HSBC Securities (Canada) Inc. and Sora Group Wealth Advisers Inc.;

“**Business LP**” means a limited partnership established to carry on the business of owning and operating a platform business acquired by WesternOne Equity LP, as well as activities ancillary thereto;

“**cash available for distribution**” has the meaning ascribed to it under “Non-GAAP Measures”;

“**CBCA**” means the *Canada Business Corporations Act* and the regulations thereto, as amended;

“**CDS**” means The Canadian Depository for Securities Limited;

“**Closing**” means the closing of the Offering on June 1, 2007;

“**EBITDA**” has the meaning ascribed to it under “Non-GAAP Measures”;

“**Exchange**” means the TSX Venture Exchange;

“**Fund**” means WesternOne Equity Income Fund, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia;

“**Fund Declaration of Trust**” means the declaration of trust by which the Fund is governed, dated June 14, 2006, as it may be amended, supplemented or restated from time to time;

“**GAAP**” means generally accepted accounting principles in Canada;

“**Offering**” means the offering of 4,500,000 Units issued and sold by the Fund pursuant to this prospectus;

“**Old Country Rentals**” means the assets and business of Old Country Rentals Ltd. to be acquired by WEQ Old Country Rentals LP pursuant to the Acquisition Agreement;

“**Over-Allotment Option**” means the option granted by the Fund to the Agents to sell up to 675,000 additional Units, exercisable for a period of 30 days from the Closing;

“**Partnership**” means WesternOne Equity LP, a limited partnership established under the laws of the Province of Manitoba;

“**Partnership Agreement**” means the WesternOne Equity LP limited partnership agreement between WesternOne Equity GP and the Trust dated June 15, 2006;

“**Partnership Units**” means units representing an interest as a limited partner of a Business LP, including limited partnership units and, if applicable, exchangeable units;

“**platform business**” means a business that is an industry leader, with strong existing management and in-depth industry knowledge in a market in which the Fund is not currently active;

“**Principal Unitholder**” means Darren Financial Group Inc.;

“**Production Equipment**” means the business currently owned by WEQ Production Equipment LP, a leading operator in renting, selling and servicing quality high reach and material handling equipment and providing logistical support to its customers in British Columbia;

“**Series A Debenture**” means a \$100 principal amount of 9% convertible Series A Debenture issued by the Fund;

“**subsidiary**” has the meaning provided for in the CBCA, read as if the word “body corporate” includes a trust, partnership, limited liability company or other form of business organization;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“**Trust**” means WesternOne Equity Operating Trust, an unincorporated, open-ended limited purpose trust established under the laws of the Province of British Columbia;

“**Trust Declaration of Trust**” means the declaration of trust pursuant to which the Trust is governed, dated June 14, 2006, as the same may be amended, supplemented or restated from time to time;

“**Trust Notes**” means the Series 1 and the Series 2 notes of the Trust issued under a note indenture between the Trust and Computershare Trust Company of Canada dated August 15, 2006;

“**Trust Units**” means units of the Trust;

“**Trustee**” or “**Trustees**” means the trustees of the Fund or any one of them;

“**Unitholders**” means the holders of Units;

“**Units**” means units of the Fund;

“**Western Canada**” means the provinces of British Columbia, Alberta, and Saskatchewan;

“**WesternOne Equity**” means the Fund and its interests in the Trust, WesternOne Equity LP, WesternOne Equity GP and any other subsidiaries;

“**WesternOne Equity GP**” means WesternOne Equity GP Inc., a corporation incorporated under the CBCA;

“**working capital**” means at any time, the excess of the sum of accounts receivable, inventory and prepaid expenses over the sum of accounts payable and accrued liabilities, deferred warranty revenue and customer deposits at such time.

**THE FUND, THE TRUST, THE PARTNERSHIP,
WESTERNONE EQUITY GP AND THE BUSINESS LPS**

The Fund was established on June 14, 2006 and is an unincorporated, open-ended trust governed by the laws of the Province of British Columbia and by the Fund Declaration of Trust. The Fund has been formed to acquire and hold Trust Units and all of the outstanding shares of WesternOne Equity GP.

The Trust was established on June 14, 2006 and is an unincorporated, open-ended trust governed by the laws of the Province of British Columbia and by the Trust Declaration of Trust. It owns all of the limited partnership interest of WesternOne Equity LP. All of the Trust Units are held by the Fund.

