ANNUAL INFORMATION FORM

For the year ended
December 31, 2019

Exchange
Income
Corporation

March 30, 2020

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STRUCTURE OF THE CORPORATION

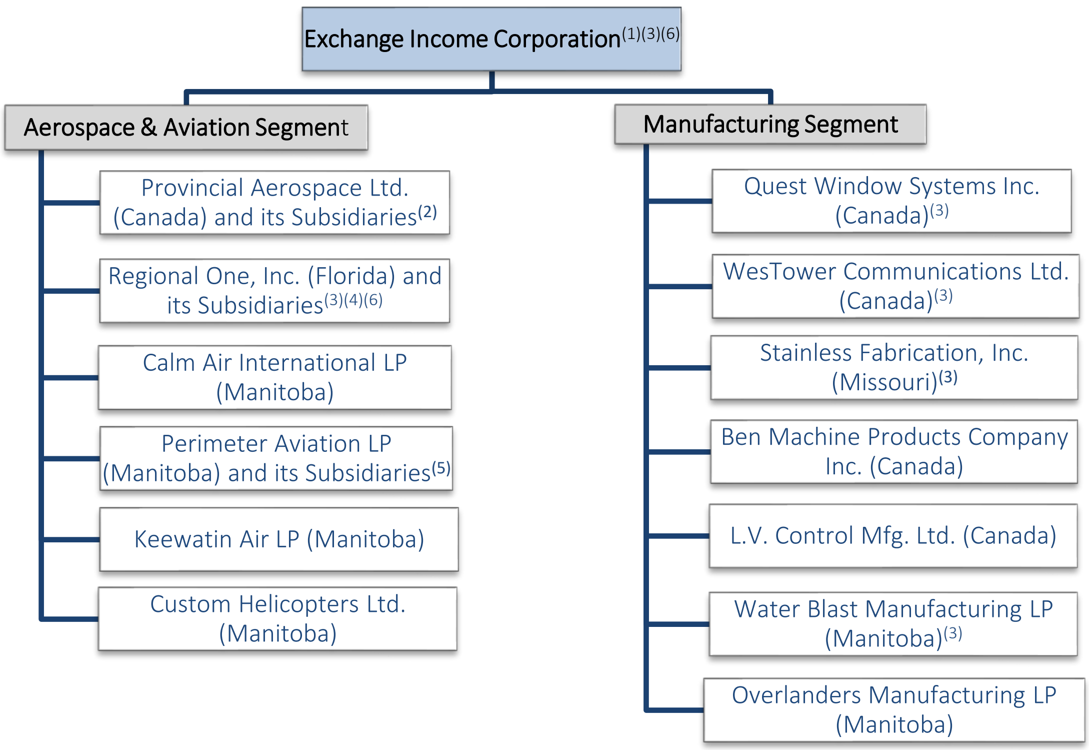
Name, Address and Incorporation

The Corporation is a corporation existing under the CBCA. The head office and registered office of the Corporation are both located at 101-990 Lorimer Boulevard in Winnipeg, Manitoba.

The Corporation's Articles were amended by articles of amendment on June 14, 2019 in order to align with the new foreign ownership limits in the CTA. For more information, see "Constraints on Ownership".

Inter-corporate Relationships

As at December 31, 2019, the Corporation held the securities of its Subsidiaries and certain other investees as set forth in the diagram below. Each of the material Subsidiaries are wholly owned by the Corporation.



Notes:

(1) All Subsidiaries are 100% owned by the Corporation, directly or indirectly unless otherwise stated. All general partners of the limited partnership Subsidiaries of the Corporation are wholly owned Subsidiary corporations of the Corporation.

(2) The Subsidiaries of Provincial Aerospace include the following:

- PAL Airlines (Canada) 100% owned and its affiliates:
  - Air Borealis Inc. (Newfoundland and Labrador) and Air Borealis Limited Partnership (Newfoundland and Labrador) both 33.33% owned. The Air Borealis Limited Partnership owns directly 100% of Innu Mikun Inc. (Newfoundland and Labrador) and owns indirectly 100% of Innu Mikun Limited Partnership (Newfoundland and Labrador).
- PAL Aerospace (Canada) 100% owned and its Subsidiaries and affiliates:
  - DECA Aviation Engineering Ltd. (Ontario) 100% owned.
  - Provincial Aerospace Netherlands BV (Netherlands) 100% owned.
  - Provincial Airlines (Curacao) Limited BV (Curacao) 100% owned.
  - PAL Middle East FZ-LLC (UAE) 100% owned and PAL Aerospace Services Aircraft Maintenance LLC (UAE) 49% owned.
  - CarteNav (Canada) 100% owned and its Subsidiary, CarteNav Solutions UK Ltd. (England and Wales) 100% owned.
  - Atlantic Avionics Inc. (Canada) 100% owned.
  - Airpro Sar Services Incorporated (Canada) 49% owned.
- PAL Aero Services Ltd. (Canada) 100% owned.
- PAL Aviation Properties Ltd. (Canada) 100% owned.
- CANLink Aviation (Canada) 100% owned by the Corporation.

(3) Regional One (Florida), Team J.A.S. (Florida), Stainless (Missouri), Quest USA, Inc. (Delaware), AWI (Maryland), EIC Communications USA Inc. (Delaware) and WBM NoDAK (North Dakota) are all 100% owned Subsidiaries of EIIF US (Delaware), which is 100% owned by the Corporation, and EIIF CRJ Aero Investment, LLC is 60% owned by EIIF US (Delaware).

(4) The Subsidiaries of Regional One include the following:
- R1 Canada LP (Manitoba) 100% owned by the Corporation.

(5) Includes its Subsidiary 7078650 Canada Ltd. (Canada) 51% owned by the Corporation.

(6) Includes the following Subsidiaries and affiliates:
- EIIF US (Delaware) 100% owned.
- EIC Ireland Leasing Limited. (Ireland) 100% owned.
- 7328010 Canada Ltd. (Canada) 100% owned.
- Central Point Procurement Inc. (Canada) 100% owned.
- 8900973 Canada Ltd. (Canada) 100% owned and its Subsidiaries EIC Luxembourg Sarl (Luxembourg) 100% owned, EIC Aircraft Leasing Limited (Ireland) 100% owned, R1 Lease Services Limited (Ireland) 100% owned by EIC Aircraft Leasing Limited and EIC Ireland Leasing No. Two Ltd (Ireland) 100% owned by EIC Aircraft Leasing Limited.
- EIC Holdings Corporation (Canada) 100% owned and its Subsidiaries.
    - Wasaya Airways LP (Ontario) 50.99% owned.
    - Wasaya Petroleum LP (Ontario) 50.99% owned.
- Wasaya Group (Ontario) (49% common shares and 1 preferred voting share owned, together constituting a majority of its voting shares) and its Subsidiaries and affiliates.
    - Wasaya Airways Leasing Ltd. (Ontario) 100% owned.
    - Wasaya Petroleum Leasing Ltd. (Ontario) 100% owned.

Management of the Corporation

Overall governance of the Corporation is under the direction of the Directors, a majority of whom must be, and are, Independent Directors. The investment policies and operations of the Corporation are subject to the control of the Directors.

As at December 31, 2019 and as at the date hereof, the Directors of the Corporation (alphabetically) are Brad Bennett, Gary Buckley, Polly Craik, Gary Filmon, Duncan D. Jessiman, Serena Kraayeveld, Michael Pyle, Melissa Sonberg, Donald Streuber and Edward Warkentin. As at December 31, 2019, the officers of the Corporation (alphabetically) were Darryl Bergman (Chief Financial Officer), Duncan D. Jessiman (Executive Vice–Chairman), Carmele Peter (President), Michael Pyle (Chief Executive Officer), Darwin Sparrow (Chief Operating Officer), Dianne Spencer (Corporate Secretary), Adam Terwin (Chief Corporate Development Officer) and David White (Executive Vice-President, Aviation).

GENERAL DEVELOPMENT OF THE BUSINESS

General

The Corporation is a diversified, acquisition-oriented corporation focused on opportunities in aerospace, aviation services and equipment, and manufacturing. The business plan of the Corporation is to invest in profitable, well-established companies with strong cash flows operating in niche markets. The objectives of the Corporation are:

(i) to provide Shareholders with stable and growing dividends;

(ii) to maximize Shareholder value through on-going active monitoring of and investment in its Operating Subsidiaries; and

(iii) to continue to acquire additional businesses or interests therein in order to expand and diversify the Corporation's investments.

Since the inception of the Corporation and up to the date of this annual information form, the Corporation has completed a number of acquisitions, including those set forth under "Completed Acquisitions" below.

Operating Segment Summary

The Corporation's operating segments are strategic business units that offer different products and services. The Corporation has two operating segments: aerospace & aviation and manufacturing.

(a) Aerospace & Aviation – includes a variety of operations within the aerospace and aviation industries. It includes providing scheduled airline, charter service and emergency medical services to communities located in Manitoba, Ontario and Nunavut. These services are provided by: Calm Air LP, Perimeter LP (including its Bearskin Airlines division), Keewatin LP, Custom Helicopters, Wasaya Group, and other aviation supporting businesses. Regional One is focused on supplying regional airline operators around the world with various after-market aircraft, engines, and component parts. Provincial Aerospace (comprised of PAL Airlines, PAL Aerospace and MFC) provides scheduled airline, charter service and emergency medical services in Newfoundland and Labrador, Québec, New Brunswick and Nova Scotia and through its aerospace business Provincial Aerospace designs, modifies, maintains and operates custom sensor equipped aircraft. Provincial Aerospace also provides maritime surveillance and support operations in Canada, the Caribbean and the Middle East. Through MFC, Provincial Aerospace offers a full range of pilot flight training services, from private pilot licensing to commercial pilot programs.

(b) Manufacturing – provides a variety of manufactured goods and related services in several industries and geographic markets throughout North America. Quest Windows is a manufacturer of an advanced unitized window wall system used primarily in high-rise multi-family residential projects in Canada and the United States. WesTower is focused on the engineering, design, manufacturing and construction of communication infrastructure and provision of technical services. Ben Machine is a manufacturer of precision parts and components primarily used in the aerospace and defence sector. Stainless manufactures specialized stainless steel tanks, vessels and processing equipment. LV Control is an electrical and control systems integrator focused on the agricultural material handling segment. WBM manufactures specialized heavy-duty pressure washing and steam systems, commercial water recycling systems and custom tanks for the transportation of various products, primarily oil, gasoline and water. Overlanders LP manufactures precision sheet metal and tubular products.

Management of the Corporation continuously monitors and provides support to the Operating Subsidiaries. The Operating Subsidiaries of the Corporation, however, operate autonomously and maintain their individual business identities.

Completed Acquisitions

Since its inception, the Corporation has made numerous acquisitions. The table below sets out the acquisitions made by the Corporation over the three most recently completed financial years. Full details of all of the Operating Subsidiaries' businesses as of December 31, 2019 are set out under "*Narrative Description of the Business*".

Entity / Asset Acquired	Date of Acquisition	Description
Quest Windows	November 14, 2017	Quest Windows is a wholly owned Subsidiary of the Corporation. See "*Narrative Description of the Business – Description of the Business of the Operating Subsidiaries – Manufacturing – Quest Windows' Business"*. The acquisition of substantially all of the assets of Old Quest Windows was made by the Corporation pursuant to an asset purchase agreement among the Corporation, Quest Windows (under its former name, 10476587 Canada Ltd.) and Old Quest Windows.
CANLink Global	February 28, 2018	CANLink Aviation, operating as MFC, is a wholly owned Subsidiary of the Corporation. See "*Narrative Description of the Business – Description of the Business of the Operating Subsidiaries – Aerospace & Aviation – Provincial Aerospace's Business – MFC's Business*". The acquisition was made by the Corporation pursuant to a share purchase agreement whereby the Corporation acquired all of the issued and outstanding shares of CANLink Global and subsequently amalgamated CANLink Global and CANLink Aviation, its operating corporation, and other entities, into CANLink Aviation. As part of this transaction, the Corporation also acquired Atlantic Avionics Inc., which subsequently became a wholly owned Subsidiary of PAL Aerospace.
Wings	December 19, 2018	The Corporation acquired certain assets and operations of Wings, an operator of fixed wing and rotary wing aircraft in the Island Lake and Thompson regions of Manitoba, including a 27,000 square foot hangar at the St. Andrews Airport and its fueling operations at the Thomson Airport.
LV Control	October 4, 2019	LV Control is a wholly owned Subsidiary of the Corporation. See "*Narrative Description of the Business – Description of the Business of the Operating Subsidiaries – Manufacturing – LV Control's Business"*. The acquisition was made by the Corporation pursuant to a share purchase agreement whereby the Corporation acquired all of the issued and outstanding shares of LV Control.
AWI	October 17, 2019	AWI is a wholly owned Subsidiary of the Corporation. See "*Narrative Description of the Business – Description of the Business of the Operating Subsidiaries – Manufacturing – Quest Window's Business*". The acquisition was made by the Corporation pursuant to a share purchase agreement whereby the Corporation acquired all of the issued and outstanding shares of AWI.

Developments in 2019

Revised Former Credit Facility

On February 1, 2019, the Corporation amended the Former Credit Facility as part of its annual renewal and negotiated more favourable pricing and extended its term. The revised Former Credit Facility included improved pricing on both amounts borrowed under the facility and standby charges paid for the unutilized portion of the facility.

Renewal of Normal Course Issuer Bid

On February 8, 2019, the Corporation renewed its NCIB. Purchases under the NCIB commenced on February 22, 2019 and ended on February 21, 2020. Under the NCIB, during this period, the Corporation purchased 58,600

Common Shares with an average price of $37.41. Under the NCIB, the Corporation was able to purchase a maximum of 1,567,004 Common Shares and daily purchases were limited to 21,522 Common Shares, other than block purchase exemptions. The Corporation renewed its NCIB because it believes that from time to time, the market price of the Common Shares may not fully reflect the value of the Common Shares. The Corporation believes that in such circumstances, the purchase of Common Shares represents an accretive use of capital.

Joint Venture with SkyWest

In February of 2019, the Corporation, together with SkyWest, established Aero Engines LLC, a joint venture to acquire, lease and sell CF34 engines. This joint venture further expanded the Corporation's relationship with SkyWest, which began as a lessee of CRJ200 aircraft from Regional One. At the time that Aero Engines LLC was established, it acquired 14 CF34 engines and the Corporation acquired 12 CRJ700 airframes. Subsequently, the joint venture entered into an agreement to lease all of its engines together with the Corporation's airframes for a 10-year term to a US operator. The commencement of the leases is occurring in phases that began in the fourth quarter of 2019 and will continue during the first half of 2020.

Aerial Surveillance Contract Award

On March 4, 2019, PAL Aerospace was awarded an aerial surveillance contract by the Government of Canada's Department of Fisheries and Oceans for Canada's inland, coastal and offshore waters. For more information, see "Provincial Aerospace's Business - Canadian Government Aerial Surveillance Contract".

Subordinated Debenture (March 2019) Offering

On March 26, 2019, the Corporation closed the bought deal offering of its Subordinated Debentures (March 2019). At the closing of the offering, the Corporation issued $86.25 million principal amount of Subordinated Debentures (March 2019) including the exercise of the full $11.25 million overallotment option that was granted to the underwriters. For a summary of the terms of the Subordinated Debentures (March 2019), see "Description of Capital Structure – Debentures – Subordinated Debentures (March 2019)."

Appointment of Chief Financial Officer

On April 10, 2019, Darryl Bergman was appointed the Chief Financial Officer of the Corporation. Mr. Bergman is a Chartered Professional Accountant and has over 25 years of multi-national finance, treasury and enterprise risk management experience in a variety of business sectors, including energy, food processing, chemical, steel, and pulp and paper. He joins the Corporation from Northland Power Inc., where he was Vice President, Corporate Finance and Treasurer.

Early Redemption of Subordinated Debentures (February 2014)

On April 26, 2019, the Corporation exercised its right to call its Subordinated Debentures (February 2014). The redemption of the Subordinated Debentures (February 2014) was completed with cash on hand from the Corporation's issuance of its Subordinated Debentures (March 2019). Prior to the redemption date on April 26, 2019, $24.7 million principal amount of Subordinated Debentures (February 2014) was converted into 780,112 Common Shares at a price of $31.70 per Common Share. On April 26, 2019, the remaining outstanding Subordinated Debentures (February 2014) in the principal amount of $3.1 million were redeemed by the Corporation.

Life in Flight Program

On May 8, 2019, at the Corporation's annual general meeting of the Shareholders, the Corporation unveiled its Life in Flight program to proactively address the impact of the worldwide shortage of pilots on the Corporation's airline operations. The program will be integrated into each of the Corporation's airlines and will leverage the knowledge and training capacity of MFC, which was acquired on February 28, 2018. Subsequent to the initial announcement, the Corporation has expanded its Life in Flight program to include aircraft maintenance engineers as an additional tool to address the shortage the industry is experiencing. More information on the program can be found at www.lifeinflight.ca.

Articles of Amendment

On June 14, 2019, the Corporation filed articles of amendment amending the Articles in order to align the Articles with new foreign ownership levels now permitted under the CTA. For more information on the amendments, see "Constraints on Ownership".

Dividend Increase

On August 7, 2019, the Corporation increased its monthly dividend by 4% to $0.19 per month or $2.28 per annum. The increase was effective beginning with the August dividend, which was paid to Shareholders on September 13, 2019.

Acquisition of LV Control

On October 4, 2019, the Corporation acquired all the shares of LV Control for up to $53.5 million. LV Control is an electrical and control systems integrator focused on the agricultural material handling segment with primary activities in grain handling, crop input, feed processing, and seed cleaning and processing. The total purchase price before normal post-closing adjustments included $42.1 million paid in cash at closing, Common Shares of the Corporation issued at closing with a value of $5.4 million, and the ability by the vendors to be paid up to an additional $6 million of consideration if post-closing targets are met.

Acquisition of AWI

On October 17, 2019, the Corporation acquired all the shares of AWI for US$18.0 million. AWI is a full-service window glazing company that operates in the Northeastern US, specializing in sales, consultation, design, engineering, installation, and service of pre-glazed fenestration products. The total purchase price before normal post-closing adjustments included US$15.0 million paid in cash at closing and Common Shares of the Corporation issued at closing with a value of US$3.0 million.

Bought Deal Financing of Common Shares

On October 29, 2019, the Corporation closed a bought deal financing of Common Shares, resulting in the issuance of 2,139,000 Common Shares of the Corporation at $37.65 per Common Share for gross proceeds to the Corporation of $80,533,350. This includes the full exercise of an overallotment option granted to the underwriters to purchase 279,000 Common Shares. The net proceeds of the offering were used to repay debt drawn earlier in the month to complete the acquisitions of LV Control and AWI.

New Credit Facility

On November 5, 2019, the Corporation entered into the Current Credit Facility to replace the Former Credit Facility. The amount of the Current Credit Facility increased to approximately $1.3 billion, included even more favourable pricing than the revised Former Credit Facility negotiated earlier in the year, provided more favourable covenants, and extended its term. The Current Credit Facility includes improved pricing on both amounts borrowed and standby charges paid for the unutilized portion of the Current Credit Facility. The Corporation's maximum leverage ratio under the Current Credit Facility is 4.0 times and includes an accordion feature of $300 million. The maturity of the Current Credit Facility is November 5, 2023.

Developments since December 31, 2019

Renewal of Normal Course Issuer Bid

On February 19, 2020, the Corporation renewed its NCIB. Purchases under the NCIB were able to commence on February 22, 2020 and may continue until February 21, 2021. Under the renewed NCIB, the Corporation may purchase a maximum of 1,736,542 Common Shares and daily purchases are limited to 27,411 Common Shares, other than block purchase exemptions. The Corporation renewed its NCIB because it believes that from time to time, the market price of the Common Shares may not fully reflect the value of the Common Shares. The Corporation believes that in such circumstances, the purchase of Common Shares represents an accretive use of capital.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Corporation

The following provides a description of the Corporation's business as at December 31, 2019.

As at December 31, 2019, the Corporation owned, directly or indirectly, all of the issued and outstanding shares or partnership units, as applicable, of the following material Operating Subsidiaries in the operating segments set forth below:

Aerospace & Aviation Segment Operating Subsidiaries	Manufacturing Segment Operating Subsidiaries
Provincial Aerospace	Quest Windows
Regional One	WesTower
Calm Air LP	Stainless
Perimeter LP (including Bearskin Airlines division)	Ben Machine
Keewatin LP	LV Control
Custom Helicopters	WBM
	Overlanders LP

Objectives and Strategy

Acquisition Strategy

The Corporation is a diversified, acquisition-oriented corporation focused on opportunities in aerospace, aviation services and equipment, and manufacturing. The business plan of the Corporation is to invest in profitable, well-established companies with strong cash flows operating in niche markets. The objectives of the Corporation are:

(i) to provide Shareholders with stable and growing dividends;

(ii) to maximize Shareholder value through ongoing active monitoring of and investment in its Operating Subsidiaries; and

(iii) to continue to acquire additional businesses or interests therein in order to expand and diversify the Corporation's investments.

The Corporation seeks to retain the key management personnel following acquisitions and have such key management personnel own an equity interest in the Corporation. Management believes that profitable, well–established, family–owned or closely held businesses, with strong cash flows, that operate in niche markets present an attractive investment opportunity. Management believes that the Corporation will be able to continue to implement its investment strategy of acquiring businesses with these characteristics to provide additional cash flow and further enhance long–term Shareholder value.

The Corporation intends to finance additional acquisitions through public or private offerings of Common Shares, convertible debentures and/or other securities of the Corporation, together with traditional bank financing. The Corporation does not expect that material acquisitions will be funded with cash flow generated from its Operating Subsidiaries.

Internal Growth Strategy

In addition to the acquisition strategy of the Corporation for growth, the Corporation has oversight and focuses on the generation of organic growth by its Operating Subsidiaries. Organic growth opportunities can come in the form of expanding or acquiring tuck-in operations for existing businesses or by investing capital into new equipment and facilities for new regions, industries or customers. The Corporation assesses organic growth opportunities with similar criteria as it does for acquisitions to achieve accretive returns on the capital required.

The material Operating Subsidiaries run autonomously with appropriate oversight by management of the Corporation to ensure that the Operating Subsidiaries continue to have sound business operations and expansion strategies, where appropriate. Management seeks to identify and exploit potential synergies among the Operating Subsidiaries.

Segment Revenues

The revenues reported for each of the Corporation's two reportable business segments (aerospace & aviation and manufacturing) for the years ended December 31, 2019 and December 31, 2018 are as follows:

Fiscal Year	Aerospace & Aviation ($000's)	Manufacturing ($000's)	Consolidated ($000's)
2019	$974,739	$366,635	$1,341,374
2018	$883,962	$319,430	$1,203,392

Description of the Business of the Operating Subsidiaries – Aerospace & Aviation

Provincial Aerospace's Business

Provincial Aerospace operates three divisions, an aerospace division operating as PAL Aerospace, a scheduled airline with fixed base operations operating as PAL Airlines and a flight training business operating as MFC.

Provincial Aerospace's current fleet of aircraft, excluding MFC's flight training assets, consist of 37 aircraft, including 12 Dash 8's, nine Twin Otters, 11 King Air's, two Citations, two Beech 1900's, and one Gulfstream. This fleet of aircraft is well suited for Provincial Aerospace in both its aerospace special mission operations and scheduled and charter airline operations. MFC's fleet of aircraft is mostly specifically designed for student training and is described below.

PAL Aerospace's Business

Summary

PAL Aerospace is a vertically integrated aerospace company that provides customized and integrated special mission aircraft solutions to governments/militaries and the offshore oil and gas industry. These services are provided via mission systems design and integration, aircraft modifications, ISR operations, logistics and in-service support. PAL Aerospace also performs fixed-wing medevac services for the government in the provinces of Newfoundland and Labrador and Nova Scotia.

The material areas of business for PAL Aerospace are as follows:

(a) designing and building customized sensor equipped aircraft;

(b) fee based in-service support; and

(c) operation of customized sensor equipped aircraft.

Production and Services

PAL Aerospace has Canadian operating bases in St. John's, Newfoundland; Halifax, Nova Scotia; Saint John, New Brunswick; Toronto and Ottawa, Ontario; and Comox, British Columbia and has international operating bases in Abu Dhabi, UAE, Curacao, Netherlands Antilles and Port of Spain, Trinidad & Tobago. PAL Aerospace designs, builds, maintains and operates customized sensor equipped aircraft that are utilized globally for intelligence, surveillance and reconnaissance missions, medevac, and maritime patrol. PAL Aerospace also has the ability to perform maintenance on its aircraft as well as those of third parties and the other aviation Subsidiaries of the Corporation.

PAL Aerospace is a party to several significant contracts, including ones for aircraft modifications, airborne maritime surveillance operations and the in-service support and maintenance of certain specialized surveillance and search and rescue aircraft. These contracts are with a diverse range of customers including governments and militaries around the world. Current major markets of PAL Aerospace operations include Canada, the Caribbean, and the Middle East.

Specialized Skill and Knowledge

Management believes that PAL Aerospace has key competitive advantages as set out below.

<u>Personnel Experience and Relationships</u>

PAL Aerospace's management team has considerable experience in the aerospace industry. PAL Aerospace has strong and long-term relationships with its major customers and key suppliers. This includes an experienced advisory council with military and government relations experience. PAL Aerospace has experienced, qualified pilots that use a variety of flying platforms. The pilots of PAL Aerospace collectively have over 280,000 flying hours for special missions.

<u>Vertical Integration</u>

PAL Aerospace has developed into a globally recognized leader specializing in modifying and flying special mission aircraft. Its vertical integration of three distinct services (design and build, fee for in-service support and operational) provides PAL Aerospace with a distinct strategic advantage as it is able to offer a full suite of offerings to its customers.

Customization of Product Offering

PAL Aerospace is not tied to any one OEM and, as such, is able to customize its product offering to tailor and fit the specific needs and requirements of customers' platforms. PAL Aerospace has a history of providing best in class military intelligence, surveillance and reconnaissance systems on various fixed and rotary wing platforms and can install, modify and design any system on any platform.

Technical Capability, Certifications and Qualifications

The following divisions within PAL Aerospace are ISO certified: environmental services, airborne maritime surveillance, and maintenance and modification services. PAL Aerospace and DECA Aviation are registrants under the *Controlled Goods Regulations of the Defence Production Act* (Canada).

PAL Engineering

Through its wholly owned Subsidiary, DECA Aviation, PAL Aerospace is able to provide services to both the domestic and international aviation communities in the areas of engineering, certification, aircraft modification, program management and integrated kit supply.

DECA Aviation provides a wide variety of services to its customers that include single aircraft operators, charter, regional and major airlines, government, paramilitary and military sectors. In addition, DECA Aviation continues to support completion centers, maintenance, repair and overhaul, aircraft and system OEMs and other Subsidiaries requiring aircraft modifications.

CarteNav

Through its wholly owned Subsidiary, CarteNav, PAL Aerospace provides situational awareness software solutions for air, land and sea platforms. Through its product, AIMS-ISR®, CarteNav provides mission system software for the intelligence, surveillance, reconnaissance and situational awareness marketplace. CarteNav serves a wide variety of customers including police services, militaries, oil and gas customers, aircraft manufacturers and other aerospace and defence companies that wish to have their products integrated with CarteNav's to provide a clean user interface to showcase and best utilize their cameras, radars and sensors.

Long-term Customer Relationships

The core business of PAL Aerospace is based on long-standing contracts for maritime patrol operations and aircraft maintenance.

Supplier Relationships

PAL Aerospace has strong relationships with its suppliers that provide it with critical mission system inputs and products.

Competitive Condition

While PAL Aerospace faces competition from both domestic and international companies, management believes PAL Aerospace's long-term customer relationships mitigate these competitive pressures. Unlike many of its competitors, PAL Aerospace is platform agnostic in relation to the type of services it provides to its customers. Management believes that PAL Aerospace's current competitive position in its principal markets is sound.

Components

PAL Aerospace has long-term relationships with multiple suppliers and has not had problems sourcing parts in the past. In addition, PAL Aerospace benefits from the ability to work directly with Regional One in order to source aviation parts and engines which helps to reduce reliance on other suppliers.

PAL Aerospace has the following in-house shops: electrical, avionics, engineering, systems integration, aircraft structures, heavy maintenance and software.

New Products and Contracts

FWSAR Contract

Late in 2016, the Corporation announced that the Government of Canada had awarded the contract for its FWSAR Aircraft Replacement Program (the "**FWSAR Contract**") to the Airbus C295W team, consisting of Airbus Defence and Space, PAL Aerospace, as well as certain other subcontractors. The FWSAR Contract follows the commitment from the Government of Canada to replace its aging CC-115 Buffalo and CC-130 Hercules aircraft with a new fleet of Airbus C295W sensor equipped aircraft and includes up to 20 years of in-service support to such fleet. A joint venture corporation, AirPro SAR Services Inc., was created as an affiliate of PAL Aerospace with Airbus Defence and Space to perform the FWSAR Contract.

