



**INTEGRATED ASSET MANAGEMENT CORP.**

**ANNUAL INFORMATION FORM**

**For the Year Ended September 30, 2015**

**December 14, 2015**

## TABLE OF CONTENTS

MEANING OF CERTAIN REFERENCES .....	2
FORWARD-LOOKING STATEMENTS .....	2
CORPORATE STRUCTURE .....	3
GENERAL DEVELOPMENT OF THE BUSINESS .....	4
DESCRIPTION OF THE BUSINESS.....	4
RISK FACTORS.....	7
DIRECTORS AND OFFICERS .....	11
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS .....	12
CONFLICTS OF INTEREST.....	13
DESCRIPTION OF CAPITAL STRUCTURE.....	13
MARKET FOR SECURITIES .....	14
DIVIDENDS .....	15
LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....	15
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	15
TRANSFER AGENT AND REGISTRAR .....	15
MATERIAL CONTRACTS .....	16
INTEREST OF AUDITORS.....	16
AUDIT COMMITTEE INFORMATION .....	16
ADDITIONAL INFORMATION.....	18

## **MEANING OF CERTAIN REFERENCES**

All references to the “Corporation” or “IAM” in this Annual Information Form (“AIF”) refer to Integrated Asset Management Corp. and, unless otherwise indicated or the context otherwise requires, its subsidiaries. All references to “IAM Private Debt” and “Private Debt” refer to IAM Private Debt Corp. All references to “IAM Real Estate” and “Real Estate” refer to IAM Real Estate Group. All references to “Common Shares” refer to common shares of the Corporation. All references to “Shareholders” refer to holders of Common Shares. All references to the “Board of Directors” refer to the board of directors of the Corporation. All references to “fiscal 2015” refer to the 12-month period from October 1, 2014 to September 30, 2015. All references to “fiscal 2014” refer to the 12-month period from October 1, 2013 to September 30, 2014. All references to “Employee Share Purchase Plan” refer to the Corporation’s employee share purchase plan initiated in February 2015.

## **FORWARD-LOOKING STATEMENTS**

This AIF contains “forward-looking statements” regarding, among other things, the Corporation’s business, performance, strategies, opportunities, future growth, results of operations and future financial results. Forward-looking statements include estimates, plans, intentions, expectations, opinions, forecasts, projections or other similar statements. Where possible, words such as “may”, “would”, “could”, “will”, “if”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate” and similar expressions have been used to identify these forward-looking statements. These forward-looking statements are not statements of fact, promises or guarantees and are based on management’s current beliefs, expectations, assumptions and estimates, which are subject to many different known and unknown risks and uncertainties, any of which could cause actual results and events to differ materially from those derived and/or predicted from the forward-looking statements. For a description of risks that could cause the Corporation’s actual results and contemplated events to differ from the Corporation’s current beliefs, expectations, assumptions and estimates, please see the discussion under the heading “Risk Factors” in this AIF. However, the factors set out in “Risk Factors” are not exhaustive of the factors that may affect any of the Corporation’s forward-looking statements. Readers should carefully consider these and other factors and are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements contained in this AIF represent the Corporation’s views only as of September 30, 2015. The Corporation’s forward-looking statements are expressly qualified in their entirety by this cautionary statement.

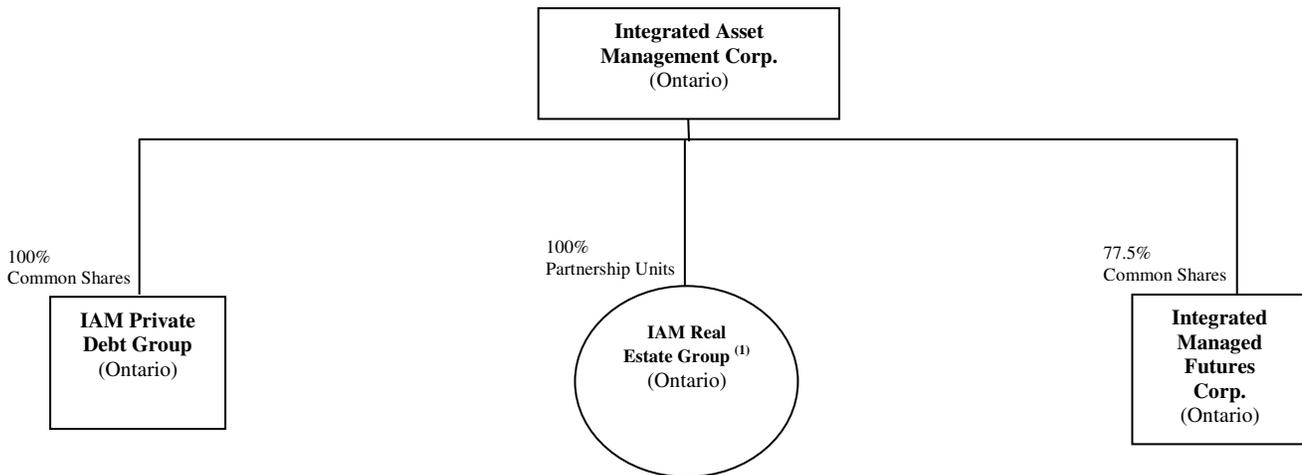
This AIF is dated as of December 14, 2015. Except as otherwise stated, the statements and information in this AIF is current as of September 30, 2015 and, except as required by applicable law, the Corporation undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE STRUCTURE

