MANAGEMENT'S DISCUSSION AND ANALYSIS

March 9, 2016

WESTERNONE INC.

Suite 910, 925 West Georgia Street • Vancouver • British Columbia • Canada • V6C 3L2 • Telephone (604) 678-4042 • Fax (604) 681-5969

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*The following management's discussion and analysis ("**MD&A**") should be read in conjunction with the consolidated financial statements and accompanying notes ("**Financial Statements**") of WesternOne Inc. and its direct and indirect subsidiaries (collectively known as "**WesternOne**" or the "**Company**" below, unless the context otherwise requires) for the year ended December 31, 2015. Results have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and reported in Canadian dollars unless otherwise indicated.*

This MD&A contains forward-looking information. Please see "Forward-Looking Information" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions relating to such information. This MD&A also makes reference to certain non-IFRS measures to assist in assessing the Company's financial performance. Non-IFRS measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Non-IFRS Measures" and "Distributable Cash and Dividends – Reconciliation of cash provided by operating activities to distributable cash".

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may constitute 'forward-looking' information within the meaning of applicable securities laws that 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, achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is 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 information includes, but is not limited to, statements with respect to strategies, expectations, planned operations, projections or other characterizations of future events or circumstances, and the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: production and installation schedule of the Burns Lake Lodge; Britco's scope of work in respect of the Burns Lake Lodge; estimated "run-rate" annual operating cost reduction; the Company's reliance on its operating loans for working capital financing; the expectation of management to discharge the Company's liabilities by means of cash flow generated from operations, existing cash reserves and refinancing of debt instruments; the impact of seasonality on the Company's operations; the Company's growth strategy, acquisition criteria and acquisition process; the minimum principal repayments relating to the outstanding loans; rental, finance lease and operating lease commitments; the intention of the Company to vigorously defend the securities class action filed against the Company; the term of Term Credit Facility (as defined herein) and the manner in which the interest rate charged thereon will be determined and adjusted; the terms of repayment under the Term Credit Facility; the composition of quarterly payments on the revolving capital expenditure loan advanced under the Amended Facility Letter (as defined herein) and the manner in which the composition of such payments will be adjusted as between principal and interest components; the determination of the annual standby fee for the unutilized portions of the Term Credit Facility; financial covenants under the Term Credit Facility;

the interest rates charged on the B/G Sub-facility and the Bank Guarantee Facility (each as defined herein); the potential impact of critical accounting estimates on net income; management's expectation of the business environment for WIS in 2016; anticipated benefits to WIS from the movie and TV production sector due to the foreign exchange environment; the stability of WIS' oil and gas related heat business; management's intention to refine its marketing strategy to focus sales efforts to its target markets, evaluate returns on fleet investments and redeploy rental assets to achieve higher utilization, and monitor operational efficiency through cost management; management's plan relating to expenditures and disposals of rental fleet during 2016; Britco management's sales and marketing strategy and plan to align modular manufacturing cost structure with the anticipated business activity levels; management's belief that Britco's lower revenue predictability will continue due to uncertainty across many business areas in which the Company operates; Britco's intention to focus on generating revenue in the commercial permanent modular construction sector; Britco's intention to pursue emerging opportunities in the BC LNG segment; management's intention to monitor activity in the Company's Western Canadian and US businesses and adjust production levels to meet the demands of markets; and future decisions regarding the Company's dividend.

Forward-looking information in this MD&A is based on certain key expectations and assumptions made by the Company, including, without limitation: the stability of the economy in Western Canada and the United States; the outlook of the Company's business and the global economic and geopolitical conditions; the competitive environment in which the Company and its business units operate; a protracted period of lower crude oil prices; the performance characteristics of the Company's assets; the supply of and demand for the Company's products and services and the related impact on the pricing on such products and services; management's assessment of future plans and operations; the Company's strategy to grow through acquisitions and organic expansion; the Company's ability to: (i) fund debt maturities and to meet current and future obligations; (ii) collect net receivables; (iii) integrate newly acquired businesses; (iv) maintain payments to suppliers under current terms; and (v) expand product offering and customer base; critical accounting estimates; the Company's ability to discharge liabilities; the maturity date of the Term Credit Facility; the basis on which the interest rates and standby fee relating to the Term Credit Facility are calculated; the impact from the wind-down of the Company's Australian operations; management's expectation of deployment for growth capital expenditures for WIS during 2016; management's expectation of the business environment for WIS in 2016; Britco's expected manufacturing activities in 2016; estimated future tax rates; and management's belief that Britco's lower revenue predictability will continue due to uncertainty across many business areas in which the Company operates. Although forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Undue reliance should not be placed on the forward-looking information since no assurance can be given that it will prove to be correct.

Although the forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves 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 information, including, but not limited to, the following factors: current economic conditions; failure to access financing; credit facilities risk; financial health of the Company's business divisions and cash flows; leverage and restrictive covenants; failure to realize anticipated benefits of acquisitions; regulatory risk; regulatory filing and licensing requirements; reliance on key personnel; interest rate fluctuations; competition for acquisition targets; limitations on future growth and cash flow; unpredictability and volatility of Share prices; prior ranking indebtedness; income taxes; legal proceedings; winding down of the Company's Australian operations; dilution of existing Shareholders; prevailing yields on similar securities; investment eligibility; conflict of interest; sensitivity to general economic conditions and levels of economic activity; volatility of commodity industry conditions; industry conditions and cyclicality; financing constraints; supply disruptions; adverse weather conditions; seasonality and fluctuations in results; environmental regulation, health and safety matters and other government regulations; labour shortages; employee relations; inventory obsolescence; dependence on existing sites; dependence on information systems and technology; insurance coverage; growth initiatives; expansion; resale of rental fleet; indemnities under acquisition agreements; competition; discontinuation of tax incentives and change in provincial sales tax structure; foreign exchange; import product restrictions and foreign trade risks; contract execution; significant customers; pricing and availability of raw materials; potential product liability and warranty expense; liquidity risk; and credit risk. Readers are cautioned that the foregoing list is not exhaustive. For additional information with respect to risks and uncertainties, readers should carefully review and consider the risk factors described under the section "Risk Factors" elsewhere in this MD&A.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management's current beliefs and is based on information currently available to the Company. Such information reflects current assumptions regarding future events and operating performance, and speaks only as of the date of this discussion. The forward-looking information is made as of the date of this MD&A and the Company assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

OVERVIEW OF THE COMPANY

The Company is headquartered in Vancouver, British Columbia ("**BC**"), and focuses on acquiring and growing businesses in the construction and infrastructure services sector in order to generate value for its Shareholders. The Company was incorporated on July 1, 2012 under the *Canada Business Corporations Act* ("**CBCA**"), and it is the successor to WesternOne Equity Income Fund following the completion of a conversion from an income trust structure to a corporation (the "**Conversion**") according to the previously announced plan of arrangement under Section 192 of the CBCA.

As at December 31, 2015 the Company had $213.6 million of assets and employed approximately 680 employees in Western Canada and the United States. The Company structures its operations in two principal business platforms:

- Heat services and aerial equipment: The Company has acquired seven businesses in this sector and has integrated the operations of these business units under the brand name "*WesternOne Infrastructure Services*" ("**WIS**"). This business specializes in providing: (i) heat and related services to construction, infrastructure and oil and gas sectors; and (ii) aerial equipment for construction, television and movie production. Some locations also provide general construction equipment rentals that complement the heat and aerial businesses. WIS has 13 locations in BC and Alberta.

- Modular building construction and rentals: The Company acquired the assets and business of Britco in June 2011 through its subsidiary, Britco LP ("**Britco**"). Britco provides innovative modular construction solutions, with design-build and turn-key capabilities, for permanent applications such as multi-user buildings, hotels and lodges, offices, and relocatable structures such as workforce accommodations. Britco also provides temporary space rental solutions to customers. Britco has one of the largest space rental fleets in Western Canada consisting of office complexes, construction site offices, diverse special use buildings, and storage containers. Britco has four modular construction facilities: (i) three locations in BC and Alberta in Canada; and (ii) one location in Texas, USA.

The Company's common shares (the "**Shares**"), series 2 unsecured convertible subordinated debentures (the "**2011 Debentures**") and series 3 unsecured convertible subordinated debentures (the "**2013 Debentures**", and together with the 2011 Debentures, the "**Debentures**") trade on the Toronto Stock Exchange (the "**Exchange**") under the respective symbols WEQ, WEQ.DB.C and WEQ.DB.

RECENT EVENTS

Permanent Modular Construction Contract

On March 2, 2016, the Company announced that Britco has entered into an agreement with the Burns Lake Band to manufacture a permanent modular hotel and lodge property in northern BC. Production of the lodge is scheduled to start in Britco's manufacturing facilities in the first half of 2016, with delivery and installation on site later in 2016. Britco's scope of work will include the design, engineering, building construction, on-site installation including building foundation, and readying the building for occupancy with furniture and fittings.

Workforce reduction for Britco in Canada and the United States

To better balance workload to capacity, Britco has reduced its headcount by 67 people in Canada and 26 people in the US since the beginning of 2016, representing 27.9% and 23.9% of the Canadian and US operations respectively.

BASIS OF MANAGEMENT'S DISCUSSION AND ANALYSIS

On July 29, 2014, the Company announced the winding down of its Australian operations through voluntary administration. The Company adopted IFRS 5 – *Non Current Assets Held for Sale and Discontinued Operations* and classified the Australian operations as discontinued operations for the three and twelve months ended December 31, 2015 and the related comparative prior periods. For the purposes of discussing the Company's operating results in this MD&A, management has presented the Company's financial information based on the Company's continuing operations in North America and has excluded the Australian operations, unless otherwise noted.