Pursuant to the FWSAR Contract, PAL Aerospace will be responsible for the in-service support of the new FWSAR aircraft, which covers all aspects of the maintenance work not undertaken by technicians from the Royal Canadian Air Force. This includes work such as repairs, second and third level maintenance, future modification work and deep level inspection of the aircraft at each of the four operating locations in Canada. During 2019, PAL Aerospace successfully executed all planned program milestones of the FWSAR Contract related to the in-service support elements of the scope of work. PAL Aerospace continues to prepare for the commencement of operations of the C295W aircraft, which management of the Corporation anticipates will occur in 2020.

Force Multiplier Aircraft

In 2018, PAL Aerospace completed the development of its Force Multiplier aircraft, which subsequently commenced operations in 2019. The Force Multiplier is a contract intelligence, surveillance and reconnaissance aircraft platform designed to augment customer needs on a short- or long-term basis. The Bombardier Dash-8 Q300 aircraft and mission systems are owned and operated by PAL Aerospace and missions are tasked at the discretion of the customer. Customer personnel are permitted to actively participate in mission tasking as observers, mission commanders and/or as sensor operators for training purposes. The aircraft is equipped with modern sensors for the long-range detection, classification and identification of surface and air targets.

During 2019, PAL Aerospace was contracted to complete reconnaissance missions off the coast of Africa and Canada. PAL Aerospace is actively engaged with key potential government agencies in Canada, the United States and Europe with respect to short- and long-term support opportunities.

Canadian Government Aerial Surveillance Contract

On March 4, 2019, PAL Aerospace was awarded an aerial surveillance contract by the Government of Canada's Department of Fisheries and Oceans for Canada's inland, coastal and offshore waters. The new five-year contract takes effect on September 1, 2020 with subsequent options by the Government of Canada to renew for up to five additional years. This new contract will materially increase the scope and nature of services provided under the existing contract between PAL Aerospace and the Government of Canada. PAL Aerospace's role in the delivery of Canada's aerial surveillance program provides the Government of Canada with the capability to monitor domestic and foreign vessel activities and detect potential violations. The program also contributes significantly to pollution surveillance, environmental monitoring, and marine security for a number of other federal departments and agencies.

Intangible Properties

PAL Aerospace or its predecessors have been operating for over 35 years and management believes that it has a solid reputation with its customers, including several government departments and agencies in Canada and abroad.

Cycles

PAL Aerospace is a direct supplier to a number of large manufacturers and governments whose sales may be dependent upon general economic cycles, and governmental decisions on defence and security spending. Generally, the business of PAL Aerospace is not seasonal. As is typical with having government customers, PAL Aerospace's operations tend to be anti-cyclical. As governments face decreased budgets, they may look to third party service providers who are able to perform tasks previously undertaken by the government in a more cost-effective manner.

Volatility in oil prices has a limited impact on PAL Aerospace. The oil and gas customers involved in off-shore production typically have long investment time horizons that are independent of cyclical oil price fluctuations. Further, PAL Aerospace has limited exposure to fuel price changes as fuel costs are typically passed through to the end customer on most long-term operational contracts.

Employees

The relationship between management and employees of PAL Aerospace is considered to be good with no history of labour disruptions. As at December 31, 2019, PAL Aerospace employed approximately 600 people.

PAL Airlines' Business

Summary

PAL Airlines is a niche regional airline with primary hubs in St. John's and Goose Bay, Newfoundland and Labrador, Halifax, Nova Scotia and Montreal, Québec. PAL Airlines provides passenger, charter, and freight services to communities throughout Newfoundland and Labrador, New Brunswick, Nova Scotia and Québec.

The material areas of business for PAL Airlines are as follows:

(a) passenger service;

(b) freight service; and

(c) charter service.

Production and Services

PAL Airlines' fleet of aircraft is specifically adapted for passenger and freight configuration for its routes. PAL Airlines also has freight dedicated aircraft that move bulk goods, materials, equipment and fuel for both contract work and freight charter services. PAL Airlines has a partnership agreement with both the Innu and Inuit First Nations of Labrador to operate Air Borealis which specifically services coastal Labrador and the north shore of Québec with Twin Otter aircraft.

Specialized Skill and Knowledge

Management believes that PAL Airlines has key competitive advantages as set out below.

<u>Personnel Experience and Relationships</u>

PAL Airlines has a strong management team with considerable experience in the industry. Its employees are focused on the needs of its customers and have a strong relationship with management.

<u>Marketing and Market Niche</u>

From its main bases located in St. John's and Goose Bay, Newfoundland and Labrador, Halifax, Nova Scotia and Montreal, Québec, PAL Airlines operates daily scheduled passenger and cargo flights throughout Newfoundland and Labrador, New Brunswick, Nova Scotia and Québec. PAL Airlines offers the most expansive flight network in Newfoundland and Labrador with the highest flight frequency into markets served. In addition, PAL Airlines operates a schedule of unit-toll freighter and cargo charter operations. PAL Airlines provides charter services to a variety of customers, including government, corporate clients and community groups and is a significant provider of air transportation to the resource sector in Labrador and Québec. PAL Airlines is capable of providing customized charter service due to the versatility of its fleet.

<u>Aircraft</u>

PAL Airlines' fleet is well suited for both the markets and customers it serves.

<u>Facilities</u>

PAL Airlines operates out of four main bases St John's and Goose Bay, Newfoundland and Labrador; Halifax, Nova Scotia; and Montreal, Québec. Each of these bases provides overnight hangar facilities and maintenance personnel and equipment to the fleet operating out of each location.

Fixed Base Operations

PAL Aviation Services is a wholly owned Subsidiary of Provincial Aerospace that provides aircraft refueling and support services for aircraft, passengers and crews from government, military, charter and corporate aviation and scheduled airlines, including PAL Airlines. PAL Aviation Services has three locations:

(a) St. John’s, Newfoundland and Labrador (exclusive dealer of Shell products);

(b) Halifax, Nova Scotia (exclusive dealer of World Fuel Services products); and

(c) Wabush, Newfoundland and Labrador (exclusive dealer of Avjet Holding Inc. products).

Environmental liability and general commercial liability insurance for the Shell, World Fuel Services Corporation and Avjet Holding Inc. re-fueling operations are provided by those respective parties. Environmental and general commercial insurance has been secured for all other aspects of the re-fueling and bulk delivery operations.

Long-term Customer Relationships

The majority of PAL Airlines’ core business is tied to contracts with long-standing customers for passenger service travel.

Components

PAL Airlines has long term relationships with multiple suppliers and has not had problems sourcing parts in the past. In addition, PAL Airlines benefits from the ability to work directly with Regional One in order to source aviation parts and engines which helps to reduce reliance on other suppliers. PAL Airlines can utilize the services of PAL Aerospace to perform and complete heavy maintenance checks.

PAL Airlines also has the in-house capability to carry out work on aircraft, including line maintenance as well as a battery, sheet metal and tire shop.

Competitive Conditions

There is no other carrier that services all of PAL Airlines’ routes. PAL Airlines has the most expansive route network in Newfoundland and Labrador with the greatest flight frequency. Management believes that PAL Airlines also differentiates itself based on superior customer service, flexibility and amenities. PAL Airlines competes with Air Canada affiliates throughout its flight network, with Pascan Aviation in select markets in Québec and with SkyJet on the Québec Lower North Shore.

In addition to operating its scheduled route network, PAL Airlines also offers its fleet for charter operations. PAL Airlines has competition in its charter market from Pascan Aviation, Air Inuit, EVAS, Chrono Aviation, Air Creebec, Nolinor, SkyJet, Maritime Air Charter and Chorus Aviation. PAL Airlines offers its charter customers several aircraft types and sizes to meet their needs.

New Products and Contracts

Flight Network Connectivity

In 2018, PAL Airlines entered into an interline agreement with WestJet Airlines Ltd. This agreement offers greater flight network connectivity to PAL Airlines passengers and allows PAL Airlines to capture some of the leisure connector traffic throughout WestJet Airlines Ltd.’s network. PAL Airlines passengers can now book a ticket straight through to anywhere in Canada that WestJet Airlines Ltd. flies with no concerns about re-checking baggage or managing separate itineraries.

Intangible Properties

PAL Airlines or its predecessors has been operating for over 40 years and management believes that it has a solid reputation both within the communities it serves as well as with the governments and businesses in the areas in which it operates.

Cycles

PAL Airlines covers a variety of regions and serves a variety of industries. Demand for its services does not vary significantly with the overall economy but demand can be impacted by certain economic conditions tied to the mining sector, the oil and gas sector and provincial governmental spending, which are cyclical. Customer demand is relatively consistent year-round and is made up of both passenger and freight requirements.

Employees

PAL Airlines has three separate unionized employee groups, each of which only recently became unionized. The PAL Airlines and Air Borealis pilots are represented by ALPA. The flight attendants are represented by CUPE. Negotiation with regards to new contracts with each employee group will commence in 2020. Management of PAL Airlines does not anticipate any significant difficulty in agreeing to new contracts with each of the employee groups.

The relationship between management and employees is considered to be good with no history of labour disruptions. As at December 31, 2019, PAL Airlines, PAL Aviation Services and Air Borealis employed approximately 610 people.

MFC's Business

Summary

CANLink Aviation operates MFC, which is a flight training business. MFC's history in flight training dates back to 1929. MFC has trained students from over 65 countries and has been recognized for its focus on quality and safety. MFC is the largest flight training company in Canada.

Production and Services

MFC provides flight training services at its two bases in Moncton and Fredericton, New Brunswick. The Moncton location offers both domestic and international programs while the Fredericton location is focused primarily on international contracts. As at December 31, 2019, MFC currently had over 500 students enrolled in training.

MFC's fleet of aircraft is mostly used for student training. MFC's current fleet consists of 57 aircraft, including 43 Diamond DA20 aircraft, three Cessna 172 aircraft, eight Piper Seminole aircraft and three King Air C90 aircraft. MFC also has several flight training devices, including simulators.

Specialized Skill and Knowledge

MFC holds regulatory approval certificates from Transport Canada for a FTU and AMO. MFC is one of fewer than 10 schools in Canada to have attained "integrated" program status.

MFC has approval from the Civil Aviation Authority of China ("**CAAC**") to train Chinese national students. As of the date hereof, the CAAC has issued MFC the highest quota of Chinese national students to a foreign flight school in the world. This quota has been in place since 2006. Management believes that its long-term relationships and market know-how in China are specialized advantages not easily duplicated by competitors. MFC has developed its own student selection program that greatly enhances the chances of success of its students.

Environmental Matters

MFC operates fuel tanks at both bases, including Avgas tanks in Moncton and both Avgas and jet fuel tanks in Fredericton. MFC maintains all of its fuel depots according to applicable laws and regulations and has not had any material spills to date. MFC monitors the tanks regularly and the tanks get replaced or repaired when required. Management believes that MFC is adequately insured in the case of an accidental fuel spill.

Competitive Conditions

Management of MFC believes that there is currently a worldwide shortage of qualified pilots. Pilot demand is largely driven by the size of the aggregate global commercial aircraft fleet, which is driven by the general health of the aviation market. Of the approximately 160 flight schools in Canada, less than 10, including MFC, have an "integrated" program status, which includes approvals from Transport Canada for FTU and AMO certificates. MFC attracts students from across Canada and international markets, including China.

MFC is one of approximately 25 training organizations authorized by the CAAC to provide commercial pilot training for Chinese commercial airlines. Since 2006, the CAAC has issued MFC the highest quota of Chinese national students to a foreign flight school in the world and, since then, the MFC has successfully completed several quality and renewal audits conducted by the CAAC. CAAC approved flight training companies are located in the following countries: United States, Australia, Canada, France and South Africa.

The training locations in New Brunswick feature airports with good infrastructure for training including two runways and control towers. The training bases experience low commercial activity making the associated airspace and runways available for training purposes for most hours of the day. There are also nearby airports with infrastructure that MFC students are able to access as part of their training program for cross country flights and other activities.

Components

MFC has long-term leases at both airport locations and good relationships with aircraft parts suppliers, student books and service suppliers, food services, and other long-term suppliers with no history of supply challenges.

Economic Dependence

MFC has enjoyed successful long-term relationships with several Chinese commercial operators and it strives to serve a diversified base of clients from China. MFC has multi-year contracts with Chinese airlines directly and also with Chinese universities that deal with numerous airlines. This multi-customer approach spreads risk and fosters a competitive environment. As space is limited at MFC, competition for student places leads to enhanced quality of students for selections as well as pricing and overall student flow.

New Products and Contracts

<u>Life in Flight Program</u>

> The Corporation has taken a proactive approach in dealing with the aviation industry's workforce challenges. MFC is training the first class of students from the new "Life in Flight" program launched by the Corporation. Successful applicants are enrolled in a 1-year integrated commercial pilot course at MFC and then the instructor course which takes approximately 3-months. The student graduate then begins his or her career with the Corporation at MFC as an instructor and then moves to become a pilot at one of the aviation Subsidiaries, based upon their interests and career goals. The program removes financial barriers, offers high quality training, provides mentorship and support, and a first job after graduation where experience can be built, and a variety of career choices for the graduates with aviation Subsidiaries of the Corporation. Life in Flight provides an individualized career combined with financial reward.

<u>Trinidad and Tobago Air Guard</u>

> In collaboration with PAL Aerospace, MFC has commenced the training of commercial pilots for the Trinidad and Tobago Air Guard in January 2020.

Intangible Properties

Intangible properties held by MFC include its regulatory approval certificates for a FTU and AMO granted by Transport Canada.

Cycles

Customer activity is consistent as MFC operates year-round. Domestic student intakes are in May and September of each year. Life in Flight intakes will be in January and July of each year. The China program has classes of student cadets each month of the year which creates a consistent flow.

Employees

The relationship between management and employees is considered to be healthy with no history of labour disruptions. As of December 31, 2019, MFC employed approximately 200 people.

Regional One's Business

Summary

Regional One is a group of operations spread over several entities as described in the "Structure of the Corporation" section. The main divisions include: Regional One, Inc. based out of Miami, Florida; EIC Aircraft Leasing Limited based out of Dublin, Ireland; and Team J.A.S. based out of Jacksonville, Florida.

Regional One is a purchaser, lessor and seller of aircraft, aircraft parts, engines and engine parts and other related support items applicable to regional and commuter aircraft. Regional One has a broad base of customers and daily demand from airlines, lessors, maintenance facilities and government agencies in many countries around the world. Although Regional One has a broad global customer base, the majority of its revenue is generated and managed in North America and Ireland.

The material areas of business for Regional One are as follows:

(a) sales of aircraft components and managing the procurement of these parts through aircraft tear downs and parts packages acquired;

(b) leases of regional aircraft and engines;

(c) sales of regional aircraft and engines; and

(d) the provision of fee income services such as third party asset management and consignment sales income.

Products and Services

Regional One offers a wide range of products and support services to meet the demands of its global customer base. In addition, Regional One has a portfolio of aircraft, engines, and spare parts including avionics, hydraulic and fuel system rotables, maintenance line-replacement-units, landing gear, propellers, and insurance spares (spares not typically held in stock by airlines due to cost/frequency of use) such as flight controls. As a result of its wide range of products and services, Regional One actively supports the aviation Subsidiaries of the Corporation with aircraft and engine fleet requirements as well as spare parts support and technical services.

Specialized Skill and Knowledge

Regional One believes that it has the key competitive advantages as set out below:

<u>Personnel Experience and Relationships</u>

Regional One has a strong management team with considerable experience in the industry. Its employees are focused on the needs of Regional One's customers and have a strong relationship with management.

Regional One's expertise and core competencies are directed at the global regional aviation aftermarket, in particular the 30 to 90 seat capacity jet and turbo-prop aircraft sector. Regional One's sales team is trained and knowledgeable in the technical and functional applications of components that are applicable to Regional One's core market and products.

Regional One has established relationships with third party investor groups looking to invest capital in aircraft portfolios. In this capacity, Regional One sources, negotiates and manages the assets from purchase through the lease end and uses its network of customers to maximize returns on investment when remarketing the leasing portfolio.

Regional One has an office in Dublin, Ireland to manage and expand the leasing portfolio. This region is considered to be the center of the global aircraft leasing industry and brings additional opportunities and capacity to continue to grow the leasing portfolio and related services.

Team J.A.S. is a leading provider of parts and maintenance, repair and operation (MRO) services for Twin Otter aircraft operators throughout the world. Team J.A.S. is strategically complementary to the other areas of Regional One's business, offering a different product platform for Regional One in the Twin Otter aircraft type, capabilities as a FAA Part 145 Repair Station and as an FAA approved parts manufacturer.

Repair Management

Regional One has established relationships with a number of FAA and European Aviation Safety Agency approved and certified repair facilities that can handle the repair, modification and inspections on its portfolio of components, engines and aircraft.

Component Exchanges

Regional One offers flexible exchange transactions for aircraft (including flat rate exchanges and exchanges plus the cost of repairs). Regional One also provides exchange pool services for various regional aircraft types and works extensively with its partners to provide advanced exchange services for power-by-the-hour and fixed cost maintenance type programs. In an exchange transaction, Regional One will provide an overhauled or serviceable component and take possession of the customer's "as removed" part on exchange, which generally can be refurbished to be used again in the future.

Leasing

Regional One maintains an active aircraft and spare engine lease portfolio to support its customers. In addition to aircraft and engine leasing, Regional One provides leasing solutions for a wide variety of individual aircraft parts as well as parts packages including propeller assemblies, landing gear, and auxiliary power units.

Certifications and Qualifications

Regional One is TAC2000 certified and a member of the Aviation Suppliers Association. Regional One conducts periodic quality surveys of its repair vendors and maintains copies of their certifications. Regional One is also certified by ISOQAR, Inc. in accordance with the requirements of AS 9104-A by ISOQAR, Inc. and is certified to the quality management system standards of ISO9001: 2008, incorporating the requirements of AS9100-C.

Competitive Conditions

Aviation aftermarket distribution is a mature industry with many large, mid-size and small competitors. Regional One's competitive advantage lies in its product line expertise, knowledge of market conditions and detailed customer maintenance practices which enable it to anticipate forecasted requirements for spares, engines and aircraft. Regional One is able to directly source parts and engines for the other aviation Subsidiaries of the Corporation when required.

Components

Regional One has long term relationships with multiple suppliers which include large airline carriers, a variety of other secondary airline carriers and entities such as banks that need re-delivery of aircraft assets. Regional One is adept at sourcing aircraft and parts and can utilize the services of PAL Aerospace to perform and complete heavy maintenance checks.

New Products and Contracts

Joint Venture with SkyWest

As set out under "*General Development of the Business – Developments in 2019*", Regional One, together with SkyWest established Aero Engines LLC, a joint venture to acquire, lease and sell CF34 engines. The joint venture further expanded the relationship with SkyWest, which began as a lessee of CRJ200 aircraft from Regional One. At the time that Aero Engines, LLC was established, it acquired 14 CF34 engines and Regional One acquired 12 CRJ700 airframes. Subsequently, the joint venture entered into an agreement to lease all of its engines together with Regional One's airframes for a 10 year term to a US operator. The commencement of the leases is occurring in phases that began in the fourth quarter of 2019 and will continue during the first half of 2020.

Expansion into Aircraft Asset Management Services

Regional One continues to expand into the aircraft asset management services marketplace and into new aircraft platforms. During 2019, Regional One added the Embraer E-170 aircraft platform and co-invested in the purchase of several aircraft. Regional One provides aircraft leasing management services for these aircraft and acts as the servicer of the leases, produces monthly financial and operational reports for the owner/investors, and monitors the status of the aircraft to mitigate maintenance expenses during the lease term and maximize value after lease end. This service adds on to existing asset management services along with managing the re-delivery and re-marketing of aircraft owned by others, such as banks and leasing organizations.

Intangible Properties

Management believes that Regional One has a first-rate reputation in the aviation industry as an aftermarket distributor of aircraft parts that provides high quality service, on time, and at a fair price. Regional One has many long-term, loyal customers with whom it has developed a good working relationship. In most cases, the established relationship with Regional One's airline customers provides Regional One the opportunity to acquire aircraft, engines and components for the strategic sourcing of future inventory and aircraft assets.

Cycles

Regional One's business is not seasonal and is not significantly impacted by general economic cycles; however, it can be impacted by changes in the aviation industry that may change supply and demand factors for certain aircraft types and related parts. In times of low fuel prices, demand can shift towards less fuel-efficient aircraft from newer aircraft types with more fuel-efficient features.

Employees

The relationship between management and employees is considered to be good, with no history of labour disruptions. As at December 31, 2019, Regional One employed approximately 160 people.

Calm Air LP's Business

Summary

Calm Air LP is a niche regional airline with primary hubs in Winnipeg, Thompson and Churchill, Manitoba as well as Rankin Inlet, Nunavut. Calm Air LP provides essential passenger and freight service to isolated communities throughout northern Manitoba and Nunavut. In addition, Calm Air LP provides on-demand charter services to third parties with destinations throughout Canada and the United States.

The material areas of business for Calm Air LP are as follows:

(a) passenger service;

(b) freight service; and

(c) charter service.

Production and Services

Calm Air LP's fleet of aircraft is specifically adapted for passenger and freight configuration in the Canadian Arctic. Calm Air LP also has freight dedicated aircraft that move bulk goods, materials, equipment and fuel for both contract work and freight charter services.

Specialized Skill and Knowledge

Management believes that Calm Air LP has key competitive advantages as set out below:

<u>Personnel Experience and Relationships</u>

Calm Air LP has a strong management team with considerable experience in the industry. The employees are focused on the needs of the customer and have a strong relationship with management. Management has relationships with key stakeholders in every community that Calm Air LP services.

<u>Marketing and Market Niche</u>

From its four main bases located in Winnipeg, Thompson and Churchill, Manitoba and Rankin Inlet, Nunavut, Calm Air LP operates daily scheduled passenger and cargo flights throughout Manitoba and the Kivalliq Region of Nunavut. In addition, Calm Air LP operates a schedule of unit-toll freighter and freight charter operations. Calm Air LP provides charter services to a variety of customers, including government, corporate clients and community groups. Calm Air LP is also capable of providing customized charter service due to the versatility of its fleet.

Calm Air LP's market niche of serving the passenger and freight requirements of the smaller Inuit communities in Nunavut has insulated it from many of the challenges typically faced by the airline industry as a whole. The Corporation has a strategic alliance with Sakku that allows Calm Air LP to better service customers in the Kivalliq Region, improve operational reliability and lease two facilities from Sakku to expand and support its operations in Northern Canada.

Calm Air LP provides services for the transportation of non-emergent and other medical passengers on behalf of the Government of Nunavut, Northern Regional Health Authority and Winnipeg Regional Health Authority. Calm Air LP is contracted to provide services within the Kivalliq Region and from the Kivalliq Region to Winnipeg, Manitoba. In 2019, Calm Air was successful in renewing their medical and duty travel and air freight contract with the Government of Nunavut, which also includes freight services for a term of four years. The contract also includes three years of mutual options to extend the contract. Calm Air also extended its exclusive contract to provide medical warrant travel with the Northern Regional Health Authority in Manitoba for an additional five years until 2024.

Aircraft

Calm Air LP's current fleet consists of 12 aircraft, including seven ATR 42 aircraft and five ATR 72 aircraft. Calm Air LP has realized greater operational efficiencies through reduced aircraft variety given that its fleet consists of aircraft of a single aircraft type. Three of these aircraft are in full freighter configuration and five have combination kits that allow them to be used in various configurations to carry passengers, cargo or a combination of passengers and cargo. The combination kits enable Calm Air LP to accommodate a variety of passenger and freighter configurations to respond to the passenger loads of the day and seasonal demand.

Calm Air LP also has a "wet lease" arrangement with Canadian North (formerly First Air) to fly one of its routes between Winnipeg and Rankin Inlet using Canadian North's Boeing 737. This arrangement was made as part of the acquisition of all of the non-aircraft assets of First Air (predecessor to Canadian North) in the Kivalliq Region in July 2015.

Facilities

From its four main bases, Calm Air LP is able to operate daily scheduled passenger and freight flights throughout Manitoba and the Kivalliq Region of Nunavut. Calm Air LP has eleven freight depots throughout the regions it serves which allows it to deliver freight during non-peak times of the day and increase the utilization time of its ATR freighter aircraft.

Fuel

Calm Air LP, through a Subsidiary of the Corporation, operates the Shell branded re-fueling operations at the Winnipeg and Thompson, Manitoba airports as well as the unbranded operation in Churchill, Manitoba. In addition, Calm Air LP, through a Subsidiary of the Corporation provides bulk fuel to communities in Manitoba and northwest Ontario, and to wholesalers and retailers. Environmental liability and general commercial liability insurance for the Shell branded re-fueling operations is provided by Shell. Environmental liability and general commercial liability insurance has been secured for all other aspects of the re-fueling and bulk delivery operations.

Environmental Matters

The environmental matters of concern to Calm Air LP relate to the storage of fuel in Churchill, Manitoba by a wholly owned Subsidiary of the Corporation. The wholly owned Subsidiary of the Corporation maintains its fuel depots according to applicable laws and regulations and has not had any material spills to date. Calm Air LP monitors the fuel tanks regularly and the fuel tanks get replaced or repaired when required. Management believes that Calm Air LP is adequately insured in the case of an accidental fuel spill.

Competitive Conditions

Canadian North, a northern based air carrier currently provides jet service from Rankin Inlet, Nunavut to Winnipeg, Manitoba on behalf of Calm Air LP pursuant to a "wet lease" agreement whereby Canadian North rents the aircraft, crew and other flight requirements to Calm Air LP for use in this service. This arrangement is a result of Calm Air LP acquiring all of the non-aircraft assets of First Air (predecessor to Canadian North) in the Kivalliq Region in July 2015 and allows Canadian North to sell tickets in this region through a codeshare arrangement.

Calm Air LP has had competition on its scheduled service routes in the past and could have again in the future.

Calm Air LP has competition in its charter market.

Components

Calm Air LP has long term relationships with multiple suppliers and has not had problems sourcing parts in the past. In addition, Calm Air LP benefits from the ability to work directly with Regional One in order to source aviation parts and engines which helps to reduce reliance on other suppliers and can utilize the services of PAL Aerospace, a wholly owned Subsidiary of the Corporation, to perform and complete heavy maintenance checks.

Intangible Properties

Calm Air LP or its predecessors has been operating since 1962 and has a solid reputation both with the communities it serves as well as the governments and businesses in the regions that it operates.

Cycles

Most of the communities serviced by Calm Air LP are isolated and difficult or impractical to reach by ground transportation. As a result, customer demand is made up of both passenger and freight requirements. Demand from Calm Air LP's market does not vary significantly with the overall general economy; however, Calm Air LP's operating results are impacted at times by changes in commodity prices and the mining industry. Poor winter weather conditions and low tourist demand generally result in weaker demand in the first quarter of the year.

Employees

Calm Air LP has the following collective and other agreements with its employees:

Employee Group	Union	Expiry Date
Maintenance Employees	Unifor	December 31, 2022
Customer Service Agents (Winnipeg)	Unifor	August 30, 2020
Customer Service Agents (Churchill and Gillam)	United Steelworkers	April 30, 2021
Customer Service Agents (Outside of Winnipeg, Churchill and Gillam)	Non-Unionized (Employee Association)	April 30, 2021
Cargo Employees (Thompson, Churchill and Gillam)	United Steelworkers	December 31, 2021
Pilots	Air Line Pilots Association	April 30, 2023
Flight Attendants	Canadian Union of Public Employees	April 30, 2022
Systems and Operational Control Centre Employees (1)	Unifor	August 1, 2019

Note:

(1) Negotiations with Unifor for the systems and operational control centre employees of Calm Air LP is in progress with the contract expected to be finalized around mid-2020.

The relationship between management and employees is considered to be good and there have not been any work disruptions since the unions were certified. As at December 31, 2019, Calm Air LP employed approximately 500 people.

Perimeter LP's Business

Summary

Perimeter LP is a niche regional airline that provides regularly scheduled passenger airline service under both of its Perimeter Airlines and Bearskin Airlines brands, medevac operations and freight services to locations in Manitoba and Northern Ontario. In addition, Perimeter LP provides on-demand charter services to third parties with destinations throughout Canada and the United States.

The material areas of business for Perimeter LP are as follows:

(a) passenger and freight service;

(b) medevac service; and

(c) charter service.

Production and Services

Perimeter LP's strategy is based on the premise that its fleet of aircraft must be well suited to the markets that it services. Perimeter LP mainly operates two aircraft types allowing for operational efficiencies. Approximately seventy-five percent of the communities serviced by Perimeter LP are isolated and difficult to reach by ground transportation (other than by ice-road in the winter) and as a result, customer demand is primarily made up of passenger, freight and medevac requirements.

Specialized Skill and Knowledge

Perimeter LP believes that it has key competitive advantages as set out below:

<u>Personnel Experience and Relationships</u>

Perimeter LP has a strong management team with considerable experience in the industry. The employees are focused on the needs of the customer and have a strong relationship with management.