The Corporation was incorporated on December 23, 1996 under the *Business Corporations Act* (Ontario) (the “OBCA”) under the name “Edenbridge Corp.”. By articles of amendment dated June 24, 1999, the name of the Corporation was changed to “Integrated Asset Management Corp.” and the outstanding Common Shares were consolidated on a five-to-one basis. By Articles of Amalgamation dated October 1, 2014, the Corporation and a wholly-owned subsidiary company, 2241952 Ontario Limited, amalgamated and continued as “Integrated Asset Management Corp.”.

The registered and head office of the Corporation is located at 70 University Avenue, Suite 1200, Toronto, Ontario, Canada M5J 2M4.

The following chart sets forth the material entities comprising the Corporation’s corporate structure, together with the jurisdiction of incorporation or formation and the percentage of securities of each such entity owned by the Corporation.



Note:

(1) An Ontario partnership.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

Since 1999, when IAM acquired all of the issued and outstanding shares of Integrated Asset Management Limited by way of a reverse take-over transaction, IAM has operated within the asset management business focused exclusively on the management of alternative asset classes. IAM's mandate is to be Canada's leading alternative asset management company. Operating under this mandate, the Corporation is focused on growing its assets and committed capital under management ("AUM") by attracting new clients, expanding its product offerings and attracting additional assets from existing clients. IAM's clients include institutional investors, pension funds and private clients throughout Canada.

There have been no material changes to IAM's business strategy over the past three completed financial years, except for the implications of the divestiture of BluMont Capital Corporation ("BluMont Capital") which closed in fiscal 2014, as described below. BluMont Capital was IAM's retail alternative asset management company.

In September 2013, the Corporation announced that it had agreed to sell its ownership interest in BluMont Capital. The AUM of BluMont Capital as at September 30, 2013 were \$ 276.2 million. The sale of BluMont Capital was completed in December 2013. As a result of the sale, IAM's client base no longer includes retail clients and the Corporation entered into a non-competition and non-solicitation agreement with the purchaser which, among other things, restricts the Corporation for a period of three years from competing directly or indirectly with the business of the purchaser (a retail alternative asset management company) and the business of BluMont Capital acquired by the purchaser.

During fiscal 2015, the Corporation completed its private equity asset management activities with the sale of the last investment in the private equity fund managed by the Corporation. The fund is being wound up and the proceeds distributed to the investors.

## **DESCRIPTION OF THE BUSINESS**

### *General*

IAM is an alternative asset management company offering high quality alternative asset management to institutional investors, pension funds and high net worth private clients. As at the date hereof, the alternative asset classes the Corporation manages for investors are private debt, real estate and managed futures. The Corporation's strategy is to hire or acquire the best managers in each asset class and to develop the business around these managers. While the Corporation is presented with many such opportunities, the Corporation pursues only those opportunities that management believes have the potential to add significant value for clients. As at September 30, 2015, the Corporation had AUM of approximately \$1.7 billion (September 30, 2014: \$1.9 billion).

## Products and Services

The Corporation operates as one reportable segment in Canada. The following table provides a breakdown of the Corporation's AUM for fiscal 2015 and fiscal 2014.

