Integrated Asset Management Corp.

Leadership in

Alternative Asset Management

FIRST QUARTER MANAGEMENT'S DISCUSSION AND ANALYSIS,
DECEMBER 31, 2016

REPORT TO SHAREHOLDERS

Integrated Asset Management Corp. ("IAM" or the "Corporation") presents to shareholders the financial results of the Corporation for the first quarter of fiscal 2017.

The Corporation was essentially break-even for the quarter ended December 31, 2016 with continuing operations at $0.0 million ($0.00) per share versus a net loss from continuing operations in the quarter ended December 31, 2015 of $0.6 million ($0.02) per share. Management fees and interest income were higher, at $2.8 million versus $2.5 million in same quarter in 2015. Revenues were down, however, due to an unrealized loss of $476,000 on proprietary investments versus a gain on investments of $62,000 in the prior year. Subsequent to the quarter ended December 31, 2016, this investment was sold.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") improved to $0.1 million from negative $0.6 million in the same quarter of the previous fiscal year. Cash flow from operations was $0.2 million this year compared to negative $0.9 million in the previous year. The Corporation reported consolidated expenses for the quarter of $2.4 million, down $0.8 million from $3.2 million in the first quarter of fiscal 2016. Expenses were lower relative to the comparative quarter in the previous year due to costs incurred to effect staff reductions in that comparative quarter. In addition this quarter's expenses reflect a reduction of the run rate in operating expenses going forward.

Assets and committed capital under management ("AUM") is stable at $2.5 billion. Of that, approximately $900 million is committed but not yet invested capital from real estate, private debt and infrastructure debt operations. In addition, the real estate group has commenced marketing for new additional capital for our open-end real estate fund.

John Robertson, President and CEO, said "As the committed capital is invested, we will see an increase in fee revenue and a steadily growing stream of recurring management fees. This should result in increasing profitability as there will be little increase in overhead required to deploy and manage the additional revenue generating assets.

At the heart of our strategy has been moving the company to focus exclusively on the institutional market. With the close of the previously announced sale of the Managed Futures division, subject to regulatory approval, we will be a pure-play institutional manager. The proceeds of the sale of the Managed Futures division, combined with the return of seed capital in a managed futures fund, will add approximately $3.3 million in cash."

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated February 2, 2017 presents an analysis of the financial condition of Integrated Asset Management Corp. ("IAM" or the "Corporation") and its subsidiaries as at December 31, 2016 compared with September 30, 2016 and the results of operations for the quarter ended December 31, 2016 compared with the quarter ended December 31, 2015. It should be read in conjunction with the Corporation's unaudited interim financial statements for the three months ended December 31, 2016 and the audited financial statements for the year ended September 30, 2016 including the MD&A for that year.

This MD&A contains forward-looking statements on the Corporation's business, strategies, opportunities and future financial results. These statements are not promises or guarantees and are based on assumptions and estimates which are subject to many different risks and uncertainties, any of which could cause actual results to be significantly different from those derived from the forward-looking statements. The reader should not place undue reliance on any such forward-looking statements, which are presented as of February 2, 2017, except when otherwise stated. For more information on the risk factors which may impact actual results, please refer to the "Risk Factors" section of the Corporation's Annual Information Form, dated December 9, 2016.

The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are denominated in Canadian dollars, the functional currency of the Corporation.

This MD&A includes non-IFRS financial measures that the Corporation considers shareholders, investment analysts, and other readers find helpful in understanding IAM's financial performance. Management uses these measures in analyzing and comparing IAM's financial performance from one period to another. Nevertheless, these financial measures do not have any standardized meaning prescribed by IFRS and may not have been calculated in the same way as similarly named financial measures presented by other companies.

This MD&A and additional information relating to IAM, including the Annual Information Form, are on SEDAR at www.sedar.com.

BUSINESS REVIEW

IAM is an alternative asset management company offering alternative asset class management to institutional, pension and private clients. The Corporation provides investors with a range of asset classes such as real estate, private debt and infrastructure debt. The Corporation had assets and committed capital under management ("AUM") of approximately $2.5 billion at December 31, 2016.