<u>Marketing and Market Niche</u>

Perimeter LP operates two brands of service including Perimeter Airlines, which operates primarily in Manitoba and Northwestern Ontario serving mainly First Nations Communities, and Bearskin Airlines, which operates primarily in Northern Ontario as well as Winnipeg, Manitoba.

Perimeter Airlines has entered into community partnership agreements with most of the communities and umbrella organizations serviced by the Perimeter Airlines brand. Perimeter Airlines' market niche of serving the passenger and freight requirements of the smaller First Nations communities in Northern Manitoba and Northwestern Ontario has insulated it from many of the challenges faced by the domestic airline industry as a whole.

Through its Bearskin Airlines brand, Perimeter LP offers continuous travel between most points in Northern Ontario, ranging west to east between Winnipeg, Manitoba and North Bay, Ontario. Freight service to the north now originates from Sioux Lookout and Thunder Bay, Ontario in addition to the core market offerings in Thompson and Winnipeg, Manitoba.

Bearskin Airlines' market niche is the provision of direct high frequency scheduled air service utilizing efficient small gauge equipment on low demand short haul routes. These routes are often not viable with larger equipment when offering similar frequency.

<u>Aircraft</u>

Perimeter LP's current fleet consists of 42 aircraft, including 33 Fairchild Metroliner aircraft, eight Dash 8 aircraft and one Merlin aircraft, which is used solely for charter services. Perimeter LP's experience has demonstrated that its aircraft are well suited to the communities it services. Their aircraft are fast and fuel efficient and can be quickly configured to meet customer requirements (passenger, freight or medevac). In addition, the aircraft platform creates economies of scale and efficiencies in parts inventories, maintenance personnel and pilot training which in turn reduces costs and enhances reliability.

Facilities

Perimeter LP operates its own air terminal building at the Winnipeg James Armstrong Richardson International Airport. This facility is convenient for Perimeter LP's customers, is cost effective for Perimeter LP to operate, and provides a lower fee structure for certain pass through charges to Perimeter LP's passengers as compared to those passengers traveling through the main terminal.

Perimeter LP also maintains a hangar and cargo facility in Thunder Bay and northern service bases in Thompson, Manitoba and Sioux Lookout, Ontario to maintain the aircraft stationed in these markets. Perimeter LP utilizes the main terminal at the Thompson airport for its scheduled, medevac and northern charter operations. Scheduled passenger service is provided at the Sioux Lookout main terminal while charter operations are provided at Perimeter LP's dedicated charter lounge located inside the Sioux Lookout aircraft hangar. The Thunder Bay International Airport is utilized for scheduled service originating in or connecting in Thunder Bay.

Fuel Storage

A wholly owned Subsidiary of the Corporation maintains bulk fuel storage capacity in a number of northern locations for Perimeter LP. This bulk fuel storage capacity provides an advantage over Perimeter LP's competitors that do not have such fuel storage capacity in these northern locations as such competitors can be limited in overall weight on their aircraft given the additional fuel needed to travel the long distances.

Environmental Matters

The environmental matters of concern to Perimeter LP relate to the storage of fuel by a wholly owned Subsidiary of the Corporation at a number of the locations to which Perimeter LP flies. The wholly owned Subsidiary of the Corporation maintains all of its fuel depots according to applicable laws and regulations and has not had any material spills to date. Perimeter LP monitors the tanks regularly and the tanks get replaced or repaired when required. Management believes that Perimeter LP is adequately insured in the case of an accidental fuel spill.

Competitive Conditions

There is no carrier that services all of Perimeter LP's scheduled routes in Northern Manitoba. The availability of winter roads provides customers with the potential opportunity to use vehicles for transporting people and freight seasonally.

Perimeter LP has had competition on its scheduled service routes in the past and could have again in the future.

There are a number of small airlines that operate medevac and charter work within the Province of Manitoba.

Although competition exists on routes served in Northeastern Ontario, Perimeter LP's nonstop and one stop same aircraft service between Northern Ontario's five largest cities whereas competitors feature connections via Toronto requiring up to 4 hours additional travel time.

As a result of Wasaya Airways' affiliation with the Corporation, Perimeter LP is working together with Wasaya Airways to take advantage of several synergies and enhance service for its mutual customers.

Components

Perimeter LP has long term relationships with multiple suppliers and has not had problems sourcing parts in the past. In addition, Perimeter LP benefits from the ability to work directly with Regional One and the other aviation Subsidiaries of the Corporation in order to source aviation parts and engines which helps to reduce its reliance on other suppliers and can utilize the services of PAL Aerospace, a wholly owned Subsidiary of the Corporation, to perform and complete heavy maintenance checks.

Perimeter LP also has the in-house capability to carry out all work on its Metro aircraft (except for propeller repair or aircraft painting). Perimeter LP has the following in-house shops: engine overhaul, electrical, non-destructive testing, avionics, engineering and aircraft structures.

Intangible Properties

Perimeter LP or its predecessors has been operating since 1960 and has a solid reputation both with the communities it serves as well as the governments and businesses in the areas it operates.

Cycles

Approximately seventy-five percent of the communities serviced by Perimeter LP are isolated and difficult or impractical to reach by ground transportation other than by ice-roads during a portion of the winter season. As a result, customer demand is weaker in the first quarter of the year when the ice-roads are in place.

Employees

Perimeter LP has the following collective agreements with its employees:

Employee Group	Union	Expiry Date
Flight Attendants	Unifor	June 22, 2021
Perimeter Flight Crew(1)	Unifor	February 10, 2022
Bearskin Brand Flight Crew(1)	Air Line Pilot's Association, International	December 31, 2020
Thunder Bay Maintenance, Parts and Hangar Maintenance	The International Association of Machinists & Aerospace Workers District 140, Local 2413	August 31, 2023
Ramp Attendants and Groomers – Thunder Bay	The International Association of Machinists & Aerospace Workers District 140, Local 2413	June 30, 2022
Passenger Service Agents – Sioux Lookout	UFCW – Local 175	April 30, 2021
Passenger Service Agents – Winnipeg	UFCW – Local 832	November 30, 2022
Passenger Service Agents – Thunder Bay	UFCW, Local 175	November 30, 2020
Passenger Service Agents – Timmins	UFCW, Local 175	December 31, 2020
Passenger Service Agents – Sudbury	UFCW, Local 175	May 14, 2021

Note:

(1) With the merger of Perimeter Aviation and Bearskin Airlines, it was necessary for the Perimeter LP flight crew and the Bearskin brand flight crew to vote to have one union representation. In 2019, a vote was completed, and it was determined that in the future, all flight crew will be represented by the Air Line Pilot Association, International. Negotiations will commence in the spring of 2020.

The relationship between management and employees is considered to be good and there have not been any work disruptions since the unions were certified. As at December 31, 2019, Perimeter LP employed approximately 750 people.

Keewatin LP's Business

Summary

Keewatin LP is a niche airline providing medevac and charter services to locations in Nunavut, Northwest Territories, and northern Manitoba. Although Keewatin LP operates charter services, its focus is and has always been medical travel. Keewatin LP and its predecessors have operated in the Canadian Arctic for over 49 years, logging over 200,000 hours of medevac airtime in some of the most challenging environmental conditions in the world.

The material areas of business for Keewatin LP are as follows:

(a) medevac service; and

(b) charter service.

Production and Services

Keewatin LP has made medical patient transportation its specialty. The air medical program is recognized as one of the best air ambulance services in Canada. Keewatin LP is committed to the provision of superior air services in Nunavut, investing substantially in the infrastructure needed to provide around the clock medically oriented air services in Nunavut and northern Manitoba.

Keewatin LP has been operating medevac services for the Government of Nunavut Department of Health in the Kivalliq Region of Nunavut for over 45 years and has always worked closely with both the Government of Nunavut and residents of Nunavut to ensure the highest caliber of service is provided. Due to this strong relationship with both parties, Keewatin LP has been chosen as the sole territorial medevac services provider since 2017, establishing bases in all three of the regions of Nunavut. Keewatin LP operates from two bases in the Qikiqtaaluk Region, two bases in the Kivalliq Region, and two bases in the Kitikmeot Region. Keewatin LP's head office and heavy maintenance operations are based in Winnipeg, Manitoba.

Keewatin LP's medevac services contracts with the Government of Nunavut are as follows:

1) Kitikmeot Region contract awarded December 1, 2017, which expires November 30, 2022;

2) Kivalliq Region contract awarded December 1, 2018, which expires November 30, 2023; and

3) Qikiqtaaluk Region contract awarded April 1, 2018, which expires March 31, 2023.

Each of these contracts have 2 one-year extension options for the Government of Nunavut.

Prior to 2003, the Government of Nunavut did not have any formal medevac contract processes and an operator that was willing to invest in the required infrastructure could make themselves available to provide medevac services. At the time, there were very few regulations or requirements of a medevac services company regarding equipment and medical professionals on each flight. When the Government of Nunavut elected to tender medevac contracts in 2003, Keewatin LP was successful in its bid and awarded the medevac contract for the Kivalliq Region. Keewatin LP has been successful in retaining the Kivalliq Region contract at each renewal. The high level of service provided by Keewatin LP has been recognized over the years and as contract opportunities presented themselves in the other two regions of Nunavut, the Government of Nunavut elected to retain Keewatin LP to service the other regions.

Specialized Skill and Knowledge

Management believes that Keewatin LP has the key competitive advantages set out below:

Medical Expertise

Keewatin LP provides the nursing and medical expertise required to develop and maintain advanced air medical operations. Keewatin LP operates a 24/7 air medical service from bases at Rankin Inlet, Iqaluit, and Cambridge Bay, Igloolik, Nunavut as well as Yellowknife, Northwest Territories and Churchill, Manitoba. These bases are located strategically to be able to strengthen and support each other if required as a result of high volume or poor weather.

With the awarding of the Kitikmeot Region contract, Keewatin LP can draw upon resources from all major regions of Nunavut depending on call volumes and weather issues, among other factors. With the addition of the Igloolik base, Keewatin LP has strategic bases from which it can quickly adjust and develop efficient and effective plans to meet the needs of its customers. The integrated program provided by Keewatin LP in Nunavut has developed into an advanced, professional and experienced medical program. This expertise has resulted in the Government of Nunavut engaging Keewatin LP on an exclusive basis to provide medevac services in all of the regions of Nunavut.

Aircraft

Keewatin LP's current fleet consists of 22 aircraft, including 17 Beechcraft King Air B200's, two Citation 560 Ultra's, two Citation 560's and one Pilatus PC12. With the awarding of the general transport contract by the Government of Manitoba (as described below), Keewatin LP has increased its fleet of King Air 200 aircraft and is now the largest King Air 200 operator in Canada.

Facilities

Keewatin LP has hangar facilities with offices in Cambridge Bay, Rankin Inlet, Iqaluit and Igloolik, Nunavut; Yellowknife, Northwest Territories; and Winnipeg and Churchill, Manitoba. Some of the facilities are custom designed for Keewatin LP's unique operations and some are more general hangar space and offices. In total Keewatin LP has approximately 100,000 square feet of hangar space overall with offices, meeting rooms and storage.

The Winnipeg facility is home to Keewatin LP's head office and senior management group and includes a modern passenger departure lounge that all the Winnipeg based aviation Subsidiaries of the Corporation utilize. The Winnipeg hangar space is shared by other Winnipeg based aviation Subsidiaries of the Corporation and is where Keewatin LP conducts a majority of its heavy maintenance on its aircraft.

Competitive Conditions

Keewatin LP is the exclusive provider of medevac services in Nunavut pursuant to its contracts with the Government of Nunavut. In Kitikmeot, Keewatin LP works as part of a joint venture arrangement with a company called Northern Networks Ltd. which is a registered Inuit business. Keewatin LP is the sole provider of air services under the Kitikmeot Region contract and has the operating certificate to perform the services contracted thereunder.

Keewatin LP has a similar joint venture arrangement with another Inuit business, Sakku, and was awarded the Qikiqtaaluk (Baffin) Region contract and the new Kivalliq Region contract through this joint venture.

Keewatin LP has competition on its charter operations. Operators in Iqaluit, Nunavut, carry out itinerant flights in and through the Kivalliq Region of Nunavut. In the Western region of Nunavut, there are a number of operators that occasionally provide charter services. With the addition of charter configured King Air 200 aircraft, management believes that Keewatin LP is well positioned for additional charter opportunities.

Keewatin LP works with the local and regional authorities in its provision of medical transportation services to the region. The team of professionals dedicated to Keewatin LP is knowledgeable and experienced and represents a competitive advantage over others wishing to enter the industry. Keewatin LP's commitment to the region is further demonstrated by its chartered services that it provides in the communities.

Economic Dependence

The medevac services provided pursuant to the Kitikmeot Region contract, the new Kivalliq Region contract and the Qikiqtaaluk (Baffin) Region contract represent a significant portion of Keewatin LP's overall revenue and as such there is economic dependence for Keewatin LP on these long-term contracts.

New Products and Contracts

Manitoba Justice Department Transport

Keewatin LP was successful in its bid for the general transport contract for the Manitoba Department of Justice. This is a five-year contract with two one-year options to extend at the Manitoba Government's discretion. This contract is to transport Manitoba Justice Department personnel to and from the remote communities in Manitoba for court sessions. Additionally, this contract also provides for the transportation of Manitoba sheriff's department personnel and prisoner movements throughout the province. In order to fulfill its obligations under the contract, Keewatin LP purchased six additional King Air B200 aircraft and a new base was established in Thompson, Manitoba. This contract commenced on April 1, 2019 and extends to March 31, 2024.

Cycles

As a niche airline providing medevac and chartered passenger services to locations in Nunavut and Northern Manitoba, Keewatin LP's business is driven by the necessity to move people and supplies in and out of communities that are not serviced by other means of transportation. As a result, Keewatin LP's business does not tend to be cyclical in nature.

Employees

Keewatin LP has the following collective agreements with its employees:

Employee Group	Union	Expiry Date
Maintenance Personnel	International Association of Machinists and Aerospace Workers	January 3, 2022
Pilots	International Association of Machinists and Aerospace Workers	November 20, 2022

The relationship between management and employees is considered to be good and there have not been any work disruptions since the unions were certified. As at December 31, 2019, Keewatin LP employed approximately 210 people.

Smaller Operating Subsidiaries – Aerospace & Aviation

Custom Helicopters

Custom Helicopters is a rotary wing aviation company that operates several bases strategically located, primarily in Manitoba, but also in Nunavut and British Columbia. Custom Helicopters also performs field operations seasonally throughout Canada. Custom Helicopters' strategy is to have a versatile fleet of aircraft that can provide a range of rotary wing related services. Utilizing its helicopter fleet from its various bases, Custom Helicopters offers reliable service with less travel to get to its customers' project locations. Custom Helicopters is qualified for enhanced night vision goggle operations, utilized to provide emergency medical services requirements in northern Manitoba. In 2019, Custom Helicopters was awarded a large portion of Manitoba Hydro's helicopter business with a new five-year contract.

Custom Helicopters has 24 rotary wing aircraft along with established bases in Manitoba (St. Andrews airport located north of Winnipeg, Island Lake, Gillam, The Pas and Thompson), Rankin Inlet, Nunavut, and Kamloops, British Columbia. In November of 2019, Custom Helicopters relinquished its customer service facility status for Bell Helicopters. Increasing demands from Bell Helicopters and associated costs of the customer service facility led Custom Helicopter to terminate its relationship with Bell Helicopters. Custom Helicopters is still able to continue to conduct its maintenance, repair and overhaul business, however, it now does so independently.

As at December 31, 2019, Custom Helicopters employed approximately 70 people.

Description of the Business of the Operating Subsidiaries - Manufacturing

Quest Windows' Business

Summary

Founded in 2000, Quest Windows is a manufacturer of an advanced unitized "window wall system" used primarily in high-rise multi-residential developments. Quest Windows manufactures the entire façade, including the windows, operable elements and opaque areas that surround the exterior envelope of a building. Quest Windows' ECOWALL system is a ready to install, pre-glazed and highly customizable product that has been used in many major North American urban markets, including Toronto, Los Angeles, San Francisco, New York, Seattle, Chicago, Washington D.C., Calgary, Edmonton, Vancouver and Winnipeg. Quest Windows was founded in 2000 and in 2014 the company expanded sales into the US market. Quest Windows is known for customizable products that meet customer requirements. Management believes that Quest Windows has a good reputation in the construction industry for developing innovative solutions and providing high quality products with on-time delivery. Quest Windows' ECOWALL product is easy to install from the inside of the building, sealing off the floors to advance construction on a timely basis. This reduces the amount of onsite labour and equipment required and further enables a building to be constructed more efficiently, as other trades can operate in parallel.

In October 2019, the Corporation completed the acquisition of AWI. Founded in 1994, AWI is a full-service glazing company specializing in sales, consultation, design, engineering, installation and service of pre-glazed fenestration products. AWI's operational focus is in the Northeastern US, specifically Pennsylvania, Maryland, Washington, DC and Virginia. AWI also provides sales and business development support for New York.

The acquisition of AWI was a key strategic objective of Quest Windows in 2019, and provides for the following benefits:

- Vertical integration of Quest Windows' downstream distribution network in the Northeastern US;
- Addition of key management talent; and
- Horizontal diversification from AWI's sale of other products such as curtain wall, vinyl windows, and metal panels.

Products and Services

Quest Windows operates out of two adjacent, leased manufacturing facilities totaling over 180,000 sq. ft. in Mississauga, Ontario. In addition, Quest Windows recently equipped a 329,000 square foot manufacturing facility being leased in the Dallas /Fort Worth, Texas area. Manufacturing in the new Texas facility commenced in mid-2019 and will continue ramping up production through 2020 to achieve levels comparable to the Mississauga facility.

Quest Windows' products and services are summarized below.

<u>ECOWALL</u>

Quest Windows' ready to install ECOWALL solution provides customers with a convenient, high performing, aesthetically pleasing and customizable product, allowing Quest Windows to be flexible during the design assist phase of construction. ECOWALL is typically installed from the inside of the building and is transported through the construction elevator as opposed to externally via a crane. Relative to other products on the market, this method of construction reduces project costs and expedites the construction process, as the building façade is enclosed by floor rather than by elevation. This allows the interior finishing trades to commence work sooner and ultimately complete a building more quickly. Quest Windows' ECOWALL is typically used in multi-residential buildings in the 10-60 floor range.

<u>Design Assist</u>

Quest Windows offers design assistance services to both existing and potential new customers. Design assistance occurs during the drafting of a building's design and Quest Windows works with architects, developers, and general contractors to ensure that the final design achieves all requirements and objectives.

<u>Installation</u>

In Canada, Quest Windows generally holds the head contract for the supply and installation of its products and, as a result, provides installation services. These services are performed by a group of highly skilled and dependable sub-contractors who derive a significant portion of their installation work from Quest Windows projects. Outside of AWI in the US, Quest Windows offers the supply of products and does not provide installation services.

Specialized Skill and Knowledge

Management believes that Quest Windows has the key competitive advantages set out below:

Differentiated Product Positioning

As described above, Quest Window's unique ECOWALL system is different from the products of its competitors in both design and installation.

Personnel Experience and Relationships

Quest Windows has a highly experienced management team, with nearly 100 years of cumulative industry experience. The team leads the product innovation, sales, design assist, and production functions within the company.

Quest Windows benefits from extensive industry relationships, which have been developed over time. These relationships together with the nature of Quest Windows' products and services have led to a significant amount of repeat and referral business.

Vertical Integration

Quest Windows has made significant investments in vertical integration, automation and the development of proprietary software throughout the manufacturing process. This supports expedited delivery schedules, increases the dependability of supply, and allows Quest Windows to react dynamically to changing customer demands.

Competitive Conditions

Quest Windows' competitors consist primarily of manufacturers of window wall or curtain wall products intended for use in multi-story high-rise buildings. While there are many competitors in the general window market, including catalogue unitized windows and curtain wall, there are four main competitors that offer a product similar to Quest Windows: Toro Aluminum, Starline Windows, State Window Corporation and BVGlazing Systems.

Components

Quest Windows has long term relationships with multiple primary suppliers and has not had any difficulty sourcing raw materials in the past in order to produce and manufacture its products. Most components relate to glass and aluminum, which are sourced from North America.

Intangible Properties

Management believes that Quest Windows has developed strong brand equity in the construction industry as a manufacturer that provides a high-quality product, on time delivery, and for a competitive price. Quest Windows has many long-term, loyal customers including developers, general contractors, and architects, which has led to significant repeat customer business and referrals.

Cycles

Quest Windows is a direct supplier to a number of customers whose sales may be dependent upon general macro-economic cycles. Such risk is mitigated in part as a result of the geographic distribution of the Quest Windows' customer base, both in Canada and in the United States. Generally, the operations of Quest Windows are not seasonal in nature, as the geographic distribution of its customer base results in year-round construction.

Employees

The relationship between management and its employees is considered strong, with no history of labour disruptions. Quest Windows utilizes a combination of unionized labour and temporary staff within its production facilities.

Quest Windows has the following collective agreements with its employees:

Employee Group	Union	Expiry Date
Factory Employees	United Steelworkers Local 7536	August 31, 2021
Service Employees	UBRFIST	April 30, 2022

As at December 31, 2019, Quest Windows' employed approximately 690 people, either directly or through temporary staffing agencies.

WesTower's Business

Summary

WesTower was founded in 1989 and is the largest national telecommunications infrastructure provider in Canada. From site development through to commissioning and comprehensive maintenance, WesTower delivers services in engineering, design, fabrication, construction, project management and technical services of wireless and wireline infrastructure sites for carriers and independent tower operators throughout Canada.

Products and Services

WesTower maintains an in-house engineering staff that works with customers on tower design and reinforcements, manufactures communication towers, parts and components, performs construction and technical services including the installation of towers, communication equipment and other infrastructure, and performs other wireless and wireline services.

Specialized Skill and Knowledge

Management of WesTower believes that it has the key competitive advantages set forth as follows:

<u>Personnel Experience and Relationships</u>

> WesTower has a strong management team with considerable experience in the Canadian communications infrastructure industry. The majority of the senior management team, and a large percentage of the greater workforce, have been with WesTower for over 20 years.

<u>Operations</u>

> WesTower is strategically located throughout Canada with 13 operating offices and three fabrication facilities. This national presence is a key competitive advantage, as many of its customers operate on a national basis and value WesTower's ability to provide services that cover multiple geographic regions.

Competitive Conditions

WesTower offers its customers complete and customizable solutions including design and engineering services, tower fabrication, construction, installation, project management and technical services. The majority of competing service providers are specialized in certain areas, such as technical services or tower erection, and tend to only participate in those areas. Certain competitors act as civil or general contractors and then subcontract out the portions that are outside of their core work. In response to these competitors, WesTower has diversified the marketing of its service offering into five areas of business to meet the dynamic needs of its client base: wireless, wireline, technical services, fabrication and professional services. As the only provider among its competitors able to offer this full suite of products and services to clients, management believes that WesTower is well-positioned to continue to grow new wireline and fabrication business beyond its traditional model. Further to this, very few competitors offer services nationally. Offering these services on a national basis has put WesTower into a position where national carriers benefit from a supplier that can service their needs across their networks.

Components

WesTower has long term relationships with multiple suppliers and has not had problems sourcing raw materials in the past. WesTower produces the majority of the towers that it erects out of its three fabrication facilities.

New Products and Contracts

As a strategic step for increasing WesTower's industry footprint in the burgeoning United States market, WesTower began partnering with MasTec Inc. in 2019 to provide construction services in the United States.

Intangible Properties

WesTower has a strong reputation in the industry as a designer, fabricator, installer and supplier supporting the wireless industry. WesTower is known for providing high quality products, competitive pricing as well as reliable delivery of products and services. WesTower has long-term, loyal customers including all four of Canada's national telecommunications companies with whom it has developed good working relationships.

Economic Dependence & Contracts

WesTower works with its customers through several contracts, purchase orders and master service agreements. Master service agreements typically contain the terms and conditions that govern work performed for the respective customer and do not have a total dollar guarantee attached to them. The majority of WesTower's revenue has historically been generated from the four largest national telecommunications carriers in Canada.

Cycles

WesTower is dependent on the spending and technology cycles in the telecommunications sector. Work performed under master service agreements is performed pursuant to individual purchase orders or contracts that include the scope and price for individual projects. Accordingly, WesTower's work volume fluctuates throughout a calendar year. However, sales are diversified across new tower construction, upgrades of existing towers and networks, and maintenance-related activities, which help to lessen the impact of such fluctuations.

The seasonality for WesTower is tied to the outdoor construction and maintenance of wireless infrastructure which therefore has a seasonal component coinciding with winter weather conditions, as well as the annual customer capital spending cycles which have historically resulted in greater work volume during the third and fourth quarter of the year.

WesTower is impacted by technology cycles as telecommunications companies traditionally undertake larger capital programs when they are modifying or expanding their networks immediately prior to and after the launch of a new wireless generation (3G, 4G, etc.). Therefore, demand for WesTower's services traditionally declines following a launch of a new wireless generation as wireless networks become updated.

WesTower is actively engaged with its Canadian carrier clients in deployment planning and technology testing for the installation and upgrading required to roll out fifth generation wireless technology (5G) on their networks in the years to come.

Employees

The relationship between management and employees is considered to be good, with no history of labour disruptions. As at December 31, 2019, WesTower employed approximately 540 people.

Stainless' Business

Summary

Stainless' business operations are located in Springfield, Missouri and it operates mainly in the United States. Stainless designs and manufactures high quality, shop and field fabricated ASME code tanks and tanks that meet the American Petroleum Institute 620 and 650 requirements. Vessels ranging from one gallon to 60,000 gallons are typically built in the shop and tanks up to 700,000 gallons are built on-site. Field crews also make repairs and modifications to existing tanks.

Production and Services

Stainless operates two leased manufacturing facilities and has a total of 85,000 square feet of production space along with 7,000 square feet of warehouse space. Stainless had leased a third facility for a special customer project with 25,000 square feet of manufacturing space, but exited out of that lease at the end of 2019.

<u>Custom Manufacturing</u>

Stainless provides equipment for a variety of industries including pharmaceutical, ethanol, chemical, food, dairy, beverage, health and cosmetics. All equipment is custom designed and built to meet customer requirements.

Stainless also offers unique product solutions, such as freezer enclosures and large drying chambers. These products are highly specialized, very large, and rectangular in shape. Stainless works closely with its customers to meet their application, modification and design needs.

Other Sales

Stainless also offers the following products and services:

(a) sells tank components such as full pipe coils, tank ladders, rest platforms and handrails.

(b) performs on-site inspections of damaged tanks, makes recommendations for repairing or replacing damaged tanks and performs field repairs or modifications to existing tanks.

(c) fabricates manways, shear material, roll shells, weld and grind seams, etc. for smaller local companies and contractors around the United States. Typically, these customers provide the materials and Stainless provides the labour only.

(d) electropolishes tanks, parts, and components for customers.

(e) sells replacement parts for tanks including man-way gaskets, mixer parts, freezer parts, tank vents, etc.

Specialized Skill and Knowledge

Management believes that Stainless has the key competitive advantages set out below:

Personnel Experience and Relationships

Stainless has a strong management team with considerable experience in the stainless fabrication industry. Stainless has long term dedicated employees. One-third of its personnel have been with Stainless 10 years or more and many for over 15 years. Welders and grinders must be formally trained and accredited by a trade school and have on-the-job experience. Since Stainless is an ASME shop, welders must successfully complete the weld tests administered by Stainless to be ASME certified.

On-site fabrication of stainless steel vessels is a highly specialized process using experienced and qualified field crew members who are accredited by a trade school or have at least two years of experience in all facets of building stainless steel tanks, and must be ASME certified, except for apprentice helpers. Unlike the shop, field crew members erect tanks on-site using a method developed by the founders of Stainless. This method employs equipment and procedures exclusive to Stainless and allows personnel to work at ground level, providing higher quality welds, a higher level of safety, and increased efficiency.

Certifications and Qualifications

Stainless adheres to a variety of rules, standards and guidelines governing the design, fabrication, inspection and safety of stainless steel tanks and vessels. Stainless is fully staffed within the respective fields of engineering and design, manufacturing, quality control, safety and executive office operations. Dependent on an individual's role within the organization, employees are equipped with credentials ranging from advanced collegiate degrees and specialized certifications to technical on-the-job training. Stainless, as a corporation, holds various certifications.

Manufacturing and Service Capacity/Reliable Turnaround Time

Management believes that Stainless has the personnel and production facilities to run smoothly and efficiently. When necessary, it adjusts its working hours or employee force to meet current production needs. Its turnaround time is exemplary in the industry and it strives to keep it that way to maintain its competitive edge in the marketplace.

Competitive Conditions

As a result of Stainless servicing several market segments, it has different competition in each segment. Stainless competes against other suppliers who may participate or specialize in mainly one area as well as others who participate in a variety of areas as Stainless does. Overall capacity is available in the market of suppliers, creating a competitive environment where pricing and delivery have become the main focus.

Stainless has several markets where it has competitive advantages. These include its specialized field fabrication methods to build tanks on-site in limited access areas where there is no room for scaffolding or cranes. Stainless' state-of-the-art electropolish equipment and factory acceptance test experience gives it an edge in the pharmaceutical industry. For the dairy industry, Stainless does silo top replacements and modifications on site. Its fully welded and insulated freezer enclosures are also highly specialized.

