MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") should be read in conjunction with the consolidated financial statements and accompanying notes ("financial statements") of IBI Income Fund (the "Fund") for the three and nine months ended September 30, 2009. Results are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

This MD&A is dated as of November 4, 2009. Additional information that has been filed concerning the Fund, including the Fund's annual information form for the year ended December 31, 2008, is or will be available on SEDAR at www.sedar.com.

Overview of the Fund

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Fund's Declaration of Trust. The Fund is entirely dependent upon the operations and assets of IBI Group in which it indirectly holds 12,738,146 Class A partnership units, representing 71.7% of the issued and outstanding Class A and Class B partnership units (the "Partnership Units") of IBI Group. IBI Group Management Partnership ("Management Partnership") holds 5,025,778 Class B partnership units of IBI Group, representing the remaining 28.3% of the issued and outstanding Partnership Units of IBI Group. In addition, the Management Partnership holds 5,025,778 non-participating voting units ("Non-Participating Voting Units") of the Fund which, together with the Class B partnership units of IBI Group, are exchangeable into trust units ("Units") of the Fund on a one for one basis, subject to adjustment.

As a result of its holdings of Class B partnership units of IBI Group and Non-Participating Voting Units of the Fund, together with its holdings of 3,202,050 Units of the Fund, the Management Partnership holds an interest of approximately 46.3% in the Fund (on a fully-diluted basis). There are currently 12,738,146 Units issued and outstanding (17,763,924 Units issued and outstanding on a fully-diluted basis).

IBI Group is a leading, international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. IBI Group's business is concentrated in four main areas of development, being urban land, building facilities, transportation networks and systems technology. The professional services provided by IBI Group include planning, design, implementation, analysis of operations and other consulting services related to these four main areas of development. IBI Group also has a facilities management practice, which manages and operates recreational facilities on behalf of local municipalities. This practice is concentrated within the Province of Quebec.

IBI Group's professionals have a broad range of academic backgrounds and experience in urban design and planning, architecture, civil engineering, transportation engineering, traffic engineering, systems engineering, urban geography, real estate analysis, landscape architecture, communications engineering, software development and many other areas of expertise, all contributing to the four areas in which IBI Group practices.

The firm's clients include national, provincial, state and local government agencies and public institutions, as well as leading companies in the real estate building, land and infrastructure development, transportation and communication industries and in other business areas. IBI Group provides these services in major cities across Canada, the United States, Western Europe and the Middle East, as well as in other international centers.

Changes in Tax Legislation

On October 31, 2006, the Minister of Finance (Canada) announced tax proposals (the "Proposal") concerning the taxation of most publicly traded income trusts and other flow-through entities (the "SIFT Rules"). The SIFT Rules were subsequently enacted. The SIFT Rules apply a tax on certain income (other than dividends and certain non-Canadian income directly received by the Fund) earned by a SIFT trust as defined in the Income Tax Act (Canada) (the "Tax Act"), and would treat the taxable distributions of such income received by Unitholders of a SIFT trust as "eligible dividends". Pursuant to the SIFT Rules, the Fund will constitute a SIFT trust and, as a result, the Fund and its Unitholders will be subject to the SIFT Rules. The SIFT Rules generally do not apply until the 2011 taxation year for income trusts the units of which were publicly traded prior to November 1, 2006, such as the Fund. However, the SIFT Rules will apply immediately in any taxation year ending after 2006 if the SIFT trust exceeded normal growth during the period from November 1, 2006 to December 31, 2010, as described in the press release issued by the Department of Finance (Canada) on December 15, 2006 (the "Normal Growth Guidelines") as subsequently modified.

The Normal Growth Guidelines indicate that the Fund will not lose the benefit of the deferred application of the SIFT Rules to 2011 if the equity capital of the Fund does not grow as a result of issuances of new equity (which includes Units, debt that is convertible into Units, and potentially other substitutes for such equity) before 2011 by an amount that exceeds the greater of $50 million per year and an objective "safe harbour" amount based on a percentage of the Fund's October 31, 2006 market capitalization. The Fund's October 31, 2006 market capitalization was approximately $111 million. Effective December 4, 2008, the Department of Finance revised the Normal Growth Guidelines to allow for the remaining safe harbour, and the $50 million *de minimis* amounts for each of 2009 and 2010, to be fully available on and after December 4, 2008. This change does not affect the maximum available growth of IBI Group, but allows it to use all of its remaining growth room in a single year, rather than staging it over 2009 and 2010. It is assumed for the purposes of this MD&A that the Fund will not be subject to the SIFT Rules until January 1, 2011. However, in the event that the Fund issues additional Units or convertible debentures (or other equity substitutes) exceeding amounts permitted before 2011, the Fund may become subject to the SIFT Rules prior to 2011. No assurance can be given that the SIFT Rules will not apply to the Fund prior to 2011. Loss of the benefit of the deferred application of the SIFT Rules through 2011 could have a material and adverse effect on the value of Units of the Fund.

On June 26, 2007, the ministère des Finances (Québec) (the "Ministère") published Information Bulletin 2007-5 confirming that Québec's tax legislation will be harmonized with the SIFT Rules, but that a separate Québec tax regime will be implemented. On June 18, 2008, the federal tax legislation relating to the provincial portion of the SIFT tax was amended to provide that the tax rate of the provincial portion will be prescribed. The relevant changes in

Income Tax Regulations were enacted on March 12, 2009. The changes relating to provincial allocation provided that the provincial portion of the SIFT tax will be based on the general provincial corporate income tax rate in each province in which a SIFT has a permanent establishment and if the province is Quebec, the rate will be nil to take into account the SIFT tax imposed by Quebec.

On July 14, 2008, the Minister of Finance (Canada) released draft tax legislation that will facilitate the conversion of income trusts into corporations. This legislation was enacted with minor modifications, on March 12, 2009.

Operating Highlights

The third quarter results have continued with the strong improvement in operating results of IBI Group, as compared to the first quarter of 2009. As noted in the MD&A of the first quarter, the situation changed materially for IBI Group in the latter part of February. This stronger pace was reflected in the improved second quarter results and maintained in the third quarter results.

