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IBI Group Inc.
Annual Information
Form



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GLOSSARY OF TERMS

In this annual information form, the following terms have the following meanings unless indicated otherwise:

"**\$**" or "**dollars**" refers to the lawful currency of Canada unless otherwise indicated or specified herein;

"**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 some of its partners to IBI Group and the IBI Group of firms;

"**Administration Agent**" means The Toronto-Dominion Bank, in its capacity as administration agent pursuant to the Credit Agreement;

"**APD**" has the meaning set out in "*Industry Overview – Industry Trends – Alternative Project Delivery and Outsourcing*";

"**Arrangement**" has the meaning set out in "*Corporate Structure – the Corporation*";

"**Articles**" has the meaning set out in "*Description of the Capital of the Corporation*";

"**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";

"**CBCA**" means the *Canada Business Corporations Act*, as amended;

"**CDS**" has the meaning set out in "*Description of the Capital Structure of the Corporation – Book-Entry Only System*";

"**Class A Units**" means the Class A partnership units of IBI Group, which are held by the Corporation;

"**Class B Units**" means the Class B partnership units of IBI Group, which are held by the Management Partnership;

"**Code**" has the meaning set out in "*Description of the Business – Corporate Responsibility and Commitment to ESG Principles*";

"**Corporate Director**" means a member of the board of directors of the Corporation, at the applicable time;

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

"**Credit Agreement**" means the seventh amended and restated credit agreement dated September 29, 2021 between, *inter alios*, IBI Group, the Administration Agent, and the lenders from time to time party thereto;

"**Credit Facilities**" means the credit facilities available to IBI Group pursuant to the Credit Agreement;

"**Directors**" means the senior professionals within the IBI Group of firms having the title of "Director";

"**EBITDA**" is a non-IFRS measure and is defined in the Management Discussion and Analysis definition of "Non-Financial Measures";

"**Exchange Agreement**" means the exchange agreement made as of January 1, 2016 among the Corporation, IBI Group and the Management Partnership pursuant to which the Management Partnership has the right to exchange Class B Units for Shares on the basis of one Share for each Class B Unit exchanged, subject to adjustment;

"**IBI**" means together, the Corporation and IBI Group as its operating partnership;



"**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 October 2, 2020 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 Corporate Director of the Corporation who is "independent" (as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*);

"**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;

"**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;

"**Partners Compensation Amount**" means the aggregate amount paid by IBI Group and certain of its subsidiary entities to the Management Partnership in respect of services provided to such entities by certain Directors and Associate Directors who have an indirect equity interest in the Management Partnership, which amount is determined in accordance with the compensation policies established by IBI Group and approved by the Governance and Compensation Committee of the Corporation, taking into consideration amounts such persons may otherwise receive directly from the IBI Group of firms;

"**Partnership Units**" means the Class A Units and the Class B Units;

"**P3**" has the meaning set out in "*Industry Overview – Intelligence: Systems Practice*";

"**SEDAR**" means the system for electronic document analysis and retrieval maintained by the Canadian Securities Regulators accessible at www.sedar.com;

"**Shareholders**" means the holders of Shares from time to time;

"**Shares**" means the common shares of the Corporation, listed on the TSX under the symbol "IBG";

"**TSX**" means the Toronto Stock Exchange;

"**5.5% Debentures**" means the \$40,000,000 principal amount of 5.5% convertible unsecured subordinated debentures issued on September 15, 2016 and due December 31, 2021; and

"**6.5% Debentures**" has the meaning set out in "*General Developments of the Corporation's Business – 6.5% Debentures Offering*".

1. FORWARD LOOKING STATEMENTS

Certain statements made in this annual information form that describe the Corporation, its business or management's budgets, estimates, expectations, forecasts, objectives, predictions, projections of the future or strategies may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "aims", "anticipates", "assumes", "believes", "cost savings", "could", "estimates", "expects", "goal", "intends", "may", "plans", "predicts", "projects", "should", "synergies", "targets", "will", or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. Forward-looking statements in this annual information form have been developed by management based on certain factors or assumptions, including the total amount of work the Corporation, through its affiliates, has signed agreements with clients to complete (i.e. committed work), the expected timeline for such projects based on the current pace of work the Corporation has achieved over the last 12 months and expects to achieve prospectively over the next 12 months, the credit-worthiness of such clients and prevailing industry and market trends in each of the geographical markets the Corporation conducts its business operations.

The Corporation cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes. Although management believes that the expectations conveyed by forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. The Corporation assumes no obligation to update forward-looking statements contained in this annual information form, except as required by applicable law. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Corporation's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Corporation's business and anticipated operating environment. Investors are cautioned that such information may not be appropriate for other purposes.

Forward-looking statements in this annual information form involve a number of risks and uncertainties, including those related to: (i) the Corporation's ability to maintain profitability and manage its growth; (ii) the general state of the economy; (iii) the impact of COVID-19 pandemic on the operations and financial results of IBI; (iv) the Corporation's reliance on its key professionals; (v) competition in the industry in which the Corporation operates; (vi) reputation and goodwill in the industry in which the Corporation operates; (vii) timely completion by the Corporation of projects and performance by the Corporation of its obligations; (viii) fixed-price contracts; (ix) risk of future legal proceedings against the Corporation; (x) the international operations of the Corporation; (xi) subcontractor performance; (xii) risks associated with international operations, the increasing tensions related to the ongoing conflict between Russia and Ukraine, and economic sanctions imposed in relation thereto; (xiii) regulatory risk; (xiv) reduction in the Corporation's backlog of projects; (xv) fluctuations in interest rates; (xvi) fluctuations in currency exchange rates; (xvii) upfront risk of time invested in participating in consortia bidding on large projects and projects being contracted through alternative project delivery; (xviii) information systems, cyber security, data protection and infrastructure risks; (xix) risks associated with protecting intellectual property and proprietary rights of IBI; (xx) limits under the Corporation's insurance policies and certain risks not being insurable under the Corporation's insurance policies; (xxi) dividends; (xxii) availability of benefits of certain government sponsored programs; (xxiii) risk of future legal proceedings resulting in a significant adverse impact on IBI's business; (xxiv) credit risk; (xxv) the Corporation's reliance on distributions from its subsidiary entities and, as a result, its susceptibility to fluctuations in their performance; (xxvi) unpredictability and volatility in the price of Shares; (xxvii) the degree to which the Corporation is leveraged and the effect of the restrictive and financial covenants in the Credit Agreement; (xxviii) the possibility that the Corporation may issue additional Shares diluting existing Shareholders' interests; (xxix) income tax matters; and (xxx) internal and disclosure controls. See "Risk Factors" below.

New risk factors may arise from time to time and it is not possible for management of the Corporation to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Corporation to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this annual information form are based upon what management believes to be reasonable assumptions, the Corporation cannot



assure investors that actual results will be consistent with these forward-looking statements and results may vary materially from projections.

2. CORPORATE STRUCTURE

2.1. The Corporation

IBI Group Inc. (the "**Corporation**") is the successor to IBI Income Fund, following the completion of the conversion of IBI Income Fund from an income trust to a corporate structure by way of a court-approved Plan of Arrangement under the CBCA on January 1, 2011 (the "**Arrangement**"). The Corporation was incorporated on June 30, 2010 under the CBCA and did not carry on any active business prior to the Arrangement. Following the Arrangement, IBI Group continued as a general partnership with two partners, a subsidiary of the Corporation and the Management Partnership. Currently, the Corporation holds all of the Class A Units and the Management Partnership holds all of the Class B Units which are exchangeable into Shares.

Through IBI Group, the Corporation is an international, multi-disciplinary provider of a broad range of professional services, products and solutions focused on the physical development of cities. The business of the Corporation is conducted indirectly through IBI Group and its subsidiary entities, including the provision of professional services and technologies in three main sectors:

INTELLIGENCE:	BUILDINGS:	INFRASTRUCTURE:
<ul style="list-style-type: none">• Software• Systems Design• Systems Integration• Operations• Managed Services	<ul style="list-style-type: none">• Architecture• Interior Design• Mechanical Engineering• Structural Engineering• Electrical Engineering	<ul style="list-style-type: none">• Civil Engineering• Landscape Architecture• Planning• Transportation• Urban Design

The Corporation markets its services and technologies through these channels and manages 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 55 St. Clair Avenue West, 7th Floor, Toronto, Ontario, Canada M4V 2Y7. The Shares are listed and trade on the TSX under the symbol "IBG".

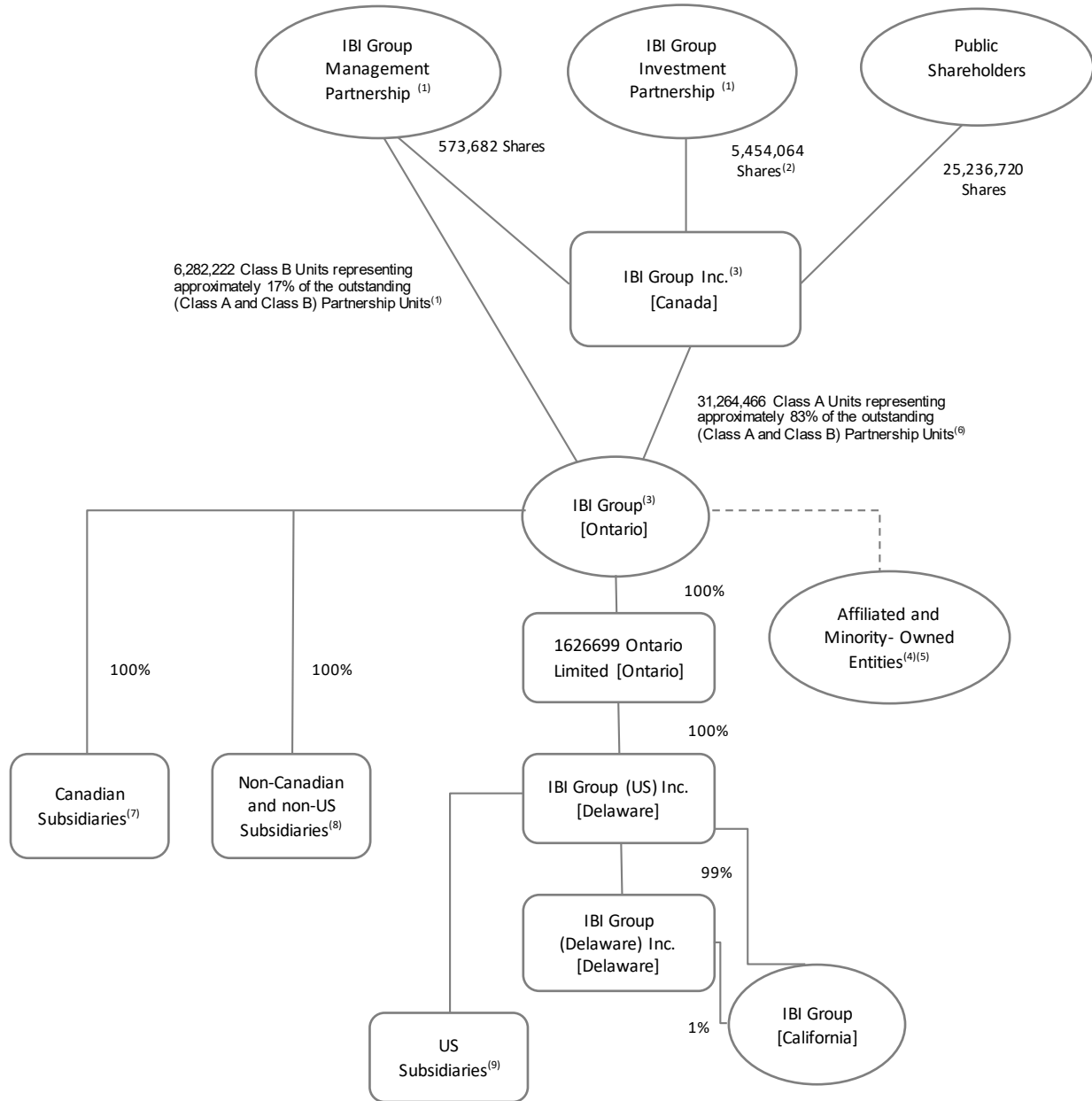
2.2. IBI Group

IBI Group is a general partnership formed under the laws of the Province of Ontario pursuant to the IBI Group Partnership Agreement to carry on the business of IBI Group. IBI Group also provides certain administrative services to the Corporation pursuant to the Administration Agreement. The Corporation holds all of the Class A Units (representing approximately 83% of the outstanding Partnership Units) and the Management Partnership holds all of the Class B Units (representing the remaining approximately 17% of the outstanding Partnership Units). In addition to the Class B Units, the Management Partnership together with its affiliated partnerships hold 7,184,701 Shares. These interests represent an interest of approximately 32.8% of IBI on a non-diluted basis, assuming no exchange of the Class B Units for Shares and approximately 32.8% on a partially diluted basis, assuming the exchange of the Class B Units for Shares.

The principal and head office of IBI Group is 55 St. Clair Avenue West, 7th Floor, Toronto, Ontario, Canada M4V 2Y7.

2.3. Structure of the Corporation

The structure of the Corporation and its principal subsidiaries and other affiliates is set out below.



Notes:

- (1) Class B Units are exchangeable into Shares. A total of 7,184,701 Shares are held by the Management Partnership and IBI Group Investment Partnership, an entity owned by the Management Partnership. IBI Group Management Partnership also holds 6,282,222 Non-Participating Voting Shares, Series 1.
- (2) The 573,682 Shares held by IBI Group Management Partnership includes 10,000 Shares held by its direct subsidiary, IBI Group Management Partnership II.
- (3) The Corporation, IBI Group and the IBI Group Management Partnership are parties to the Administration Agreement pursuant to which, among other things, IBI Group provides administrative and support services to the Corporation.
- (4) This represents the following affiliated firms:
 - IBI Group Architects (Canada) Inc. [Canada]
 - IBI Group Geomatics (Canada) Inc. [Alberta]



- IBI Group Architects, Engineers and Landscape Architects, a New York General Partnership [New York]
 - (5) In order to comply with regulations governing such practices, to the extent that it has any ownership interest at all in these firms, IBI Group maintains a minority ownership interest. The balance of the ownership interests are held in part by Directors or Associate Directors (or corporations owned by such persons). The amount of income and distributions allocated to the Class B Units is adjusted to reflect the income and cash allocated by these firms to such Directors or Associate Directors (or their corporations).
 - (6) The Corporation also holds Class I Units of IBI Group, which are used to fund interest payments on debentures of the Corporation and to fund the repayment of the principal amount of such debentures (out of the capital account of the Class I Units), to the extent that the holders of such debentures do not receive Shares upon conversion or maturity in accordance with the terms of such debentures.
 - (7) The following Canadian subsidiaries are owned by IBI Group:
 - IBI Group Professional Services (Canada) Inc. [Ontario] (partly owned by IBI Group Architects (Canada) Inc. [Canada]), which owns the following subsidiaries:
 - IBI Group (Hong Kong) Inc. [Canada]
 - 1626699 Ontario Limited [Ontario] (co-owned by IBI Group)
 - Peters Energy Solutions Inc. [Alberta]
 - Teranis Consulting Ltd. [British Columbia]
 - IBI Europe Holdings Limited, which owns the following subsidiary:
 - IBI China Holdings Limited [Canada] (owned as to 51%)
 - Groupe IBI/DAA Inc. / IBI/DAA Group Inc. [Canada], which is dormant.
 - (8) Other than (i) IBI Group Urban Project Consultants (Beijing) Co., Ltd. which is owned by IBI China Holdings Limited; and (ii) IBI-MAAK Caribbean Limited, IBI Group Saudi Limited Company and IBI Colombia S.A.S which are owned by IBI Group Professional Services (Canada) Inc., the following non-Canadian and non-US subsidiaries are owned by IBI Group through IBI Europe Holdings Limited:
 - IBI Group Consultants (Ireland) Limited
 - IBI Group Greece Business Consultants Single Member Societe Anonyme
 - IBI Holdco Limited [UK], which owns the following subsidiaries:
 - IBIB Group Consultants (Israel) Ltd.
 - IBI Group (UK) Limited
 - IBI Group India Private Limited
 - IBIG, S. de R.L. de C.V. (owned as to 99% by IBI Europe Holdings Limited and 1% by IBI Group (Hong Kong) Inc.)
 - IBIG Servicios Especializados, S. de R.L. de C.V. (owned as to 99% by IBI Europe Holdings Limited and 1% by IBI Group (Hong Kong) Inc.)
- The following subsidiaries are dormant and currently undergoing dissolution in accordance with local law:
- Nightingale Architects Limited
- (9) The following US subsidiaries are owned by IBI Group through 1626699 Ontario Limited:
 - IBI Group (US) Inc., which owns the following subsidiaries:
 - IBI Group, a California Partnership – owned 99% by IBI Group (US) Inc. and 1% IBI Group (Delaware) Inc.
 - IBI Group Architects (USA) Inc.
 - Texas-IBI Group, Inc.
 - IBI Group (Delaware) Inc., which owns the following subsidiary:
 - IBI Group Engineering Services (USA) Inc.
 - IBI Group Professional Services (USA) Inc. (owned as to 82.5% by IBI Group (US) Inc. and 17.5% by IBI Group, a California Partnership)

The Corporation is reducing the number of legal entities and simplifying the business structure on an ongoing basis, allowing the Corporation to reduce costs and streamline its operations, particularly in the United States.



3. GENERAL DEVELOPMENT OF THE CORPORATION'S BUSINESS

The advent of the COVID-19 pandemic in 2020 has required businesses to consider and plan for eventualities that were previously unidentified. To date, the Corporation has been able to operate under normal business conditions; however, it continues to monitor events and has implemented certain measures in an effort to mitigate future disruptions, including: (i) growing its technology/software business, which is more insulated from recessionary forces; (ii) monitoring and balancing workload across its offices worldwide and monitoring hiring practices; (iii) if required, the ability to decrease staffing requirements to lower compensation costs; and (iv) reducing costs associated with office leases by either not renewing such leases or leasing smaller offices to reduce the Corporation's footprint and implementing a work from home policy requiring its staff to work remotely. The Corporation will continue to monitor these processes and adjust its strategy accordingly.