SUMMARY FINANCIAL REVIEW

($000's except per Share amounts and percentages)	Three months ended December 31 2015	2014	2013	Twelve months ended December 31 2015	2014	2013
Total revenue	**$ 35,942**	**$ 88,235**	**$ 83,954**	**$ 232,994**	**$ 373,897**	**$ 292,418**
Net income (loss) from continuing operations attributable to Shareholders	**(10,559)**	**12,464**	**(359)**	**(19,848)**	**18,231**	**9,751**
- Basic income (loss) per Share	(0.27)	0.33	(0.01)	(0.50)	0.55	0.41
- Diluted income (loss) per Share	(0.27)	0.33	(0.01)	(0.50)	0.55	0.40
Net income (loss) from discontinued operations attributable to Shareholders	**387**	**939**	**(18,153)**	**313**	**(29,082)**	**(23,758)**
- Basic and diluted income (loss) per Share	0.01	0.02	(0.72)	0.01	(0.87)	(0.99)
Total net income (loss) attributable to Shareholders	**(10,172)**	**13,403**	**(18,512)**	**(19,535)**	**(10,851)**	**(14,007)**
- Basic and diluted income (loss) per Share	(0.26)	0.35	(0.74)	(0.49)	(0.33)	(0.59)
Adjusted EBITDA (1)	**6,312**	**8,084**	**10,496**	**26,599**	**42,250**	**50,342**
Total assets (2)	**213,632**	**358,682**	**352,157**	**213,632**	**358,682**	**352,157**
Long term liabilities (2)	**99,895**	**97,861**	**119,621**	**99,895**	**97,861**	**119,621**
Dividends declared per share	**-**	**0.15**	**0.15**	**0.05**	**0.60**	**0.60**
Distributable cash generated (1)	**2,988**	**4,892**	**7,381**	**8,902**	**22,631**	**32,597**
Payout percentage (3)	**n/a**	**35.3%**	**52.9%**	**12.8%**	**61.5%**	**44.7%**

Notes:

(1) See definition of adjusted EBITDA and distributable cash under "Non-IFRS Measures". The comparative amounts for 2014 and 2013 have been adjusted to exclude severance costs to be consistent with the current definition of adjusted EBITDA.

(2) The comparative amounts for 2014 and 2013 represent year-end balances as at December 31 of each year presented.

(3) Amounts calculated using distributable cash and the cash portion of the dividend declared for the related period, not on per Share amounts. Calculated as the cash portion of the dividend declared divided by distributable cash generated. The Company suspended dividend payments on February 11, 2015.

The Company's revenue decreased by 59.3% or $52.3 million and 37.7% or $140.9 million for the three and twelve months ended December 31, 2015, respectively, compared to the same periods in the prior year. The decrease in the fourth quarter was primarily due to: (i) reduced manufacturing output from Britco as a result of declining demand for work camp units from the industrial sectors; (ii) lower volume of on-site work from Britco's Canadian operations as the remaining work for the existing workforce accommodation projects was substantially complete during the quarter; (iii) lower volume of equipment rentals and fuel sales from WIS caused by increased competition and reduced demand in the residential construction and oil and gas sectors in the Alberta markets, and a late start to the winter construction heat season due to mild weather; and (iv) closure of WIS's Northern Vancouver Island and Kelowna operations in BC in mid-2015.

For the twelve months ended December 31, 2015, the decrease in revenue was primarily due to: (i) reduced manufacturing output and on-site work volume from Britco; (ii) lower volume of equipment rentals and fuel sales from WIS caused by increased competition, reduced residential construction activities and mild weather in Alberta which affected the heat business and; (iii) branch closures in WIS as discussed above. This decrease was partially offset by: (i) incremental revenue contribution from Enerbuilt Technologies Inc. ("**Enerbuilt**"), which was acquired in September 2014, (ii) new WIS branches opened in Terrace, BC, Fort McMurray and Grande Prairie, Alberta; and (iii) higher revenue from Britco's modular space rental division due to increased fleet utilization, higher rental rates, and higher transportation and service-related revenues.

Gross profit decreased by 29.2% or $5.4 million and 29.4% or $24.0 million for the three and twelve months ended December 31, 2015, respectively, compared to the same periods in the prior year. In the fourth quarter of 2014, the Company recorded an adjustment to reduce project gross profit by $7.1 million, in relation to the on-site construction portion of phase 1 of the Manitoba Hydro Keeyask workforce accommodations project (the "**Adjustment**"). Excluding the Adjustment, year-over-year gross profit reduction would have been $12.5 million (decline of 48.8%) and $31.1 million (decline of 35.0%) for the three and twelve months ended December 31, 2015, respectively.

Gross margin was 36.5% and 24.7% for the three and twelve months ended December 31, 2015, respectively, compared to 21.0% and 21.8% for the same periods in the prior year. Excluding the Adjustment, the gross margin would have been 26.9% and 23.3% for the three and twelve months ended December 31, 2014, respectively. The higher gross margin in the fourth quarter in 2015 was primarily due to higher margins earned from Britco's on-site work and WIS's fuel sales. The increase was partially offset by a lower operating leverage as a result of reduced activities in Britco and lower rental volume in WIS in Alberta.

The higher gross margin for the twelve months ended December 31, 2015 was due to: (i) higher Britco manufacturing efficiency achieved from large runs of standard work camp units in the first quarter; (ii) reduced volume of lower margin on-site work; and (iii) higher fuel margins from WIS's operations. The increase was partially offset by the lower operating leverage as a result of the revenue decline.

General and administration expenses (including one-time severance costs) were $12.3 million (34.2% of total revenue) and $54.5 million (23.4% of total revenue) for the three and twelve months ended December 31, 2015, respectively, compared to $15.9 million (18.0% of total revenue) and $55.8 million (14.9% of total revenue) for the same periods in the prior year. Excluding severance costs in relation to cost rationalization measures, general and administration expenses were $12.2 million (33.9% of total revenue) and $53.5 million (22.9% of total revenue), respectively, for the three and twelve months ended December 31, 2015, compared with $15.2 million (17.2% of total revenue) and $55.1 million (14.7% of total revenue) for the same periods in the prior year.

The decrease in G&A expenses (excluding severance) in the three and twelve months ended December 31, 2015 was due to overhead reduction across all divisions of the Company as a result of cost rationalization measures implemented and reduced levels of business activity. The decrease for the twelve months ended December 31, 2015 was partly offset by: (i) incremental expenses from Enerbuilt; and (ii) higher amortization expenses relating to fixed assets and intangible assets. The higher operating cost ratios when compared with the respective periods in the prior year reflected the current year's low revenue base due to factors described above.

Finance income was $39.2 million and $25.1 million for the three and twelve months ended December 31, 2015, respectively, compared to $15.9 million and $5.2 million for the same periods in the prior year. Excluding non-cash items relating to the revaluation of the liability component of the Debentures, the interest rate swap and amortization of financing-related transaction costs, finance costs were $3.2 million and $12.7 million for the three and twelve months ended December 31, 2015, respectively, compared to $3.5 million and $12.9 million for the same periods in the prior year. The decrease was due to lower indebtedness, partly offset by higher senior debt interest rates subsequent to the refinancing of the senior credit facility in July 2014 and August 2015.

Adjusted EBITDA (see "Non-IFRS Measures" below) was $6.3 million (17.6% of total revenue) and $26.6 million (11.4% of total revenue) for the three and twelve months ended December 31, 2015, respectively, compared to $8.1 million (9.2% of total revenue) and $42.2 million (11.3% of total revenue) for the same periods in the prior year. Excluding the Adjustment, adjusted EBITDA would have been $15.2 million (15.9% of total revenue) and $49.3 million (13.0% of total revenue) for the three and twelve months ended December 31, 2014. Adjusted EBITDA decreased for the three and twelve months ended December 31, 2015 due to the reasons discussed above.

Pursuant to the cost rationalization measures implemented throughout 2015 to better align operating expenses with revenue levels, operating costs reduced by $7.1 million in the fourth quarter and $20.7 million for 2015. The annualized "run-rate" cost reduction was estimated to be $25.6 million.

As a result of the lower manufacturing activity level in light of the reduced demand for temporary modular buildings, the Company recorded impairment charges on Britco's goodwill, intangible assets and fixed assets of $35.5 million, $12.8 million and $2.1 million, respectively, for the three and twelve months ended December 31, 2015. In addition, the Company also recorded impairment charges of $0.2 million for the three and twelve months ended December 31, 2015 on WIS's intangible assets as a result of consolidating the Vancouver Island operations. The impairment charges are non-cash in nature and do not affect the Company's liquidity, cash flow from operating activities, or debt covenants.

The Company recorded income tax of nil and a recovery of $2.7 million for the three and twelve months ended December 31, 2015, respectively, compared to income tax expenses of $4.8 million and $6.7 million for the same periods in the prior year.

Net loss from continuing operations attributable to Shareholders was $10.6 million ($0.27 per Share) and $19.8 million ($0.50 per Share) for the three and twelve months ended December 31, 2015, respectively, compared to net income of $12.5 million ($0.33 per Share) and $18.2 million ($0.55 per Share) for the same periods in the prior year. The increase in net loss from continuing operations attributable to Shareholders for the three and twelve months ended December 31, 2015 was due to the reasons discussed above.

Pursuant to the Company's announcement on July 29, 2014 to wind down the Australian operations through voluntary administration, the Company recorded net income from discontinued operations attributable to Shareholders of $0.4 million and $0.3 million for the three and twelve months ended December 31, 2015, respectively, as a result of lower than estimated costs incurred to wind up the Australian operations. This is compared to $0.9 million of net income and $29.1 million of net loss for the same periods in the prior year as required under IFRS.

The Company recorded cash outflow of $1.5 million and inflow of $69.8 million from operating activities of its continuing operations for the three and twelve months ended December 31, 2015, respectively, compared with cash inflow of $9.5 million and $47.9 million for the same periods in the prior year. The decrease in cash flow generation from operating activities in the fourth quarter compared to the prior year was primarily due to the lower earnings and ongoing working capital fluctuations.

