

**IBI GROUP INC.**



**NOTICE OF ANNUAL MEETING TO BE HELD MAY 10, 2018**

**AND**

**MANAGEMENT INFORMATION**

**CIRCULAR**

March 27, 2018

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the “**Meeting**”) of the shareholders of IBI Group Inc. (the “**Corporation**”) will be held at the head office of the Corporation, Suite 700, 55 St. Clair Avenue West, Toronto, Ontario, M4V 2Y7 on Thursday, the 10<sup>th</sup> day of May, 2018 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the consolidated financial statements of IBI Group Inc. for the fiscal year ended December 31, 2017, together with the auditors’ report thereon;
2. to elect directors of the Corporation;
3. to appoint KPMG LLP as auditors of the Corporation and to authorize the directors of the Corporation to fix their remuneration; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

Copies of the Circular and form of proxy accompany this notice. The specific details of the matters proposed to be put before Shareholders at the Meeting are set forth in the Circular. Shareholders are directed to read the Circular carefully in evaluating the matters for consideration at the Meeting.

Only Shareholders of record as at April 3, 2018 are entitled to vote their shares at the Meeting, or at any adjournment thereof, either in person or by proxy.

Shareholders who are unable to attend the Meeting in person are requested to complete, sign and date the accompanying form of proxy in accordance with the instructions provided therein and in the Circular and return it in accordance with the instructions and timelines set forth in the Circular.

DATED this 27<sup>th</sup> day of March, 2018.

By order of the Board of Directors,

(Signed) “*Dale Richmond*”

Chairman of the Board of Directors

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## GLOSSARY OF TERMS

In this Circular, the following terms shall have the following meanings unless indicated otherwise:

**“Administration Agreement”** means the administration agreement made as of January 1, 2016 among the Corporation, IBI Group and the Management Partnership pursuant to which, among other things, IBI Group provides administrative and support services to the Corporation and the Management Partnership provides the services of the principals of its partners to IBI Group and the IBI Group of firms;

**“Associates”** means senior professionals within the IBI Group of firms holding the title of "Associate";

**“Associate Directors”** means senior professionals within the IBI group of firms holding the title of "Associate Director";

**“Beneficial Holder”** has the meaning ascribed thereto under the heading “Information for Beneficial Shareholders”;

**“Board of Directors”** means the board of directors of the Corporation, as it is comprised from time to time;

**“CDS”** has the meaning ascribed thereto to under the heading “Information For Beneficial Shareholders”;

**“Change of Control”** means the occurrence of any one or more of the following events:

- A. any transaction or series of transactions with or into any other person or entity that effects any transfer, conveyance, sale, lease or exchange of all or substantially all of the assets of the Corporation or IBI Group (other than a person who is an affiliate such entity);
- B. any acquisition or series of acquisitions by any means whatsoever by any person (other than the Corporation or IBI Group or any affiliate thereof) or by a group of persons acting jointly or in concert (other than with the Corporation or IBI Group or any affiliate thereof) of that number of securities of the Corporation or IBI Group which have associated with them that number of votes which is equal to or greater than 50% of the votes associated with the then issued and outstanding voting securities of the Corporation or IBI Group, as the case may be; or
- C. any transaction or event in which the Corporation ceases to be a “reporting issuer” under the Securities Act (Ontario), as may be amended from time to time, or in which the Shares cease to be listed for trading on the Toronto Stock Exchange;

**“Circular”** means the Management Information Circular of IBI Group Inc. dated March 27, 2018;

**“Class B Units”** means the Class B partnership units of IBI Group, held by the Management Partnership;

**“Corporation”** means IBI Group Inc., a corporation incorporated pursuant to the CBCA;

**“Directors”** means the senior professionals within the IBI group of firms having the title of "Director";

**“Eligible Person”** means:

- A. any officer or other senior management employee of the Corporation or IBI Group or any affiliate of the Corporation (including Directors and Associate Directors), or any other New Eligible Person (an "**Eligible Individual**"); or
- B. a corporation controlled by an Eligible Individual, all of the issued and outstanding voting securities of which are, and will continue to be, beneficially controlled, directly or indirectly, by such Eligible Individual and/or the spouse of such Eligible Individual (an "**Employee Corporation**");

**"IBI Group"** means IBI Group, the operating entity of the Corporation, a general partnership existing under the laws of the Province of Ontario between the Management Partnership and the Corporation;

**"IBI Group Partnership Agreement"** means the amended and restated partnership agreement of IBI Group made as of January 1, 2017 between the Management Partnership and the Corporation, as same may be amended or restated from time to time;

**"IBI Group U.S."** means IBI Group, a general partnership existing under the laws of California;

**"Independent Director"** means a director of the Corporation who is "independent" as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

**"Insider"** means an "insider" as defined in Part 1 of the Toronto Stock Exchange Company Manual;

**"Management Partnership"** means IBI Group Management Partnership, a limited partnership existing under the laws of the Province of Ontario and its subsidiary partnership, IBI Group Management Partnership II, a limited partnership existing under the laws of the Province of Ontario;

**"Meeting"** has the meaning ascribed to such term in the section titled "Management Information Circular";

**"New Eligible Person"** means a newly hired or promoted officer or other senior management employee of the Corporation or IBI Group or any affiliate of the Corporation who is not an existing holder of an Option;

**"Non-Participating Voting Shares"** means the non-participating voting shares of the Corporation, representing voting rights in the Corporation that accompany securities convertible into or exchangeable for Shares, currently held by the Management Partnership;

**"Notice of Meeting"** means the notice of special meeting to Shareholders dated March 27, 2018 accompanying this Circular;

**"Optionee"** means an Eligible Person to whom an Option has been granted and who continues to hold such Option;

**"Partner Compensation Amount"** means the aggregate amount paid by IBI Group and certain of its subsidiary entities to IBI Group Management Partnership in respect of services provided to such entities by certain Directors and Associate Directors who have an indirect equity interest in the IBI Group Management Partnership, which amount is determined in accordance with the compensation policies

established by IBI Group and approved by the compensation committee of the Corporation, taking into consideration amounts such persons may otherwise receive directly from the IBI Group of firms;

“**SEDAR**” means the system for electronic documents analysis and retrieval available at [www.sedar.com](http://www.sedar.com);

“**Shares**” means the common shares of the Corporation, traded on the Toronto Stock Exchange under the ticker “**IBG**”; and

“**Shareholders**” means the holders of Shares and Non-Participating Voting Shares from time to time.

## **IBI GROUP INC.**

### **MANAGEMENT INFORMATION CIRCULAR**

This Circular is furnished in connection with the solicitation by the Corporation of proxies to be used at the annual general meeting (the “**Meeting**”) of Shareholders to be held on May 10, 2018 at the head office of the Corporation, Suite 700, 55 St. Clair Avenue West, Toronto, Ontario M4V 2Y7 commencing at 10:00 a.m. (Toronto time), and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. All dollar amounts in this Circular are expressed in Canadian dollars, unless otherwise indicated.

### **THE CORPORATION**

The business of the Corporation is the provision of integrated professional goods and services related to architecture, planning, engineering and technology. The business of the Corporation is conducted indirectly through IBI Group, a general partnership existing under the laws of the Province of Ontario, and its subsidiary entities, including the provision of professional goods and services in three main sectors: intelligence, buildings and infrastructure. The Corporation holds all of the Class A partnership units of IBI Group, and the Management Partnership holds all of the Class B partnership units of IBI Group, which are exchangeable into Shares. The Corporation, markets its goods and services through various channels and manages the business operations both by geographic region in Canada and in international locations, and by sector in the United States and the United Kingdom.

The Corporation’s head and registered office is located at 55 St. Clair Avenue West, 7th Floor, Toronto, Ontario M4V 2Y7. The Corporation’s Shares are listed on the Toronto Stock Exchange under the symbol “**IBG**”.

#### **Administration Agreement**

The following is a summary of the principal terms of the Administration Agreement, but does not purport to be complete. Reference is made to the Administration Agreement and the full text of its provisions for a complete description of its terms which is available on the Corporation’s reference page on SEDAR.

Under the terms of the Administration Agreement, IBI Group provides administrative and support services required by the Corporation to the extent that such services are not provided by the Corporation’s employees, including (without limitation) those necessary to: (i) comply with continuous disclosure obligations under applicable securities laws; (ii) investor relation services; (iii) provide to Shareholders information concerning income taxes; (iv) call and hold meetings of Shareholders and distribute materials in respect of such meetings; and (v) attend to administrative and other matters arising in connection with

the exchange of any exchangeable securities for Shares. The Administration Agreement also provides that the Management Partnership shall make available to IBI Group and the IBI Group of firms the services of certain partners of the Management Partnership.

Under the Administration Agreement, the Corporation, pays to IBI Group as consideration for its services all out-of-pocket expenses incurred by IBI Group in providing such services to them. IBI Group and IBI Group U.S. also pay to the Management Partnership an amount equal to the Partners Compensation Amount, which for the year ended December 31, 2017 amounted to \$12.7 million.

The Administration Agreement may be terminated by the Corporation in the event of the insolvency or receivership of IBI Group, or in the case of default by IBI Group in the performance of a material obligation of the Administration Agreement (other than as a result of the occurrence of a force majeure event) which is not remedied within 30 days after written notice thereof has been delivered. In the event of a wind-up, dissolution or termination of any of the parties, other than the Corporation or IBI Group, the Administration Agreement shall continue to survive as between the remaining parties and shall not affect the performance of the payment obligations of such party (or its successor) to IBI Group in respect of services performed by IBI Group prior to such event.

The Administration Agreement also shall terminate automatically upon the dissolution of the Corporation.

## PROXY SOLICITATION AND VOTING

### Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally or by telephone on behalf of the directors of the Corporation. The Corporation will bear the total cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of this Circular. The information contained herein is given as at March 27, 2018, except where otherwise noted.

### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Corporation. **A Shareholder who wishes to appoint some other person, who need not be a Shareholder, to represent him or her at the Meeting may do so by crossing out the persons named in the proxy and inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy.**

If you hold Shares beneficially through a broker or intermediary rather than directly registered in your own name, please see the section below titled "Information for Beneficial Shareholders".

To be valid, proxies must be sent to AST Trust Company (Canada) ("AST"), by mail to, Proxy Department, P.O. Box 721, Agincourt ON M1S 0A1, or by facsimile to 1-866-781-3111 (toll free) or 416-368-2502 (within the 416 area code), by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com), so as not to arrive later than 5:00 p.m. (Toronto time) on May 8, 2018, or may be deposited with the chairperson of the Meeting prior to the commencement of the Meeting. If the Meeting is adjourned, proxies must be deposited at least 24 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used, or be deposited with the chairperson of such meeting prior to the commencement of the reconvened meeting. The document appointing a proxy must be in writing and completed and signed by a registered Shareholder or his or her attorney authorized in writing or, if the Shareholder is a

corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers, attorneys, executors, administrators, trustees, etc., should so indicate and provide satisfactory evidence of such authority.