The following describes the significant developments in the operations and affairs of the Corporation which have occurred over the last three completed financial years.

3.1. Strategic Plan and Release of Software Products

On May 10, 2018, IBI announced a new strategic plan, A Smarter Urban Future, which maps out IBI's transformation to a technology-driven design firm. IBI anticipates that this plan will help the firm unlock growth in its core business through the application of productivity tools and processes developed by IBI's own technology group, and since then, IBI has released several new Software-as-a-Service (SaaS) products, including *the Smart City Platform, BlueIQ and InForm* as further summarized in greater detail below under the section "*Description of the Business – Intellectual Property – Proprietary Software*".

3.2. Changes in Corporate Directors and Officers

On May 8, 2020, Lorraine Bell resigned as a director of the Corporation and Paula Sinclair was appointed to the board of Corporate Directors at the end of the annual and special meeting of Shareholders held on the same date.

On January 22, 2021, the Corporation announced the appointment of Michael Nobrega as Chair of the board of Corporate Directors following the retirement of Dale Richmond from the board of Corporate Directors. On February 23, 2021, the Corporation announced the appointment of Audrey Jacobs as Chief Operations Director.

On May 6, 2021, the Corporation announced the appointment of Kevin Bebenek to the role of Global Director, Intelligence, succeeding Derek Sims who had held the role since 2013. On May 14, 2021, Sharon Ranson was appointed to the board of Corporate Directors at the end of the annual and special meeting of Shareholders held on the same date.

IBI places high value on maintaining a diverse board of Corporate Directors comprised of individuals with the requisite skills, experience and unique perspectives to guide the Corporation through continued growth. From a gender diversity perspective, IBI currently has three female directors, representing approximately 43% of Corporate Directors, which exceeds its target of 30% female representation on the board of IBI.



3.3. Telenium Acquisition

On December 10, 2021, the Corporation completed the purchase of the assets of Telenium Inc. ("**Telenium**"), including all intellectual property and technology assets. Specializing in telecommunications that integrate telephone, computer, and web technologies, Manitoba-based Telenium is most known in Canada for its integrated 511 advanced traveller information solution. The acquisition bolsters IBI's *TravellQ* product through access to new markets, and increases the firm's SaaS portfolio and recurring revenue profile.

3.4. Teranis Acquisition

On December 10, 2021, the Corporation completed the purchase of British Columbia-based Teranis Consulting Ltd. ("**Teranis**"). Teranis is a scientific and environmental consulting firm specializing in environmental investigation, remediation and risk assessment, with a focus on supporting First Nations communities. The acquisition complements IBI's existing sustainability and environmental management business, and supports the Corporation's goal of fostering improved relations with Indigenous communities in Canada and across North America.

3.5. Normal Course Issuer Bid

On June 14, 2021, the Corporation announced that it received the approval of the TSX to implement a normal course issuer bid ("**2021 NCIB**") to purchase up to 750,000 Shares, representing, as at the date thereof, approximately 3.03% of the Corporation's public float, at prevailing market prices. The 2021 NCIB will terminate on June 20, 2022. As of March 22, 2022, the Corporation has purchased 87,649 Shares under the 2021 NCIB.

3.6. Seventh Amended and Restated Credit Agreement

On September 29, 2021, IBI Group entered into the seventh amended and restated credit agreement with, *inter alios*, the Administration Agent and the lenders from time to time party thereto. The Credit Facilities consist of a revolver facility, swing line facility and letter of credit facility. The total amount of borrowing permitted under the Credit Facilities is \$130,000,000, with an accordion feature of \$40,000,000 which, if requested, is subject to, among other things, consent of the Administration Agent. IBI intends to use the Credit Facilities for general corporate purposes, including working capital requirements and for potential acquisitions to fund further growth. Under certain conditions, the repayment of indebtedness under convertible debentures is permitted under the terms of the Credit Facilities.

For further details regarding the Credit Facilities, see "Credit Facilities" below and the Corporation's annual financial statements for the years ending 2021, 2020 and 2019, which are available on the Corporation's profile on SEDAR.

3.7. Peters Energy Acquisition

On February 1, 2021, IBI completed the purchase of Alberta-based Peters Energy Solutions Inc. ("**Peters Energy**"). Peters Energy is a consulting firm focused on renewable energy solutions including solar, wind and energy storage, and the environmental, regulatory and economic considerations of planning, designing and delivering green energy solutions. With 1,000 megawatts of new generation projects under contract in Alberta, Peters Energy is at the forefront of solar project development within the province. The acquisition of Peters Energy complements IBI's existing energy management business and augments the firm's work in sustainable community development.

3.8. Cole Engineering Acquisition

On December 1, 2020, IBI acquired the assets of southern Ontario-based Cole Engineering Group Ltd. ("**Cole Engineering**"). Founded in 2003, Cole Engineering provides a complementary fit for IBI as one of the largest independent civil engineering firms in Ontario, offering consulting and advisory services in the water, transportation, urban development and environmental sectors. Cole Engineering's geographic reach and fulsome capabilities across the water sector include demand modelling and planning; design and construction management for water infrastructure facilities, pipelines and tunnels; as well as operations and maintenance. The addition of Cole Engineering's team to IBI provides IBI with valuable professional staff resources which will bolster teams on IBI's substantial transportation infrastructure backlog through future years.

3.9. Aspyr Engineering Acquisition

On August 30, 2019, IBI Group acquired the assets of Aspyr Engineering Ltd. ("**Aspyr Engineering**"), including all intellectual property and contracts for \$545,000 plus 3 annual earn-out payments based on adjusted EBITDA. Aspyr Engineering specializes in building technology consulting as well as solutions design and development for optimizing building operations and user experiences. The integration of this acquired team and client base into the IBI Intelligence practice will enable the scale and spread of the buildings technology practice across the firm driving further revenue and increased value delivered to IBI's clients.

3.10. 6.5% Debentures Offering

On October 2, 2020, the Corporation issued, on a bought-deal basis to a syndicate of underwriters and on a private placement basis to certain institutional investors, an aggregate of \$46,000,000 principal amount of 6.5% senior unsecured debentures due December 31, 2025 (the "**6.5% Debentures**") issued pursuant to a sixth supplemental indenture with BNY Trust Company of Canada dated October 2, 2020 (the "**Sixth Supplemental Indenture**"). Interest is payable semi-annually in arrears on June 30 and December 31 each year commencing December 31, 2020. The net proceeds of the offering of the 6.5% Debentures were used to fund the redemption of the Corporation's 5.5% Debentures as described below.

The terms of the 6.5% Debentures are set out in the Sixth Supplemental Indenture, a copy of which is available under the Corporation's profile on SEDAR.

3.11. Redemption of 5.5% Debentures

On January 15, 2021, the Corporation redeemed for cash the entire aggregate principal amount of \$46,000,000 of the 5.5% Debentures. The 5.5% Debentures were redeemed by the Corporation at a redemption amount for each \$1,000 principal amount of 5.5% Debentures of \$1,000 plus all accrued and unpaid interest of up to but excluding the redemption date of January 15, 2021. In accordance with the terms of the 5.5% Debentures, certain holders of the 5.5% Debentures exercised their conversion rights and in lieu of delivering Shares, the Corporation exercised its cash conversion option to pay each such holder cash in an amount and at such time as determined in accordance with the terms of the 5.5% Debentures. The Corporation used the net proceeds from offering of the 6.5% Debentures to repay existing indebtedness under the Credit Facilities which amount was subsequently withdrawn in order to finance the redemption of the 5.5% Debentures.



4. INDUSTRY OVERVIEW

IBI's business is concentrated in three focused practice areas:

- Intelligence
- Buildings
- Infrastructure

IBI provides a wide range of integrated professional architecture, engineering, systems and design services and technologies, which provide a platform for future growth geographically and functionally. IBI expects to continue to benefit from the pace of activity in sectors, particularly in urbanized areas, where IBI can apply its services and technologies. IBI's geographic reach enables it to deploy its services and technologies to clients in these sectors that are active in different regions in a time-efficient and seamless manner. IBI helps clients create livable, sustainable and advanced urban environments and Smart Cities through expertise in mobility, healthcare, education, residential and commercial markets.

Clients for professional services of the types provided by IBI rely increasingly on services that are either not readily available from internal sources or are not within their core competencies. Industry growth and change are being further influenced by certain trends, including outsourcing and alternative project delivery, and increased concentration in the development and ownership of real estate portfolios.

4.1. Intelligence: Systems Practice

Computer and communications systems have become a central part of human economic and social activity. Intelligent solutions that harness the rapid advancements in computer and communications technologies are critical for real-time management and for analytics in the industries of mobility, education, health, and industrial production. The Intelligence practice skills and solutions are key elements that underpinned IBI's technology pivot in 2018, and which continue to support IBI's position as a technology-driven design firm.

In 2021, the Intelligence practice generated approximately 18.5% of the total revenue of IBI. The Intelligence practice includes consulting, design, development, and deployment and operation of systems solutions and technologies for the transportation market and into IBI's other core disciplines of Buildings and Infrastructure. The firm is internationally recognized in key areas of traffic, transit, tolling and airport systems solutions, undertaking projects around the world from Hong Kong to South Africa to Greece and India.

The consulting practice includes advisory services, the design of systems, strategic advice on systems operation, deployment and assistance through to the implementation of industry solutions. The consulting practice is complementary to the systems delivery practice as it provides important intellectual property support and understanding of the required technologies, software solutions and client requirements. These resources and IBI's software development experience are key contributors in IBI's continued application of new technologies such as artificial intelligence, 5G communications, distributed ledgers and connected and autonomous vehicles to conceive and implement new and exciting solutions for its clients.



IBI provides complete systems solutions in tolling, traffic and transit management, airport groundside management, lighting, and Supervisory Control And Data Acquisition (SCADA) applications for control of water and waste-water systems. Revenue from systems solutions arises from IBI's build on existing intellectual property, the configuration and implementation of the solution can include markups on equipment and installation, and long-term support and maintenance contracts, which often extend over the life of the system and provide a basis for providing enhancements. Work to deliver new solutions that can be introduced to clients is underway in the areas of smart cities, asset management (including *InForm*), energy optimization (including *BlueIQ*), traveller information systems (including *TravellIQ*), curbside management (including *CurbIQ*), space management (including *Nspace*) and data analytics is underway.

The Intelligence practice targets higher value-added services (e.g., toll clearing house), providing cloud-based services (for efficiency) and extending the range of IBI's services into operations and maintenance, especially of large-scale systems, with the ultimate objective of increasing recurring revenue streams.

The application of Intelligence services and solutions extends into other practice areas, notably IBI's Buildings practice where technology is central to the user experience and core to the design process. Following IBI's acquisition of Aspyr Engineering in 2019, a firm providing award-winning information communication technology solutions for healthcare, higher education, government and corporate clients, IBI's focus on healthcare and education was further magnified. In the public-private-partnership ("P3") market, IBI is often involved with the full life cycle of project operations and maintenance.

4.2. Buildings: Facilities Practice

The Buildings sector includes a variety of building types, including social infrastructure in health care, design for education, including schools, colleges, and universities; high density, high rise residential and mixed-use developments, low-rise buildings; industrial facilities, high-rise office buildings, retail space, institutional buildings, recreation, hotel and resort facilities. Professional services to the building industry are provided at the local level in various metropolitan regions. Fees for the types of services provided by IBI in this area typically range from 1% to 7% of project construction costs, depending on the types of services provided.

In 2021, the Buildings practice generated approximately 50% of the total revenue of IBI. Buildings revenue is forecast to grow due to the ongoing increase in private sector development in Canada and the United States. While the IBI Buildings practice covers a wide range of projects, approximately 73% of revenue is attributable to four building types:

- Mixed-Use and Residential Development. IBI has a dominant market position in high density mixed-use residential towers in Vancouver and Toronto, with a growing presence in Ottawa, Calgary and Halifax, as well as projects in major United States cities such as Los Angeles, San Diego, San Francisco, Seattle, Salt Lake City and Providence, Rhode Island and New York City. With the accelerated advent of e-commerce as a result of the COVID-19 pandemic, IBI has seen increased activity in the intensification of shopping centres with master planned communities incorporating mixed-use development. The Corporation expects to continue its focus on maintaining market share in Canada, with growth in the United States and the United Kingdom.

- Healthcare. Revenues related to Healthcare remain stable as a percentage of IBI's overall revenue, with a strong pipeline of committed work in the United Kingdom and major projects in the pursuit stage in Canada. IBI is also active in the Middle East with respect to healthcare projects and continues to actively market in this region with some recent success. Further, IBI has been successful in leveraging its expertise in both residential and healthcare design to develop a Seniors Studio that is focused on the delivery of a variety of facilities catering to the growing seniors demographic ranging from assisted living, to memory care and long-term care facilities. The Corporation has seen a steady increase in revenue in this area of the Canadian practice with further growth anticipated.
- Education. Education spending in the United States is increasing with the improvement in the fiscal position of municipalities. The approval of bond initiatives by voters is providing IBI with a reasonable backlog of work in the United States, although the market remains very competitive. In Canada and the United Kingdom, more education projects are delivered through alternative procurement methods and IBI's experience in this field is an advantage. IBI has had recent success in winning Higher Education projects on many campuses in Ontario. There is also a greater focus on higher education facilities in new markets and existing markets where IBI has traditionally focused on K-12.
- Transportation Facilities. Transportation facilities is a growing area of practice and is part of an integrated service IBI provides which involves each of the Infrastructure and Intelligence practices. Through transit projects, IBI is able to market architecture along with structural, mechanical, and electrical engineering services for transit stations, maintenance buildings, operation and control facilities and data centres. Major transit projects such as the Broadway Corridor and the Yonge North Subway Extension and the Scarborough Subway Extension will allow IBI to provide, direct, and coordinate a broad range of engineering, technical advisory, and other services to support the overall planning, preparation, procurement, and construction of the projects, which are two of four new rapid transit subway projects planned in the Greater Toronto Area. Such projects also position IBI for ongoing work with the private sector in the planning and design of transit-oriented development with the goals of fostering sustainable and healthy communities, adding capacity and connectivity to busy transit networks and offering a more complete travel experience to commuters.

Growth Initiatives

There are four strategic initiatives IBI is executing that will serve to grow the Buildings practice:

- Increased integration of Intelligence Practice: Historically, IBI has focused on design and construction services that are focused on the front end in a building's life cycle. Increased integration of the Intelligence practice with the Buildings and Infrastructure practices provides greater opportunity to participate in the full life cycle of projects and potentially create recurring revenue streams through services associated with operations and maintenance of these assets.
- Implementation of technology platform: IBI's platforms including *InForm*, *Smart City Platform* and *Nspace* help in improving the efficiency, safety and security of buildings and its operations. IBI will continue to further grow these platforms to align with the Buildings practice.

- Design Expertise in Multiple Markets: Toronto and Vancouver based mixed use and high-rise design expertise has been introduced to other markets across Canada and the United States. This initiative has been successful to date in securing design assignments in San Francisco, Los Angeles, Seattle, San Diego and Providence, Rhode Island, Montreal and Ottawa and is supported by IBI's local offices. Further opportunities to secure assignments will continue to be pursued to support continued growth.
- Expansion of Engineering Practice: IBI's engineering practice has been expanded beyond industrial buildings and transportation facilities into other building types across regions such as Western Canada, where the provision of integrated design services for civil municipal buildings – i.e., recreation, maintenance facilities, and police stations – provides a competitive advantage and increased fee volume.

4.3. Infrastructure: Placemaking, Land Engineering and Transportation Practices

In 2021, the Infrastructure practice generated approximately 32% of the total revenue of IBI. While the Infrastructure practice is quite diverse, 84% of fee volume is generated in three core areas:

- Land Engineering: Covering all municipal utilities (sewer, power, water, and roads), Land Engineering is a locally centered practice provided in certain geographic regions. Strong market positions are held in Alberta and Ontario, with a smaller but significant position in Ohio. In 2022, IBI's focus will be to leverage its differentiators and grow market share in those regions in which the Corporation currently has a strong market position, taking advantage of its standing in Eastern Canada and selected locations in the United States. Master planning of new communities and inner-city brownfield redevelopment are areas of specialized expertise that IBI has developed in Canada and exports globally.
- Placemaking: Urbanisation continues in virtually all societies in the world. This is evident by the continued brownfield redevelopment within many major metropolitan areas where derelict lands are renewed into areas of employment, residential communities, and retail and social facilities. These redevelopments often involve intensification of use with multiple floor buildings from low- to mid- to high-rise. Professional services provided in this area are focused on buildings, transportation accessibility, enhancement of urban infrastructure, and the cleaning and rehabilitation of lands impacted by former industrial activities. Services provided by IBI include research, urban planning, urban design, and architectural design of the buildings, transportation facilities for accessibility and communication systems, power and other utilities including water and waste water.
- Transportation Planning and Engineering: IBI's Transportation Planning and Engineering practice has a strong position in Ontario, the United States and the UAE, with specialized engineering skills that are exportable to other IBI geographic regions. P3 project activity in transportation is strong in Canada and growing in the United States with current key projects including Hurontario LRT in Mississauga, Ontario; Vancouver's Broadway Subway Project; Eglinton Crosstown LRT in Toronto, Ontario; Tel Aviv's Red Line; Edmonton Valley Line LRT Phase 1; and Calgary's Green Line. Through IBI's Transportation Planning and Engineering practice, clients are offered contemporary and transferable skills and experiences.

New community greenfield development tends to occur on the periphery of metropolitan areas, providing new development for industrial activity, distribution and retail services, employment space and technology, and residential and community developments. Professional services provided in the area of greenfield development include market research, land planning, regulatory planning, transportation planning

and design, civil engineering, landscape architecture, and low-rise housing design. Fees for the types of services that IBI provides in this area typically range from 4% to 10% of the costs of development depending on the services provided.

IBI services support transportation development, deployment and management within and between urban areas including all modes of private and public transportation for passengers (bus, light rail transit, heavy commuter rail, subway, heavy rail, high-speed rail, airports, marine transportation, and highway and road systems) and for freight transportation (trucks, rail, air, and marine).

4.4. Industry Trends

Management believes that a number of current trends are affecting the manner in which professional services are provided in the industries in which IBI operates, including growth in alternative project delivery, increasing concentration of ownership and management of real estate portfolios and remote working environments and the myriad of implications on communications and mobility including cyber security and privacy.