The Corporation's private debt and real estate products are mostly pools of assets managed by the Corporation for investors and the life of each pool of assets can be up to thirteen years. However, the most recent private debt fund has a twenty-five year life, and the most recent real estate fund has an indefinite life and provides for periodic new subscriptions and redemptions. Typically, the Corporation markets for commitments from investors interested in the asset class. The pool is then closed and the pool makes acquisitions of assets to deploy the commitments over a number of years. For these types of pools, the Corporation receives fees only when the commitments are deployed and assets are being managed. Generally, there is little or no liquidity for the investors during the term of a pool and the pool can be liquidated earlier than scheduled only in exceptional circumstances.

ASSETS AND COMMITTED CAPITAL UNDER MANAGEMENT ("AUM").

($ millions)	December 31, 2016	September 30, 2016	December 31, 2015
Invested Capital	$ 1,629	$ 1,591	$ 1,516
Committed Capital to be Invested	896	965	802
Total AUM	**$ 2,525**	**$ 2,556**	**$ 2,318**

The AUM shown for both September 30, 2016 and December 31, 2015 exclude the AUM of Integrated Managed Futures Corp. ("IMFC") because the Corporation had entered into the agreement to sell the subsidiary in January 2017.

Net of the held for sale AUM from IMFC, the AUM decreased $31 million during the quarter ended December 31, 2016 primarily due to the distribution to investors of routine principal repayments received on loans in IAM Private Debt funds and one early loan prepayment and two loans maturities. Additional AUM growth of approximately $7 million was recognized due to a net increase in appraised values of the real estate assets managed by the IAM Real Estate Group.

RESULTS OF OPERATIONS

IAM's board of directors established a committee comprised of two independent directors (the "Independent Committee") to consider potential strategic alternatives for IMFC. Following the Independent Committee's review of alternatives, consideration of various stakeholders and discussions with a number of potential buyers over the past 12 months, the Corporation announced in January 2017 that it had agreed to sell its ownership interest in IMFC. The purchaser is a holding company wholly-owned by Victor Koloshuk, the Executive Chairman, a director and a significant shareholder of IAM. The AUM of IMFC as at December 31, 2016 was approximately $58 million. The closing of this transaction is subject to, among other things, receipt of all necessary approvals of applicable securities regulatory authorities.

The financial statements of the Corporation for fiscal years 2017 and 2016 include the operating results of IMFC until the completion of the sale. These operations are separated and classified as "discontinued operations held for sale"; the remaining operations of IAM are classified as "continuing operations". For example, on the Table of Selected Financial Information, shown on the next page, "Total revenues" exclude the revenues of IMFC in both quarters.

In fiscal 2014, the Corporation completed the sale of its wholly-owned subsidiary, BluMont Capital Corporation ("BluMont Capital"). In the quarter ended December 31, 2015, the Corporation recognized consideration of $395,308 in respect the Corporation's share of performance fees realized by the purchaser of BluMont Capital and recorded a gain from discontinued operations, net of related income tax adjustments, of $401,294. This payment of performance fees by the purchaser represents the final contingent portion of the sale agreement.

EBITDA, as defined on page 4, from continuing operations was positive $0.1 million in the quarter ended December 31, 2016 compared with negative $0.6 million for the three-month period ended December 31, 2015.

Selected Financial Information (in $000's, except per share amounts)	**3 Month Period Ended December 31, 2016**	**2015**
Revenues before the undernoted	**$ 2,766**	$ 2,496
Investment gain (loss)	**(476)**	63
Total revenues[1]	**$ 2,290**	$ 2,559
Reconciliation of EBITDA to Net Income and Comprehensive Income		
Earnings before interest, taxes, depreciation and amortization ("EBITDA")[2]	**$ 81**	$ (628)
Amortization	**(12)**	(12)
Interest expense	**(9)**	(8)
Stock-based compensation	**(15)**	(15)
Income taxes	**(67)**	72
Loss from continuing operations, net of income taxes	**(22)**	(591)
Net Income (loss) from discontinued operations held for sale, net of income taxes	**(8)**	355
Gain from discontinued operations, net of income taxes	**-**	401
Net income (loss) and comprehensive income (loss)	**$ (30)**	$ 165
Net income (loss) attributed to:		
Common shareholders of the Corporation	**$ (26)**	$ 152
Non-controlling interest	**(4)**	13
	$ (30)	$ 165
Basic and diluted earnings per share		
Continuing operations	**$ (0.00)**	$ (0.02)
Discontinued operations	**(0.00)**	0.03
	$ (0.00)	$ 0.01

[1] Total revenues are in respect of continuing operations and do not include IMFC.