Components

Stainless has long term relationships with multiple suppliers and has not had problems sourcing raw materials in the past in order to produce and manufacture its products.

Intangible Properties

Stainless has a good reputation in the industry as a manufacturer that provides a high-quality product, on time, and for a fair price. Stainless has many long-term, loyal customers with whom it has developed good working relationships which has led to significant repeat customer business.

Cycles

Stainless is a direct supplier to a number of customers whose sales may be dependent upon general economic cycles. A mitigating factor to this is the general diversification of the customer base for Stainless over a variety of different industries. Generally, the operations of Stainless are not seasonal in nature as it builds tanks in the shop and field year-round.

Employees

The relationship between management and employees is considered to be good, with no history of labour disruptions. As at December 31, 2019, Stainless employed approximately 190 people.

Ben Machine's Business

Summary

Ben Machine, headquartered in Vaughan, Ontario, is a leading manufacturer of complex, precision-machined components and assemblies primarily for the aerospace and defence industry in Canada and the United States. Ben Machine is focused on providing a complete solution for its customers and offers a full range of services, including computer numerically controlled milling and turning, sheet metal fabrication, welding, complex assembly, and various finishing services.

Production and Services

Ben Machine is a fully integrated solutions provider that supplies its customers with complete quality precision parts, faster lead times and competitive pricing in order to provide a one stop shop for all of its customers' sub-contracting needs. Ben Machine produces precision components that are based on its customer's design specifications out of its 55,000 square foot leased manufacturing facility.

Specialized Skill and Knowledge

Management of Ben Machine believes that its main competitive advantages include the following:

<u>Personnel Experience and Relationships</u>

> Ben Machine has a strong management team with considerable years of experience in the aerospace and defence sector. The executives have spent the majority of their business careers at Ben Machine. Management is focused on customer service and building strong professional business relationships with long-standing customers.

<u>One Stop Shop</u>

> Ben Machine is a one stop shop for supplying high quality precision manufactured components to manufacturers and systems integrators in the aerospace and defence sector. With almost 50 years of experience, Ben Machine has developed top of class processes and quality controls that aligns them with a limited group who can provide the components it manufactures for the aerospace and defence sector.

Solutions Orientated Manufacturer

Ben Machine is a solutions provider for its customers and not simply a manufacturer of components. It uses its experience, combined with the latest manufacturing technology, to provide its customers with redesign opportunities to lower variances, improve quality, reduce lead times and/or reduce costs.

Long-term Customer Relationships

The five largest customers of Ben Machine have each had a relationship with Ben Machine for over 20 years.

Certifications and Qualifications

Ben Machine is fully compliant with AS9100, ISO 9001, CSA Z299.4, AQAP-4 and MIL-I-45208. Ben Machine's welding and finishing services are also compliant with many military, aerospace, nuclear and commercial standards that have strict measurement guidelines and exception rates. Ben Machine is a registrant under the *Controlled Goods Regulations of the Defence Production Act* (Canada).

Competitive Conditions

Management believes that Ben Machine's current competitive position in its principal markets is sound. Ben Machine focuses primarily on manufacturing and production in the aerospace and defence sector.

Components

The main input costs of Ben Machine, aside from labour, are materials and finishing services. Ben Machine has long term relationships with multiple suppliers and has not had problems sourcing raw materials or finishing services in the past.

Intangible Properties

Ben Machine and its predecessors have been operating for almost 50 years and have a solid reputation within the industry.

Economic Dependence

Ben Machine has one long-standing customer that represents a significant portion of its revenues. This customer recently signed a three-year extension of its contract with Ben Machine.

Cycles

Ben Machine is a direct supplier to a number of large manufacturers whose sales may be dependent upon general economic cycles and governmental decisions on defence and security spending. Generally, the business of Ben Machine is not seasonal.

Employees

The relationship between management and employees is considered to be good with no history of labour disruptions. As at December 31, 2019, Ben Machine employed approximately 120 people.

LV Control's Business

Summary

LV Control is located in Winnipeg, Manitoba and is a leading manufacturer and supplier of electrical distribution equipment and automation systems to the agricultural market in Canada. LV Control provides clients with an integrated automation solution to meet their grain handling, feed processing, crop input, and seed cleaning requirements. LV Control offers a full range of products and services including electrical engineering, electrical distribution equipment, programmable process controllers, computer controlled systems, accounting system interfaces, field devices, operator training, site commissioning and on-going technical support.

Production and Services

LV Control is a fully integrated solutions provider that supplies its customers with equipment, process control systems, technical support, and competitive pricing in order to provide clients with a one stop shop for all of their electrical distribution and automation needs. LV Control produces hardware and software solutions from its 15,000 square foot leased manufacturing facility in Winnipeg, Manitoba.

Specialized Skill and Knowledge

Management of LV Control believes that its main competitive advantages include the following:

Employee Relationships

> LV Control has a strong management team with considerable years of experience in the agricultural industry. LV Control's executives have spent the majority of their business careers with LV Control. Management is focused on customer service and building strong business relationships with long-standing customers.

One Stop Shop

> LV Control is a one stop shop for the supply of quality electrical distribution and process control solutions to the major players in the agricultural industry. With close to 45 years of operations, LV Control has developed customized solutions that are aligned with the specific requirements of its client base.

Solutions Orientated Manufacturer

> LV Control is a solutions provider for its customers and not simply a manufacturer of control systems. It uses its experience combined with the latest technology to provide its customers with control solutions that improve operational efficiency, reduce operator errors, and increase overall profitability.

Long-term Customer Relationships

> Four of LV Control's five largest customers have each had a relationship with LV Control for more than 30 years.

Certifications and Qualifications

> LV Control is a Canadian Standards Association (CSA) approved manufacturer of electrical distribution equipment and control panels. In addition, it manufactures a number of specific CSA approved field devices that have become the standard within the agricultural industry.

Competitive Conditions

Management believes that LV Control's current competitive position within its principal markets is sound.

Components

The main input costs of LV Control, aside from labour, are electrical/electronic components. LV Control has long standing relationships with multiple suppliers and has not had problems sourcing components in the past.

Intangible Properties

LV Control has been in business since 1975 and has a solid reputation within the Canadian agricultural industry.

Economic Dependence

LV Control's main source of economic dependence is its largest customer. Management estimates that the largest customer, a general contractor, represents approximately 45% of its revenues which is spread across four of LV Control's top five accounts.

Cycles

LV Control is a direct and indirect supplier to a number of large grain and crop input companies whose purchases may be dependent upon general economic cycles, annual crop yields, and world markets. Generally, the business of LV Control is not seasonal.

Employees

The relationship between management and employees is considered to be good with no history of labour disruptions. As at December 31, 2019, LV Control employed approximately 50 people.

Smaller Operating Subsidiaries – Manufacturing

WBM

WBM is the exclusive distributor of Hotsy hot and cold-water pressure washers, parts washers, replacement parts, cleaning compounds and accessories in the Provinces of Alberta and British Columbia, the Northwest Territories, Saskatchewan, and the State of North Dakota. WBM has been the largest selling Hotsy pressure washer distributor in North America since 2001. The equipment sold by WBM is used for a variety of light commercial and industrial applications in a variety of industries but is primarily utilized in the oil and gas industry. WBM also manufactures and sells specialized heavy-duty pressure washer and steam systems for mobile and stationary applications in those regions. WBM also has its own lines that it manufactures and sells, including automatic parts washers, caustic dip tanks, wash water recycle systems, and high-quality customized tanks and trailers for the transportation of various fluids. WBM has ten retail locations, including one for the tank and trailer products under the trade name Jasper Tank. The operations of WBM are primarily linked to the oil and gas industry within Western Canada and the Bakken region of North Dakota.

As at December 31, 2019, WBM employed approximately 90 people.

Overlanders LP

Overlanders LP is a high-quality precision sheet metal fabricator serving companies in British Columbia, Alberta and the Pacific Northwest region of the United States. The fabrication of metal includes processes such as punching, cutting, bending, welding, laser cutting and stamping. Overlanders LP provides value added services for its customers such as sub-assembly, prototyping, powder coating, manufacturing and design for diverse products.

As at December 31, 2019, Overlanders LP employed approximately 70 people.

RISK FACTORS

The Corporation and its Subsidiaries are subject to a number of risks. These risks relate to the organizational structure of the Corporation and to the operations of the Subsidiaries. The risks and uncertainties described below are all of the significant risks that management of the Corporation is aware of and believe to be material to the business and results of operations of the Corporation. When reviewing forward-looking statements and other information contained in this annual information form, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and Corporation-specific factors that may adversely affect future results of the Corporation. The Corporation and its Subsidiaries operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management of the Corporation to predict all risk factors or the impact of such factors on the business of the Corporation. The Corporation assumes no obligation to update or revise these risk factors or other information contained in this annual information form to reflect new events or circumstances, except as may be required by law.

RISK GOVERNANCE

The Corporation maintains a formalized framework whereby it applies an ongoing systematic approach to managing conditions of uncertainty by applying policies, procedures, or practices in the analysis, evaluation, control and communication of its key risks. This enterprise risk management framework is a top-down driven initiative that strives to promote a culture of risk awareness and where possible, integrate risk management into strategic, financial, and operational objectives from the head office level through to its Subsidiaries. This ongoing process includes an assessment of current risk exposures, risk mitigation activities currently in place to address such exposures, and additional risk mitigation activities to consider going forward. Furthermore, any new risks are discussed and appropriately addressed at such time.

For each identified risk, a risk leader has been identified and is accountable for implementing measures to further mitigate the impact of such risks and/or limit the likelihood of these risks from materializing. The risk leader works with the Corporation’s respective functions (i.e. finance, information technology, operations, and/or human resources) in the design and implementation of the corresponding risk mitigating actions. The Risk and Controls department will further provide a level of assurance on the effectiveness and efficiency of controls over these mitigating actions as necessary. A summary of this risk evaluation is presented each quarter to the members of the Audit Committee and the Board to report on the changes in the overall position of the Corporation’s current risk exposures and mitigation activities from the previous quarter.

In late 2019, a novel strain of coronavirus known as COVID-19 emerged in China, further spreading around the world, disrupting economic, social and political landscapes. COVID-19 was declared a worldwide pandemic by the World Health Organization on March 11, 2020. Both the duration of this pandemic and the continued extent of its impact are currently unknown on both the world at large and the Corporation’s operations. Several restrictive measures have been taken by governments and organizations around the world in an effort to mitigate the spread and slow the speed of transmission of COVID-19. These measures have had a direct impact on the Corporation by disrupting or suspending certain of its operations. Due to the speed and potential severity of this risk, rather than having one leader in charge of managing the COVID-19 risk to the Corporation, the Corporation has formed a team comprised of head office and Subsidiary executives who meet (virtually, rather than in-person, to the greatest extent possible) daily to assess this risk, its impacts on operations and the Corporation’s risk mitigation strategies. One of the responsibilities of the Corporation’s COVID-19 team is to ensure that the best COVID-19 risk mitigation strategies, methods, procedures and practices developed by the Corporation or any Subsidiary are shared with all of the other Subsidiaries as quickly and efficiently as possible.

The most significant risks are categorized by their source and described as follows:

External	• Economic and Geopolitical Conditions • Competition • Government Funding for First Nations Health Care • Access to Capital • Market Trends and Innovation • General Uninsured Loss • Climate • Acts of Terrorism • Pandemic and COVID-19 • Level and Timing of Defence Spending • Government Funded Defence and Security Programs
Operational	• Significant Contracts and Customers • Operational Performance and Growth • Laws, Regulations and Standards • Acquisition Risk • Concentration and Diversification Risk • Maintenance Costs • Access to Parts and Relationships with Key Suppliers • Casualty Losses • Environmental Liability Risks • Dependence on Information Systems and Technology • International Operations Risks • Fluctuations in Sales Prices of Aviation Related Assets • Fluctuations in Purchase Prices of Aviation Related Assets • Warranty Risk • Global Offset Risk • Intellectual Property Risk
Financial	• Availability of Future Financing • Income Tax Matters • Commodity Risk • Foreign Exchange • Interest Rates • Current Credit Facility and the Trust Indentures • Dividends • Unpredictability and Volatility Prices of Securities • Dilution Risk • Credit Risk
Human Capital	• Reliance on Key Personnel • Employees and Labour Relations • Conflicts of Interest

EXTERNAL RISKS

Economic and Geopolitical Conditions

External economic factors over which the Corporation exercises no influence could affect customer demand and disposable income. Economic and geopolitical conditions may impact demand for products and services provided by the Corporation's Subsidiaries and in general may also impact the Corporation's operating costs, costs and availability of fuel, foreign exchange costs, and costs and availability of capital. A weaker economy will impact the Corporation's ability to sustain its operating results and create growth.

In the Corporation's aerospace & aviation segment, a downturn in economic growth could have the effect of reducing demand for passenger travel, as well as the demand for charter and cargo services. Reduced demand will have an impact on revenue, but will have a larger impact on profitability because of the significant fixed costs of the aviation operations. The exposure to economic risk is mitigated as many of the communities serviced by the aerospace & aviation segment have no alternative transportation access, making aviation services a de facto essential service. In addition to the sensitivity of operations to cycles driven by the economy, the operating results of the aerospace & aviation segment are also subject to seasonal fluctuations due to a variety of factors including weather, changes in purchasing patterns, pricing policies, and the demand and supply levels of aviation related assets.

Provincial Aerospace is affected by changes in economic and geopolitical conditions in its aerospace business. Geopolitical events drive the need for aerospace related services such as maritime surveillance, larger aerospace modification contracts or mission system software. In the event that such events decrease, so does potentially the need for aerospace related services. Many of these aerospace contracts are long-term, significant dollar contracts that continue to exist as minimum regional or national safeguards; therefore, even as such events and conditions change, there is a certain level maintained as a necessity in many instances to ensure the continued safety of the region or country.

Regional One is exposed to economic factors that adversely impact the global commercial aviation industry generally. The global commercial aviation industry is historically cyclical and has been negatively affected in the past by geopolitical events, high oil prices, lack of capital, and weak economic conditions. As a result of these economic conditions, Regional One has had customers that have ceased operations or filed for bankruptcy or otherwise reorganized in the past. In addition, any reduction in the global operating fleet of aircraft will result in reduced demand for parts and maintenance activities for the type of aircraft involved. Further, tight credit conditions may negatively impact the amount of liquidity available to customers to buy parts, services, engines, and aircraft. A deteriorating airline environment may also result in airline bankruptcies, and Regional One may not be able to fully collect outstanding accounts receivable. It may also diminish Regional One's ability to deploy aircraft that are part of its lease pool. Reduced demand from customers caused by weak economic conditions, including tight credit conditions and customer bankruptcies, may adversely impact Regional One's financial condition or results of operations.

Negative changes in the economy will impact each of the Corporation's manufacturing operations differently as the manufacturing segment is diversified and geographically dispersed. For instance, a downturn in the oil and gas industry will have a greater impact on some regions, like Alberta and North Dakota, whose economies are driven by oil and gas more than others. With uncertainties in the US political environment, a US economic downturn impacts the operations of Stainless, Quest Windows and AWI more than the Corporation's other operations as their products and services are provided to a wide variety of US customers. WesTower is impacted by the large telecommunication companies' capital expenditure programs that are often on a different cycle than the general economy. Ben Machine is a direct supplier to a number of large manufacturers whose sales may be dependent upon governmental decisions on defence and security spending. The Corporation's manufacturing segment has historically experienced some time lag between the economy weakening and the reduced demand for its products as the manufacturing segment generally has a reasonable order backlog, as well, some of the manufacturing segment's projects are longer in nature, which gives it a buffer to prepare for a reduction in demand.

Competition

New competition or increased competition could have a significant impact on the Corporation's business, results from operations, and financial condition.

The airline Subsidiaries currently focus on niche markets in Manitoba, Ontario, Nunavut, Newfoundland and Labrador, Québec, Nova Scotia and New Brunswick and experience different levels of competition depending on the geography and the nature of service provided. The objective of these companies is to provide the best service through efficient management of operations, maintaining an owned fleet of appropriately sized aircraft, maintaining significant ground infrastructure and fostering strong relationships with customers. The airline Subsidiaries would be exposed to downside earnings risk if a well-capitalized competitor were to commence operations or if a current competitor were to significantly expand services in the niche markets where the entities currently operate. The greatest impact would be on the airline Subsidiaries' scheduled operations, as competition would put pressure on load factors resulting in declining margins due to the nature of fixed costs in these operating entities. This impact would be more pronounced in the short-term until the affected Subsidiary made the appropriate operational changes to respond to the competition.

The aerospace design and build business within Provincial Aerospace is largely driven by the customization of aircraft and the integration of various component systems. The activities of OEMs of such systems could impact the integration activities associated with these systems, resulting in a decreased need for and revenue from customization.

The markets for the products and services of Regional One are highly competitive. Regional One faces competition from a number of sources, both domestic and international. Regional One's competitors include aircraft and aircraft parts manufacturers, airline and aircraft service companies, other companies providing maintenance, repair and overhaul services, other aircraft spare parts distributors and redistributors, aircraft leasing companies and other after-market service providers. Some of Regional One's competitors may have substantially greater financial and other resources than it has and others may price their products and services below Regional One's selling prices. These competitive pressures could adversely affect Regional One's business, results from operations and financial condition.

The market for the products of the Corporation's manufacturing Subsidiaries is competitive; however, the level of competition is lower on the more customized products as a result of the uniqueness of the products. Increased competition from current or new competitors would put pressure on margins and revenues. The manufacturing segment's current competitive position in its principal markets is sound and the Subsidiaries continuously look to differentiate themselves from their competitors by providing value added services that competitors may not be able to provide.

The competitive environment in the manufacturing industry has been impacted by customers seeking to take advantage of the low cost environments that exist in certain countries. As a result, there is the possibility of increased competition from suppliers that have manufacturing operations in these countries. The loss of any significant production contract to competitors in low cost countries could have an adverse effect on the profitability of the manufacturing Subsidiaries of the Corporation. The customized nature of the products manufactured by the manufacturing Subsidiaries is a mitigating factor.

Government Funding for First Nations Health Care

Many of the communities to which Perimeter LP (and its Bearskin Airlines division), Keewatin LP, Calm Air LP, Custom Helicopters, and Provincial Aerospace provide services have very limited medical resources and as a result, trips to medical facilities outside of their communities are required to seek adequate medical care. Perimeter LP, Bearskin Airlines, Keewatin LP, Calm Air LP, Custom Helicopters and Provincial Aerospace invoice the federal government of Canada for the cost of the ticket for the trips. Medevac flights are utilized when a patient requires urgent care at a larger medical facility and cannot wait for a scheduled flight, or is in such a condition that would make travel on a regular flight impossible. If any or all of the government agencies that are serviced by Perimeter LP (and its Bearskin Airlines division), Keewatin LP, Calm Air LP, Provincial Aerospace and Custom Helicopters decide to reduce or eliminate funding for medical-related transportation services, this would have a significant negative impact on Perimeter LP (and its Bearskin Airlines division), Keewatin LP, Calm Air LP, Provincial Aerospace and Custom Helicopters as applicable.

Access to Capital

One of the objectives of the Corporation is to continue to acquire additional companies or interests therein in order to expand and diversify the Corporation's investments. The ability to execute on this objective is dependent on the

Corporation's ability to raise funds in the capital markets. If the capital markets' desire for income producing investments, such as the Common Shares and Debentures, were to significantly decrease, the Corporation would have difficulty in executing its acquisition objectives. The recent outbreak of the COVID-19 pandemic has severely and negatively impacted capital markets, which may impact the ability of the Corporation to raise funds for future acquisitions at least in the short term. The Corporation's current level of leverage is considered reasonable, which gives the Corporation the ability to undertake acquisitions, up to a given size, in the short-term without being dependent on the capital markets.

Market Trends and Innovation

The success of the Corporation's Subsidiaries is dependent on their ability to anticipate and respond in a timely manner to changing consumer preferences, tastes and demands. Accordingly, any sustained failure to identify and respond to emerging trends could adversely affect consumer acceptance of products or the ability to continue to obtain orders, which could have an adverse effect on the Corporation's business, results from operations and financial condition.

The Subsidiaries continue to invest in technology and innovation as the industries in which they operate are constantly undergoing development and change. Their ability to anticipate changes in technology in order to successfully develop and introduce new and enhanced products or to purchase new equipment and train employees on a timely basis using such technologies will be a significant factor in the Corporation's Subsidiaries remaining competitive. If there is a shift away from the use of such technologies, costs may not be recovered, adversely affecting the Corporation's results of operations and financial condition. In addition, if other technologies in which the investment of the Subsidiaries is not as great or their expertise is not as fully developed emerge as the industry-leading technologies, the Subsidiaries may be placed at a competitive disadvantage, which could have an adverse effect on the Corporation's business, results from operations and financial condition.

General Uninsured Loss

Each of the Corporation's Subsidiaries carries comprehensive general liability, fire, flood and extended coverage insurance with policy specifications, limits and deductibles customarily carried for similar businesses. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, a pandemic outbreak or environmental contamination, which are either uninsurable or not fully insurable on an economically viable basis. Should an uninsured or underinsured loss occur, anticipated profits and cash flows could be negatively impacted.

Climate

The Corporation's results of operations could be impacted by fluctuations from weather and natural disasters. Severe weather conditions and natural disaster conditions can significantly disrupt service by impeding the movement of goods or disruptions with landing and take-offs, which could have an adverse effect on the Corporation's business, results of operations and financial condition. This disruption could also impact MFC's ability to maintain its flight training schedule, leading to fewer flights being flown. In addition, increases in frequency, severity or duration of severe weather events, including changes in the global climate, could result in increases in fuel consumption to avoid such weather, turbulence-related injuries, delays and cancellations, any of which would increase the potential for loss of revenue and higher costs. Certain of the Corporation's airline Subsidiaries are impacted by the length of winter road season, which is impacted by the weather during the first few months of the calendar year. The colder the winter season, the longer the winter roads are available for customers to use as an alternative to flying with the airline Subsidiaries of the Corporation.

Acts of Terrorism

The occurrence of a terrorist attack could cause a decrease in passenger demand for travel and an increase in security measures, travel restrictions and related costs in the airline industry. This could have an adverse effect on the Corporation's business, results from operations and financial condition.

Pandemic and COVID-19

The spread of contagious disease could have a significant impact on passenger demand for air travel, cause shortages of employees to staff the Corporation's facilities, interrupt supplies from third parties upon which the Corporation relies and ultimately, its ability to continue full operations. The spread of contagious disease, depending on the severity, could also impact supply chains around the world and could negatively impact the Corporation's ability to access inputs required for its operations. The Corporation can never predict the likelihood of a pandemic event occurring nor the impact it could have on operations. A pandemic could have a significant impact on the Corporation's business, results from operations and financial condition.

With the recent outbreak of the COVID-19 pandemic, the Corporation, much like the rest of the world, continues to enter uncharted territory. Both the duration of this pandemic and the extent of its impact are currently unknown on both the world at large and the Corporation's operations. While management of the Corporation believes that it is well capitalized with access to capital, the situation continues to bring about uncertainty, which can continue to affect its ability to sustain its economic position. This uncertainty has already materialized with falling global GDP growth, causing a global financial market shock which has directly impacted the Corporation's share price. Additionally, restrictive measures to slow the spread of the COVID-19 outbreak that have been implemented or recommended by various federal, provincial, state and local governmental authorities have had and may continue to have a direct impact on the Corporation by disrupting or suspending certain of its operations. There is no guarantee that the Corporation will have adequate reserves in place should the COVID-19 pandemic continue for an extended period of time, nor what continued impact the situation will have on the Corporation's market position, its ability to raise capital, or its ongoing operations. A mitigating factor for the Corporation is that the COVID-19 pandemic could increase the demand for the Corporation's medical travel services provided by its aviation Subsidiaries.

Level and Timing of Defence Spending

A significant portion of the revenues of Provincial Aerospace and Ben Machine comes from sales to aerospace and defence customers, including sales to governments, directly and indirectly, from various countries. If defence spending on their products and services decrease, these Subsidiaries will experience the effects of program restructures, reductions and cancellations. These events could have a material negative impact on the Corporation's Subsidiaries' future revenue, earnings and operations. In order to minimize these impacts, management continuously reviews the Corporation's Subsidiaries' current and future programs, developing risk mitigation strategies to address any potential change to each program.

Government Funded Defence and Security Programs

Like most companies that supply products and services to governments, the Corporation and its Subsidiaries can be audited and reviewed from time to time. Any adjustments that result from government audits and reviews may have a negative effect on the results of operations of the Corporation. Some costs may not be reimbursed or allowed in negotiations of fixed-price contracts.

OPERATIONAL RISKS

Significant Contracts and Customers

The Corporation and its Subsidiaries are currently parties to a number of significant contracts with key customers, including governments. Within the aerospace & aviation segment, these significant contracts are for a variety of services but primarily relate to charter work, cargo, medevac services, medical related passenger travel, aircraft modifications, airborne maritime surveillance operations and the maintenance of certain specialized surveillance aircraft, including the FWSAR aircraft replacement program with the Government of Canada. See "*Narrative Description of the Business of the Operating Subsidiaries – Aerospace & Aviation – Provincial Aerospace's Business"*. Within the manufacturing segment, these significant contracts are for the production or installation of certain products and maintenance related services. Overall the Corporation's significant contracts are spread over a number of different Subsidiaries, thereby reducing the Corporation's overall reliance on a single contract or customer. The loss of any one of these significant contracts or customers could have a negative impact on the operations and cash flow of the Corporation.

Operational Performance and Growth

The Corporation's principal source of funds is cash generated from its Subsidiaries and other investments. It is expected that funds from these sources will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations at existing performance levels taking into account cost reduction measures the Corporation has implemented in connection with the recent COVID-19 pandemic. However, should the COVID-19 pandemic continue for an extended period of time, there is no guarantee of the Corporation's continued ability to meet these financial obligations from its internal sources. In the event that additional capital and operating expenditures depend on increased cash flow or additional financing in the future, lack of those funds could limit or delay the future growth of the Subsidiaries and their cash flow. Furthermore, the underperformance of a material Subsidiary and/or combination thereof could have an adverse effect by also limiting or delaying future growth of the Subsidiaries and their cash flow, while also potentially impacting the amount of cash available for dividends to the Shareholders.

Laws, Regulations and Standards

The Corporation and its Subsidiaries are subject to a variety of federal, provincial, state and local laws, regulations, and guidelines including but not limited to income, health and safety, competition, employment standards, securities laws (disclosure and insider trading), privacy laws, and airline safety. New, or changes in, accounting standards and pronouncements may also impact the Corporation's financial results. Failure by the Corporation to comply with applicable laws, regulations and standards could result in financial penalties, assessments or legal action that could have an adverse effect on the reputation and financial results of the Corporation and its Subsidiaries. Furthermore, the financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have an adverse effect on the Corporation's business, results from operations and financial condition.

The Corporation's aviation Subsidiaries are made up of 703, 704 and 705 operators under the Canadian Aviation Regulations ("CAR"). Transport Canada issued an amendment to the CAR with respect to pilot fatigue and flight duty times on December 12, 2018. Implementation requirements take effect in December 2020 for CAR 705 operators and December 2022 for CAR 703 and 704 operators. Medevac operations are exempt from the regulation changes. Fundamental changes to CAR 700 series and specifically work/duty/flight hours will have an impact on the Corporation's aviation Subsidiaries based on the Subsidiaries' approval for aerial operations, commuter or airline operations and may result in an increase in the number of pilots required by the Corporation. This impact is recognized as industry wide and the Corporation and its aviation Subsidiaries continue to enhance a multidimensional strategy to address aviation industry pilot recruitment and retention challenges inclusive of this additional regulatory impact. Flight schedules, operating schedules and fatigue risk management systems will be further examined in order to mitigate the impacts of the new regulations. Additionally, the acquisition of MFC and the introduction of the Life in Flight program provides a further mitigation measure by giving airline Subsidiaries direct access to trained pilots and limits disruption to planned routes.

The airline industry in Canada, the United States and internationally is subject to strict government standards and regulations. Government entities such as Transport Canada, the Competition Bureau, the Canadian Transportation Agency, the FAA and other government entities may implement new laws or regulatory schemes, or render decisions, rulings or changes in policy that could have a material adverse effect on the airline industry in general by significantly increasing the cost of airline operations, imposing additional requirements on operations, increasing airport and/or user fees, or reducing the demand for air travel.

With the adoption of Bill C-49, the Canadian Transportation Agency implemented new regulations in 2019 for airline passenger rights. The regulations govern flights to, from, and within Canada, including connecting flights, and specify the requirements governing a carrier's obligations in the case of a flight delay, cancellation or denial of boarding, as well as minimum standards of treatment, compensation and assistance in completing the planned itinerary. The Corporation and its Subsidiaries continue to monitor the impact of such regulations on current operations, inclusive of compensation policies already in place, to address their impact. These new regulations could have an adverse effect on the Corporation's results from operations and financial condition.