Public sector work continued to increase, offsetting the continuing decline in private sector work. While there has been encouraging signs in the reawakening of private sector work with IBI Group receiving mandates for new projects in Toronto, Vancouver and Montreal in the residential sector, the backlog of work that IBI Group had before the severe downturn in the fourth quarter of 2008 continued to be completed with an overall result of further decline in private sector work. New projects in design stages are enabling IBI Group to increase design staff, with the completion of working drawings and construction phase services requiring further trimming in staff specialising in these areas. Similar phenomenon is experienced in industrial buildings in the Giffels practices in the USA and in Canada. However, further strength has been achieved in the increase in public sector work including; new major projects in health care, additional work in educational facilities, additional work in transportation planning in North America, and internationally, new large scale urban planning work internationally as well as major new projects in systems work.

Accordingly, IBI Group continued to trim staff levels in those areas affected by the decline, while at the same time adding staff largely through acquisitions as well as recruiting of individuals in those areas of increasing activity. Staff levels in the third quarter averaged 2,227 compared to 2,152 in the second quarter of 2009 and stood at 2,242 at the quarter end compared to 2,212 at the end of the second quarter of 2009. The current staff complement is appropriately sized for the backlog of ongoing committed work at the professional standards of the firm, with some spare capacity. There will, however, continue to be adjustments.

The revenue of the third quarter at $68.8 million was the second highest exceeded only by the second quarter of 2009. The net earnings were impacted by foreign exchange loss which arose on the translation of the foreign-denominated assets and liabilities held in the Fund's Canadian subsidiaries in the amount of approximately $2.0 million. There was a similar impact within the second quarter of 2009 as compared to gains in the corresponding quarters in 2008.

IBI Group has been pro-active in managing the challenges of trimming staff and integrating firms, which is proven out with the results of the third quarter. EBITDA achieved in the third quarter is $11.8 million, down from the $12.0 million of the second quarter and down from the $12.8 million of the corresponding third quarter of 2008. EBITDA as a percent of revenue was 17.1%, better than the second quarter of 2009, (with its higher revenue), but seemingly less than the 19.1% of the third quarter 2008. However, after adjusting for the impact of foreign exchange loss, the situation is dramatically different. EBITDA for the third quarter, excluding the impact of foreign exchange, would have been $13.8 million, very robust at 20.1% of revenue and the second highest achieved by IBI Group, as compared to only $10.7 million, 15.9% of revenue for the corresponding third quarter of 2008. In fact, this third quarter of 2009 was the second highest and most productive performing quarter in IBI Group's history! Similarly, distributable cash earned of $8.6 million for the third quarter, at a payout ratio of 82.1% would, excluding the impact of foreign exchange, have been at $10.6 million compared with $8.3 million for the third quarter 2008 and a payout ratio of 74.6%.

During the third quarter, IBI Group progressed with the closing of the acquisition of BFGC Architects, Planners Inc. ("BFGC") with offices in San Jose, Bakersfield and San Luis Obispo in August, 2009. This firm has been in practice for 60 years, and now has 70 personnel serving clients in the design of school and community college facilities, as well as architectural services and other building types. The initial stage of integration of this firm within the practice of IBI Group is underway. Some successes have already been achieved in the obtaining of new work combining the skills of BFGC with IBI Group in California.

IBI Group concluded the merger between Stevens Group Architects, ("SGA") and IBI Group Architects in August, 2009. SGA specialises in the architectural design of transit, notably transit stations and related facilities throughout southern Ontario as well as educational facilities. This practice provides immediate strength in the breadth and depth of the IBI Group practice in transit design in southern Ontario, as well as additional resources for work of the firm in other market areas. The educational facilities further strengthen the continuing educational practice of IBI Group in Ontario. Work is underway integrating the activities of this firm together with IBI Group and Giffels. It is notable that the firm is progressing in the establishment and build out of the IBI Group transportation and infrastructure design office combining engineers, architects, landscape architects, systems experts and all other professionals related to such work to provide the most comprehensive set of services on an integrated basis for our clients.

On September 30, 2009, IBI Income Fund concluded the issuance of convertible unsecured subordinated debentures for net proceeds of $44.2 million. The debentures have a maturity date of December 31, 2014, and have a coupon rate of 7% with a conversion price of $19.17. This was a significant move strengthening the long term capital base of the Fund and provides IBI with considerable flexibility for continuing its growth and acquisition program.

The progress in professional work of IBI Group in the third quarter included:

- initiating the work of the large suite of projects in Greece in tolling and traffic management which are all now underway;

- further expansion of the transit and transportation design practice and progress in the build out of the transportation design office;

- further work in health care with additional hospital work underway including the competitive stage for the Women's College Hospital in Toronto; other hospital projects are being initiated in this fourth quarter;

- major new transportation work internationally including a major corridor study in the Saudi Kingdom;

- major new urban work and planning of new communities in cities in the Middle East and Asia.

The scope of these efforts is validation of IBI Group's integrated operating model of providing comprehensive professional services to clients in Canada, the USA and abroad.

Selected Consolidated Financial Information and Reconciliation of Non-GAAP Measures

in thousands of dollars except for per Unit amounts	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Revenue	$ 68,783	$ 67,242	$ 205,479	$ 171,587
Expenses				
Salaries, fees and employee benefits	44,151	45,346	134,981	112,791
Other operating costs (other than interest)	10,841	11,184	34,661	29,875
Foreign exchange (gain) loss	2,014	(2,122)	2,839	(3,824)
	57,006	54,408	172,481	138,842
Earnings before income taxes, interest and amortization (EBITDA)(1)	11,777	12,834	32,998	32,745
Interest	1,900	1,352	4,534	2,783
Income taxes - current	1,625	1,160	4,797	2,328
Income taxes - future	(459)	(400)	(1,447)	(1,021)
Amortization of property and equipment and intangible assets	3,580	3,315	9,752	7,296
Amortization of deferred credit - leases	(28)	(51)	(84)	(154)
Net earnings before non-controlling interest	$ 5,159	$ 7,458	$ 15,446	$ 21,513
Non-controlling interest	1,466	2,361	4,584	6,867
Net earnings	$ 3,693	$ 5,097	$ 10,862	$ 14,646
Basic and diluted net earnings per Unit	$ 0.2918	$ 0.4785	$ 0.9122	$ 1.3751
Total assets	$ 403,355	$ 366,198	$ 403,355	$ 366,198

(1) See “Definition of EBITDA, Distributable Cash and Non-GAAP Measures”.

Results of Operations

The professional services provided by the Fund, focused on the four main areas of the physical development of cities and comprise the core business of the Fund. The Fund also provides management services for recreational facilities, primarily on behalf of local Government agencies in Quebec which is not part of the core business of the Fund.