WesternOne Equity LP is a limited partnership formed under the laws of the Province of Manitoba on June 15, 2006. WesternOne Equity LP was created to acquire and hold all, or in some cases, a majority of the Partnership Units in each of the Business LPS. WesternOne Equity LP holds all of the Partnership Units of WEQ Production Equipment LP, which acquired Production Equipment at Closing.

WesternOne Equity GP is a corporation incorporated under the CBCA on June 8, 2006. WesternOne Equity GP is the general partner of WesternOne Equity LP and holds the shares of the general partner of any Business LP.

WEQ Production Equipment LP is a limited partnership formed under the laws of the Province of Manitoba on June 15, 2006. It was formed to acquire and operate Production Equipment.

WEQ Production Equipment GP Inc. is a corporation incorporated under the CBCA on June 8, 2006. WEQ Production Equipment GP Inc. is the general partner of WEQ Production Equipment LP and holds all the shares of WEQ Old Country Rentals GP Inc.

WEQ Old Country Rentals LP is a limited partnership formed under the laws of the Province of Manitoba on April 20, 2007. It was formed to acquire and operate Old Country Rentals. WEQ Production Equipment LP holds all of the Partnership Units of WEQ Old Country Rentals LP.

WEQ Old Country Rentals GP Inc. is a corporation incorporated under the CBCA on April 19, 2007. WEQ Old Country Rentals GP Inc. is the general partner of WEQ Old Country Rentals LP.

The principal and head offices of the Fund, the Trust, WesternOne Equity GP, WesternOne Equity LP, WEQ Old Country Rentals GP Inc. and WEQ Old Country Rentals LP are located at Suite 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2. The principal and head offices of WEQ Production Equipment LP and WEQ Production Equipment GP are located at 1156 Kingsway, Port Coquitlam, British Columbia V3C 3Y9.

BUSINESS OF WESTERNONE EQUITY

WesternOne Equity was established in order to seek out and acquire predominantly privately owned businesses located primarily in Western Canada in order to generate stable and growing distributions to Unitholders as well as to achieve overall capital appreciation.

The Western Canadian economy has generally out-paced the rest of Canada with respect to growth in gross domestic product (“GDP”), employment, consumer spending and population in recent years. According to Statistics Canada, since 2000, Western Canada’s GDP has grown at an average rate of 3.3% per year, a full percentage point higher than the 2.3% rate of growth for the rest of Canada. Management believes that Western Canada will continue to outpace the rest of Canada in terms of economic growth in the coming years.

For a more detailed description of the business of the Fund, investors should refer to the Fund’s initial annual information form dated March 30, 2007 under the heading “Business of the Fund” found at pages 8 through 13.

RECENT DEVELOPMENTS

WEQ Old Country Rentals LP, an indirect subsidiary of the Fund, entered into an acquisition agreement dated April 25, 2007 (the “Acquisition Agreement”) with Old Country Rentals Ltd. (the “Vendor”) and its shareholders (the “Shareholders”) to purchase Old Country Rentals. The Acquisition Agreement contemplates that WEQ Old Country Rentals LP will acquire Old Country Rentals in return for a purchase price of \$7.85 million that is subject to certain working capital, capital expenditure and other adjustments. The Vendor and the Shareholders

made customary representations and warranties under the Acquisition Agreement including with respect to the status of assets and business operations, financial statements, insurance coverage, tax matters, employee matters, litigation and claims, contracts and commitments, environmental and other matters.

The Acquisition Agreement contemplates that at closing, the Vendor and the Shareholders will each enter into confidentiality, non-solicitation and non-competition agreements with WesternOne Equity. Under the non-competition agreements, each of the Vendor and the Shareholders will agree not to be involved in, or interested in, any business that competes with Old Country Rentals for the period of the agreements.

The completion of the transactions contemplated by the Acquisition Agreement is subject to all necessary consents and approvals of third parties being obtained and there being no adverse material change in Old Country Rentals before Closing, among other customary closing conditions.

DISTRIBUTION HISTORY

The Fund has a policy of distributing cash to the holders of Units on a monthly basis. Full particulars of the distribution policy are set forth on pages 67 - 68 under the heading "Distributions" of the annual information form of the Fund for the period ended December 31, 2006 which is incorporated by reference herein. The current monthly distribution per Unit is \$0.045, or \$0.54 per annum.

