

Interim Consolidated Financial Statements of

IBI INCOME FUND

Three Months and Nine Months Ended September 30, 2009
(Unaudited)

IBI INCOME FUND

Interim Consolidated Balance Sheets
(In thousands of dollars)

As at September 30, 2009 and December 31, 2008

	2009	2008
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,088	\$ 8,884
Accounts receivable, net of allowance for doubtful accounts of \$5,818 (2008 – \$3,936)	109,522	110,480
Work in process	81,387	59,187
Prepaid expenses and other assets	6,475	4,656
Future income tax asset	883	883
	<u>204,355</u>	<u>184,090</u>
Future income tax asset	3,260	3,260
Deferred charges	970	85
Property and equipment	8,493	9,441
Intangible assets	32,846	32,900
Goodwill	153,431	148,354
	<u>\$ 403,355</u>	<u>\$ 378,130</u>
Liabilities and Unitholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 51,086	\$ 49,996
Distributions payable	2,368	2,846
Due to related parties (notes 1 and 9)	422	528
Notes payable	13,561	23,130
Deferred revenue	10,700	16,752
Term debt (note 5)	17,089	27,227
Income taxes payable	3,529	400
	<u>98,755</u>	<u>120,879</u>
Future income tax liability	7,527	7,154
Notes payable	5,561	9,875
Deferred credit - leases	124	208
Long-term debt (note 5)	50,000	50,000
Convertible debentures (note 6)	41,615	-
Unrealized interest rate swap losses	1,654	1,954
Non-controlling interest (note 8)	47,471	48,916
Unitholders' equity (note 8):		
Unit capital	167,446	148,640
Deficit	(12,288)	(8,033)
Convertible debenture – equity component (note 6)	2,545	-
Accumulated other comprehensive loss	(7,055)	(1,463)
	<u>150,648</u>	<u>139,144</u>
	<u>\$ 403,355</u>	<u>\$ 378,130</u>

See accompanying notes to unaudited interim consolidated financial statements.

IBI INCOME FUND

Interim Consolidated Statements of Earnings and Comprehensive Income
(In thousands of dollars, except per unit amounts)
(Unaudited)

	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:				
Fees	\$ 68,783	\$ 67,242	\$ 205,479	\$ 171,587
Expenses:				
Salaries, fees and employee benefits (note 9)	44,151	45,346	134,981	112,791
Rent (note 9)	4,343	3,712	12,110	9,605
Other operating	6,498	7,472	22,551	20,270
Foreign exchange (gain) loss (note 2)	2,014	(2,122)	2,839	(3,824)
Amortization of property and equipment	961	1,078	2,844	2,640
Amortization of intangible assets	2,619	2,237	6,908	4,656
Amortization of deferred credit – leases	(28)	(51)	(84)	(154)
Interest, net	1,900	1,352	4,534	2,783
	62,458	59,024	186,683	148,767
Earnings before income taxes	6,325	8,218	18,796	22,820
Income taxes				
Current	1,625	1,160	4,797	2,328
Future	(459)	(400)	(1,447)	(1,021)
	1,166	760	3,350	1,307
Earnings before non-controlling interest	5,159	7,458	15,446	21,513
Non-controlling interest (note 8)	(1,466)	(2,361)	(4,584)	(6,867)
Net earnings	3,693	5,097	10,862	14,646
Other comprehensive income:				
Unrealized losses on translating financial statements of self sustaining foreign operations	(3,647)	(164)	(5,892)	(261)
Change in fair value of derivative designated as cash flow hedges	214	(288)	300	(616)
Comprehensive income	\$ 260	\$ 4,645	\$ 5,270	\$ 13,769
Basic and diluted earnings per unit ⁽¹⁾	\$ 0.2918	\$ 0.4785	\$ 0.9122	\$ 1.3751
Weighted average number of units outstanding ⁽¹⁾	12,657,253	10,651,111	11,907,861	10,651,111

(1) Any impact of the convertible rights on the debentures are not included in the calculation of net earnings per unit or weighted average number of units outstanding as they would be anti-dilutive.

See accompanying notes to unaudited interim consolidated financial statements.