The Canadian federal government recently outlined a pan-Canadian framework which benchmarks pricing for carbon emissions in response to global climate change initiatives. The framework outlines that jurisdictions may either implement an explicit price-based system, such as a carbon tax or levy, or a cap-and-trade system. The impact of this legislation applies to a broad set of emission sources which includes fossil fuel sources including jet fuel used within the aviation industry. Certain provinces such as British Columbia and Québec have previously implemented a carbon pricing system. In other provinces, such as Manitoba, where no pricing system was previously in place, the federal nation-wide carbon tax pricing came into effect on April 1, 2019. This will have the greatest impact on the Corporation's airline Subsidiaries while also having potential indirect implications through the supply chains of the Corporation's other Subsidiaries. Furthermore, the Corporation may be subject to mandated greenhouse gas emissions reduction, reporting or carbon trading requirements in other jurisdictions where the Corporation operates. This legislation could result in additional costs, which the Corporation might be unable to fully pass on through its sales prices, having an adverse impact on the Corporation's margins and financial results.

With respect to Regional One, its products that are to be installed in an aircraft, such as engines, engine parts, components and airframe and accessory parts and components, must meet certain standards of airworthiness established by the FAA or other regulatory agencies. New and more stringent governmental regulations may be adopted in the future that, if enacted, could have an adverse impact on the aerospace and aviation Subsidiaries of the Corporation.

The current COVID-19 pandemic has resulted in varying level of rules, restrictions and emergency response measures across multiple jurisdictions and industries in which the Corporation and its Subsidiaries operate. As described above, compliance with these rules, restrictions and measures by the Corporation and its Subsidiaries and the Corporation's customers and suppliers has created a disruption in certain of the Corporation's operations and in the demand for certain of the Corporation's products and services.

While management believes that affected Subsidiaries are currently in compliance with all applicable government standards and regulations, including those imposed as a result of the COVID-19 pandemic, there can be no assurance that the Subsidiaries will be able to continue to do so. A failure to comply with applicable standards and regulations could result in the revocation of the operating certificate of the applicable Subsidiary and a temporary or permanent cessation of flight operations, the inability to sell its products and carry on business in the case of Regional One or, the inability to continue manufacturing operations and the provision of related services in the case of the Corporation's manufacturing Subsidiaries.

Certain of the Subsidiaries process, transmit and store credit card data and are therefore subject to compliance with certain requirements established by credit card companies. Non-compliance with these requirements, whether through system breaches or limitations, may result in substantial fines and/or temporary or permanent exclusion from one or more credit card acceptance programs. The inability to process one or more credit card brands could have a material impact on the passenger bookings, revenue and profitability of certain of the Subsidiaries.

The Corporation's business practices must comply with Canada's *Corruption of Foreign Public Officials Act*, the *U.S. Foreign Corrupt Practices Act*, and any local anti-bribery or anti-corruption laws that may be applicable. These anti-bribery or anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage regardless of whether those practices are legal or culturally expected in a particular jurisdiction. These risks can be more acute in emerging markets. If violations of these laws were to occur, they could subject the Corporation and/or its Subsidiaries to fines and other penalties, reduced access to future government contracts as well as increased compliance costs and could have an adverse effect on the Corporation's reputation, business and results from operations and financial condition.

Ben Machine and Provincial Aerospace are parties to non-disclosure agreements relating to technical assistance agreements and manufacturing licensing agreements involving U.S. International Traffic in Arms Regulations controlled defence articles and technical data, and therefore assume all rights, responsibilities, liabilities and obligations that may exist regarding the transfer of such information. In the event that Ben Machine or Provincial Aerospace is not compliant with such regulations, there is a risk of incurring fines and other penalties that could lead to increased compliance costs or restriction of information that could hinder the acquisition of future contracts. This could have an adverse effect on the Corporation's reputation, business, results from operations and financial condition.

Certain of the Corporation's Subsidiaries regularly engage in business transactions with United States based suppliers and customers. The United States-Mexico-Canada Agreement was negotiated in late 2018, replacing the previous North American Free Trade Agreement. While the discussions around the renegotiation of a free trade agreement and its impact have led to a better understanding of such implications, uncertainty continues to exist on the outcome of these renegotiations until fully implemented. This could negatively impact the operations and financial condition of the Corporation's Subsidiaries. Among the possible risks are the possibilities of new tariffs, increased difficulty associated with the movement of goods and people across the border and changes to access to work permits by employees. Furthermore, such events can have a more pervasive impact on the Corporation's risk position by influencing variables within other key risks (e.g. select commodities, interest rates, etc.).

The legalization of recreational cannabis and related products has led to additional policies to ensure a safe workplace environment. While the rules and policies around this topic area continue to evolve, there is a risk that such rules may impact the Corporation's ability to fulfill its obligations without having to implement additional protocols, disclosure or training. This may have an adverse effect on the Corporation's operations and financial results in order to maintain safety and compliance requirements.

Acquisition Risk

Led by a formal corporate development department, the Corporation regularly reviews potential acquisition opportunities to support its strategic objective to expand and diversify the Corporation's investments. The Corporation's ability to successfully grow or diversify through additional acquisitions will be dependent on a number of factors, including the identification of suitable acquisition targets in both new and existing markets, the negotiation of purchase agreements on satisfactory terms and prices, securing attractive financing arrangements, and, where applicable, the integration of newly acquired operations into the existing business.

In pursuing a strategy of acquiring other businesses or interests, the Corporation will face risks commonly encountered with growth through acquisitions. These risks include, but are not limited to, incurring higher capital expenditures and operating expenses than expected, entering new unfamiliar markets, incurring undiscovered liabilities at acquired businesses, disrupting ongoing business, diverting management resources, failing to maintain uniform standards, controls and policies, impairing relationships with employees, suppliers and customers as a result of changes of ownership, causing increased expenses for accounting and computer systems and incorrectly valuing acquired entities.

The Corporation may not adequately anticipate all the demands that its growth will impose on its personnel, procedures and structures, including its financial and reporting control systems, data processing systems and management structure. Moreover, the Corporation's failure to retain qualified management personnel at any acquired business may increase the risk associated with integrating the businesses. If the Corporation cannot adequately anticipate and respond to these demands, it may fail to realize the expected operating performance and its resources will be focused on incorporating new operations into its structure rather than on areas that may be more profitable. In addition, although the Corporation conducts what it believes to be a prudent level of investigation regarding the operating condition of the businesses it purchases, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual operating condition of these businesses.

The Corporation conducts business, legal and financial due diligence investigations in connection with its acquisitions and the purchase and sale agreements pursuant to which the Corporation directly or indirectly acquires a business or interest will generally contain customary representations and warranties with respect to the applicable business and related indemnities from the vendors regarding corporate matters, taxes, litigation, environmental, operations, employee matters and financial statements, among other things. However, there can be no assurance that the Corporation will uncover all risks associated with the investment through its due diligence investigations, that the representations and warranties given by such vendors will adequately protect against such risks or that the Corporation will recover any losses incurred in the event of a breach of a representation or warranty.

Concentration and Diversification Risk

The Corporation's performance is dependent on the results of its Subsidiaries which are concentrated in two segments: aerospace & aviation and manufacturing. Although diversification exists, financial results are heavily tied to the North American economy. An economic decline, major shift in consumer demands, or change in technology could result in both segments experiencing simultaneous negative results. In the event that both segments experience a downturn leading to negative results, this could have an adverse effect on the Corporation's business, results from operations and financial condition.

Similarly, becoming economically dependent on one Subsidiary or customer could result in an imbalance in the diversification level of the Corporation. This could have either an adverse or favourable effect on the Corporation's financial condition or results from operations. Furthermore, considerable pressure may be placed on resources and systems to manage the imbalance.

Regional One's portfolio of parts, engines and leased aircraft are concentrated in specific types of regional aircraft. The aircraft related assets leasing and sales industry can experience periods of undersupply and oversupply. As a result, Regional One's profitability is susceptible to economic conditions specific to the regional aircraft platform that underlies its business strategy.

Maintenance Costs

The Corporation's airline Subsidiaries rely on aircraft that are tailored to operate in extreme and remote environments. Many such aircraft types are no longer in production, so by nature, the airline Subsidiaries are working with aging aircraft and have specific aging aircraft protocols to ensure the safety and longevity of the aircraft. A comprehensive, in-house maintenance division within each Subsidiary continually assesses the airframe, engines and components of each aircraft in the fleet. The ongoing maintenance costs, as well as the fleet renewal costs, may be significantly higher than anticipated, adversely impacting the Corporation's business, results from operations and financial condition.

Access to Parts and Relationships with Key Suppliers

The Subsidiaries are at times dependent on the continued efficient supply of component parts, fuel and raw materials from various suppliers. Any shortage of supply of these required items would jeopardize the ability of the Subsidiaries to provide their products or services.

Casualty Losses

The Subsidiaries are subject to the inherent business risk of liability claims and adverse publicity if any of their services is alleged to have resulted in adverse effects to a user, including an aircraft accident in the case of the entities within the aerospace & aviation segment. There can be no assurance that the Corporation's insurance coverage will be sufficient or remain available at reasonable costs to cover one or more large claims. Additionally, any incident or disaster involving one of the segments could significantly harm the Corporation's reputation for safety. In either event, the Corporation's business, results from operations and financial condition could be adversely affected.

Environmental Liability Risks

As an owner of real property, and in particular fuel farms, fuel storage containers and other fuel transportation equipment, the Subsidiaries are subject to various federal, provincial, state and municipal laws relating to environmental matters. Such laws provide that the Subsidiaries could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remedy such substances or locations, if any, could potentially result in actions, penalties and/or claims against the Subsidiaries.

As at the date hereof, the Corporation is not aware of any material non-compliance of any of its Subsidiaries with environmental laws at any of its properties. As at the date hereof, the Corporation is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its Subsidiaries' properties or any pending or threatened claims relating to environmental conditions at its properties.

Future environmental regulatory developments in North America and abroad concerning environmental issues, such as climate change, could adversely affect the operations of the Subsidiaries, particularly in the aviation industry, and increase operating costs and, through their impact on customers, reduce demand for the products and services of the Subsidiaries. Actions may be taken in the future by federal, provincial, state or local governments, the International Civil Aviation Organization, or by signatory countries through a new global climate change treaty to regulate the emission of greenhouse gases by the aviation industry. The precise nature of any such requirements and their applicability to the aviation Subsidiaries of the Corporation and their customers are difficult to predict, but the impact to the aviation industry would likely be adverse and could be significant, including the potential for increased fuel costs, carbon taxes or fees, or a requirement to purchase carbon credits.

Dependence on Information Systems and Technology

Information systems are an important part of the business process of the Subsidiaries, including marketing their products and services, managing inventory, coordinating logistical support and managing finance functions. In addition, management of the Corporation and its Subsidiaries will continue to rely on information systems to analyze operating performance on an ongoing basis and to aid in the preparation of budgets and forecasts. Any disruptions in these systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Corporation's business, results from operations and financial condition.

The integration of complex systems and technology presents significant challenges in terms of costs, human resources and development of effective internal controls. In the ordinary course of business, systems will require modifications and refinements to address the Corporation's growth and business requirements. The Subsidiaries could be adversely affected if they are unable to modify their systems as necessary.

The Corporation's reliance on information technology to manage its business exposes the Corporation to potential risks related to cybersecurity attacks and unauthorized access to the Corporation's customers', suppliers', counterparties' and employees' sensitive or confidential information (which may include personally identifiable information and credit information) through hacking, viruses or otherwise (collectively "cybersecurity threats"). The Corporation uses information technology systems and network infrastructure, which include controls for interconnected systems of generation, distribution, and transmission, some of which are shared with third parties for operating purposes. Through the normal course of business, the Corporation also collects, processes, and retains sensitive and confidential customer, supplier, counterparty and employee information.

Cybersecurity threats are continually growing and changing and require continuous monitoring and detection efforts to address. While the Corporation has security measures in place, its systems, assets and information could be vulnerable to cybersecurity attacks and other data security breaches that could cause system failures, disrupt operations, adversely affect safety, result in loss of service to customers and result in the release of sensitive or confidential information. Despite such security measures, there is no assurance that cybersecurity threats can be fully detected, prevented or mitigated. Should such threats materialize, the Corporation could suffer costs, losses and damages such as property damage, corruption of data, lower earnings, reduced cash flow, third party claims, fines and penalties; all or some of which may not be recoverable.

International Operations Risks

Regional One, Provincial Aerospace and MFC conduct business with certain countries other than Canada and the United States, some of which are politically unstable or subject to military or civil conflicts. Consequently, Regional One, Provincial Aerospace and MFC are subject to a variety of risks that are specific to international operations, including the following:

- military conflicts, civil strife, and political risks;
- export regulations that could erode profit margins or restrict exports;
- compliance with applicable anti-bribery laws;
- the burden and cost of compliance with foreign laws, treaties, and technical standards and changes in those regulations;
- contract award and funding delays;
- potential restrictions on transfers of funds;
- import and export duties and value-added taxes;
- foreign exchange risk;
- transportation delays and interruptions; and

- uncertainties arising from foreign local business practices and cultural considerations.

While Regional One, Provincial Aerospace and MFC have and will continue to adopt measures to reduce the potential impact of losses resulting from the risks of doing business internationally, the Corporation cannot ensure that such measures will be adequate or that the regions in which Regional One, Provincial Aerospace and MFC operate will continue to be stable enough to allow it to operate profitably or at all.

Fluctuations in Sales Prices of Aviation Related Assets

Regional One uses a number of assumptions when determining the recoverability of inventories, aircraft, and engines, which are on lease, available for lease or for sale. These assumptions include historical sales trends, current and expected usage trends, replacement values, current and expected lease rates, residual values, future demand and future cash flows. Reductions in demand for inventories or declining market values, as well as differences between actual results and the assumptions utilized by Regional One when determining the recoverability of inventories, aircraft, and engines, could result in impairment charges in future periods.

Regional One's operations include leasing aircraft and engines to its customers on an operating lease basis in addition to finance leases or sale transactions. Its ability to re-lease or sell these assets on acceptable terms when the operating lease expires is subject to a number of factors which drive industry capacity, including new aircraft deliveries, availability of used aircraft and engines in the marketplace, competition, financial condition of customers, overall health of the airline industry and general economic conditions. Regional One's inability to re-lease or sell aircraft and engines could adversely affect its results of operations and financial condition.

Fluctuations in Purchase Prices of Aviation Related Assets

The success of Regional One's business depends, in part, on its ability to acquire strategically attractive aircraft and enter into profitable leases or sale transactions following the acquisition of such aviation related assets. The aircraft related assets leasing and sales industry can experience periods of undersupply and oversupply. Regional One may not be able to enter into profitable leases or sales transactions following the acquisition of the new aircraft. An acquisition of one or more aircraft may not be profitable and may not generate sufficient cash flow to justify those acquisitions. If Regional One experiences significant delays in the implementation of its business strategies, including delays in the acquisition and leasing or sale of the aviation related assets, its fleet management strategy and long-term results of operations could be adversely affected.

The other entities within the aerospace & aviation segment are also exposed to changes in demand and availability of aviation related assets mainly when these entities are looking to replace or grow their aircraft fleet and to a lesser degree when disposing of aircraft from their fleets.

Warranty Risk

Certain Subsidiaries are exposed to warranty risk through their manufacturing activities. In particular, Provincial Aerospace manufactures highly complex and sophisticated surveillance aircraft, incorporating various technologies and components. These aircraft are subject to detailed specifications, which are listed in contracts with customers, as well as stringent certification or approval requirements. Similarly, software sales incorporate a standard practice 12-month warranty from the date of go-live and must meet stringent certification and approval requirements. Defects may be found in products before and/or after they are delivered to the customer. As well, contractual service levels may not be achieved. This could result in significant additional costs to modify and/or retrofit to correct defects or remediate service levels. The occurrence of defects and failures could give rise to non-conformity costs, including warranty and damage claims, negatively affecting reputation and profitability and could result in the loss of customers. Correcting such defects could require significant capital investment where such claims cannot be passed on to component equipment suppliers.

Global Offset Risk

Offset obligations are common in numerous countries in the global aerospace market. Provincial Aerospace has significant business operations in the UAE. All government defence and aerospace supply contracts in the UAE are subject to offset obligations, calculated as a percentage of the value of the supply contract. A profitable business within the UAE is required to generate offset credits within a certain time period. In the event that sufficient offset credits are not generated, Provincial Aerospace may be subject to financial penalties which could have a material adverse effect on its business, results from operations and financial condition.

Intellectual Property Risk

Certain proprietary intellectual property is not protected by any patent or patent application, and, despite precautions, it may be possible for third parties to obtain and use such intellectual property without authorization. The Corporation and its Subsidiaries have generally sought to protect such intellectual property in part by confidentiality agreements with strategic partners and employees. There is no guarantee that these agreements adequately protect the trade secrets and other intellectual property or proprietary rights of the Corporation or its Subsidiaries. In addition, there can be no assurance that these agreements will not be breached, that adequate remedies for any breach will be in place, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships. Furthermore, the steps taken and that may be taken in the future, may not prevent misappropriation of such solutions or technologies, particularly in respect of officers and employees who are no longer employed by the Corporation or its Subsidiaries or in foreign countries where laws or law enforcement practices may not protect the Corporation's proprietary rights as fully as in Canada.

FINANCIAL RISKS

Availability of Future Financing

The Corporation's ability to sustain continued growth depends on its ability to identify, evaluate and contribute financing to its Subsidiaries. The Corporation may require additional equity or debt financing to meet its capital and operating expenditure requirements. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Corporation, in which event the financial condition of the Corporation may be materially adversely affected. The recent outbreak of the COVID-19 pandemic has severely and negatively impacted world financial markets, which may impact the ability of the Corporation to obtain new equity or debt financing at least in the short term. Lack of those funds could limit or delay future growth of the Subsidiaries and the amount of cash available for dividends to Shareholders may be reduced.

Income Tax Matters

The business and operations of the Corporation and its Subsidiaries are complex and the Corporation has, over the course of its history, undertaken a number of significant financings, reorganizations, acquisitions, divestitures and other material transactions. The computation of income taxes payable as a result of these transactions involves many complex factors including the Corporation's interpretation of relevant tax legislation and regulations. While management believes that the provision for income tax is adequate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge the Corporation's interpretation of the applicable tax legislation and regulations. If any challenge to the Corporation's tax filing positions were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Corporation's tax obligations.

Furthermore, federal or provincial or foreign tax legislation may be amended, or its interpretation changed (whether by legislative or judicial action or decision), retroactively or for the future, which could adversely affect the Corporation's tax positions.

Commodity Risk

Certain Subsidiaries are vulnerable to price fluctuations in select commodities required to conduct business. Some of the products manufactured by the Subsidiaries require specialized raw materials. If such raw materials are not available or not available under satisfactory terms, the applicable Subsidiary may not be able to manufacture and fulfill customer orders. Sales levels and relationships with customers could be negatively affected as a result.

Fuel costs are a significant component of the total operating costs of the aerospace & aviation segment. Fuel prices have and may continue to fluctuate widely depending on many factors including international market conditions, geopolitical events, jet fuel refining costs and the Canada/United States dollar exchange rate. The Corporation cannot predict future fuel prices. While most of the travel by the aerospace & aviation segment's customers is not discretionary (i.e. for medical or other necessary reasons) and overland travel from and to many of the communities serviced is only possible for brief periods of the year over winter roads, if prices were to escalate significantly it may impact demand for services.

The operations of the manufacturing segment entities in Alberta have historically benefitted from rising oil prices. Lower oil prices have a negative impact on the Alberta operations in the manufacturing segment as lower oil prices hurt the Alberta oil and gas market. As oil prices increase, demand for products manufactured by the Alberta operations increase.

The aerospace & aviation segment Subsidiaries providing scheduled and charter services are impacted by mineral commodity pricing as the service requirements of several major customers are impacted by mineral commodity pricing levels.

Foreign Exchange

The Corporation's financial results are sensitive to the fluctuating value of the Canadian dollar, particularly in relation to the United States dollar. The Corporation's Canadian and United States Subsidiaries are impacted differently from fluctuations in the Canada/United States dollar exchange rate.

The Corporation's Canadian operations have significant United States dollar inflows and outflows and it varies greatly by entity. For instance, many of the Corporation's airline Subsidiaries have net annual outflows of United States dollars as parts cost, engines, and aircraft purchases are often purchased in United States dollars. As well, the price of fuel, while purchased in Canadian dollars, is impacted by fluctuations in the Canada/United States dollar exchange rate. However other Subsidiaries, including Quest Windows and Provincial Aerospace have significant contracts under which the customer pays in United States dollars. When viewed in total, the Corporation's Canadian operations do not have a large exposure to fluctuations in the Canada/United States dollar exchange rate. It is important to note that while exchange rate fluctuations may have a short-term impact on the results of any one of the Corporation's Subsidiaries' in Canada, none of their business models are based on arbitraging between the two currencies and ultimately exchange rate changes will be reflected in their pricing charged to customers.

The Corporation's United States Subsidiaries operations are not impacted by fluctuations in the exchange rate as the vast majority of their revenues and expenditures are in United States dollars. However when their results are included in the Corporation's consolidated results for financial reporting purposes, the Corporation's consolidated results will be impacted by the translation of the Corporation's United States Subsidiaries results from their domestic currency into the Corporation's reporting currency, which is Canadian dollars.

Interest Rates

As at December 31, 2019, the Current Credit Facility has a variable interest rate on the Canadian and United States portions of the amount outstanding under the facility. A one-percentage point increase in average interest rates would cost the Corporation approximately $5,400,000 (ignoring the impact of changes in foreign exchange rates) per annum for the Current Credit Facility based on the amounts outstanding as at December 31, 2019. The terms of the Current Credit Facility allow for the Corporation to choose the base interest rate between prime, bankers' acceptances or London Inter-Bank Offer Rate. The Corporation manages the base rate used on the outstanding facility and seeks financing terms in individual arrangements that are most advantageous. The Corporation considers derivative instruments to manage the variable interest rate risk and has entered into interest rate swaps on a portion of its debt in order to manage this risk. The Corporation's outstanding Debentures have fixed interest rates that are not affected by changes in rates.

Current Credit Facility and the Trust Indentures

The Corporation has significant debt service obligations pursuant to the financing agreements relating to the Current Credit Facility and the Trust Indentures. The degree to which the Corporation and its Subsidiaries are leveraged could have important consequences to Shareholders, including:

- the ability of the Corporation and/or its Subsidiaries to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited;

- a substantial portion of cash flow from operations of the Subsidiaries of the Corporation will be dedicated to servicing its indebtedness, thereby reducing funds available for future operations;
- certain borrowings of the Corporation and/or its Subsidiaries will be at variable rates of interest, which will expose the Corporation and its Subsidiaries to future fluctuations of interest rates; and
- the Corporation and/or its Subsidiaries may be more vulnerable to economic downturns and may be limited in their ability to withstand competitive pressure.

The ability of the Corporation and/or its Subsidiaries to make scheduled payments of the principal of or interest on, or to refinance, their respective indebtedness will depend on future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The financing agreements relating to the Current Credit Facility and Trust Indentures that govern the Debentures contain restrictive covenants that limit the discretion of management with respect to certain business matters. These covenants may place significant restrictions on, among other things, the ability of the Subsidiaries and other restricted parties under such financing agreements to incur additional indebtedness, to create liens or other encumbrances, to pay dividends, to redeem equity or debt or make certain other payments, investments, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the financing agreement relating to the Current Credit Facility contains a number of financial covenants that require the Corporation to meet certain financial ratios and financial condition tests. A failure to comply with the obligations and covenants under the financing agreements relating to the Current Credit Facility or the Trust Indentures that govern the Debentures could result in an event of default under such agreements, as the case may be, which, if not cured or waived, could permit acceleration of indebtedness. If the indebtedness under such agreements were to be accelerated, there can be no assurance that the assets of the Corporation and its Subsidiaries under such agreements would be sufficient to repay that indebtedness in full.

Dividends

Although the Corporation intends to continue to declare and pay monthly dividends on Common Shares, there can be no assurance that dividends will continue in the future at the same frequency and in the same amounts, or at all. The actual amount of dividends declared and paid by the Corporation in respect of the Common Shares will depend upon numerous factors, including profitability, fluctuations in working capital, capital expenditures and the sustainability of margins of its Subsidiaries.

Unpredictability and Volatility of Prices of Securities

The market price of the Common Shares and Debentures could be subject to significant fluctuations in response to variations in operating results, monthly dividends, and other factors. In addition, industry specific fluctuations in the stock market may adversely affect the market price of Common Shares and Debentures regardless of the operating performance of the Corporation. There can be no assurance of the price at which the Common Shares and Debentures will trade. The annual dividend yield on the Common Shares as compared to the annual yield on other financial instruments may also influence the price of Common Shares in the public trading markets. 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. Recently, the outbreak of the COVID-19 pandemic has resulted in substantially increased volatility in the public trading markets. These broad fluctuations have already, and may continue to, adversely affect the market price of the Common Shares and Debentures.

Dilution Risk

The authorized share capital of the Corporation is comprised of an unlimited number of Common Shares. The Corporation may issue additional Common Shares, or securities which are convertible, exchangeable or exercisable into Common Shares, for consideration and on those terms and conditions as are established by the Corporation without the approval of Shareholders. The Corporation intends to pursue further acquisitions which will likely require the issuance of additional Common Shares.

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations and the Corporation is exposed to credit risk from its customers or parties where the Corporation has advanced funds under a promissory note or loan arrangement. This includes lease arrangements for Regional One where long-term receivables are recognized with aviation companies in finance lease arrangements.

HUMAN CAPITAL RISKS

Reliance on Key Personnel

The success of the Corporation is dependent on a number of key senior employees both at the Corporation's head office level and at the Subsidiary level. The loss of any one of these key employees would impair the Corporation's ability to operate at its optimum level of performance and could have an adverse effect on the Corporation's business, results from operations and financial condition. While the Corporation is taking precautions and maintains robust succession plans, the recent outbreak of the COVID-19 pandemic has the ability to impact key personnel and their ability to continue to work, whether it be through contracting the illness itself or by observing mandatory emergency response measures that would hinder their ability to work at full capacity. There can be no assurance that the Corporation will be able to retain its existing senior management, attract additional qualified executives or adequately fill new senior management positions or vacancies created by expansion, turnover or pandemic related impacts at either its head office or a Subsidiary.

Employees and Labour Relations

The success of the Subsidiaries is dependent in large part upon their ability to attract and retain key management and employees. Recruiting and maintaining personnel in the industries in which the Subsidiaries are involved is highly competitive and it cannot be guaranteed that these entities will be able to attract and retain the qualified personnel needed for their businesses. In particular, skilled labour for the WesTower operations of tower maintenance and erection, engineers in Provincial Aerospace's modification operations, software developers and certain metal fabricators are specialized and it can be difficult to find qualified personnel and retain them given the competitive environments in which these businesses operate. As well, the pilots, nurses and maintenance personnel within the aerospace & aviation segment's operations are in high demand within the aviation industry. The previously enacted Transport Canada regulations with respect to pilot fatigue and flight duty times were published in late 2018, with an implementation period over the next two years. These regulations will have an additional impact on the number of pilots required for the Corporation's aviation operators. The acquisition of MFC provides a mitigation measure by giving the airline Subsidiaries direct access to pilots and limits disruption to planned routes. A failure to attract or retain qualified personnel could have an adverse effect on the Corporation's business, results from operations and financial condition. The restrictive measures to slow the spread of the COVID-19 outbreak that have been implemented or recommended by various federal, provincial, state and local governmental authorities could have a direct impact these employees' continued ability to work, which could further impact the Corporation by disrupting or suspending certain of its operations.

Certain employees have labour-related agreements but there can be no assurance that future agreements with employee unions or the outcome of arbitrations will be on terms consistent with the Corporation's expectations or comparable to agreements entered into by the Corporation's competitors. Any future agreements or outcomes of negotiations, mediations or arbitrations including in relation to wages or other labour costs or work rules may result in increased labour costs or other charges which could have an adverse effect on the Corporation's business, results from operations and financial condition.

There can be no assurance that there will not be a labour conflict, including one resulting from current COVID-19 pandemic, that could lead to an interruption or stoppage in the Corporation's service or otherwise adversely affect the ability of the Corporation to conduct its operations, all of which could have a material adverse effect on its business, results from operations and financial condition.

Conflicts of Interest

The Corporation may be subject to various conflicts of interest due to the fact that its Directors and management are or may be engaged in a wide range of other business activities. The Corporation may become involved in transactions that conflict with the interests of these other business activities. The Directors and management of the Corporation and associates or affiliates may from time to time deal with persons, firms, institutions or organizations with which the Corporation may be dealing, or which may be seeking investments similar to those desired by the Corporation. The interests of these persons could conflict with those of the Corporation. In addition, from time to time, these persons may be competing with the Corporation for available investment opportunities. Any such conflicts will be resolved in accordance with the provisions of the CBCA relating to conflicts of interest.