The following table sets out the per Unit amount of monthly cash distributions paid by the Fund since August 15, 2006, the date of the closing of the Fund's initial public offering:

Period ⁽¹⁾	Record Date	Payment Date	Distribution Per Unit	Amount
August 2006	August 31, 2006	September 15, 2006	\$0.0224	\$143,585
September 2006	September 30, 2006	October 16, 2006	\$0.0408	\$261,530
October 2006	October 31, 2006	November 15, 2006	\$0.0408	\$261,530
November 2006	November 30, 2006	December 15, 2006	\$0.0408	\$261,530
December 2006	December 29, 2006	January 15, 2007	\$0.0608 ⁽²⁾	\$389,731
January 2007	January 31, 2007	February 15, 2007	\$0.0408	\$261,530
February 2007	February 28, 2007	March 15, 2007	\$0.0408	\$261,530
March 2007	March 30, 2007	April 16, 2007	\$0.045	\$288,452
April 2007	April 30, 2007	May 15, 2007	\$0.045	\$288,452
Total			\$0.3772	\$2,417,870

(1) On May 17, 2007, the Fund announced a distribution of \$0.045 per Unit for the period from May 1, 2007 to May 31, 2007. The distribution will be paid on June 15, 2007 to Unitholders of record at the close of business on May 31, 2007.

(2) Includes a special cash distribution of \$0.02 per Unit announced on December 19, 2006.

USE OF PROCEEDS

The total net proceeds of the Offering, being approximately \$16,490,000 (or approximately \$19,001,000 if the Over-Allotment Option is exercised in full) after deducting the Agents' fee of \$1,260,000 (or \$1,449,000 if the Over-Allotment Option is exercised in full) and the expenses of the Offering estimated at \$250,000, will be used by WesternOne Equity to reduce its indebtedness under its capital loan facilities (the proceeds of which were used to fund equipment purchases) and for general corporate purposes, including potential acquisitions. WesternOne Equity is continually reviewing acquisition opportunities. There is no assurance that such acquisitions will be completed. To the extent that WesternOne Equity has funded a portion of the Old Country Rentals acquisition under its existing credit facilities prior to the completion of the Offering, a portion of the proceeds of the Offering will be applied to reduce some or all of such indebtedness. If the Offering is completed prior to the acquisition of Old Country Rentals, a portion of the proceeds will be applied towards the Old Country Rentals acquisition. The completion of the Old Country Rentals acquisition is not conditional on the completion of the Offering.

DETAILS OF THE OFFERING

The Offering consists of 4,500,000 Units at a price of \$4.00 per Unit.

The authorized capital of the Fund consists of an unlimited number of Units that may be issued pursuant to the Fund Declaration of Trust. As at the date hereof, 6,410,050 Units are issued and outstanding. The Unitholders are entitled to vote at all meetings of Unitholders on the basis of one vote per Unit. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. Currently, the Fund makes monthly cash distributions to Unitholders. All Units are of the same class with equal rights and privileges. Units are not subject to future calls or assessments. Units are redeemable at any time at the option of the Unitholder on the terms described in the Fund Declaration of Trust. The Fund may issue additional Units and options therefor from time to time on terms and conditions acceptable to the Trustees.

The amount of cash distributed monthly per Unit to Unitholders will be equal to a pro rata share of distributable cash. The Fund intends to make monthly distributions of distributable cash to Unitholders, substantially all of which will be considered income of Unitholders for Canadian tax purposes.

Unitholders who are non-residents of Canada will be required to pay all withholding taxes payable in respect of any distributions of income by the Fund, whether those distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

For a more detailed description of the Units, investors should refer to the heading “WesternOne Equity Income Fund” found on pages 33 through 46 of the annual information form of the Fund for the period ended December 31, 2006 which is incorporated by reference herein.

CONSOLIDATED CAPITALIZATION OF THE FUND

The following table sets out the consolidated capitalization of the Fund both before and after giving effect to the Offering:

<u>Designation</u>	<u>Authorized</u>	<u>Outstanding at December 31, 2006 before giving effect to the Offering</u>	<u>Outstanding at December 31, 2006 after giving effect to the Offering</u>
		\$	\$
Units.....	unlimited	16,811,505 (6,410,050 Units)	33,301,505 (10,910,050 Units)
Series A Debentures.....	unlimited	8,964,209	8,964,209
Operating Loan	2,000,000	61,596	61,596
Capital Loans	7,500,000	6,427,117	6,427,117

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to offer the Units for sale on a best efforts basis to purchasers resident in all provinces other than Quebec. The offering price of the offered Units was determined by negotiation between the Agents and the Fund. The Fund has agreed to pay the Agents a commission of 7.0% of the gross proceeds from the sale of the Units, being an aggregate of \$1,260,000. The Agents will also be reimbursed for certain expenses incurred in connection with the Offering. The Fund has also granted to the Agents, for a period of 30 days following the Closing, the Over-Allotment Option to sell up to 675,000 additional Units at a price of \$4.00 per Unit payable in immediately available funds against delivery of such additional Units, to cover over-allotments and for market stabilization purposes, if any. If the Over-Allotment Option is exercised, the Agents will receive a fee of \$0.28 per additional Unit sold pursuant to such Option.

