

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 months ended March 31, 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 May 7, 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 10,651,111 Class A partnership units, representing 69.2% 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 30.8% 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. These 5,025,778 Non-Participating Voting Units are the only Non-Participating Voting Units outstanding.

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 2,969,492 Units of the Fund, the Management Partnership holds an interest of approximately 49.0% in the Fund (on a fully-diluted basis). There are currently 11,292,807 Units issued and outstanding (16,318,585 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

IBI Group achieved the highest operating results in its history in the third and fourth quarters of 2008. The achievement in these two quarters was notwithstanding the severe financial and economic downturns that affected markets throughout the world. The resilience of IBI Group in achieving these results was enabled by:

- the shifting of work to public and institutional clients;
- geographic diversification to maximize what opportunities were available;
- seeking work with entities owned or controlled by pension and other such financial institutions.

On this basis, IBI Group expressed that the outlook for the firm for 2009 continued to be very encouraging.

In the months of January and February of 2009, IBI Group was impacted by the recession, primarily arising from the delay in investments/expenditures by public agency clients. A notable example was the delay in the approval of the annual budget by the State of California which was not approved until February 2009, after a delay. These delays in investments/expenditures extended the timeframe of the authorization of work proceeding and/or in the pace of work and, therefore, cash flow to IBI Group. The situation changed materially in the latter part of February which resulted in strong performance in the month of March, 2009 and has been continuing at a stronger pace.

In response to the slowdown, IBI Group trimmed staff levels, particularly in those offices affected by the delay in work. Staff reductions totalled 163 people from 2,270 as of December 31, 2008 to 2,107 as of March 31, 2009. There were one time costs of \$0.6 million incurred during the quarter to effect this reduction in staff, as well as an ongoing reduction in payroll costs on a quarterly basis of approximately \$1.8 million. Through this reduction in staffing levels and payroll costs, IBI Group significantly improved its financial results in March and provided a basis for financially successful results for the balance of 2009. This current staff complement is appropriately sized for the backlog of ongoing committed work at the professional standards of the firm, with some spare capacity.

The improvement in the latter part of February, 2009 was evidenced not only through the increase of cash flow from existing projects, but also through the positive commitment of new professional contracts for IBI Group. As of March 31, 2009, the overall backlog of IBI Group

increased from a level in excess of seven months of work, to a level approaching the equivalent of eight months of work. This level of backlog has been maintained through the commitment of new business to date.

During this first quarter, IBI Group progressed with the integration of firms acquired in 2008. Young + Wright/IBI Group Architects relocated to the main offices of IBI Group and IBI Group Architects in Toronto. This physical integration has heightened the synergy of operations.

During the first quarter, professional efforts in transportation/transit planning and design of Giffels Professional Engineering and IBI Group intensified with the collaboration on significant light rail transit and other transportation/transit projects that are part of Transit City Toronto.

Progress was achieved during the quarter on the major McGill University Medical Centre involving a number of IBI Group offices including Martin Marcotte Architects who became affiliated with IBI Group in May, 2008 (now operating as Martin Marcotte/Beinhaker Architectes).

These examples are representative of the progress in integration of the components of the firm.

On January 30, 2009, IBI entered into a new credit agreement with a syndicate of three banks. This agreement highlighted the lending support and confidence expressed by the banks in the operation of the Fund.

Selected Consolidated Financial Information and Reconciliation of Non-GAAP Measures

| in thousands of dollars except for per Unit amounts | Three months ended March 31, 2009 | Three months ended March 31, 2008 |
|---|---|---|
| Revenue | \$ 66,914 | \$ 51,369 |
| Expenses | | |
| Salaries, fees and employee benefits | 45,777 | 33,571 |
| Other operating costs (other than interest) | 11,866 | 8,633 |
| | 57,643 | 42,204 |
| Earnings before income taxes, interest and amortization (EBITDA) | 9,271 | 9,165 |
| Interest | 1,183 | 703 |
| Income taxes - current | 950 | 547 |
| Income taxes – future | (482) | (212) |
| Amortization of property and equipment and intangible assets | 3,040 | 1,839 |
| Amortization of deferred credit - leases | (28) | (51) |
| Net earnings before non-controlling interest | \$ 4,608 | \$ 6,339 |
| Non-controlling interest | 1,419 | 2,033 |
| Net earnings | \$ 3,189 | \$ 4,306 |
| Basic and diluted net earnings per Unit | \$ 0.2824 | \$ 0.4043 |
| Total assets | \$ 384,433 | \$ 267,933 |

- (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”.