The Fund has reclassified foreign exchange gain (loss) into a separate expense item from what was previously presented as revenue. The Fund has made this change in classification to provide more relevant information about the effects of transactions on the Fund’s financial performance.

Revenue

For the three months ended September 30, 2009, revenue was up $1.5 million (2.3%) to $68.8 million compared to $67.2 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, revenue was up $33.9 million (19.8%) to $205.5 million compared to $171.6 million for the nine months ended September 30, 2008.

The following table summarizes the impact of strategic growth through acquisition and the organic changes on net revenue for the three and nine months ended September 30, 2009.

	Three months ended September 30, 2009 vs. 2008		Nine months ended September 30, 2009 vs. 2008	
	$ millions	%	$ millions	%
Acquisition	6.1	9.1	33.6	19.6
Organic	(4.6)	(6.8)	0.3	0.2
Total increase in revenue	1.5	2.3	33.9	19.8

Revenue from strategic growth through acquisitions accounted for approximately $6.1 million of the revenue for the three months ended September 30, 2009. This strategic growth was generated through the additional revenues resulting from the acquisitions/mergers of Gruzen Samton in the second quarter of 2009 and BFGC and SGA in the third quarter of 2009. The overall increase in activity was the result of a 0.4% increase in the average number of staff from 2,216 during the three months ended September 30, 2008 to 2,227 during the three months ended September 30, 2009. The number of staff as of September 30, 2009 was 2,242, down from 2,314 as of September 30, 2008, and up from 2,212 as at June 30, 2009.

Expenses

Salaries, fees and employee benefits for the three months ended September 30, 2009 were down $1.2 million (2.6%) to $44.1 million compared with $45.3 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, salaries, fees and employee benefits were up $22.2 million (19.7%) to $135.0 million compared to $112.8 million for the nine months ended September 30, 2008. This decrease for the quarter was primarily the result of the reduction in staff levels. Salaries, fees and employee benefits as a percentage of revenue for the three months ended September 30, 2009 were 64.2% compared with 67.4% for the three months ended September 30, 2008. For the nine months ended September 30, 2009, salaries, fees and employee benefits as a percentage of revenue were 65.7% compared with 65.7% for the nine months ended September 30, 2008.

Other operating costs (other than interest) for the three months ended September 30, 2009 were down $0.3 million (3.1%) to $10.8 million compared with $11.2 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, other cash operating costs (other than interest) were up $4.8 million (16.0%) to $34.7 million compared to $29.9 million for the nine months ended September 30, 2008. As a percentage of revenue, other operating costs (other than interest) for the three months ended September 30, 2009 were 15.8% compared with 16.6% for three months ended September 30, 2008. For the nine months ended September 30, 2009, other operating costs (other than interest) as a percentage of revenue were 16.9% compared with 17.4% for the nine months ended September 30, 2008.

Foreign exchange (gain) loss for the three months ended September 30, 2009 was a loss of $2.0 million compared with a gain of $2.1 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, there was a foreign exchange loss of $2.8

million compared to a gain $3.8 million for the nine months ended September 30, 2008. These foreign exchange losses arose on the translation of the foreign-denominated assets and liabilities held in the Fund's Canadian subsidiaries. The Fund works to minimize its exposure to foreign exchange fluctuations by matching US-dollar assets with US-dollar liabilities. The foreign exchange loss incurred in the quarter was due to the volatility of daily foreign exchange rates and the timing of the recognition and relief of foreign denominated assets and liabilities. The loss during the first three quarters of 2009 was due to the strengthening of the Canadian dollar from US$0.82 at December 31, 2008, to US$0.93 at September 30, 2009.

Amortization for the three months ended September 30, 2009 was up $0.3 million to $3.6 million compared with $3.3 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, amortization was up $2.5 million to $9.8 million compared with $7.3 million for the nine months ended September 30, 2008. Amortization for the three months ended September 30, 2009 on client relationships, contracts and non-competition provisions was $2.6 million compared with $2.2 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, amortization expense on client relationships, contracts and non-competition provisions was $6.9 million compared with $4.7 million for the nine months ended September 30, 2008. This increase was the result of the additional amortization related to the acquisitions completed in 2009.

Income taxes of the Fund for the three months ended September 30, 2009 were up $0.4 million to $1.2 million compared with $0.8 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, income tax expense was up $2.0 million to $3.3 million compared with $1.3 million for the nine months ended September 30, 2008. Current tax expense for the three months ended September 30, 2009 was up $0.5 million to $1.6 million, compared with $1.2 million for the three months ended September 30, 2008. This increase was due to the continuing growth in net income in taxable entities.

Net earnings before non-controlling interest of the Fund for the three months ended September 30, 2009 were $5.2 million, or $0.2918 per Unit (on a fully diluted basis) compared with $7.5 million or $0.4785 per Unit (on a fully diluted basis) for the three months ended September 30, 2008. For the nine months ended September 30, 2009, net earnings before non-controlling interest were $15.4 million or $0.9122 per Unit (on a fully diluted basis) compared with $21.5 million or $1.3751 per Unit (on a fully diluted basis) for the nine months ended September 30, 2008. As a percentage of revenue, net earnings before non-controlling interest were 7.5% for the three months ended September 30, 2009, compared with 11.1% for the three months ended September 30, 2008. For the nine months ended September 30, 2009, net earnings before non-controlling interest as a percentage of revenue were 7.5% compared with 12.5% for the nine months September 30, 2008. The foreign exchange loss, and to a lesser extent the increase in interest, taxes and amortization of intangibles has resulted in lower earnings during the first three quarters of 2009.

All of the preceding includes the impact of foreign exchange. Excluding the impact of foreign exchange, (see "Definition of EBITDA, Distributable Cash and Non-GAAP Measures") net earnings before non-controlling interest for the three months ended September 30, 2009 would have been $7.2 million (10.4% of revenue) compared with $5.3 million (7.9% of revenue) for the three months ended September 30, 2008. For the nine months ended September 30, 2009, net earnings before non-controlling interest would have been $18.3 million (8.9% of revenue) excluding the impact of the foreign exchange, compared with $17.7 million (10.3% of revenue) for the nine months ended September 30, 2008.