The Agents offer on a best efforts basis, the Units, subject to prior sale, if, as and when issued by the Fund in accordance with the conditions in the Agency Agreement and subject to the approval of certain legal matters on behalf of the Fund by Farris, Vaughan, Wills & Murphy LLP and on behalf of the Agents by Lawson Lundell LLP.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

This prospectus qualifies the distribution of the Units and the Over-Allotment Option.

Each of the Fund, the Trust, the Partnership and WesternOne Equity GP has agreed to indemnify the Agents and each of their directors, officers, employees and agents against certain liabilities including, without limitation, civil liabilities under Canadian provincial securities legislation and to contribute to any payments the Agents may be required to make in respect thereof.

During a period ending 90 days after the date of the Closing, each of the Fund, the senior officers of WesternOne Equity and the Principal Unitholder will not offer, sell or issue for sale or resale any Units (other than pursuant to the exercise of the Over-Allotment Option) or financial instruments or securities convertible into, or exercisable or exchangeable for, Units or agree to, or announce, any such offer, sale or issuance, without the prior written consent of Blackmont Capital Inc., on behalf of the Agents, which consent may not be unreasonably withheld.

The Units offered for sale under the Offering have not been and will not be registered under the *U.S. Securities Act* or the securities laws of any states in the U.S. and, subject to certain exemptions, may not be offered or sold or otherwise transferred or disposed of in the U.S. The Agents have agreed that they will not offer or sell the Units within the United States except to qualified institutional buyers (as defined in Rule 144A under the *U.S. Securities Act*) in accordance with Rule 144A under the *U.S. Securities Act* and applicable state securities laws. In addition, until 40 days after the commencement of the Offering, an offer or sale of Units within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the *U.S. Securities Act* if that offer or sale is made otherwise than in accordance with Rule 144A under the *U.S. Securities Act*.

Pursuant to policy statements of the securities regulatory authority in Ontario, the Agents may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in 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 rules of the applicable regulatory authorities 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. Under the first mentioned exception, in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

The Closing is expected to take place on June 1, 2007 or on any other date which may be agreed upon, but no later than June 14, 2007.

HSBC Securities (Canada) Inc. is a subsidiary of a Canadian chartered bank that has made credit facilities available to WEQ Production Equipment LP, an indirect subsidiary of the Fund. Accordingly, under applicable securities laws, the Fund may be considered a “connected issuer” to HSBC Securities (Canada) Inc. The decision to issue the Units and the determination of the terms of the distribution were made through negotiation between the Fund and the Agents. The Canadian chartered bank of which HSBC Securities (Canada) Inc. is a subsidiary did not have any involvement in such decision or determination. As a consequence of the Offering, HSBC Securities (Canada) Inc. will receive its proportionate share of the Agents’ Fee. As of May 24 2007, approximately \$7.2 million has been advanced under such credit facilities to WEQ Production Equipment LP. WEQ Production Equipment LP is in compliance with the terms of such credit facilities and there has been no breach of the terms of such credit facilities since the date of execution of the agreements governing the credit facilities. The credit facilities are secured by a general security interest over WEQ Production Equipment LP’s assets. Neither the financial position of the Fund nor the value of the security interest of the lender have deteriorated since the indebtedness under the credit facilities was incurred by WEQ Production Equipment LP.

The Exchange has conditionally approved the listing of the Units distributed under this short form prospectus. Listing is subject to the Fund fulfilling all of the requirements of the Exchange.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary has been prepared by Meyers Norris Penny LLP (“MNP”), the Fund’s auditor, and Lawson Lundell LLP, counsel to the Agents, and is, in the view of MNP and in the opinion of the Lawson Lundell LLP, a fair and reasonable summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder who acquires Units pursuant to the Offering and who, for purposes of the Tax Act, at all relevant times, is an individual, a trust or a corporation that is resident in Canada, deals at arm’s length and is not affiliated with the Fund and acquires and holds Units as capital property. Generally, the Units will

be considered to be capital property to a holder provided that the holder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to treat their Units as capital property by making an election under subsection 39(4) of the Tax Act. Unitholders interested in making this election should consult their own tax advisers, having regard to their own particular circumstances.