A registered Shareholder who has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as noted above; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof; or (ii) with the chairperson of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

### **Voting of Proxies**

The persons named in the accompanying form of proxy will vote or withhold from voting shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Shareholder as indicated on the proxy. **In the absence of such instructions, such shares will be voted (a) FOR the election as directors of the nominees specified under the heading “Matters to be Considered at the Meeting – Election of Directors”, and (b) FOR the appointment of KPMG LLP as auditors of the Corporation and the authorization of the directors of the Corporation to fix their remuneration.**

The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments to or variations of matters identified in the form of proxy and Notice of Meeting and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matter or business. At the time of the printing of this Circular, the directors of the Corporation knew of no such amendments, variations or other matters.

### **INFORMATION FOR BENEFICIAL SHAREHOLDERS**

**Information in this section is very important to all holders of Shares, as all Shares are registered in the name of CDS & Co. (“CDS”) as nominee of The Canadian Depository for Securities Limited, which acts as a depository for many Canadian brokerage firms.** Shares registered in the name of CDS can only be voted at the Meeting upon the instructions of the beneficial holder (the “**Beneficial Holder**”) of those Shares. **Therefore, Beneficial Holders should ensure that instructions in respect of the voting of their Shares are communicated to the appropriate party.**

In Canada brokers and other intermediaries are required to seek voting instructions from Beneficial Holders in advance of shareholders’ meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Shares are appropriately voted at the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to registered Shareholders, but its purpose is limited to instructing the person in whose name the Shares are registered how to vote on behalf of the Beneficial Holder. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada (“**Broadridge**”). Broadridge normally prepares a “Voting Instruction Form” based on the Corporation’s form of proxy which it then distributes to Beneficial Holders. **The Voting Instruction Form must be returned to Broadridge by the Beneficial Holder in order for the Beneficial Holder’s voting instructions to be acted upon.** Broadridge will tabulate



all instructions received by it and provide appropriate instructions in respect of the voting of the Shares. **A Beneficial Holder who receives a Voting Instruction Form cannot use that form to vote Shares directly at the Meeting. The Voting Instruction Form must be returned to Broadridge well in advance of the Meeting to have the Shares voted at the Meeting.**

Beneficial Holders who wish to attend the Meeting and vote their Shares in person, or appoint someone to do so on their behalf, must do so as proxyholder for the registered holder, as all Shares are registered in the name of CDS. Beneficial Holders who wish to attend the Meeting and vote their Shares as proxyholder for the registered holder, or appoint someone on their behalf, should enter their own name, or the name of the person they wish to attend and vote for them, in the blank space on the Voting Instruction Form or form of proxy provided to them. Once completed, the Voting Instruction Form or form of proxy should be signed and dated, and returned as directed by the instructions well in advance of the Meeting. At the Meeting, you should speak to a representative of AST, the registrar and transfer agent for the Shares, so that you may be recognized to vote at the Meeting.

### **HOW TO VOTE YOUR SHARES**

Your vote is important. Please read the information below so that your Shares are properly voted.

You are a non-registered Shareholder, as an intermediary such as a securities dealer, broker, bank, trust company or other nominee holds your Shares for you, or for someone else on your behalf, registered in the name of CDS. CDS acts as the top-level securities intermediary in the indirect holding system, holding securities entitlements for its participants (which include substantially all of the major banks, trust companies, insurance companies, brokers and dealers in Canada). Shares in most publicly traded corporations in Canada are registered in the name of CDS. If your Shares are listed in an account statement provided to you by a broker or other intermediary, then those Shares will not be registered in your name and are more likely registered under the name of your broker or other nominee or an agent thereof. In Canada, the vast majority of Shares will be registered in the name of CDS, which acts as a nominee for many brokerage firms. Shares registered in the name of any intermediary can only be voted upon the instructions of the non-registered Shareholder. Without specific instructions, intermediaries are prohibited from voting Shares on behalf of their clients. Therefore, non-registered Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person by the appropriate time. In accordance with applicable securities laws, the Corporation distributes copies of its Meeting materials to non-registered Shareholders directly or to intermediaries for onward distribution to non-registered Shareholders. As a non-registered Shareholder, you will most likely receive a Voting Instruction Form from Broadridge on behalf of intermediaries. It is also possible, however that, in some cases you may receive a form of proxy directly from the securities dealer, broker, bank, trust company or other nominee holding your Shares.

If you have received a Voting Instruction Form from Broadridge, please complete and submit your vote by phone, internet or mail in accordance with the instructions provided to you on the form prior to the deadline specified by Broadridge.

#### ***Voting in Person***

If you have received a Voting Instruction Form and wish to attend the Meeting in person or have someone else (who need not be a Shareholder) attend on your behalf, you must complete, sign and return the Voting Instruction Form in accordance with the instructions on the form in that regard. Unless prohibited by law, the person you designate to attend the Meeting (including yourself) will have full authority to

present matters to the Meeting and vote all matters presented at the Meeting, even if those matters are not set out in the Voting Instruction Form or this Circular. You, or such other designated person if applicable, may then vote your Shares in person at the Meeting.

If you have received a form of proxy instead of a Voting Instruction Form and wish to attend the Meeting in person or have someone else attend on your behalf, you must insert your name, or the name of the person you wish to attend on your behalf, in the blank space provided on the form of proxy. You must make sure that your completed and signed proxy form is received by AST by the established proxy cut-off date before the time set for the Meeting, or any adjournment or postponement thereof if applicable. You, or such other designated person if applicable, may then vote your Shares in person at the Meeting.

When you or your designated person arrives at the Meeting, an AST representative will register such attendance before you or your designated person enters the Meeting.

#### ***Revoking a Voting Instruction Form or Proxy***

If you wish to revoke a Voting Instruction Form or a form of proxy as to any matter on which a vote has not already been cast pursuant to its authority and you received your Voting Instruction Form from Broadridge, and voted by phone or internet, you may vote again by phone or internet prior to the deadline specified by Broadridge. If you received your Voting Instruction Form from Broadridge and voted by mail, please contact your account service provider at your intermediary for instructions should you wish to revoke your Voting Instruction Form.

#### **QUORUM**

A quorum is required for the Meeting. Two individuals present in person and holding or representing by proxy not less than in the aggregate 10% of the votes attached to all Shares then outstanding and entitled to vote at the meeting will constitute a quorum for the Meeting.

#### **SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Shares and an unlimited number of Non-Participating Voting Shares. As of the date of this Circular, there were outstanding 31,219,211 Shares (37,501,433 Shares on a partially diluted basis, assuming the exchange of the Class B Units for Shares) and 6,282,222 Non-Participating Voting Shares, Series 1 (issued to the Management Partnership in respect of the Class B Units held by the Management Partnership).

All Shares are of the same class with equal rights and privileges. The Shares are not subject to future calls or assessments, and entitle a holder to one vote for each Share held at all meetings of Shareholders.

The Non-Participating Voting Shares are used for providing voting rights in the Corporation to the Management Partnership in respect of its holdings of Class B Units in IBI Group and to persons who hold other securities that are, directly or indirectly, exchangeable for Shares and that are entitled to voting rights with respect to the Corporation. Non-Participating Voting Shares are issued in conjunction with, and will not be transferable separately from, the Class B Units or other securities to which they relate. The Non-Participating Voting Shares must be transferred upon a transfer of the associated Class B Units or other securities. Each Non-Participating Voting Share entitles the holder thereof to a number of votes at any meeting of Shareholders equal to the number of Shares which may be obtained upon the exchange of the Class B Units or other securities to which the Non-Participating Voting Shares relate, but will not

otherwise entitle the holder to any rights with respect to the Corporation's property or income. Currently, the Non-Participating Voting Shares entitle the holders to an aggregate of 6,282,222 votes (equal to the number of Shares on the date hereof which may be obtained upon the exchange of the Class B Shares to which the Non- Participating Voting Shares relate).

The record date for the purposes of determining Shareholders entitled to receive notice of the Meeting is April 3, 2018. The Corporation will prepare a list of the Shareholders at the close of business on the record date. Each holder of shares on the list will be entitled to vote at the Meeting the Shares shown opposite his name on the list. Any Shareholder who was a Shareholder on the record date shall be entitled to vote at the Meeting or any adjournment thereof even though the Shareholder since that time disposed of his or her Shares, and no Shareholder becoming such after the record date shall be so entitled to vote at the meeting or at any adjournment thereof.

To the knowledge of the directors of the Corporation, as of March 27, 2018, the following beneficially owned, directly or indirectly, or controlled or directed, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation:

- Management Partnership owned, of record and beneficially, 6,282,222 Non-Participating Voting Shares, which represented 100% of the issued and outstanding Non-Participating Voting Shares, and, with affiliated partnerships, 6,969,410 Shares, which represented 22.3% of the issued and outstanding Shares. Together, the Shares and Non-Participating Voting Shares held by the Management Partnership represented 35.3% of the issued and outstanding shares.
- Van Berkomp and Associates Inc. owned 3,120,215 Shares representing 10% of the issued and outstanding Shares.
- Connor, Clark & Lunn Investment Management Ltd. owned 3,582,804 Shares representing 11.5% of the issued and outstanding Shares.

In addition, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 461,612 Shares, representing approximately 1.5% of the issued and outstanding Shares (approximately 1.2% on a partially diluted basis, assuming the exchange of the Class B Units for Shares). This information, not being within the knowledge of the Corporation, is based on information provided to the Corporation and on public filings.

## **MATTERS TO BE CONSIDERED AT THE MEETING**

### **Election of Directors**

The Corporation is required to have seven directors, to be elected by the Shareholders at the Meeting. It is proposed that the individuals noted below be nominated for election as directors by the Shareholders at the Meeting. **The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, intend to vote for the election, as directors, of such persons. It is not contemplated that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.** Voting will be for the election of each individual director, and not on a slate basis. Each director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

The Board of Directors has adopted a majority voting policy which requires that any nominee for election as a director who receives more “withhold” votes than “for” votes cast with respect to his or her election, other than at a contested meeting, will be required to forthwith submit his or her resignation to the Board, effective upon acceptance by the Board. The Board will refer the resignation to the Governance and Compensation Committee for consideration and the Board will determine whether or not to accept the resignation within 90 days after the date of the meeting of shareholders. The Board will accept the resignation unless it determines that there are exceptional circumstances relating to the composition of the Board or the voting results that should delay the acceptance of the resignation or justify rejecting it. No director who is required to submit his or her resignation will participate in the deliberations of the committee or the Board with respect to the resignation. The Corporation will promptly issue a news release with respect to the Board’s decision. Subject to any corporate law restrictions, the Board may leave a vacancy unfilled until the next annual meeting of the shareholders, fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to consider another nominee to fill the vacancy.