[2] EBITDA is a non-IFRS financial measure used by the Corporation. This measure is calculated as earnings before the deduction of interest expense, income taxes, depreciation and amortization, and stock-based compensation.

REVENUES

Management fees and other income were $2.8 million in the latest quarter, up $0.3 million from $2.5 million in the comparable quarter of fiscal 2016. Management fees increased by $0.2 million as committed capital becomes invested, while other income was higher in the current quarter due to interest accrued on loan receivables.

EXPENSES

The Corporation reported consolidated expenses for the quarter of $2.4 million, down $0.8 million from $3.2 million in the first quarter of fiscal 2016. Expenses were lower relative to the comparative quarter in the previous year due to costs incurred to effect staff reductions in that comparative quarter. In addition this quarter's expenses reflect a reduction of the run rate in operating expenses going forward.

CONSOLIDATED FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2016, the Corporation's net liquid assets of $11.2 million were down $0.2 million from $11.4 million at September 30, 2016.

Cash flow from operations[(1)] was $0.01 per share for the three months ended December 31, 2016 and ($0.03) per share in the comparable three months of fiscal 2016.

		3 Month Period Ended December 31,		
(in $000's, except per share amounts)		**2016**		2015
Cash flow from operations[(1)]	**$**	**228**	$	(881)
Cash flow from operations per share[(2)]	**$**	**0.01**	$	(0.03)

[(1)] These amounts are shown on the consolidated statements of cash flows in the consolidated financial statements, under "cash provided by operating activities before changes in operating assets and liabilities" and are in respect of continuing operations.
[(2)] Calculated by dividing cash flow from operations by the weighted average number of shares outstanding in the quarter.

On May 13, 2016, the Corporation announced its notice of the renewal of its Normal Course Issuer Bid ("NCIB") in which the Corporation is permitted to purchase, for cancellation, up to 1,377,830 common shares of the Corporation at prevailing market prices during the 12 month period commencing May 24, 2016 and ending May 23, 2017.

From October 1, 2016 to December 31, 2016 the Corporation purchased nil common shares under the NCIB (September 30, 2016 – purchased nil common shares).

A copy of IAM's notice of the NCIB which was filed with the Toronto Stock Exchange may be obtained by any shareholder, without charge by contacting IAM.

OUTSTANDING SHARE DATA (as at February 2, 2017)

Common shares	
Issued and outstanding	27,384,295[1]
Stock options	1,835,000[2]

[1] After deducting shares purchased by IAM which are to be cancelled.

[2] Stock options to acquire 1,835,000 common shares are at prices ranging from $0.55 to $1.07 per common share.

RISK FACTORS

Over the past quarter, the financial outlook and the risks and uncertainties faced by the Corporation are similar to those described in the 2016 Annual Report.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet financial arrangements and no material contractual obligations other than those described in the 2016 Annual Report.

RELATED PARTY TRANSACTIONS

There were no changes in the nature of related party transactions entered into by the Corporation in the three months ended December 31, 2016. Subsequent to the quarter ended December 31, 2016 the Corporation and Koloshuk Farrugia Corp. entered into an agreement for the Corporation to sell all of the common shares of IMFC and is explained in detail in note 13 of the financial statements. The 2016 Annual Report provides further information on related party transactions.

SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared in accordance with IFRS using the same accounting policies as those used in the Corporation's annual audited financial statements for the year ended September 30, 2016. There were no changes to the Corporation's accounting policies from those reported in those audited annual financial statements.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The process of applying the Corporation's accounting policies requires management to make significant judgements involving assumptions and estimates. These are referred to in note 2 of the audited financial statements for the year ended September 30, 2016.

CONTROLS AND PROCEDURES

Management, under the direction of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), has evaluated the effectiveness of the disclosure controls and procedures (as defined in applicable Canadian securities laws) of the Corporation as of the end of the period covered by this MD&A. As a result, the CEO and CFO have concluded that they are reasonably assured the Corporation's disclosure controls and procedures are effective to ensure that all information required to be disclosed by the Corporation in reports that it files or furnishes under applicable Canadian securities laws is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Canadian securities regulatory authorities and (ii) accumulated and communicated to the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There was no change in the Corporation's internal controls over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