Alternative Project Delivery and Outsourcing

The public sector is increasingly outsourcing projects as a method of procuring facilities for infrastructure (toll roads and transit operations) and building facilities. The most comprehensive form of alternative project delivery ("**APD**") is a competitive arrangement for outside financial, development, and operations capability to finance, design, build and operate a facility (or service) financed by the securitisation of a long-term income stream through user charges and/or rent or other forms of revenue. APDs include P3 projects, design-build-operate-maintain projects, design-build-operate projects and design-build projects. Common characteristics of APDs include the following:

- design and creation activities relating to the facility are outsourced as a package to a design development group;
- financing is provided privately rather than through public institutional direct financing; and
- the operation and maintenance of the facility is outsourced to private groups.

In some cases, only the design-build functions are outsourced, while in other cases the outsourcing is extended to include finance and operation as well.

This sector of the market is expanding as public agencies are looking to create facilities and infrastructure networks required for public purposes through more effectively using the private sector to enhance efficiency and, in some cases, directly putting the burden of payment for use on the users of the facilities. IBI has become active with financial institutions, construction contractors and facility operators in the creation of facilities and infrastructure through APDs, as well as in assisting government agencies as users and ultimate owners of assets. This is an area that IBI plans to continue to pursue through the expanding regional deployment of its services:

- IBI has worked and continues to work successfully with proponents in APD initiatives for the outsourcing and design build initiatives for the outsourcing of projects by the public sector.
- IBI provides tolling and revenue management, as well as traffic management systems, along the concession highways in India, Greece, Mexico, and South Africa. IBI is also designing the Intelligent Transportation Systems, the communications and security



system and providing the complete toll system for the Gordie Howe International Bridge, connecting the cities of Detroit, Michigan and Windsor, Ontario.

- IBI provides traveller information systems in Canada and the United States as well as in the United Kingdom, South Africa and Mexico. Projects include internet-based mobile phone solutions through a 511 traveller information program.

In the United States, there is an increasing trend for public agencies to provide services through APD arrangements for educational and health care facilities and IBI is currently observing signs of activity in the design-build sector in the United States, which is expected to boost revenue in 2022. Management believes that this will also evolve to APD as the broader based successor to design-build, including the financing of the projects.

Real Estate Portfolios

Established areas of IBI's practice in planning and design and development of office, industrial and retail space, as well as rental apartment facilities, are being influenced by the increasing acquisition of large real estate portfolios by significant pools of capital in institutions, real estate investment trusts, and other real estate management entities. This has resulted in a growing concentration of ownership and management in fewer client groups with a tendency to acquire services strategically from fewer larger providers. This trend is evident across Canada, the United States, and Western Europe.

IBI, through its regional networks of offices, is well positioned to provide services on a strategic basis to such clients for their national portfolios. IBI believes that this will provide its clients a higher level of service with greater efficiency at reduced cost because of the expanding strategic relationship.

5. DESCRIPTION OF THE BUSINESS

5.1. Overview

The business of the Corporation is conducted through IBI Group, a global architecture, engineering, planning, and technology firm operating from over 60 offices in 12 countries across the world. IBI Group is involved with every aspect of the design of integrated cities. The mission of IBI is defining the cities of tomorrow and its vision is to be the global partner to plan, design and sustain the cities of tomorrow. IBI's core values are:

- Integrity – doing what is right
- Partnerships – working together with clients and stakeholders
- Excellence – the pursuit of design excellence
- Innovation – embracing ingenuity
- Community – building communities

IBI markets its services in three practice areas: Intelligence, Buildings and Infrastructure. However, business operations are managed and controlled by geographic region through a Regional Management structure. IBI offers the services of professionals having a broad range of academic backgrounds and experience in urban design and planning, architecture, civil engineering, transportation engineering, traffic engineering, systems engineering, urban geography, real estate analysis, landscape architecture, communications engineering, software development, and many other areas of expertise, all contributing to the three practice areas. IBI's clients include national, provincial, state and local government agencies and public institutions, as well as leading private sector companies in the real estate building, land and infrastructure development, transportation and communications industries and in other industries.

5.2. Corporate Responsibility and Commitment to ESG Principles

IBI is committed to being a responsible, environmentally-progressive and thoughtful global entity. Its values define the Corporation's priorities and are at the foundation of how IBI conducts its business. The Corporation's Environmental, Social and Governance ("ESG") practices and initiatives have been designed to position IBI as a leader, not a follower. IBI believes the generation of long-term shareholder and stakeholder value is underpinned by conducting its business responsibly, actively managing risk and upholding the highest standards of governance and ethics throughout the organization. The Corporation strives to be a good corporate citizen, approaching all stakeholder relationships with integrity and respect and aiming to embody its core values in the provision of services. Where possible in its projects, IBI will incorporate the principles of sustainability, energy efficiency and environmental stewardship and regularly integrates these themes within its corporate culture.

IBI recognizes that sound corporate governance practices contribute to value creation by instilling and fostering shareholders' confidence in the integrity of the organization. Effective governance practices are fundamental to the long-term success of the Corporation and IBI is committed to maintaining high standards of governance. IBI has adopted policies relating to its business conduct, including formal written requirements on business conduct and ethics, as well as whistleblowing procedures, which have been documented in its Code of Business Conduct and Ethics (the "**Code**"). The Code is provided to all new directors, executive officers and employees, all of whom are required to review, accept and abide by the Code. In addition to the Code, IBI has also adopted written corporate disclosure and security trading policies. IBI is also implementing an updated, broad-reaching Diversity, Inclusion and Belonging Policy as well as a Climate Action Policy, both of which will further support the Corporation's continued focus on ESG matters and will have a meaningful impact on how IBI manages and delivers its projects, both internally amongst its professionals and externally amongst its clients and the communities it serves. See "*Directors and Executive Officers – Governance*" below.

The Corporation has integrated ESG principles throughout the organization, and provides details regarding its various ESG initiatives, protocols and strategies on IBI's corporate website accessible via the following link: <https://2020-profile.ibigroup.com/esg/> which is not considered part of this AIF.

5.3. Competitive Strengths

IBI believes it possesses several competitive strengths that will enable it to maintain a leadership position in the markets that it serves and to continue to grow its business.

Functional Diversification and Integration of Services

IBI has integrated disparate professional disciplines relevant to providing comprehensive services in the three areas in which the firm practices. IBI believes that this unique functional diversification allows it to support and contribute to the numerous physical aspects that determine the quality and sustainability of modern cities and urban areas.

Adding to this competitive strength is IBI's ability to provide diverse professional services on an integrated basis for specific projects. For each project, IBI establishes a team of professionals that comprises:

- a Director, Associate Director or Technical Lead who is responsible for the effort;
- an Associate or senior professional who acts as Project Manager; and
- professional staff drawn from the various areas of expertise of the firm.



IBI utilizes the full range and depth of its services relevant to each project. Work is undertaken on an integrated basis. Clients benefit from the combination of the specialized knowledge, experience, and information derived from each discipline. This approach helps with identifying and understanding the challenges, formulating unique solutions and completing plans, designs and programs for implementation on an integrated basis.

Geographic Reach

IBI provides services and technologies from major cities in Canada, selected states in the United States, the United Kingdom and other international locations. IBI has expanded its geographic scope as a result of identifying attractive market opportunities as well as in response to specific requests by its clients for services and technologies in support of their operations which extend to other geographic areas. Given the number of offices and the need for closer management and more effective integration of the various operations, IBI has established a regional business structure, in both Canada and other international locations, as well as a sectoral business structure in both the United States and the United Kingdom, consisting of:

GEOGRAPHIC	REGION OR SECTOR
CANADA	Canada East Canada West
UNITED STATES	Intelligence Buildings Infrastructure
UNITED KINGDOM/IRELAND	Intelligence Buildings Infrastructure
ALL OTHER JURISDICTIONS	International, covering all other offices

The graphic below illustrates the distribution of the respective IBI offices in the regions. Regional and Sectoral Leads have been appointed to each of the regions, assuming overall management responsibility for the region or business sector. The Regional and Sectoral Leads are supported operationally by business managers as well as marketing leads.

In addition, Global Sector Leads have been appointed, assuming responsibility for each of the primary business sectors: Intelligence, Buildings and Infrastructure, and P3 Leads have been appointed for the P3 Infrastructure and P3 Buildings subsectors.

IBI's geographic expansion and broadening of the scope of services that it provides through each office are intended to mitigate downturns in the economic cycles in diverse geographic areas.

1. Canada East

IBI has 10 offices in Toronto, Ottawa, southwestern Ontario and the Maritimes that support the Canada East region. These offices provide a full range of services and technologies covering all of the sectors under which IBI operates that are specialized in Intelligence.

The Canada East market is strong in the private sector Buildings segment, including land development and mixed-use development. Condominiums, office towers, hotels, and major land development have all remained strong. IBI has identified opportunities in social and horizontal infrastructure and general land development/planning in smaller communities.



The APD Infrastructure market is very strong, with major projects currently underway as well as planned for 2021. IBI is the co-design lead on the design-build joint venture for the Eglinton Light Rapid Transit in Toronto and the Edmonton Valley Line LRT Phase 1. Along with a joint venture partner, IBI is the Technical Advisor on the Yonge North Subway Extension and the Scarborough Subway Extension projects, allowing IBI to provide, direct, and coordinate a broad range of engineering, technical advisory, and other services to support the overall planning and construction of the projects, which are two of four new rapid transit subway projects planned in the Greater Toronto Area. IBI is also the design lead for the P3 Hurontario LRT in Mississauga, Ontario. The planning of this major transit infrastructure project, has resulted in significant intensification plans in Mississauga, in proximity to this planned transit corridor which in turn has secured additional business for IBI's high-rise architecture practice. This is expected to include up to 25 separate towers, currently in the planning, design or construction stages with each tower featuring between 22 to 80 storeys.

2. Canada West

In Western Canada, IBI has six offices, located in Calgary, Edmonton and Fort McMurray in Alberta and Burnaby, Kelowna and Vancouver in British Columbia.

Major areas of practice in the Region include the Broadway Subway project and the Northshore Waste Water treatment plant in Vancouver; high-rise residential, healthcare and redevelopment projects in Vancouver and Kelowna; building technology and systems engineering in Burnaby, Calgary and Edmonton; transportation, land engineering, land planning, landscape design high-rise residential, seniors housing and renewable energy solutions in Alberta.

IBI uses cross-office collaboration to support and grow business in other markets. IBI's market in Western Canada is expected to show generally modest growth in 2022, along with more localized expansion of our newly acquired Environmental, Energy and Technology practices across the Region.

3. United States

IBI's network of 26 United States offices are located in California, Texas, Utah, Ohio, Oregon, Florida, North Carolina, Tennessee, Michigan, Massachusetts, Virginia, New York, and Washington, and give's IBI a presence in all major economic regions. While certain offices have their own strengths and areas of focus, by utilizing cross-office collaboration, IBI is able to offer a full range of professional services in each of IBI's Intelligence, Buildings and Infrastructure practices across the United States, with capabilities in all of its sub-sectors. By sharing staff resources, expertise and clients, and supported by a common operating platform, IBI is able to offer a broad integrated practice in the United States.

Generally, education, industrial facilities, intelligence, urban planning, engineering and transportation constitute IBI's largest practice areas in the United States. IBI's professionals assist clients in a variety of market sectors throughout the United States and provide services relating to, but not limited to, the following: education facilities design; industrial facilities; residential apartments; mixed-used development; water, wastewater and surveying; traffic, transit and tolling; transportation planning, facilities and systems. Some highlights are noted below.

The education market in the United States remains strong, especially in K-12 education design services. In particular, IBI's business in Texas has seen considerable growth with its Houston office providing primarily education design services and, with the addition of a new office in Austin now providing services to private sector developers and expanding the education practice. In addition, IBI's offices in California, Oregon and New York provide education facilities and design services to regional and national clients.



The industrial facilities design, engineering and transportation practices have seen a surge of activity due to increased on-shoring of manufacturing and growth in distribution activity driven by e-commerce. IBI's work in these sectors include mixed-use projects and private sector developments, as well as work for longstanding clients, particularly in the automotive industry. For instance, IBI is the lead architect on Ford Motor Company's new 2M Sq. ft. Research & Engineering Center which is expected to centralize the automaker's research activities in Michigan and support increased innovation and collaboration. IBI's technology and design expertise, together with its experience working with major automotive clients and delivering high-performance R&D facilities, uniquely positions IBI to be at the forefront of establishing the next level of innovation and design excellence.

The technology offerings developed by IBI's Intelligence practice, including the development and deployment of software services and solutions are increasingly being deployed across all sectors. This differentiates IBI for both public and private sector clients who increasingly look to technology driven design solutions to construct and operate Buildings and Infrastructure in a smarter and more efficient manner.

4. United Kingdom/Ireland

Operations in the United Kingdom and Ireland are consolidated under sectoral business and leadership structure. The Intelligence practices operate from offices in London, Birmingham, Glasgow, and Dublin. The Buildings and Infrastructure practices operate from London, Brighton, Cardiff and Manchester.

These offices provide good geographic coverage across the United Kingdom and a diverse skill set that positions IBI to take advantage of opportunities in a market area of approximately 71.6 million people. Public sector spending in all sectors remains solid with Healthcare in particular seeing significant government investment. IBI is well positioned to continue to benefit from the healthcare and education investment. Private sector development continues and IBI is working to increase its market share with private sector developers.

5. International

International operations of IBI include offices in Mexico, Greece, Israel, the Middle East and India. The practice is very diverse with some weighting to Intelligence with toll and traffic management systems in Greece, India and Mexico. For these projects there is a strong tie back to the Systems development team in Toronto. In addition, IBI provides planning, architectural and engineering work in a number of offices including transit planning and design.

For 2022, international offices generally have enough backlog of work to meet their capacity. As a result, some of these offices are expected to draw on resources in Canada and the United Kingdom to deliver the work and others are expected to provide resources to Canada, the United States and the United Kingdom.

Talented, Experienced and Motivated Team of Professionals

The most valuable asset of any professional services firm is its people. IBI has a talented, dedicated, experienced, and motivated work force, strategically located across North America, Western Europe, the Middle East, and Asia, led by a proven and motivated management team. A large percentage of IBI's personnel have technical and professional backgrounds in more than one of the three principal practice areas and the majority have advanced post-secondary degrees. In addition, IBI fosters a culture of diversity and inclusion within its work force, bringing together individuals of various gender, ethnicity,



age, sexual orientation, ability and religion, creating a cross-section of talent that positively contributes to creativity and innovation.

Management believes that a key element in the successful growth of IBI has been its ability to develop and retain senior management. IBI's leadership group today comprises approximately 576 leaders and who manage a group of professional and business services staff for a total current complement of approximately 3,300 personnel.

IBI has implemented a management structure with a regional business structure in both Canada and non-United States or non-United Kingdom international locations. A sectoral business structure has been implemented in both the United States and the United Kingdom. Specifically, Regional Leads have been appointed to each of the two regions in Canada and in each non-United States or non-United Kingdom international segment, and Sectoral Leads have been appointed in both the United States and United Kingdom for each business segment of Intelligence, Buildings and Infrastructure. The regional and sectoral organizations are focused on managing resources, providing management oversight on administrative systems including billings and collections. The Global Sector Leads for Intelligence, Buildings and Infrastructure practice areas are focussed on identifying new areas of business and establishing the strategic direction for new business.

IBI's senior management continues to own a significant stake in IBI, providing strong alignment with shareholders. As leaders of the practice, the members of senior management control the quality of the work and manage the practice with a view to meeting the firm's financial performance targets. The retention of the management group is considered to be a significant competitive strength of IBI providing continuity on long-term projects, a significant accumulated knowledge base, stability in the practice, and continuity in IBI's relationships with its clients. IBI encourages Directors and others in leadership positions within the firm who are retiring to continue to practice on a part-time basis to enhance this continuity. In addition to establishing and supporting enduring client relationships and leading the execution of IBI's projects, IBI's Directors focus on mentoring IBI's professionals at all levels to develop the next generation of leadership. IBI's philosophy has long been directed at providing Directors and Associate Directors with additional motivation and an incentive to optimize their performance by basing each Director's and Associate Director's participation in the income of the firm on their individual performance. Certain Directors and Associate Directors of IBI own (indirectly) through the Management Partnership all of the Class B Units, representing approximately 17% of the outstanding Partnership Units. In addition to the Class B Units, the Management Partnership and its affiliated partnerships hold 7,184,701 Shares, and together they represent an interest of approximately 32.8% of IBI on a non-diluted basis, assuming no exchange of the Class B Units for Shares and approximately 32.8% on a partially diluted basis, assuming the exchange of the Class B Units for Shares. The participation of such Directors and Associate Directors in the ownership and earnings of IBI through the Management Partnership will continue to be based on individual performance ensuring that the interests of management are aligned with the interests of the Shareholders.



Client Diversification

IBI provides services and technologies to a large number of clients operating in each of the main areas of development that the firm serves. As a result, IBI is not dependent upon any single client or group of clients, with no single client accounting for more than 10% of IBI's revenues in any of the last three years.

5.4. Business Strategy and Operating Model

IBI operates on a flexible business strategy and operating model incorporating certain principles of governance, methods of project management, principles of resource management, methods of staff utilization and capacity, and methods of motivating performance of its professionals, each of which is summarized below.

Firm Management/Governance

The fundamentals of the IBI model of operation combine:

- establishing IBI's presence in growing numbers of regions through the introduction of a professional skill in one of the areas of IBI's practice; and
- expanding IBI's activity in each region by gradually introducing all the professional areas in the areas of practice.

The overall management of IBI is consistent with this basic business growth strategy.

The marketing of IBI's services and technologies combines IBI's regional focus with IBI's sector skills. This marketing involves identifying needs in each respective region in which IBI currently operates or plans to operate, meeting the relevant public officials and business executives who are the users of such services and technologies and competing to provide services and technologies. IBI marketing integrates the skills in each of the three sectors in which IBI practices to enhance this marketing in each region.

Similarly, IBI delivers its projects through a combination of regional and functional leadership. The leadership is charged with the overall responsibility for a portfolio of projects, including the oversight of client relationships and the integration of the various skills of IBI required for the work. The disciplines required for projects are under the leadership of specific individuals with the technical expertise in those disciplines, who support the Directors and Project Managers who have overall responsibility for the project.