The following table sets forth the names of, and certain information for, the persons proposed to be nominated for election as directors:

<b>SCOTT STEWART</b> Toronto, Ontario	
<b>Principal occupation:</b> Chief Executive Officer  <b>Date Appointed as Director:</b> <sup>(1)</sup> July 23, 2004  <b>Securities held:</b> <sup>(2)</sup> 268,289 Common Shares 295,566 Stock Options 25,772 Performance Share Units \$185,000 Convertible Debentures 5.5% (principal amount) \$200,000 Convertible Debentures 7% (principal amount)	Scott Stewart is Chief Executive Officer of IBI Group Inc. and IBI Group, responsible for providing executive leadership, with a particular focus on operational management and execution. He became Chief Executive Officer in August 2013, but has been with the firm since 1983, initially as a transportation engineer and planner. He led the development of the Intelligence sector of the firm, turning it into a worldwide business with projects and offices around the world. Mr. Stewart has been active in a number of professional organizations including sitting on the Board of the Transportation Association of Canada (TAC) and the Board of ITS Canada where he fulfilled various roles including chair. Mr. Stewart received his Bachelor of Science (Civil Engineering) degree from the University of Waterloo.
<b>DAVID THOM</b> Vancouver, British Columbia	
<b>Principal occupation:</b> President  <b>Date Appointed as Director:</b> <sup>(1)</sup> July 23, 2004  <b>Securities held:</b> <sup>(2)</sup> 32,200 Common Shares 89,035 Stock Options 47,589 Performance Share Units	David Thom is President of IBI Group Inc. and IBI Group, responsible for providing executive leadership with a particular focus on managing and leading the firm’s multidisciplinary teams of professionals. He specializes in the planning and design of complex projects that integrate planning, architecture and transportation. He has had senior responsibility for many major urban development projects across Canada, in the United States and internationally, including public/private partnerships and private finance initiatives. Mr. Thom joined the firm in 1975 after receiving his Bachelor of Architecture degree from the University of Toronto. He is a member of the American Institute of Architects (AIA) and the Royal Architectural Institute of Canada (RAIC).

<b>DALE RICHMOND</b> <sup>(4)(5)(6)(7)</sup> Oakville, Ontario	
<b>Principal occupation:</b> Corporate Director, Chair of the Board of Directors and Chair of the Governance and Compensation Committee  <b>Date Appointed as Director:</b> <sup>(1)</sup> July 23, 2004  <b>Securities held:</b> <sup>(2)(3)</sup> 19,000 Common Shares 262,499 Deferred Share Units \$153,000 Convertible Debentures 7% (principal amount)	Mr. Richmond is the Chair of the Board of Directors of the Corporation and the Chair of the Governance and Compensation Committee. Mr. Richmond is the past Chair of The Canadian Council for Public-Private Partnerships. He has participated on a number of corporate boards and has served the community as past Chair of The Toronto Board of Trade, The Canadian Urban Institute and Humber College. From 1993 to 2003, he was the President and Chief Executive Officer of the Ontario Municipal Employees Retirement System (OMERS). Prior to 1993, Mr. Richmond served with the Municipality of Metropolitan Toronto for 17 years, where he held various positions including Chief Administrative Officer (for a period of eight years), Deputy Commissioner of Transportation, and Commissioner of Management and Computer Services. He also held various public sector positions in Halifax, Calgary and Sudbury. Mr. Richmond received a Bachelor of Commerce degree from Mount Allison University, a Master of Arts (Economics) degree from Dalhousie University and is a Fellow of the Chartered Professional Accountants of Ontario and a Fellow of the Certified Management Accountants of Ontario.
<b>LORRAINE BELL</b> <sup>(4)(5)(7)</sup> New York, New York	
<b>Principal occupation:</b> Corporate Director, Chair of the Audit Committee  <b>Date Appointed as Director:</b> <sup>(1)</sup> June 2, 2011  <b>Securities held:</b> <sup>(2)</sup> 15,000 Common Shares	Ms. Bell is the Chair of the Audit Committee of IBI Group Inc. Ms. Bell is a Chartered Professional Accountant, Chartered Accountant with over 30 years' experience in the financial sector. Ms. Bell is a member of the Board of Directors and Chair of the Audit Committee and member of the Governance Committee of Brookfield Real Estate Services Inc. Ms. Bell is also a member of the Board of Directors, the Audit and Risk Management Committee and the Human Resources and Governance Committee of the Ontario Financing Authority. She worked in capital markets for over 20 years at various firms and specialized in the derivatives market. Ms. Bell is also a member of the Board of Trustees of the New York Genealogical & Biographical Society and a member of the Board of Directors of the Associates of the University of Toronto, Inc. in New York City. She is a member of the Institute of Corporate Directors in Canada.
<b>CLAUDIA KRYWIAK</b> Toronto, Ontario	
	Ms. Krywiak is Vice President, Corporate Development, Planning and Strategic Initiatives at the Ontario Centres of Excellence (OCE), a not-for-profit organization that drives the growth of a knowledge-based economy in Ontario. In partnership with industry, OCE co-invests in industrially relevant research and development and the commercialization of leading edge technologies, supporting the next generation of innovators and entrepreneurs. Prior to joining OCE, Ms. Krywiak held the position of Vice President, Business Development (Ontario) at Mitacs, a national research organization that funds research and training programs. She also had five years of experience with Bruker BioSpin, a world leader in Nuclear Magnetic Resonance (NMR) technology. Ms. Krywiak holds a Hon.B.Sc. and a Ph.D. in Chemistry from the University of Toronto.

<b>JOHN O. REID</b> <sup>(4)(5)(7)</sup> Toronto, Ontario	
<b>Principal occupation:</b> Chartered Professional Accountant, John O. Reid Professional Corporation  <b>Date Appointed as Director:</b> <sup>(1)</sup> May 11, 2017  <b>Securities held:</b> <sup>(2)</sup> 12,188 Deferred Share Units	Mr. Reid is a Chartered Professional Accountant, Chartered Accountant, with over 40 years' experience. He was Audit Leader for KPMG LLP in the Greater Toronto Area from 2008 to 2014. He has extensive experience in auditing as well as the management of professional service organizations, and has experience in strategic planning, development and growth management in all business sectors and industries, with a focus on mergers and acquisitions, technology and health care. Mr. Reid is a founding member and Chair of the Audit Committee of the Perimeter Institute of Theoretical Physics, which supports physics research, training and outreach throughout the world. Mr. Reid served as chair of six hospital boards and two colleges across Canada. Mr. Reid received a Bachelor of Commerce degree from the University of Alberta, and is a Fellow of the Chartered Professional Accountants of Ontario.
<b>MICHAEL NOBREGA</b> <sup>(4)(5)(7)</sup> Toronto, Ontario	
<b>Principal occupation:</b> Chair of Ontario Centres of Excellence  <b>Date Appointed as Director:</b> <sup>(1)</sup> May 11, 2017  <b>Securities held:</b> <sup>(2)</sup> 12,019 Deferred Share Units	Mr. Nobrega is the Chair of the Ontario Centers of Excellence, an Ontario based organization that drives the commercialization of leading edge technologies across the transportation, communications and other key market sectors. Mr. Nobrega was President and Chief Executive Officer of the Ontario Municipal Employees Pension System (OMERS), one of Canada's largest pension funds, from 2007 to 2014, and President and Chief Executive Officer of Borealis Infrastructure, the infrastructure investment entity of OMERS, from 1998 to 2007. Prior to Borealis, Mr. Nobrega was a tax partner of Arthur Andersen. Between 2014 and 2016, Mr. Nobrega was appointed by the Ontario provincial government as Chair of the Expert Panels on the financial restructuring of MaRS (Ontario's innovation hub for medical and related sciences) and on the reconstruction of the Macdonald Block in Toronto. Mr. Nobrega holds an Honours BA (Economics and Mathematics) from the University of Toronto and is a Fellow of the Chartered Professional Accountants of Ontario.

**Notes:**

- (1) Includes period of time served as a trustee of IBI Income Fund.
- (2) The information as to securities beneficially owned, or controlled or directed, directly or indirectly, by the nominees, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
- (3) See "Deferred Share Unit Plan" below for a description of deferred share units.
- (4) Member of the Governance and Compensation Committee.
- (5) Independent Director.
- (6) Chairman of the Board of Directors of the Corporation.
- (7) Member of the Audit Committee.

**Appointment of Auditors**

It is proposed that the firm of KPMG LLP, Chartered Accountants, be re-appointed as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders or until their successor is appointed, and that the directors be authorized to fix the remuneration of the auditors.

KPMG LLP have been the auditors of the Corporation and the Corporation's predecessor, IBI Income Fund, since their inception. **The persons named in the enclosed form of proxy, if not expressly directed to the**

**contrary in such form of proxy, will vote such proxies in favour of a resolution to re-appoint KPMG LLP as auditors of the Corporation and authorize the directors to fix their remuneration.**

## **Financial Statements**

The financial statements of the Corporation for the year ended December 31, 2017 and the auditors' report thereon contained in the Corporation's 2017 annual report sent to Shareholders will be placed before the Shareholders at the Meeting for their consideration. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The executive compensation philosophy of the Corporation is guided by its objective to retain the senior management critical to the success of IBI Group and the enhancement of Shareholder value. IBI's leadership group today comprises approximately 50 Directors, together with Associate Directors and Associates, leading a group of professional and support staff for a total current complement of approximately 2,700 personnel.

Under the Administration Agreement, IBI Group pays the Partners Compensation Amount to the Management Partnership in respect of the base compensation for the services of the principals of the partners of the Management Partnership. The compensation policy pursuant to which the amount of the Partners Compensation Amount paid by IBI Group to the Management Partnership and the portion thereof paid by the Management Partnership to each corporation which is a partner of the Management Partnership and of which a member of management of the Corporation is principal is reviewed and approved on an annual basis by the Governance and Compensation Committee of the Corporation. In addition, the Chief Executive Officer and the President receive a portion of their compensation directly from the Corporation. Compensation is set at competitive market levels, designed to retain the Chief Executive Officer and other members of the senior management team and align the interests of management with the creation of Shareholder value. The income paid to the Management Partnership for the year ended December 31, 2017 amounted \$12.7 million.

The components of executive compensation are base salary, a short-term incentive plan bonus ("**STIP Bonus**") and long-term incentive grants pursuant to the Corporation's stock option plan and performance share unit plan for officers and senior management, described below under "Share-based and Option-based Awards".

The persons eligible to receive an STIP Bonus include the Chief Executive Officer, the President, the Chief Financial Officer and other executive officers or key employees of the Corporation approved by the Board of Directors as being eligible to participate (the "**Participants**"). The Board of Directors administers the STIP Bonus based on annual corporate and individual performance targets for a calendar year, commencing on January 1 (the "**Performance Year**") and calculated in accordance with the following formula<sup>1</sup>:

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<sup>1</sup> "**STIP Target Percentage**" refers to a performance target established for each Participant, expressed as a percentage of such Participant's Base Fixed Pay from 30% to 50%; "**Performance Score**" refers to the extent to which the actual performance of the Participant met their strategic/individual objectives as at the end of the Performance Year and is assessed by the Board of Directors.