This summary is not applicable to a holder of Units that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules) or a “specified financial institution” or an investor an interest in which is a “tax shelter investment” (all as defined in the Tax Act). Any such Unitholders should consult their own tax advisers with respect to an investment in the Units.

This summary is based upon the provisions of the Tax Act and the regulations thereunder (the “Regulations”) in force at the date of this short form prospectus and MNP’s and counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency and takes into account all specific proposals to amend the Tax Act and the Regulations which have been publicly announced by or on behalf of the Minister of Finance (Canada) (“Finance”) prior to the date of this prospectus (the “Tax Proposals”). This summary assumes that the Tax Proposals will be enacted in their current form. However, there can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units and, except for the Tax Proposals does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action or in the administrative policies and assessing practices of the Canada Revenue Agency, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this prospectus.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any prospective holder of Units and no representations with respect to the income tax consequences to any such holder are made. Prospective holders should consult their own tax advisers for advice with respect to the income and capital tax consequences to them of acquiring, holding and disposing of Units, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisers regarding the tax consequences of acquiring, holding and disposing of Units.

Status of the Fund

The Fund has advised counsel and MNP that it qualifies as a mutual fund trust under the provisions of the Tax Act and has filed an election under the Tax Act to be deemed to qualify as a mutual fund trust from inception. The Fund has provided a factual certificate to support such advice. The balance of this summary and the opinions expressed under “Eligibility for Investment” assume that the Fund qualifies as a mutual fund trust at all relevant times. **If the Fund were not to qualify as a mutual fund trust, the federal income tax considerations described below would, in some respects, be materially different.**

In order for the Fund to qualify as a mutual fund trust, it must satisfy certain requirements including requirements relating to the distribution of its Units and a requirement that it not be established or maintained primarily for the benefit of non-residents. This summary assumes that these requirements have been satisfied and will continue to be satisfied. If proposed amendments to the Tax Act released by Finance on September 16, 2004 are enacted, as proposed, the Fund may cease to qualify as a “mutual fund trust” if, at any time after 2004, the fair market value of Units held by non-residents of Canada or partnerships that are not “Canadian partnerships” for the purposes of the Tax Act is more than 50% of the fair market value of all the outstanding Units. A partnership will be a “Canadian partnership” at a particular time only if all of its members are residents of Canada at that time. The Notice of Ways and Means Motion tabled by Finance on December 6, 2004 did not include these proposed amendments. On the same date, the government announced that further discussions with the private sector would take place. The issue of ownership of units of mutual fund trusts by non-resident persons and partnerships other than Canadian partnerships has not been addressed by Finance in any subsequent Tax Proposal.

2006 Proposed Tax Changes

On October 31, 2006, Finance announced a Tax Fairness Plan which, in part, proposed changes to the manner in which certain flow-through entities and the distributions from such entities are taxed. On December 21, 2006, Finance released draft amendments to the Tax Act to implement some of these changes. The draft amendments received second reading in the House on May 15, 2007. The summary below is based solely on the general information found in the background paper issued by Finance at the time of the October 31, 2006 announcement (which is not legislation), the Guidelines (as defined below) issued by Finance on December 15, 2006, and the draft amendments to the Tax Act released on December 21, 2006. No assurance can be given that Canadian federal income tax law respecting income trusts and other flow-through entities will not be further changed in a manner which adversely affects the Fund and the Unitholders. To the extent that changes, including the 2006 Proposed Tax Changes, are implemented, such changes could result in the income tax considerations described below being materially different in certain respects.

The 2006 Proposed Tax Changes, if enacted, would apply a tax on certain income earned by a SIFT, as well as taxing the taxable distributions received by investors from such entities as dividends. Pursuant to the 2006 Proposed Tax Changes, the Fund will constitute a SIFT and, as a result, the Fund and the Unitholders will be subject to the 2006 Proposed Tax Changes.