	Assets Under Management (\$millions)	
	Fiscal Year Ended September 30,	
	2015	2014
Private Debt .....	\$ 840.4	\$ 1,037.1
Real Estate .....	796.5	783.7
Private Equity and managed futures.....	64.4	53.1
<b>Total AUM .....</b>	<b>\$ 1,701.3</b>	<b>\$ 1,874.0</b>

The Corporation's revenues are generated primarily from asset management fees. The management fees earned by the Corporation are typically based on an agreed percentage of clients' AUM, which includes the market value of pooled funds and other assets administered by the Corporation. Revenues generated from management fees are generally expected to vary in direct proportion to the deployed amount of AUM. Additionally, the Corporation generates revenue from performance fees, including carried interest, when investment returns outperform a designated benchmark. These benchmarks ("hurdle rates") are contract specific and only apply to certain investment products. Funds managed by the Real Estate operations typically provide for performance fees to be realized only towards the end of the life of the pool of assets being managed, which at times can be up to twelve years. Accordingly, performance fees in these activities are realized sporadically. IAM is therefore impacted by the amount of AUM and the performance of its managers.

The Corporation's Private Equity operations comprised a fund which sold its remaining investment in that fund in fiscal 2015.

The following table provides a breakdown of the Corporation's revenues for fiscal 2015 and fiscal 2014.

	Total Revenue			
	Fiscal Year Ended September 30,			
	2015		2014	
	(\$ millions)	(%)	(\$ millions)	(%)
Management fees and other revenue .....	\$13	93%	\$10	71%
Performance fees .....	1	7%	4	29%
<b>Total Revenue .....</b>	<b>\$14</b>	<b>100%</b>	<b>\$14</b>	<b>100%</b>

The Corporation's business was established through a combination of acquisitions and start-ups. IAM Real Estate and IAM Private Debt were established through acquisition while Managed Futures was established and developed internally.

The Corporation focuses its services on institutional investors, pension funds and high net worth private clients.

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 twelve years. 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. The most recent real estate fund has an indefinite life and provides for periodic subscriptions and redemptions; this fund does not have a performance fee component in the Corporation's fee compensation.

The Corporation's Managed Futures products are highly liquid and are subject to agreements, in accordance with industry practices, whereby clients can withdraw their assets or terminate the contracts on short notice.

### *Competitive Conditions*

IAM operates in the extremely competitive Canadian financial services industry; however the focus of the Corporation's business is exclusively on the management of alternative asset classes for clients. As a result of the Corporation's focus on this niche market, the competition may be less intense than other segments of the financial services industry. Management has observed growing investor recognition of the value of investment in alternative asset classes and believes it has positioned IAM to capture an increasing share of this expanding market. The growth being experienced in the market share of the alternative asset management market has attracted established commercial banks and independent firms of all sizes. Many of the new entrants to the alternative asset management market possess greater financial and technical resources than the Corporation. Accordingly, certain competitors have the ability to allocate additional resources that may lead to their increased responsiveness and success in taking advantage of new and/or changing opportunities, technologies and customer requirements than the Corporation.

### *Employees*

During fiscal 2015, IAM had approximately 40 full-time employees.

All senior employees of IAM are considered to be important in the performance of the Corporation. IAM has ensured that each senior employee has been compensated accordingly with some combination of salary, bonus and stock incentives. While some employee turnover is expected, IAM makes every effort to prevent the loss of key employees. Many employees are shareholders in the Corporation. To the knowledge of the Corporation, the number of employees who own Common Shares increased in fiscal 2015 as a result of the Employee Share Purchase Plan initiated in February 2015.

## **RISK FACTORS**

The following are certain risk factors relating to the Corporation. The following information is a summary only of certain risk factors and these are not the only risk factors facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently considers immaterial, may also impair the operations of the Corporation. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Corporation, could be materially adversely affected.

### ***Poor investment performance could lead to a loss of clients, AUM, revenue and profitability***

If the Corporation experiences poor investment performance relative to its competitors, the Corporation may not be able to attract new AUM through sales to new and existing clients or may experience redemptions or the termination of mandates by existing clients. Poor investment performance can lead to a loss of AUM, which could negatively impact IAM's ability to generate management fee revenue and profitability. In addition, poor investment performance will result in lower or no performance fees.

### ***The loss of key personnel and/or the inability to recruit highly skilled individuals could materially adversely affect the Corporation's business***

The business conducted by the Corporation is dependent on the recruitment and retention of highly-skilled individuals as employees of the Corporation. In particular, the Corporation is highly dependent on key members of its management team. The loss of key management personnel on the part of IAM or any of its subsidiaries could materially adversely affect the Corporation's business. There is substantial competition for talented individuals, and key employees may become unable to continue in their respective roles or may choose to leave at any time. Succession planning is an important factor in the success of the Corporation's business. Individual investment managers often have regular direct contact with particular clients, which can lead to a strong client relationship based on the client's trust in that individual manager. The loss of a key investment manager could jeopardize relationships with clients of such investment manager and lead to the loss of client accounts.