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. Accordingly, for the purpose of this Management Discussion and Analysis, the Fund has provided the operating results of the facility management activities separately from the professional services in the following table.

| (in millions of dollars) | Three months ended March 31, 2009 | | | Three months ended March 31, 2008 | | |
|--|-----------------------------------|-----------------------|-------|-----------------------------------|-----------------------|-------|
| | Professional Services | Facilities Management | Total | Professional Services | Facilities Management | Total |
| Revenue | 66.3 | 0.6 | 66.9 | 50.5 | 0.9 | 51.4 |
| Expenses | | | | | | |
| Salaries, fees and employee benefits | 45.5 | 0.3 | 45.8 | 33.0 | 0.6 | 33.6 |
| Other cash operating costs (other than interest) | 11.7 | 0.1 | 11.8 | 8.5 | 0.1 | 8.6 |
| | 57.2 | 0.4 | 57.6 | 41.5 | 0.7 | 42.2 |
| EBITDA | 9.1 | 0.2 | 9.3 | 9.0 | 0.2 | 9.2 |

Revenue

For the three months ended March 31, 2009, revenue was up \$15.5 million (30.3%) to \$66.9 million compared to \$51.4 million for the three months ended March 31, 2008. The three months ended March 31, 2009 had only 62 available working days compared with 63 days for an average quarter. The one additional day would have raised revenue to approximately \$68.0 million. While revenue is up over the first quarter of 2008, it is down from the fourth quarter.

Revenue from consulting services is generated based on chargeable hours with each available working day in the first quarter of 2009 generating approximately \$1.07 million in revenue. This compares with \$0.83 million for the first quarter of 2008 and \$1.14 million for the fourth quarter of 2008. The drop off from the fourth quarter was the result of a number of projects being delayed.

The following table summarizes the impact of strategic growth through acquisition and the organic growth on net revenue for the three months ended March 31, 2009.

| | Three months ended March 31, 2009 vs. 2008 | |
|---------------------------|--|------|
| | \$ millions | % |
| Acquisition growth | 13.5 | 26.3 |
| Organic growth | 2.0 | 4.0 |
| Total increase in revenue | 15.5 | 30.3 |

Revenue from strategic growth through acquisitions was approximately \$13.5 million of the increase for the three months ended March 31, 2009. This strategic growth was generated through the additional revenues resulting from the acquisitions/mergers of Rhon Ernest-Jones Consulting Engineers and Martin + Marcotte in the second quarter of 2008 and Giffels Professional Engineering practice and Page + Steele Incorporated, Architects in the third quarter of 2008. The organic growth for the quarter of \$2.0 million (4.0% growth) was concentrated in professional services. Revenue for the facilities management practice was down slightly from the previous year. The overall growth in activity was accomplished through a 29.3% increase in the average number of staff from 1,688 during the three months ended March 31, 2008 to 2,183 during the three months ended March 31, 2009. The number of staff as of March 31, 2009 was 2,107, up from 1,731 as of March 31, 2008.

Expenses

Salaries, fees and employee benefits for the three months ended March 31, 2009 were up \$12.2 million (36.4%) to \$45.8 million compared with \$33.6 million for the three months ended March 31, 2008. This increase was primarily the result of the growth in staff levels and increased wages. In addition, there are termination costs of \$0.6 million included in the salary amount for the first quarter of 2009. The impact of the staffing reductions during the quarter will be lower salaries, fees and employee benefits in the future of approximately \$1.8 million per quarter. Salaries, fees and employee benefits as a percentage of revenue for the three months ended March 31, 2009 were 68.4% compared with 65.4% for the three months ended March 31, 2008. Excluding the impact of the discontinued salaries and termination costs, salaries, fees and employee benefits as a percentage of revenue for the three months ended March 31, 2009 would have been 64.8%, which is consistent with historical levels.

Other operating costs (other than interest) for the three months ended March 31, 2009 were up \$3.2 million (37.5%) to \$11.9 million compared with \$8.6 million for the three months ended March 31, 2008. As a percentage of revenue, other operating costs (other than interest) for the three months ended March 31, 2009 were 17.7% compared with 16.8% for three months ended March 31, 2008. The increase in percentage for the quarter was due in part to increased legal costs resulting from amended credit facility as well as the reduction in revenue during January and February.