The Directors and Associate Directors, in conjunction with the Regional and Sectoral Leads, provide the professional leadership on projects. Associates are senior professionals with proven quality of professional work and managerial capabilities. The Associates, together with the Directors and Associate Directors and Regional and Sectoral Leads, constitute the managing group of the practices.

Management of Projects

IBI has systems in place to manage performance with respect to projects as well as the utilization of IBI personnel and has put in place a new enterprise resource planning system to better integrate the quality of and access to information. The system will also bring improved operational efficiencies in financial administration.



Resource Management

Consistent with industry norms, salaries and benefits constitute the majority of IBI's expenditures. Significant components of overhead are insurance, IT and office space.

IBI annually prepares a market plan and a business plan. The market plan is an aggregation of all the individual projects currently being undertaken by the firm, together with all project proposals of services that are outstanding and all prospects. An assessment is made of the likelihood of success of proposals and prospects and the market plan revenue forecast is arrived at through the build-up of this assessment on a project-by-project, client-by-client basis.

The business plan is based on a comparison of the market plan to the staff and overhead costs forecast for the operation of the firm for the next year. IBI's policy is to maintain sufficient staff levels to meet client requirements in its backlog which currently stands at 18 months. This level of backlog provides adequate time to identify, compete for and secure new project work for continuing effective staff deployment. IBI utilizes technology to share and balance the workload in its offices across the world. By managing its human resources in this fashion, IBI's goal is to ensure that it has the appropriate amount of staff required to complete its client assignments, leading to efficient staff utilization.

These plans are approved annually. The market plan is reviewed daily and the business plan is reviewed at least monthly.

Staff Utilization/Capacity to Deliver

In preparing the business plan annually, IBI's policy is to target utilization of staff at 80% of time to projects. The remaining 20% of staff time is available for:

- training and professional development;
- research and development projects by the firm; and
- business development efforts.

This excess capacity can also be used to deal with surges in IBI's workload.

Available capacity beyond work committed on current client projects ensures the firm has the human resources to respond to new projects as they emerge. It also enables the firm to undertake research and the development of proprietary intellectual property. Finally, it enables the firm to undertake efforts with additional risk as part of competitive business development with clients. This latter aspect is of particular importance due to the increasing scope of business being contracted through P3 and alternative project delivery. In these opportunities, the competing entities are required to make financial offers for the provision of a facility to be privately financed with the capital to be recouped through future revenue streams or capital repayments. Participation in bids for work of this kind requires IBI to undertake sufficient professional work to responsibly estimate the capital and operating costs of the project. IBI's work in such circumstances is partially or wholly at risk until it is awarded the project. IBI's increasing size allows it to devote more resources to obtaining work of this nature.

IBI manages economic downturns in various localities by sharing staff over different regions. To this end, IBI has greater staff resources in Ontario and Western Canada, the areas in which it is most broadly established and exports professional services. This facilitates resource sharing between regions and the management of resources in times of economic downturn in certain regions. The sharing of resources over different regions has the added benefit of providing for the exchange of knowledge and experience between professional staff in IBI's different offices.



IBI manages staff utilization on a regular basis through:

- tracking of staff utilization through time management reports and a Business Intelligence tool;
- regular updating of the market plan and business plan analysing project backlog; and
- staff development programs.

IBI then adjusts staffing levels when necessary.

5.5. Capital Expenditures

IBI spent an average of approximately \$7.3 million per year on capital expenditures over the five years ended December 31, 2021. These expenditures were principally related to electronic data processing equipment, furniture and equipment, leasehold improvements, and intangible assets.

Capital expenditures for the maintenance of IBI's business are relatively low and are primarily required for leasehold improvements and the acquisition of technology, including hardware and software. Technology spending will continue to represent the largest segment of capital expenditures due to the need to maintain current technology and replace aged equipment.

Management anticipates that, for the foreseeable future, ongoing capital expenditures will be approximately \$10.5 million annually.

5.6. Competition

Competition in the areas in which IBI operates is based on quality of service, reputation, expertise, local presence, the ability to provide services and technologies in different localities, and price. IBI's success is based on combining a local presence based on a regional model, developed with governments and businesses, with developed excellence in functional skills in the main areas in which it operates. This model is designed to enable IBI to effectively deploy its functional skills in areas of specialisation to different regions and to strengthen its regional role by diversifying the services to other IBI regions.

5.7. Regulation

The delivery of professional engineering, architecture, landscape architecture, land surveying and interior design services is regulated by regulatory bodies at state and provincial levels in North America and at national levels in Western Europe and the Middle East. In certain jurisdictions, IBI Group or its wholly-owned subsidiaries are permitted to carry out such services directly for IBI's clients. In other jurisdictions, such services may only be carried out by entities which are owned (to varying degrees) by licensed professionals. In these jurisdictions, the relevant professional services are provided to IBI's clients by certain affiliated firms. In order to comply with regulations governing such practices, IBI Group maintains no more than a minority ownership interest, if any, in these firms. As applicable, the amount of income and distributions allocated to the Class B Units is adjusted to reflect the income and cash allocated by these firms to such Directors or Associate Directors (or their corporations). See "*Description of IBI Group – Partnership Interests*" below.



5.8. Intellectual Property

Proprietary Software

IBI has developed and continues to develop innovative and proprietary software to address marketplace needs as well as applications that can assist IBI in establishing a unique position in traditional professional service markets. Selected systems include:

- *InSight ATMS Platform*: an Advanced Traffic Management System solution that has been installed for clients in North America, Europe, India and South Africa. The applications include software for the local field controller and central system software, as well as a variety of web-based applications that support the declaration of events as well as the dissemination of information to travellers.
- *iVDS*: an intelligent Video Distribution System which enables streaming of digital video used in transportation and security. The video stream can be transmitted using conventional internet protocol techniques making it a viable solution for a variety of clients because of the manner by which streams can be switched, the opportunity to apply the output to mobile devices, and the low cost of deployment.
- *Toll Platform*: a suite of applications that has been applied on various toll roads/bridges in North America and overseas which operate at each lane (monitoring and controlling the various lane devices), the plaza level (providing supervisory functions) and the central location (providing back office services, including the setting up of accounts, billing and customer service).
- *Airport GTMS*: an airport Groundside Traffic Management System to monitor, manage and toll vehicles including, taxis, limousines, ride-hailing services and other groundside transportation service vehicles.
- *Capture and Assist*: are spatial video and lidar based 3D data capture and data management tools for transportation infrastructure asset management.
- *Transit Real-Time and Transit Alerts*: product suite widely deployed in North America to process transit data and enable transit travellers to be advised of real-time service departure times, and service disruptions.
- *Smart City Platform™*: allows cities to connect their existing systems with IBI's onboard tools and insight-driven data analytics, focused on improving outcomes and services for city residents.
- *BlueIQ™*: a real-time energy management solution for urban water distribution that assists with the control of water pumps and valves to reduce system-wide energy costs and lower greenhouse gas emissions.
- *InForm™*: a collaborative 3D digital twin project development and asset management product suite designed to help clients efficiently design, construct and operate/maintain building and infrastructure assets.
- *TravellIQ™*: a cloud-hosted traveler information service providing clients a platform to report and communicate traffic, event and road conditions to the public and transportation companies. The platform consolidates information across North America offering a convenient source of information for users to seamlessly plan their travel.
- *CurbiQ™*: a map-based tool that digitizes curbside regulations and helps cities better visualize, manage, analyze, and improve their curbside operations.



- *Nspace™*: a planning, booking and safety solution that gives facility managers control over the return to work process post-COVID-19 pandemic, including getting employees back to work safely, maximizing the use of reduced office capacity and operating a hybrid work place effectively.
- *ArchControl* and *Project LD*: are solutions used to managed to design and construction of residential subdivisions.

Smart City Platform, BlueIQ, InForm, TravellIQ, CurbiQ, Nspace are trademarks or registered trademarks of IBI or its subsidiaries.

In addition to the above, IBI has developed a suite of proprietary and open-source geographic information system (GIS) tools to facilitate flood risk assessment and land use optimization. IBI's flood risk assessment platform allows dynamic exploration of existing and future development scenarios taking into account multiple stakeholder perspectives. Furthermore, IBI offers the open-source Open Trip Planner for multi-modal urban trip planning.

5.9. Information Security

The Audit Committee is responsible for oversight of those governance issues relating to the security of computer systems and applications as well as security of IBI's IT systems, including cyber security. Paula Sinclair, a member of the Audit Committee, has more than 20 years of experience in the IT industry and is currently Partner and CTO for Cargo Management Consulting, a boutique consulting firm based in Toronto, Ontario. Cargo was formed with the intention of supporting organizations in reducing the risk of technology investment in their businesses.

In the ordinary course of its business, IBI collects, stores, processes and/or transmits sensitive data belonging to its clients, partners, vendors, employees and contractors as well as IBI's own proprietary business information and intellectual property. IBI focuses on data privacy and maintains comprehensive IT security systems. Processing, maintaining, retiring and transmitting confidential information securely is critical to IBI's workflow operations and delivery of products and services to its clients. As IBI's clients grow and IT projects become increasingly complex, IBI strives to further enhance security controls which protect its information systems and infrastructure and which meet or exceed its obligations under applicable law and professional standards. Activities related to information security and cyber security risks complement IBI's strategic direction and its most critical business activities, information and processes and risks associated with such activities.

IBI has a strong approach to identifying and mitigating risks relating to IT security and has established a disciplined and accountable framework that monitors risks and hazards, maximizes IBI's resources and directly supports the implementation of IBI's strategy. Following industry best practices, IBI's IT security controls are applied using a risk-based approach, assessing the impact and likelihood of each risk and prioritizing such risks to develop and implement mitigation plans accordingly. IBI's Enterprise Risk Management Framework (the "**ERMF**") aids in proactively managing risks, including risks pertaining to security of IBI's IT systems, which can potentially affect IBI's strategic objectives and priorities. Among other things, the ERMF provides guidance to IBI as follows:

- Risk Identification: Risks are identified on an ongoing basis through a combination of, among other factors, expert judgment and historical analysis of similar situations. IBI's goal is to identify a comprehensive set of relevant risks and to minimize unknown risks. Varying levels are used to identify and group risks into categories, assisting IBI in classifying identified risks and vulnerabilities and implementing appropriate mitigation strategies.

- Risk Assessment: Assessment or analysis of a risk involves understanding the impact of the risk and estimating the level of a risk. Controls may already exist to deal with certain risks and are considered when analyzing any risk. The impact of a risk is described in terms of its potential consequences including in terms of cost, duration, solution scope, solution quality as well as reputation, compliance, or social responsibility. Typically, three to five broad categories are used to describe the potential impact of a risk. In addition to the foregoing, in categorizing a risk, IBI considers the potential impact of a risk on its strategic objectives and the likelihood of such risk materializing, considering existing mitigating controls and measures.

- Risk Management and Control: As part of risk management, the results from the risk assessment are compared with the potential value of the change or of the solution to determine if the level of risk is acceptable or not. An overall risk level may be determined by considering the aggregate impact of individual risk levels. For each risk identified, IBI accordingly plans response actions, identifies any existing controls and related key performance indicators, specifies the accountable authorities for each risk and identifies key stakeholders or stakeholder groups. Once an approach for dealing with a specific risk is determined, a risk response plan is developed and assigned to one or more individual risk owners (typically senior officers of IBI) with responsibility and authority for that risk. The individual risk owner is responsible for reporting on the progress of addressing such risk to management on a regular basis. The individual risk owner is also responsible for re-analyzing the risk to determine any residual risk, which includes the likelihood of risk materialization and new impacts as a result of the measures taken to modify the risk.

In addition, following the advice of its insurance advisors, IBI has procured a cyber insurance policy which provides broad coverage for cyber and privacy related incidents.

IBI annually undertakes penetration testing of all of its IT security systems through independent (third-party) security firms. While external audits occur annually, internal information security risk reviews and assessments are conducted on a monthly basis in accordance with established processes to ensure that IBI's IT security controls are protecting its information systems and infrastructure on an ongoing basis. Additionally, in the United Kingdom, IBI has obtained and maintains Cyber Essential and Cyber Essential Plus certifications through the United Kingdom's National Cyber Security Center.

Furthermore, IBI has established a comprehensive security awareness training program for its staff conducted by the SANS Institute (the "**Security Awareness Training Program**"). All IBI staff are required to annually undergo training relating to IT security pursuant to the Security Awareness Training Program. The Security Awareness Training Program consists of several participatory modules which introduce participants to, among other things, best practices relating to identifying IT security risks, threats posed by suspicious emails and phishing attempts, creation of strong passwords and general responsibility of protecting the security and integrity of IBI's IT systems.

The strength of IBI's approach towards security of its IT systems and the depth of its Security Awareness Training Program enables IBI to be better protected and prepared against a cyber threat. IBI will continue to place significant emphasis on the importance of adequate IT security protections and requisite training for all its staff as well as to enhance its IT security infrastructure and Security Awareness Training Program to reflect ongoing trends and changes respecting IT security, including cyber security.



5.10. Legal Matters and Insurance

From time to time, IBI is named as defendant in, or may become subject to, various legal proceedings in the ordinary course of conducting its business, including lawsuits based on professional errors and omissions. IBI is not currently subject to any legal proceedings which are material either individually or in the aggregate.

IBI carries professional errors and omissions insurance which, in management's view, provides coverage that addresses all material insurable risks, is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions.

5.11. Offices

IBI's corporate headquarters are located in Toronto, Ontario. IBI occupies 16 offices in Canada, one in China, one in Greece, four in India, one in Ireland, one in Israel, one in Mexico, one in Saudi Arabia, two in the United Arab Emirates, eight in the United Kingdom and 24 in the United States.

6. DESCRIPTION OF IBI GROUP

6.1. General

The following is a summary of the material attributes and characteristics of the Partnership Units and certain provisions of the IBI Group Partnership Agreement, which summary is not intended to be complete. Reference is made to the IBI Group Partnership Agreement and the full text of its provisions for a complete description of the Partnership Units which is available from the Corporation's profile on SEDAR.

6.2. Partnership Interests

IBI Group is entitled to issue an unlimited number of Class A Units, an unlimited number of Class B Units, issuable in series and an unlimited number of Class I Units. All of the Class A Units and Class I Units outstanding are held by the Corporation. All of the Class B Units outstanding are held by the Management Partnership.

The Corporation subscribed for Class A Units and the Management Partnership was issued Class B Units in consideration for the transfer by the Management Partnership of the assets used by it to carry on the business to IBI Group, pursuant to a purchase agreement made as of August 31, 2004. Subsequently, the Management Partnership transferred certain Class B Units to Management Partnership II in accordance with the terms of certain transfer agreements. The Class A Units and the Class B Units have, except as otherwise noted, economic and voting rights equivalent in all material respects. The Class B Units have the following attributes: the Class B Units are exchangeable, on a one-for-one basis (subject to customary anti-dilution provisions and as provided under "Exchange Rights") for Shares at the option of the holder (there are also certain restrictions on the transfer of Class B Units and the Shares issued on exchange thereof by the Management Partnership. See "*Management Partnership's Interest*" below).

The Class I Units were issued in connection with the offering of the 6.5% Debentures. The Class I Units are entitled to receive amounts accrued or payable and not yet paid on such Units and the amount of capital in their respective capital accounts. The Class I Units do not have any voting rights, except where required by law.



6.3. Entitlements to Income

The income earned and cash received by IBI Group from all sources shall, subject to certain adjustments, be shared pro rata among the holders of Class A Units and holders of Class B Units.

The Class I Units are entitled to receive out of the income of IBI Group an amount equal to the amount of interest paid by the Corporation, from time to time, on the then outstanding 6.5% Debentures, at the time of any such payment.

6.4. Distributions

IBI Group may make a distribution at any time. Distributable cash represents, in general, all of IBI Group's cash, after:

- satisfaction of its debt service obligations (principal, interest and cash borrowing costs);
- provision for capital expenditures accrued or payable;
- satisfaction of other expense and debt service obligations accrued or payable;
- amounts for long-term incentive plans or other incentive plans;
- amounts payable pursuant to the Administration Agreement, including the Partners Compensation Amount; and
- retaining reasonable reserves for administrative and other expense obligations and reasonable reserves for working capital expenditures as may be considered appropriate by the board of Corporate Directors.

6.5. Allocation of Net Income and Losses

The income for tax purposes of IBI Group for a particular fiscal year from each source described above is allocated to each partner by multiplying the total income allocated to the partners from that source by a fraction, the numerator of which is the total sum of the cash distributions received by that partner from that source with respect to that fiscal year and the denominator of which is the total amount of the cash distributions made by IBI Group to all partners from that source with respect to that fiscal year. The amount of income from a particular source allocated to a partner may exceed or be less than the amount of cash distributed by IBI Group to that partner from that source (but, for greater certainty, the amount of income allocated to the holders of the Class I Units for tax purposes will not exceed the amount of its entitlement described under "*Description of IBI Group – Partnership Interests – Entitlements to Income*" above).

Income and loss of IBI Group for accounting purposes is allocated to each partner in the same proportion as income or loss that is allocated for tax purposes.

If there are no cash distributions to the holders of Class A and Class B Units in any fiscal year, any income for tax purposes not allocated to the holders of Class I Units will be allocated between the holders of Class A and Class B Units, based on the number of Partnership Units held by each such holder during such fiscal year, based on an average of the number of Partnership Units held by each at the end of each month during such fiscal year.

Losses of IBI Group for tax purposes in any fiscal year will be allocated to the holders of Class A and Class B Units only, and will be allocated between them based on the number of Partnership Units held by each such holder during such fiscal year, based on an average of the number of Partnership Units held by each at the end of each month during such fiscal year.



6.6. Entitlements to Capital

The capital of IBI Group shall, in the event of a liquidation or dissolution of the partnership, be distributed pro rata among the holders of the Class A Units and the Class B Units. Solely for the purpose of determining the distributions to be made by IBI Group on the Partnership Units of its remaining capital, the value of affiliated professional services practices, to the extent not owned by IBI Group, shall be included in determining IBI Group's remaining capital on a liquidation or dissolution, and shall be treated as having been distributed on the Class B Units in partial satisfaction of their entitlement to a share of such remaining capital.