EBITDA for the three months ended September 30, 2009 was down $1.1 million (8.2%) to $11.8 million compared with $12.8 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, EBITDA was up $0.3 million (0.8%) to $33.0 million compared with $32.7 million for the nine months ended September 30, 2008. As a percentage of revenue, EBITDA for the three months ended September 30, 2009 was 17.1% compared with 19.1% for the three months ended September 30, 2008. As a percentage of revenue, EBITDA for the nine months ended September 30, 2009 was 16.1% compared with 19.1% for the nine months ended September 30, 2008.

All of the preceding includes the impact of foreign exchange. The foreign exchange losses incurred during 2009 compared with the foreign exchange gain in 2008 has had a significant impact on the EBITDA. Excluding the impact of foreign exchange, EBITDA for the three months ended September 30, 2009 would have been $13.8 million (20.1% of revenue) compared with $10.7 million (15.9% of revenue) for the three months ended September 30, 2008. For the nine months ended September 30, 2009, EBITDA would have been $35.8 million (17.4% of revenue) excluding the impact of foreign exchange, compared with $28.9 million (16.9% of revenue) for the nine months ended September 30, 2008.

Distributable Cash

in thousands of dollars except for per Unit amounts	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Cash flow from operating activities	$ 1,361	$ 534	$ (536)	$ (11,602)
Less capital expenditures	(395)	(825)	(1,278)	(3,785)
Standardized Distributable Cash	$ 966	$ (291)	$ (1,814)	$ (15,387)
Add (deduct):				
Change in non-cash operating working capital	6,891	9,788	24,203	39,236
Current income tax expense	1,625	1,160	4,797	2,328
Income taxes (paid)	(868)	(259)	(1,509)	(1,687)
Distributable Cash	$ 8,614	$ 10,398	$ 25,677	$ 24,490
Weighted average basic and diluted Distributable Cash per Unit (1)	$ 0.4872	$ 0.6633	$ 1.5150	$ 1.5622
Aggregate distributions declared	$ 7,074	$ 6,178	$ 20,453	$ 18,066
Basic and diluted aggregate distributions declared per Unit (1)	$ 0.3999	$ 0.3941	$ 1.1997	$ 1.1524
Payout ratio	82.1%	59.4%	79.2%	73.8%

(1) Distributable Cash per Unit amounts are calculated by including both the Class A partnership units and the Class B partnership units in the denominator.

(2) See “Definition of EBITDA, Distributable Cash and Non-GAAP Measures”.

Standardized Distributable Cash is calculated in accordance with the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities." For the three months ended September 30, 2009, the Fund generated $8.6 million of Distributable Cash, down $1.8 million, (17.1%) compared with $10.4 million for the three months ended September 30, 2008. For the nine months ended September 30, 2009, Distributable Cash was up $1.2 million (4.8%) to $25.7 million compared with $24.5 million for the nine months ended September 30, 2008. On a per Unit basis, based on the weighted average number of Units outstanding, Distributable Cash was $0.4872 for the three months ended September 30, 2009; a decrease of $0.1761 compared with $0.6633 for the three months ended September 30, 2008. This represents a payout ratio of 82.1% for the three months ended September 30, 2009, compared with 59.4% for the three months ended September 30, 2008.

All of the preceding includes the impact of foreign exchange. Excluding the impact of foreign exchange, Distributable Cash for the three months ended September 30, 2009 would have been $10.6 million (payout ratio of 66.6%) compared with $8.3 million (payout ratio of 74.6%)) for the three months ended September 30, 2008. For the nine months ended September 30, 2009, Distributable Cash would have been $28.5 million (payout ratio of 71.7%) excluding the impact of foreign exchange, compared with $20.7 million (payout ratio of 87.4%)) for the nine months ended September 30, 2008.

On October 21, 2009, a distribution of $0.1333 per Unit was declared to each Unitholder of record at October 30, 2009, which is payable on November 30, 2009. In addition, on October 21, 2009 IBI Group declared a distribution of $0.1333 per Class B partnership unit of IBI Group payable to each holder of Class B partnership units of record at October 30, 2009 which is payable on November 30, 2009. The total cash requirement for these distributions is $2.3 million.

Liquidity and Capital Resources

The following table represents the working capital information as at September 30, 2009 compared to December 31, 2008:

in thousands of dollars	September 30, 2009	December 31, 2008	$ Change
Current assets	204,355	184,090	20,265
Current liabilities	(98,755)	(120,879)	(22,124)
Working capital	105,600	63,211	42,389

Note: Working capital is calculated by subtracting current liabilities from current assets.

Cash flows from operating, financing and investing activities, as reflected in the Consolidated Statement of Cash Flows, are summarized in the following table:

in thousands of dollars	Three months ended September 30, 2009	Three months ended September 30, 2008	$ Change
Cash flows provided by operating activities	1,361	534	827
Cash flows provided by financing activities	7,551	34,229	(26,678)
Cash flows used in investing activities	(6,978)	(28,127)	21,149

in thousands of dollars	Nine months ended September 30, 2009	Nine months ended September 30, 2008	$ Change
Cash flows used in operating activities	(536)	(11,602)	11,066
Cash flows provided by financing activities	13,246	26,747	(13,501)
Cash flows used in investing activities	(10,877)	(45,191)	34,314

During the nine months ended September 30, 2009, the Fund's working capital has increased by $42.4 million over December 31, 2008. This increase was the result of a $20.3 million increase in current assets, together with a $22.1 million decrease in current liabilities as compared with the balances at December 31, 2008. Accounts receivable is down $1.0 million over December 31, 2008, however this includes $11.9 million in additional accounts receivable from Gruzen Samton, BFGC and SGA, which were acquired during the second and third quarters. Excluding the additional accounts receivable from the acquired firms, the balance would have shown a decrease of $12.9 million when compared with the balance as at December 31, 2008. Work in process was up $22.2 million over December 31, 2008, $2.1 million of which is from the acquired firms with the majority of the increase a result of milestones not yet achieved on public projects. This reflects the growing public sector work in infrastructure and public building facilities which is now in excess of 65% of fee revenue. Management continues to be intensely focused on reducing both accounts receivable and work in process. The decrease in current liabilities was primarily due to the reduction of the notes payable ($9.6 million) and term debt ($10.1 million).

Cash flows used in operating activities for the three months ended September 30, 2009 were up $0.8 million to $1.4 million compared with the three months ended September 30, 2008.