SELECTED QUARTERLY INFORMATION

($000's, except per share amounts)	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Revenues before performance fees	**$ 2,290**	**$ 3,412**	**$ 2,880**	**$ 2,520**
Performance fees	**-**	**-**	**-**	**-**
Total revenues (continuing operations)	**$ 2,290**	**$ 3,412**	**$ 2,880**	**$ 2,520**
Net performance fees (continuing operations)	**$ -**	**$ -**	**$ -**	**$ -**
EBITDA (continuing operations)	**$ 81**	**$ 269**	**$ 308**	**$ (171)**
Net income (loss) from continuing operations [1]	**$ (18)**	**$ 35**	**$ 247**	**$ (64)**
Net income from discontinued operations	**$ (8)**	**$ (122)**	**$ (38)**	**$ (91)**
Net income (loss) and comprehensive income (loss) [1]	**$ (26)**	**$ (87)**	**$ 209**	**$ (155)**
Earnings (loss) per share				
Basic and diluted (continuing operations)	**$ (0.00)**	**$ 0.00**	**$ 0.01**	**$ (0.00)**
Basic and diluted (discontinued operations)	**$ (0.00)**	**$ (0.01)**	**$ (0.00)**	**$ (0.01)**
AUM ($ millions)	**$ 2,525**	**$ 2,556**	**$ 2,287**	**$ 2,319**

($000's, except per share amounts)	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenues before performance fees	$ 2,559	$ 3,424	$ 2,675	$ 3,704
Performance fees	-	-	108	-
Total revenues (continuing operations)	$ 2,559	$ 3,424	$ 2,783	$ 3,704
Net performance fees (continuing operations)	$ -	$ -	$ 81	$ -
EBITDA (continuing operations)	$ (628)	$ 137	$ 299	$ 600
Net income (loss) from continuing operations [1]	$ (604)	$ (90)	$ (141)	$ 335
Net income (loss) from discontinued operations	$ 756	$ 183	$ (37)	$ 119
Net income (loss) and comprehensive income [1]	$ 152	$ 93	$ (178)	$ 454
Earnings (loss) per share				
Basic and diluted (continuing operations)	$ (0.02)	$ (0.01)	$ (0.01)	$ 0.01
Basic and diluted (discontinued operations)	$ 0.03	$ 0.01	$ (0.00)	$ 0.01
AUM ($ millions)	$ 2,318	$ 1,637	$ 1,652	$ 1,703

[1] Attributed to the common shareholders of the Corporation.

Victor Koloshuk [(2)]
Executive Chairman
Integrated Asset Management Corp.

David Atkins [(1) (2)]
Corporate director

Robert Brooks [(1)]
Corporate director

John Crocker [(1) (2)]
Corporate Director

Bruce Day [(1) (2)]
Corporate Director

Veronika Hirsch [(2)]
Executive Vice President and Portfolio Manager,
Arrow Capital Management Inc.

David Mather [(3)]
Executive Vice President,
Integrated Asset Management Corp.

John Robertson
President and Chief Executive Officer,
Integrated Asset Management Corp.

(1) Member of the Audit Committee
(2) Member of the Compensation, Nominating and Governance Committee
(3) Secretary of the Corporation

Integrated Asset Management Corp.

Victor Koloshuk
Executive Chairman

John Robertson
President and Chief Executive Officer

Tom Felkai
Chief Financial Officer

David Mather
Executive Vice President

Jean-Christophe Greck
Vice President, Quebec

Ginger Rothenberger
Corporate Controller

IAM Real Estate

Rick Zagrodny
President

David Pappin
Chief Operating Officer

David Warkentin
Senior Vice President, Investments

Robert Burns
Chief Financial Officer and Treasurer

Michael O'Sullivan
Vice President, Asset Management

IAM Private Debt

John Robertson
Chairman

Philip Robson
President

Theresa Shutt
Chief Investment Officer

Douglas Zinkiewich
Managing Director and Head of Investment Management

Jeff Deacon
Managing Director

Greg Dimmer
Managing Director

Brian Ko
Managing Director

Andrew Shannon
Managing Director

Donald Bangay
Vice-Chair

Frank Duffy
Vice-Chair

IAM Managed Futures

Roland Austrup
Chairman, Chief Executive and Chief Investment Officer

David Mather
President and Chief Operating Officer

Robert Koloshuk
Senior Strategist and Director of Trading

Auditors:
PricewaterhouseCoopers LLP

Transfer Agent:
TSX Trust Company

Stock Listing:
TSX – “IAM”

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