### ***Lack of client diversification could adversely impact the Corporation***

At September 30, 2015, four unrelated clients of IAM, in aggregate accounted for approximately 34.5% (2014: 30.7%) of AUM and approximately 23.6% (2014: 23.0%) of IAM's total revenues for the year ended.

### ***Fluctuations in the capital markets may have a materially adverse effect on IAM's profitability***

The Corporation's business is subject to various risks, particularly in volatile capital markets. Capital markets are affected by many factors of a national and international nature, including economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business communities, fluctuations in currencies and the level and volatility of interest rates. These and other factors can significantly and rapidly affect the volume and nature of investment activity. In periods of reduced investment activity, the Corporation's profitability may be materially adversely affected because certain expenses remain relatively fixed. There can be no assurance that the Corporation's operations will be profitable when capital markets are fluctuating.

***Failure to compete effectively in the highly competitive asset management business could adversely impact IAM's AUM, revenue and profitability***

The asset management business is highly competitive. Certain of the Corporation's competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources than the Corporation. In this competitive environment, there can be no assurance that the Corporation can achieve or maintain any particular level of AUM, revenues and profitability. Competition could have a material adverse effect on the Corporation's profitability and there can be no assurance that the Corporation will be able to compete effectively. In addition, the Corporation's ability to maintain the management fee and performance fee structure for its products is dependent on the Corporation's ability to provide clients with products and services that are competitive. There can be no assurance that the Corporation will not come under competitive pressure to lower the fees currently charged or that the Corporation will be able to retain its fee structure or, with such fee structure, retain clients in the future. A significant reduction in the Corporation's management fees or performance fees could have a material adverse effect on its revenues and profitability.

***Fluctuations in performance fees will increase earnings volatility, which could result in a decrease to the price of the Common Shares***

A portion of the Corporation's revenues is derived from performance fees. The Corporation is entitled to performance fees only if its performance exceeds pre-designated hurdle rates. If the Corporation does not exceed the hurdle rates, the Corporation will not generate performance fees for that period. Performance fees recognized will vary from period to period in relation to, among other things, volatility in investment returns and the method of accounting for unrealized and realized performance fees, causing the Corporation's reported revenues to be more volatile than if it did not manage assets on a performance fee basis. The volatility in the Corporation's earnings may decrease the trading price of the Common Shares.

***Fluctuations in the market value of IAM's AUM may adversely affect IAM's revenues***

The Corporation's revenues are dependent upon its management fees, which are primarily based on the market value of the Corporation's AUM. Fluctuations in the market value of the AUM will result in fluctuations in the Corporation's revenues as such revenues are directly correlated to the market value of IAM's AUM. The market value of AUM is affected by factors beyond the Corporation's control, including economic and political conditions, as well as policies and performance of businesses, governments and the financial community. These factors could have a materially negative impact on the value of IAM's AUM. In addition, any prolonged downturn in the investment environment could lead to a decline in the Corporation's AUM.

***IAM's growth strategy may not be successful***

The Corporation's growth strategy includes acquiring ownership interests in asset management firms and integrating them in the IAM organization. To date, the Corporation has invested in eight such firms and intends to continue this investment program in the future, subject to its ability to locate suitable asset management firms in which to invest and its ability to negotiate such investments on acceptable terms. There can be no assurance that the Corporation will be successful in locating or in investing in such firms or that any of such firms, if acquired, will have favourable operating results for IAM.

***Changes in the alternative asset management industry could result in a decline in IAM's revenues***

The Corporation's ability to generate revenues has been significantly influenced by the growth experienced in the alternative asset management industry. The recent growth of the alternative asset management industry may not continue and adverse economic conditions and other factors, including a

protracted or precipitous decline in the financial markets, could affect the popularity of the Corporation's services or result in clients withdrawing from the markets or decreasing their level and/or rate of investment. A decline in the growth of the alternative asset management industry or other changes to the industry that discourage investors from using the Corporation's services or investing in its products could affect the Corporation's ability to attract clients and result in a decline in the Corporation's revenues.