The Participant’s actual amount of Base Fixed Pay for the Performance Year for Active Employment X The Participant’s STIP Target Percentage (30% to 50%) X The Participant’s Performance Score (0.0 to 1.5)

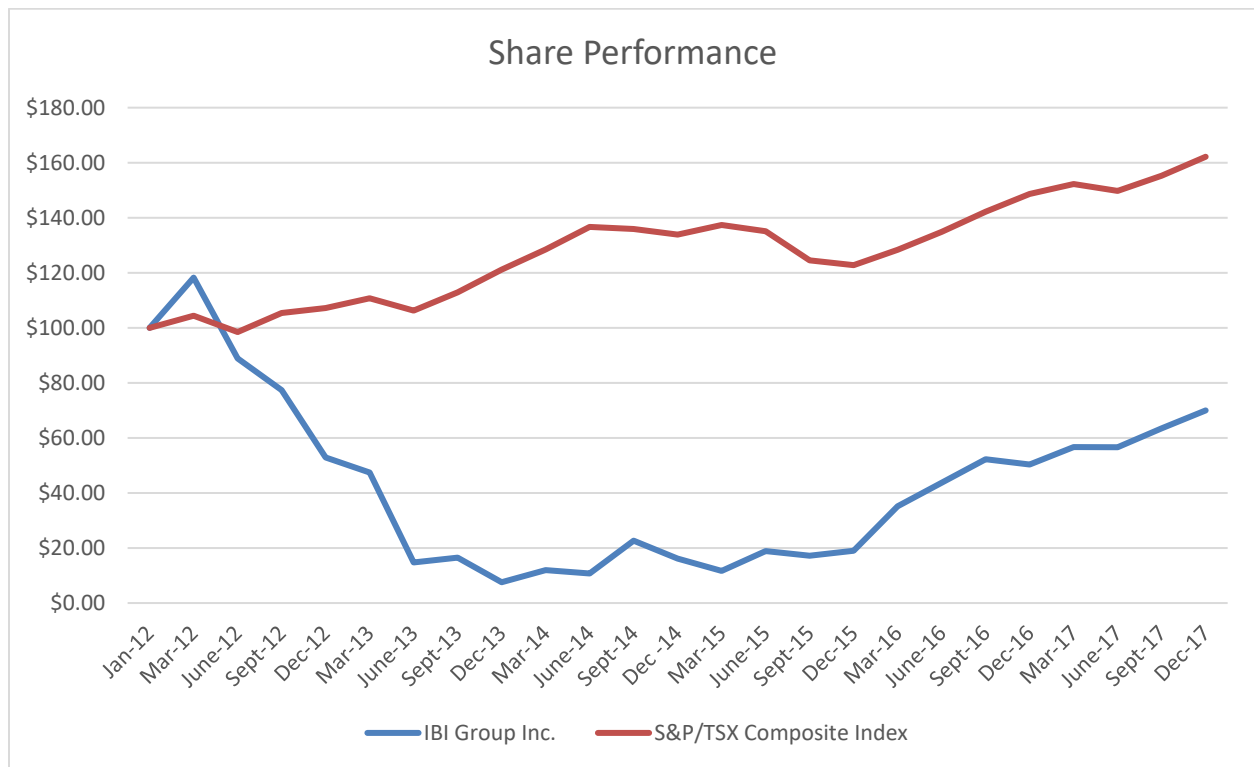
IBI Group also has a long-term incentive plan (the “LTIP”), described below under “Long-Term Incentive Plan Awards”. The Base Distribution level for the LTIP is reviewed annually and approved by the Governance and Compensation Committee of the Corporation. The existing arrangements for the LTIP have remained unchanged since the closing of IBI Income Fund’s initial public offering on August 31, 2004. During the fiscal year ended December 31, 2017, no funds were paid under the LTIP.

The Board of Directors and the Governance and Compensation Committee have considered the implications of risks associated with the Corporation’s compensation policies and practices and whether executive officers are potentially encouraged to expose the Corporation to inappropriate or excessive risk.

The Corporation does not currently have a policy that restricts executive officers or directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of the Corporation’s equity securities. Any such purchases would be required to be disclosed in insider report filings, and to date no such purchases have been disclosed.

**Performance Graph**

The following graph illustrates the total cumulative return for \$100 invested in Shares of the Corporation for the five year period from January 1, 2012 to December 31, 2017, with the total cumulative returns of the S&P/TSX Composite Index, assuming reinvestment of distributions/dividends.





The compensation of the Corporation's executive officers was relatively static from 2010 to 2013; total compensation did increase by approximately 10% in 2014 due to bonuses paid to the Chief Financial Officer and the President, although this was significantly less than the 114% increase in Share price in 2014; total compensation did not increase in 2015 while the Share price increased 17.6%, and increased by approximately 48% in 2016 due to bonuses and stock options, although this was significantly less than the 165% increase in Share price in 2016. During 2017 compensation increased 25% due to increases in bonuses and stock option awards. This amount was less than the 33% increase in Share price during 2017.

### **Share-based and Option-based Awards**

In addition to the Stock Option Plan and the Performance Share Unit Plan (described below), the Senior management of IBI Group is also eligible to participate in the LTIP indirectly through the Management Partnership, described below under "Long-Term Incentive Plan Awards".

#### **Stock Option Plan**

The Board of Directors approved the implementation of a stock option plan on March 19, 2014 (the "**Stock Option Plan**"). The purpose of the Stock Option Plan is to enhance Shareholder value by: (i) providing a long-term incentive to the Corporation's key personnel; (ii) improving the ability of the Corporation to attract, retain and motivate its key personnel; (iii) reinforcing the importance of and rewarding participants in the Stock Option Plan for superior sustained corporate performance; and (iv) encouraging participants in the Stock Option Plan to maintain a significant level of investment in the Corporation, thereby closely aligning their personal interests with those of the Shareholders.

The Stock Option Plan is administered by the Board of Directors or the Governance and Compensation Committee or other committee appointed by the Board, which has the power to (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Stock Option Plan; (b) interpret and construe the Stock Option Plan and to determine all questions pertaining to the Stock Option Plan or any option granted under the Stock Option Plan; and (c) prescribe the form of the instruments relating to the grant, exercise and other terms of Options.

The grant of options to purchase Shares ("**Options**") to Eligible Persons shall be considered and determined by the Board in accordance with the provisions of the Stock Option Plan. The Board shall determine which Eligible Persons are to be granted Options and the time or times when Options will be granted as it deems appropriate in its sole discretion. For each grant of Options, the Board shall determine at the time of grant (i) the number of Shares subject to each Option; (ii) the period in which the holder of an Option may exercise an Option (the "**Option Period**"); (iii) the vesting schedule providing for the maximum number of Shares in respect which the Option shall be exercisable at specified times or other vesting conditions; (iv) any restrictions upon the sale, transfer or disposition of Optioned Shares; and (v) any other terms and conditions relating to each Option.

The price at which Shares may be purchased under an Option will be set by the Board of Directors at the time of grant and will be fixed for the term of an Option, provided that the price shall not be less than the volume weighted average trading price of the Shares on the Toronto Stock Exchange for the five trading days immediately preceding the date of grant. Unless otherwise determined by the Board, the Option Period shall be ten years from the date of grant, provided that in the event that the Option Period should end within a blackout period in which Eligible Persons cannot trade securities of the Corporation pursuant to the Corporation's policy on trading restrictions, or within the nine business days following the expiry of

a blackout period, the Option Period will end on the date which is ten business days after the expiry of the blackout period.

The total number of Shares issuable upon the exercise of all Options that may be granted under the Stock Option Plan, subject to any adjustment as described below, is 1,755,268 Shares, representing 5.6% of the issued and outstanding Shares (or 4.7% on a partially diluted basis, assuming the exchange of the Class B Units for Shares). An aggregate of 1,097,135 Options have been granted as at the date hereof, representing 3.5% of the issued and outstanding Shares (or 4.7% on a partially diluted basis, assuming the exchange of the Class B Units for Shares). An aggregate of 658,133 Options remain available for issuance under the Stock Option Plan.

In addition to the total limit on Shares issuable, the Stock Option Plan provides for the following limits: (a) the aggregate number of Shares issued under the Stock Option Plan and any of the Corporation's other security based compensation arrangements to Insiders, within any one year period, shall not exceed 10% of the Shares then issued and outstanding; (b) the aggregate number of Shares issuable under the Stock Option Plan and any of the Corporation's other security based compensation arrangements to Insiders at any time shall not exceed 10% of the Shares then issued and outstanding; and (c) the aggregate number of Shares reserved for issuance pursuant to all Options granted to any one Option holder shall not exceed 2% of the Shares issued and outstanding.

Optioned Shares in respect of which Options are not exercised prior to the expiry or termination of such Options shall be available for subsequent Options. Options are personal to the holders and are not assignable or transferrable except as provided for in the Stock Option Plan.

In the event of the termination of services or position of an Option holder for cause, all outstanding Options granted to such holder shall terminate on the effective date of the termination. In the event of the death of an Option holder, outstanding Options granted to such holder shall be exercisable by the estate of the holder, to the same extent that the Options would have otherwise been exercisable by the holder immediately prior the time of death (unless the Board determines otherwise), until the earlier of: (i) the expiration date of the Options, and (ii) one year after the holder's death. In the event of the termination of services or position of an Option holder by reason of disability or retirement, outstanding Options granted to such holder shall be exercisable by the holder or the holder's representative, as the rights to exercise accrue in accordance with the terms of the Options, until the earlier of: (i) the expiration date of the Options, and (ii) one year after the termination of services or position of the holder or the effective date on which the holder becomes eligible to receive long-term disability benefits. In the event of the termination of services or position of an Option holder other than for cause, death, disability, or retirement, all outstanding Options granted to such holder shall be exercisable by the holder, to the same extent that the Options would have otherwise been exercisable by such holder immediately prior to the date of the termination of services or position (unless the Board determines otherwise), until the earlier of: (i) the expiration date of the Options, and (ii) the final day of the 90 days after the termination of services or position of the holder. In each case, after the period when the Options may be exercised, the Options and all rights of the holder thereunder shall immediately expire and terminate.

An Option may be exercised from time to time during the Option Period by the delivery to the Corporation of notice of exercise and by payment of the total option price for the Optioned Shares being purchased. The holder may use a broker to assist in its exercise of Options by selling on the Toronto Stock Exchange the necessary number of Shares issuable upon the exercise of such Options to effect payment of the Option Price with the resulting proceeds. With the consent of the Board of Directors, a holder may, rather than exercise an Option as provided above, elect a "cashless exercise" of options whereby the holder will

receive a lesser number of Shares based on the difference between the current market price of the Shares and the exercise price of the Option. The number of shares to be received will be determined in accordance with the following formula<sup>2,3</sup>:

$$\text{Number of Shares} = \frac{\text{Number of Shares issuable upon exercise of the Option, or portion of the Option, being exercised}}{\text{market price}} \times \frac{(\text{market price} - \text{exercise price})}{\text{market price}}$$

The Stock Option Plan includes provisions which allow the Corporation to make such adjustments to the number of Shares issuable upon the exercise of Options that are appropriate to prevent dilution or enlargement of the rights granted under Options issued under the Stock Option Plan, or to account for the reclassification, reorganization or other changes to the Shares, or to account for the consolidation, merger or amalgamation of the Corporation.