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Interim Consolidated Statements of Changes in Unitholders' Equity
(In thousands of dollars)
(Unaudited)

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Unit capital (note 8):				
Unit capital, beginning of period	\$ 164,504	\$ 139,220	\$ 148,640	\$ 139,220
Units issued	2,942	-	18,806	-
Unit Capital, end of period	167,446	139,220	167,446	139,220
Deficit:				
Deficit, beginning of period	(10,917)	(7,867)	(8,033)	(9,264)
Net earnings	3,693	5,097	10,862	14,646
Distributions declared to Unitholders	(5,064)	(4,198)	(14,424)	(12,275)
Issue costs	-	-	(693)	(75)
Deficit, end of period	(12,288)	(6,968)	(12,288)	(6,968)
Convertible debentures – equity component:				
Beginning of period	-	-	-	-
Issuance of convertible debentures	2,545	-	2,545	-
Balance, end of period	2,545	-	2,545	-
Accumulated other comprehensive loss:				
Balance, beginning of period	(3,622)	(1,279)	(1,463)	(854)
Unrealized losses on translating financial statements of self sustaining foreign operations	(3,647)	(164)	(5,892)	(261)
Change in fair value of derivative designated as cash flow hedges	214	(288)	300	(616)
Balance, end of period	(7,055)	(1,731)	(7,055)	(1,731)
Total Unitholders equity, end of period	\$ 150,648	\$ 130,521	\$ 150,648	\$ 130,521

See accompanying notes to unaudited interim consolidated financial statements.

IBI INCOME FUND

Interim Consolidated Statements of Cash Flows
(In thousands of dollars)
(Unaudited)

	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 provided by (used in):				
Operating activities:				
Net earnings	\$ 3,693	\$ 5,097	\$ 10,862	\$ 14,646
Items not affecting cash:				
Amortization of property and equipment	961	1,078	2,844	2,640
Amortization of intangible assets	2,619	2,237	6,908	4,656
Amortization of deferred credit - leases	(28)	(51)	(84)	(154)
Future income tax	(459)	(400)	(1,447)	(1,021)
Non-controlling interest	1,466	2,361	4,584	6,867
Change in non-cash operating working capital (note 7)	(6,891)	(9,788)	(24,203)	(39,236)
	1,361	534	(536)	(11,602)
Financing activities:				
Notes payable	(14,398)	(730)	(17,853)	(1,793)
Term debt	(18,063)	32,000	(10,138)	38,000
Distributions paid to Unitholders	(5,036)	(4,136)	(14,231)	(12,142)
Distributions paid to Class B subordinated Unitholders	(2,009)	(1,282)	(6,699)	(5,059)
Issuance of units (note 8)	2,942	—	18,806	—
Issuance of convertible debentures (note 6)	46,000	—	46,000	—
Issue costs (notes 6 and 8)	(1,840)	—	(2,533)	(75)
Due to related parties	(45)	8,377	(106)	7,816
	7,551	34,229	13,246	26,747
Investing activities:				
Purchase of property and equipment	(395)	(825)	(1,278)	(3,785)
Acquisitions (note 4)	(6,583)	(27,302)	(9,599)	(41,406)
	(6,978)	(28,127)	(10,877)	(45,191)
Effect of foreign currency translation	(3,074)	(154)	(4,629)	(263)
Net (decrease) increase in cash and cash equivalents and bank indebtedness	\$ (1,140)	\$ 6,482	\$ (2,796)	\$ (30,309)
Cash and cash equivalents (bank indebtedness) net, beginning of period	7,228	(13,092)	8,884	23,699
Cash and cash equivalents (bank indebtedness) net, end of period	\$ 6,088	\$ (6,610)	\$ 6,088	\$ (6,610)
Supplemental cash flow information:				
Income taxes paid	\$ 868	\$ 259	\$ 1,509	\$ 1,687
Interest paid	1,900	1,352	4,534	2,783

See accompanying notes to the unaudited interim consolidated financial statements.

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Notes to Consolidated Financial Statements
(In thousands of dollars)

1. Organization and description of the business:

IBI Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario, which was created on July 23, 2004 to indirectly acquire and hold the outstanding Class A partnership units of IBI Group, a general partnership formed under the laws of the Province of Ontario. IBI Group also issued Class B partnership units to IBI Group Management Partnership (the "Management Partnership"), the entity that carried on the Fund's business prior to its acquisition by the Fund. The Management Partnership holds 5,025,778 Class B partnership units representing 28.3% of the issued and outstanding units of IBI Group and 3,202,050 units of the Fund, representing a total ownership of approximately 46.3% of IBI Group. The Management Partnership also holds 5,025,778 non-participating voting units of the Fund, which together with the 3,202,050 units of the Fund held by the Management Partnership, represent approximately 46.3% of the voting units of the Fund.