DIVIDEND POLICY AND HISTORY

As at December 31, 2019, the Corporation was paying dividends in the amount of $0.19 per month ($2.28 per Common Share annualized). The Corporation has no formal dividend policy and it is the Board's discretion to determine if and when dividends are declared and the amount that is paid to Shareholders through any such dividends of the Corporation. The Corporation's ability to pay dividends and the actual amount of such dividends will be dependent upon, among other things, the financial performance of the Corporation and its Subsidiaries, its debt covenants and obligations, its ability to refinance debt obligations on similar terms and at similar interest rates, its working capital requirements, its future tax obligations and its future capital requirements.

The Corporation's dividends are traditionally declared monthly with an end of the month record date and then are distributed to Shareholders in the middle of the following month.

Dividend History

The table below sets forth the cash dividends made by the Corporation on its Common Shares for each of the three most recently completed financial years.

Fiscal Year	Total Dividends ($000's)	Per Common Share on Annualized Basis
2019 (1)	$72,742	$2.2275
2018 (2)	$68,460	$2.175
2017	$65,087	$2.100

Notes:

(1) Effective for the dividend made on September 13, 2019 to Shareholders of record on August 30, 2019, the Corporation increased its monthly dividend to $0.19 per Common Share from $0.1825 per Common Share.

(2) Effective for the dividend made on March 15, 2018 to Shareholders of record on February 28, 2018, the Corporation increased its monthly dividend to $0.1825 per Common Share from $0.175 per Common Share.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares. The following is a summary of the rights, privileges, restrictions and conditions of the Common Shares. As at December 31, 2019, 34,703,237 Common Shares were issued and outstanding.

Dividends

Shareholders are entitled to receive dividends, if, as and when declared by the Board, out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable at such times and at such place or places in Canada as the Board may from time to time determine.

Voting Rights

Subject to any restrictions on voting applicable to non-Canadians as described below, the Shareholders are entitled to receive notice of and to attend all annual and special meetings of the Shareholders, and to have one vote at all such meetings in respect of each Common Share held.

Participation on Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among the Shareholders for the purpose of winding up its affairs, the Shareholders shall be entitled to participate rateably in any distribution of the assets of the Corporation.

Restrictions on Non-Canadian Ownership

There are certain constraints on non-Canadian ownership of Common Shares. For further information, see "*Constraints on Ownership*".

The Common Shares do not have: (i) any pre-emptive rights; (ii) any conversion or exchange rights; (iii) any redemption, retraction, purchase for cancellation or surrender provisions (other than as described under "Constraints on Ownership"); (iv) sinking or purchase fund provisions; (v) provisions permitting or restricting the issuance of additional securities and any other material restrictions other than the provisions relating to non-Canadians described in "Constraints on Ownership"; or (vi) provisions requiring a Shareholder to contribute additional capital.

Debentures

The following is a brief summary of certain attributes and characteristics of the Debentures outstanding as at December 31, 2019 and certain principal provisions of the Trust Indentures. The following does not purport to be complete and for full particulars, reference should be made to the Trust Indentures which are available on SEDAR at www.sedar.com.

Subordinated Debentures (June 2016)

The Subordinated Debentures (June 2016) represent a direct unsecured debt obligation of the Corporation which were issued and created pursuant to the Subordinated Trust Indenture (June 2016). The principal terms of the Subordinated Debentures (June 2016) are as follows:

Principal Amount per Debenture	$1,000
Number of Debentures Originally Issued	69,000 ($69,000,000 aggregate principal amount)
Term	7 years (maturing on June 30, 2023)
Interest Rate	5.25% per annum
Frequency of Payment	Semi-annually on June 30 and December 31 of each year.
Conversion Privilege	Convertible into Common Shares at the option of a Debentureholder at any time prior to the date that is one day prior to the maturity date of the Subordinated Debentures (June 2016) at a price equal to $44.75 per Common Share, subject to adjustment in accordance with the anti-dilution provision of the Subordinated Trust Indenture (June 2016).
Forced Conversion Right	Convertible at the option of the Corporation at maturity of the Subordinated Debentures (June 2016) into such number of freely tradeable Common Shares as is determined by dividing the outstanding principal amount of the Subordinated Debentures (June 2016) by 95% of the weighted average 20 day trading price of the Common Shares for the previous 20 days that the Common Shares traded on the TSX.
Security	The payment of the principal of, and interest on, the Subordinated Debentures (June 2016) will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Corporation (as defined in the Subordinated Trust Indenture (June 2016)), provided that the Corporation is entitled to pay interest and the principal amount owing under the Subordinated Debentures (June 2016) so long as the conditions for such payment which are specified in any applicable subordination agreement are complied with. Each Subordinated Debenture (June 2016) ranks *pari passu* with each other Subordinated Debenture (June 2016) and with all other present and future subordinated and unsecured indebtedness of the Corporation.
Redemption Right	Other than upon a change of control of the Corporation, the Subordinated Debentures (June 2016) will not be redeemable on or before June 30, 2019. After June 30, 2019, but prior to June 30, 2021, the Subordinated Debentures (June 2016) will be redeemable from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (June 2016) plus all accrued and unpaid interest up to but excluding the date of redemption, provided that the weighted average price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given exceeds 125% of the conversion price specified in the Subordinated Trust Indenture (June 2016). On and after June 30, 2021 but prior to the maturity date, the Subordinated Debentures (June 2016) will be redeemable, from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (June 2016), plus all accrued and unpaid interest up to but excluding the date of redemption. If the Corporation elects to redeem the Subordinated Debentures (June 2016), the Debentureholders shall have the option to convert the Subordinated Debentures (June 2016) into Common Shares at the applicable conversion price.

Subordinated Debentures (December 2017)

The Subordinated Debentures (December 2017) represent a direct unsecured debt obligation of the Corporation which were issued and created pursuant to the Subordinated Trust Indenture (December 2017). The principal terms of the Subordinated Debentures (December 2017) are as follows:

Principal Amount per Debenture:	$1,000
Number of Debentures Originally Issued	100,000 ($100,000,000 aggregate principal amount)
Term	5 years (maturing on December 31, 2022)
Interest Rate	5.25% per annum
Frequency of Payment	Semi-annually on June 30 and December 31 of each year.
Conversion Privilege	Convertible into Common Shares at the option of a Debentureholder at any time prior to the date that is one day prior to the maturity date of the Subordinated Debentures (December 2017) at a price equal to $51.50 per Common Share, subject to adjustment in accordance with the anti-dilution provision of the Subordinated Trust Indenture (December 2017).
Forced Conversion Right	Convertible at the option of the Corporation at maturity of the Subordinated Debentures (December 2017) into such number of freely tradeable Common Shares as is determined by dividing the outstanding principal amount of the Subordinated Debentures (December 2017) by 95% of the weighted average 20 day trading price of the Common Shares for the previous 20 days that the Common Shares traded on the TSX.
Security	The payment of the principal of, and interest on, the Subordinated Debentures (December 2017) will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Corporation (as defined in the Subordinated Trust Indenture (December 2017)), provided that the Corporation is entitled to pay interest and the principal amount owing under the Subordinated Debentures (December 2017) so long as the conditions for such payment which are specified in any applicable subordination agreement are complied with. Each Subordinated Debenture (December 2017) ranks *pari passu* with each other Subordinated Debenture (December 2017) and with all other present and future subordinated and unsecured indebtedness of the Corporation.
Redemption Right	Other than upon a change of control of the Corporation, the Subordinated Debentures (December 2017) will not be redeemable on or before December 31, 2020. After December 31, 2020, but prior to December 31, 2021, the Subordinated Debentures (December 2017) will be redeemable from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (December 2017) plus all accrued and unpaid interest up to but excluding the date of redemption, provided that the weighted average price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given exceeds 125% of the conversion price specified in the Subordinated Trust Indenture (December 2017). On and after December 31, 2021 but prior to the maturity date, the Subordinated Debentures (December 2017) will be redeemable, from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (December 2017), plus all accrued and unpaid interest up to but excluding the date of redemption. If the Corporation elects to redeem the Subordinated Debentures (December 2017), the Debentureholders shall have the option to convert the Subordinated Debentures (December 2017) into Common Shares at the applicable conversion price.

Subordinated Debentures (June 2018)

The Subordinated Debentures (June 2018) represent a direct unsecured debt obligation of the Corporation which were issued and created pursuant to the Subordinated Trust Indenture (June 2018). The principal terms of the Subordinated Debentures (June 2018) are as follows:

Principal Amount per Debenture	$1,000
Number of Debentures Originally Issued	80,500 ($80,500,000 aggregate principal amount)
Term	7 years (maturing on June 30, 2025)
Interest Rate	5.35% per annum
Frequency of Payment	Semi-annually on June 30 and December 31 of each year.
Conversion Privilege	Convertible into Common Shares at the option of a Debentureholder at any time prior to the date that is one day prior to the maturity date of the Subordinated Debentures (June 2018) at a price equal to $49.00 per Common Share, subject to adjustment in accordance with the anti-dilution provision of the Subordinated Trust Indenture (June 2018).
Forced Conversion Right	Convertible at the option of the Corporation at maturity of the Subordinated Debentures (June 2018) into such number of freely tradeable Common Shares as is determined by dividing the outstanding principal amount of the Subordinated Debentures (June 2018) by 95% of the weighted average 20 day trading price of the Common Shares for the previous 20 days that the Common Shares traded on the TSX.
Security	The payment of the principal of, and interest on, the Subordinated Debentures (June 2018) will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Corporation (as defined in the Subordinated Trust Indenture (June 2018)), provided that the Corporation is entitled to pay interest and the principal amount owing under the Subordinated Debentures (June 2018) so long as the conditions for such payment which are specified in any applicable subordination agreement are complied with. Each Subordinated Debenture (June 2018) ranks *pari passu* with each other Subordinated Debenture (June 2018) and with all other present and future subordinated and unsecured indebtedness of the Corporation.
Redemption Right	Other than upon a change of control of the Corporation, the Subordinated Debentures (June 2018) will not be redeemable on or before June 30, 2021. After June 30, 2021, but prior to June 30, 2023, the Subordinated Debentures (June 2018) will be redeemable from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (June 2018) plus all accrued and unpaid interest up to but excluding the date of redemption, provided that the weighted average price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given exceeds 125% of the conversion price specified in the Subordinated Trust Indenture (June 2018). On and after June 30, 2023, but prior to the maturity date, the Subordinated Debentures (June 2018) will be redeemable, from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (June 2018), plus all accrued and unpaid interest up to but excluding the date of redemption. If the Corporation elects to redeem the Subordinated Debentures (June 2018), the Debentureholders shall have the option to convert the Subordinated Debentures (June 2018) into Common Shares at the applicable conversion price.

Subordinated Debentures (March 2019)

The Subordinated Debentures (March 2019) represent a direct unsecured debt obligation of the Corporation which were issued and created pursuant to the Subordinated Trust Indenture (March 2019). The principal terms of the Subordinated Debentures (March 2019) are as follows:

Principal Amount per Debenture	$1,000
Number of Debentures Originally Issued	86,250 ($86,250,000 aggregate principal amount)
Term	7 years (maturing on March 31, 2026)
Interest Rate	5.75% per annum
Frequency of Payment	Semi-annually on March 31 and September 30 of each year.
Conversion Privilege	Convertible into Common Shares at the option of a Debentureholder at any time prior to the date that is one day prior to the maturity date of the Subordinated Debentures (March 2019) at a price equal to $49.00 per Common Share, subject to adjustment in accordance with the anti-dilution provision of the Subordinated Trust Indenture (March 2019).
Forced Conversion Right	Convertible at the option of the Corporation at maturity of the Subordinated Debentures (March 2019) into such number of freely tradeable Common Shares as is determined by dividing the outstanding principal amount of the Subordinated Debentures (March 2019) by 95% of the weighted average 20 day trading price of the Common Shares for the previous 20 days that the Common Shares traded on the TSX.
Security	The payment of the principal of, and interest on, the Subordinated Debentures (March 2019) will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Corporation (as defined in the Subordinated Trust Indenture (March 2019)), provided that the Corporation is entitled to pay interest and the principal amount owing under the Subordinated Debentures (March 2019) so long as the conditions for such payment which are specified in any applicable subordination agreement are complied with. Each Subordinated Debenture (March 2019) ranks *pari passu* with each other Subordinated Debenture (March 2019) and with all other present and future subordinated and unsecured indebtedness of the Corporation.
Redemption Right	Other than upon a change of control of the Corporation, the Subordinated Debentures (March 2019) will not be redeemable on or before March 31, 2022. After March 31, 2022, but prior to March 31, 2024, the Subordinated Debentures (March 2019) will be redeemable from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (March 2019) plus all accrued and unpaid interest up to but excluding the date of redemption, provided that the weighted average price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given exceeds 125% of the conversion price specified in the Subordinated Trust Indenture (March 2019). On and after March 31, 2024, but prior to the maturity date, the Subordinated Debentures (March 2019) will be redeemable, from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Subordinated Debentures (March 2019), plus all accrued and unpaid interest up to but excluding the date of redemption. If the Corporation elects to redeem the Subordinated Debentures (March 2019), the Debentureholders shall have the option to convert the Subordinated Debentures (March 2019) into Common Shares at the applicable conversion price.

Credit Facility

The Corporation has its Current Credit Facility in place with a syndicate of lenders. The size of the Current Credit Facility as at December 31, 2019, was approximately $1,300,000,000, with $1,100,000,000 allocated to the Corporation's Canadian head office and US$150,000,000 allocated to EIIF US. The Current Credit Facility allows for borrowings to be denominated in either Canadian or United States funds. The Current Credit Facility is secured by a general security agreement over the assets of the Corporation and its Subsidiaries, subject to customary terms, conditions, covenants and other provisions, and includes both financial and negative covenants. The terms of the Current Credit Facility allow for the Corporation to choose the base interest rate between prime, bankers acceptances or London Inter Bank Offer Rate (i.e. LIBOR).

As of December 31, 2019, the Corporation had drawn $211,900,000 and US$393,600,000 on the Current Credit Facility. The Corporation complied with all financial and negative covenants as at December 31, 2019 and remains in compliance with all such covenants as at the date hereof.

Deferred Share Plan

As at December 31, 2019 there were 870,972 Deferred Shares issued and outstanding pursuant to the Deferred Share Plan, of which 792,791 Deferred Shares had vested.

Administration

The Deferred Share Plan is administered by the Compensation Committee (or such other committees of the Board to which the Board delegates responsibility for the administration of the Deferred Share Plan). For the purposes of this section, the "**Compensation Committee**" refers to the appropriate committee of the Board or the Board as a whole, as applicable.

Eligible Persons

The purpose of the Deferred Share Plan (sometimes referred to in this summary as the "**Plan**") is to promote a greater alignment of interests between the Directors, officers and employees of the Corporation and its affiliates (for the purposes of this section, each an "**Eligible Person**") and the Shareholders. Eligible Persons may be selected from time to time to participate in the Deferred Share Plan at the discretion of the Compensation Committee (for the purposes of this section, selected persons being "**Participants**" in the Deferred Share Plan) and granted such number of Deferred Shares from time to time as the Compensation Committee deems appropriate. Deferred Shares are not Common Shares and do not entitle a Participant to any rights as a Shareholder, including, without limitation, voting rights, dividend entitlements (other than as set out in the Plan and described below) or rights on liquidation. One Deferred Share is equivalent to one Common Share. Fractional Deferred Shares are permitted under the Deferred Share Plan.

Fair Value Methodology

The Plan is accounted for as an equity-settled method. Under this method the Deferred Shares granted are fair valued at the grant date when the grant is approved by the Board. The fair value of the grant is based on the market price of the Common Shares at the grant date.

Number of Common Shares Reserved for Issuance under the Plan

The total number of Common Shares authorized for issuance upon the redemption of all Deferred Shares granted under the Plan and all other security based compensation arrangements shall not exceed 4.5% of the issued and outstanding Common Shares from time to time; provided, however, that: (i) at no time shall the number of Common Shares reserved for issuance to insiders of the Corporation pursuant to outstanding Deferred Shares, together with the number of Common Shares reserved for issuance to such persons pursuant to any other compensation arrangements, exceed 4.5% of the then outstanding Common Shares, as calculated immediately prior to the issuance in question; and (ii) the number of Common Shares issued to insiders of the Corporation pursuant to outstanding Deferred Shares together with the number of Common Shares issued to such persons pursuant to any other compensation arrangements, within any one year period, shall not exceed 4.5% of the then outstanding Common Shares. There is no specific maximum number of Deferred Shares that may be issued to any one Eligible Person pursuant to the Plan.

The maximum aggregate number of Common Shares which may be reserved for issuance under the Plan to all Non-Executive Directors (as defined in the Plan) is 1% of the Common Shares issued and outstanding at the award date (on a non-diluted basis), and the aggregate number of securities granted under all security based compensation arrangements to any one Non-Executive Director within any one calendar year period shall not exceed a maximum value of Canadian $150,000 worth of securities, in each case as determined in accordance with the Plan and calculated without reference to:

(a) any Deferred Shares or other equity awards that are granted to or accepted by a Non-Executive Director in lieu of cash fees, provided that the equity award granted has an initial value that is equal to the value of the cash fees foregone; or

(b) any Deferred Shares held by any former directors of the Corporation or by any officers or employees of the Corporation who are also serving as directors of the Corporation,

(such maximum aggregate number of Common Shares being hereinafter referred to as the "Director Limitations").

The Plan permits directors of the Corporation to elect in each calendar year to receive their respective director's retainer in cash, Deferred Shares or a combination thereof (which retainer, for the purposes of the Plan, does not include committee member/chairperson retainers, Board or committee meeting fees, or special remuneration for ad hoc services rendered to the Board). The number of Deferred Shares granted to a director electing to receive his or her retainer in Deferred Shares is determined based on the Market Value (as defined below) of the Common Shares on the date the Deferred Shares are awarded.

Vesting of Deferred Shares

Subject to the exceptions noted below, Deferred Shares granted to Participants pursuant to the Plan shall vest in accordance with the following schedule:

(a) 33% of the Deferred Shares on the first anniversary of the initial grant;

(b) 33% of the Deferred Shares on the second anniversary of the initial grant; and

(c) 34% of the Deferred Shares on the third anniversary of the initial grant.

Deferred Shares are credited to the Participant's "Deferred Share Account" (as defined in the Plan) upon vesting. Notwithstanding the foregoing, Deferred Shares granted to non-management Directors who are "independent" within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices* shall vest immediately. In addition, to the extent not already vested, Deferred Shares issued to a Participant after the Participant has reached the age of 55 and who has been a director, officer or employee of the Corporation or an affiliate of the Corporation for a period of not less than ten years shall vest immediately. For the purposes of the foregoing, the time served by a Participant as a Director or officer of the Corporation or any predecessor of the Corporation or its Subsidiaries shall be included in the calculation of the time served by such Participant as a Director or officer of the Corporation or an affiliate of the Corporation.

In addition, upon the happening of a "Change of Control" (as defined in the Plan) Deferred Shares will vest on the earlier of the next applicable vesting date as set out above or on the date that is immediately prior to the Change of Control. In addition, the Compensation Committee shall have discretion to vary the manner in which Deferred Shares vest for any Participant.

Additional Deferred Shares Credited with Cash Dividends

Whenever cash dividends are paid to the holders of the Common Shares, additional Deferred Shares will be credited to each Participant's Deferred Share Account. The number of such additional Deferred Shares shall be calculated by dividing:

(a) the amount determined by multiplying:

    (i) the number of Deferred Shares in such Participant's Deferred Share Account on the record date for the payment of such dividend; by

    (ii) the dividend paid per Common Share;

by

(b) 100% of the Market Value (as defined below) of a Common Share on the dividend payment date for such dividend,

in each case, with fractions computed to two decimal places. Such additional Deferred Shares shall vest at the same time and on the same basis as the Deferred Shares in respect of which they are credited.

For the purposes of the Plan, "**Market Value**" at any date in respect of Common Shares is defined as the average of the closing prices (or if the Common Shares are not traded on a trading day, the average of the closing bid price and the closing ask price) on the TSX for the ten trading days immediately preceding such date (or, if such Common Shares are not listed and posted for trading on the TSX, on such stock exchange on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Directors). In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Common Shares as determined by the Compensation Committee in its sole discretion.

Redemption of Deferred Shares

For the purposes of the Plan, "**Redemption Date**" means, in respect of a Participant who is not a U.S. Participant (as defined below), the earliest of the date: (i) of the death of the Participant; (ii) that the Participant becomes unable, as a result of any physical or mental illness, to fulfill their significant duties as a director, officer or employee of the Corporation or its affiliates, as the case may be, which will be deemed to have occurred if the Participant qualified under any disability insurance policy; (iii) that the Participant ceased to be a director, officer or employee of the Corporation or its affiliates; or (iv) the Compensation Committee approves the redemption of Deferred Shares by the Participant. In this summary, a "**U.S. Participant**" means a Participant that is subject to the United States Internal Revenue Code of 1986, as amended (for the purposes of this section, the "**Code**").

Following a Participant's Redemption Date, the Participant shall select, in the form and manner prescribed by the Compensation Committee, an entitlement date on which the Deferred Shares credited to the Participant's Deferred Share account, which have vested in accordance with the Plan, shall be redeemed (for the purposes of this section, the "**Entitlement Date**"). The Entitlement Date shall be no later than the end of the first quarter immediately following the quarter in which the Participant's Redemption Date occurred. In the event that the Participant does not select an Entitlement Date prior to the end of the first quarter immediately following the quarter in which the Participant's Redemption Date occurred, the Entitlement Date shall be deemed to be the last day of the quarter immediately following the quarter in which the Participant's Redemption Date occurred.

Subject to: (i) the provisions of the Plan; and (ii) the receipt by The Canadian Depository for Securities Limited of the Participant's brokerage account information from his or her securities broker, the Participant shall receive (in a form and manner to be prescribed by the Compensation Committee), within ten (10) business days after the Entitlement Date, (i) a whole number of Common Shares from the Corporation equal to the whole number of Deferred Shares then recorded in the Participant's Deferred Share account that have vested in accordance with the provisions of the Plan, net of any applicable withholding taxes. To facilitate the payment of applicable withholding taxes, the Corporation may, in its sole discretion, provide a cash loan to the Participant in an amount equal to the estimated amount of the tax liability payable in respect of the Common Shares received by the Participant upon the redemption of the Deferred Shares, which loan shall bear interest at a rate and which shall be repayable on such terms as agreed upon by the Corporation and the Participant. In the event that the Participant and the Corporation cannot agree to the terms of the loan or cannot come to other mutually agreeable arrangements, the Corporation may as a condition of issuing the Common Shares to the Participant under the Plan (i) require the Participant to reimburse the Corporation for any applicable withholding taxes in respect of the issuance of the Common Shares to such Participant; (ii) reserve the right to withhold, consistent with any applicable law, from any compensation or other amounts payable to the Participant, any applicable withholding taxes required to be paid by the Corporation on behalf of the Participant or on its own behalf as a result of the issuance of Common Shares to such Participant; (iii) retain, acquire or sell on behalf of a Participant any Common Shares that would otherwise be issued to a Participant; or (iv) impose such other requirements as the Corporation in its discretion determines is necessary to ensure the payment of the applicable withholding taxes.

Upon redemption of the Deferred Shares held by a Participant that have vested in accordance with the Plan, all of the Deferred Shares held by such Participant, whether vested or unvested, shall be cancelled unless otherwise determined by the Compensation Committee in its sole discretion.

United States Participants

The Plan provides for a different definition of "Redemption Date" for U.S. Participants that is in compliance with the Code and has other differences for U.S. Participants. For a description of these provisions, see "*Appendix for U.S. Participants"* which is attached as an appendix to the Deferred Share Plan which is available on SEDAR at www.sedar.com.

Amendment, Suspension or Termination of the Plan

The Board may amend, suspend or terminate the Plan or any provision thereof at any time, without the approval of the Shareholders. Without limiting the generality of the foregoing, the Board may make changes:

(a) to correct errors, immaterial inconsistencies or ambiguities in the text of the Plan;

(b) necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies; and

(c) to the vesting provisions applicable to Deferred Shares issued under the Plan.

Notwithstanding the foregoing, the following amendments to the Plan require an affirmative vote by a majority of the votes cast by the Shareholders at a meeting called for that purpose:

(a) an amendment that would result in any increase in the number of Deferred Shares issuable under the Plan;

(b) the addition of provisions that would permit Deferred Shares granted under the Plan to be transferable or assignable other than as set forth below under "Assignment of Deferred Shares"; and

(c) a change in the amendment provisions so as to grant the Board or the Compensation Committee additional powers to amend the Plan or entitlements without the approval of the Shareholders.

In addition, the following amendments to the Plan require an affirmative vote by a majority of the votes cast by the Shareholders at a meeting called for that purpose:

(a) an amendment to the definition of "Participant" or the eligibility requirements for participating in the Plan where such amendment would have the potential of broadening or increasing insider participation; and

(b) an amendment to the Director Limitations.

If the Board terminates the Plan, Deferred Shares previously credited to Participants shall remain outstanding and in effect and shall be settled subject to and in accordance with the applicable terms and conditions of the Plan in effect immediately prior to the termination.

Assignment of Deferred Shares

In no event may the rights or interest of a Participant under the Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that: (i) certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or by the laws of succession and distribution; and/or (ii) the Deferred Shares may be assigned or transferred to a Participant's tax free savings account, if eligible to be held in such account.

Dividend Reinvestment and Cash Purchase Plan

The DRIP provides eligible Shareholders with the opportunity to reinvest the dividends they receive on Common Shares in additional Common Shares at a discount to the market price of the Common Shares and without incurring brokerage fees or commissions. The terms of the DRIP are summarized below.

Purpose

The DRIP permits eligible Shareholders to automatically reinvest some or all cash dividends paid on Common Shares in additional Common Shares and to make optional cash purchases of additional Common Shares.

Eligibility

Subject to the restrictions described below under “Restrictions”, registered Shareholders who reside in Canada and hold at least one whole Common Share are eligible to participate in the DRIP. Non-registered beneficial Canadian Shareholders may also participate in the DRIP but should contact their intermediary to determine procedures for participation in the DRIP.

Enrollment – Registered Shareholders

Registered Shareholders may enroll their Common Shares in the DRIP by completing an enrollment authorization in such form as may be approved by the Corporation and the agent appointed by the Corporation from time to time to administer the DRIP (for the purposes of this section, the “**Plan Agent**”).

Enrollment – Beneficial Shareholders

Shareholders who hold their Common Shares through an intermediary must have such Common Shares registered in their own name and enrolled in the manner described under “*Enrollment – Registered Shareholders*” above, or instruct their intermediary to enroll their Common Shares in the DRIP on their behalf, if the intermediary will allow such enrollment.

Date of Enrollment

A registered holder of Common Shares will become a participant in the DRIP as of the next dividend record date following receipt by the Plan Agent of the Shareholder’s completed enrollment authorization form, provided that the Plan Agent has received such form at least five business days prior to such record date. The date of enrollment for non-registered beneficial Shareholders who have instructed an intermediary to enroll their Common Shares in the DRIP will be determined by the administrative practices of such intermediary, provided that requests for enrollment submitted to the Plan Agent by an intermediary less than five business days prior to a dividend record date will be processed after the next dividend payment date.

Restrictions

The Corporation may, in its sole discretion, determine from time to time that any Shareholder or group of Shareholders may not participate or continue to participate in the DRIP. Without limitation, the Corporation may deny the right to participate in the DRIP to any Shareholder if the Corporation has reason to believe that such Shareholder has been engaging in market activities, or has been artificially accumulating securities of the Corporation, for the purpose of taking undue advantage of the DRIP to the detriment of the Corporation.

Purchase of Common Shares Under the DRIP

On each date on which cash dividends are paid on the Common Shares (for the purposes of this section, a “**Dividend Payment Date**”) the Corporation will pay all cash dividends payable on Common Shares enrolled in the DRIP to the Plan Agent. Those cash dividends will be aggregated and used by the Plan Agent to purchase Common Shares (for the purposes of this section, “**Dividend Shares**”) on behalf of plan participants who are registered Shareholders (for the purposes of this section, each a “**Registered Participant**”) on each Dividend Payment Date. The Dividend Shares will, in turn, be enrolled in the DRIP. Following each Dividend Payment Date, each Registered Participant’s account will be credited with that number of Dividend Shares, including fractions computed to four decimal places, which is equal to the aggregate amount to be invested for the Registered Participant’s account divided by the applicable “Average Market Price” as that term is defined under “Price of Common Shares” below.

Optional Cash Purchase of Common Shares

Participants of the DRIP may choose to make optional cash purchases of Common Shares under the DRIP in a minimum amount of $100, subject to a maximum of $10,000 per calendar year. Optional cash payments are used by the Plan Agent to purchase Common Shares on the first Dividend Payment Date following receipt of a payment enrollment form and cheque, provided that any such form and cheque are dated and received no later than 5 business days before a Dividend Payment Date. Enrollment forms and cheques dated and received less than 5 business days before a Dividend Payment Date are held for investment until the next Dividend Payment Date. There is no obligation on a participant of the DRIP to make optional cash payments or to make all such payments in the same amount. No interest is paid to participants of the DRIP on any funds held for investment under the DRIP. The aggregate number of Common Shares purchased with optional cash payments may not exceed two (2) percent of the total number of outstanding Common Shares of the Corporation at the commencement of any financial year.