Subject to any required approval of any regulatory authority, the Board of Directors may at any time or from time to time suspend, terminate or discontinue the Stock Option Plan, provided that without the consent of the Option holders, such suspension, termination or discontinuance may not in any manner adversely affect the rights under any Options previously granted under the Stock Option Plan. Subject to any required approval of any regulatory authority, the Board of Directors may at any time amend the Stock Option Plan or any outstanding Option without the approval of the Shareholders including, without limitation, an amendment that: (a) is of a “housekeeping” nature, including without limitation, for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan; (b) is necessary to comply with applicable law or the requirements of the Toronto Stock Exchange; (c) changes the vesting provisions of any Option; or (d) changes the termination provisions of an Option or the Stock Option Plan which does not entail an extension beyond the original expiry date.

The following amendments to the Stock Option Plan require the approval of Shareholders: (a) increasing the number of Shares issuable under the Stock Option Plan; (b) reducing the Option Price of any outstanding Option; (c) extending the Option Period applicable to any Option issued to an Insider; (d) increasing the limit on the number of Shares issued or issuable to Insiders; or (e) amending the amendment provisions of the Stock Option Plan.

In the event of a Change of Control and the termination of services or position of an Option holder, other than for cause, in anticipation of or within 12 months of the Change of Control, all outstanding Options granted to such Option holder shall immediately become exercisable by the Option holder until the earlier of: (i) the expiration date of the Options; and (ii) the final day of the 20 days following the termination of services or position.

#### Performance Share Unit Plan

On August 9, 2017, the Corporation adopted a Performance Share Unit Plan (the “**PSU Plan**”) to support the achievement of performance criteria and contribute to the Corporation’s future success over a three-year period. Unlike the STIP Bonus, which rewards past performance, a performance share unit (“**PSU**”) granted under the PSU Plan (an “**Award**”) is awarded to an employee or affiliate of the Corporation (the “**Participant**”) to incentivize services rendered or to be rendered in the calendar year the award is made

<sup>2</sup> For the purposes of this formula, “**market price**” means the volume weighted average trading price of the Shares for the five trading days prior to the date of delivery of a notice of exercise by the holder to the Corporation.

<sup>3</sup> By way of illustration, a holder exercising 1,000 Options with an exercise price of \$2.50 per Share when the market price is \$5.00 per share will receive on a cashless exercise 500 Shares (1,000 x (\$5.00 – \$2.50)/\$5.00).

and the subsequent two years. Unless otherwise specified in the Award notice, all PSUs vest on the third anniversary of the date of grant.

The PSU Plan is administered by the Board of Directors, which may, in its sole discretion (i) determine the individuals and entities (from among the Participants) to whom grants under the PSU Plan may be made, (ii) make grants of Awards under the PSU Plan relating to the issuance of Shares in such amounts, to such persons and on such terms and conditions as it determines including, the time(s) at which Awards may be granted, the conditions under which Awards may be granted or forfeited, the number of Shares covered by any Award, whether restrictions or limitations are to be imposed on the Shares issuable pursuant to an Award (and the nature of such restrictions or limitations, if any), and any acceleration of vesting or waiver of termination regarding any Award, (iii) establish the form(s) of Award agreements, (iv) cancel, amend, adjust or otherwise change any Award, (v) construe and interpret the PSU Plan and all Award agreements, (vi) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to the PSU Plan and (vii) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the PSU Plan.

Each PSU consists of a right to receive a Share, which is subject to vesting over time. The right may also be conditional upon the achievement of specific performance targets or goals (the “**Performance Targets**”) during the three-year period in which the award is granted (the “**Performance Period**”). The Performance Targets may be based upon the achievement of corporate, divisional or individual targets or goals, and may be applied to performance relative to an index or comparator group, or on any other basis determined by the Board of Directors. The Board of Directors may modify, at any time, the Performance Targets as necessary to align them with the Corporation’s corporate objectives. The Performance Targets may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payouts will be made (or specified vesting will occur), and a maximum level of performance above which no additional amount will be paid out (or at which full vesting will occur).

The Board of Directors may, at its sole discretion, pay the Award as a lump sum cash amount, net of all withholdings required by law, on the settlement date. The amount of lump sum cash payment shall be calculated by multiplying the number of PSUs which, after giving effect to any Performance Targets for the Award, have vested as of a vesting date, by the volume weighted average trading price of the Shares on the Toronto Stock Exchange for the five trading days immediately preceding the settlement date, net of all withholdings required by law.

The Board of Directors may from time to time, amend, modify, change, suspend or terminate the PSU Plan or any Awards granted pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that: (i) no such amendment, modification, change, suspension or termination may materially impair any accrued rights of a Participant or materially increase any obligations of a Participant under the PSU Plan without the consent of the Participant, unless the Board of Directors determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements.

Except as otherwise may be permitted by the Board of Directors, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect.

## Deferred Share Unit Plan

The Deferred Share Unit Plan is available to the independent, non-employee directors of the Corporation and was originally adopted by the unitholders of IBI Income Fund in 2009. The Deferred Share Unit Plan is intended to enhance the Corporation's ability to attract and retain talented individuals to serve as Independent Directors by providing such directors with the opportunity to acquire deferred share units, thereby allowing them to participate in the long term success of the Corporation and promoting a greater alignment of interests between directors and the Shareholders of the Corporation. The Deferred Share Unit Plan is administered by the Governance and Compensation Committee of the Board of Directors, which may, in its sole discretion, impose certain conditions on the grant of deferred share units.

A deferred share unit is a unit of participation in the Deferred Share Unit Plan, equivalent in value to one Share of the Corporation, credited by means of a bookkeeping entry to the account maintained in the records of the Corporation for each director participating in the Deferred Share Unit Plan. Corporate directors may elect to receive all or a portion of their annual compensation (the annual retainer and compensation for attendance at meetings of the Board of Directors and for acting as chair of a committee) in the form of deferred share units.

Deferred share units granted to a director are credited to the director's account in quarterly instalments effective as of the last business day of March, June, September and December (the "**Reference Date**"). The number of deferred share units to be credited to a director's account each quarter will be determined based on the portion of the compensation that the director has elected to receive in the form of deferred share units and the market value of the Shares (based on the weighted average trading price of a Share on the Toronto Stock Exchange on the five days prior to the applicable Reference Date). If the Corporation declares dividends on Shares, the account maintained for each director will be credited with additional deferred share units in respect of an equivalent dividend on such director's deferred units.

Deferred share units are fully vested at the time granted, but are not redeemable until a director ceases to be a director of the Corporation. When a director ceases to be a director of the Corporation, the deferred share units in the director's account will be redeemed, and the director may elect to receive, without being required to make any payment, either (i) Shares issued from treasury equal to the number of deferred share units in the director's account (less any Shares withheld by the Corporation to satisfy withholding tax obligations), or (ii) a cash payment equal to the market value of such Shares, based on the weighted average trading price of a Share on the Toronto Stock Exchange for the five days prior to the redemption date (less applicable withholding taxes).

Shares in respect of deferred share units that are redeemed for cash shall be available for subsequent deferred share units.

The rights and interests of a director in respect of deferred share units are not transferable or assignable other than to a director's estate.

The Board of Directors may amend the Deferred Share Unit Plan at any time, provided that no amendment shall adversely affect the deferred share units credited to any director prior to such amendment. The Board of Directors may amend the Deferred Share Unit Plan without the approval of Shareholders, including without limitation, an amendment that: (a) is of a technical, clerical or "housekeeping" nature including, without limitation, for the purpose of curing any ambiguity, error or omission in the Deferred Share Unit Plan or to correct or supplement any provision that is inconsistent with any other provision of the Deferred Share Unit Plan; (b) responds to changes in legislation, regulations, stock exchange rules or accounting or auditing requirements; (c) is with respect to administration of the Deferred Share Unit Plan;

(d) adds or modifies vesting or redemption provisions of the Deferred Share Unit Plan or any deferred share unit; (e) is with respect to the eligibility of any director; (f) facilitates the participation in the Deferred Share Unit Plan by, and the granting of deferred share units to, directors who are subject to the laws of countries other than those of Canada, which grants may have terms and conditions that differ from the terms thereof as provided elsewhere in the Deferred Share Unit Plan for the purpose of complying with foreign laws; (g) facilitates a cash payment option under the Deferred Share Unit Plan; (h) reflects any subdivision, consolidation or distribution of Shares or other alterations of the capital of the Corporation; and (i) suspends or terminates the Deferred Share Unit Plan.

The Board of Directors may, in its sole discretion and without the consent of any director as a participant in the Deferred Share Unit Plan, terminate or suspend the Deferred Share Unit Plan at any time, provided that the deferred share units credited to any director prior to such termination or suspension shall not be adversely affected.

The total number of Shares issuable under the Deferred Share Unit Plan is 1,248,337 Shares, representing 4.0% of the 31,219,211 Shares that are currently issued and outstanding (or 3.3% on a partially diluted basis, assuming the exchange of the Class B Units for Shares). The Deferred Share Unit Plan was amended in 2016 to increase the total number of Shares issuable under the plan from 532,555 Shares to 1,248,337 Shares, and the amendment was approved by Shareholders at the annual meeting held on May 11, 2016. An aggregate of 349,403 deferred share units are outstanding as of the date hereof, representing, assuming they will be redeemed for Shares, 0.01% of the issued and outstanding Shares (or 0.01% on a partially diluted basis, assuming the exchange of the Class B Units for Shares). To date deferred share units have been redeemed for an aggregate of 113,991 Shares on the retirement of directors. An aggregate of 898,934 deferred share units remain available for issuance under the Deferred Share Unit Plan.

In addition to the total limit on Shares issuable, the Deferred Share Unit Plan provides for the following limits: (a) the number of Shares issued under the Deferred Share Unit Plan and any of the Corporation's other security based compensation arrangements to Insiders, within any one year period, shall not exceed 10% of the issued and outstanding Shares; and (b) the number of Shares issuable under the Deferred Share Unit Plan and any of the Corporation's other security based compensation arrangements to Insiders shall not exceed 10% of the issued and outstanding Shares.

Other than under the Deferred Share Unit Plan, none of the directors receive any share-based awards, option-based awards or non-equity incentive plan compensation as directors.

### **Compensation Governance**

The Board of Directors has a Governance and Compensation Committee which has the responsibility for, among other things, assisting the directors in fulfilling their responsibilities relating to the compensation of management of IBI Group and directors of the Corporation.

The Governance and Compensation Committee of the Board of Directors is comprised of the following four directors: Dale Richmond (Chair), Lorraine Bell, John Reid and Michael Nobrega. Jane Bird was a member of the committee until January 5, 2018, when she resigned as a director of the Corporation. The Board has determined that all members are currently "independent" as determined in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Each of the members of the Governance and Compensation Committee of the Board of Directors has relevant direct experience in matters of executive compensation. The members have experience in chief executive officer roles and as directors of public companies and two of the members are or have been

members of compensation committees of other public companies. The skills and experience of the members of the committee enable the committee to make decisions on the suitability of compensation policies and practices.

With respect to the compensation of the directors, the Governance and Compensation Committee reviews and recommends compensation to the directors, including annual retainer, meeting fees and other benefits conferred upon the directors. The Committee reviews the compensation being paid to directors of comparable issuers and makes recommendations to the Board with respect to any proposed changes to the compensation of the directors.