6.7. Transfer of Partnership Units

Partnership Units are fully transferable. However, a Partnership Unit is not transferable in part and no transfer of a Partnership Unit will be accepted unless a transfer form, duly completed and signed by the registered holder of the Partnership Unit and the transferee, has been remitted to the registrar and transfer agent of IBI Group. A transferee of the Partnership Unit will become a partner and will be subject to the obligations and entitled to the rights of a partner under the IBI Group Partnership Agreement on the date on which the transfer is recorded in an amendment to the record. Class B Units will only be transferable as described under "*Management Partnership's Interest*" below.

7. DESCRIPTION OF THE CAPITAL STRUCTURE OF THE CORPORATION

The following is a summary of the material attributes and characteristics of the Shares and Non-Participating Voting Shares, Series 1 and 2, and certain provisions of the Articles of Incorporation of the Corporation dated June 30, 2010, as amended by the Articles of Arrangement effective January 1, 2011 and Articles of Amendment effective June 14, 2012 (collectively, the "**Articles**"), which does not purport to be complete. Reference is made to the Articles and the full text of its provisions which are available on the Corporation's profile on SEDAR.

7.1. Shares

An unlimited number of Shares are issuable pursuant to the Articles. In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets among Shareholders for the purpose of winding-up its affairs, the Shares are subordinate to the Non-Participating Voting Shares, and after payment to the holders of the Non-Participating Voting Shares of the redemption price (discussed below), the holders of Shares are entitled to receive the remaining assets of the Corporation. The holders of Shares are entitled to receive notice of and to attend any meeting of the shareholders of the Corporation, and are entitled to one vote in respect of each Share held at such meetings, except a meeting of holders of a particular class or series of shares other than the Shares who are entitled to vote separately as a class or series at such meeting.

Until such time that the Management Partnership and its affiliated entities cease to hold in the aggregate at least 10% of the Shares then outstanding (calculated for this purpose on the basis that all of the exchangeable securities held by such persons have been converted into or exchanged for Shares), there shall be seven directors of the Corporation, unless the holders of at least a majority of the then outstanding Non-Participating Voting Shares agree otherwise in writing.

All Shares are of the same class with equal rights and privileges. The Shares are not subject to future calls or assessments. The Shares have no conversion, retraction, redemption or pre-emptive rights. The Credit Agreement contains restrictive covenants that prohibit the Corporation from redeeming, re-purchasing or otherwise acquiring its outstanding Shares. For further details regarding the Credit Agreement and the Credit Facilities, see "*Credit Facilities*" below.

The Class B Units are exchangeable on a one-for-one basis for Shares. The right of exchange associated with the Class B Units may be varied in certain circumstances where a take-over bid is made for the Shares. See "Exchange Rights" below.

7.2. Non-Participating Voting Shares, Series 1 and 2

Non-Participating Voting Shares, Series 1 may only be issued in connection with, or in relation to, Class B Units. Non-Participating Voting Shares, Series 2 may only be issued in connection with or in relation to Class 2 Units of the Management Partnership or other securities that are, directly or indirectly, exchangeable for Shares, as the directors of the Corporation determine from time to time. Upon a transfer of any Class B Units or Class 2 Units or other exchangeable securities, as the case may be, the number of Non-Participating Voting Shares to which they relate must be transferred to such transferee as well. The Non-Participating Voting Shares are not otherwise transferable.

Holders of the Non-Participating Voting Shares are entitled to receive notice of, and to attend, any meeting of the Shareholders of the Corporation, except a meeting of holders of a particular class or series of Shares who are entitled to vote separately as a class or series at such meeting, and are entitled to a number of votes in respect of each Non-Participating Voting Share held at any such meeting equal to the number of Shares which may be obtained upon the exchange of the Class B Units or Class 2 Units or other exchangeable securities, as the case may be, held by each holders to which such Non-Participating Voting Share relates.

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among Shareholders for the purpose of winding-up its affairs, the holders of the Non-Participating Voting Shares are entitled to receive a redemption price in preference to the Shares from the assets of the Corporation in the amount of \$0.000001 per Non-Participating Voting Share. Upon such payment the Non-Participating Voting Shares bear no further right to any distribution of the Corporation's assets.

6,282,222 Non-Participating Voting Shares, Series 1 (representing the same number of votes as 6,282,222 Shares) were issued to the Management Partnership in respect of the Class B Units held by the Management Partnership. Subsequently, the Management Partnership transferred certain Non-Participating Voting Shares, Series 1 to Management Partnership II in accordance with the terms of certain transfer agreements. The Non-Participating Voting Shares of any series may be transferred only under the same circumstances as the associated Class B Units, are evidenced only by the certificates representing such securities and will be cancelled upon the exchange of the related securities for Shares. Non-Participating Voting Shares of any series may be redeemed by the holder at any time for nominal consideration.

7.3. Issued and Outstanding Shares and Non-Participating Voting Shares, Series 1 and 2

As of March 22, 2022, there were 31,264,466 Shares outstanding (37,546,688 Shares outstanding on a partially diluted basis, assuming the exchange of the Class B Units for Shares), 6,282,222 Non-Participating Voting Shares, Series 1, and no Non-Participating Voting Shares, Series 2 outstanding. Each Class B Unit is exchangeable for one Share.

7.4. Dividends

Holders of the Shares are entitled to receive dividends in such amounts and on such date or dates as may from time to time be determined by the directors of the Corporation. Holders of the Non-Participating Voting Shares are not entitled to receive any dividends. The Corporation currently does not pay dividends on the Shares and IBI Group does not pay distributions on the Class B Units held by the

Management Partnership, based on the Corporation's commitment to manage cash to strengthen its balance sheet and manage its operations and its obligations under the Credit Facilities. The Credit Agreement contains restrictive covenants that limit the Corporation's discretion to pay dividends. For further details regarding the Credit Agreement and the Credit Facilities, see "*Credit Facilities*" below. The Corporation will continue to closely monitor profitability and cash generated and will revisit the dividend and distribution policy as the Corporation moves into solid and sustainable operations and an improved balance sheet.

7.5. Information and Reports

The Corporation has undertaken to the securities regulatory authority in each of the provinces and territories of Canada that, for as long as the Corporation is a reporting issuer under applicable securities laws, it will:

- treat IBI Group as a subsidiary of the Corporation in complying with its reporting issuer obligations;
- for so long as its investment in IBI Group represents a significant asset of the Corporation, to the extent that the Corporation does not prepare financial statements consolidating the results of operations of IBI Group, file with the securities regulatory authorities in each of the provinces and territories of Canada and deliver to the Corporation's registered and beneficial Shareholders in accordance with applicable securities laws quarterly unaudited and annual audited financial statements of IBI Group;
- obtain a commitment from IBI Group to comply with applicable securities laws relating to "related party transactions" as if IBI Group were a reporting issuer and the Shareholders held directly the Partnership Units of IBI Group held by the Corporation; and
- annually certify that it has complied with this undertaking and file such certificate with the securities regulatory authority in each of the provinces and territories of Canada concurrently with the filing of its annual financial statements.

Directors and Associate Directors of the Corporation and IBI Group who are "reporting insiders" (as defined by applicable securities laws) are required to file insider reports and comply with insider trading provisions under applicable Canadian securities legislation in respect of trades made by such persons in Shares.

7.6. Book-Entry Only System

Registration of interests in and transfers of the Shares are made only through the Book-Entry Only System administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Shares must be purchased, transferred and surrendered for redemption through a participant in the CDS depository service. All rights of a Shareholder must be exercised through, and all payments or other property to which a Shareholder is entitled will be made or delivered by, CDS or the CDS participant through which the Shareholder holds the Shares. Upon a purchase of any Shares, the Shareholder will receive only a customer confirmation from the registered dealer which is a CDS participant and from or through which the Shares are purchased. References in this annual information form to a Shareholder means, unless the context otherwise requires, the owner of the beneficial interest in those Shares.

The ability of a beneficial owner of Shares to pledge those Shares or otherwise take action with respect to the Shareholder's interest in those Shares (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Shares through the Book-Entry Only System, in which case certificates for the Shares in fully registered form would be issued to beneficial owners of those Shares or their nominees.

7.7. Debentures

The Corporation's 6.5% Debentures bear interest at 6.50% per annum payable semi-annually on June 30 and December 31 of each year. The 6.5% Debentures mature on December 31, 2025. On or after December 31, 2023, and prior to December 31, 2024, the 6.5% Debentures may be redeemed by the Corporation in whole or in part from time to time at a redemption price equal to 103.25% of the principal amount of the 6.5% Debentures plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On or after December 31, 2024 and prior to December 31, 2025, the 6.5% Debentures may be redeemed at the option of the Corporation in whole or in part from time to time at a redemption price equal to the principal amount of the 6.5% Debentures, and, in addition thereto, at the time of redemption, the Corporation shall pay to the holder any accrued and unpaid interest. As at March 22, 2021, the value of outstanding 6.5% Debentures was approximately \$43,775,686. The 6.5% Debentures are not rated and trade on the TSX under the symbol "IBG.DB.E".

The Credit Agreement contains restrictive covenants that limit the Corporation's discretion to make any cash payments on account of the 6.5% Debentures (including redemptions, repayments and purchases). For further details regarding the Credit Agreement and the Credit Facilities, see "*Credit Facilities*" below.

8. MANAGEMENT PARTNERSHIP'S INTEREST

The Management Partnership holds 6,282,222 Class B Units and an equivalent number of Non-Participating Voting Shares. The Class B Units owned by the Management Partnership represent an interest of approximately 20.09% in IBI Group (approximately 16.73% on a partially diluted basis, assuming the exchange of the Class B Units for Shares). If all such Class B Units were exchanged for Shares, they would, together with the 7,184,701 Shares held by the Management Partnership and its affiliated partnerships, represent approximately 32.8% of IBI on a non-diluted basis, assuming no exchange of the Class B Units for Shares and approximately 32.8% on a partially diluted basis, assuming the exchange of the Class B Units for Shares.

Except for certain transfers to affiliated entities and transfers pursuant to the exercise of tag-along rights on certain transactions involving a change of control of the Corporation, the Management Partnership has agreed not to transfer or encumber Class B Units or Shares issued on the exchange thereof (i) if following such transfer the Management Partnership would beneficially own less than 3,518,045 Shares, or (ii) if following such transfer the Management Partnership would beneficially own less than 20% of the Shares then issued and outstanding (on a fully-diluted basis). In addition, the Management Partnership has agreed to participate in issuances such that it never beneficially owns an amount of Shares that is less than (i) 3,518,045 Shares, or (ii) 20% of the Shares then issued and outstanding (on a fully-diluted basis), other than as a result of permitted transfers as referred to above. These restrictions on transfer will terminate in the circumstances described under "*Exchange Rights*" below.

Pursuant to the Exchange Agreement, the Management Partnership is entitled to exchange the Class B Units held by it for an equivalent number of Shares (subject to adjustment), and upon such exchange the related Non-Participating Voting Shares will be cancelled. See "*Exchange Rights*" below.



On any issuance of Shares or Partnership Units (other than an issuance in consideration for non-cash assets), the Management Partnership has a pre-emptive right to subscribe (on the same terms as offered generally) for such number of Shares or Partnership Units as will allow it to maintain its proportionate ownership in IBI Group (and to restore its proportionate ownership in IBI Group in respect of any previous pre-emptive subscription opportunities not exercised and in respect of any previous issuance of Shares or Partnership Units to which this pre-emptive right did not apply for any reason).

Each of the principals of the partners of the Management Partnership have entered into a non-competition and non-solicitation agreement in favour of the IBI Group of firms pursuant to which each has agreed, in effect, that, while he or she is a principal of a partner of the Management Partnership and (except in the case of a *bona fide* termination without cause) for a period time thereafter, he or she will not, without the consent of IBI Group, directly or indirectly, on his or her own behalf or in the service or on behalf of others, as a director, trustee, owner (except as an owner of less than five percent of the outstanding stock of a publicly-owned corporation), employee, consultant, advisor, independent contractor or in any other capacity, engage in a business that is in competition with the IBI Group of firms.

9. EXCHANGE RIGHTS

The Exchange Agreement grants the Management Partnership (or a party to which the Class B Units held by the Management Partnership were transferred) the right (the "**exchange rights**") to effectively exchange, through a series of steps described in the Exchange Agreement, all or any portion of its Class B Units for Shares. The exchange rights may be exercised by the Management Partnership (or a party to which the Class B Units held by the Management Partnership were transferred) once in any calendar quarter on a date which is 10 days following the release of quarterly or annual financial information of the Corporation, provided that a maximum of five percent of the total outstanding Shares outstanding on any given exchange date may be issued on the exercise of the exchange rights on that exchange date.

The Class B Units issued to the Management Partnership are subject to certain anti-dilution protections providing for adjustment of the exchange ratio applicable to the exchange of Class B Units pursuant to the Exchange Agreement upon the occurrence of certain events, including subdivision or consolidation of the outstanding Shares, any reclassification of the Shares outstanding, any capital reorganization of the Corporation or any consolidation, amalgamation, merger or other form of business combination of the Corporation with or into any other entity.

The Exchange Agreement may be assigned in whole or in part by the Management Partnership only in connection with a sale by the Management Partnership of Class B Units.

The Administration Agreement, the Exchange Agreement and the IBI Group Partnership Agreement provide that if a non-exempt take-over bid from a person acting at arm's length to the Management Partnership (or any affiliated entity or associate thereof) is made for the Shares and a contemporaneous identical offer is not made for the Partnership Units which are exchangeable (or will become exchangeable following the passage of time) for Shares pursuant to the Exchange Agreement (in terms of price, timing, proportion of securities sought to be acquired and conditions, provided that the offer for the Partnership Units which are exchangeable, or will become exchangeable following the passage of time, for Shares pursuant to the Exchange Agreement may be conditional on Shares being taken up and paid for under the take-over bid), then all limitations on the exchange and transfer of the Partnership Units which are exchangeable (or will become exchangeable following the passage of time) for Shares pursuant to the Exchange Agreement shall terminate subject to the restrictions on transfer or encumbrance on the Non-Participating Voting Shares, Series 1, which provisions shall survive in accordance with the provisions of the Administration Agreement, and, provided that (i) not less than 25%

of the Shares (other than Shares held at the date of the take-over bid by or on behalf of the offer or associates or affiliated entities of the offeror) are taken-up and paid for pursuant to the non-exempt bid from and after the date of first take-up of Shares under the said take-over bid and (ii) the take-over bid is not for any and all Shares tendered or is not structured such that holders of Partnership Units which are exchangeable (or will become exchangeable following the passage of time) for Shares pursuant to the Exchange Agreement can exchange into Shares conditional on take-up, the Partnership Units which are exchangeable (or will become exchangeable following the passage of time) for Shares pursuant to the Exchange Agreement will be exchangeable at an exchange ratio equal to 110% of the exchange ratio previously in effect, such that, based on the current one-to-one exchange ratio, on exchange the holder of Partnership Units which are exchangeable (or will become exchangeable following the passage of time) for Shares pursuant to the Exchange Agreement will receive 1.1 Shares for each Share that the holder would otherwise have received. Notwithstanding any adjustment on completion of an exclusionary offer as described above, the voting rights attaching to the Non-Participating Voting Shares will not be similarly adjusted, and the distribution rights attaching to the Partnership Units which are exchangeable (or will become exchangeable following the passage of time) for Shares pursuant to the Exchange Agreement will not be adjusted until the exchange right is actually exercised.

10. RISK FACTORS

The following are certain factors relating to IBI that prospective investors should carefully consider before deciding whether to purchase securities of IBI. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this annual information form. These risks and uncertainties are not the only ones facing IBI. Additional risks and uncertainties not presently known to IBI, or that IBI currently deems immaterial, may also impair the operations of IBI. If any such risks actually occur, the business, financial condition and/or liquidity and results of operations of IBI could be materially adversely affected.

10.1. Risks Related to the Industry and IBI's Business

Ability to Maintain Profitability and Manage Growth

There can be no assurance that IBI's business and growth strategy will enable it to sustain profitability in future periods. IBI's future operating results will depend on a number of factors, including its ability to continue to successfully execute its business and growth strategy as described above under "Description of the Business". There can be no assurance that IBI will be successful in achieving its strategic plan or that its strategic plan will enable it to maintain its historical revenue growth rates or to sustain profitability. Failure to successfully execute any material part the strategic plan could have a material adverse effect on IBI's business, financial condition and operating results.

There can be no assurance that IBI will be able to effectively manage its growth, and any failure to do so could have a material effect on IBI's business, financial condition and results of operations.



General State of the Economy

The industries in which IBI operates are affected by general economic conditions, including international, national, regional and local economic conditions, all of which are outside of the control of IBI. Economic slowdowns or downturns, adverse economic conditions, cyclical trends, increases in interest rates, variations in currency exchange rates or currency restrictions and other factors could have a material adverse effect on the business, financial condition and results of operations of IBI. Although IBI's operations are functionally and geographically diversified, significant erosion in levels of activity in any practice area could have a negative impact on IBI's business, financial condition and results of operations. Clients may undertake fewer projects during difficult economic times, resulting in limited implementation of new technology and smaller engagements. Competition may increase and pricing for services may decline as competitors may decrease rates to maintain or increase their market share in the industry.

IBI's operations and financial results may be adversely affected by the COVID-19 pandemic

In December 2019, COVID-19 was reported and in January 2020, the World Health Organization declared it as a Public Health Emergency of International Concern. On February 28, 2020, the World Health Organization raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

To date, the Corporation has been able to operate under normal business conditions. However, the broader implications of COVID-19 on IBI's results of operations and overall financial performance remain uncertain. The COVID-19 pandemic and its adverse effects have become more prevalent in the locations where the Corporation, its clients, suppliers, and third-party business partners conduct business. IBI may experience curtailed client demands that could have a material adverse impact on its business, results of operations, and overall financial performance of future periods, specifically IBI may experience impacts from clients delaying consulting services and reduced market spending.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions, and the impact of these and other factors on the Corporation's employees, clients, partners, and vendors.