The strong operating cash flow generation for the twelve-month period ended December 31, 2015, compared to 2014, was primarily due to working capital recovery from the substantial completion of the workforce accommodations projects during the year, and reduced working capital position as a result of the lower manufacturing output and on-site work from Britco.

Total assets were $213.6 million as at December 31, 2015, compared with $358.7 million as at December 31, 2014. The decrease was primarily due to the lower net working capital position and net book value of capital assets as a result of amortization and impairment charges described above. Cash generated from the working capital recovery during the year was partially used to repay bank loans, which were reduced from $92.4 million as at December 31, 2014 to $46.4 million as at December 31, 2015.

Long-term liabilities were $99.9 million as at December 31, 2015, compared with $97.9 million as at December 31, 2014. The change was mainly attributable to a reclassification of the non-current portion of the Term Credit Facility from current liabilities to long-term liabilities, which totaled $38.2 million. This was offset by non-cash revaluations of $39.0 million of the liability component of the Debentures in accordance with IFRS.

More detailed discussions of the financial results for WIS and Britco for the three and twelve months ended December 31, 2015 are provided under "Operating Results" below.

DEFERRED INCOME TAXES

Deferred income taxes are recorded on the temporary differences arising between the accounting and tax bases of assets and liabilities on the statement of financial position.

Based on its assets and liabilities as at December 31, 2015, and the current and estimated future tax rates of 26% to 34% for Canada and the US, the Company has estimated the amount of its temporary differences and the period in which these differences will reverse.

Pursuant to IFRS, the Company recorded a net deferred income tax asset of $4.9 million as at December 31, 2015.

OPERATING RESULTS

WesternOne Infrastructure Services ("WIS")

Revenue

The following table summarizes the revenues of WIS for the three and twelve months ended December 31, 2015 and 2014.

SUMMARY OF REVENUES ($000's)	Three months ended December 31		Twelve months ended December 31		Increase/(Decrease) Three months ended December 31		Increase/(Decrease) Twelve months ended December 31	
	2015	2014	2015	2014	$	%	$	%
Rentals and related services	$ 15,461	$ 19,199	$ 63,106	$ 60,304	$ (3,738)	-19.5%	$ 2,802	4.6%
Product sales	4,990	8,819	19,908	31,535	(3,829)	-43.4%	(11,627)	-36.9%
Total revenues	**$ 20,451**	**$ 28,018**	**$ 83,014**	**$ 91,839**	**$ (7,567)**	**-27.0%**	**$ (8,825)**	**-9.6%**

Revenue from equipment rentals and related services was $15.5 million and $63.1 million for the three and twelve months ended December 31, 2015, compared with $19.2 million and $60.3 million for the same periods in the prior year. The decrease in the fourth quarter was mainly due to: (i) an increased supply of rental equipment from competitors, especially in the Alberta markets; (ii) reduced rental demand from the residential construction and oil and gas sectors in Alberta; (iii) a late start to winter in Alberta compared to the prior year, thereby affecting construction heat rentals; and (iv) closure of the Northern Vancouver Island and Kelowna operations in BC in mid-2015. The increase in revenue for the twelve months ended December 31, 2015 was mainly due to: (i) higher aerial fleet utilization as the mild weather in Alberta in the first half of 2015 gave rise to increased construction activities in Calgary, Edmonton and Fort McMurray in Alberta during that period; (ii) increased demand from the film production and commercial construction sectors in Lower Mainland, BC; and (iii) incremental contribution from Enerbuilt and the new branches in Terrace, BC and Fort McMurray and Grande Prairie, Alberta. This growth was partially offset by: (i) lower construction heat equipment utilization as a result of the mild weather; (ii) increased competition and reduced demand in Alberta in the second half of 2015 as described above; and (iii) the branch closures.

Revenue from product sales was $5.0 million and $19.9 million for the three and twelve months ended December 31, 2015, compared to $8.8 million and $31.5 million for the same periods in the prior year. The decrease for the fourth quarter and the year was primarily due to: (i) lower fuel sales due to mild weather and increased competition in Alberta; (ii) lower commodity prices; (iii) decreased parts and merchandise sales relating to branch closures; and (iv) reduced equipment sales due to decreased demand.

Gross margin and gross profit

Gross margin was 39.3% and 41.3% for the three and twelve months ended December 31, 2015, compared to 44.3% and 42.2% for the same periods in the prior year. Gross profit was $8.0 million and $34.3 million for the three and twelve months ended December 31, 2015, compared to $12.4 million and $38.7 million for the same periods in the prior year.

Gross margin and gross profit relating to equipment rentals and related services were 31.7% and $4.9 million, respectively, for the three months ended December 31, 2015, compared to 40.1% and $7.7 million for the same period in the prior year. Gross margin and gross profit relating to equipment rentals and related services for the twelve-month period ended December 31, 2015 were 33.9% and $21.4 million, respectively, compared to 39.6% and $23.9 million for the same period in the prior year. The decrease in the gross margin and gross profit in the fourth quarter was mainly due to (i) lower operating leverage as a result of reduced rental volumes in the Alberta operations; and (ii) decreased revenue discussed above. In addition to the reasons discussed above, the decrease in the gross margin and gross profit for the year was also due to incremental costs and depreciation expenses incurred earlier in the year to expand the heat operations.

Gross margin and gross profit relating to product sales were 55.7% and $2.8 million, respectively, for the three months ended December 31, 2015, compared to 46.7% and $4.1 million for the same period in the prior year. The gross margin and gross profit for the twelve-month period of 2015 were 52.9% and $10.5 million, respectively, compared to 39.2% and $12.4 million for the same period in the prior year. Gross margin and gross profit under this category mostly relate to the sale of new equipment, fuel, retail merchandise and parts. The higher gross margin in 2015 was mainly due to better fuel sales margins as a result of declining commodity prices, although a decline in fuel sales volume caused the gross profit to decrease.

Gross margin and gross profit relating to rental fleet sales were 21.9% and $0.4 million for the three months ended December 31, 2015, respectively, compared to 49.9% and $0.6 million for the same period in the prior year. The gross margin and gross profit for the twelve months ended December 31, 2015 were 39.9% and $2.3 million, respectively, compared to 47.8% and $2.5 million for the same period prior year. Margins under this category tend to fluctuate from time to time depending on the type and age of fleet equipment sold and customers' specific product needs.

Operating expenses

Operating expenses were $6.9 million (33.9% of total revenue) and $29.1 million (35.1% of total revenue), respectively, for the three and twelve months ended December 31, 2015, compared with $9.0 million (32.0% of total revenue) and $26.3 million (28.7% of total revenue) for the same periods in the prior year. Excluding severance costs of $0.8 million incurred in the second quarter of 2015 and $0.5 million in the fourth quarter of 2014, operating expenses were $6.9 million (33.9% of total revenue) and $28.3 million (34.1% of total revenue), respectively for the three and twelve months ended December 31, 2015, compared with $8.5 million (30.2% of total revenue) and $25.8 million (28.1% of total revenue) for the same periods in the prior year. The dollar decrease in the fourth quarter was a result of: (i) cost rationalization measures implemented; (ii) higher operating efficiencies with completion of the Enerbuilt integration in the current year; and (iii) lower levels of business activity. The dollar increase for the twelve month period primarily related to incremental expenses from Enerbuilt and other new branches, and higher depreciation and amortization expenses. The higher operating cost ratios reflected the lower than expected revenue base, driven by the mild weather in Alberta, increased competition and lower rental demand from the residential construction and oil and gas sectors in Alberta.

Adjusted EBITDA

Adjusted EBITDA was $5.5 million (27.1% of total revenue) and $24.0 million (28.9% of total revenue) for the three and twelve months ended December 31, 2015, compared to $9.0 million (32.0% of total revenue) and $29.4 million (32.0% of total revenue) for the same periods in the prior year. Adjusted EBITDA decreased for the three and twelve months ended December 31, 2015 due to the reasons discussed above.

Britco

Discussions of Britco's operating results for the three and twelve months ended December 31, 2015 are provided below. All dollar amounts are in Canadian dollars unless otherwise specified. Notwithstanding Britco's partial ownership (64.55%) of its indirect subsidiary in the United States, Britco Structures USA LLC ("**Britco USA**"), the related discussion below is based on 100% of Britco USA's operating results for consistency. The functional currency of Britco USA is US dollars.

SUMMARY OF OPERATING METRICS AND REVENUES
($000's)

	Three months ended December 31		Twelve months ended December 31		Increase/(Decrease) Three months ended December 31		Increase/(Decrease) Twelve months ended December 31	
	2015	2014	2015	2014	$	%	$	%
Construction and related service revenue - Canada	$ 8,358	$ 40,395	$ 117,648	$ 214,749	$ (32,037)	-79.3%	$ (97,101)	-45.2%
Construction and related service revenue - USA	4,162	16,513	20,082	55,654	(12,351)	-74.8%	(35,572)	-63.9%
Modular space rental revenue	2,957	3,275	12,222	11,510	(318)	-9.7%	712	6.2%
Total revenues	**$ 15,477**	**$ 60,183**	**$149,952**	**$281,913**	**$ (44,706)**	**-74.3%**	**$ (131,961)**	**-46.8%**
Average number of plant manufacturing staff	316	780						
Number of modular space rental units	1,703	1,717						

The year-over-year decrease in Britco's workforce was due to the adjustment of the labour capacity in response to the reduced demand from the industrial sectors.

The decrease in the number of modular space rental units related to net fleet disposals throughout 2015.