Eligible optional cash payments made by Registered Participants are aggregated and used by the Plan Agent to purchase Common Shares (for the purposes of this section, "**Optional Cash Purchase Shares**") on behalf of those Registered Participants on each Dividend Payment Date. Optional Cash Purchase Shares are, in turn, enrolled in the DRIP. Following each Dividend Payment Date, the account of each Registered Participant making an optional cash purchase is credited with that number of Optional Cash Purchase Shares purchased on behalf of the Registered Participant, including fractions computed to four decimal places, which is equal to the aggregate amount to be invested for the Registered Participant's account divided by the applicable Average Market Price.

Non-Registered Participants should contact their intermediary to determine the procedures for making optional cash purchases of Common Shares under the DRIP.

Price of Common Shares

Neither the Corporation nor the Plan Agent exercises any direct or indirect control over the price paid for Dividend Shares or Optional Cash Purchase Shares (for the purposes of this section, collectively, "**Plan Shares**") purchased under the DRIP.

The price allocated to each Plan Share, or fraction thereof, acquired by the Plan Agent under the DRIP on each Dividend Payment Date (for the purposes of this section, the "**Average Market Price**") is equal to 97% of the volume weighted average closing trading price of the Common Shares on the TSX on the five trading days preceding the Dividend Payment Date.

Withdrawal of Common Shares Under the DRIP

Registered Participants may withdraw some or all of their whole Common Shares held by the Plan Agent under the DRIP at any time upon written request to the Plan Agent.

Termination of a Participant's Account

Registered Participants may terminate their participation in the DRIP by written notice to the Plan Agent at any time.

Voting of Plan Shares

Registered Participants may vote whole Plan Shares held by the Plan Agent on their behalf, in the same manner as any other Common Shares either by proxy or in person. The Plan Agent will forward to Registered Participants, as soon as practicable following receipt, any proxy solicitation materials.

Termination or Amendment of DRIP

Subject to any required regulatory or stock exchange approval, the Corporation may amend or suspend, in whole or in part, or terminate the DRIP at any time upon notice thereof to all participants of the DRIP without their consent or approval. If the DRIP is terminated by the Corporation, the Plan Agent will remit to each Registered Participant a Common Share certificate for whole Plan Shares held for such Registered Participant under the DRIP, together with the proceeds for any fractions of such shares in the same manner as described under "Termination of a Participant's Account" above. In the event of suspension of the DRIP, the Plan Agent will make no investments on any Dividend Payment Date following the effective date of such suspension and during such suspension. Any amendments to the DRIP are subject to the prior approval of the TSX.

Employee Share Purchase Plan

As at December 31, 2019, there were 93,395 Common Shares held pursuant to the ESPP.

Summary of the ESPP

The purpose of the ESPP is to encourage employees of the Corporation and its Subsidiaries to become Shareholders. The ESPP is a broad based optional equity participation plan open to all permanent and contract employees who have been employed by the Corporation or one of its Subsidiaries for at least six months, but with participation in the ESPP being entirely optional. The ESPP provides that the following persons are not entitled to participate in the ESPP: (a) persons holding greater than 5% of the issued and outstanding Common Shares; (b) persons who participate in the Deferred Share Plan or the Restricted Share Unit Plan of the Corporation, and (c) Directors.

Employees may elect to annually contribute up to a maximum of 5% of their annual gross salary. Such funds are then used to acquire Common Shares from treasury (for the purposes of this section, the "**Original Shares**") for the participant. Under the terms of the ESPP, if the participant retains the Original Shares for 18 months (for the purposes of this section, the "**Vesting Period**"), the participant becomes entitled to receive from the Corporation an additional number of Common Shares equal to 33 1/3% of the Original Shares and the value equal to the dividends awarded to the additional Common Shares over the Vesting Period (for the purposes of this section, the "**Contributed Shares**"), in addition to paying all fees and commissions (if any) on the purchase of the Contributed Shares in the ESPP.

Operation of ESPP

Employees of the Corporation and its Subsidiaries have three options as to how to acquire Original Shares pursuant to the ESPP, as set forth below:

(a) Employees may receive a loan to purchase Original Shares pursuant to the ESPP. The loan, together with interest, must be repaid over a period of approximately 12 months from the date of the loan by way of payroll deductions, provided that if the participant is terminated as an employee of the Corporation or a Subsidiary, the loan and all interest must be repaid immediately. The Common Shares of the participant held pursuant to the ESPP may be sold to repay the loan in certain circumstances;

(b) Employees may pay the full purchase price for their Original Shares pursuant to the ESPP at the time of issuance of the Original Shares; and

(c) Employees may authorize their employer to make payroll deductions from their salary to purchase Original Shares on the next date that Original Shares are offered to Employees pursuant to the ESPP.

The Corporation will issue Original Shares to the Employee on each date that the Corporation chooses to issue Original Shares pursuant to the ESPP using the funds that have been deducted from that Employee's salary or paid in full.

The Original Shares acquired under the ESPP are issued from treasury and subject to approval for listing by the TSX. Contributions are held by the ESPP administrator. The Corporation may issue Original Shares under the ESPP up to once per month.

The acquisition price for the Original Shares is the price per Common Share equal to the weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the acquisition date.

Original Shares acquired under the ESPP are retained in the ESPP during the Vesting Period for such Original Shares. Immediately following the end of the Vesting Period, such Original Shares and any Contributed Shares issued at the end of the Vesting Period are not considered to be part of the ESPP for the purposes of calculating the number of Common Shares issued and outstanding pursuant to the ESPP.

Participants may withdraw their Original Shares from their ESPP at any time prior to the end of the Vesting Period by terminating their participation in the ESPP, but such termination results in that participant not being entitled to receive the Contributed Shares from the Corporation at the end of the Vesting Period.

In the event that a participant has terminated his or her employment with the Corporation or a Subsidiary or has had his or her employment terminated by the Corporation or a Subsidiary for any reason, the participant forfeits the right to receive all unvested Contributed Shares.

The total maximum number of Common Shares to be issuable under the ESPP shall be equal to 4.5% of the issued and outstanding Common Shares at any time. The total maximum number of Common Shares issuable under all security based compensation schemes of the Corporation, including the ESPP and the Deferred Share Plan, shall be equal to 4.5% of the issued and outstanding Common Shares at any time.

Assignment or Transfer of Common Shares Held in the ESPP

Except with the consent of the ESPP administrator (which may not be arbitrarily or unreasonably withheld) and subject to applicable laws, no right or interest of any participant in any of the Common Shares purchased or held on his or her behalf under the ESPP shall be, at any time prior to the vesting date in respect of such Common Shares, assignable, in whole or in part, either directly or by operation of law or otherwise in any manner, other than by will or other testamentary instrument, or the laws of succession. No attempted assignment of any Common Shares contrary to the terms of the ESPP shall be effective. Notwithstanding the foregoing, assignments may be affected with the approval of the Corporation and the appropriate regulatory authorities, if required. For the purposes of these provisions of the ESPP, an "assignment" includes the creation, granting or incurring of a security interest, mortgage, charge, lien, execution or similar interest in the Common Shares of a participant held under the ESPP.

In addition, no transfer of any right or interest of any participant in any of the Common Shares purchased or held on his or her behalf under the ESPP may, without the consent of the Corporation, be made at any time prior to the vesting date in respect of such Common Shares without disentitling the participant to any additional benefits to which the participant would otherwise have become entitled in respect of the Common Shares.

Amendments to ESPP

All amendments to the ESPP shall be approved by a majority of the Directors. The Shareholders shall approve by simple majority any changes to the number of Common Shares reserved for issuance under the ESPP, and any other changes that require the Shareholders approval pursuant to regulatory requirements. From time to time the Compensation Committee may (without approval of the Shareholders, unless required by applicable regulatory authorities) amend any provision of the ESPP provided that no amendment to the ESPP or any termination of the ESPP may affect any entitlement of any participant under the ESPP to receive securities or have the effect of altering the terms of any outstanding right of a participant without the prior written consent of such participant, and provided further that regulatory approval (including TSX approval) and, if required by such regulatory authorities, the Shareholders approval, of the amended form of the ESPP is received prior to the issuance of any additional securities under the provisions of the amended form of the ESPP. Without limiting the generality of the foregoing, the Directors may, without obtaining the approval of the Shareholders, make changes: (a) to correct errors, immaterial inconsistencies or ambiguities in the ESPP text; or (b) necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements and policies).

In addition, any amendment to the ESPP that would: (a) result in any increase in the number of Common Shares issuable under the ESPP; (b) provide for any discount to the purchase price paid by participants for Common Shares under the ESPP; (c) increase the number of additional Common Shares issuable to participants under the ESPP at the end of the 18 month vesting period; (d) result in any modification to the amendment provisions of the ESPP, shall require approval by a majority of the votes cast by the Shareholders at a meeting called for that purpose; (e) permit Common Shares issued under the ESPP to be transferrable or assignable other than as set forth in Section 18 of the ESPP; or (f) change the persons who are not permitted to participate in the ESPP, shall require approval by a majority of the votes cast by Shareholders at a meeting called for that purpose.

RIGHTS PLAN

Attached as Schedule "B" hereto is a summary of the features of the Rights Plan that was first implemented in 2011 and most recently amended and restated in 2017 pursuant to the Rights Plan Agreement. The summary is qualified in its entirety by the full text of the Rights Plan, a copy of which is available from the Corporation. All defined terms, where used in this summary without definition, have the meanings attributed to them in the Rights Plan Agreement.

The primary objectives of the Rights Plan are to ensure that, in the context of a bid for control of the Corporation through an acquisition of the Common Shares, the Board has sufficient time to explore and develop alternatives for maximizing Shareholder value, to provide adequate time for competing bids to emerge, to ensure that Shareholders have an equal opportunity to participate in such a bid and to give them adequate time to properly assess the bid and lessen the pressure to tender typically encountered by a shareholder of a company that is subject to a bid.

CONSTRAINTS ON OWNERSHIP

The Articles contain a restriction against non-Canadians, either individually or in affiliation with another person, beneficially owning, directly or indirectly, more than 49% of the Common Shares, and provisions limiting (i) on a pro rata basis, the voting rights exercised by all persons, either individually or in affiliation with another person, that are non-Canadians, holding, controlling, or beneficially owning Common Shares at any meeting of Shareholders to 49% of the total votes cast on any resolution; (ii) the voting rights exercised by any single non-Canadian, either individually or in affiliation with another person, holding, controlling or beneficially owning Common Shares at any meeting of Shareholders, to 25% of the total votes cast on any resolution; and (iii) on a pro rata basis, the voting rights exercised by one or more non-Canadians carriers, either individually or in affiliation with another person, holding, controlling or beneficially owning Common Shares, to 25% of the total votes cast on any resolution. In addition, the Articles require that the Corporation sell Common Shares held by non-Canadians in the event that (i) non-Canadians, either individually or in affiliation with another person, beneficially own, directly or indirectly, more than 49% of the issued and outstanding Common Shares of the Corporation; (ii) an individual non-Canadian, either individually or in affiliation with another person, beneficially owns, directly or indirectly, more than 25% of the issued and outstanding Common Shares; or (iii) non-Canadian carriers, either individually or in affiliation with another person, beneficially own, directly or indirectly, more than 25% of the issued and outstanding Common Shares.

The Corporation monitors the ownership of its Common Shares by non-Canadians by requesting, on a semi-annual basis, declarations regarding beneficial ownership from financial institutions that hold Common Shares on behalf of Shareholders. These declarations provide a summary of the number of Common Shares held by non-Canadians. The Canadian Transportation Agency is provided with a copy of this report.

For further details of the restrictions on ownership of Common Shares by Non-Canadians, see the articles of amendment of the Corporation which have been filed on SEDAR which are available at www.sedar.com.

The Board is responsible for monitoring the level of the ownership of the Common Shares and will take the necessary steps to ensure that strict compliance with the CTA and the Articles are maintained.

MARKET FOR SECURITIES

The following are the Corporation's securities traded on the TSX with their trading symbols. The following is a summary of the price ranges and volumes traded on the TSX, as applicable, from January 1, 2019 to December 31, 2019:

Month of year ended 2019		Common Shares "EIF"	Subordinated Debentures (February 2014) "EIF.DB.G" (1)	Subordinated Debentures (June 2016) "EIF.DB.H"	Subordinated Debentures (December 2017) "EIF.DB.I"	Subordinated Debentures (June 2018) "EIF.DB.J"	Subordinated Debentures (March 2019) "EIF.DB.K"(2)
January	High Low Volume	$29.30 $28.03 1,539,942	$102.51 $100.65 5,010	$101.50 $98.00 637,00	$99.98 $98.00 1,711,000	$97.00 $93.48 965,000	N/A
February	High Low Volume	$33.71 $28.95 2,529,302	$107.01 $100.40 6,090	$101.40 $98.00 811,000	$101.00 $97.00 2,020,000	$98.89 $96.75 1,896,000	N/A
March	High Low Volume	$33.84 $32.28 1,708,201	$108.00 $100.06 46,845	$101.00 $97.15 1,116,000	$103.25 $96.51 1,201,000	$99.00 $96.17 862,000	$97.95 $97.50 3,651,000
April	High Low Volume	$35.50 $33.50 1,681,453	$109.00 $101.38 73,060	$102.00 $98.50 808,000	$100.75 $98.00 2,433,000	$99.98 $97.00 822,000	$99.20 $97.50 4,265,000
May	High Low Volume	$36.57 $35.06 1,821,919	N/A	$102.01 $100.00 460,000	$101.75 $100.20 1,102,000	$100.00 $98.50 755,000	$99.39 $98.50 2,019,000
June	High Low Volume	$39.00 $35.42 1,673,369	N/A	$101.49 $97.77 1,037,000	$101.25 $100.26 1,083,000	$99.75 $96.50 1,428,000	$99.75 $99.00 1,702,000
July	High Low Volume	$38.91 $37.22 1,176,963	N/A	$103.00 $101.49 755,000	$101.50 $100.00 844,000	$101.00 $98.05 1,505,000	$100.00 $99.46 3,212,000
August	High Low Volume	$40.48 $36.76 2,120,594	N/A	$104.50 $102.10 516,000	$101.00 $99.00 1,553,000	$100.50 $98.25 1,491,000	$100.50 $99.50 1,740,000
September	High Low Volume	$41.42 $37.35 1,426,395	N/A	$104.50 $102.10 401,000	$102.00 $100.30 791,000	$101.49 $98.62 1,136,000	$100.25 $99.26 3,088,000
October	High Low Volume	$40.70 $37.68 3,375,099	N/A	$104.00 $103.00 615,000	$103.00 $100.50 1,044,000	$102.00 $99.16 1,353,517	$101.00 $99.30 2,915,000
November	High Low Volume	$44.74 $39.42 2,807,042	N/A	$108.00 $103.00 983,000	$102.25 $100.05 491,000	$103.00 $101.52 1,891,000	$104.80 $101.30 1,362,000
December	High Low Volume	$45.85 $43,49 1,786,477	N/A	$108.50 $104.04 598,000	$102.97 $100.50 770,000	$104.05 $101.77 1,042,000	$104.38 $102.00 1,502,000

Notes:

(1) The Subordinated Debentures (February 2014) were redeemed during 2019. Therefore the price ranges and volumes traded on the TSX for these Debentures are from January 1, 2019 to April 26, 2019.

(2) The Subordinated Debentures (March 2019) were first listed on the TSX on March 26, 2019. Therefore the price ranges and volumes traded on the TSX are from March 26, 2019 to December 31, 2019.

PRIOR SALES

During the year ended December 31, 2019, the Corporation did not issue any securities that were not listed or quoted on an exchange or marketplace.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO A CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets forth the number of Common Shares held, to the knowledge of the Corporation, in escrow or that are subject to a contractual restriction on transfer as at December 31, 2019.

Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer	Percentage of Class
Common Shares	724,332(1)(2)(3)(4)(5)(6)(7)(8)	2.1%

Notes:

(1) An aggregate of 112,295 Common Shares issued by the Corporation to MMAV Investment Corporation, one of the former shareholders of Ben Machine, pursuant to the acquisition of Ben Machine are subject to an escrow agreement dated July 2, 2015 among the Corporation, MMAV Investment Corporation and Aikins, MacAulay & Thorvaldson LLP (now MLT Aikins LLP), as escrow agent. Pursuant to such escrow agreement, 20% of the Common Shares initially escrowed are scheduled to be released on each of the first, second, third, fourth and fifth anniversaries of the acquisition of Ben Machine provided that the employment of Adrian Iacovelli (the principal of MMAV Investment Corporation) with Ben Machine has not been terminated by Ben Machine for Cause (as defined in the escrow agreement) or at the option of Adrian Iacovelli at any time prior to the fifth anniversary of the acquisition of Ben Machine. On July 2, 2016, 22,459 Common Shares were released under the escrow agreement at the first anniversary date. On July 2, 2017, 22,459 Common Shares were released under the escrow agreement at the second anniversary date. On July 2, 2018, 22,459 Common Shares were released under the escrow agreement at the third anniversary date. On July 2, 2019, 22,459 Common Shares were released under the escrow agreement at the fourth anniversary date. If Adrian Iacovelli's employment with Ben Machine is terminated by Ben Machine for Cause or at the option of Adrian Iacovelli at any time prior to the fifth anniversary of the acquisition of Ben Machine, the remainder of any Common Shares still in escrow shall automatically be forfeited. In the event that the employment of Adrian Iacovelli is terminated by Ben Machine without Cause or in the event of the death of Adrian Iacovelli at any time prior to the fifth anniversary of the acquisition of Ben Machine, Adrian Iacovelli will be deemed to be continuously employed by Ben Machine until and including the fifth anniversary of the acquisition of Ben Machine and for greater certainty, MMAV Investment Corporation will be entitled to and shall receive any and all escrowed Common Shares in accordance with the escrow agreement. There are currently 22,459 Common Shares that remain subject to escrow under this escrow agreement.

(2) An aggregate of 112,295 Common Shares issued by the Corporation to Chantik Capital Corporation, one of the former shareholders of Ben Machine, pursuant to the acquisition of Ben Machine are subject to an escrow agreement dated July 2, 2015 among the Corporation, Chantik Capital Corporation and Aikins, MacAulay & Thorvaldson LLP (now MLT Aikins LLP), as escrow agent. Pursuant to such escrow agreement, 20% of the Common Shares initially escrowed are scheduled to be released on each of the first, second, third, fourth and fifth anniversaries of the acquisition of Ben Machine provided that the employment of Michael Iacovelli (the principal of Chantik Capital Corporation) with Ben Machine has not been terminated by Ben Machine for Cause (as defined in the escrow agreement) or at the option of Michael Iacovelli at any time prior to the fifth anniversary of the acquisition of Ben Machine. On July 2, 2016, 22,459 Common Shares were released under the escrow agreement at the first anniversary date. On July 2, 2017, 22,459 Common Shares were released under the escrow agreement at the second anniversary date. On July 2, 2018, 22,459 Common Shares were released under the escrow agreement at the third anniversary date. On July 2, 2019, 22,459 Common Shares were released under the escrow agreement at the third anniversary date. If Michael Iacovelli's employment with Ben Machine is terminated by Ben Machine for Cause or at the option of Michael Iacovelli at any time prior to the fifth anniversary of the acquisition of Ben Machine, the remainder of any Common Shares still in escrow shall automatically be forfeited. In the event that the employment of Michael Iacovelli is terminated by Ben Machine without Cause or in the event of the death of Michael Iacovelli at any time prior to the fifth anniversary of the acquisition of Ben Machine, Michael Iacovelli will be deemed to be continuously employed by Ben Machine until and including the fifth anniversary of the acquisition of Ben Machine and for greater certainty, Chantik Capital Corporation will be entitled to and shall receive any and all escrowed Common Shares in accordance with the escrow agreement. There are currently 22,459 Common Shares that remain subject to escrow under this escrow agreement.

(3) An aggregate of 148,040 Common Shares issued by the Corporation to Old Quest Windows pursuant to the acquisition of the assets of Old Quest Windows are subject to an escrow agreement dated November 14, 2017 (the "**Quest Acquisition Date**") among the Corporation, Quest Windows, Old Quest Windows and MLT Aikins LLP, as escrow agent. Pursuant to such escrow agreement, 20% of the Common Shares initially escrowed are scheduled to be released to Old Quest Windows on each of the first, second, third, fourth and fifth anniversaries of the Quest Acquisition Date provided that: (a) for the first three anniversaries of the acquisition of the assets of Old Quest Windows, Martin Cash and

Jody Cash (the principals of Old Quest Windows) remain employed by Quest Windows or are deemed to be employed Quest Windows; and (b) for the fourth and fifth anniversaries of Quest Acquisition Date, either Martin Cash or Jody Cash remains employed by Quest Windows or are deemed to be employed by Quest Windows. The escrow agreement contains certain additional provisions that could result in the immediate release of all or a portion of the Common Shares held in escrow or the cancellation of the Common Shares held in escrow. On November 14, 2018, 29,608 Common Shares were released under the escrow agreement at the first anniversary date. On November 14, 2019, 29,608 Common Shares were released under the escrow agreement at the second anniversary date. There are currently 88,824 Common Shares that remain subject to escrow under this escrow agreement.

(4) An aggregate of 34,112 Common Shares issued by the Corporation to Kississing Lake Lodge Ltd. pursuant to the acquisition of certain assets and operations of Wings are subject to an escrow agreement dated December 19, 2018 among the Corporation, Custom Helicopters, Perimeter LP, Kississing Lake Lodge Ltd. and MLT Aikins LLP, as escrow agent. Pursuant to such escrow agreement, 100% of the Common Shares initially escrowed are scheduled to be released to Kississing Lake Lodge Ltd. on June 24, 2020. The escrow agreement contains certain additional provisions that could result in the immediate release of all or a portion of the Common Shares held in escrow or the cancellation of the Common Shares held in escrow. There are currently 34,112 Common Shares that remain subject to escrow under this escrow agreement.

(5) An aggregate of 33,500 Common Shares issued by the Corporation to The Grant Floren Family Trust, one of the former shareholders of LV Control, pursuant to the acquisition of LV Control are subject to an escrow agreement dated October 4, 2019 among the Corporation, The Grant Floren Family Trust, 10047792 Manitoba Ltd. and MLT Aikins LLP, as escrow agent. Pursuant to such escrow agreement, 50% of the Common Shares initially escrowed are scheduled to be released to The Grant Floren Family Trust on December 31, 2020. The remaining 50% of the Common Shares initially escrowed are scheduled to be released to The Grant Floren Family Trust on December 31, 2021. The escrow agreement contains certain additional provisions that could result in the immediate release of all or a portion of the Common Shares held in escrow or the cancellation of the Common Shares held in escrow. There are currently 33,500 Common Shares that remain subject to escrow under this escrow agreement.

(6) An aggregate of 33,500 Common Shares issued by the Corporation to The Brent Murray Family Trust, one of the former shareholders of LV Control, pursuant to the acquisition of LV Control are subject to an escrow agreement dated October 4, 2019 among the Corporation, The Brent Murray Family Trust, 10047792 Manitoba Ltd. and MLT Aikins LLP, as escrow agent. Pursuant to such escrow agreement, 50% of the Common Shares initially escrowed are scheduled to be released to The Brent Murray Family Trust on December 31, 2020. The remaining 50% of the Common Shares initially escrowed are scheduled to be released to The Grant Floren Family Trust on December 31, 2021. The escrow agreement contains certain additional provisions that could result in the immediate release of all or a portion of the Common Shares held in escrow or the cancellation of the Common Shares held in escrow. There are currently 33,500 Common Shares that remain subject to escrow under this escrow agreement.

(7) An aggregate of 385,908 Common Shares of the Corporation owned by Bearskin Lake First Nation, Kasabonika Lake First Nation, Kingfisher Lake First Nation, Kitchenuhmaykoosib Inninuwug, Nibinamik First Nation, Wapekeka First Nation, Wunnumin Lake First Nation, Muskrat Dam First Nation, Pikangikum First Nation, Fort Severn First Nation, Sandy Lake First Nation, Keewaywin First Nation (collectively, the "Wasaya Pledgors") are pledged to the Corporation pursuant to a securities pledge agreement entered into as of April 19, 2018 between the Corporation and the Wasaya Pledgors. The Common Shares are pledged to: (i) support the Wasaya Pledgors' limited recourse guarantee of the loan made by the Corporation to Wasaya Group, Wasaya Airways Limited Partnership and Wasaya Petroleum Limited Partnership to the Corporation under a certain amended and restated secured promissory note dated April 19, 2018, and (ii) support the indemnity obligations of the Wasaya Partnership, Wasaya Holdings Inc. (Wasaya Partnership and Wasaya Holdings Inc. hereafter referred to as "Wasaya Vendors") and each of the Wasaya Pledgors under the securities purchase agreement dated April 19, 2018 between the Corporation, Wasaya Vendors and the Wasaya Pledgors (the "Wasaya Purchase Agreement"). Upon the occurrence of an event of default (as defined in the securities pledge agreement), the Corporation may exercise certain rights in relation to these Common Shares, including retaining or selling such Common Shares. There are currently 385,908 Common Shares that remain subject to escrow under this escrow agreement.

These Common Shares are subject to two separate indemnity direction agreements entered into between the Wasaya Vendors, the Wasaya Pledgors and the Corporation. Under both indemnification agreements (the first entered into on July 12, 2019, the second on October 9, 2019), the Wasaya Pledgors acknowledged their indemnification obligations to the Corporation under the Wasaya Purchase Agreement in relation to two separate litigation matters, each of which have been settled. Under both indemnification direction agreements, the dividends otherwise payable to the Wasaya Pledgors have been redirected to satisfy their payment obligations under these settlement agreements and the Wasaya Pledgors agreed that if these Common Shares are discharged by the Corporation pursuant to the securities pledge agreement prior to the satisfaction of the payment obligations under the settlement agreements, the Wasaya Pledgors will not transfer any ownership interests in these Common Shares until such time as these obligations are satisfied in full.

(8) An aggregate of 103,570 Common Shares issued by the Corporation to Jason Glatt pursuant to the acquisition of all the issued and outstanding stock of AWI are subject to an escrow agreement dated October 17, 2019 among EIIF US, Jason Glatt and Wilmington Trust, National Association, as escrow agent. Pursuant to such escrow agreement, the Common Shares escrowed are scheduled to be released over the five year period following October 17, 2019, with a certain percentage of these Common Shares released on each anniversary of the October 17, 2019 date, provided that Jason Glatt remains continuously employed by AWI or one of its affiliates during such period and that these Common Shares have not been utilized to satisfy any of Mr. Glatt's indemnification obligations under the Share Purchase Agreement, dated October 17, 2019, between Mr. Glatt and EIIF US. The escrow agreement contains certain additional provisions that could result in the immediate release of all of the Common Shares held in escrow to Jason Glatt or the release of the Common Shares to EIIF US. There are currently 103,570 Common Shares that remain subject to escrow under this escrow agreement.

DIRECTORS AND OFFICERS

The names of the Directors and officers of the Corporation are indicated below (alphabetically). The term of office of each Director will expire at the next annual meeting of Shareholders.

Directors and Officers

Brad Bennett, C.M., O.B.C. – Director (British Columbia, Canada)[(1)(3)(5)(6)]

Mr. Bennett (age 62) is Chairman of McIntosh Properties Ltd., a real estate and investment holding company and was previously President. Mr. Bennett has served on a number of public and private company boards and is currently a director of UBC Properties Trust and a trustee of the Fraser Institute.

Past public service positions include Chair of British Columbia Hydro, Chair of MITACS, Chair of the University of British Columbia Board of Governors, Chair of Okanagan University College, Chair of Kelowna General Hospital Foundation, Chair of Rotary Centre for the Arts Building Committee in Kelowna, director of Powerex Inc., Co-Chair of the Central Okanagan Hospice Campaign and a member of the Premier's Technology Council.

Mr. Bennett received an honorary Alumni Award from the University of British Columbia in 2007, was awarded the Order of British Columbia in 2010 and received an honorary Doctorate of Law from the University of British Columbia in 2011. Mr. Bennett was awarded the Queen's Diamond Jubilee Medal in 2012 and became a member of the Order of Canada in 2019. Mr. Bennett became a Director on July 28, 2009.

Gary Buckley, B. Comm – Director (Manitoba, Canada)[(1)(2)(3)(6)(8)]

Mr. Buckley (age 59) is currently the Chair of the Compensation Committee. Mr. Buckley holds a Bachelor of Commerce degree from the University of Alberta and is currently president of Wellington Paige Group Inc., a multifaceted holding company. Mr. Buckley has been involved in the hotel and hospitality industry since 1983. Since 1998, Mr. Buckley has been the co-owner and operator of the Elkhorn Resort & Conference Center in Clear Lake, Manitoba. Mr. Buckley is also the largest shareholder of Genesis Hospitality Inc., which owns various hotel properties in Alberta, Manitoba and Ontario. Mr. Buckley is also the owner of additional commercial and multi-family residential properties.