Cash flows from financing activities were $7.5 million for the three months ended September 30, 2009 compared with $34.2 million of cash flows from financing activities for the three months ended September 30, 2008. During the third quarter of 2009, the Fund issued convertible debentures for net proceeds of $44.2 million. These proceeds were used primarily for the repayment of term debt ($18.1 million) and notes payable ($14.4 million), and $6.8 million used for investing activities. During the third quarter of 2008, the Fund financing activities included increasing term debt by $32 million which was used primarily for investing activities ($28.1 million).

Cash flows used in investing activities were down $21.1 million to $7.0 million for the three months ended September 30, 2009 compared with $28.1 million for the three months ended September 30, 2008. This decrease was the result of reduced capital expenditures during the quarter together with a reduced amount of acquisition activity in relation to the three months ended September 30, 2008. Capital expenditures during the three months ended September 30, 2009 were down $0.5 million to $0.3 million compared with $0.8 million for the three months ended September 30, 2008.

On September 1, 2009 IBI Group amended the terms of its credit facilities with its banking syndicate. Pursuant to this amendment, the credit facilities total was increased by $50.0 million to $150.0, consisting of a $10.0 million swing facility (the "Swing Facility"), an $80.0 million term facility (the "Term Facility"), and a $60.0 million revolver facility (the "Revolver Facility"). The availability of each of the credit facilities is subject to compliance with certain financial and other covenants. The credit facilities are expected to provide sufficient capital resources through which the business can continue to grow organically as well as providing for improved flexibility in the financing of future acquisitions over the terms of the facilities. See "Forward Looking Statements and Risk Factors". The credit facilities have been extended to mature on August 31, 2012.

The Swing Facility and the Revolver Facility are revolving facilities to be used by IBI Group (a) to repay existing bank debt, (b) for working capital purposes, (c) to normalize distributions to holders of Class A Units and Class B Units, (d) to finance the payment by the borrower of the remaining acquisition payments and (e) to finance permitted acquisitions (which for certainty, shall not include any hostile take-over bid). As at September 30, 2009, IBI Group had borrowings of $1.8 million under the Swing Facility and $15.3 million of borrowings under the Revolver Facility, compared with $11.7 million of borrowings under the operating facility that was in place as at September 30, 2008.

The Term Facility is a non-revolving facility to be used by IBI Group to repay existing Debt to the lender. As at September 30, 2009, IBI Group had borrowings of $50.0 million (September 30, 2008 – $50.0 million) under the Term Facility.

In addition, a bid bond guarantee facility (the "Bid Bond Facility") of up to USD$20.0 million continues to be made available to IBI Group to be used by IBI Group to meet certain project requirements calling for the issuance of bid bonds to international customers. As at September 30, 2009, IBI Group had issued bid bonds in the amount of $5.8 million under the Bid Bond Facility.

Guarantees from certain subsidiaries of IBI Group as well as IBI Group Architects (Ontario), and a first ranking security interest in all of the assets of IBI Group and the guarantors, subject to certain permitted encumbrances have been pledged as security for the indebtedness and obligations of IBI Group under the Operating Facility, the Term Facility and the Bid Bond Facility. The indebtedness secured by these security interests will rank senior to all other security over the assets of IBI Group and the guarantors, subject to certain permitted encumbrances.

The Fund's objective in managing capital is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future growth within the business. The Fund defines its capital as the aggregate of long-term debt and unitholders' equity.

The Fund seeks to maintain a sufficient balance of available bank credit to allow it to take advantage of acquisition opportunities on a timely basis without being required to access the public capital markets. The Fund has historically operated on the basis of using bank debt for acquisitions and as the bank debt increases, the Fund will then raise equity through a public offering, using the proceeds to reduce the bank debt. During the quarter, the Fund issued $46.0 million of convertible debentures and issued $2.9 million of equity for the acquisition of BFGC. The amount of equity that the Fund can raise up until December 31, 2010 without exceeding limits legislated by the federal government for income trusts is $28.3 million.

The Fund is subject to compliance with certain financial and other covenants related to its credit facilities. These covenants include but are not limited to, debt to EBITDA ratio, fixed charge coverage ratio and current ratio. Failure to meet the terms of one or more of these covenants may constitute a default, potentially resulting in accelerating the repayment of the debt obligation. As at September 30, 2009, the Fund was in compliance with all covenants under its credit facilities.

Summary of Quarterly Results

The following table provides quarterly historical financial data for the Fund 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.

in thousands of dollars except for per Unit amounts	3rd Qtr 2009 Unaudited	2nd Qtr 2009 Unaudited	1st Qtr 2009 Unaudited	4th Qtr 2008 Unaudited	3rd Qtr 2008 Unaudited	2nd Qtr 2008 Unaudited	1st Qtr 2008 Unaudited	4th Qtr 2007 Unaudited
Revenue	$ 68,783	$ 71,032	$ 65,664	$ 66,185	$ 67,242	$ 54,929	$ 49,416	$ 43,568
Net Earnings	3,693	3,979	3,189	3,267	5,097	5,243	4,306	3,110
Non-controlling interest	1,466	1,699	1,419	1,502	2,361	2,473	2,033	1,998
Interest	1,900	1,451	1,183	1,372	1,352	728	703	789
Income taxes	1,166	1,716	468	(1,973)	760	211	335	904
Amortization of property and equipment and intangible assets	3,580	3,132	3,040	3,371	3,315	2,143	1,839	1,432
Amortization of deferred credit - leases	(28)	(28)	(28)	(50)	(51)	(52)	(51)	(72)
Impairment of goodwill	-	-	-	5,354	-	-	-	-
Earnings before income taxes, interest and amortization (EBITDA)	11,777	11,949	9,271	12,856	12,834	10,746	9,165	8,161
EBITDA as a percentage of Revenue	17.1%	16.8%	14.1%	19.4%	19.1%	19.6%	18.5%	18.7%
Distributable Cash reconciliation								
Cash flow from operating activities	1,361	(520)	(1,378)	12,052	534	1,507	(13,642)	8,201
Less capital expenditures	(395)	(413)	(470)	(636)	(825)	(1,813)	(1,147)	(551)
Standardized Distributable Cash	966	(933)	(1,848)	11,416	(291)	(306)	(14,789)	7,650
Add (deduct):								
Change in non-cash operating working capital	6,891	8,796	8,516	(647)	9,788	7,891	21,557	(1,774)
Current income tax expense	1,625	2,222	950	79	1,160	620	547	945
Income taxes recovered (paid)	(868)	62	(703)	(948)	(259)	(634)	(794)	(192)
Distributable Cash	8,614	10,147	6,915	9,900	10,398	7,571	6,521	6,629
Basic and diluted Distributable Cash per Unit	0.4872	0.6040	0.4237	0.6229	0.6633	0.4829	0.4160	0.4789
Basic and diluted aggregate distributions declared per Unit	0.3999	0.3999	0.3999	0.4000	0.3941	0.3825	0.3758	0.3625
Payout ratio	82.1%	66.2%	94.4%	64.2%	59.4%	79.2%	90.3%	75.7%
Basic and diluted net earnings per Unit	0.2918	0.3380	0.2824	0.3006	0.4785	0.4922	0.4043	0.3690
Personnel – average	2,227	2,152	2,184	2,289	2,216	1,788	1,639	1,525
Personnel – quarter end	2,242	2,212	2,107	2,270	2,314	1,857	1,731	1,584