Generally, there will be a four year transition period for income trusts, such as the Fund, the units of which were publicly listed as of October 31, 2006 (an “Existing Trust”), and the 2006 Proposed Tax Changes will not apply until 2011. However, the 2006 Proposed Tax Changes also indicate that there are circumstances under which an Existing Trust may lose its transitional relief, including any “undue expansion” of an Existing Trust (such as might be attempted through the insertion of a disproportionately large amount of additional capital). On December 15, 2006, Finance issued guidelines which established objective tests with respect to how much Existing Trusts are permitted to grow without jeopardizing their transitional relief (the “Guidelines”). The Guidelines indicate that no change will be recommended to the 2011 date in respect of any SIFT whose equity capital grows as a result of issuances of new equity (which includes units, debt that is convertible into units, and potentially other substitutes for such equity), before 2011, by an annual amount that does not exceed the greater of \$50 million and an objective “safe harbour” amount based on a percentage of the SIFT’s market capitalization as of the end of trading on October 31, 2006 (measured in terms of the value of a SIFT’s issued and outstanding publicly-traded units, not including debt, options or other interests that were convertible into units of the SIFT). For the period from November 1, 2006 to the end of 2007, the Guidelines provide that a SIFT’s safe harbour will be 40% of the October 31, 2006 benchmark. For each of the 2008, 2009 and 2010 calendar years, the Guidelines provide that a SIFT’s safe harbour will be 20% of the October 31, 2006 benchmark. Management has advised MNP and counsel that the Fund’s market capitalization, determined in accordance with the Guidelines, was approximately \$32.4 million as at October 31, 2006. Management has further advised MNP and counsel that the Offering should not cause, by itself, the Fund to be subject to the 2006 Proposed Tax Changes prior to its 2011 taxation year. It is therefore assumed, for the purposes of this summary, that the Fund will not be subject to the 2006 Proposed Tax Changes until January 1, 2011. However, under the 2006 Proposed Tax Changes, in the event that the Fund issues additional Units or convertible debentures (or other equity substitutes) on or before 2011, the Fund may become subject to the 2006 Proposed Tax Changes prior to 2011. **No assurance can be provided that the 2006 Proposed Tax Changes will not apply to the Fund prior to 2011.**

The remainder of this summary is subject to the 2006 Proposed Tax Changes as discussed above.

Capital Tax

A holder that is a corporation will not be entitled to include any amount in respect of the Units in computing its “investment allowance” (as defined in the Tax Act) under Part 1.3 of the Tax Act.

Taxation of the Fund

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

The Fund will include in its income for each taxation year such amount of the Trust's income for tax purposes, including net taxable capital gains, as is paid or becomes payable to the Fund in the year in respect of the Trust Units. The Fund will not be subject to tax on any amount received as a return of capital from the Trust (provided that the capital returned, if any, does not exceed the cost amount of the Trust Units held by the Fund). In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses, if any, incurred by it for the purpose of earning income.

A distribution of property of the Fund on redemption of Units will be treated as a disposition by the Fund of the property so distributed for proceeds of disposition equal to their fair market value (less the interest, if any, on any Trust Notes disposed of, which will generally be income to the Fund). The Fund will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds from the disposition exceed (or are less than) the aggregate of adjusted cost base of the property so distributed and any reasonable costs of disposition.

Under the Fund Declaration of Trust, an amount equal to all of the income (including taxable capital gains) of the Fund (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), together with the non-taxable portion of any net capital gains realized by the Fund, but excluding capital gains arising in connection with a distribution in specie of property of the Fund on redemption of Units which are designated by the Fund to redeeming Unitholders, and capital gains the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the Fund, will be payable in the year to Unitholders by way of cash distributions, subject to the following exception. Where the income of the Fund in a taxation year exceeds the monthly cash distributions for that year, such excess income will be distributed to Unitholders in the form of additional Units. Income of the Fund payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the Fund in computing its taxable income.

Losses incurred by the Fund cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund's tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units. The Fund Declaration of Trust provides that all or a portion of any income or taxable capital gain realized by the Fund as a result of that redemption may, at the discretion of Trustees, be treated as income or taxable capital gain paid to, and designated as income or taxable capital gains of, the redeeming Unitholders, and will be deductible by the Fund in computing its income. In addition, accrued interest, if any, on Trust Notes distributed to a redeeming Unitholder may be treated as an amount paid to the Unitholder and will be deductible by the Fund.

MNP and counsel have been advised that the Fund intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that the Fund will generally not be liable in that year for income tax under Part I of the Tax Act. MNP and counsel can provide no opinion in this regard.