Amortization for the three months ended March 31, 2009 was up \$1.2 million to \$3.0 million compared with \$1.8 million for the three months ended March 31, 2008. Amortization for the three months ended March 31, 2009 on client relationships, contracts and non-competition provisions was \$2.1 million compared with \$1.1 million for the three months ended March 31, 2008. This increase was the result of the additional amortization related to the acquisitions completed in 2008.

Income taxes of the Fund for the three months ended March 31, 2009 were up \$0.2 million to \$0.5 million compared with \$0.3 million for the three months ended March 31, 2008. Current tax expense for the three months ended March 31, 2009 was up \$0.4 million to \$0.9 million, compared with \$0.5 million for the three months ended March 31, 2008. This increase was due to the growth in net income in taxable entities.

Net earnings before non-controlling interest of the Fund for the three months ended March 31, 2009 were \$4.6 million, or \$0.2824 per Unit (on a fully diluted basis) compared with \$6.3 million or \$0.4043 per Unit (on a fully diluted basis) for the three months ended March 31, 2008. As a percentage of revenue, net earnings before non-controlling interest were 6.9% for the three months ended March 31, 2009, compared with 12.3% for the three months ended March 31, 2008. The decrease in earnings was primarily due to the slow down in revenue that was experienced during January and the improved, but still insufficient revenue relative to staff resources in February. As a consequence IBI effected reductions in staff resources and incurred corresponding termination costs which provide a staff complement appropriately sized for the backlog of ongoing committed work for 2009. In addition, the increase in the amortization of intangibles has resulted in lower earnings during the first quarter of 2009.

EBITDA for the three months ended March 31, 2009 was up \$0.1 million (1.3%) to \$9.3 million compared with \$9.2 million for the three months ended March 31, 2008. As a percentage of revenue, EBITDA for the three months ended March 31, 2009 was 13.9% compared with 17.8% for the three months ended March 31, 2008. EBITDA was weak in January and February, but strong in March. Excluding the impact of the discontinued salaries and termination costs, EBITDA as a percentage of revenue for the three months ended March 31, 2009 would have been 17.4%, which is slightly below the three months ended March 31, 2008.

Distributable Cash

| | Three months ended March 31, 2009 | Three months ended March 31, 2008 |
|--|---|---|
| in thousands of dollars except for per Unit amounts | | |
| Cash flow from operating activities | \$ (1,378) | \$ (13,642) |
| Less capital expenditures | (470) | (1,147) |
| Standardized Distributable Cash | \$ (1,848) | \$ (14,789) |
| Add (deduct): | | |
| Change in non-cash operating working capital | 8,516 | 21,557 |
| Current income tax expense | 950 | 547 |
| Income taxes paid | (703) | (794) |
| Distributable Cash | \$ 6,915 | \$ 6,521 |
| Weighted average basic and diluted Distributable Cash per Unit (1) | \$ 0.4237 | \$ 0.4160 |
| Aggregate distributions declared | \$ 6,526 | \$ 5,892 |
| Basic and diluted aggregate distributions declared per Unit (1) | \$ 0.3999 | \$ 0.3758 |
| Payout ratio | 94.4% | 90.3% |

(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 March 31, 2009, the Fund generated \$6.9 million of Distributable Cash, up \$0.4 million, (6.0%) compared with \$6.5 million for the three months ended March 31, 2008. On a per Unit basis, based on the weighted average number of Units outstanding, Distributable Cash was \$0.4237 for the three months ended March 31, 2009; an increase of \$0.0077 compared with \$0.4160 for the three months ended March 31, 2008. As with net earnings before non-controlling interest and EBITDA, Distributable Cash earned was impacted negatively by the slow pace of January and February. This represents a payout ratio of 94.4% for the three months ended March 31, 2009, compared with 90.3% for the three months ended March 31, 2008. Excluding the impact of the discontinued salaries and termination costs, the payout ratio for the three months ended March 31, 2009 would have been 70.1%.

On April 22, 2009, a distribution of \$0.1333 per Unit was declared to each Unitholder of record at April 30, 2009, which is payable on May 29, 2009. In addition, on April 22, 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 April 30, 2009 which is payable on May 29, 2009. The total cash requirement for these distributions is \$2.2 million.