With respect to the compensation of the executive officers, the Governance and Compensation Committee approves the compensation policy pursuant to which the following are determined each year: (i) the amount of the Partners Compensation Amount paid by IBI Group to the Management Partnership; and (ii) the allocation to each corporation which is a partner of the Management Partnership, and of which a member of management is principal, of its share of the Partners Compensation Amount.

Willis Towers Watson has been retained to provide consulting services to assist the Governance and Compensation Committee and the Board in designing a short and long term incentive program for the Chief Executive Officer, President and Chief Financial Officer, and to assist in assessing the competitiveness of compensation for the Board of Directors. Willis Towers Watson was originally retained in August 2013.

In addition to compensation services, Willis Towers Watson were also asked to provide advice and guidance on the design and implementation of an employee share purchase plan, and the design of a succession planning framework to be applied to the Chief Executive Officer, President and Chief Financial Officer roles. Other services provided to the Corporation at the request of management are approved by the Chief Executive Officer and do not require pre-approval by the Board or the Governance and Compensation Committee.

#### ***Executive Compensation-Related Fees***

During the Corporation's fiscal year ended December 31, 2017, Willis Towers Watson billed the Corporation the following aggregate amounts, respectively, for services related to determining compensation for directors and executive officers: \$42,497 (with respect to the review of the stock option program), and \$91,126 (\$32,782 with respect to the 2017 short term and long term incentive plan, and \$3,104 with respect to director compensation review).

#### ***All Other Fees***

During the Corporation's fiscal year ended December 31, 2017, Willis Towers Watson billed the Corporation the following aggregate amounts, respectively, for other services not included in the amounts reported above under "Executive Compensation-Related Fees": \$8,016 (with respect to advice in the implementation of IBI's career framework) and \$47,224 (with respect to advice and guidance on the design and implementation of an employee share purchase plan, and assistance in the design of a succession planning framework to be applied for the Chief Executive Officer, President and Chief Financial Officer roles).





**Notes:**

- (1) PSUs were granted on August 9, 2017 and January 1, 2018. The January 2018 grant is not included above. The final PSU award is subject to a multiplier based on specified performance targets and can range from 0 to 1.5 times the award amount.
- (2) Option-based awards represent the grant date fair value of the options granted to the NEO during the year. The fair value of the option-based award is calculated using the generally accepted Black-Scholes valuation model, using the assumptions described below.

**Stock Options – Values and Assumptions**

Fair value at grant date	\$1.16
Share price at grant date	\$2.13
Exercise price	\$2.33
Expected volatility (weighted average)	62.17%
Expected life (weighted average)	6 years
Expected dividends	0%
Risk-free interest rate	0.72%

- (3) Represents cash bonus payments.
- (4) No payment were made in respect of the year ended December 31, 2017.
- (5) Represents bonus payments paid with options. The fair value of the option-based award is calculated using the generally accepted Black-Scholes valuation model, using the assumptions described below.

**Stock Options – Values and Assumptions**

Fair value at grant date	\$2.54
Share price at grant date	\$4.34
Exercise price	\$4.49
Expected volatility (weighted average)	64.5%
Expected life (weighted average)	6 years
Expected dividends	0%
Risk-free interest rate	0.92%

- (6) Mr. Taylor was appointed Chief Financial Officer of the Corporation on March 31, 2014.
- (7) Represents bonus payments paid with options. The fair value of the option-based award is calculated using the generally accepted Black-Scholes valuation model, using the assumptions described below.

**Stock Options – Values and Assumptions**

Fair value at grant date	\$4.35
Share price at grant date	\$7.30
Exercise price	\$7.01
Expected volatility (weighted average)	65.1%
Expected life (weighted average)	6 years
Expected dividends	0%
Risk-free interest rate	1.14%

- (8) Represents Long-Term Incentive payment paid with options. The fair value of the option-based award is calculated using the generally accepted Black-Scholes valuation model, using the assumptions described below.

**Stock Options – Values and Assumptions**

Fair value at grant date	\$4.01
Share price at grant date	\$6.77
Exercise price	\$6.79
Expected volatility (weighted average)	65.0%
Expected life (weighted average)	6 years
Expected dividends	0%
Risk-free interest rate	1.61%

- (9) Represents bonus payments paid with options. The fair value of the option-based award is calculated using the generally accepted Black-Scholes valuation model, using the assumptions described below.

**Stock Options – Values and Assumptions**

Fair value at grant date	\$3.93
Share price at grant date	\$6.63
Exercise price	\$6.63
Expected volatility (weighted average)	65.2%
Expected life (weighted average)	6 years
Expected dividends	0%
Risk-free interest rate	1.60%

**Outstanding share-based awards and option-based awards**

The following table sets out the details with respect to the awards for each NEO outstanding as at December 31, 2017.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Scott Stewart</b> Chief Executive Officer	125,000 99,213 33,947 37,406	2.33 4.49 7.0089 6.79	Jan 15, 2026 May 25, 2026 May 12, 2027 Aug 9, 2027	727,500 363,120 38,737 50,872	18,212	121,702	nil
<b>Stephen Taylor</b> Chief Financial Officer	35,000 9,457 11,577	2.33 7.0089 6.79	Jan 15, 2026 May 12, 2027 Aug 9, 2027	203,700 10,791 15,745	5,636	92,178	nil
<b>David Thom</b> President	35,000 25,703 28,332	2.33 7.0089 6.79	Jan 15, 2026 May 12, 2027 Aug 9, 2027	203,700 29,330 38,532	13,794	37,665	nil
<b>Peter Moore</b> Regional Manager, Canada West	30,000 25,000	2.33 6.6663	Jan 15, 2026 July 17, 2027	174,600 37,093	nil	nil	nil
<b>Derek Sims</b> Global Sector Lead, Intelligence	15,000 15,000	2.33 6.6663	Jan 15, 2026 July 17, 2027	87,300 22,255	nil	nil	nil

**Note:**

(1) Based on the closing price of the Shares on the TSX on December 31, 2017, being \$8.02 per Share, and the option exercise price of the stock options.

### Incentive plan awards – value vested or earned during the year

The following table sets out the details with respect to the value vested of all awards for each NEO for the financial year ended December 31, 2017.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Scott Stewart</b> Chief Executive Officer	594,342	nil	nil
<b>Stephen Taylor</b> Chief Financial Officer	133,920	nil	nil
<b>David Thom</b> President	133,920	nil	nil
<b>Peter Moore</b> Regional Manager, Canada West	114,595	nil	nil
<b>Derek Sims</b> Global Sector Lead, Intelligence	57,394	nil	nil

**Note:**

(1) 378,038 stock options had vested in the financial year ended December 31, 2017. The stock options vest as to one third in each of 2017, 2018 and 2019.

### Equity Compensation Plan Information

The following table sets out information on the Corporation's Stock Option Plan as at December 31, 2017. The Corporation does not have equity compensation plans that have not been approved by Shareholders.

Plan Category	Number of Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Shares remaining available for future issuance under equity compensation plans (excluding Shares reflected in the first column)
Equity compensation plan approved by Shareholders (Stock Option Plan)	1,078,801	\$4.37	658,133

### Long-Term Incentive Plan Awards

The Management Partnership is eligible to participate in IBI Group’s long-term incentive plan (the “LTIP”). The purpose of the LTIP is to provide senior management of IBI Group, indirectly through the Management Partnership, with compensation opportunities that will encourage ownership of Shares, enhance IBI Group’s ability to attract, retain and motivate key personnel and reward key senior management for significant performance and associated per Share cash flow growth of the Corporation. Pursuant to the LTIP, IBI Group sets aside a pool of funds based upon the amount by which the Corporation’s per Share dividends exceed certain per Share distributable cash threshold amounts. A trustee under the LTIP then purchases Shares in the market with such pool of funds. The Management Partnership has the power to, among other things, determine: (i) those persons who will receive the benefits of the Management Partnership’s participation in the LTIP; (ii) the level of benefits to be received by each person; and (iii) the time or times when ownership of the Shares will vest.

The base per Share distribution for the purposes of the LTIP is \$1.0408767741 per Share per fiscal year (the “Base Distribution”). The Base Distribution is reviewed annually by the compensation committee of the directors of the Corporation and adjusted, if necessary. To the extent that the gross distributions per Share (including reserves held back to fund distributions under the LTIP) in any year exceed the Base Distribution by 5% or more but less than 10%, an amount equal to 10% of the aggregate gross distributions per Share in excess of the Base Distribution is used to fund the LTIP, and to the extent that the gross distributions per Share exceed the Base Distribution by 10% or more, an amount equal to 20% of the aggregate gross distributions per Share in excess of the Base Distribution is used to fund the LTIP.

During the fiscal year ended December 31, 2017, no funds were disbursed under the LTIP.

### Pension Plan Benefits

The Corporation does not provide pension plans to executive officers that provide for payments or benefits at, following, or in connection with retirement.

### Change of Control Benefits

The Corporation entered into an employment agreement with each of Scott Stewart, the Chief Executive Officer of the Corporation and David Thom, the President of the Corporation, in 2015 and with Stephen Taylor, the Chief Financial Officer of the Corporation, in 2016.

In the event of a change of control of the Corporation and in the following 12 months the Corporation terminates Mr. Stewart’s or Mr. Thom’s employment without cause, the Corporation will pay the terminated executive, within 15 days following the termination date (a) all unpaid salary or wages and accrued but unused vacation pay; (b) a lump sum equal to two times the then current annual base salary and, in the case of Mr. Stewart, the amount received via the Partners Compensation Amount, but only to

the extent such amounts have been approved by the Board or disclosed in the Corporation's most recent management information circular for its annual meeting of shareholders; and (c) a lump sum equal to the sum of the bonuses, if any, actually paid in the two most recent fiscal years of the Corporation. Amounts paid by the Corporation pursuant to the change of control provision in any year will be an expense of the Corporation to be funded by distributions from IBI Group, and a corresponding deduction will be made to the Partners Compensation Amount payable to the Management Partnership under the Administration Agreement.

In the event of a change of control of the Corporation and in the following 6 months the Corporation terminates or is deemed to terminate Mr. Taylor's employment without cause, the Corporation will pay the terminated executive (a) all unpaid salary or wages and accrued but unused vacation pay; and (b) payment in lieu of notice, by way of lump sum or regular salary continuance payments, equal to 18 months' pay based on the current annual base salary and average bonuses, if any, paid in the two most recent fiscal years of the Corporation.

If there is a change of control and the executive voluntarily leaves the employ of the Corporation, the executive shall not be entitled to any of the foregoing payments.