The Fund is an 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.

On the closing of the Fund's initial public offering on August 31, 2004, the net working capital of the business of the Management Partnership was not acquired by the Fund. The remaining amount of such net working capital from the balance on hand at August 31, 2004 is being managed by the Fund and is being repaid to the Management Partnership as it is realized. As at September 30, 2009, \$422 (December 31, 2008 - \$528) had been realized to be paid to the Management Partnership and is shown as a current liability.

2. Basis of presentation:

The accounting principles used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements other than as disclosed in note 3. They do not include all the information and disclosure required by GAAP for annual financial statements, and should be read in conjunction with the annual financial statements for the year ended December 31, 2008.

Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. For the three months ended September 30, \$2,014 (2008 - (\$2,122)) of foreign exchange (gain) loss was reclassified from fees and presented as foreign exchange (gain) loss within expenses. For the nine months ended September 30, \$2,839 (2008 -

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(\$3,824)) was reclassified. The Fund has made this change in classification to provide more relevant information about the effects of transactions on the Fund's financial performance.

3. Changes in Accounting Policies

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 at January 1, 2009 did not impact 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.

Recently issued but not yet adopted accounting pronouncements:

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.

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

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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.

4. Acquisitions:

Acquisitions are accounted for under the purchase method of accounting, and the results of operations since the respective dates of acquisition are included in the consolidated statements of earnings. From time to time, as a result of the timing of acquisitions in relation to the Fund's reporting schedule, certain of the purchase allocations may not be finalized at the time of reporting. Purchase price allocations are completed after the vendors' final financial statements and income tax returns have been prepared and accepted by the Fund. Such preliminary purchase price allocations are based on management's best estimates of the fair value of the acquired assets and liabilities. Upon finalization, adjustments to the initial estimates may be required. The purchase prices of acquisitions are generally subject to price adjustment clauses included in the purchase agreements. Such purchase price adjustments generally result in an increase or reduction to the promissory note consideration recorded at acquisition to reflect either more or less net working capital realized than was originally expected.

IBI Group has made the following acquisitions:

2009

- Effective August 1, 2009, IBI Group acquired the practice of Stevens Group Architects Inc.
- Effective August 1, 2009, IBI Group acquired the practice of BFGC Architects, Planners, Inc.
- Effective May 1, 2009, IBI Group acquired the practice of Gruzen Samton Architects, Planners and Interior Designers LLP.

2008

- Effective July 1, 2008, IBI Group acquired the practice of Giffels Professional Engineering.
- Effective July 1, 2008, IBI Group acquired the practice of Page + Steele Incorporated, Architects.
- Effective May 1, 2008, IBI Group acquired the practice of Rhon Ernest-Jones Consulting Engineer, Inc.
- Effective May 1, 2008, IBI Group acquired the practice of Martin + Marcotte Architects
- Effective February 1, 2008, IBI Group acquired the practice of Gescona Inc.
- Effective January 1, 2008, IBI Group acquired the practice of Young & Wright Architects including Lawrence Doyle, Young & Wright Architects.

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- Effective January 1, 2008, IBI Group acquired the practice of Piranha Tendances, Conseil Strategique et Communications Inc.

During the third quarter of 2009, the Fund adjusted the purchase price on the Giffels Professional Engineering, Page + Steele Incorporated, Architects and Gruzen Samton Architects, Planners and Interior Designers LLP acquisitions. The adjustment resulted in a decrease in net working capital of \$38, a decrease in capital assets of \$19, an increase in goodwill of \$782 and an increase in notes payable of \$725.

During the second quarter of 2009, the Fund adjusted the purchase price on the Giffels Professional Engineering, Page + Steele Incorporated, Architects and Gescona Inc. acquisitions. The adjustments resulted in a decrease in net working capital of \$2,156, a decrease in goodwill of \$230, an increase in future income tax liability of \$165 and a decrease in notes payable of \$2,551.