Reliance on Key Professionals

IBI's operations are dependent on the abilities, experience and efforts of its professionals, many of whom have significant reputations and contacts in the industries serviced by IBI. Hiring and retaining highly qualified professionals with the appropriate training and expertise may be difficult. Should members of IBI's professional staff be unable or unwilling to continue their relationship with IBI, IBI would be required to recruit and/or train new employees. This could result in lost revenue and/or increased costs.



Competition in the Industry

IBI operates in a competitive global marketplace. Some of its competitors have achieved substantially more market penetration in certain of the areas in which IBI provides services and technologies. In addition, some of IBI's competitors have substantially more financial, marketing and sales resources and/or financial flexibility than IBI. These competitive forces could have a material adverse effect on IBI's business, financial condition and results of operations by reducing its relative market share in the areas it serves. There can be no assurance that IBI will succeed in providing competitively priced services and technologies at levels of service and quality that will enable IBI to continue to maintain and grow its market share.

IBI must constantly adapt its services and technologies and solutions to maintain and improve its competitive advantage and remain able to provide cost effective services and technologies and solutions that are in demand. The markets in which IBI operates are extremely competitive and there can be no assurance that IBI will succeed in developing and adapting its business in a timely manner. If IBI does not keep pace, its ability to retain existing clients and gain new business may be adversely affected.

Reputation and Goodwill in the Industry

Reputation and goodwill play an important role in the long-term success of any firm in the professional services and technologies industry. Negative opinion may impact long-term results and can arise from a number of factors including competence, losses on specific projects, questions concerning business ethics and integrity, corporate governance, the accuracy and quality of financial reporting and public disclosure as well as the quality and timing of the delivery of key products and services. IBI has implemented various procedures and policies to help mitigate this risk including the adoption of the Code which all employees are expected to review and abide by. Nevertheless, the adoption of corporate policies and training of employees cannot guarantee that a future breach or breaches of the Code or other corporate policies will not occur which may or may not impact the financial results of IBI.

Timely Completion of Projects and Performance of Obligations

IBI may sometimes guarantee to its clients that it will complete a project by a scheduled date. If the project is not completed by the scheduled date, IBI may incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to the late completion. To the extent that such an event occurs, the total costs of the project could exceed IBI's estimates and it could experience reduced profits or, in some cases, a loss on that project.

IBI's success depends in large part on whether IBI fulfills its contractual obligations with clients and keeps its clients satisfied. If IBI fails to satisfactorily perform its contractual obligations or address performance issues, or makes professional errors in the services that it provides, then clients could terminate projects, exposing IBI to legal liability, loss of its professional reputation and risk of reduced profits or, in some cases, a loss on that project.

Fixed-Price Contracts

A portion of IBI's revenues come from fixed-price contracts. A fixed-price contract requires IBI to either perform all or a specified part of work under the contract for a specified lump-sum. Fixed-price contracts expose IBI to a number of risks not inherent in cost-plus contracts, including underestimation of costs, ambiguities in specifications, unforeseen costs or difficulties, problems with new technologies, delays beyond the control of IBI, failures of subcontractors to perform and economic or other changes that may occur during the contract period. Increasing reliance on fixed-price contracts and/or increasing size of such contracts would increase this exposure. The failure to properly assess a wide variety of risks, appropriately execute such contracts, or contractual disputes may have an adverse impact on financial results.

Subcontractor Performance

The profitable completion of some contracts depends to a large degree on the satisfactory performance of subcontractors and design and engineering consultants who complete different elements of the work. If these subcontractors do not perform to accepted standards, IBI may be required to hire different subcontractors to complete the tasks, which may impact schedule, add costs to a contract, impact profitability on a specific job and, in certain circumstances, lead to significant losses. A major subcontractor default or failure to properly manage subcontractor performance could materially impact results.

International Operations Subject to Numerous Risks

In addition to its operations in Canada, IBI has operations in the United States, the United Kingdom, Western Europe, the Middle East and Asia, and derives a significant percentage of its revenues from operations outside of Canada. International business is subject to a variety of specific risks, including: (i) greater risk of uncollectible accounts and longer collection cycles; (ii) currency fluctuations; (iii) logistical and communications challenges; (iv) potential adverse changes in laws and regulatory practices; (v) changes in labour conditions; (vi) general economic and political conditions in the foreign markets; and (vii) international hostilities, including the increasing tensions related to the ongoing conflict between Russia and Ukraine, and economic sanctions imposed in relation thereto. These and other risks associated with international operations could harm IBI's overall operations and adversely affect its business, financial condition and results of operations.

Regulatory Risk

IBI's global operations require it to be compliant with laws in many jurisdictions on matters such as: professional licensing, taxation, immigration, and anti-corruption, trade restrictions, securities regulation, antitrust, data privacy and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. Some of these laws may impose conflicting requirements; IBI may face the absence in some jurisdictions of effective laws to protect IBI's intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce IBI's earnings, any of which may expose IBI to risks for non-compliance and harm IBI's reputation in those jurisdictions.

Reduction of Backlog

IBI cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. Projects may remain in IBI's backlog for an extended period of time. In addition, project cancellations or scope adjustments may occur from time to time with respect to contracts reflected in IBI's backlog. Backlog reductions adversely affect the revenue and profit that IBI actually receives from contracts reflected in its backlog. Future project cancellations and scope adjustments could further reduce the dollar amount of IBI's backlog and the revenues and profits that IBI actually receives. Most of IBI's contracts for professional services with its clients are terminable by the clients on short notice. If a reduction in IBI's backlog occurs, IBI could incur costs resulting from reductions in staff that would have the effect of reducing its profits.

Interest Rate Fluctuations

IBI Group may be exposed to fluctuations in interest rates under its floating-rate debt. Increases in interest rates may have an adverse effect on the earnings of IBI.

Exchange Rate Fluctuations and Currency Controls

IBI earns a significant percentage of its revenues outside of Canada. IBI's functional and reporting currency is the Canadian dollar. As such, the United States, the United Kingdom, European, Middle Eastern and Asian investments, operations and assets are exposed to variances in currency exchange rates. Volatility in exchange rates could have an adverse effect on IBI's business, financial condition and results of operations.

Assumption of Upfront Risk in Participating in Consortia Bidding on Large Projects

In order to adapt to the current trends affecting the manner in which professional services are provided in the areas in which IBI operates, IBI is, among other things, participating in larger projects and projects being contracted through alternative project delivery and assuming a significant amount of upfront risk in order to participate in consortia formed to bid on these projects. Both the participation in these projects and the assumption of greater degrees of upfront risk for time invested in participating in consortia for such projects which may ultimately not be recoverable could have a material adverse effect on IBI's business, financial condition and results of operations.

Information Systems, Cyber Security, Data Protection and Infrastructure Risks

In the ordinary course of its business, IBI collects, stores, processes and/or transmits sensitive data belonging to its clients, partners, vendors, employees and contractors as well as IBI's own proprietary business information and intellectual property. Processing, maintaining, retiring and transmitting confidential information securely is critical to IBI's workflow operations and delivery of products and services to its clients. IBI faces risks inherent in protecting the security of such confidential data which have grown in complexity, magnitude and frequency in recent years. Despite the robust security measures IBI has implemented, its data, systems and infrastructure may be vulnerable to cyber attacks or breached due to employee error, malfeasance or other disruptions. These security breaches could materially compromise IBI's information, disrupt its business operations or cause IBI to breach its client obligations thereby exposing IBI to liability, reputational harm and/or significant remediation costs. A theft, loss, corruption, exposure, fraudulent use or misuse of client information whether by third parties or as a result of employee malfeasance could result in significant remediation and other costs, fines, litigation or regulatory actions against IBI, as well as cause reputational harm, negatively impact IBI's competitive position and affect its financial results. IBI is increasingly relying on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over its data and system

processing. Such third parties may also be vulnerable to security breaches for which IBI may not be indemnified and which could cause materially adverse harm to IBI's reputation and competitive position and affect its financial results. IBI is continuously working to install new, and upgrade its existing, IT systems and provide employee awareness training around phishing, malware, and other cyber risks to ensure that IBI is protected, to the greatest extent possible, against cyber risks and security breaches.

Protection of Intellectual Property and Proprietary Rights

IBI's success depends, in part, on its ability to protect its proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that IBI uses to provide its services. Although IBI takes reasonable steps (e.g. available copyright protection and, in some cases, patent protection) to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing IBI's rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which IBI conducts business may offer only limited intellectual property rights protection. Despite IBI's efforts, the steps taken to protect IBI's intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and IBI may not be able to detect unauthorized use of its intellectual property, or take appropriate steps to enforce its intellectual property rights.

Insurance Limits

Management believes that IBI's professional errors and omissions insurance and director and officer liability insurance coverage addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of IBI.

Dividends

The Corporation has not paid any dividends since prior to the Arrangement. The declaration and payment of dividends on Shares is at the discretion of the board of Corporate Directors. The cash available for dividends is a function of numerous factors, including IBI's financial performance, the impact of interest rates, debt covenants and obligations under the Credit Facilities, working capital requirements and future capital requirements. Currently IBI's business strategy is to use available cash to repay outstanding loans and for general corporate purposes. The Corporation does not expect to declare and issue any dividends on the Shares in the immediate future.

Benefits obtained from government sponsored programs

IBI benefits from some government sponsored programs designed to support research and development, labour and economic growth in jurisdictions where IBI operates. Government programs reflect government policy and depend on various political and economic factors. There can be no assurance that such government programs will continue to be available to IBI or its clients in the future, or will not be reduced, amended or eliminated. Any future government program reductions or eliminations or other amendments to relevant tax credit programs could increase operating or capital expenditures incurred by IBI and have a material adverse effect on net earnings or cash flow.



Risk of Future Legal Proceedings

From time to time IBI is named as a defendant in, or may become subject to, various legal proceedings in the ordinary course of conducting its business, including lawsuits based upon professional errors and omissions. A significant judgment against IBI or the imposition of a significant fine or penalty as a result of a finding that IBI has failed to comply with laws or regulations could have a significant adverse impact on IBI's business, financial condition and results of operations. IBI typically uses reasonable efforts to include provisions in contracts which are designed to limit exposure to legal claims relating to services and the applications IBI develops. IBI may not always be able to include such provisions and, where successful, they may not adequately cover such risks or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Credit Risk

Financial instruments that subject the Corporation to credit risk consist primarily of accounts receivable. The Corporation maintains an allowance for estimated credit losses on accounts receivable. The estimate is based on the best assessment of the ultimate collection of the related accounts receivable balance based, in part, on the age of the outstanding accounts receivable and on its historical impairment loss experience.

The Corporation provides services to diverse clients in various industries and sectors of the economy, and its credit risk is not concentrated in any particular client, industry, economic or geographic sector. In addition, management reviews accounts receivable past due on an ongoing basis with the objective of identifying matters that could potentially delay the collection of funds (at an early stage).

10.2. Risks Related to the Structure of IBI

Dependence of the Corporation on IBI Group

The Corporation is a holding company which is entirely dependent on the operations and assets of IBI Group through the ownership of Class A Units and is susceptible to fluctuations in performance of IBI Group and its subsidiaries.

Unpredictability and Volatility of Share Price

A publicly-traded corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Shares trade cannot be predicted. The market price of the Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Shares.

Leverage and Restrictive Covenants

IBI has third-party debt service obligations under the Credit Facilities. See "*Credit Facilities*" below. The degree to which IBI is leveraged could have important consequences to the Shareholders, including: (i) IBI's ability to obtain additional financing for working capital in the future may be limited; (ii) a portion of IBI Group's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for distribution to IBI; and (iii) certain of IBI Group's borrowings will be at variable rates of interest, which will expose IBI to the risk of increased interest rates. IBI's ability to make scheduled payments of the principal of or interest on, or to refinance, its indebtedness



will depend on its future cash flow, which is subject to the operations of IBI, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Credit Agreement contains numerous restrictive covenants that limit IBI's discretion with respect to certain business matters, including the ability to incur additional indebtedness, create liens or other encumbrances, to pay distributions, to make certain other investments and loans, to sell or otherwise dispose of assets and to merge or consolidate with another entity. In addition, the Credit Agreement contains a number of financial covenants that require IBI Group to meet certain financial ratios and financial condition tests. A failure by IBI to comply with its obligations under the Credit Agreement could result in a default, which, if not waived, could permit acceleration of the relevant indebtedness. If indebtedness under the Credit Facilities were to be accelerated, there can be no assurance that the assets of IBI Group would be sufficient to repay in full that indebtedness.

IBI Group's Credit Facilities will need to be renewed or refinanced no later than September 29, 2025. Although IBI believes that it can negotiate an extension or renewal of the Credit Facilities or obtain replacement financing prior to the expiration of the Credit Facilities, there can be no assurance that the Credit Facilities will be extended or renewed or that future borrowings will be available to IBI Group, or available on acceptable terms, in an amount sufficient to meet IBI's financing requirements at that time. If such an extension or renewal or future borrowings were not available, or not available on acceptable terms, it would have a material adverse impact on IBI's business and financial condition.

The Corporation May Issue Additional Shares Diluting Existing Shareholders' Interests

The Corporation is authorized by its articles to issue an unlimited number of Shares for such consideration and on such terms and conditions as shall be established by the Corporate Directors without the approval of the Shareholders. Additional Shares will be issued by the Corporation upon the exchange of the Partnership Units held by the Management Partnership and may be issued upon the conversion of IBI's convertible debentures. The issuance of additional Shares will dilute existing Shareholder's interests.

Income Tax Matters — Canada

The income of IBI and its related entities must be computed in accordance with Canadian and foreign tax laws, as applicable, and IBI is subject to Canadian tax laws, all of which may be changed in a manner that could adversely affect IBI's profitability. IBI's competitiveness may be negatively affected by reduced tax rates applicable to competitors resident in jurisdictions outside than Canada.

If the Shares cease to be listed on a "designated stock exchange" as defined in the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**"), the Shares may cease to be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and the tax-free savings accounts (collectively, the "**Plans**"). IBI will endeavour to ensure that the Shares continue to be qualified investments for the Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments in such plans and there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. There can also be no assurance that taxation authorities will accept other tax positions adopted by IBI, including its determination of the amounts of federal and provincial income and capital taxes and interest expense, which could adversely affect IBI's profitability.



Although it is anticipated that all expenses including any interest expenses claimed and to be claimed by the Corporation, IBI Group and the other entities indirectly owned by IBI and operating in numerous jurisdictions are or will be reasonable and deductible and that the allocation of income amongst such entities will not be challenged, there can be no assurance that the relevant taxing authorities will agree. If any relevant taxing authority successfully challenges the deductibility of any such expenses or the allocation of such income, the profitability of IBI may be adversely affected.

Income Tax Matters — United States

There can be no assurance that United States federal income tax laws and the administrative policies of the United States Internal Revenue Service (the "**IRS**") respecting the United States tax consequences of an investment in the Shares and the structure of IBI and its subsidiary entities will not develop or be changed in a manner that adversely affects Shareholders.

The United States transfer pricing rules may limit the ability of IBI Group (US) Inc. ("**U.S. Subco**") or IBI Group U.S. to deduct the full amount of any management fees to be paid by U.S. Subco or IBI Group U.S. to IBI Group or their applications may result in the reallocation of income between IBI Group and IBI Group U.S. for United States federal income tax purposes. The IRS may disallow a deduction for that portion of any management fees that exceed an arm's length fee normally charged for such services or may reallocate income away from IBI Group in favour of IBI Group U.S. IBI has obtained advice from independent tax advisors as to the requirements to be satisfied under the United States transfer pricing rules and IBI has developed its policies in light of such rules. While there can be no assurance that the IRS will not take a contrary position, IBI believes that its position should prevail in such circumstances. A limitation on the ability of U.S. Subco or IBI Group U.S. to claim deductions for the full amount of management fees paid to IBI Group or a reallocation of income away from IBI Group in favour of U.S. Subco or IBI Group U.S. could increase the United States federal income tax liability of U.S. Subco, which could reduce the amount of distributions which IBI Group would otherwise receive and thereby could have an adverse effect on IBI's profitability.

Internal and Disclosure Controls

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of IBI. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability of IBI to continue its business as presently constituted. IBI has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and other business risks are mitigated. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance to management and the Corporate Directors regarding achievement of intended results. IBI's current system of internal and disclosure controls places reliance on key personnel to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.



11. MARKET FOR SECURITIES

The Shares are listed for trading on the TSX under the symbol "IBG". The following is a summary of the price range and trading volume on the TSX for the Shares for the year ended December 31, 2021.

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January	9.95	8	1,498,949
February	9.60	8.83	513,103
March	10.40	8.91	1,207,015
April	10.93	10	355,397
May	10.73	9.99	548,654
June	10.59	10.02	660,454
July	10.49	9.99	109,040
August	11.60	10.35	689,685
September	11.97	10.87	244,727
October	12.64	11	441,677
November	14.06	11.95	969,039
December	14.14	12.61	1,036,463

The Corporation's 5.5% Debentures due December 31, 2021 were listed for trading on the TSX under the symbol "IBG.DB.D". All of the outstanding 5.5% Debentures were redeemed on January 15, 2021. See "*General Developments of the Corporation's Business – Redemption of 5.5% Debentures*". The following is a summary of the price range and trading volume on the TSX for the 5.5% debentures for the year ending December 31, 2021.

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January 1 – January 15, 2021	100.95	100	2,120

The Corporation's 6.5% Debentures due December 31, 2025 are listed for trading on the TSX under the symbol "IBG.DB.E" and commenced trading on October 2, 2020. The following is a summary of the price range and trading volume on the TSX for the 6.5% Debentures for the year ending December 31, 2021.

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January	105	102	2,680
February	104.10	101	7,590
March	103.26	102	14,290
April	106.75	103.50	2,030
May	104	103.50	3,550
June	106.99	103.50	4,510
July	107	104.85	2,030
August	106.75	106.01	3,030
September	106.75	106.31	3,270
October	106.60	106.25	2,670
November	107	106.25	14,580
December	107.50	106.25	3,450



12. DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the names, municipalities of residence, principal occupation and date of appointment as a director (if applicable) of each director of the Corporation. Each director has been elected or appointed to hold office until the next annual meeting of Shareholders.