Revenue

Construction and Related Service – Canada

Revenue from construction and related services in Canada was $8.4 million and $117.6 million for the three and twelve months ended December 31, 2015, compared to $40.4 million and $214.7 million for the same periods in the prior year. The decrease was due to lower manufacturing output and on-site work in 2015, as remaining work for the existing workforce accommodations projects was substantially completed by the end of 2015. Manufacturing output level for the remainder of the year remained weak due to reduced demand which led to a reduction in the workforce at the manufacturing facilities from 452 at the beginning of the year to 159 at the end of the year.

Construction and Related Service – USA

Revenue from construction and related services in the US was $4.2 million and $20.1 million for the three and twelve months ended December 31, 2015, compared to $16.5 million and $55.7 million for the same periods in the prior year. The decrease was primarily due to lower manufacturing output as a result of the reduced demand from the industrial sectors. The workforce at the Waco, Texas manufacturing facility was reduced from 275 at the beginning of the year to 93 at the end of the year.

Modular Space Rental

Modular space rental revenue was $3.0 million and $12.2 million for the three and twelve months ended December 31, 2015, compared to $3.3 million and $11.5 million for the same periods in the prior year. While rental volume for the fourth quarter remained consistent year-over-year, revenue declined due to lower service and transportation activities compared to the prior year. The increase for the twelve months ended December 31, 2015 was a result of higher fleet utilization and rental rates compared to the prior year.

Gross profit and gross margin

Gross profit was $5.1 million (32.7% of total revenue) and $23.3 million (15.5% of total revenue) for the three and twelve months ended December 31, 2015, compared to $6.1 million (10.1% of total revenue) and $42.7 million (15.1% of total revenue) for the same periods in the prior year. Excluding the Adjustment mentioned above, gross profit was $13.2 million (19.6% of total revenue) and $49.8 million (17.2% of total revenue), respectively, for the three and twelve months ended December 31, 2014. The higher gross margin for the fourth quarter was primarily due to better site-related margins, in light of different mix of work performed when compared to the prior year. The lower gross margin for the twelve months ended December 31, 2015 was due to decreased manufacturing output and on-site work, and higher revenue contribution from on-site work which typically generates lower margins than modular manufacturing and modular space rentals. Site-related revenue was 52.8% of Britco's total revenue for the twelve months ended December 31, 2015, compared to 38.2% in the prior year.

Operating Expenses

Operating expenses were $4.2 million (27.1% of total revenue) and $18.6 million (12.4% of total revenue) for the three and twelve months ended December 31, 2015, compared to $5.5 million (9.2% of total revenue) and $23.4 million (8.3% of total revenue) for the same periods in the prior year. Excluding severance costs incurred, operating expenses were $4.1 million (26.4% of total revenue) and $18.4 million (12.3% of total revenue), respectively, for the three and twelve months ended December 31, 2015, compared to $5.4 million (8.9% of total revenue) and $23.3 million (8.3% of total revenue) in the prior year. The dollar decreases were mainly due to cost rationalization measures implemented and lower levels of business activities. The higher operating cost ratios were attributable to a lower revenue base as a result of the reduced manufacturing output and on-site work.

Adjusted EBITDA

Adjusted EBITDA was $1.8 million (11.8% of total revenue) and $9.5 million (6.3% of total revenue) for the three and twelve months ended December 31, 2015, compared to $1.6 million (2.7% of total revenue) and $24.0 million (8.5% of total revenue) for the same periods in the prior year. Excluding the Adjustment, adjusted EBITDA was $8.7 million (13.0% of total revenue) and $31.1 million (10.8% of total revenue), respectively, for the three and twelve months ended December 31, 2014. Adjusted EBITDA excluding the Adjustment decreased for the three and twelve months ended December 31, 2015 due to the reasons discussed above.

Corporate Overhead

Corporate overhead was $1.1 million (2.9% of total revenue) and $6.3 million (2.7% of total revenue) for the three and twelve months ended December 31, 2015, compared to $1.2 million (1.4% of total revenue) and $5.3 million (1.4% of total revenue) for the same periods in the prior year. The decrease for the fourth quarter was due to cost rationalization measures implemented. The increase for the year ended December 31, 2015 was mainly due to higher payroll and professional fees in providing corporate support for the Company's two business platforms.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table provides quarterly historical financial data of the Company for each of the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited consolidated financial statements and related notes thereto.

SELECTED QUARTERLY FINANCIAL INFORMATION
($000's except per Share amounts and percentages)

	Q4 '15	Q3 '15	Q2 '15	Q1 '15	Q4 '14	Q3 '14	Q2 '14	Q1 '14
Revenue								
Continuing Operations	$ 35,942	$ 46,774	$ 62,021	$ 88,257	$ 88,235	$ 87,978	$ 98,657	$ 99,027
Discontinued Operations	-	-	-	-	-	3,526	13,483	17,605
Total Revenue	$ 35,942	$ 46,774	$ 62,021	$ 88,257	$ 88,235	$ 91,504	$ 112,140	$ 116,632
Total Adjusted EBITDA (1) (2)	6,312	1,030	3,047	16,210	8,084	7,356	12,598	14,212
Net income/(loss)								
Continuing Operations	$ (10,612)	$ (7,045)	$ (6,360)	$ 4,320	$ 13,748	$ 825	$ 4,587	$ 4,850
Discontinued Operations	387	-	-	(74)	939	(17,081)	(15,189)	(1,620)
Total net income/(loss)	$ (10,225)	$ (7,045)	$ (6,360)	$ 4,246	$ 14,687	$ (16,256)	$ (10,602)	$ 3,230
Basic income/(loss) per share (2)								
Continuing Operations	$ (0.27)	$ (0.18)	$ (0.16)	$ 0.11	$ 0.33	$ (0.03)	$ 0.10	$ 0.12
Discontinued Operations	0.01	-	-	(0.01)	0.02	(0.52)	(0.38)	(0.04)
Total basic income/(loss) per share	$ (0.26)	$ (0.18)	$ (0.16)	$ 0.10	$ 0.35	$ (0.55)	$ (0.29)	$ 0.08
Diluted income/(loss) per share (2)								
Continuing Operations	$ (0.27)	$ (0.18)	$ (0.16)	$ 0.11	$ 0.33	$ (0.03)	$ 0.09	$ 0.12
Discontinued Operations	0.01	-	-	(0.01)	0.02	(0.52)	(0.38)	(0.04)
Total diluted income/(loss) per share	$ (0.26)	$ (0.18)	$ (0.16)	$ 0.10	$ 0.35	$ (0.55)	$ (0.29)	$ 0.08
Distributable cash (deficit) generated (1)	2,988	(2,127)	(2,843)	10,884	4,892	1,818	7,585	8,336
Distributable cash (deficit) per Share (3)	0.0753	(0.0536)	(0.0717)	0.2773	0.1284	0.0566	0.2391	0.2683
Cash portion of Dividends declared	-	-	-	1,139	1,729	2,733	4,762	4,698
Payout percentage (4)	n/a	n/a	n/a	10.5%	35.3%	150.4%	62.8%	56.4%

Notes:
(1) See definition of adjusted EBITDA and distributable cash under "Non-IFRS Measures" below. The historical comparative amounts have been adjusted to exclude severance costs to be consistent with the current definition of adjusted EBITDA.
(2) Represents amount attributable to Shareholders.
(3) Calculated based on basic weighted average number of Shares.
(4) Amounts calculated using distributable cash and the cash portion of the dividends declared for the related period, not on per Share amounts. Calculated as the cash portion of the dividend declared divided by distributable cash generated. The Company suspended dividend payments on February 11, 2015.

Seasonality

The seasonality of the Company's business segments impacts the quarterly operating results as follows:

1. WIS

   The aerial and general construction equipment rental business is generally lower from January through March as the winter weather hampers construction activity. Heater rentals and related fuel services during the winter months compensate for the traditionally slower winter business cycle in the aerial and general construction equipment rental sectors. From April through July, the rental demand for aerial and general construction equipment grows gradually as rental activities accelerate into the summer months. From August through November, the demand for rental equipment typically continues as construction companies strive to meet construction targets prior to the start of the holiday season in December. The heat business generally starts in November and continues through to the spring of the following year.

2. Britco

Britco's modular construction business typically does not follow a specific seasonal trend. Modular buildings are built in Britco's modular construction facilities throughout the year, and generally are not subject to external weather conditions. Production is scheduled based in part on the level of project backlogs, timing of contracts signed and job orders issued, product type and timing of delivery. Similarly, Britco's modular space rental business is generally not subject to seasonality. Unlike WIS which typically has daily, weekly or monthly rental contracts with its customers, Britco's rental terms are typically longer (up to three years), with the exception of short-term event-driven modular space rentals, which typically experience a higher level of activity during the summer months.

In addition to the seasonal nature of the Company's business, the quarterly changes above are also due to the changes in the Company's business activity levels and the timing of business acquisitions.

CASH FLOWS AND LIQUIDITY

The following table provides an overview of the Company's cash flows from continuing operations for the three and twelve months ended December 31, 2015:

SUMMARY OF CASH FLOWS ($000's)	Three months ended December 31		Twelve months ended December 31	
	2015	2014	2015	2014
Net change of cash related to:				
Operations				
Cash generated from operating earnings	$ 5,796	$ 7,982	$ 23,839	$ 43,767
Changes from non-cash working capital	(7,340)	1,491	45,957	4,119
Investing	(1,600)	(13,790)	(629)	(45,192)
Financing	(5,062)	(15,334)	(59,774)	21,269
Net change in cash during the period from continuing operations	$ (8,206)	$ (19,651)	$ 9,393	$ 23,963

As mentioned above, the revenue and operating results of certain business segments of the Company have historically displayed seasonal variations throughout a year. While certain of the Company's variable costs can be managed to match seasonal patterns, a significant portion of its costs are fixed and cannot be adjusted for seasonality. The fluctuation in future results of operations may require the Company to rely on its operating loans for working capital financing at certain times of the year.