Liquidity and Capital Resources

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

| in thousands of dollars | March 31, 2009 | December 31, 2008 | \$ Change |
|-------------------------|-------------------|----------------------|-----------|
| Current assets | 192,290 | 184,090 | 8,200 |
| Current liabilities | (130,677) | (120,879) | (9,798) |
| Working capital | 61,613 | 63,211 | (1,598) |

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 except ratio | Three months ended March 31, 2009 | Three months ended March 31, 2008 | \$ Change |
|---|---|---|-----------|
| Cash flows used in operating activities | (1,378) | (13,642) | 12,264 |
| Cash flows provided by (used in) financing activities | 2,988 | (6,256) | 9,244 |
| Cash flows used in investing activities | (470) | (11,575) | 11,105 |

During the three months ended March 31, 2009, the Fund's working capital remained relatively consistent with a reduction of \$1.6 million over December 31, 2008. This decrease was the result of an \$8.2 million increase in current assets, together with a \$9.8 million increase in current liabilities as compared with the balances at December 31, 2008. Accounts receivable and work in process were up \$6.8 million over December 31, 2008 which was partially offset by an increase in deferred revenue in the amount of \$4.5 million. This increase arose from the increase in work for public sector agencies (which tend to be slower paying relative to private enterprises). Management continues to be intensely focused on reducing both accounts receivable and work in process. Accounts payable and accrued liabilities decreased \$6.1 million during the quarter which was primarily the result of the payment of annual bonuses to staff paid in February. The decrease in payables was offset by additional borrowings on the credit facility in the amount of \$10.3 million during the quarter.

Cash flows used in operating activities for the three months ended March 31, 2009 were down \$12.3 million to \$1.4 million compared with the three months ended March 31, 2008. This decrease was the result in the reduction in the growth in non-cash operating working capital for the period.

Cash flows from financing activities were \$3.0 million for the three months ended March 31, 2009 compared with \$6.3 million of cash flows used in financing activities for the three months ended March 31, 2008. This increase is primarily due to the additional borrowing during the three months ended March 31, 2009.

Cash flows used in investing activities for the three months ended March 31, 2009 related to the payments made on capital assets. Capital expenditures during the three months ended March 31, 2009 were down \$0.6 million to \$0.5 million compared with \$1.1 million for the three months ended March 31, 2008.

On January 30, 2009 IBI Group entered into a new credit agreement with a syndicate of three banks. Pursuant to this agreement, the credit facilities total has been increased by \$15.0 million to \$100.0 million, consisting of a \$5.0 million swing facility (the "Swing Facility"), a \$50.0 million term facility (the "Term Facility"), a \$10.0 million revolver facility (the "Revolver Facility") and a \$35 million bridge facility (the "Bridge 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 Swing Facility and the Revolver Facility are revolving facilities to be used by IBI Group (a) to repay existing Debt to TD, (b) for working capital purposes, (c) to normalize distributions to holders of Class A Units and Class B Units and (d) to finance the payment by the Borrower of the Remaining Acquisition Payments. As at March 31, 2009, IBI Group had borrowings of \$2.7 million under the Swing Facility and borrowings of \$3.0 million under the Revolver Facility, compared with \$9.6 million of borrowings under the operating facility as at March 31, 2008.

The Term Facility and Bridge Facility are revolving facilities to be used by IBI Group (a) to repay existing Debt to TD, (b) to finance the payment by the Borrower of the Remaining Acquisition Payments and (c) to finance any Acquisition, excluding (unless the Required Lenders otherwise consent) the financing of any Hostile Take-Over Bid. As at March 31, 2009, IBI Group had borrowings of \$50.0 million (2008 – \$24.0 million) under the Term Facility and borrowings of \$31.9 million (2008 – nil) under the Bridge Facility.

In addition, a bid bond guarantee facility (the “Bid Bond Facility”) of up to USD\$20 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 March 31, 2009, IBI Group had issued bid bonds in the amount of \$4.2 million under the Bid Bond Facility.

The Swing Facility, Revolver Facility, Bridge Facility and Bid Bond Facility will mature on December 31, 2009, and the Term Facility will mature on June 30, 2011. To address the facilities due on December 31, 2009, management has initiated discussions with the banking syndicate regarding the extension and increase in the amounts of the current banking facility. Management has also received expressions of interest from additional lenders and intends to settle the arrangements in a timely manner.

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 operated to date 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 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 \$100 million. However, the current state of the equity markets results in the Fund’s current payout on equity at the Fund’s annualized distribution of \$1.60 per unit, of approximately 11% to 13% as compared to the Fund’s current cost of bank debt at prime plus 1.5%. Accordingly, the Fund deems it more practical for unitholder value to continue in the near term, to operate on bank debt.