Name and Municipality of Residence	Principal Occupation	Date Appointed as a Corporate Director⁽⁵⁾
Scott E. Stewart Toronto, Ontario	Chief Executive Officer, IBI Group Inc. / Executive Managing Director, Transportation Networks and System Technology, IBI Group / Managing Director, Management Partnership	July 23, 2004
David M. Thom Vancouver, British Columbia	President, IBI Group Inc. / Executive Managing Director, Urban Land and Building Facilities, IBI Group / Managing Director, Management Partnership	July 23, 2004
Michael Nobrega ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	Vice-Chair, Board of Directors, Chair, Audit Committee and Chair, Human Resources and Environment Committee, Toronto Hydro Corporation; Director, AI Partnerships Corporation	May 11, 2017
John O. Reid ⁽¹⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	Chartered Professional Accountant, John O. Reid Professional Corporation	May 11, 2017
Claudia Krywiak ⁽¹⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	President and CEO, Ontario Centre of Innovation (formerly Ontario Centres of Excellence)	May 10, 2018
Paula Sinclair ⁽¹⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	Partner and CTO, Cargo Management Consulting	May 8, 2020
Sharon Ranson ⁽¹⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	President, The Ranson Group	May 14, 2021

Notes:

- (1) Independent Director.
- (2) Chairman of the Board of Directors.
- (3) Member of the Audit Committee. Chair of the Audit Committee is John O. Reid.
- (4) Member of the Governance and Compensation Committee. Chair of the Governance and Compensation Committees is Michael Nobrega.
- (5) Includes period of time served as a Trustee of IBI Income Fund.



The following table sets forth the names, municipalities of residence and principal occupation of each executive officer of the Corporation.

Scott E. Stewart Toronto, Ontario	Chief Executive Officer, IBI Group
David M. Thom Vancouver, British Columbia	President, IBI Group
Stephen Taylor Pickering, Ontario	Chief Financial Officer, IBI Group
Audrey Jacob Toronto, Ontario	Chief Operations Director
Ron Stewart Oakville, Ontario	Regional Director, Canada East
Peter Moore Edmonton, Alberta	Regional Director, Canada West
Kevin Bebenek Toronto, Ontario	Global Director, Intelligence
Mansoor Kazerouni Toronto, Ontario	Global Director, Buildings
Carl Clayton Edmonton, Alberta	Global Director, Infrastructure

The directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 492,462 Shares, representing approximately 1.57% of the issued and outstanding Shares (approximately 1.31% on a partially diluted basis, assuming the exchange of the Class B Units for Shares).

Summary biographies for each of the directors and executive officers of IBI, which include information concerning their principal occupation for the last five years, are set out below.

Scott E. Stewart. 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.

David M. Thom. 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).

Michael Nobrega. Mr. Nobrega is Vice-Chair of the Board of Directors, Chair of the Audit Committee, Chair of the Human Resources and Environment Committee and a director of the Toronto Hydro Corporation, an electric utility that operates the electricity distribution system for the City of Toronto. Mr. Nobrega is the Chair of the Centre for Commercialization of Regenerative Medicine, a not-for-profit organization that supports development and commercialization of cell and gene therapies and regenerative medicine technologies. In addition, Mr. Nobrega is a board member of AI Partnerships Corporation which is focused on assisting enterprises adopt AI-enabled solutions by leveraging the expertise and offerings of its affiliate network. From March 2019 to February 2020, Mr. Nobrega was a director of Cellcube Energy Storage Systems Inc., a Canadian company that acts as a fully integrated producer of vanadium, vanadium electrolytes and vanadium redox flow batteries for the energy storage industry. In the past, Mr. Nobrega has acted as the Chair of the Ontario Centres of Excellence (now the Ontario Centre of Innovation), an Ontario-based organization that drives the commercialization of leading-edge technologies across the transportation, communications and other key market sectors. He was also the interim President and Chief Executive Officer of Waterfront Toronto. 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 Infrastructure, 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.

John O. Reid. 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.

Claudia Krywiak. Dr. Krywiak is currently the President and CEO, having acted as Interim President and CEO and Vice President, Corporate Planning, Development and Strategic Initiatives, of the Ontario Centre of Innovation (formerly Ontario Centres of Excellence) ("OCI"), a not-for-profit organization that drives the growth of a knowledge-based economy in Ontario. Dr. Krywiak also serves on the Boards of OCI (ex officio) and the Accelerator Centre in Waterloo. In partnership with industry, OCI 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 OCI, Dr. 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. Dr. Krywiak holds a Hon.B.Sc. and a Ph.D. in Chemistry from the University of Toronto.

Paula Sinclair. Ms. Sinclair spent the first half of her career building or working for software development and technology companies in the medical, manufacturing, logistics, asset management and supply chain sectors. In each case, she focused on the development of applications and solutions by applying new and emerging technologies to create business value. From there, she moved into the financial services and media sectors as an executive and chief information officer (CIO) leading large transformation initiatives. With more than 20 years of experience in the IT industry, Ms. Sinclair previously served as the SVP Digital for Aviva Canada, the CIO for Torstar Corporation and the SVP IT & CIO of Royal Sun Alliance Canada where she focused on leveraging technology to drive operational effectiveness, cost optimization and product innovation. Throughout her career, she has been at the forefront of technology change and disruption associated with the Internet, data analytics, digital, cloud technology, distributed computing, off-shoring, integration and robotics. Ms. Sinclair is currently the Partner and CTO for Cargo Management Consulting, a boutique consulting firm based in Toronto, Ontario. Cargo was formed with the intention of supporting organizations in reducing the risk of technology investment in their businesses. She currently sits on the Advisory Boards of Softdrive Corp. (which specializes in solution development using the Internet of Things) and Isherwood Geostuctural Engineering in Toronto. Ms. Sinclair also serves as a director of Roil Blue Corporation, which holds a patent for deep water spill containment systems. Ms. Sinclair holds a Bachelor and Master's degree in Engineering from the University of Western Ontario.

Sharon Ranson. Ms. Ranson is an experienced corporate director with in-depth financial expertise in accounting, capital markets and investments. She has provided strategic oversight to numerous Boards and Advisory Committees, and has also chaired a wide range of Board committees. Her current Board mandates include Sprott Inc., Dorel Industries, Fire and Flower, ICPEI Holdings Inc., and the City of Toronto Investment Board. Ms. Ranson is also President and Founder of The Ranson Group Inc., a company offering executive coaching to senior leaders and entrepreneurs. She has extensive experience in the Financial Services industry and was a top-ranked Financial Services Analyst and Portfolio Manager. Ms. Ranson is an FCPA, FCA and holds the ICD.D designation. She graduated from Queen's University in Kingston, Ontario with a Bachelor of Commerce degree and holds an MBA degree from York University, Toronto, Ontario.

Stephen Taylor. Mr. Taylor is the Chief Financial Officer of IBI Group. He is a Chartered Professional Accountant, Chartered Accountant with over 25 years of international financial experience in all areas of corporate management, including acquisitions of new businesses, operational management, and investments. Mr. Taylor was previously the Chief Financial Officer of a private healthcare company and prior to that the Chief Financial Officer of a publicly traded multinational online software provider for six years. His functional experience in investment banking, corporate advisory, operations, corporate development and financial oversight includes accounting, public company financial reporting, acquisition due diligence, valuation, process management, enterprise integration, and investor relations.

Kevin Bebenek. Mr. Bebenek is the Global Director of Intelligence at IBI, where he champions the technology-driven strategic direction across IBI. In his previous role as Regional Director for Canada East, he oversaw the firm's largest region, with over 1,000 employees across nine offices. Mr. Bebenek has been with the firm for 32 years and has been an integral part of the Intelligence sector leadership since 2001. He is a Professional Engineer with over 30 years of experience in the creation and application of intelligent systems solutions for managing transportation operations, infrastructure and buildings. Mr. Bebenek has worked with a wide range of public- and private-sector clients throughout North America and overseas. He has undertaken key roles in advancing the Intelligent Transportation Systems industry in Canada, and has been instrumental in the development of IBI's industry-leading transit systems technology practice. Mr. Bebenek has led notable projects including the development of the inaugural Intelligent Transportation Systems Architecture for Canada, and the systems management for the new Metrolinx Network Operations Centre. Kevin has an Honours Bachelor of Applied Science degree from the University of Waterloo.

Peter Moore. Mr. Moore is the Regional Director for Canada West, which includes offices in Edmonton, Calgary and Fort McMurray, Alberta and Vancouver, Kelowna and Burnaby, British Columbia. As IBI Group's Land Engineering Lead, he counts over 30 years of experience in the strategic review, design, and management of land development projects. He has been responsible for various aspects of the development of over 10,000 single-family lots, 400 acres of multi-family development, over 300 acres of commercial development, and more than 700 acres of industrial development, primarily in Western Canada. He has also been responsible for Transportation Planning and the design of numerous arterial roads, stormwater management facilities, and large transmission and sewer lines. Peter has an undergraduate degree in Civil Engineering from University College Dublin and a Member of the Association of Professional Engineers from both British Columbia and the Geologists and Geophysicists of Alberta.

Audrey Jacob. As Chief Operations Director, Ms. Jacob is responsible for the firm's global Marketing & Communications, Human Resources and the office leases for IBI's 60+ offices. She works alongside the other members of the Executive Team and senior leadership on the operational aspects of the firm. Having joined IBI Group in 1986, she is very familiar with the firm's history, its work and its people. An important area of focus for Audrey relates to guiding and developing a work environment and policies that embrace Diversity, Inclusion and Belonging. Ms. Jacob is a Registered Professional Planner (RPP) and a Professional Land Economist (PLE) with more than 25 years of experience. Previously, she led the firm's Real Estate Economic & Planning practice, specializing in growth management/land needs, market analysis, development/financial feasibility/strategy, economic impact, development charges, and municipal financial impact analysis. Ms. Jacob has a BA in Geography from the University of Toronto and a Masters of Urban Planning from McGill University. She is the Chair of the Executive Committee of Pragma Council at the University of Waterloo, a forum of business, education and government leaders; a member of the Urban Land Institute (ULI); and a Women's Leadership Initiative (WLI) Champion.

Ron Stewart. Mr. Stewart is the Regional Director for IBI Group, responsible for the leadership and oversight of the company's 10 offices across the Canada East Region. He has over 35 years of experience in transportation engineering, managing and administering resources, building collaborative multidisciplinary teams, and delivering successful projects. Having joined IBI Group in 1998, Ron is very familiar with its history, work, and people. Mr. Stewart provides expertise in traffic engineering, road safety, transportation planning, transit systems, intelligent transportation systems, and signal system operations and maintenance to numerous clients in the private and public sectors across Canada, at the municipal, provincial, and federal level. Before IBI Group, Mr. Stewart served as Senior Manager, Traffic Systems with the City of Toronto. He has a Bachelor of Applied Science in Civil Engineering from the University of Waterloo and a Master of Business Administration from York University. He is a member of the Professional Engineers of Ontario, the Institute of Transportation Engineers, and the Transportation Association of Canada (TAC). He is an active member of TAC's Traffic Operations and Management Standing Committee.

Mansoor Kazerouni. Mr. Kazerouni is the Global Director of Buildings at IBI. Mr. Kazerouni graduated from Washington University in St. Louis with a Master's degree, in 1991. With over 30 years of experience, he has a significant portfolio of projects completed or underway across Canada, the United States, the United Kingdom, UAE, Jordan and India. These include high density high-rise residential buildings, hotels, office, retail, institutional, and complex urban mixed-use developments. A number of these projects have been nominated for and received Urban Design and Architectural Design awards. Mr. Kazerouni has been a guest lecturer on the subject of architecture and mixed-use design at universities, conferences and various panels. He has also been interviewed on the subject by architectural publications, newspapers, television and other media. Mr. Kazerouni's abilities and expertise in his field have been recognized by his appointment to the City of Mississauga's Urban Design Advisory Panel, the City of Markham's Urban Design Advisory Panel and the City of Vaughan's Urban Design Advisory

Panel. He is also a past Advisory Board Member of the Urban Land Institute, and a member of the Royal Architectural Institute of Canada.

Carl Clayton. Mr. Clayton is the Global Director, Infrastructure at IBI. He is a professional engineer with over 40 years of experience in transportation planning, engineering and construction administration across a range of active transportation, roadway, transit, rail, asset management and transportation economics projects. He has project experience from across North America as well as in the Caribbean, Europe, Asia and Africa in both traditional and alternative project delivery. His experience includes development of a number of widely used industry standard roadway and transit design guidelines as well as agency specific design and construction standards related to active transportation and modern street design. Mr. Clayton joined the firm in 2018 and manages infrastructure services undertaken by over 600 colleagues.

12.1. Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, in the last 10 years, other than Michael Nobrega, none of the above-named Directors is or has been a director or officer of any company that, while that person was acting in that capacity was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days. From March 2019 to February 2020, Mr. Nobrega was a director of Cellcube Energy Storage Systems Inc. ("**Cellcube**"). Cellcube's shares, which trade on the Canadian Securities Exchange, were subject to a cease trade order pending the issuance of its audited June 30, 2019 financial statements.

In addition, to the knowledge of the Corporation, in the last 10 years, none of the above-named Corporate Directors is or has been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, except as described below.

12.2. Governance

The Corporation is governed by the board of directors and by IBI Group which provides administrative services to the Corporation pursuant to the Administration Agreement. IBI Group (and its subsidiary entities) are also the entities which carry on the operating business of the Corporation.

Pursuant to the IBI Group Partnership Agreement, the board of directors 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 of the Corporation includes all customary elements of board authority as if IBI Group were a corporation governed by the *Canada Business Corporations Act*. The board of directors maintains an Audit Committee and a Governance and Compensation Committee.

The directors of the Corporation and the management of IBI Group 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 directors of the Corporation and management are therefore committed to maintaining a high standard of governance in compliance with National Policy 58-201 – *Corporate Governance Guidelines* of the Canadian Securities Administrators.

The directors of the Corporation are directly responsible for adopting and periodically reviewing and updating the Corporation's written corporate disclosure policy, the security trading policy and the Code. Together these documents, among other things:

- articulates the legal obligations of the Corporation and its affiliated entities and their respective directors, officers and employees with respect to confidential corporate information;
- identifies spokespersons of the Corporation who are the only persons authorized to communicate with third parties such as analysts, media and investors;
- provides guidelines on the disclosure of forward-looking information;
- requires advance review by the directors of the Corporation of any disclosure of financial information to ensure the information is not material, and ensures that selective disclosure of material information is not permitted, and that when it occurs, a news release is issued immediately; and
- establishes "black-out" periods following the end of each fiscal period of the Corporation until following the dissemination of quarterly and annual financial results and immediately prior to the disclosure of certain material changes until following the dissemination of information concerning such material change during which persons in a special relationship with the Corporation may not purchase or sell or monetize Shares without prior written approval of the Chief Financial Officer of the Corporation which will only be granted in unusual, exceptional circumstances.

Reporting insiders of the Corporation (as defined under applicable securities laws) are required to file insider reports in compliance with applicable securities laws. The Management Partnership has also undertaken to the Canadian provincial securities regulatory authorities to file insider reports in respect of its ownership of both Shares and Class B Units.

Governance and Compensation Committee

Michael Nobrega (Chair), John O. Reid, Claudia Krywiak, Paula Sinclair and Sharon Ranson comprise the Governance and Compensation Committee. The Governance and Compensation Committee is responsible for developing and monitoring the Corporation's approach to governance issues, establishing procedures for the identification of new nominees as directors, developing and implementing orientation procedures for new directors and assessing the effectiveness of the directors and their committees, and reviewing and recommending compensation for senior management and the directors.

Audit Committee

John O. Reid (Chair), Michael Nobrega, Claudia Krywiak, Paula Sinclair and Sharon Ranson, each of whom is financially literate and independent as defined in Multilateral Instrument 52-110 – *Audit Committees*, comprise the Audit Committee. Their relevant education and experience is described in this annual information form in their biographies included under "*Directors and Executive Officers*" above.

The Audit Committee oversees the accounting and financial reporting process and internal controls and consults with management and independent auditors on matters related to the annual audit, accounting principles and the audit procedures being applied, the adequacy of internal accounting controls and procedures and the quality and integrity of financial statements.

The text of the charter of the Audit Committee is attached as Schedule "A" to this annual information form. Pursuant to the charter of the Audit Committee, the pre-approval of the Audit Committee is required for all audit and non-audit services not prohibited by law to be provided to the Corporation by the Corporation's external auditors. In addition, the Audit Committee monitors, confirms, reviews and discusses, on an annual basis, with the external auditors all significant relationships

that they have with the Corporation and the range of services provided to determine the independence and objectivity of the external auditors.

Audit Fees

During the Corporation's fiscal years ended December 31, 2020 and December 31, 2021, the external auditors billed the Corporation and its subsidiaries an aggregate of \$1,146,150 and \$1,233,360 respectively, for audit services. The audit fees for fiscal years ended December 31, 2020 and December 31, 2021 include out-of-pocket and administration expenses.

Audit Related Fees

During the Corporation's fiscal years ended December 31, 2020 and December 31, 2021, the external auditors billed the Corporation and its subsidiaries an aggregate of \$526,952 and \$285,409, respectively, for assurance and related services that are reasonably related to the performance of the audit of the financial statements of the Corporation and which are not included in the amount reported above under "Audit Fees". These services were provided in relation to quarterly reviews and a Federal Acquisition Overhead Rate audit and translation services relating to prospectus filings. The audit related fees for fiscal years ended December 31, 2020 and December 31, 2021 include out-of-pocket and administration expenses.

Tax Fees

During the Corporation's fiscal years ended December 31, 2020 and December 31, 2021, the external auditors billed the Corporation and its subsidiaries an aggregate of \$325,191 and \$381,013 respectively, for professional services rendered by the external auditors for tax compliance, tax advice and tax planning. These services were provided in relation to tax compliance. The tax fees for fiscal years ended December 31, 2020 and December 31, 2021 include out-of-pocket and administration expenses.

All Other Fees

During the Corporation's fiscal years ended December 31, 2020 and December 31, 2021, the external auditors did not bill the Corporation and its subsidiaries for any products or services other than those included in the amounts reported above under "Audit Fees", "Audit Related Fees" and "Tax Fees".

12.3. Insurance Coverage for the Corporation and Related Entities and Indemnification

The directors 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.

13. 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 profile 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 the 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 it. For the year ended December 31, 2021, the IBI Group of firms paid to the Management Partnership \$13.13 million for such services.