***Failure to implement effective information security policies, procedures and capabilities could disrupt operations and cause financial losses that could materially adversely affect IAM's business, financial condition and profitability***

The Corporation is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems, and the data that reside on or are transmitted through them. An externally caused information security incident, such as a hacker attack or a virus or worm, or an internally caused issue, such as a failure to control access to sensitive systems, could materially interrupt the Corporation's business operations or cause disclosure or modification of sensitive or confidential information and could result in material financial loss, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could materially adversely affect the Corporation's business, financial condition and profitability.

***Errors or misconduct in the industry or on the part of IAM's employees could result in regulatory sanctions or serious reputational harm, which could materially adversely affect IAM's business, financial condition and profitability***

The Corporation faces the risk that negative publicity regarding the industry's or the Corporation's business practices, whether true or not, could cause a decline in customer base, costly litigation or revenue reductions.

***Failure to develop effective business resiliency plans could disrupt operations and cause financial losses, which could materially adversely affect IAM's business, financial condition and profitability***

The Corporation is dependent on the availability of its personnel, its office facilities and the proper functioning of its computer and telecommunications systems. A disaster, such as water damage, an explosion or a prolonged loss of electrical power, could materially interrupt the Corporation's business operations and cause material financial loss, loss of human capital, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could materially adversely affect the Corporation's business, financial condition and profitability.

***Failure to comply with government regulations could have a materially adverse effect on IAM***

The Corporation's business, and the financial services industry generally, are subject to extensive regulation in Canada at the federal and provincial levels, as well as through various self-regulatory organizations. Existing and future regulations are intended to safeguard the integrity of the financial markets and to protect the interests of customers participating in those markets. The ability of the Corporation to carry on portions of its business is dependent upon its compliance with and continued registration under applicable securities legislation. Any change in the regulatory framework or failure to comply with applicable laws, rules or regulations could have a materially adverse effect on the Corporation. The rapidly changing securities regulatory environment and the rising asset management industry standards for operational efficiencies, as well as competitive pressures towards the implementation of innovative products and services, may require additional human resources. The implementation of additional reporting obligations and other procedures for investment funds may require additional expenditures. Failure to comply with these regulations could result in fines, temporary or permanent prohibitions on the Corporation's activities or the activities of some of its personnel or

reputational harm, which could materially adversely affect the Corporation's business, financial condition and profitability.

***Potential litigation could adversely impact the Corporation's business***

In recent years, there has been an increasing incidence of litigation involving the financial services and investment industries and the Corporation's business therefore involves the risk of liability from litigious claims relating to the Corporation's operations. This risk may increase during a downturn in financial markets when investors are more likely to experience losses. While the Corporation maintains a level of insurance, there can be no assurances that all potential claims will be within the scope or limitations of this insurance coverage.

***Potential future sales of Common Shares by directors or officers could adversely affect prevailing market prices for the Common Shares***

No prediction can be made as to the effect, if any, any future sale(s) by the directors or officers of the Corporation will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by one or more directors or officers, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

***No assurance acceptable financing will be available for future acquisitions***

The Corporation's acquisition of asset management firms, and interests therein, may require substantial capital. Although the Corporation believes that its existing cash resources and cash flow from operations will be sufficient to meet the Corporation's working capital needs for normal operations for the foreseeable future, these sources of capital may not be sufficient to fund anticipated acquisitions or investments. In such circumstances, the Corporation will therefore need to raise capital through the incurrence of additional long-term or short-term indebtedness or the issuance of additional equity securities in private or public transactions in order to complete such acquisitions or investments. This could result in dilution of existing equity positions, increased interest expense or decreased net income. In addition, significant capital requirements associated with such acquisitions or investments may impair the Corporation's ability to pay dividends. There can be no assurance that acceptable financing for future acquisitions can be obtained on suitable terms, if at all.

***Control by, and reliance upon, management whose interests may differ from those of the Shareholders***

As at the date hereof, the directors, including four senior officers of the Corporation, beneficially own, directly or indirectly, approximately 65% of the issued and outstanding Common Shares (on a non-diluted basis). Accordingly, such directors and senior officers are in a position to influence the election of the Board of Directors and to direct the affairs of the Corporation. The interests of these directors and senior officers may differ from those of the Shareholders.

***Inability to obtain sufficient insurance coverage on favourable economic terms***

The Corporation maintains various types of insurance, including directors' and officers' liability insurance, errors and omissions insurance, general commercial liability insurance and a financial institution bond. The adequacy of insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits. However, there can be no assurance that claims will not exceed the limits of available insurance coverage or that any claim or claims will be ultimately satisfied by an insurer. A judgment against the Corporation in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on the Corporation's business, financial condition and

profitability. There can be no assurance that the Corporation will be able to obtain insurance coverage on favourable economic terms in the future.