The following sets out the estimated payment amounts in the event of termination of employment without cause following a change of control:

<u>Name</u>	<u>Termination Payment</u>
Scott Stewart	\$1,372,000
David Thom	\$1,298,000
Stephen Taylor	\$462,000

#### **DIRECTOR COMPENSATION**

For the year ended December 31, 2017, each director (other than directors who were not Independent Directors, who received no remuneration for acting as directors) was entitled to receive compensation of \$35,000 per annum and a meeting fee for each meeting of directors or committee of the directors attended (whether in person or by conference telephone call) of \$1,000 for special meetings of less than two hours, \$1,500 for regular meetings of two hours or more and \$3,000 for all day meetings. In addition, the Chair of the Board of Directors was entitled to receive an additional fee of \$35,000 for acting as such, and the Chair of the Audit Committee and the Chair of the Governance and Compensation Committee were entitled to receive additional fees of \$15,000 and \$12,500, respectively, for acting as such. Members of committees who do not act as chair were entitled to receive an additional fee of \$5,000 per annum. The Corporation also reimburses the directors for out-of-pocket expenses for attending director meetings and directors participate in the insurance and indemnification arrangements described below. See "Directors' and Officers' Insurance".

Beginning in 2016, Independent Directors are awarded 2,000 deferred share units under the Corporation's deferred share unit plan per quarter, in addition to the above compensation.

The following table sets forth all compensation earned by the directors of the Corporation during the financial year ended December 31, 2017.

Name	Fees Earned (cash) (\$)	Share-based Awards <sup>(1)</sup> (\$)	Option-based (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Dale Richmond	nil	178,460	nil	nil	nil	nil	178,460
Lorraine Bell <sup>(2)</sup>	146,665	nil	nil	nil	nil	nil	146,665
Jane Bird <sup>(3)</sup>	35,000	100,665	nil	nil	nil	nil	135,665
Juri Pill	nil	31,950	nil	nil	nil	nil	31,950
Michael Nobrega	nil	90,451	nil	nil	nil	nil	90,451
John Reid	nil	89,541	nil	nil	nil	nil	89,541

**Notes:**

- (1) Represents fees earned by directors paid in the form of deferred share units of the Corporation. See "Deferred Share Unit Plan" below for a description of payments under the Deferred Share Unit Plan.
- (2) As Ms. Bell is not resident in Canada she is not eligible to earn fees in deferred share units of the Corporation.
- (3) Ms. Bird resigned as a director of the Corporation on January 5, 2018.

### **DIRECTORS' AND OFFICERS' INSURANCE**

The directors and officers of the Corporation are covered under a directors' and officers' insurance policy that provides an aggregate limit of liability applicable to the insured individuals of \$50,000,000, inclusive of cost to defend claims.

The by-laws of the Corporation provide for the indemnification of the directors of the Corporation from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties as directors of the Corporation, subject to certain usual limitations.

### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No individual who is, or at any time during the year ended December 31, 2017 was, a director or executive officer of IBI Group or the Corporation or any associate of any such person, has at any time since January 1, 2017 been indebted to the Corporation or is now indebted to the Corporation or any of its subsidiaries or has indebtedness to another entity that is, or at any time since January 1, 2017 has been, the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of the directors, no director or executive officer of the Corporation or director or executive officer of any affiliate of the Corporation, or any person who beneficially owns, directly or indirectly, voting securities of the Corporation, or who exercises control or direction over voting securities of the Corporation, or a combination of both, carrying more than 10% of all voting rights attached to all voting securities of the Corporation or proposed nominee for election as a director, or any associate or affiliate of any such person, had any material interest, direct or indirect, in any transaction or proposed transaction since January 1, 2018 which has materially affected or would materially affect the Corporation or any of its subsidiaries, other than as disclosed in this Circular and except for the transactions described under the heading "Interests of Management and Others in Material Transactions" in the Corporation's annual information form dated March 27, 2018 which disclosure is incorporated by reference herein.

## GOVERNANCE

### General

The Corporation is administered by the directors and by IBI Group which provides administrative services to the Corporation pursuant to the Administration Agreement to the extent that such services are not provided by the Corporation's employees. IBI Group (and its subsidiaries) are also the entities which carry on the operating business of the Corporation.

The board of directors of the Corporation, pursuant to the IBI Group Partnership Agreement, has the authority and responsibility to exercise general oversight over IBI Group and to approve general policies for the operation of IBI Group and to ensure compliance with such policies. Such authority of the directors includes all customary elements of board authority as if IBI Group were a corporation governed by the *Business Corporations Act* (Ontario). The directors of the Corporation maintain an Audit Committee and a Governance and Compensation Committee.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires the Corporation to disclose, on an annual basis, its approach to corporate governance with reference to the guidelines provided in National Policy 58-201 – *Corporate Governance Guidelines* (the “**Guidelines**”).

The Board and the management of IBI Group (“**management**”) recognize that effective governance practices are fundamental to the long-term success of the Corporation. Sound governance contributes to Shareholder value through increased confidence. The Board and management are, therefore, committed to maintaining a high standard of governance in substantial conformity with the Guidelines.

The Board and its committees operate under charters that clearly define their roles and responsibilities.

### Board

Independence of the Board is essential to the Board fulfilling its role in overseeing the Corporation's business and affairs. The Board has determined that, in 2017, a majority of its members, being Dale Richmond, Lorraine Bell, Jane Bird, John Reid and Michael Nobrega were “independent” as determined in accordance with NI 58-101. Subject to shareholder approval, as of May 10, 2018, Ms. Krywiak will serve as an additional Independent Director. In determining whether a director is an Independent Director, the Board considers, among other things, whether the director has a direct or indirect material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Currently, Scott Stewart, the Chief Executive Officer of the corporation and IBI Group, and David Thom, the President of the Corporation and IBI Group, are members of management of IBI Group, the operating entity of the Corporation, as well as principals or partners of the Management Partnership which holds, with its affiliated partnerships, 35.3% of the issued and outstanding Shares (on a partially-diluted basis, assuming the exchange of the Class B Units for Shares), and are, therefore, considered by the Board not to be independent. The Chairman of the Board is Dale Richmond, who is an Independent Director.

The Board meets regularly to review the business operations and financial results of the Corporation. Meetings of the Board include regular meetings with management to review and discuss specific aspects of the operations of the Corporation. The Chairman of the Board chairs all meetings and reviews the agenda for each Board meeting with management. The Board also functions independently of management by holding sessions without the non-independent directors or any members of management

present. Sessions are held with only the Independent Directors present at all scheduled quarterly Board meetings and at other times throughout the year as required. Since January 1, 2017, the directors have held 8 sessions without the non-independent directors or any members of management present.

The following table sets forth the names of other reporting issuers for which any of the Corporation's current directors also serve as a director:

<u>Name</u>	<u>Reporting Issuer</u>
Lorraine Bell	Brookfield Real Estate Services Inc.
Michael Nobrega	Toronto Hydro Corporation

The following table sets forth a summary of meeting attendance by each of the Corporation's current directors for Board meetings held since January 1, 2017 (including a meeting of the independent members of the Board without management being present):

<u>Director</u>	<u>Board Meetings Eligible to Attend<sup>(1)</sup></u>	<u>Board Meetings Attended</u>
Dale Richmond	25	21
Lorraine Bell	25	24
John Reid	14	14
Michael Nobrega	14	13
Scott Stewart	25	25
David Thom	25	24

**Note:**

(1) Board meetings include all committee meetings.

**Board Charter**

The Board of Directors of the Corporation has adopted a board charter, setting out the Board's mandate and responsibilities. A copy of the board charter is attached to this Circular as "Schedule A".

**Position Descriptions**

The Board has developed a written position description for the Chair of the Board. The Chair is responsible for the management, the development and the effective performance of the Board, and provides leadership to the Board for all aspects of the Board's work. The Chair takes all reasonable measures to ensure that the Board has structures and procedures in place to enable it to function independently of management, carries out its responsibilities effectively, and clearly understands and respects the boundaries between Board and management responsibilities. The Chair acts in an advisory capacity to the Chief Executive Officer and to other officers in all matters concerning the interests and management of the Corporation and, in consultation with the Chief Executive Officer, plays a role in the Corporation's external relationships.

While the Board has not developed written position descriptions for the chairs of any committee of the Board, the chairs of the committees of the Board are expected to supervise the activities of such committees and to ensure that such committees are taking all steps necessary to fulfil their respective mandates.

The Board is responsible for the overall stewardship of the Corporation, including overseeing management of the Corporation and reviewing and approving long-term strategy with a view to ensuring that management is working to maximize Shareholder value in a way that is consistent with good corporate citizenship, and the Chief Executive Officer is responsible for implementing the Corporation's strategic plan and business objectives as prepared by management and submitted to the Board annually. The Corporation has not developed a formal mandate for the Chief Executive Officer as it considers that the Chief Executive Officer's role is to implement the Corporation's plan and objectives. The Board is also responsible for satisfying itself, to the extent feasible, as to the integrity of the officers of the Corporation and of the Chief Executive Officer and other members of management of IBI Group, and that the officers of the Corporation and the Chief Executive Officer and other members of the management of IBI Group create a culture of integrity throughout the organization.

### **Orientation and Continuing Education**

Newly-appointed directors are provided with a directors' handbook, which includes corporate policies, the Corporation's recent continuous disclosure documents and minutes of previous meetings of the Board. The directors' handbook is regularly updated and kept current. The Board ensures that prospective candidates fully understand the role of the Board and its committees and the contribution that individual directors are expected to make, including the commitment of time required.

The Board ensures its members' skills and knowledge are maintained for the performance of their necessary functions through assessment procedures that include the Governance and Compensation Committee's annual Board review and nomination process.

### **Ethical Business Conduct**

The Board has had a formal written Code of Business Conduct and Ethics as well as a Whistleblower Policy since October 2004 which were consolidated into a single Code of Conduct and Ethics in 2017 (the "Code"). The Code and the Whistleblower Policy were circulated to directors, trustees, executive officers and employees at the time of adoption and again in 2012, and are provided to all new directors, executive officers and employees.

Copies of the Code may be obtained upon request without charge from the Chief Financial Officer of IBI Group, 55 St. Clair Avenue West, 7th Floor, Toronto, Ontario, M4V 2Y7, Telephone (416) 596-1930 and it is also available electronically at [www.sedar.com](http://www.sedar.com).

The Board formally monitors compliance with the Code through regular reporting at regular Board meetings. Additionally, the Code specifically states that any employee who observes or becomes aware of an actual or potential violation of the Code or of any law or regulation may report it to the chair of the Audit Committee, on a confidential, anonymous basis if desired, and such employee shall be protected from retaliation for good faith reporting of compliance concerns or violations.

The Code includes a whistleblower policy which provides a process for employees to submit reports, on a confidential anonymous basis if desired, regarding questionable accounting, internal accounting controls or auditing matters, or violations of the Code, and for the protection of employees who submit such reports in good faith.

There have been no material change reports filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.



In circumstances in which the Board must consider transactions and agreements in respect of which a director or officer has a material interest, the nature of such interest is declared, and the affected individual does not participate in the vote on the matter. This is mandated by the IBI Group Partnership Agreement.

### **Nomination of Directors, Compensation and Assessments**

The Board has a Governance and Compensation Committee, which has a mandate that includes responsibility for recruiting and selecting nominees and making recommendations to the Board. As of March 27, 2018, this Committee is composed of four Independent Directors, being Dale Richmond (Chair), Lorraine Bell, John Reid and Michael Nobrega.