As at December 31, 2015, a Canadian chartered bank (the "**Bank**") provided a $30.0 million operating loan on an interest-only basis and the Company had drawn $4.1 million of that operating loan. As at December 31, 2015, the Company had $15.6 million of cash and cash equivalent on hand.

Working capital management continues to be an important element of cash generation for the Company. As at December 31, 2015, management expected that net receivables were collectible, payments to suppliers would continue under current terms, and the bank guarantee would follow the terms in the Amended Facility Letter.

During the three months ended December 31, 2015, the Company had a cash outflow of $1.5 million from operating activities of the continuing operations, including a cash outflow of $7.3 million relating to an increase in working capital which represented a normal course of the Company's businesses. A majority of the working capital changes was attributable to increase in accounts receivable, decrease in construction contract assets and inventories, and payment of accounts payable.

During the three months ended December 31, 2015, the Company purchased rental equipment and other operating assets for $4.3 million and received proceeds of $2.7 million from the sales of fleet equipment from its continuing operations. The Company repaid, net of loan advances, $1.1 million of its Term Credit Facility and other capital loans. The Company also paid $3.2 million of interest (net of interest income received) for the outstanding senior debt and Debentures related to its continuing operations.

Liquidity Risks

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk through cash and debt management. As at December 31, 2015, the Company had available unused approved credit facilities (operating and capital loans combined) of $32.7 million. The Company also had accounts receivable of $36.4 million and cash and cash equivalents totaling $15.6 million. Management expects to discharge the Company's liabilities by means of cash flow generated from operations, existing cash reserves and refinancing of debt instruments.

A centralized treasury function ensures that the Company maintains funding flexibility by assessing future cash flow expectations. Cash flow estimates are based on rolling forecasts of operating, investing and financing cash flows. Such forecasting also takes into account borrowing limits, cash restrictions and compliance with debt covenants.

Cash which is surplus to working capital requirements is managed by the centralized treasury function which invests it in money market funds or bank money market deposits, choosing maturities which are aligned with expected cash needs based on the rolling forecast process.

CAPITAL RESOURCES

On August 5, 2015, the Company entered into an amended and restated facility letter (the "**Amended Facility Letter**") with the Bank, under which the Bank provided a term credit facility with an aggregate value of $80.0 million (the "**Term Credit Facility**"). The Term Credit Facility comprises a $30.0 million revolving operating loan and a $50.0 million revolving capital expenditure loan. The Term Credit Facility will mature on October 1, 2017 (the "**Maturity Date**"). A general security agreement providing a charge over all assets of the Company has been provided as collateral to the Bank.

Under the Term Credit Facility, the revolving operating loan carries interest at prime rate plus 2.25% and the revolving capital expenditure loan carries interest at the Company's option of either prime rate plus 2.25% or banker's acceptance rate plus 3.5% until October 31, 2016, after which the margin will be determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter). The margins range from 0.75% to 2.25% for prime-based borrowing, and range from 2.0% to 3.5% for banker's acceptance-based borrowing.

The revolving operating loan is secured by 50% of acceptable inventory (not exceeding $12.5 million) and 75% of acceptable accounts receivable (as defined in the Amended Facility Letter), minus priority claims.

As a sublimit of the revolving operating loan, the Bank also extended a bank guarantee facility with an authorized limit of $10.0 million (the "**B/G Sub-facility**"). As at December 31, 2015, B/G Sub-facility carries interest ranging from 2.17% to 3.25%. As at December 31, 2015, the Company had drawn $0.5 million of the B/G Sub-facility.

The revolving capital expenditure loan will be repaid by consecutive quarterly payments comprised of principal installments equal to 2.5% of the original principal amount of each applicable advance, plus applicable interest accrued, until and including October 31, 2016. Subsequently, the quarterly principal installments will change to 4.0% of the original principal amount of each applicable advance, plus applicable interest accrued. In any event, the loan will be due and payable in full on the Maturity Date.

The unutilized portions of the Term Credit Facility have an annual standby fee of 0.75% until October 31, 2016, after which the standby fee will be determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter), ranging from 0.4% to 0.75%.

Pursuant to the Amended Facility Letter, the Bank also extended a demand bank guarantee facility (the "**Bank Guarantee Facility**") with an authorized limit of $15.0 million for advance payment, performance and warranty guarantees as required. The demand bank guarantee facility carries interest at 3.0%. As at December 31, 2015, the Company had drawn $6.2 million of the Bank Guarantee Facility.

The Term Credit Facility has financial covenants specifying the following:

1. Senior Debt to EBITDA ratio (as defined in the Amended Facility Letter) not exceeding 3.5 to 1.0 until September 30, 2016, 3.25 to 1.0 from October 1, 2016 to September 30, 2017, and 2.75 to 1.0 thereafter.
2. Fixed Charge Coverage Ratio (as defined in the Amended Facility Letter) not less than 0.85 to 1.0 until September 30, 2016, 1.0 to 1.0 from October 1, 2016 to September 30, 2017, and 1.15 to 1.0 thereafter.
3. Total Net Debt to EBITDA (as defined in the Amended Facility Letter) not exceeding 5.5 to 1.0 from October 1, 2016 to March 31, 2017, 4.75 to 1.0 from April 1, 2017 to September 30, 2017, and 4.00 to 1.0 thereafter.
4. Current Ratio (as defined in the Amended Facility Letter) not less than 1.25 to 1.0 up to September 30, 2016.

The Amended Facility Letter also has, among other things, restrictions on paying dividends to Shareholders, making principal payments on the Debentures, and future acquisitions without the prior written consent of the Bank.

As at December 31, 2015, the Company was in compliance with all bank covenants associated with the Term Credit Facility.

On July 3, 2015, the Company obtained a non-revolving equipment financing loan ("Equipment Financing Loan") which bears interest at banker's acceptance rate plus 3.7% and is secured by the related equipment. The Equipment Financing Loan will mature on July 24, 2020.

DISTRIBUTABLE CASH AND DIVIDENDS

The Company reviews its historic and expected results on a regular basis. This review includes consideration of economic conditions, including seasonality, competitive environment, future cash requirements and projected accretion from newly acquired businesses.

On February 11, 2015, the Company announced the suspension of its monthly dividend to enhance the Company's financial flexibility in response to the economic uncertainties caused by the decline in global oil prices. Future decisions over reinstating a dividend will be based on a number of factors that will be carefully weighed, including but not limited to, evolving market conditions and the financial and operational performance of the Company and each of its business platforms.

The following shows the Company's dividend/distribution history since its initial public offering on August 15, 2006:

DIVIDENDS/DISTRIBUTION HISTORY

(per Share/Unit)	2006	2007	2008 - 2014	2015
January		$ 0.0408	$ 0.0500	$ 0.0500
February		0.0408	0.0500	
March		0.0450	0.0500	
April		0.0450	0.0500	
May		0.0450	0.0500	
June		0.0500	0.0500	
July		0.0500	0.0500	
August	$ 0.0224 (1)	0.0500	0.0500	
September	0.0408	0.0500	0.0500	
October	0.0408	0.0500	0.0500	
November	0.0408	0.0500	0.0500	
December	0.0608	0.0500	0.0500	
Total	**$ 0.2056**	**$ 0.5666**	**$ 0.6000**	**$ 0.0500**

Notes:
(1) 17-day period from August 15-31, 2006.

Dividends were paid on or about the 16th trading day of each month to Shareholders of record on the last business day of the preceding month.

Premium Dividend ™ and Dividend Reinvestment Plan (the "Plan")

The Company adopted the Plan to provide eligible Shareholders of the Company with the opportunity, at the participant's election, to either: (i) reinvest their dividends in new Shares at a subscription price equal to 3% to the Average Market Price (as defined in the Plan); or (ii) receive a premium cash payment equal to 102% of the reinvested dividends. Each component of the Plan is subject to eligibility restrictions, applicable withholding taxes, prorating as provided therein, and other limitations on the availability of new Shares in certain events. To be eligible to participate in the Plan, Shareholders must be resident in Canada.

Eligible Shareholders are not required to participate in the Plan. Eligible Shareholders who have not elected to participate in the Plan will receive their dividends in the usual manner if the Company determines to reinstate a dividend.

The Company reserves the right to limit the amount of new equity available under the Plan on any particular dividend payment date. Accordingly, participation may be prorated in certain circumstances. If on any dividend payment date the Company determines not to issue any equity under the Plan, the availability of new Shares is prorated in accordance with the terms of the Plan or for any other reason a dividend cannot be reinvested under the Plan, then participants will be entitled to receive from the Company the full amount of the regular dividend for each Share in respect of which the dividend is payable but cannot be reinvested under the Plan in accordance with the applicable election.

The Company announced the suspension of the Plan on February 11, 2015 and terminated the Plan in December 2015.

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Reconciliation of cash provided by operating activities to distributable cash

The following table reconciles cash flow from operating activities to distributable cash for the three and twelve months ended December 31, 2015 (see “Non-IFRS Measures”):

RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO DISTRIBUTABLE CASH ($000's, except for per Share/Unit amounts and percentages)	Three months ended December 31, 2015	Twelve months ended December 31, 2015
Cash flow from operating activities	$ (1,544)	$ 69,796
Changes in non-cash working capital balances	7,340	(45,957)
	5,796	23,839
Gain on sale of assets	694	3,403
Maintenance capital expenditure [(1)]	(1,036)	(5,475)
Non-controlling interest	(18)	(538)
Interest paid	(3,167)	(12,707)
Recovery relating to discontinued operations	387	313
Current income tax recovery	332	67
Distributable cash generated [(1)]	$ 2,988	$ 8,902
Cash portion of dividends	$ -	$ 1,139
Dividends declared	$ -	$ 1,960
Distributable cash generated per Share	$ 0.0753	$ 0.2251
Dividends declared per Share	$ -	$ 0.0500
Payout percentage [(2)]	n/a	12.8%
Net loss from continuing operations attributable to Shareholders	$ (10,559)	$ (19,848)
Deficit of net loss less dividends declared	$ (10,559)	$ (21,808)

Notes:

(1) See definition of “maintenance capital expenditures” and “distributable cash” under “Non-IFRS Measures” below.