Transactions with Related Parties

IBI Group leases its Toronto office space from corporations which are indirectly owned by the partners of the Management Partnership which owns all of the Class B partnership units of IBI Group, representing 28.3% of the outstanding partnership units of IBI Group, and which in total holds an interest in the Fund of approximately 46.3% (on a fully-diluted basis). The leases were entered into in 2002 at then current market rates and expire on December 31, 2012. Effective April 1, 2009, IBI Group leased approximately 14,200 square feet of additional space under these leases at then current market rates, bringing the total annual lease payments under these leases to approximately $2.9 million.

Pursuant to the Administration Agreement entered into in connection with the closing of the Fund's initial public offering of Units, IBI Group and certain of its subsidiaries are paying to the Management Partnership an amount representing the base compensation for the services of the principals of the partners of the Management Partnership. The amount paid for such services during the three months ended September 30, 2009 was $3.9 million compared with $3.6 million in 2008 and the amount paid for such services during the nine months ended September 30, 2009 was $11.5 million (2008 - $10.5 million).

IBI Group is managing the collection of the residual accounts receivable and other working capital of the Management Partnership that was on hand as at August 31, 2004. These amounts are being repaid to the Management Partnership as they are realized. As at September 30, 2009, $0.4 million had been realized and is shown on the Fund's balance sheet as a current liability.

Accounting Developments

In February 2008, CICA announced that Canadian public companies will adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective January 1, 2011. As a result of this announcement, the Fund is developing a plan to convert its consolidated financial statements to IFRS. The plan will address the impact IFRS has on:

- accounting policies and implementation decisions;
- information technology and data systems;
- financial statement presentation and disclosure options available upon initial changeover to IFRS;
- internal controls over financial reporting;
- disclosure controls and procedures; and
- business activities, including impact on debt covenants.

The Fund is currently in the process of assessing the preliminary differences between IFRS and the Fund's current accounting policies, as well as the alternatives available upon adoption, and has not quantified the effect of adopting IFRS on its financial statements, systems and business activities. This will be an ongoing process as the IASB and the Accounting Standards Board issue new standards and recommendations in the coming months. The Fund is focusing its efforts on completing the identification of the key impact areas including the effect on information technology and data systems, internal controls and financial reporting and disclosure controls.

In January 2009, the CICA issued the new handbook Section 1582, “Business Combinations”. This pronouncement further aligns Canadian GAAP with IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company’s financial statements to evaluate the nature and financial effects of its business combinations. Concurrently, the CICA issued Handbook Sections 1601 "Consolidated Financial Statements," and 1602, “Non-Controlling Interests” which replace the existing standards. These sections establish the standards for the preparation of, and accounting for a non-controlling interest in a subsidiary in, consolidated financial statements. Each of these three sections is effective for fiscal years beginning on or after January 1, 2011. Early adoption is permitted, however would require concurrent adoption of all three sections, as applicable. The Fund will consider the impact of adopting these pronouncements on its consolidated financial statements as future acquisitions are completed.

The CICA issued a new accounting standard, Section 3064, “*Goodwill and Intangible Assets*”, which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the consolidated financial statements.

In January 2009, the CICA issued the Emerging Issues Committee (EIC) Abstract EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities,” effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, “Financial Instruments—Recognition and Measurement.” It states that an entity's own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retrospectively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Fund adopted this abstract during the fourth quarter of the 2008, the effect of which is not significant.

In June 2009, the CICA amended Section 3862, “Financial Instruments – Disclosures”, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Fund had not yet adopted the disclosure requirement of this standard and does not expect them to have a material impact on its financial statements.

Key Risk Factors Affecting the Business of IBI Group

The Fund believes that IBI Group has a strategy that will allow it to adapt to current trends affecting the manner in which professional services are provided in the industries in which it operates.

Globalization and increasing concentration in ownership and management of assets in all four areas of development in which IBI Group practices is resulting in clients acquiring an increasing share of the professional services that they require from fewer, larger and more broadly based firms. IBI Group, through its regional network of offices, is well positioned to provide services on a strategic basis to clients for their national and international portfolios. The Fund believes that IBI Group's continued program of strategic and organic growth will enhance IBI Group's position in the markets that it serves.

Another trend involves the growth in private finance initiatives ("PFI"), design-build projects and outsourcing in the public sector. In PFI, design-build and outsourcing projects, competing entities are required to make financial offers for the provision of a facility to be privately financed with the capital to be recouped through future revenue streams or capital repayments. Participation in bids for work of this kind requires IBI Group to undertake enough professional work to responsibly estimate the capital and operating costs of the project. IBI Group's work in such circumstances is partially or wholly at risk until it is awarded the project. IBI Group's increasing size will allow it to devote more resources to obtaining work of this nature, while maintaining targeted chargeable time for staff on revenue producing contracts.

The health of the economy in each of the regions in which IBI Group operates and the levels of professional fees related to capital expenditures in each of IBI Group's four main areas of practice have represented, and are expected to continue to represent key determinants of IBI Group's profitability and cash flow. The industries in which IBI Group operates are affected by general economic conditions, including international, national, regional or local economic conditions, all of which are outside of IBI Group's control. Economic slowdowns or downturns, adverse economic conditions, cyclical trends, increases in interest rates, variations in currency exchange rates, reduced client spending and other factors could have a material adverse effect on the results of operations, financial condition and cash flow of IBI Group and the Fund.