Under the 2006 Proposed Tax Changes, on the basis that the Fund is a SIFT, once it becomes subject to the 2006 Proposed Tax Changes (which is anticipated to be, subject to any "undue expansion", deferred until January 1, 2011), the Fund will no longer be able to deduct any part of the amounts payable to Unitholders in respect of: (i) income from businesses it carries on in Canada or from its non-portfolio properties (exceeding any losses for the taxation year from businesses or non-portfolio properties), and (ii) taxable capital gains from its dispositions of non-portfolio properties (exceeding its allowable capital losses from the disposition of such properties). A deduction is permitted for dividends received by a SIFT where the dividends could have been deducted if the SIFT were a corporation. "Non-portfolio properties" include: (i) Canadian real and resource properties if the total fair market value of such properties is greater than 50% of the equity value of the SIFT itself, (ii) a property that the SIFT (or a non-arm's length person or partnership) uses in the course of carrying on a business in Canada, and (iii) investments in a subject entity that have a fair market value greater than 10% of the subject entity's equity value or a subject entity where the SIFT holds securities of it or its affiliates that have a total fair market value greater than 50% of the equity value. A subject entity includes corporations resident in Canada, trusts resident in Canada, and Canadian resident partnerships. It is expected that the investment by the Fund in the Trust will be an investment in a subject entity for this purpose. Income which a SIFT is unable to deduct will be taxed in the SIFT at rates of tax similar to the combined federal and provincial corporate tax rate. For the 2011 taxation year, the 2006 Proposed Tax Changes

state that the combined rate would be 31.5%. As currently drafted, the 2006 Proposed Tax Changes do not change the tax treatment of distributions that are paid as returns of capital.

Taxation of Unitholders

Fund Distributions

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units or otherwise. In addition, any deduction or loss of the Fund for purposes of the Tax Act cannot be allocated to and treated as a loss of the Unitholders. Pursuant to the 2006 Proposed Tax Changes, once the Fund becomes subject to the 2006 Proposed Changes (which is anticipated to be, subject to any “undue expansion”, deferred until January 1, 2011), taxable distributions from the Fund received by investors and paid from the Fund’s after tax income would generally be deemed to be received as a taxable dividend from a taxable Canadian corporation. Such dividend will be subject to the gross-up and dividend tax credit provisions in respect of Unitholders who are individuals. Under recent amendments that received Royal assent on February 21, 2007, the dividend tax credit applicable to certain “eligible dividends” has increased in respect of dividends paid after 2005. The dividend deemed to be paid by the Fund should be an “eligible dividend” and will therefore benefit from the enhanced gross-up and dividend tax credit rules of the Tax Act.

Provided that appropriate designations are made by the Fund, that portion of its taxable dividends received from taxable Canadian corporations and net taxable capital gains as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from the Fund’s subsidiaries, the normal gross-up and dividend tax credit provisions will be applicable in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and the deduction of such dividends in computing taxable income will be available to Unitholders that are corporations.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder’s income for the year. However, where such other amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Units), the Unitholder will be required to reduce the adjusted cost base of the Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be nil. The taxation of capital gains is described below under “Taxation of Capital Gains and Capital Losses”.

The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of calculating the adjusted cost base to a Unitholder of Units, 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 Unitholder as capital property immediately before that acquisition.

Dispositions of Units

On the disposition or deemed disposition of a Unit whether on a redemption or otherwise, the Unitholder will realize a capital gain (or sustain a capital loss) equal to the amount by which the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder’s income, including any capital gain or income realized by the Fund in connection with a redemption which has been designated by the Fund to the redeeming Unitholder. The taxation of capital gains and capital losses is described below.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Unitholder, 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 Unitholder as capital property immediately before that acquisition.

Where Units are redeemed and the redemption price is paid by the delivery of Trust Notes to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the aggregate fair market value of the Trust Notes and any cash so distributed less any income or capital gain realized by the Fund in connection with the redemption of those Units which has been designated by the Fund to the Unitholder. Where any income or capital gain realized by the Fund in connection with the distribution of Trust Notes on the redemption of Units has been designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The redeeming Unitholder will be required to include in income interest on any Trust Notes acquired (including interest that accrued prior to the date of the acquisition of such notes by the Unitholder that is designated as income to the Unitholder by the Fund) in accordance with the provisions of the Tax Act. The cost of any Trust Notes distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of those Trust Notes at the time of the distribution less any accrued interest on such Trust Notes. The Unitholder will thereafter be required to include in income interest on the Trust Notes, in accordance with the provisions of the Tax Act. To the extent that the Unitholder is required to include in income, any interest accrued to the date of the acquisition of the Trust Notes by the Unitholder, an offsetting deduction may be available. Unitholders are advised to consult their own tax advisors prior to exercising their redemption rights.

The consolidation of Units of the Fund will not be considered to result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units of the Fund will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain ("taxable capital gain") realized by a Unitholder will generally be included in the Unitholder's income as a taxable capital gain in the year of disposition. One-half of any capital loss ("allowable capital loss") generally may be deducted from taxable capital gains for the year of disposition. Any allowable capital losses in excess of taxable capital gains for the year of disposition may generally be carried back up to three years or forward indefinitely and deducted against net taxable capital gains in such other years to the extent and under the circumstances described in the Tax Act.