(2) Amounts calculated using distributable cash and the cash portion of the dividend declared for the related period, not on per Share amounts. Calculated as the cash portion of the dividend declared divided by distributable cash generated. The Company suspended dividend payments on February 11, 2015.

NON-IFRS MEASURES

References in this MD&A to “adjusted EBITDA” are to net income or losses from continuing operations before interest, income and commodity taxes, depreciation, amortization, non-controlling interest, gain/loss on financial derivatives relating to changes in the fair market value of the fixed interest rate swap, business acquisition and Conversion costs, Debenture issuance costs, gain/loss on Debentures relating to changes in their fair market values, Share based compensation, severance costs, foreign exchange gains/losses, and write-down of fleet assets, intangible assets and goodwill. Adjusted EBITDA is a measure used by many investors to compare issuers on the basis of ability to generate cash flow from operations. Adjusted EBITDA is not an earnings measure recognized by IFRS, does not have standardized meanings prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. The Company’s management believes that adjusted EBITDA is an important supplemental measure in evaluating the Company’s performance and in determining whether to invest in Shares. The following table reconciles the Company’s net income from continuing operations and adjusted EBITDA for the three and twelve months ended December 31, 2015 and 2014:

RECONCILIATION OF NET INCOME FROM CONTINUING OPERATIONS AND ADJUSTED EBITDA
($000's)

	Three months ended December 31 2015	Three months ended December 31 2014	Twelve months ended December 31 2015	Twelve months ended December 31 2014
Net income (loss) from continuing operations	$ (10,612)	$ 13,748	$ (19,697)	$ 24,007
Finance income	(39,217)	(15,931)	(25,137)	(5,166)
Depreciation and amortization	5,957	6,197	23,910	21,404
Income tax (recovery) expense	(2)	4,807	(2,696)	6,656
Share based compensation	101	120	381	494
Severance	105	674	1,032	674
Impairment of tangible and intangible assets	50,646	-	50,646	-
Others	(648)	(244)	(1,302)	(31)
Non-controlling interest	(18)	(1,287)	(538)	(5,788)
Adjusted EBITDA	$ 6,312	$ 8,084	$ 26,599	$ 42,250

Readers of this information are cautioned that adjusted EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS as indicators of the Company's performance or to cash flows from operating, investing and financing activities as measures of the Company's liquidity and cash flows. The Company's method of calculating adjusted EBITDA may differ from the methods used by other issuers and, accordingly, the Company's adjusted EBITDA may not be comparable to similar measures presented by other issuers.

References in this MD&A to "distributable cash" are to cash available for paying the cash portion of dividends to the Shareholders by the Company. Distributable cash is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company and other similar Canadian businesses use distributable cash as an indicator of financial performance and it should not be seen as a measurement of liquidity or a substitute for comparable metrics prepared in accordance with IFRS. The Company's distributable cash may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to distributable cash as reported by such issuers. The Company's management believes that during those periods when dividends are declared, in addition to net income, distributable cash is a useful supplemental measure that may assist investors in assessing the return on their investment in Shares. See "Distributable Cash and Dividends - Reconciliation of cash provided by operating activities to distributable cash".

"Maintenance capital expenditures" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company considers maintenance capital expenditures as expenditures from its continuing operations that are required to maintain the service capacity of the Company's rentable equipment and modular building fleet (defined as equipment that has generated rental revenue equal to or exceeding 10% of the original acquisition cost of such equipment in the immediately preceding 12 months) and operating assets which include vehicles, trailers, furniture and fixtures, computer equipment and leasehold improvements. The maintenance capital expenditures for the Company are calculated as the difference between the original acquisition cost and the related net book value upon disposition of such equipment, plus the cost of replacement of operating assets. The Company views maintenance capital expenditure as a relevant measure of capital investment required to maintain the Company's existing operating capacity.

The following table reconciles the additions of operating assets and the accumulated depreciation relating to rental assets disposed during the three and twelve months ended December 31, 2015, to maintenance capital expenditure:

MAINTENANCE CAPITAL EXPENDITURES RECONCILIATION ($000's)	Three months ended December 31, 2015	Twelve months December 31, 2015
Purchase of operating assets	$ 878	$ 2,854
Accumulated depreciation of rental fleet on the disposal date	1,199	6,629
	2,077	9,483
Less:		
Operating assets purchased for business growth	(589)	(2,348)
Accumulated depreciation of rental fleet disposed that will not be replaced (1)	(452)	(1,660)
Maintenance capital expenditures	$ 1,036	$ 5,475

Notes:
(1) Amount related to the accumulated depreciation of rental assets disposed that generated rental revenue below 10% of the original acquisition costs of such assets in the immediately preceding 12 months.

OFF-BALANCE SHEET FINANCING

The Company has no off-balance sheet arrangements, except for the operating leases relating to the Company's various operating assets. The operating lease arrangements represent a normal course of the Company's businesses.

CONTRACTUAL OBLIGATIONS

As at December 31, 2015, the minimum principal repayments required for the then outstanding loans are as follows:

LOANS PAYABLE ($000's)	2016	2017	2018	2019	2020	Thereafter
Capital Loan	$ 4,388	$ 38,394	$ -	$ -	$ -	$ -
Equipment Financing Loan	736	771	808	846	512	-
	$ 5,124	$ 39,165	$ 808	$ 846	$ 512	$ -

The Company expects to discharge the loan obligations with cash flow generated from operations, existing cash reserves and refinancing of debt instruments. The above table represents the principal repayment schedule according to the Term Credit Facility and the agreement of an equipment financing loan. See "Capital Resources" for the principal repayment terms for the Term Credit Facility.

The Company has the following rental, finance lease and operating lease commitments:

CONTRACTUAL OBLIGATIONS ($000's)	2016	2017	2018	2019	2020	Thereafter
Rental commitments	$ 6,430	$ 5,083	$ 4,154	$ 2,726	$ 2,664	$ 3,196
Finance leases	2,328	1,731	1,065	312	155	-
Operating leases	169	81	32	16	-	-
	$ 8,927	$ 6,895	$ 5,251	$ 3,054	$ 2,819	$ 3,196

LONG TERM INCENTIVE PLAN

Board of Directors, officers and key employees of the Company and its direct and indirect subsidiaries are eligible to participate in the Company's long term incentive plan (the "**LTIP**"). The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance the Company's ability to attract, retain and motivate key personnel and reward key employees for significant performance that results in the Company exceeding its distributable cash targets. Pursuant to the LTIP, the Company may set aside a pool of funds based upon the amount, if any, by which the distributable cash per Share (as measured on a fully diluted basis) exceeds certain defined threshold amounts. A third-party trustee purchases Shares in the market with this pool of funds and holds the Shares until such time as ownership vests to each participant. LTIP participants are entitled to receive dividends, if any, on all Shares held for their account prior to the applicable vesting date. Unvested Shares held by the third-party trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those Shares will be sold and the proceeds returned to the Company.

The Company's compensation committee has the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

For the three and twelve months ended December 31, 2015, the Company's compensation committee did not approve any payments under the LTIP.

WESTERNONE SECURITIES-BASED COMPENSATION PLAN

On May 28, 2015, the Company obtained Shareholders' approval to renew the WesternOne Securities-Based Compensation Plan (the "**WesternOne SBC Plan**"). The purpose of the WesternOne SBC Plan is to promote the interest and long-term success of the Company by: (i) furnishing certain directors, officers, employees or consultants of the Company (or other persons as the Company's compensation committee may determine) (together, the "**SBC Plan Participants**") with greater incentive to further develop and promote the business and financial success of the Company; (ii) further align the interests of the SBC Plan Participants with those of the Shareholders generally through a proprietary ownership interest in the Company; and (iii) assisting the Company in attracting, retaining and motivating the SBC Plan Participants.

The Company's compensation committee has the power to, among other things: (i) determine persons who are eligible for the WesternOne SBC Plan; (ii) grant awards to the SBC Plan Participants; (iii) determine the types of securities-based awards to be granted; (iv) determine the times such awards will be granted; and (v) the pricing, vesting and other terms of the grant.

The number of securities that may be allotted and issued under the WesternOne SBC Plan is determined by the compensation committee, provided that the maximum number of securities to be reserved for issuance from treasury under the WesternOne SBC Plan does not exceed 10% of the issued and outstanding Shares on a "rolling" basis, net of the 500,000 Shares that may be issued under the EPP, as described in further detail below.

As at the date of this MD&A, the Company had 1,808,519 options, 11,710 equity-settled restricted stock units and 554,686 cash-settled restricted stock units outstanding.

For the three and twelve months ended December 31, 2015, the Company's compensation committee approved nil and $0.2 million, respectively, of performance awards to certain senior executives.

EMPLOYEE PURCHASE PLAN

The purpose of the Employee Purchase Plan ("**EPP**") is to promote the interests of the Company and its Shareholders by enabling the Company to attract and retain highly talented employees who are in a position to make significant contributions to the success of the Company, to reward them for their contributions to the success of the Company and to encourage them, through ownership, to increase their proprietary interest in the Company and their personal interest in its continued success and progress.

Officers and key employees of the Company and its direct and indirect subsidiaries are eligible to participate in the EPP. Under the EPP, an eligible participant elects to make a personal contribution to the plan based on the type and amount of cash remuneration received by such individual during a year, up to a maximum percentage of the remuneration. The percentage is determined based on criteria including but not limited to the participant's position within the Company, his or her past performance and contributions to the Company's success and remuneration received during the year. The Company makes a contribution to the EPP on behalf of that participant in an amount equal to that percentage of the participant's personal contribution. A third-party trustee administers the EPP through using the contributions to either purchase Shares in the market or through treasury issuances at fair market value. The Shares purchased under the EPP are subject to vesting and hold period requirements.