IBI Group has a strategy for addressing discontinuities or shifts in the levels of economic activity geographically or in activity levels in the four areas of development which IBI Group serves. This strategy is based on IBI Group's program of successfully deploying people geographically to serve different market areas through relocation, travel and increasingly through internet platforms for delivery of work. Similarly, IBI Group's strategy for shifting staff involvement between the four broad areas that IBI Group serves is based on recruiting and training staff to have capability in more than one area.

A very significant and deep recession of economic activity tested the resilience of the IBI Group and the operating of the business model. Starting in the fall of 2007, IBI launched a program of progressively focusing growth of IBI professional work in serving and facilities for public needs in health, education, transportation, systems, and other needs as well as continuing work for the private sector companies where available. Refocusing from 2007 in which 60% of

IBI Group's portfolio of work was private sector has now increased to exceed 65% for public agencies and some 35% for private entities. All the large shift to work in health and education and other public fields largely replaced a significant IBI focus in engineering and building design for the residential sector for private companies. When the activity in the residential sector and in other private development activity increases, IBI will add this renewed activity on the large base of public related work and grow further. The refocusing on the work for the public entities was achieved through strategic acquisition of firms whose work was primarily in these public areas as well as through the organic growth within IBI in seeking out and serving clients and agencies.

A current relevant example of shifts in economic activity is the slow down in housing production in the southern United States, including Florida and California, where IBI Group has substantial activity in land development and facilities relative to new multiple housing creation. Large land planning projects are continuing as they take many years to achieve statutory approvals and major landowners continue to pursue approvals in order to have sites ready for development when there is an upturn in new housing development. However, there are slowdowns in the production of land development and actual building starts, which are affecting IBI Group's land engineering and architectural activity in these areas. Balancing these slowdowns is intensification of activity in land development and building design in Canada and in China, which is more than absorbing the effect that the slowdown in the southern United States is having on IBI Group. Overall IBI Group continues to search for more human resources in order to satisfy its continuing backlog of committed contracted work.

IBI Group's financial results are expected to be affected by its ability to retain senior management and professional staff and effectively control expenses incurred to deliver its services. IBI Group has completed twenty-one acquisitions since the completion of its initial public offering on August 31, 2004, adding approximately 1,465 professional staff through such acquisitions.

IBI Group has faced and will face a number of challenges associated with integrating the businesses of firms which it has acquired and which it may acquire in the future as part of its growth strategy. Risks associated with integration of these businesses which could adversely affect IBI Group's results of operations, financial condition and distributable cash include: (i) the risk that management may not be able to successfully manage the acquired operations and the integration may place significant demands on management, diverting their attention from existing operations; (ii) the risk that IBI Group's operating, financial and management systems may be incompatible with or inadequate to effectively integrate and manage acquired systems; (iii) the risk that acquisitions may require substantial financial resources that otherwise could be used in the development of other aspects of the business of IBI Group; (iv) the risk that major clients of the acquired firms may not be retained following the acquisition of such firms; and (iv) the risk that acquisitions may result in liabilities and contingencies which could be significant to the operations of IBI Group.

IBI Group faces competition in each of the four main areas in which it operates. This competition is based on quality of service, reputation, expertise, local presence, the ability to provide services in different localities and price. IBI Group's success is based on combining a local presence based on a local/regional model, through which relationships are developed with governments and businesses in specific localities in Canada, the United States, Europe, the

Middle East and most recently China and India with developed excellence in functional skills in the four main areas in which it operates. This model is designed to enable IBI Group to effectively deploy its functional skills in areas of specialization to different regions in which IBI Group is based and to strengthen its regional role by importing such specializations to other regions. However, some of IBI Group's competitors have achieved substantially more market penetration in certain of the areas in which IBI Group competes. In addition, some of IBI Group's competitors have substantially more financial resources and/or financial flexibility than IBI Group. These competitive forces could have a material adverse effect on the Fund's results of operations, financial condition or distributable cash by reducing IBI Group's relative share in the areas it serves.

IBI Group faces risk from variations in exchange rates due to its operations in the United States and other foreign markets. IBI Group's strategy for addressing such risk involves a program of maintaining a relative balance between revenues and expenditures earned and incurred in any foreign currency.

IBI Group is also exposed to inflation risk. However, in inflationary cycles as inflation affects the cost of creating assets, IBI Group's professional services related to the research, planning and design of asset creation are expected to generate increased fees offsetting increased salary costs.

IBI Group may be exposed to fluctuations in interest rates under its borrowings, including its credit facilities. Increases in interest rates may have an adverse effect on the results of operations, financial condition and distributable cash of IBI Group and the Fund.

In addition to the risks referred to above, the business of IBI Group is subject to a number of other risks on an ongoing basis. The principal risks to which the business of IBI Group is subject are set out under the heading "Risk Factors" in the Fund's annual information form for the year ended December 31, 2008.

Outlook

IBI Group commenced its professional practice in November 1974. The vision that IBI Group had at the time and continues to pursue is the establishment of a comprehensive practice for the planning/design of urban environments including the transportation infrastructure, urban built form and facilities in major urban regions throughout the world. Urbanization, which is the clustering of population in urban environments, is a continuing phenomena in the growing as well as the mature economies of the world. With the growth and intensification within urban areas, there is growing demand for the services of IBI Group in its four main areas of practice, being the planning and design of urban land, building facilities, transportation networks and system technology.

The initial practice of IBI Group was exclusively Canadian based primarily in Toronto. IBI Group extended its practice across Canada in the 1970's, established bases of operations in the United States in the 1980's extended into Europe in the 1990's and into Asia since 2000. From 1974 through to 2000, all of the growth within IBI Group was organic growth within the firm. In 2000, IBI Group established the target of extending its practice to operate effectively in the rapidly growing economies in Asia and elsewhere throughout the world on a global scale. In order to achieve global scale, IBI Group decided to consider strategic growth for the acquisition and integration of firms within IBI Group. By 2004 IBI Group had acquired five firms and had proven its ability to successfully integrate leadership and practices within IBI Group.

In 2004, IBI Group embarked on a program of intensifying the strategic growth through acquisition, integration and consolidation, while maintaining organic growth. Equity required for this strategic growth was obtained by the IBI Group Management Partnership entering into a partnership with outside investors through the Initial Public Offering (IPO), completed on August 31, 2004. Since that time IBI Group has successfully grown from a staff of approximately 770 people and approximately $89.0 million in annual revenue to the current levels at September 30, 2008 of 2,242 people in staff and revenue of approximately $275.0 million over the past 12 months.