## DIRECTORS AND OFFICERS

As of the date hereof, the Corporation has outstanding 26,327,010 Common Shares and the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, approximately 65% of the total Common Shares outstanding.

### *Directors*

The persons named in the following table are currently directors of the Corporation. Mr. Robert Brooks was appointed a director in May 2015. The other directors were re-elected at the annual meeting of Shareholders held on February 12, 2015, to serve until the next annual meeting of Shareholders. The Corporation has not adopted director term limits or other mechanisms of board renewal.

<b>Name, Municipality of Residence and Position with the Corporation</b>	<b>Principal Occupation, if not with the Corporation</b>	<b>Period Served as a Director</b>
Victor Koloshuk <sup>(2)</sup> Toronto, Ontario, Canada Executive Chairman and Director	—	January 16, 1997 - Present
David H. Atkins <sup>(1) (2)</sup> Toronto, Ontario, Canada Director	Corporate Director	March 2, 2006 - Present
Robert L. Brooks <sup>(1)</sup> Toronto, Ontario, Canada Director	Corporate Director	May 6, 2015 - Present
John A. Crocker <sup>(1) (2)</sup> Toronto, Ontario, Canada Director	Corporate Director <sup>(3)</sup>	August 7, 2012 - Present
Bruce D. Day <sup>(1) (2)</sup> Calgary, Alberta, Canada Director	Corporate Director	January 23, 2008 - Present
Veronika Hirsch <sup>(2)</sup> Toronto, Ontario, Canada Director	Executive Vice President and Portfolio Manager, Arrow Capital Management Inc. <sup>(4)</sup>	June 24, 1999 - Present
Stephen C. Johnson Toronto, Ontario, Canada Chief Financial Officer, Corporate Secretary and Director	—	January 16, 1997 - Present
David G. Mather Toronto, Ontario, Canada Executive Vice President and Director	—	June 7, 2004 - Present
John F.K. Robertson Toronto, Ontario, Canada Chief Executive Officer and Director	—	April 17, 2002 - Present

Notes:

(1) Member of the Audit Committee.

- (2) Member of the Compensation, Nominating and Governance Committee.
- (3) Mr. Crocker was President and Chief Executive Officer of Healthcare of Ontario Pension Plan (HOOPP) prior to his retirement in December 2011.
- (4) Ms. Hirsch was Chief Investment Officer of BluMont Capital until the Corporation's sale effective December 2013 of BluMont Capital to Arrow Capital Management Inc., an asset management company.

### ***Executive Officers***

The persons named in the table below are currently executive officers of the Corporation.

<b>Name, Municipality of Residence and Position with the Corporation</b>	<b>Principal Occupation, if not with the Corporation</b>
Victor Koloshuk Toronto, Ontario, Canada Executive Chairman	—
Robert C.M. Burns Toronto, Ontario, Canada Chief Financial Officer and Treasurer IAM Real Estate	—
Stephen C. Johnson Toronto, Ontario, Canada Chief Financial Officer and Corporate Secretary	—
David G. Mather Toronto, Ontario, Canada Executive Vice President	—
John F.K. Robertson Toronto, Ontario, Canada Chief Executive Officer	—
Philip S. Robson Toronto, Ontario, Canada President IAM Private Debt	—
Rick Zagrodny Toronto, Ontario, Canada President IAM Real Estate	—

### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

#### ***Cease Trade Orders or Bankruptcies***

To the best of the Corporation's knowledge, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within the 10 years prior to the date hereof has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

To the Corporation's knowledge, no director or officer of the Corporation, nor any shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation, within the 10 years before the date of this AIF, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

#### ***Penalties or Sanctions***

To the Corporation's knowledge, no director or executive officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to materially affect control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

#### **CONFLICTS OF INTEREST**

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject with respect to the operations of the Corporation. Certain of the directors and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Situations may arise where the directors and officers of the Corporation will be engaged in direct competition with the Corporation. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the OBCA. The OBCA requires that directors and officers of the Corporation, who are also directors or officers of a party which enters into a material contract with the Corporation or otherwise have a material interest in a material contract entered into by the Corporation, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Corporation's directors to approve the contract.

Mr. Victor Koloshuk, the Executive Chairman and a director of the Corporation, owns 36.8% of the outstanding Common Shares, as of the date hereof. The financial statements of the Corporation for fiscal 2015 makes reference to "Related Party Transactions" in the notes.