The Company's compensation committee has the power to determine, among other things: (i) those individuals who will participate in the EPP; (ii) the level of participation of each participant and the level of contribution by the Company; (iii) the purchase of Shares in the open market or through treasury issuances; and (iv) the vesting and hold period requirements of Shares under the EPP.

The number of Shares that may be allotted and issued under the EPP is determined by the Board of Directors, provided that the maximum number of Shares to be reserved for issuance from treasury under the EPP does not exceed 500,000 Shares in the aggregate.

For the three and twelve months ended December 31, 2015, the Company's compensation committee approved contributions of $0.1 million to the EPP.

TRANSACTIONS WITH RELATED PARTIES

For the three and twelve months ended December 31, 2015, the Company rented premises in various locations from companies in which certain directors, officers and employees of the Company hold interests. Specifically, the Company rented premises in its operating locations in Comox (BC) from Mahatta Holdings Ltd (until May 1, 2015, with the closure of the Northern Vancouver Island operations), in Langley (BC) from 20091 91A Avenue Holdings Ltd., (until July 31, 2015, when the building was sold to an unrelated party) and in Calgary (Alberta) from Eastlake Properties Inc. The Company paid an aggregate of $0.1 million (2014 - $0.3 million) and $0.7 million (2014 - $0.8 million) in rent to such companies and maintained a rental deposit of $36,858 (2014 - $36,858) for such premises during the three and twelve months ended December 31, 2015. The rents between the parties were at fair market value. The terms of the leases range from renewal on a monthly basis (with a termination notice of three months given either by the tenant or landlord) to March 2024.

SECURITIES AND PRINCIPAL SHAREHOLDERS

As at March 9, 2016, 39,661,597 Shares are issued and outstanding, each of which entitles the holder to one vote at Shareholder meetings. Furthermore, 71,027 2011 Debentures and 51,750 2013 Debentures are issued and outstanding with an outstanding face value of approximately $71.0 million and $51.8 million respectively. Upon conversion of 2011 Debentures and 2013 Debentures, an additional 9,470,267 and 4,404,255 Shares, respectively, would be issuable. To the knowledge of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to all of the issued and outstanding Shares.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2015, the Company's financial assets and liabilities consisted primarily of cash and cash equivalents, accounts receivable, operating loans, accounts payable and accrued liabilities, equipment financing loan, capital loans, and financial derivatives not designated in an effective hedging relationship, and the Debentures. These financial instruments arose from the Company's normal course of business, with respect to the financing of its day-to-day operations, capital expenditures and acquisitions.

The carrying values of the financial instruments, except for the capital loans, financial derivatives, the Debentures were considered to approximate their fair values due to their short-term nature. The carrying values of the capital loans and equipment financing loan approximated their fair values as the related interest rates of the loans were at market as at December 31, 2015. The Company has considered credit risk in making this determination and concluded no material adjustments would be required. The fair value of the liability components of the Debentures were determined based on discounted cash flow analysis using expected future cash flows and a market-related discount rate. The carrying and fair values of the financial derivatives are not considered material as at December 31, 2015.

In addition to liquidity risk described in "Cash Flow and Liquidity" above, the Company is exposed to credit, interest rate and foreign exchange risks associated with its financial assets and liabilities. Overall, the Board of Directors has responsibility for the establishment and approval of the Company's risk management policies. Management continually performs risk assessments to ensure that all significant risks related to the Company's operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk is the full carrying value of the financial instrument. The Company is exposed to credit risk with respect to its accounts receivable, particularly from customers in the construction and resource industries in Western Canada due to its concentration of business in those sectors. The Company mitigates the risk by means of a diverse customer base in construction (industrial, commercial, infrastructure and residential), resource (oil & gas and energy) as well as other sectors. As at December 31, 2015, there was one accounts receivable balance in excess of 10% of the Company's consolidated accounts receivable balance. In general, in assessing the credit risks in relation to accounts receivable balances, management has considered the financial health of the respective companies in terms of working capital position, financial leverage, ability to generate operating cash flow, revenue base and profitability. Management also reviews the payment history and average collection cycle of these accounts and makes provisions where necessary. The Company mitigates its credit risk by following a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses. As at December 31, 2015, the Company had provisions for potential uncollectible accounts receivable of $0.9 million and a related bad debt expense of $0.4 million for the twelve months ended December 31, 2015 was recorded as an operating expense in the Company's statement of income.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's finance leases and Debentures all bear fixed interest rates, and hence are not exposed to any interest rate risk. The Company's senior credit facilities bear interest at variable rates. The Company manages its interest rate risk relating to the credit facilities through entering into an interest rate swap agreement with the Bank for a portion of the outstanding senior credit facilities. The Company does not hold or use any derivative instruments for trading or speculative purposes. Interest expense is classified as part of finance costs in the Company's statement of income.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's cash flow exposure to foreign exchange risk mainly relates to purchases of rental equipment and replacement parts from suppliers in the United States and investments in its operations in the United States.

The Company is also exposed to transactional foreign exchange risk through Britco's operations in the United States. The Company manages this risk through its policy to match revenues and expenses in the same currency.

For the three and twelve months ended December 31, 2015, the Company recorded foreign exchange gain of $0.3 million (2014 – gain of $0.2 million) and a foreign exchange gain of $1.1 million (2014 – gain of $0.2 million), respectively, from its continuing operations. Foreign exchange gains or losses are classified as part of operating expenses in the Company's statement of income.

As at December 31, 2015, the Company's consolidated statement of financial position included $3.6 million of accounts receivable (2014 - $5.5 million), $2.1 million of accounts payable (2014 - $5.2 million) and $3.3 million of cash net of operating loans (2014 - $2.9 million) which were foreign currency denominated and were subject to foreign exchange risk.

The Company does not use, hold or issue foreign exchange contracts for trading or speculative purposes. At December 31, 2015, the Company had no foreign exchange contracts outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company has taken into account the current economic environment when determining the provision for inventory obsolescence, provision for doubtful accounts and any impairment of goodwill and other assets. As conditions change, actual results could differ from those estimates. The Company's significant accounting policies are described in note 3 of the consolidated financial statements for the year ended December 31, 2015. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances. The Company considers the following to be most critical in understanding the judgments that are involved in preparing the financial statements and the uncertainties that could affect the Company's results of operations, financial condition and cash flows.

Provision of obsolescence of inventory and construction contract assets

The value of the Company's inventory, which includes equipment for resale and parts inventories, raw materials, and construction contract assets, are evaluated by management throughout each year. When required, reserves are recorded to ensure that the book value of the resale equipment is valued at the lower of cost or estimated net realizable value. Management identifies slow moving or obsolete parts inventories (if any) and estimates appropriate obsolescence provisions related thereto. Assumptions underlying management's evaluation of inventory and construction contract asset obsolescence include stability in inventory price levels, estimated value of manufacturing work in progress, estimates of customer demand and projected level of repairs and maintenance needed for the rental fleet. Depending on the future economic environment, there is a risk that the Company could have an increase in inventory and construction contract asset obsolescence which would result in an increased charge to the statement of income. This accounting estimate is applicable to both Britco and WIS.

Provision for doubtful accounts

The Company is exposed to credit risks with respect to its accounts receivable. In general, the Company mitigates the risk by following a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. Assumptions underlying management's evaluation of provision for doubtful accounts include stability of the business environment that customers operate in and financial health of customers. The provision for doubtful accounts at December 31, 2015 did not reflect any significant increase in expected losses compared to prior years. However, depending on the future economic environment, there is a risk that the Company could experience a greater number of defaults which would result in an increased charge to the statement of income. This accounting estimate is applicable to both Britco and WIS.

Impairment of assets

Management reviews the Company's non-financial assets, inventories and deferred tax assets (if any) at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Management also reviews goodwill and intangible assets that have indefinite useful lives or that are not yet available for use for impairment at least annually or whenever events or changes in circumstances indicate possibility of impairment.

Impairment is recognized if the recoverable amount determined as the higher of the estimated fair value less cost to sell or the discounted future cash-flows generated from use and eventual disposal from an asset or cash generating unit ("**CGU**") is less than their carrying value. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying value of goodwill allocated to the CGU and any excess is allocated to the carrying amount of the other assets in the CGU on a pro rata basis.

Assumptions underlying management's evaluation of asset impairments include estimates of future operations of, and related cash flow generated from, the assets or CGUs, marketplace data, and future costs of capital. Depending on the future economic environment, there is a risk that the Company could have an increase in impairments which would result in an increased charge to the statement of income. This accounting estimate is applicable to both Britco and WIS.

Accrual of unbilled revenue

Revenue from rental contracts and related services is generated through cycle billing to customers. Accrual of revenue relating to invoices not yet issued to customers at period-end is estimated by management based on rental rates specified in rental contracts and expected length of rental periods. Depending on the magnitude of the difference between management's estimates and the actual rental rates and length of rental periods, there is a risk that the Company could have to adjust for the related difference, which would result in an increased charge to the statement of income. This accounting estimate is applicable to WIS.

Accrual of uncompleted project revenue and related costs

The Company accounts for its modular manufacturing revenue using percentage-of-completion method of accounting. Revenue and related cost of sales are recognized based on costs incurred to date over the total estimated costs to complete the design, manufacture, transportation and installation of such products. Under certain circumstances, there is a risk that the Company could have to adjust the related revenue recognition and cost accrual to date, which would result in an increased charge to the statement of income. This accounting estimate is applicable to Britco.