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6-2/3% on its "aggregate investment income" for the year which will include an amount in respect of taxable capital gains.

Where a Unitholder is a corporation, the amount of any capital loss arising on the disposition of a Unit may be reduced by the amount of dividends from the Fund's subsidiaries, previously designated by the Fund to the Unitholder to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Units or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns Units. Unitholders to whom these rules may be relevant should consult their own tax advisors.

Alternative Minimum Tax

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual or a trust, other than certain specified trusts, that is designated as taxable dividends or as net realized capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax, depending on the Unitholder's circumstances.

RISK FACTORS

An investment in the securities offered under this prospectus involves a number of risks. Prior to making an investment in the Units, investors should carefully consider the risks described under the heading "Risk Factors" found at pages 56 through 67 of the initial annual information form of the Fund dated March 30, 2007.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are Meyers Norris Penny LLP, Chartered Accountants, of Nanaimo and Vancouver, British Columbia.

The transfer agent and registrar for the Units is Computershare Investor Securities Inc. at its principal transfer offices in Vancouver, British Columbia and Toronto, Ontario.

MATERIAL CONTRACTS

The only material contract to be entered into by the Fund in connection with the Offering is the Agency Agreement referred to under “Plan of Distribution”. A copy of this agreement may be inspected during regular business hours at the offices of Farris, Vaughan, Wills & Murphy LLP, 25th Floor, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3 until the expiry of the 30 day period following the date of the final short form prospectus and will also be at www.sedar.com following Closing.

LEGAL PROCEEDINGS

Management is not aware of any legal proceedings of a material nature to which either the Fund or any of its subsidiaries is a party or of which any of their respective property is the subject matter.

EXPERTS

The matters referred to under “Eligibility for Investment” and certain other legal matters relating to the Units offered by this prospectus will be passed upon at Closing on behalf of the Fund by Farris, Vaughan, Wills & Murphy LLP and on behalf of the Agents by Lawson Lundell LLP. The matters referred to under “Canadian Federal Income Tax Considerations” will be passed upon at the date of closing on behalf of the Fund by Meyers Norris Penny LLP and on behalf of the Agents by Lawson Lundell LLP. As at the date hereof, the partners and associates of Farris, Vaughan, Wills & Murphy LLP and Lawson Lundell LLP collectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Fund. The partners of Meyers Norris Penny LLP do not own any of the outstanding securities of the Fund.

PURCHASER’S STATUTORY RIGHTS

Securities legislation in certain of the provinces 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, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of WesternOne Equity Income Fund (the "Fund") dated May 25, 2007 relating to the offering of 4,500,000 Units of the Fund. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in this prospectus of our report to the unitholders of the Fund on the consolidated balance sheet of the Fund as at December 31, 2006 and the consolidated statements of income, unitholders' equity and cash flows for the period from June 14, 2006 to December 31, 2006. Our report is dated February 14, 2007.

(Signed) "Meyers Norris Penny LLP"
Chartered Accountants

Nanaimo, British Columbia

May 25, 2007

CERTIFICATE OF THE FUND AND THE PROMOTER

Dated: May 25, 2007

This short form prospectus, together with the documents incorporated herein by reference, 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 of Canada except Quebec.

WESTERNO ONE EQUITY INCOME FUND
by its attorney WesternOne Equity GP Inc.

By: (Signed) DARREN T. LATOSKI
Chief Executive Officer

By: (Signed) ROBERT J. HIBBERD
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

By: (Signed) ROBERT W. KING
Director

By: (Signed) STEPHEN J. EVANS
Director

THE PROMOTER

DARREN FINANCIAL GROUP INC.

By: (Signed) DARREN T. LATOSKI
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: May 25, 2007

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada except Quebec.

BLACKMONT CAPITAL INC.

By: (Signed) MICHAEL KLAX

DUNDEE SECURITIES CORPORATION

By: (Signed) DAVID G. ANDERSON

CANACCORD CAPITAL CORPORATION

By: (Signed) RONALD A. RIMER

RAYMOND JAMES LTD.

By: (Signed) IAN G. MACKAY

HSBC SECURITIES (CANADA) INC.

By: (Signed) JAY K. LEWIS

SORA GROUP WEALTH ADVISORS INC.

By: (Signed) ROBERT J. ISAAC