The aggregate consideration given and the fair values of the net assets acquired in the three and nine months ended September 30, 2009 was allocated as follows:

	Three months ended September 30, 2009	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Cash consideration	\$ 3,228	\$ 4,879	\$ 41,406
Units issued	2,942	4,306	–
Notes payable issued, due 2010 through to 2011			
To be settled in cash	-	962	32,522
To be settled in units of the Fund	4,366	5,731	–
Purchase price	\$ 10,536	\$ 15,878	\$ 73,928
Net working capital	\$ 1,323	\$ 3,796	\$ 5,359
Property and equipment	568	1,074	1,624
Intangible assets	5,744	7,221	27,877
Goodwill	4,414	5,300	47,110
Future tax liability	(1,513)	(1,513)	(8,042)
Net assets acquired	\$ 10,536	\$ 15,878	\$ 73,928

5. Term debt and long term debt:

On September 1, 2009 IBI Group amended the terms of its credit facilities with their banking syndicate. Pursuant to this amendment, the credit facilities total was increased by \$50,000 to \$150,000, consisting of a \$10,000 swing facility (the "Swing Facility"), an \$80,000 term facility (the "Term Facility"), and a \$60,000 revolver facility (the "Revolver Facility"). The availability of

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each of the credit facilities is subject to compliance with certain financial and other covenants. 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 \$1,800 under the Swing Facility and \$15,300 of borrowings under the Revolver Facility, compared with \$11,700 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 \$50,000 (September 30, 2008 – \$50,000) under the Term Facility.

In addition, a bid bond guarantee facility (the “Bid Bond Facility”) of up to USD\$20,000 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 \$5,800 (September 30, 2008 – \$4,200) 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 Swing Facility, Revolver 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.

Advances under the Swing Facility, Revolver Facility and the Term Facility bear interest at a rate based on the Canadian dollar or United States dollar prime rate, LIBOR or banker’s acceptance rates, plus, in each case, an applicable margin. Letters of credit and letters of guarantee on customary terms for credit facilities of this nature are also available under the Swing Facility. The Bid Bond Facility is only available by way of letters of credit or letters of guarantee.

At September 30, 2009, the Fund had \$24,000 (September 30, 2008 - \$24,000) of interest-rate swap agreements outstanding. The terms of these swaps correspond to the terms of the underlying hedged interest payments on the term facility.

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6. Convertible debentures:

In conjunction with the prospectus offering that closed September 30, 2009, the Fund issued convertible redeemable 7.0% debentures ("Debentures") due December 31, 2014 totaling \$46,000. Interest is payable semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2009. The Debentures will be convertible into units of the Fund at the option of the holder at a conversion price of \$19.17 per unit. The Debentures will be redeemable by the Fund at a price of \$1,000 per Debenture, plus accrued and unpaid interest, on or after September 30, 2012 and prior to the maturity date (provided that, if the redemption is prior to September 30, 2013, the weighted average trading price of the trust units of the Fund (the "Units") on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price of \$19.17). The Debentures are compound financial instruments and the proceeds of the offering, at the time of issue, were allocated between a liability and equity component in the amount of \$43,455 and \$2,545, respectively. The equity component reflects the value of the conversion option of the Debentures.

	Debt Component	Equity Component	Total
Balance, beginning of period	\$ -	\$ -	\$ -
Debentures issued	43,455	2,545	46,000
Deferred financing costs	(1,840)	-	(1,840)
Balance, end of period	\$ 41,615	\$ 2,545	\$ 44,160

7. Change in non-cash operating working capital:

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Accounts receivable	\$ 2,505	\$ (20,817)	\$ 958	\$ (41,021)
Work in process	(7,432)	(12,649)	(22,200)	(23,676)
Prepaid expenses and other assets	(854)	(286)	(1,819)	(1,513)
Deferred charges	(844)	38	(885)	37
Accounts payable	(378)	18,199	1,090	20,447
Deferred revenue	(2,674)	1,767	(6,052)	2,574
Income taxes recoverable (payable)	1,362	775	3,129	503
Acquisition of working capital (net)	1,424	3,185	1,576	3,413
	\$ (6,891)	\$ (9,788)	\$ (24,203)	\$ (39,236)

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8. Unitholders' equity and non-controlling interest:

	Nine months ended		Nine months ended	
	September 30, 2009		September 30, 2008	
	Units	Amount	Units	Amount
Balance, beginning of period	11,292,807	\$148,640	10,651,111	\$ 139,220
Units issued	1,445,339	18,806	-	-
Balance, end of period	12,738,146	\$167,446	10,651,111	\$ 139,220

During the quarter, 218,886 units were issued as part of the payment made for the acquisition of BFGC. These units were issued at a price of \$13.44 per unit for a total amount of \$2,942. In addition, a promissory note was issued in the amount of \$1,832 which is to be repaid in two instalments on the first and second anniversary of the note, subject to adjustment. All payments in respect of the note shall be satisfied by the delivery of Fund units equal to the dollar amount of the principal payment divided by the volume-weighted average trading value of the units for the five trading days prior to issuance of the units

During the quarter, the vendors of the shares of Stevens Group Architects Inc. received partnership units of IBI Group Management Partnership that are exchangeable Fund units, subject to adjustment, at a deemed issue price of \$15.28 per unit for a total amount of up to \$2,553. The Fund also issued non-participating voting units, entitling the holders of the exchangeable partnership units to one vote at meetings of unitholders of the Fund other than in respect of the election of the independent trustees, for each Fund unit for which the exchangeable partnership units are exchangeable.