The Fund monitors capital by maintaining an internal target ratio of funded debt to EBITDA, a non-GAAP measure, below 1.75 to 1. This ratio is calculated as the sum of (1) long-term debt, plus bank indebtedness, plus notes payable, divided by (2) EBITDA for the past 12 months (proforma to include acquired firms). The Fund’s funded debt to EBITDA ratio, as at

March 31, 2009 was 2.44 to 1 (2.18 to 1 as at December 31, 2008). The internal funded debt to EBITDA target ratio of the Fund differs from the ratio per the credit agreement in that it excludes a bonding facility and the amount of the unrealized interest rate swap losses. Management is confident that there will be growth in EBITDA providing for a larger base for additional borrowings within the internal target ratio. Management also believes that they will be able to further decrease borrowings by issuing equity as long as capital markets continue to stabilize.

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 March 31, 2009, the Fund was in compliance with the fixed charge coverage ratio and current ratio covenants. The Fund was slightly over on the debt to EBITDA ratio covenant for which it has received a waiver from the banking syndicate.

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

| | 1st Qtr 2009 Unaudited | 4th Qtr 2008 Unaudited | 3rd Qtr 2008 Unaudited | 2nd Qtr 2008 Unaudited | 1st Qtr 2008 Unaudited | 4th Qtr 2007 Unaudited | 3rd Qtr 2007 Unaudited | 2nd Qtr 2007 Unaudited |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Revenue | \$ 66,914 | \$ 72,601 | \$ 69,364 | \$ 54,678 | \$ 51,369 | \$ 44,617 | \$ 42,477 | \$ 40,654 |
| Net Earnings | 3,189 | 3,267 | 5,097 | 5,243 | 4,306 | 3,110 | 3,893 | 5,566 |
| Non-controlling interest | 1,419 | 1,502 | 2,361 | 2,473 | 2,033 | 1,998 | 2,285 | 2,098 |
| Interest | 1,183 | 1,372 | 1,352 | 728 | 703 | 789 | 648 | 646 |
| Income taxes | 468 | (1,973) | 760 | 211 | 335 | 904 | 200 | (1,851) |
| Amortization of property and equipment and intangible assets | 3,040 | 3,371 | 3,315 | 2,143 | 1,839 | 1,432 | 1,347 | 1,358 |
| Amortization of deferred credit - leases | (28) | (50) | (51) | (52) | (51) | (72) | (72) | (72) |
| Impairment of goodwill | - | 5,354 | - | - | - | - | - | - |
| Earnings before income taxes, interest and amortization (EBITDA) | 9,271 | 12,856 | 12,834 | 10,746 | 9,165 | 8,161 | 8,301 | 7,745 |
| EBITDA as a percentage of Revenue | 13.9% | 17.7% | 18.5% | 19.7% | 17.8% | 18.3% | 19.5% | 19.0% |
| Distributable Cash reconciliation | | | | | | | | |
| Cash flow from operating activities | (1,378) | 12,052 | 534 | 1,507 | (13,642) | 8,201 | 2,628 | 2,993 |
| Less capital expenditures | (470) | (636) | (825) | (1,813) | (1,147) | (551) | (795) | (848) |
| Standardized Distributable Cash | (1,848) | 11,416 | (291) | (306) | (14,789) | 7,650 | 1,833 | 2,145 |
| Add (deduct): | | | | | | | | |
| Change in non-cash operating working capital | 8,516 | (647) | 9,788 | 7,891 | 21,557 | (1,774) | 4,825 | 3,973 |
| Current income tax expense | 950 | 79 | 1,160 | 620 | 547 | 945 | 200 | 133 |
| Income taxes paid | (703) | (948) | (259) | (634) | (794) | (192) | (253) | (109) |
| Distributable Cash Basic and diluted | 6,915 | 9,900 | 10,398 | 7,571 | 6,521 | 6,629 | 6,605 | 6,142 |
| Distributable Cash per Unit | 0.4237 | 0.6229 | 0.6633 | 0.4829 | 0.4160 | 0.4789 | 0.4859 | 0.4518 |
| Basic and diluted aggregate distributions declared per Unit | 0.3999 | 0.4000 | 0.3941 | 0.3825 | 0.3758 | 0.3625 | 0.3474 | 0.3400 |
| Pay out ratio | 94.4% | 64.2% | 59.4% | 79.2% | 90.3% | 75.7% | 71.5% | 75.3% |
| Basic and diluted net earnings per Unit | 0.2824 | 0.3006 | 0.4785 | 0.4922 | 0.4043 | 0.3690 | 0.4544 | 0.6496 |
| Personnel – average | 2,184 | 2,289 | 2,216 | 1,788 | 1,639 | 1,525 | 1,437 | 1,389 |
| Personnel – quarter end | 2,107 | 2,270 | 2,314 | 1,857 | 1,731 | 1,584 | 1,429 | 1,442 |

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 30.8% of the outstanding partnership units of IBI Group, and which in total holds an interest in the Fund of approximately 49.0% (on a fully-diluted basis). The leases were entered into in 2002 at then current market rates and expire on December 31, 2012. The total annual payment under these leases is approximately \$2.4 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 March 31, 2009 was \$3.7 million compared with \$3.4 million in 2008.