#### **DESCRIPTION OF CAPITAL STRUCTURE**

The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 26,327,010 are issued and outstanding as at December 14, 2015.

The holders of Common Shares are entitled to receive dividends, if, as and when declared by the Board of Directors and, unless otherwise provided by law, are entitled to one vote per Common Share on all matters to be voted on at all meetings of Shareholders. In the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation after payment of all liabilities, the remaining assets available for distribution shall be distributed *pro rata* to the holders of Common Shares. The holders of Common Shares have no pre-emptive, redemption or conversion rights.

## MARKET FOR SECURITIES

The outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “IAM”. The following table sets forth certain information regarding the trading history of the outstanding Common Shares during fiscal 2015:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Monthly Volume</u>
September 2015	\$1.10	\$0.96	85,401
August 2015	\$1.20	\$0.96	285,873
July 2015	\$1.18	\$1.14	256,238
June 2015	\$1.20	\$1.09	303,106
May 2015	\$1.10	\$0.96	231,413
April 2015	\$1.05	\$0.97	219,979
March 2015	\$1.03	\$0.85	144,048
February 2015	\$1.00	\$0.90	126,742
January 2015	\$0.94	\$0.81	100,043
December 2014	\$0.89	\$0.78	1,322,581
November 2014	\$0.94	\$0.84	86,644
October 2014	\$0.94	\$0.83	103,928

On May 14, 2015, the Corporation announced its notice of renewal of a Normal Course Issuer Bid (“NCIB”) through which the Corporation is permitted to purchase, for cancellation, up to 1,311,655 Common Shares of the Corporation at prevailing market prices during the twelve month period commencing May 21, 2015 and ending May 20, 2016.

Pursuant to the NCIB, the Corporation purchased 1,364,600 Common Shares in fiscal 2015 representing approximately 5% of the Common Shares outstanding at the beginning of fiscal 2015.

Shareholders may obtain a copy of the Corporation’s Notice of Intention, without charge, by contacting the Corporate Secretary of the Corporation.

In fiscal 2015, the Corporation issued 479,960 Common Shares at a price of \$0.99 per Common Share to employees under the Employee Share Purchase Plan.

## **DIVIDENDS**

On May 27, 2005, the Board of Directors approved the commencement of a regular cash dividend policy payable on a semi-annual basis. The Corporation paid its first cash dividend on June 30, 2005. On May 12, 2009, acknowledging the challenges faced by BluMont Capital, and concluding that the Corporation might need some of the Corporation's cash resources for acquisitions, the Corporation announced the suspension of its regular cash dividend.

In September 2010, the Corporation announced the reinstatement of a regular annual cash dividend and the declaration of a dividend of \$0.04 per common share which was paid in October 2010. The Corporation's dividend policy is to set a level of annual dividends which is considered sustainable in future years rather than increasing or decreasing the level of dividends in any one year to reflect the results of that particular year.

The following table sets forth the cash dividends declared by the Corporation on the Common Shares for the last 3 fiscal years:

<u>Date of Declaration</u>	<u>Regular Annual Dividend</u> <u>(\$)</u>
August 2015	0.06
August 2014	0.06
September 2013	0.05

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

In the normal course of business, the Corporation receives claims for additional compensation from former employees. IAM has made provisions based on the current information and the probable resolutions of such proceedings and claims.

There were no regulatory actions against the Corporation during fiscal 2015 and as at the date hereof.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

As at the date hereof, to the knowledge of the Corporation, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares or associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three fiscal years of the Corporation or, during the current fiscal year, that has materially affected or will materially affect the Corporation, other than as set forth in this AIF or as disclosed under the headings "Indebtedness of Director, Executive Officers and Senior Officers" and "Interest of Informed Persons in Material Transactions" in the Corporation's management information circular for its most recent annual meeting of shareholders for the election of directors ("Management Information Circular").

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Common Shares is TMX Equity Transfer Services at its principal offices located in Toronto, Ontario.

## **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, there are no material contracts entered into by the Corporation in the most recently completed financial year, or before the most recently completed financial year but is still in effect.

## **INTEREST OF AUDITORS**

PricewaterhouseCoopers LLP, Chartered Professional Accountants, the auditor of the Corporation, has been named as having prepared or certified a statement, report or valuation described or included in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by the Corporation during, or relating to, the Corporation's financial year ended September 30, 2015. To the knowledge of the Corporation, neither PricewaterhouseCoopers LLP, Chartered Professional Accountants, nor any designated professionals of such firm, hold any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or its associates or affiliates.