New candidates for nomination as directors may be identified through business contacts of the directors and management, by references from professional service consultants and by a review of the candidate data base maintained by the Institute of Corporate Directors. Qualified individuals will then be discussed by the Governance and Compensation Committee with a view to determining which candidates would best fulfill the needs of the Corporation given the competencies and skills that the remaining directors possess, and the Governance and Compensation Committee will then propose to the Board the individuals that it recommends be nominated as directors.

Discussion of compensation of directors and executive officers and the role of the Governance and Compensation Committee with respect to compensation is set out above under "Statement of Executive Compensation – Compensation Governance."

In addition to its nominating and compensation functions, the Governance and Compensation Committee's primary duties and responsibilities are to:

- assist in the orientation and education of new directors;
- assess the composition and effectiveness of the directors as a whole as well as discuss the contribution of individual directors; and
- develop and assess the Corporation's approach to governance issues.

To ensure board renewal, the Governance and Compensation Committee's mandate includes responsibility for assessing, on an annual basis, the effectiveness of the Board and its various committees, and the contribution of individual directors, including making recommendations, where appropriate, that sitting directors be removed or not re-appointed. This assessment process is done through an annual board survey, the results of which are then reviewed by the Governance and Compensation Committee and presented to and discussed with the Board.

### **Director Term Limits**

The Board has adopted a term limit policy for Independent Directors, appointed to the Board after January 1, 2015, in order to balance the benefit of experience and the need for renewal and new perspectives. Under the policy, Independent Directors may serve up to a maximum of 10 years, assuming they are re-elected annually, they receive solid annual performance assessments and they meet all applicable legal requirements. The Governance and Compensation Committee has the discretion to

recommend that the Board extend a director's term for such period as the committee deems appropriate if it is in the best interests of the Corporation to do so.

### **Gender Diversity**

The Board has adopted a written gender diversity policy with respect to the identification and nomination of women directors. The objective of the policy is to continue to strengthen the Corporation, maximize shareholder returns and better lead the Corporation by recruiting and managing on the basis of the gender diversity, competence, qualification and performance of Board members. The policy provides that the Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of suitable candidates and using external advisors where necessary.

Under the policy, the Board is responsible for developing, where possible, measurable objectives and strategies to meet the objectives of the policy, and for monitoring the progress of the objectives through evaluation and reporting. The Governance and Compensation Committee will monitor the scope and currency of the policy and will review the policy from time to time as appropriate to ensure its effectiveness.

The Corporation has adopted a target that at least 25% of Board members should be women. The Corporation currently has two women on the Board, representing 29% of the members of the Board. The Corporation has not set a specific target regarding women in executive officer positions due to the infrequent turnover of executive officers. Currently there are no women in executive officer positions (CEO, President, CFO and Regional Managers), although two senior management positions (Global Director, Human Resources and Deputy Regional Director, Canada East) are held by women, representing 7.4% of senior management. The Corporation considers the level of representation of women when making executive officer appointments by taking into consideration candidates' potential to reflect appropriate diversity, and is committed to the recruitment, development and promotion of qualified women candidates.

### **Audit Committee**

The Audit Committee of the Board is currently comprised of four directors, being Lorraine Bell (Chair), Dale Richmond, John Reid and Michael Nobrega, each of whom is considered by the Board to be an Independent Director.

The Audit Committee meets at least four times per year to review the Corporation's quarterly and annual financial statements. The Board periodically reviews the mandate of the Audit Committee as well as the members of the Audit Committee to confirm each member's financial literacy. The Audit Committee's mandate provides that the Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities and that its primary duties and responsibilities are to:

- recommend to the directors (a) the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review and attest services for the Corporation, and (b) the compensation of the external auditors;
- oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant;

- pre-approve all audit and non-audit services not prohibited by law to be provided to the Corporation by the external auditors;
- review the financial statements of the Corporation and recommend to the directors whether or not they should be approved;
- review the Corporation's interim and annual earnings news releases and any other public disclosure documents that are required to be reviewed by the Audit Committee under any applicable laws prior to their public disclosure and/or filing with any governmental body;
- review the plans of the auditors to determine whether the committee believes that the proposed combined evaluation and testing of controls will be comprehensive, well-coordinated, cost effective and appropriate to risks, business activities and changing circumstances; and
- establish procedures for the receipt, retention and treatment of reports received by the Corporation regarding accounting, internal accounting controls, auditing matters or violations of the Code, and the confidential, anonymous submission by employees of such reports.

The Audit Committee has the authority to conduct or authorize any investigations into any matters within the scope of its responsibilities, and to communicate directly with the external auditors as well as any of the Corporation's executive officers and employees. The Audit Committee has the ability to retain, at the Corporation's expense, independent counsel and other advisors as it deems necessary to carry out its duties. All members of the Audit Committee are financially literate, having accounting and related financial management expertise.

### **Shareholder Communications**

The Board has had a formal disclosure policy in place since October 2004 which was updated and approved by the Board in 2017. The purpose of this policy is to ensure that the Corporation and all persons to whom the policy applies meet their obligations under the provisions of securities laws and stock exchange rules by establishing processes designed to ensure the timely disclosure of all material information, that all persons to whom the disclosure policy applies understand their obligations to preserve the confidentiality of undisclosed material information, and that all appropriate parties who have undisclosed material information are prohibited from insider trading and tipping under applicable laws, stock exchange rules and the disclosure policy. Shareholder communications are, in general, the responsibility of the Chief Executive Officer and the Chief Financial Officer of the Corporation.

### **OTHER BUSINESS**

The directors of the Corporation are not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

### **ADDITIONAL INFORMATION**

Copies of the Corporation's financial statements for the year ended December 31, 2017, together with the report of the auditors thereon, management's discussion and analysis, the interim financial statements of the Corporation for periods subsequent to the end of the Corporation's last fiscal year, the

current annual information form (together with any document incorporated therein by reference) of the Corporation and this Circular are available upon written request from the Chief Financial Officer of IBI Group, 55 St. Clair Avenue West, 7th Floor, Toronto, Ontario M4V 2Y7. These documents and additional information concerning the Corporation are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The information required by Form 52-110F1 under National Instrument 52-110 – Audit Committees can be found under the heading “Directors and Executive Officers – Governance – Audit Committee” in the Corporation’s annual information form dated March 27, 2018.

#### **APPROVAL OF DIRECTORS**

The contents and the sending of this Circular to the Shareholders have been approved by the directors of the Corporation.

Date: March 27, 2018

By order of the Board of Directors,

(Signed) “*Dale Richmond*”

Chairman of the Board of Directors

## **IBI GROUP INC.**

### **SCHEDULE "A"**

#### **CHARTER OF THE BOARD OF DIRECTORS**

##### **I. PURPOSE**

The Board of Directors (the “**Board**”) of IBI Group Inc. (the “**Corporation**”), is responsible for the stewardship of the Corporation, the oversight and general supervision of the management of the business, and for acting in the best interests of the Corporation, its shareholders and its other stakeholders. The Corporation serves as a partner in the IBI Group (“**IBI Group**”), the operating entity carrying on the business of the Corporation.

The Board discharges its oversight responsibilities directly and through its committees, currently consisting of the Audit Committee, and the Governance and Compensation Committee. In addition, the Board may from time to time, appoint such additional committees as it deems necessary and appropriate in order to discharge its duties. The Board discharges its responsibility for overseeing the management of the business and affairs of the Corporation, IBI Group and their respective subsidiaries (collectively, the “**IBI Group Entities**”), by delegating responsibility for day-to-day management to senior officers of the IBI Group Entities.

The Board shall meet regularly, but not less than once each quarter. The Board will also hold regularly scheduled meetings of the independent members of the Board without management being present.

##### **II. COMPOSITION**

The Board shall be constituted at all times of a majority of “Independent Directors” (as defined under applicable legal requirements, and the rules of any stock exchange on which the Corporation’s securities are listed for trading.

##### **III. RESPONSIBILITIES**

The Board’s mandate is the stewardship of the Corporation and oversight of its management, and its responsibilities include, without limitation to its general mandate, the following specific responsibilities:

1. Overseeing the strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the business opportunities and business risks identified by the Board and/or the Audit Committee, and to monitor performance against the strategic plan.
2. Approving the annual budget, and business plan, of IBI Group.
3. Reviewing quarterly financial reporting provided by the management of IBI Group and monitoring the operations of IBI Group.
4. Satisfying itself as to the integrity of the Chief Executive Officer, the President, and the other senior officers, and that such officers create a culture of integrity throughout the organization.

5. Assigning to the various committees of the Directors general responsibility for overseeing the Corporation's approach to: (i) the nomination of Directors; (ii) corporate governance; (iii) compensation of officers and senior employees; and (iv) financial reporting and internal controls.
6. With the assistance of the Governance and Compensation Committee:
  - (a) Reviewing the size and composition of the Board, assessing director independence, and appointing the Chair of the Board and Committee Chairs and members.
  - (b) Assessing, at least annually, the effectiveness of the Board as a whole, the committees of the Board, and the contribution of individual Directors.
  - (c) Ensuring that an appropriate review and selection process for new nominees as Directors is in place.
  - (d) Overseeing orientation and education programs for new Directors and ongoing educational opportunities for continuing Directors.
  - (e) Reviewing and approving corporate objectives and goals applicable to the Corporation's senior management.
  - (f) Approving the compensation of members of senior management, including the portion of the Partners Compensation Amount (as defined in the IBI Group Partnership Agreement) to be allocated to such individuals.
  - (g) Approving the policies and practices for determining the Partners Compensation Amount, and approving the aggregate amount for each year.
  - (h) Succession planning including the selection, training, appointment, monitoring, evaluation and, if necessary, the replacement of senior management to ensure management succession after taking into consideration the views of the IBI Group Management Partnership.
  - (i) Professional Assistance – The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Corporation's expense including sole authority to retain and terminate any search firm to be used to identify director candidates and to approve any such firm's fees and other retention terms.
7. With the assistance of the Audit Committee:
  - (a) Ensuring the integrity of the Corporation's internal controls and management information systems.
  - (b) Ensuring the Corporation's ethical behaviour and compliance with laws and regulations, audit and accounting principles, and the Corporation's own governing documents.
  - (c) Identifying the principal risks of the business of the Corporation and IBI Group and ensuring that the appropriate systems are in place to monitor and manage these risks.

- (d) Reviewing and approving significant operational and financial matters, and providing direction to management on these matters.
  - (e) Reviewing and approving the annual financial statements, interim financial reports, and related management's discussion and analysis.
8. Enhancing congruence between shareholder expectations, strategic and business plans, and management performance.
  9. Reviewing with management and approving as applicable, material transactions that affect the Corporation or its corporate structure including, but not limited to, those set out in the Authority Matrix.
  10. Monitoring and reviewing feedback provided by the stakeholders of the Corporation and the IBI Group Entities.
  11. Reviewing and revising from time to time as circumstances warrant, a corporate disclosure and communications policy to address communications with shareholders, employees, financial analysts, governments and regulatory authorities and the media.
  12. Reviewing, assessing and updating this Charter at least annually, as conditions dictate.
  13. Performing such other functions as prescribed by law or assigned to the Board in the by-laws of the Corporation or the IBI Group Partnership Agreement.