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. The Administration Agreement may be terminated by IBI Group in the event of the insolvency or receivership of the Corporation, or in the case of default by the Corporation 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.

14. CREDIT FACILITIES

The following is a summary of the principal terms of the IBI Group's current Credit Facilities as governed by the Credit Agreement, but does not purport to be complete. Reference should be made to the Credit Agreement and the full text of its provisions for a complete description of the Credit Facilities which is available on the Corporation's profile on SEDAR.

IBI Group has Credit Facilities currently consisting of a \$130,000,000 revolver facility, of which a maximum of \$20,000,000 is available under a swing line facility. The commitment under the swing line facility will reduce availability under the revolver facility on a dollar-for-dollar basis. In addition, the Credit Agreement includes an accordion feature of \$40,000,000 which, if requested, is subject to, among other things, consent of the Administration Agent. The Credit Facilities mature on September 29, 2025.

In addition, the availability of the Credit Facilities is subject to compliance with certain financial, reporting and other covenants.

The swing line facility and the revolver facility will be used by IBI Group for general corporate purposes, including working capital requirements and for potential acquisitions to fund further growth. Under certain conditions, the repayment of indebtedness under convertible debentures is permitted under the terms of the Credit Facilities.

Borrowings under the Credit Facilities may be prepaid without any premium or prepayment penalties. Mandatory prepayments of the Credit Facilities are required in the event, and to the extent, of the receipt of certain insurance proceeds by IBI Group or its subsidiaries and the receipt of certain proceeds from asset disposals.

Guarantees from certain subsidiaries of IBI Group and the Corporation (collectively with IBI Group and the Corporation, the "**Restricted Parties**"), and a first ranking security interest in all of the assets of the Restricted Parties, subject to certain permitted encumbrances, have been pledged as security for the indebtedness and obligations of IBI Group under the Credit Facilities. The indebtedness secured by these security interests will rank senior to all other security over the assets of IBI Group and the guarantors, subject to certain permitted encumbrances.

The Credit Facilities are subject to terms and conditions, including maintenance tests and limits on incurring additional indebtedness, granting liens, selling assets, making new investments, entering into mergers and changing the nature of its business. Neither distributions on capital stock of IBI Group, the Corporation or their subsidiaries nor retirements, redemptions, retractions, purchases or other acquisitions of such capital stock are permitted, except (s) distributions made by IBI Group, the Corporation or their subsidiaries to Restricted Parties, (t) distributions by IBI Group, the Corporation or their subsidiaries to any person that is not a Restricted Party, and (u) cash purchases by the Corporation of the Shares, provided that (i) such cash purchase is made pursuant to a normal course issuer bid in compliance with all applicable laws (including the rules of the Canadian Securities Administrators and TSX), (ii) there is at least \$10,000,000 undrawn and available to be borrowed under the Credit Facilities, both before and after each such cash purchase is made, (iii) IBI's net total funded debt to EBITDA ratio is no more than 2.75:1 after each such cash purchase is made and (iv) within the time periods specified in the Credit Agreement, IBI Group delivers to the Administration Agent a *pro forma* compliance certificate demonstrating compliance with clause (iii) above; provided that, in the case of each of clauses (t) and (u) above, no default or event of default exists under the Credit Agreement or could reasonably be expected to occur after such distribution or cash purchase is made..

In addition, no Restricted Party shall make any payment to any person that is not a Restricted Party on account of any convertible debenture; except (x) by (A) issuing Shares, (B) issuing other convertible debentures that (i) are not guaranteed or secured, (ii) have no mandatory principal prepayment provisions, other than prepayments that can be satisfied by way of the issuance of Shares, save for acceleration following an event of default and mandatory offers to purchase such debentures on a change in control, (iii) do not include scheduled principal repayment dates (in whole or in part) before the day that falls six (6) months after the maturity date of the Credit Agreement, (iv) include representations, warranties, covenants and events of default that are no more restrictive or onerous than those generally contained in public offerings of subordinated debentures or notes of other public issuers in the Canadian public debt markets, (v) are subordinate and junior in right of payment to all obligations under the Credit Facilities, except for payments made by way of the issuance of Shares or rights to acquire Shares, (vi) contain no cross-default provisions and (vii) permit all payments of principal thereunder to, at the option of the Corporation, be satisfied by way of the issuance of Shares, except as contemplated by clause (ii) above, or (C) incurring subordinated debt and, in any such case, using the proceeds thereof to make such payment on account of such convertible debentures, (y) prepayments, purchases or redemptions of convertible debentures and (z) interest payments on convertible debentures; provided that, (A) no default or event of default exists or could reasonably be expected to occur under the Credit Agreement after such payment is made, and (B) in the case of (y) and (z) above, both before and after such payment is made (I) the aggregate undrawn amount of the Credit Facilities is at least \$10,000,000, (II) IBI's net total funded debt to EBITDA ratio is no more than 2.75:1 and (III) IBI Group delivers to the Administration Agent a *pro forma* compliance certificate demonstrating compliance with the foregoing applicable conditions.

IBI Group is required to maintain (i) a maximum ratio of net total funded debt to EBITDA of 3.00:1 and (ii) a minimum interest coverage ratio of 3.00:1 for the period. A failure by IBI to comply with its obligations under the Credit Agreement could result in a default, which, if not waived, could permit acceleration of the relevant indebtedness.



IBI Group's Credit Facilities will need to be renewed or refinanced no later than September 29, 2025. Although the Corporation believes that it can negotiate an extension or renewal of the Credit Facilities or obtain replacement financing prior to the expiration of the Credit Agreement, there can be no assurance that the Credit Agreement will be extended or renewed or that future borrowings will be available to IBI Group, or available on acceptable terms, in an amount sufficient to meet the Corporation's financing requirements at that time. If such an extension or renewal or future borrowings were not available, or not available on acceptable terms, it would have a material adverse impact on the Corporation's business and financial condition. See "*Risk Factors – Risks related to the Structure of the Corporation – Leverage, Restrictive Covenants*" above.

As at December 31, 2021, the Corporation had nil borrowings under the Credit Facilities. As at December 31, 2021, the Corporation also had letters of credit outstanding of \$9.0 million of which \$8.1 million is issued under a \$20 million facility which matures on June 30, 2022 and supports letters of credit backstopped by Export Development Canada.

Advances under the revolver facility bear interest at a rate based on the Canadian dollar prime rate or United States dollar base rate, LIBOR or Banker's Acceptance rates plus, in each case, an applicable margin. At December 31, 2021, nil borrowings were outstanding under Bankers' Acceptance.

The availability of the Credit Facilities is subject to compliance with certain financial, reporting and other covenants. IBI Group is in compliance with its Credit Agreement covenants. For additional information about the Credit Facilities and the Credit Agreement, please see the annual financial statements of the Corporation for the years ended December 31, 2021 and 2020 and the management discussion and analysis related thereto available on the Corporation's profile on SEDAR.

15. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the directors of the Corporation, other than as disclosed in this annual information form, no Corporate Director or proposed Corporate Director or executive officer of the Corporation or director or proposed director or executive officer of any affiliate of the Corporation, or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class of voting securities of the Corporation, or any associate or affiliate of any such person, had any material interest, direct or indirect, in any transaction with the Corporation since the commencement of its most recently completed financial year, which has materially affected or would materially affect the Corporation or any of its subsidiaries, except for the following transactions.

Certain of the Corporate Directors and members of management, including Scott Stewart and David Thom, are also principals of partners of the Management Partnership and, as a result, have a material interest in a party to the IBI Group Partnership Agreement, the Exchange Agreement and the Administration Agreement.

16. INTERESTS OF EXPERTS

To the knowledge of the management of the Corporation, as of the date hereof, set forth below are the names of the only persons or companies who are named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Corporation during, or relating to, the Corporation's year ended December 31, 2021 whose profession or business gives authority to the statement, report or valuation made by the person or company.

KPMG LLP, Chartered Professional Accountants, performed the audit of the financial statements of the Corporation for the years ended December 31, 2021 and December 31, 2020. KPMG LLP has



confirmed that it is independent in respect of the Corporation within the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

17. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is TSX Trust Company at its principal office in Toronto, Ontario.

18. MATERIAL CONTRACTS

The only contracts that are material to the Corporation entered into by the Corporation or any of its subsidiaries since the commencement of the year ended December 31, 2021 (or entered into before that time, but which are still in effect), other than in the ordinary course of business, are as follows:

- (a) the IBI Group Partnership Agreement;
- (b) the Exchange Agreement;
- (c) the Administration Agreement;
- (d) the Credit Agreement; and
- (e) the Trust indenture (as supplemented), dated as of September 30, 2009 between IBI Income Fund (now the Corporation) and CIBC Mellon Trust Company (now BNY Trust Company of Canada) as Trustee with respect to the Corporation's debentures, including the 6.5% Debentures.

19. ADDITIONAL INFORMATION

Additional information concerning the Corporation, including compensation of directors and executive officers, and principal holders of Shares and Non-Participating Voting Shares, is contained in the management information circular for the most recent meeting of holders of Shares and Non-Participating Voting Shares. Additional financial information relating to the Corporation is provided in the financial statements and management's discussion and analysis of financial condition and results of operations for the Corporation for the year ended December 31, 2021.

These documents and additional information concerning the Corporation are available on the Corporation's profile on SEDAR.



SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE

1. ROLE

The Committee assists the Board of Directors in fulfilling its responsibility for the oversight, quality and integrity of the financial risk and control related activities of the Corporation and to support the Board in fulfilling their fiduciary obligations to Shareholders.

Management is accountable for the day to day operations of the Corporation, including financial reporting and adherence to the appropriate accounting, financial and risk management principles and systems.

The independent auditors are responsible for planning and conducting audits of the Corporation's annual financial statements to provide assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

The Committee, Management and the Board believe in the importance of best practices in governance and financial management and the constant need to create value for Stakeholders. To this end, any interpretation of this Charter will in both form and substance, reflect these principles.

2. MEMBERSHIP AND PROCEDURES

The Board shall appoint three or more directors to serve on the Committee until the close of the next annual meeting of Shareholders or until a member ceases to be a director, whichever occurs first.

The members must be "independent" directors within the meaning of the rules and guidelines of the Toronto Stock Exchange and applicable law. No director who receives any compensation from the Corporation, other than director's fees, shall serve on the Committee.

All members of the Committee must be "financially literate" to the satisfaction of the Board, as that term is defined from time to time under the requirements or principles for audit committee services under the rules and guidelines of the Toronto Stock Exchange and applicable law. In addition, at least one member shall have accounting or related financial management expertise to the satisfaction of the Board.

If a member serves on the audit committees of more than three publicly traded entities, including the Corporation, the Board shall determine whether such service would impair the ability of the member to effectively serve on the Committee and disclose such determination in the annual proxy circular.

The Board shall appoint a director as Committee Chair. If the Committee Chair is absent from a meeting, the members may select a Chair from those in attendance to act as Chair of the meeting. The Committee Chair shall also serve as the designated point of contact for the Corporation's whistleblower program and the reporting of any unethical or criminal activity.

3. MEETINGS

The Committee shall meet at least quarterly or more frequently as circumstances require. Notice of each meeting may be given verbally, by telephone, or by email not less than 24 hours before the meeting and need not state the purpose for which the meeting is being held. Members may waive notice of any meeting.

Matters decided by the Committee shall be determined by a majority vote and all decisions are contingent upon a quorum, which shall not be less than a majority of the members. The Committee may invite such persons as it sees fit to its meetings and all Board members may participate.

The Committee shall meet with the independent auditors at least quarterly without Management present and may meet with Management in private at its request. The independent auditors shall also have direct access to the Committee at their own initiative.

4. AUTHORITY OF THE COMMITTEE

The Committee relies on the expertise and knowledge of Management and the independent auditors in carrying out its responsibilities. In any event, the Committee shall have full access to all documents, facilities and personnel of the Corporation and its affiliates.

The Committee has the authority to engage independent counsel and other advisors and consultants as it deems necessary to carry out its duties, and to conduct or authorize investigations into any matters within its scope of accountabilities, all at the Corporation's expense. The Committee may delegate to anyone, any of its responsibilities that lawfully may be delegated.

5. RESPONSIBILITIES AND DUTIES

The Committee shall directly or indirectly:

Financial Diligence

5.1 Meet with Management and the independent auditors, as applicable, to (i) review the Corporation's audited and unaudited financial statements; (ii) review audit results; (iii) discuss significant issues regarding accounting principles and business practices; and (iv) satisfy itself that all such matters are considered in accordance with International Financial Reporting Standards.

5.2 Recommend to the Board whether or not the Corporation's audited annual and unaudited quarterly financial statements and all related documents including Management's Discussion and Analysis should be approved, prior to their being publicly disclosed and filed with the appropriate regulatory authorities.

5.3 Review and approve any material transactions and agreements out of the ordinary course of business with Management and the independent auditors with a view to their treatment for financial reporting purposes.

5.4 Review the Corporation's interim and annual earnings press releases, any prospectuses, any other regulatory filings and any other disclosure documents that are required to be reviewed by the Committee under applicable law prior to their public disclosure and or filing with any regulatory or governmental agencies.

5.5 Review policies and procedures with respect to the non-chargeable expenses of the Board, the CEO and the President of the Corporation.

5.6 Review all related party transactions entered into or proposed by the Corporation or its affiliates.

Independent Audit

5.7 Recommend to the Board (i) the independent auditors to be nominated for the purpose of preparing and issuing an auditor's report or performing other audit, review and attestation services for the Corporation and its material affiliates; and (ii) affix the compensation of the independent auditors.

5.8 Review and approve all audit plans, including scope, approach, procedures and timing with a view to ensuring there are no unjustified restrictions or limitations on the substance of the audit.

5.9 Monitor and assess the relationship between Management and the independent auditors including (i) reviewing any Management letters or other reports of the independent auditors; and (ii) considering any disagreements in connection with financial reporting or the preparation of financial statements; and (iii) resolving any material differences of opinion between Management and the independent auditors.

5.10 Monitor and assess annually all significant relationships that the independent auditors have with the Corporation and the range of services provided, to evaluate the effectiveness and objectivity of the independent auditors.

5.11 Review the draft opinion on the Corporation's annual audited financial statements, including matters related to the integrity and conduct of the audit.

5.12 Review annually the fees paid to the independent auditors and other related professionals in respect of audit and non-audit services with a view to disclosure in the Annual Information Filing and management proxy circulars.

5.13 Review annually the performance of the independent auditors and undertake a comprehensive assessment of their performance every five years.

5.14 Review and approve the Corporation's hiring activities regarding partners, employees and former partners and employees of the present and former independent auditors of the Corporation.

Internal Controls

5.14 With the assistance of Management and the independent auditors, as applicable, review the effectiveness of (i) the internal controls of financial reporting; and (ii) the disclosure controls that have been established to ensure the timely disclosure of all material information about the Corporation and its affiliates as required by the Toronto Stock Exchange and applicable law.

5.15 Determine whether internal control recommendations made by the independent auditors have been implemented by Management, and where unimplemented, seek a reasonable explanation as to Management's rationale for an alternative approach.

5.16 Discuss any material weakness in the internal controls environment including, and with respect to, computerized information system controls and related security protocols.

5.17 Understand contingency plans for managing and safeguarding business and financial information, and other important records, including design plans and client data, in the event of a systems failure.

5.18 Confirm Management's compliance with the Corporation's processes, procedures and internal controls.

Financial Reporting

5.19 Review in consultation with Management and the independent auditors, the integrity of the Corporation's internal and external financial reporting processes.

5.20 Review and approve material changes to the Corporation's accounting principles and practices as recommended by Management or the independent auditors.

5.21 Review with Management and the independent auditors any legal matter, claim or contingency that could have a material impact on the Corporation's solvency, financial statements, regulatory disclosures, compliance with applicable law, or its reputation, including any material reports, inquiries or other correspondence received from regulatory or governmental agencies.

5.22 Review with Management and the independent auditors the use of any "pro forma" or "adjusted" information not in accordance with International Financial Reporting Standards.

Process Improvement

5.23 Establish regular reporting to the Committee by Management and the independent auditors with respect to any material judgments and the appropriateness thereof, made in the preparation of the financial statements.

5.24 Following completion of the annual audit and quarterly reviews, review separately with each of Management and the independent auditors any (i) material changes to planned procedures; and (ii) any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of the work or access to information, and the cooperation received by the independent auditors during the course of the audit and reviews.

5.25 Review with Management and the independent auditors any significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as determined by the Committee.

Financial Risk Management

- 5.26 Review Management's financial risk assessment program and the steps taken to address any significant financial risks.
- 5.27 Engage Management on the appropriate disclosure of financial risks in all public documents filed by the Corporation.
- 5.28 Confirm that the Corporation is in compliance with all covenants applicable to any outside debt or other financial instruments.
- 5.29 Recommend to the Board for approval any new financial borrowing and any new financings, including stock or rights offerings or any financial instruments such as derivatives or other hedging activities.

Legal and Ethical Compliance

- 5.30 Obtain periodic confirmation from Management that all corporate tax payments have been made and receive notification of any pending tax audits or assessments that were not anticipated.
- 5.31 Obtain regular confirmation from Management and others concerning the Corporation's compliance with financial and tax related laws and regulations, including reporting laws and regulations, statutory deductions and remittances and the corresponding withholding requirements.
- 5.32 Review the findings of any examination or inquiry by regulatory or governmental agencies.
- 5.33 Review, monitor and enforce the Corporation's *Code of Business Conduct and Ethics*, including whistleblower events and procedures including the investigation and settlement of complaints regarding accounting, internal controls, unethical behavior and audit matters. The Committee Chair shall report the status and settlement of these matters to the Board.

Other Responsibilities

- 5.34 Review and approve the appointment of the Chief Financial Officer.
- 5.35 Review the Corporation's insurance coverage of significant business risks and approve the terms and conditions of the Corporation's Directors and Officers insurance policy.
- 5.36 Review and assess this Charter annually as conditions dictate and submit any revisions to the Board for its review and approval.
- 5.37 Engage in any other activities consistent with this Charter and applicable law including, without limitation, those required by the Ontario Securities Commission and the Toronto Stock Exchange, as the Committee or the Board shall deem necessary or appropriate.