## **AUDIT COMMITTEE INFORMATION**

The Audit Committee of the Board of Directors of the Corporation is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Corporation's external auditors. The Audit Committee is also responsible for reviewing the Corporation's audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations prior to approval by the full Board of Directors.

### ***Audit Committee's Charter***

The Audit Committee charter sets out its responsibilities and duties, qualifications of membership and procedures for reporting to the Board of Directors. A copy of the charter is included in the Corporation's Management Information Circular.

### ***Composition of the Audit Committee***

As at September 30, 2015, the Audit Committee was comprised of four directors, each of whom is independent and financially literate: Messrs. David H. Atkins (Chairman), Robert L. Brooks, John A. Crocker and Bruce D. Day.

### ***Relevant Education and Experience***

The following summarizes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

Mr. David H. Atkins serves as a director of one public company (Nightingale Informatix Corp.) and chairs its audit committee. Mr. Atkins is also a director of various private financial service companies. Mr. Atkins was formerly Chairman of the Swiss Reinsurance Group of Companies in Canada. Mr. Atkins was formerly a senior partner with Coopers & Lybrand, leading its audit practice and financial services practice in Canada. Mr. Atkins has a Master of Arts degree in Law from Oxford University and is a Fellow of the Institute of Chartered Professional Accountants of Ontario.

Mr. Robert L. Brooks is a director of CPP Investment Board and Hamilton Capital Partners, Inc., a Toronto-based alternative investment manager. He is the former Vice Chair and Group Treasurer of the Bank of Nova Scotia where he had a 40 year career in a succession of senior investment banking, finance

and treasury roles. Mr. Brooks is a fellow of the Institute of Canadian Bankers and holds an MBA from the University of Western Ontario and a B.Sc from the University of Manitoba.

Mr. John A. Crocker was President and Chief Executive Officer of Healthcare of Ontario Pension Plan (HOOPP) from 2001 until his retirement in 2011. Prior to HOOPP, Mr. Crocker was Senior Vice President, Pension Investments at National Trust Company and prior to that held investment management positions at Elliott and Page and Prudential Assurance Company Limited. Mr. Crocker is a Chartered Financial Analyst and a member of the Institute of Corporate Directors and a fellow of the Life Management Institute. Mr. Crocker holds a B. Comm. from McGill University.

Mr. Bruce D. Day is a corporate director with more than 20 years of experience as a senior executive. He serves as the Chair of the Independent Review Committee of the Heritage Educational Foundation. Mr. Day has served as Vice President, Treasurer of Rogers Communications Inc., Vice President Finance and Administration of Rogers Wireless Inc. and Vice President, Corporate Development of Rogers Communications Inc. Mr. Day is a member of the Institute of Chartered Professional Accountants of Ontario and the Institute of Corporate Directors.

### ***Pre-Approval Policies and Procedures***

The following policies and procedures have been adopted by the Audit Committee for the engagement of the external auditors for non-audit services.

On proposed non-audit services, the Audit Committee has delegated to its Chairman the responsibility to review the proposed non-audit services under the following procedures. Designated financial personnel are required to submit to the Chairman of the Audit Committee a request for pre-approval of the particular non-audit service, such request to include all necessary details of the proposed non-audit services such as the scope of work, the estimated time for completion, and the estimated fees for such services. Except in extenuating circumstances, requests shall be made to the Chairman prior to the engagement of the auditors for the particular service. Upon receipt of the request, the Chairman of the Audit Committee shall promptly either accept the request or decline the request with brief reasons.

### ***Auditors' Fees***

The following summarizes, by category, the services rendered and aggregate fees billed by the Corporation's external auditor for the last two fiscal years.

Service	Year Ended September 30	
	2015	2013
Audit Services	\$ 157,000	\$ 161,000
Audit-Related Services	-	-
Tax Services	20,000	20,000
All Other Services	-	-
<b>Total</b>	<b>\$ 177,000</b>	<b>\$ 181,000</b>

Audit services comprise the year end audit of the Corporation and statutory audits of certain subsidiaries for regulatory purposes.

Tax services are comprised of fees for tax compliance assistance, tax election filings and other tax advice.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's Management Information Circular. Additional financial information is provided in the Corporation's audited consolidated financial statements for the fiscal year ended September 30, 2015 and related management's discussion and analysis. A copy of such documents may be obtained upon request from the Corporate Secretary of the Corporation.