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 March 31, 2009, \$0.5 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.

Key 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 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 fourteen acquisitions since the completion of its initial public offering on August 31, 2004, adding approximately 700 professional staff through such acquisitions.

IBI Group 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 infrastructure, 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 million in annual revenue to the current levels at March 31, 2008 of 2,107 people in staff and revenue of approximately \$264 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 2,107. 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 twelve months has increased to the equivalent approaching eight months of work from the equivalent of seven months of work at the fee volume of current activity, since the IBI Group report on the year ended December 31, 2008. This is very encouraging as it follows the relatively very slow period of January and most of February and provides confidence in the revenue IBI Group anticipates for the remainder of 2009. Backlog for Government and public institutional clients has increased as the percentage of the total to approximately 65%. Backlog has

continued to increase in building facility areas in education, in health care and in transportation terminals as well as in transportation networks and systems technology. In addition, IBI Group has been recently mandated by entities directly owned or affiliated with pension institutions, a number of major new high-rise projects in urban areas, as well as most recently some work for private entrepreneurs. The pace of the increase in backlog is continuing since the end of the first quarter of 2009;

- the IBI Group backlog continues to be approximately 20% of total fee volume for clients for projects outside of North America, 20% for the United States and 60% in Canada;
- IBI Group has achieved significant progress in the integration of the firms including Young + Wright Architects with IBI Group Architects; Page + Steele Architects with IBI Group Architects and Giffels Professional Engineering with IBI Group Canada and IBI Group US along with other firms that were integrated or affiliated with the group in 2008;
- IBI Group is now currently actively engaged in discussions with additional firms primarily focused in the US market and these firms are focused on work for public institutions and agencies in education, transportation terminals and other public facilities. IBI Group is pursuing its program of more than doubling its US practice from its current size through 2009 and 2010 to become a national firm in the US with bases of operations in five or six regions. IBI Group anticipates closing some important acquisitions during the second and third quarters of 2009 with additional prospects to follow. IBI Group will be able to finance these acquisitions using the units of IBI Income Fund as consideration generally for the approximate value of the goodwill component, subject to approval by the Toronto Stock Exchange. Cash will be used for payment for approximately the value of the working capital, notably accounts receivable;
- compression of valuation of firms including IBI Group itself and recognized by the market, enable IBI Group to continue to achieve this strategic growth through acquisition at attractive accretive values relative to IBI Group's evaluation.

As the markets continue to stabilize, IBI Group may also raise capital at appropriate pricing over the months ahead in 2009.

During the first quarter of 2009, IBI Group, on a selective basis trimmed staff to an extent of approximately 7% overall. In fact, some new staff were added in areas of growing IBI Group activity functionally and geographically while staff were trimmed in areas that were lagging, notably high-rise residential building design and land engineering for residential development. The current staff complement totaling 2,107 is appropriately sized for the fee volume that was achieved in the first quarter, \$67 million. The IBI Group model is to maintain staff at approximately 70% to 80% chargeable of available time and therefore for this staff complement

can maintain an increase in the fee volume well in excess of the \$67 million to the approximately \$70 million that IBI Group projects for each of the following three quarters of 2009. Further, additional quality professional resources are available in the context of the marketplace, if further growth occasions the need for such additional staffing.

Accordingly, the outlook for IBI Group for 2009 continues to be very encouraging.

- Backlog has firmed, approaching equivalent of eight months of committed contract work;
- firm staff complement is appropriately sized for the projected fee volume for the year in the order of \$275 million;
- EBITDA results as a percent of revenue are anticipated to match IBI Group's performance of the past two years;
- cash generated will similarly match IBI Group's performance in proportion to fee volume over the past two years;
- acquisitions can be achieved and the goodwill portion, being the major component, paid with equity using IBI Income Fund units;
- capital markets appear to be stabilizing, affording increased opportunity for access to equity;
- IBI Group's banking syndicate continues to be supportive.

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”.