Deferred income taxes

Deferred income tax assets and liabilities are determined based on the temporary differences between the tax basis of the Company's assets and liabilities and the amounts reported in the financial statements, to the extent that such temporary differences are expected to reverse in future periods. Deferred tax assets or liabilities are calculated using the tax rates for the periods in which the differences are expected to be settled. Deferred tax assets are recognized to the extent that they are considered more likely than not to be realized. Assumptions underlying the composition of deferred income tax assets include estimates of future results of operations, the timing of reversal of temporary differences, as well as the tax rates and laws in each jurisdiction at the time of the expected reversal. The composition of deferred income tax assets is reasonably likely to change from period to period due to the uncertainties surrounding these assumptions, and therefore would result in an increased charge to the statement of income. This accounting estimate is applicable to both Britco and WIS.

Loss on sale of discontinued operations

The loss on the sale of Britco's Australian operations ("**Britco Australia**") was calculated using the best estimates from management and the administrators of the voluntary administration and liquidation of Britco Australia. Such estimates include: (i) the recoverable value of the net assets of Britco Australia; (ii) costs required to complete the disposal of Britco Australia; and (iii) costs to terminate outstanding lease commitments. Depending on the actual results of these items, there is a risk that the Company could incur additional costs which would result in increased charges to the statement of income. This accounting estimate is applicable to Britco.

Estimated useful life of Property, Plant and Equipment

During the year ended December 31, 2014, management changed the estimate of the useful life of WIS's rental fleet equipment from 7 to 10 years to better reflect the future economic benefits derived from these assets. As a result, depreciation expense for the year ended December 31, 2014 was $1.6 million lower compared with the pro-forma depreciation expense calculated with no changes to the estimated useful life. Any future change to management's estimates to reduce the useful life of the Company's assets would result in an increased charge to the statement of income. This accounting estimate is applicable to both Britco and WIS.

CONTINGENCY

On December 10, 2014 Robert Krten and 2381371 Ontario Inc. filed a securities class action against the Company and certain of its directors and executives alleging misrepresentation. The proceeding was commenced by a statement of claim filed in the Windsor registry of the Ontario Superior Court. The claim was subsequently amended to substitute Frederick Cass and Edward Allan McCaffrey as the plaintiffs. The court has now ordered that the action be transferred from Windsor to Toronto. The Company intends to vigorously defend the claim. The case is in its initial phase of pleading and a reasonable estimate of the obligation cannot be made at this time.

RISK FACTORS

The Company hereby incorporates by reference the risks described at pages 33-42 of the Company's annual information form dated March 30, 2015 (the "**Annual Information Form**") and filed on SEDAR at www.sedar.com. For a detailed description of the risk factors associated with the Company and its business, refer to "Risk Factors" in the Annual Information Form, the risks identified elsewhere in this MD&A and the risk factors set forth below. The Company believes that the following items represent significant risk factors for consideration:

Sensitivity to General Economic Conditions and Levels of Economic Activity

The construction and infrastructure services and resource industries in Canada and the United States have historically been subject to cyclical variations in the general economy regarding future economic prospects. A majority of the business divisions' revenues derives from these industries and may be impacted by the health of these industries and the general economy in Canada and the United States. A decline in the general economic conditions in these industries in Canada and the United States in which the business divisions operate could adversely affect the overall demand for the Company's products and services and therefore result in a decrease in revenue, a decline in operating results and a deterioration in financial condition.

As the business divisions' products and services are primarily focused on the construction and infrastructure services sector, along with certain specific areas such as energy and resources, television and film production, shipyard and forestry industries, demand for its products and services is particularly dependent upon the level of activity in these market segments. The level of activity in these segments depends on many factors, including commodity prices, levels of unemployment, shifting demographic trends, gross domestic product growth, available financing, consumer confidence and other general economic conditions. A decline in economic activity may lead to a decrease in the demand for the products and services provided by the business divisions. Any such decrease could adversely affect the divisions' businesses, financial conditions, liquidity and operating results.

Volatility of Commodity Industry Conditions

The demand, pricing and terms for the Company's construction and infrastructure services segments depend upon the level of industry activity in the energy and resources, television and film production, and shipyard and forestry industries. In recent years, delays, capital investment or scope reductions and/or cancellations in previously announced or anticipated projects in these sectors have demonstrated that economic activity in these sectors could be impacted by a variety of factors, including, but not limited to: the pricing of oil, potash and other commodities; market volatility; the impact of global economic conditions affecting demand or global financial markets; cost overruns on announced projects; efforts by owners to contractually shift risk for cost overruns to contractors; fluctuations in the availability of skilled labour; lack of sufficient governmental infrastructure to support growth; and the potential introduction of new "green" legislation.

Crude oil and natural gas prices have decreased significantly in recent months and are expected to remain volatile in the near future due to market uncertainties over the supply of, and the demand for, these commodities due to concerns of oversupply, the current state of the world economies, OPEC actions, sanctions imposed on certain oil producing nations by other countries and the ongoing credit and liquidity concerns. Any prolonged substantial reduction in oil and natural gas prices may result in material adverse impacts to existing and previously projected construction and infrastructure projects, including postponement, cancellations and/or capital investment or scope reductions in respect to existing and new projects. These and other similar impacts or developments could have a material adverse effect on the demand for the products and services provided by the Company.

Industry Conditions and Cyclicality

The equipment rental and modular building industries historically have been cyclical and are influenced by many of the same international and regional economic factors which affect business generally. Such factors include global economy, consumer confidence, inflation, interest rates, regional population and employment trends, availability and cost of alternative accommodation. There can be no assurance that the

Company's products and services will not experience future declines or that such declines will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Legal Proceedings

Legal proceedings may be brought against the Company, for example, litigation based on its business activities, environmental laws, volatility in its stock price or failure to comply with its disclosure obligations, which could have a material adverse effect on the Company's financial condition or prospects.

The Company has been named as a defendant in a securities class action. See "**CONTINGENCY**". The Company cannot assure that it will succeed in defending the claim, that judgment will not be entered against it with respect to the litigation or that insurance will be adequate to cover any such judgment. Additionally, the defence of this claim could divert the attention of management and other personnel for significant periods of time. The claim may also contribute to negative publicity in respect of the Company. Any one of the above factors could have an adverse effect on the Company's business and liquidity, and on the market price of its securities.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, under the supervision and with the participation of its Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), is responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"). DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are designed to ensure that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's ICFR may not prevent or detect all misstatements because of the inherent limitations of any control system. Due to these inherent limitations, DC&P and ICFR can provide only reasonable, not absolute, assurance that controls will be effective in preventing and/or detecting and correcting misstatements that may be material. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The Company's management, under the supervision of and with the participation of the CEO and CFO, completed an evaluation of the design and operating effectiveness of the Company's DC&P and ICFR. In making this evaluation, management used a top-down risk-based approach using the criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Based on this evaluation, the CEO and CFO have concluded that the Company's DC&P and ICFR were effective as at December 31, 2015.

There has been no change in the Company's DC&P and ICFR that occurred during the twelve months ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's DC&P and ICFR.

OUTLOOK

The following discussion is qualified in its entirety by the “Forward-looking information” at the beginning of this MD&A, and the section titled “Risks Factors”.

Persistent headwinds in the global economy continue to pose challenges to the business environment for companies throughout North America.

Although a majority of WesternOne’s revenue is not directly tied to the oil and gas sector, forecasts continue to indicate the possibility of a protracted period of lower crude oil prices which is expected to continue to have a related impact on many business areas in which WesternOne operates, including the construction and infrastructure sector in Western Canada and industries which support the shale oil and gas markets in the US.

WesternOne Infrastructure Services

Management expects increased competition especially in major markets in 2016 (Vancouver, Calgary and Edmonton) due to competitors’ redeployment of rental equipment from areas such as Northern Alberta and new competitors entering the market. In response to possible impacts including reduced utilization and rate compression, management will continue to: (i) refine its marketing strategy to focus sales efforts to its target markets; (ii) evaluate returns on fleet investments and redeploy rental assets to achieve higher utilization; and (iii) monitor operational efficiency through cost management.

Management also expects WIS to continue to benefit from a robust movie and TV production sector due to the favourable Canadian foreign exchange environment. The oil and gas related heat business is expected to continue to be stable, subject to external factors such as weather, as its heat and power services primarily support maintenance and production operations at existing, mature producers.

WIS will also continue to assess the market conditions and adjust the level of fleet disposals and capital expenditures as necessary to maintain and grow market share in specific markets.

Britco

In 2016 Britco will build upon the recent successes in the commercial permanent modular construction sector and focus on generating revenue in that sector, in addition to pursuing emerging opportunities in the BC LNG segment. Management will continue to align its modular manufacturing cost structure with the anticipated business activity levels. Despite the relatively steady modular building leasing activity anticipated for 2016, Britco management believes the lower revenue predictability to continue, due to the lingering uncertainty across many business areas in which WesternOne operates, including the construction and infrastructure sector in Western Canada and industries which support the shale oil and gas markets in the US.

In the face of the global economic uncertainty, management will continue to monitor activity in both its Western Canadian and US businesses and adjust production levels to meet the demands of the markets throughout 2016.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Annual Information Form and other public filings, is available on SEDAR at www.sedar.com or on the Company's website at www.weq.ca.

For more information about this MD&A, please contact:

Carlos Yam, Chief Financial Officer
WesternOne Inc.
Suite 910, 925 West Georgia Street
Vancouver, BC V6C 3L2
Phone: (604) 678-4042
E-mail: cyam@weq.ca

For investor relations information, please contact:

Andrew Greig, Manager of Investor Relations
WesternOne Inc.
Suite 910, 925 West Georgia Street
Vancouver, BC V6C 3L2
Phone: (604) 678-4042
E-mail: agreig@weq.ca

TRADING SYMBOLS

Toronto Stock Exchange: WEQ, WEQ.DB and WEQ.DB.C.