During this period of growth from 1974 to 2009, IBI Group has experienced recessions that included: the severe recession in North America in the mid 1970’s when IBI Group commenced its operations; the recession of the early 1980’s; the more severe slow down of the first half of the 1990’s; the demise of the Dot Com bubble and the impact of 9/11 in the early decade of 2000. During these past 35 years, IBI Group continued to grow from its initial group of 30 people through to the current level of 2,242. Each of these recessions presented particular challenges, as does this current recession continuing through 2009.

The IBI Group operating structure, model and seasoned, experienced leadership which provided the motivation and discipline in the management of growth over the past 35 years, equally provides the experience of managing in the context of recessionary times such as the current financing and economic challenges. Accordingly, IBI Group continues to be confident in its ability to achieve a program of continuing to build with successful financial results, the global practice in the comprehensive planning/design of urban environments, including infrastructure, urban and facilities development. This confidence is based on the following factors:

- The current backlog of contracted committed fee volume for the next 12 months has increased to an amount approaching nine months equivalent of work, from the amount exceeding eight months since the IBI Group Report on the second quarter ending June 30, 2009. Backlog for Government and public institutional clients is now in excess of 65% of total backlog. Backlog is continuing to increase in building facility areas in health care, education, in transportation terminals, transportation networks and systems technology. IBI Group is increasingly receiving new mandates in the design stage of new private sector projects, although there is an overall decline in private sector as construction documentation and construction phase services are completed for older projects.

- IBI Group backlog continues to be approximately 20% of fee volume for projects outside of North America and 20% for the United States and 60% in Canada;

- IBI Group is achieving progress with further integration of Gruzen Samton, BFGC, Stevens Group;

- IBI Group is continuing to work on further acquisitions in the build out of the US operations. The total US personnel is now in excess of 600. IBI expects within the next year to reach the target of 1,000 people and have representation in all six major settlement regions of the United States. IBI Group's focus in the US market is in four broad areas of work:

  - Systems technology;
  - Urban transportation/transit design;
  - Architecture of educational facilities;
  - Employment space with a major focus on interior design of both public and corporate office facilities.

IBI Group is in various stages of negotiation with a number of firms who could add further strength to the IBI Group program in the USA, as well as a smaller number of firms in Canada.

IBI is now examining both legal structures and identifying candidates for acquisitions in China and India.

Accordingly, the outlook for IBI Group for the balance 2009 and into 2010 continues to be very encouraging:

- Backlog has firmed further, now approaching the equivalent of nine months of work;
- The staff complement is appropriately sized for the project fee volume although continuing additions of staff in expanding areas and some trimming will be required;
- EBITDA as a percentage of revenue in the third quarter, without the impact of currency exchange were the most productive ever, exceeding 20%;
- Payout ratio of Distributable Cash without the effect of the currency exchange was in the mid 60% range;
- Further acquisitions have been achieved and a number of new opportunities are in the final negotiation stage, as well as in the exploratory stage;
- The Fund completed the convertible debenture offering which has significantly improved the balance sheet and operating flexibility of IBI Group;
- The IBI Group banking syndicate continues to be very supportive of IBI Group efforts.

Forward Looking Statements and Risk Factors

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund and its subsidiary entities, including IBI Group (collectively, the "Fund"), or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties, including those related to: (i) the Fund's ability to maintain profitability and manage its growth; (ii) the Fund's reliance on its key professionals; (iii) competition in the industry in which the Fund operates; (iv) timely completion by the Fund of projects and performance by the Fund of its obligations; (v) reliance on fixed-price contracts; (vi) the general state of the economy; (vii) acquisitions by the Fund; (viii) risk of future legal proceedings against the Fund; (ix) the international operations of the Fund; (x) reduction in the Fund's backlog; (xi) fluctuations in interest rates; (xii) fluctuations in currency exchange rates; (xiii) potential undisclosed liabilities associated with acquisitions; (xiv) increased assumption by risk by the Fund; (xv) limits under the Fund's insurance policies; (xvi) the Fund's reliance on distributions from its subsidiary entities and, as a result, its susceptibility to fluctuations in the performance of the Fund's subsidiary entities; (xvii) unpredictability and volatility of the price of Units; (xviii) the degree to which the Fund is leveraged may affect its operations; (xix) cash distributions are not guaranteed and will fluctuate with the Fund's performance; (xx) the nature of the Units; (xxi) the possibility of the distribution of securities on redemption or termination of the Fund; (xxii) the possibility that the Fund may issue additional Units diluting existing Unitholders' interests; (xxiii) the potential liability of Unitholders for obligations of the Fund; (xxiv) the continued investment eligibility of the Units; and (xxv) income tax matters. These risk factors are discussed in detail under the heading "Risk Factors" in the Fund's annual information form for its year ended December 31, 2008. New risk factors may arise from time to time and it is not possible for management of the Fund to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Fund to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Fund assumes no obligations to update or revise them to reflect new events or circumstances.

Definition of EBITDA, Distributable Cash and Non-GAAP Measures

Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. The term is generally used by Canadian open-ended income funds as an indicator of financial performance. The Fund defines distributable cash as cash flow from operating activities before change in non-cash operating working capital and income taxes and after capital expenditures and income taxes paid. Reconciliations of distributable cash to cash flow from operating activities have been provided under the headings "Distributable Cash" and "Summary of Quarterly Results".

The Fund's method of calculating distributable cash may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable cash as reported by such entities. Management of the Fund believes that distributable cash is a useful supplemental measure that may assist readers in assessing the return on an investment in Units.

References in this MD&A to "EBITDA" are to earnings before interest, income taxes, depreciation and amortization. Management of the Fund believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides readers with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Fund's performance or to cash flows from operating activities as a measure of liquidity and cash flows. EBITDA is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP, and the Fund's method of calculating EBITDA may differ from the methods used by other similar entities. Accordingly, EBITDA may not be comparable to similar measures used by such entities. Reconciliations of net earnings to EBITDA have been provided under the headings "Selected Consolidated Financial Information" and "Summary of Quarterly Results".

Discussion in this MD&A of net earnings before non-controlling interest, EBITDA and distributable cash include the impact of foreign exchange gain (loss) as the Fund believes this provides useful information for readers to assess the performance of the Fund.