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# STACK CAPITAL GROUP INC.

## INITIAL PUBLIC OFFERING OF UNITS

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June 9, 2021

*A final prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the final prospectus, and any amendment, is required to be delivered with this document. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final prospectus, and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.*

*The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) (the "United States") or to, or for the account or benefit of, U.S. Persons (as defined in the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.*

*Capitalized terms used, but not otherwise defined, herein have the meaning ascribed thereto in the final prospectus. References to "\$" are to Canadian dollars.*

<b>ISSUER:</b>	Stack Capital Group Inc. (the "Company").
<b>MANAGER:</b>	SC Partners Ltd.
<b>OFFERING:</b>	8,335,000 units (the "Units"), with each Unit consisting of one common share (a "Common Share") in the capital of the Company and one-half of a Common Share purchase warrant (each whole Common Share purchase warrant, an "IPO Warrant"). Each IPO Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Common Share at an exercise price per share of \$15.00, at any time prior to the date that is 36 months following the Closing (as defined herein).
<b>OFFERING PRICE:</b>	\$12.00 per Unit.
<b>OFFERING SIZE:</b>	\$100,020,000
<b>OVER-ALLOTMENT OPTION:</b>	The Company has granted the agents an option (the "Over-Allotment Option"), exercisable, in whole or in part, from time to time for a period of 30 days after Closing, to purchase up to an additional 15% of the aggregate number of Units issued pursuant to the Offering at the Offering Price to cover over-allotments, if any, and for the purposes of market stabilization of the Common Shares or the IPO Warrants, as applicable.
<b>MANAGEMENT INVESTMENT:</b>	Concurrent with the closing of the Offering, certain directors and officers of the Manager (the "Management Investors") will purchase Units on a non-brokered, private placement basis at the Offering Price for gross proceeds of \$7 million (the "Management Investment"). No commission or other fee will be paid to any agents in connection with the Management Investment. Closing of the Offering is conditional on the closing of the Management Investment.
<b>USE OF PROCEEDS:</b>	The Company intends to invest in equity, debt and/or other securities of growth to late stage private operating businesses (each, a "Portfolio Company" and collectively, the "Portfolio Companies") in furtherance of the Company's business objective, with such investment tailored to the specific needs and opportunities of the Portfolio Company. Depending on the circumstances of any particular investment opportunity and subject to compliance with applicable law, the Company's investment in a Portfolio Company may range



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from a minority ownership position to a significant influence position including control. The Company will not be investing in private operating businesses smaller than \$100 million in enterprise value.

The Company initially intends to invest in at least 10 growth to late state private operating businesses located primarily in, or with customers, suppliers or business primarily conducted in or dependent on, Canada and/or the United States. The Company intends to support the growth and development of its Portfolio Companies through active ownership, leveraging its financial strength and its manager's industry experience and business contact network. Active ownership will be an integral part of the Company's investment strategy and the support extended to Portfolio Companies may be provided by way of board representation, board observer rights, strategic, financial, governance and capital market support, and/or preparing the Portfolio Company for potential corporate transactions.

Pending such investments, the Company will invest at least 90% of the net proceeds of the Offering (together with the proceeds from the Management Investment) exclusively in Permitted Low-Risk Investments, and the remainder will be used for general corporate and working capital purposes.

### MANAGEMENT FEE AND PERFORMANCE FEE:

As compensation for the provision of the services to be provided to the Company by the Manager, the Company will pay the Management Fee and, if applicable, the Performance Fee, in each case, together with any applicable sales taxes thereon, to the Manager.

The management fee (the "Management Fee") will be a monthly amount equal to 1/12 of 1.5% of the Book Value of the Company, plus any sales taxes thereon, calculated and accrued at the beginning of each month based on the Book Value of the Company as at the end of the immediately preceding month.

The performance fee (the "Performance Fee") will be calculated and accrued quarterly and paid for the period from Closing to December 31, 2021 and for each consecutive one year period thereafter (each, a "Calculation Period"). The amount of the Performance Fee shall be determined as of the end of the last day of each Calculation Period (each a "Determination Date") with respect to the time-weighted average Common Shares of the Company outstanding during such Calculation Period. All calculations with respect to the Performance Fee will be made to four decimal places. The Performance Fee for a Calculation Period, if any, will be paid within 30 days after the Company issues its year-end audited financial statements for such Calculation Period.

The Performance Fee for a Calculation Period will be equal to the product of:

- (a) the number of time-weighted average Common Shares outstanding during such Calculation Period (calculated before taking into account any Common Shares issuable in payment



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of a Performance Fee for such Calculation Period); and

(b) 15% of the amount by which the sum of:

- (i) the Book Value per Share of the Company at the end of such Calculation Period (calculated before taking into account the Performance Fee payable for the period ending on the Determination Date for such Calculation Period), plus
- (ii) the total amount of distributions paid on the Common Shares during such Calculation Period and all consecutive immediately preceding Calculation Periods, if any, in respect of which no Performance Fee was paid divided by the weighted average number of Common Shares outstanding during such Calculation Periods;

exceeds:

- (iii) the High Water Mark.

The “High Water Mark” will be (a) in respect of the initial Calculation Period, the gross proceeds of the Offering, together with the gross proceeds from the Management Investment on Closing, divided by the aggregate number of Common Shares outstanding on Closing, and (b) in respect of any Calculation Period thereafter, (x) the highest Book Value per Share on any preceding Determination Date for a Calculation Period in respect of which a Performance Fee was paid (calculated after taking into account the Performance Fee, if any, in respect of such Calculation Period, including any Performance Fee which is applied to the subscription and issuance of Common Shares) or (y) if no Performance Fee has yet been paid, the High Water Mark in respect of the initial Calculation Period.

**ONGOING FEES AND EXPENSES:**

The Manager will be responsible for its own day-to-day operating expenses and the Company will be responsible for its own operating expenses (see the final prospectus for further details).

**LEVERAGE:**

After the Company has deployed more than 50% of the net proceeds of the Offering and the Management Investment, the Company may borrow up to an amount not exceeding 20% of the Total Assets, measured at the time of borrowing.

**DIVIDEND POLICY:**

The Company does not currently anticipate paying any dividends in the near future.

**LOCK-UP:**

The Company will be subject to lock-up arrangements for 180 days from Closing. As part of the terms of the Management Investment, each Management Investor will be subject to lock-up arrangements for 5 years from Closing, subject to certain limited exceptions.

**ELIGIBILITY FOR INVESTMENT:**

Eligible for RRSPs, RRIFs, RDSPs, DPSPs, TFSAAs and RESPs.

**LISTING:**

The Common Shares and the IPO Warrants have been conditionally approved for listing on the Toronto Stock Exchange (“TSX”) via the



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TSX Sandbox under the stock symbols “STCK” and “STCK.WT”, respectively. The TSX Sandbox is an initiative intended to facilitate listing applications that may not satisfy the original listing requirements of the TSX, but due to facts or situations unique to a particular issuer otherwise warrant a listing on the TSX. Listing on the TSX is subject to the Company fulfilling all of the listing requirements of the TSX.

**FORM OF OFFERING:**

Initial public offering in all provinces and territories of Canada pursuant to a long-form prospectus. Private placement in the United States to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) that are also “qualified purchasers” (as defined under the Investment Company Act of 1940, as amended).

**BOOKRUNNERS:**

TD Securities Inc., RBC Capital Markets and Scotiabank

**AGENTS’ FEE:**

5.50%.

**CLOSING:**

June 16, 2021.



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