During the second quarter, 1,124,038 units were issued through a private placement at \$12.90 per unit, for gross proceeds of \$14,500. The Management Partnership acquired 232,558 of the units issued and now holds 3,202,050 units.

During the second quarter, 102,415 units were issued as part of the payment made for the acquisition of Gruzen Samton. These units were issued at a price of \$13.32 per unit for a total amount of \$1,364. In addition, a promissory note was issued in the amount of \$1,364 which is to be repaid in two instalments on the first and second anniversary of the note, subject to adjustment. All payments in respect of the note shall be satisfied by the delivery of Fund units equal to the dollar amount of the principal payment divided by the volume-weighted average trading value of the units for the five trading days prior to issuance of the units.

Each unit represents an equal undivided beneficial interest in the Fund and any distributions from the Fund. Each unit is transferable, entitles the holder thereof to participate equally in distributions of the Fund, is not subject to future calls or assessments and entitles the holder to rights to redemption.

Each unit entitles the holder to one vote at all meetings of Unitholders and Non-Participating Unitholders.

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The Class B partnership units of IBI Group are indirectly exchangeable for units on the basis of one unit of the Fund for each Class B subordinated partnership unit. If all such Class B partnership units of IBI Group had been exchanged for units on September 30, 2009, the units issued on such exchange would have represented a 28.3% interest in the Fund.

Class B partnership units do not entitle the holder to voting rights at the meetings of Unitholders and Non-Participating Unitholders. At the time of issuance of the Class B partnership units, one Non-Participating Voting unit of the Fund was issued to the holder of the Class B partnership units for each Class B partnership unit held. The Class B partnership units have been recorded as a non-controlling interest in the consolidated financial statements.

The movements in non-controlling interest are set out below:

	Three months ended September 30 2009	Nine months ended September 30, 2009	Year ended December 31, 2008
Balance, beginning of period	\$ 48,014	\$ 48,916	\$ 48,349
Earnings for the period	1,466	4,584	8,369
Distributions	(2,009)	(6,029)	(7,802)
Balance, end of period	\$ 47,471	\$ 47,471	\$ 48,916

9. Related party transactions:

(a) IBI Group leases its Toronto office space from a corporation which is indirectly owned by the partners of the Management Partnership. 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 \$2,900.

(b) Pursuant to the Administration Agreement entered into in connection with the closing of the Fund's initial public offering, 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 \$3,900 (2008 - \$3,600) and \$11,500 for the year to date (2008 - \$10,500).

10. Capital management:

The Fund's objective in managing capital is to maintain a strong capital base so as 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.

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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. The remaining 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 \$28,387.

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.

11. Segment information:

The Fund is an international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. The Fund considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments. Operating segments of the Fund are defined as components of the Fund for which separate financial information is available that is evaluated regularly in allocating resources and assessing performance by the chief operating decision maker, who is the Chief Executive Officer of IBI Group.

All operations of the Fund are included in one reportable segment - consulting services, that provides services throughout North America and internationally.

Property and equipment, goodwill, intangible assets:

	As at September 30, 2009	As at December 31, 2008
Canada	\$ 167,049	\$ 169,195
United States	25,300	18,848
International	2,422	2,652
	<u>\$ 194,770</u>	<u>\$ 190,695</u>

IBI INCOME FUND

Notes to Consolidated Financial Statements
(In thousands of dollars)

Fees:				
	Three months ended Sept 30, 2009	Three months ended Sept 30, 2008	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008
Canada	\$ 44,380	\$ 47,289	\$132,354	\$123,931
United States	18,438	14,814	50,163	34,991
International	5,965	5,139	22,962	12,665
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 68,783	\$ 67,242	\$ 205,479	\$171,587

Fee revenue is attributed to countries based on the location of the work performed.

Customers

The Fund has a large number of clients in various industries and sectors of the economy. Fee revenue is not concentrated in any particular client.