Mr. Buckley is currently a director of Pavilion Global Markets, and past director of Temple Hotels Inc. (formerly Temple Real Estate Investment Trust) and of the Cancer Care Manitoba Foundation as well as other non-profit organizations. Mr. Buckley has been a director since July 28, 2009 and was previously a trustee of a predecessor to the Corporation.

Polly Craik – Director (Manitoba, Canada)[(1)(2)(5)]

Ms. Craik (age 58) is a corporate director. Ms. Craik is a graduate of the Advanced Business Executive Program at the Massachusetts Institute of Technology which she attended from 1999 to 2004. In 2010, Ms. Craik was awarded an honorary diploma from Red River College and in 2016, received the Manitoba Chamber of Commerce, Lieutenant Governor's award for outstanding contribution by an individual to the community.

Ms. Craik owned and led the growth at Fine Line Communications Ltd., a private Canadian business for 30 years until successful divestiture in 2015. Ms. Craik is a founding director of Vexxit Inc. She is also currently a Director Emeritus of the Business Council of Manitoba and Board Member of Lake of the Woods Water Sustainability Foundation and the Winnipeg chapter of Entrepreneurs' Organization (EO). She is past Chair of the Board of Manitoba Liquor & Lotteries Corporation, past Chair of the Business Council of Manitoba and past Chair of CentreVenture Development Corporation. Ms. Craik has been a director since May 9, 2018 and previously was a non-Director member on the Aerospace & Aviation Sector Advisory Committee prior to her election as a Director.

The Hon. Gary Filmon P.C., O.C., O.M., LLD., ICD.D – Director and Chair (Manitoba, Canada)[(1)(4)(6)(8)]

Mr. Filmon (age 77) is currently the Chair of the Board. Mr. Filmon is a corporate director. Mr. Filmon holds a Master's degree in Civil Engineering from the University of Manitoba. Mr. Filmon was Premier of the Province of Manitoba from 1988 to 1999. Mr. Filmon was previously a director of Canadian Natural Resources Limited, Manitoba Telecom Services Inc., Moffat Communications Ltd., Pollard Banknote Limited, director and Chair of

FWS Construction Ltd., director and vice-chair of Wellington West Capital Inc., and chair of Canada's Security and Intelligence Review Committee. Mr. Filmon is a member of the Order of Manitoba and an Officer of the Order of Canada. Mr. Filmon was a member of the Board of the ICD and received the ICD.D designation in 2015. Mr. Filmon has been a Director since July 28, 2009 and was previously a trustee of a predecessor to the Corporation.

Duncan D. Jessiman Q.C. – Director and Executive Vice-Chair (Manitoba, Canada)(5)(6)(7)(8)(9)

Mr. Jessiman (age 73) is currently the Executive Vice-Chair in charge of special projects and chairs the Disclosure and Competition Committee. Mr. Jessiman holds a Bachelor of Commerce degree and a Law degree from the University of Manitoba and developed the concept for the Corporation with Mr. Pyle and started it in 2002. Mr. Jessiman originally served as Chair and Chief Executive Officer of the Corporation, but gave up the Chair in 2005 in accordance with good governance practices at the time. He then gave up the position of CEO on August 1, 2006 for family reasons and became Executive Vice-Chair in charge of special projects.

Before starting the Corporation, Mr. Jessiman practiced law in Winnipeg in the areas of corporate, commercial and securities law. Mr. Jessiman was a member of the TSX Venture Exchange Winnipeg Local Advisory Committee; former director of Consolidated Properties Ltd., a TSX listed company; former director of Geocrude Energy Inc., a TSX listed company which was taken over by Canada North West Energy Inc.; former director of Pan Cana Industries Ltd., a TSX listed company which was taken over by Geocrude Energy Inc.; and a former director of Enerplus Energy Services Ltd., the management company for Enerplus Resources Fund. Mr. Jessiman is currently the President of two private corporations: Progressive Holdings Inc. and Vexxit Inc. Mr. Jessiman devotes a significant amount of his working time to the business of the Corporation. Mr. Jessiman has been a Director since July 28, 2009 and was previously a trustee of a predecessor to the Corporation.

Serena Kraayeveld, FCPA, FCA, ICD.D – Director (Manitoba, Canada)(1)(2)(4)(5)

Ms. Kraayeveld (age 69) is currently the Chair of the Governance Committee. Ms. Kraayeveld graduated with a Bachelor of Commerce (Honours) degree from the University of Manitoba and is a member of the Chartered Professional Accountants of Manitoba and Canada. Ms. Kraayeveld was elected an FCA by the Institute of Chartered Accountants of Manitoba in 1990. Prior to her retirement from public practice in 2008, Ms. Kraayeveld was a tax partner with PricewaterhouseCoopers LLP, providing tax and business advisory services to public and private clients in a broad range of industries. In addition, Ms. Kraayeveld served terms as the Managing Partner of the Winnipeg Office of Coopers & Lybrand, as the Partner in Charge of the Winnipeg tax practice of PricewaterhouseCoopers LLP and as a member of the Partnership Board of each of these firms.

Ms. Kraayeveld is a member of the ICD and received the ICD.D designation in 2008. Other past board positions have included the boards of CAA Manitoba, Institute of Chartered Accountants of Manitoba, Canadian Tax Foundation, United Way of Winnipeg, Manitoba Theatre Centre, Ducks Unlimited Canada and YWCA of Winnipeg. Ms. Kraayeveld has been a Director since November 10, 2011.

Michael Pyle, MBA, ICD.D – Director and Chief Executive Officer (Manitoba, Canada)(5)(6)(7)(8)(9)

Mr. Pyle (age 55) is currently the Chief Executive Officer of the Corporation. Together with Mr. Jessiman, Mr. Pyle developed the initial concept of the Corporation in 2002. Mr. Pyle has held the position of CEO since August 1, 2006.

Mr. Pyle holds a Bachelor of Arts degree (Economics) and an MBA (Finance) from the University of Manitoba. He served in positions of increasing seniority culminating as President of The Arctic Glacier Income Fund (and its predecessor, The Arctic Group Inc.) from 1998 to 2002. He previously worked with RoyNat Capital in Winnipeg from 1990 to 1996 and from 1997 to 1998. Mr. Pyle was employed as the Vice-President of Corporate Development for Westsun International Inc. in Winnipeg from 1996 to 1997.

Mr. Pyle is currently a director of CentrePort Canada Inc. and a director of the Winnipeg Blue Bombers Football Club. Mr. Pyle devotes the majority of his time to the Corporation. Mr. Pyle is a member of the ICD and received the ICD.D designation in 2017. Mr. Pyle has been the Chief Executive Officer and a Director of the Corporation since July 28, 2009. Prior to that Mr. Pyle was the Chief Executive Officer and a trustee of a predecessor to the Corporation.

Melissa Sonberg, B.Sc., M.H.A., ICD.D. – Director (Québec, Canada)(1)(3)(4)(5)

Ms. Sonberg (age 59) is a corporate director and a Professor of Practice and Executive-in-Residence at McGill University's Desautel Faculty of Management where she focuses on compensation strategy, group dynamics and leadership development.

Ms. Sonberg spent the early part of her career in the health care industry before joining Air Canada in 1991. Over her ten years with the airline she held leadership positions in a range of customer facing, operational and corporate functions. In 2001, Ms. Sonberg became part of the founding executive team of Aeroplan and was a core member of the management of Aeroplan as it transitioned to a separate business entity, completed an initial public offering and expanded its global business, now known as AIMIA, through multiple international acquisitions and joint ventures. During her 12 years with AIMIA, Ms. Sonberg held the positions of Senior Vice President, Human Resources & Corporate Affairs and Senior Vice President, Global Brands, Communications and External Affairs.

Ms. Sonberg has a wealth of experience on corporate and advisory boards. She currently serves on the boards of Hydro One Limited, Canadian Professional Sales Association, Women in Capital Markets, Athennian and on the advisory board of a significant family-owned corporation based in Québec. Past board experience includes Equitas – International Centre for Human Rights Education, MD Financial Holdings, Via Rail Canada, Rideau Recognition Solutions Inc. and the McGill University Health Centre. Ms. Sonberg has been a director since May 9, 2018.

Donald Streuber, FCPA, FCA – Director (Manitoba, Canada)(1)(2)(4)(5)(8)

Mr. Streuber (age 62) currently chairs the Audit Committee and the Aerospace & Aviation Sector Advisory Committee. Mr. Streuber is Executive Chairman of Bison Transport Inc. Bison is one of Canada's largest van truckload carriers of freight and has been recognized as one of Canada's 50 best managed companies for 25 years. He is a Chartered Professional Accountant and is a member of the Institute of Chartered Professional Accountants of Manitoba. Prior to joining Bison in 1999, Mr. Streuber was a partner at Sill Streuber Fiske & Company, Chartered Accountants. Mr. Streuber was elected an FCA by the Institute of Chartered Accountants of Manitoba in 2012.

Mr. Streuber is the past Chairman of CentrePort Canada Inc., past Chairman of the Canadian Trucking Alliance, past Chairman of the Business Council of Manitoba, past Chairman for Providence College and Seminary, a past member of the Business Council of Canada and Vice Chairman for the Assiniboine Park Conservancy. Mr. Streuber has been a Director since July 28, 2009 and was previously a trustee of a predecessor to the Corporation.

Edward Warkentin, LL.B. – Director (Manitoba, Canada)(1)(3)(6)(8)

Mr. Warkentin (age 70) is currently the Chair of the Manufacturing Sector Advisory Committee. Mr. Warkentin holds an undergraduate degree from the University of Winnipeg, a law degree from the University of Manitoba and was a member of the Bars of Ontario and Manitoba for more than 35 years. Mr. Warkentin is the former Managing Partner of Aikins, MacAulay & Thorvaldson LLP (now MLT Aikins LLP) where he practiced in the area of corporate and commercial law.

Mr. Warkentin is a former director and Chair of Youth for Christ (Winnipeg) Inc., a former director of Manitoba Mineral Resources Ltd. and a former director of Grace Hospital Board of Management. Mr. Warkentin is currently a trustee and Chair of Artis Real Estate Investment Trust, a TSX listed issuer. He is also a director or officer of several private corporations and foundations and is a member of the ICD, Manitoba Chapter. Mr. Warkentin has been a Director since July 28, 2009 and was previously a trustee of a predecessor to the Corporation.

Carmele Peter, Q.C., LL.B. – President (Manitoba, Canada)

Ms. Peter (age 54), a lawyer, joined the management team of the Corporation in November 2012 as Chief Administrative Officer. In July 2014 she became the President of the Corporation. Prior to joining the Corporation, Ms. Peter practiced law for over 23 years at the law firm of Aikins, MacAulay & Thorvaldson LLP (now MLT Aikins LLP), where she specialized in transactional and tax work. During her legal career she represented a number of clients and was involved in many significant transactions, including the sale of Craig Media Inc., the acquisition of Allstream Inc., the sale of MTS's yellow pages directory business, and the acquisition of the Winnipeg Jets.

Darryl Bergman, CPA, MBA – Chief Financial Officer (Manitoba, Canada)

Mr. Bergman (age 55), a Chartered Professional Accountant with an MBA, joined the management team of the Corporation in April 2019 as Chief Financial Officer. Mr. Bergman has over 25 years of multi-national finance, treasury and enterprise risk management experience in a variety of business sectors, including energy, food processing, chemical, steel and pulp and paper. He joined the Corporation from Northland Power Inc., where he was Vice President, Corporate Finance and Treasurer.

Darwin Sparrow –Chief Operating Officer (Manitoba, Canada)(9)

Mr. Sparrow (age 53) is the Chief Operating Officer of the Corporation and is responsible for the operations of the Corporation. Mr. Sparrow joined a predecessor to the Corporation in March 2008 as Vice President and Chief Operating Officer of Manufacturing. Mr. Sparrow spent 19 years in the manufacturing industry prior to joining a predecessor to the Corporation and has a proven track record of managing companies to reach their full potential. Mr. Sparrow has extensive experience in managing multi plants with cross border operations.

Dianne Spencer – Corporate Secretary (Manitoba, Canada)(9)

Ms. Spencer (age 55) joined the management team of a predecessor to the Corporation in August 2005 as the Manager, Compliance. Ms. Spencer is largely responsible for monitoring the Canadian ownership of the Common Shares and ensuring that all filing requirements are met in relation to the Common Shares, any securities matters and all corporate filings for the Corporation and its Subsidiaries. Prior to joining the Corporation, she was employed at Aikins, MacAulay & Thorvaldson LLP as a legal assistant specializing in corporate, commercial and securities law. Ms. Spencer became the Corporate Secretary of the Corporation on July 28, 2009. Previously, Ms. Spencer was the Corporate Secretary of a predecessor to the Corporation.

Adam Terwin, CPA, CA, CFA – Chief Corporate Development Officer (Manitoba, Canada)(7)(9)

Mr. Terwin (age 40), a Chartered Professional Accountant and a Chartered Financial Analyst, joined the management team of a predecessor to the Corporation in July 2005. Mr. Terwin served as Chief Financial Officer of the Corporation until July of 2014 when he became the Chief Corporate Development Officer of the Corporation. Prior to joining a predecessor to the Corporation, he was employed at Deloitte LLP. Mr. Terwin placed on the Canadian Institute of Chartered Accountants National Honour Roll for excellence on the Uniform Evaluation. He has a Bachelor of Commerce (Honours) from the University of Manitoba, where he received the gold medal for the highest standing at the I.H. Asper School of Business, as well as the I.H. Asper School of Business program medals for accounting and finance. Mr. Terwin is responsible for leading the Corporation’s acquisition focus, as well as strategic growth initiatives for the Corporation’s existing entities.

David White – Vice-President, Aviation (Manitoba, Canada)

Mr. White (age 57) is responsible for safety and operations within the Corporation's Aviation segment. Mr. White was hired in July 2016 as Vice-President, Aviation, Safety and Integration and transitioned into his current role in the first quarter of 2018. Prior to joining the Corporation, Mr. White had over 30 years in the aviation industry, with the last 15 years with Transport Canada. While at Transport Canada Mr. White held various senior executive positions with regional and national responsibilities including Associate Director of Operations, Acting Director of Standards, Acting Regional Director Civil Aviation in addition to various safety management and operational roles. He has significant experience with northern and remote operations. Mr. White has a Masters of Arts in Leadership, Certifications in Aviation, Safety Management, Quality Systems and has held an Aircraft Maintenance Engineer's license for over 25 years. He has focused on safe and effective operations throughout his multifaceted career as an aviation professional.

Notes (as at the date hereof):

(1) Independent Director.
(2) Member of the Audit Committee.
(3) Member of the Compensation Committee.
(4) Member of the Governance Committee.
(5) Member of the Aerospace & Aviation Sector Advisory Committee.
(6) Member of the Manufacturing Sector Advisory Committee.
(7) Member of the Disclosure and Competition Committee.

(8) Previously a trustee of a predecessor to the Corporation.
(9) Previously an officer of a predecessor to the Corporation.

Aggregate Ownership of Securities

As of the date of this annual information form, the current Directors and officers of the Corporation beneficially own, or exercise control and direction over, directly or indirectly an aggregate of 2,785,475 Common Shares (approximately 8.0% of the issued and outstanding Common Shares). In addition, the current Directors and officers of the Corporation have an aggregate of 718,629 Deferred Shares under the Deferred Share Plan, including 697,294 Deferred Shares that have vested. On a combined basis, the current Directors and officers of the Corporation beneficially own, or exercise control and direction over, directly or indirectly an aggregate of 3,504,104 Common Shares and Deferred Shares (approximately 9.8% of the combined issued and outstanding Common Shares and Deferred Shares under the Deferred Share Plan).

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no current Director or officer of the Corporation or Shareholder who holds a sufficient number of Common Shares to materially affect control of the Corporation is, or has been within the past ten years, a director, trustee or executive officer of any other issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days, or was subject to an event that resulted, after that person ceased to be a director, trustee or executive officer, in the issuer being the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation; or, within one year of that person ceasing to act in the capacity as a director of executive officer of the issuer, declared bankrupt or made a voluntary assignment in bankruptcy, 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.

Gary Filmon, is a trustee of Arctic Glacier Income Fund which on February 22, 2012 applied for and was granted by the Manitoba Court of Queen's Bench, protection under the *Companies' Creditors Arrangement Act* while it underwent restructuring and undertook a sale and investment solicitation process which sale and investment solicitation process was completed on July 27, 2012. Recognition of the *Companies' Creditors Arrangement Act* proceedings in the United States under Chapter 15 of the United States Bankruptcy Code, as amended had taken place before the sale and investment solicitation process was begun.

Edward Warkentin is a director of All in West! Capital Corporation, a company that owned certain hotel properties located in Alberta and which was unable to meet its obligations to creditors during the downturn in the Alberta economy. Pursuant to enforcement action taken by the company's mortgage lenders, the Alberta Court of Queen's Bench issued an order appointing a receiver for the company's hotel properties in 2016 and issued an order approving the sale of the properties in 2017. In addition, as a result of the failure of the company to file audited financial statements, in 2016, securities regulatory authorities in the provinces of Manitoba, Ontario and British Columbia issued cease trade orders prohibiting trading in the company's securities and such orders continue to be in effect.

Penalties or Sanctions

No current Director or officer of the Corporation or Shareholder who holds a sufficient number of Common Shares to materially affect control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into any settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Individual Bankruptcies

No current Director or officer of the Corporation is, or has, within the ten years preceding the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Board Information

The information that management provides to the Board is critical. The Board must have confidence in the data gathering, analysis and reporting functions of management. The Directors believe that they are provided with all necessary information and with a sufficient amount of information to facilitate effective decision making. The Board continually monitors the nature of the information requested by and provided to it in order to enable it to determine whether it can be more effective in identifying problems and opportunities for the Corporation and its Subsidiaries.

Committees of the Corporation

As at December 31, 2019 there were ten Directors (alphabetically): Brad Bennett, Gary Buckley, Polly Craik, Gary Filmon, Duncan D. Jessiman, Serena Kraayeveld, Michael Pyle, Melissa Sonberg, Donald Streuber and Edward Warkentin. Mr. Filmon currently serves as Chairman of the Board. The Corporation has six committees: an audit committee (the "**Audit Committee**"), a compensation committee (the "**Compensation Committee**"), a governance committee (the "**Governance Committee**"), an aerospace & aviation sector advisory committee (the "**Aerospace & Aviation Sector Advisory Committee**"), a manufacturing sector advisory committee (the "**Manufacturing Sector Advisory Committee**") and a disclosure and competition committee (the "**Disclosure and Competition Committee**").

To assist the Corporation and its committees in discharging their responsibilities, the committees have the ability to engage persons with special expertise, at the expense of the Corporation. In addition, individual Directors have the ability to engage persons with special expertise, at the expense of the Corporation with the prior approval of a majority of the unrelated Directors.

Audit Committee

Audit Committee Charter

The Corporation has adopted a charter for the Audit Committee which sets out the composition of the Audit Committee as well as its responsibilities, duties, principles and procedures. The text of the charter of the Audit Committee is set out as Schedule "A" to this annual information form. The responsibilities and duties of the Audit Committee are set forth in the charter of the Audit Committee.

Composition

The Audit Committee is comprised of Donald Streuber (Chair), Gary Buckley, Polly Craik, and Serena Kraayeveld, each of whom is independent and financially literate within the meaning of NI 52-110.

Relevant Education and Experience

The Audit Committee is responsible for supervising the quality and integrity of the Corporation's financial reporting. In addition, the Board has determined that there must be at least one Audit Committee member who has the attributes of an Audit Committee financial expert, which has been determined to be Mr. Streuber. The Board's determination does not impose greater duties, obligations or liabilities on Mr. Streuber nor does it affect the duties, obligations or liabilities of other members of the Audit Committee or the Board.

Mr. Streuber, FCPA, FCA, Chair of the Audit Committee, is an audit committee financial expert and a Chartered Professional Accountant and is a member of the Chartered Professional Accountants of Manitoba who first received his Chartered Accountant Designation in 1985 and in 2012 received a fellowship designation (FCA) from the Institute of Chartered Accountants of Manitoba. See "*Directors and Officers – Directors and Officers – Donald Streuber, FCPA, FCA – Director*" for additional information regarding Mr. Streuber's qualifications to serve on the Audit Committee.

Mr. Buckley holds a Bachelor of Commerce degree from the University of Alberta and has many years of experience in the hotel industry which qualifies him to serve on the Audit Committee. See "Directors and Officers – Directors and Officers – Gary Buckley – Director" for additional information regarding Mr. Buckley's qualifications to serve on the Audit Committee.

Ms. Craik is a graduate of the Advanced Management Program at the Massachusetts Institute of Technology and was awarded an honorary diploma from Red River College. Ms. Craik owned and led the growth of Fine Line Communications Ltd. for more than 25 years until its successful divestiture. Her business experience along with her other board experiences have equipped her with an understanding of financial statements and strategic and business risk assessment. See “Directors and Officers – Directors and Officers – Polly Craik – Director” for additional information regarding Ms. Craik’s qualifications to serve on the Audit Committee.

Ms. Kraayeveld, FCPA, FCA, is an audit committee financial expert and holds a Bachelor of Commerce (Honours) degree from the University of Manitoba, and is a Chartered Professional Accountant and is a member of the Chartered Professional Accountants of Manitoba. Ms Kraayeveld was elected an FCA by the Institute of Chartered Accountants of Manitoba, and completed the Directors Education Program offered by the Institute of Corporate Directors and received the ICD.D designation. Prior to retirement, Ms. Kraayeveld had many years of experience in public practice as a Partner in charge of the Winnipeg tax practice providing tax and business advisory services to clients with PricewaterhouseCoopers LLP and prior to that as a Managing Partner with Coopers & Lybrand. See “*Directors and Officers – Directors and Officers – Serena Kraayeveld, FCPA, FCA, ICD.D – Director*” for additional information regarding Ms. Kraayeveld’s qualifications to serve on the Audit Committee.

In carrying out their responsibilities, the Audit Committee meets without management present with the Corporation’s auditor, the Chief Financial Officer of the Corporation and alone, when appropriate.

Reliance on Certain Exemptions

At no time in the year ended December 31, 2019, has the Corporation relied on any of the exemptions set forth in Section 2.4, Section 3.2, Section 3.3(2), Section 3.4, Section 3.5, Section 3.6 or Section 3.8 of NI 52-110. The Corporation has also not relied on any exemptions from NI 52-110 granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time in the year ended December 31, 2019 has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee must approve all non-audit services to be performed by the external auditor of the Corporation, subject to the provisions set forth in the charter of the Audit Committee attached hereto as Schedule “A”.

External Auditor Service Fees

For the years ended December 31, 2019 and December 31, 2018, the auditors of the Corporation, PricewaterhouseCoopers LLP, and its affiliates have billed the following fees to the Corporation:

Fiscal Year	Audit Fees ($000’s)	Audit Related Fees ($000’s)	Tax Fees ($000’s)	All Other Fees ($000’s)
2019	$1,183	$109	$-	$113
2018	$1,061	$169	$-	$110

The audit fees paid pertain to assurance related services for the Corporation’s annual audit and quarterly reviews for these periods. The audit related fees paid pertain to the assurance services associated with the Corporation’s securities offerings and accounting and advisory assistance throughout these periods. Other fees were paid for translation services of continuous disclosure documents and offering documents as well as advisory services.

PROMOTERS

No person or company has been, within the two most recently completed financial years or during the current financial year, a promoter of the Corporation or of a Subsidiary, as applicable.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management of the Corporation is not aware of any material legal proceedings or regulatory actions to which the Corporation or its Subsidiaries is a party or of which any of their respective property is subject and, to the knowledge of management of the Corporation, no such proceedings are contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The following transactions were carried out by the Corporation with related parties of the Corporation including Directors and executive officers, persons that beneficially own, control or direct, directly or indirectly, more than 10% of any class or series of securities of the Corporation or any associates or affiliates of such persons.

Property Leases

The Corporation leases several buildings from related parties who were vendors of businesses that the Corporation has acquired. These vendors are considered related parties because of their continued involvement in the management of those acquired businesses. In addition, the Corporation leased office space for its head office from a company controlled by a Director of the Corporation but this ended on December 31, 2019. These leases are recognized in the consolidated financial statements at the exchange amounts. The total costs incurred in 2019 under these leases was $3,938,000 (2018 – $3,910,000) and the lease term maturities range from 2020 to 2026. The payment is made monthly and therefore no related balances exist on the Corporation's statement of financial position.

Key Management Compensation

The Corporation identifies its key management personnel being those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly, including any Director (whether executive or otherwise). The key management personnel includes the executive management team and the Directors.

Compensation awarded to key management for the 2019 financial year, and the comparative 2018 and 2017 financial years, is as follows:

Fiscal Year	Salaries and Short-Term Benefits ($000's)	Share-Based Payments ($000's)	Total Compensation ($000's)
2019	$4,967	$4,107	$9,074
2018	$5,457	$3,718	$9,175
2017	$5,601	$3,071	$8,672

Co-investments with CRJ Capital Corp.

CRJ Capital Corp., a corporation controlled by the CEO of Regional One, can, subject to the approval of the Corporation, co-invest with the Corporation, on a non-controlling basis, in certain aircraft assets. As a co-investor in these isolated aircraft assets, CRJ Capital Corp. receives profits as money is collected on the sale of the aircraft assets. In connection with this agreement, the CEO of Regional One has extended his non-compete agreement with the Corporation. The assets are managed by Regional One and Regional One charges a management fee to CRJ Capital Corp. for services rendered. Cash flow returns are paid out when collected from the customer.

During the current period, CRJ Capital Corp. invested US$4,014,000 (2018 - US$6,479,000), generating returns paid or payable to CRJ Capital Corp. of US$316,000 (2018 - US$681,000). As a result of the sale of certain of these assets and the return of the initial investment to CRJ Capital Corp., its remaining investment at December 31, 2019, was US$13,502,000 (December 31, 2018 - US$9,969,000). At December 31, 2019, US$202,000 is recorded as accounts payable due to CRJ Capital Corp. (December 31, 2018 - less than US$100,000 recorded in accounts receivable).

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Winnipeg, Manitoba.

The registrar and transfer agent for the Common Shares is AST Trust Company (Canada) at its principal offices in Calgary, Alberta and Toronto, Ontario.

MATERIAL CONTRACTS

The following is a summary of the material contracts of the Corporation, other than contracts entered into in the ordinary course of business.

(a) the Trust Indentures;

(b) the Deferred Share Plan;

(c) the ESPP;

(d) the DRIP;

(e) the Rights Plan Agreement; and

(f) the credit agreement dated November 5, 2019, between the Corporation, certain of its Subsidiaries and various lenders providing for the Current Credit Facility.

Copies of these material contracts are available for inspection at the registered office of the Corporation at 101-990 Lorimer Boulevard, Winnipeg, MB, R3P 0Z9 upon reasonable notice and on SEDAR at www.sedar.com.

CORPORATE SOCIAL RESPONSIBILITY

Since its inception, the Corporation's management and the Board have always believed in the concepts of good governance, social responsibility and care for the environment. The Corporation maintains a long-term focus and ensures that the businesses it acquires act responsibly towards the environment, and within the communities in which they operate in order to ensure long-term sustainability.

The Corporation recognizes the importance of earning and retaining the trust and confidence of its Shareholders, employees, customers, and others with whom it does business, as well as the communities in which it conducts business. To underscore the importance of this, these values have been entrenched in the Corporation's Statement of Business Principles and the Code of Ethics, both of which form the foundation for the conduct expected of every employee of the Corporation.

Integrating environmental, social and governance considerations into our acquisition process and the ongoing operations of the Corporation's Subsidiaries has a direct influence on creating value and mitigating risk for the Corporation's stakeholders. Developing stronger and more stable companies facilitates growth, risk mitigation and improved results. The Corporation further believes that ethical and stable companies can have a positive impact on local communities, the Corporation's workforces and customers, and society in general.

Environment

The Corporation is committed to conducting its business activities in an environmentally responsible manner and complies with all applicable environmental laws and regulations.

Management of the Corporation encourages environmental stewardship and protection throughout the Corporation's Operating Subsidiaries.

The Corporation's aviation operations provide passenger travel and essential services to remote communities within Canada's north. The provision of these services necessitates that the Corporation utilize fossil fuel to power the aircraft, until such time as a more environmentally friendly alternative is found. The Corporation continually strives to minimize the carbon footprint left by our aircraft. In both aviation and manufacturing the Corporation has introduced initiatives to reduce our environmental impact by implementing operational efficiencies, making use of environmentally friendly products and services and by expanding our recycling programs.

The Corporation supports community projects that protect and preserve the environment in the communities served by the Corporation and its Subsidiaries.

Environmental considerations form a part of the Corporation's due diligence process for all acquisitions.

Social

The Corporation conducts business as a responsible corporate member of society, observing the laws and respecting the culture and traditions of the communities in which it operates.

The Corporation acts with honesty and integrity in its dealings with customers, employees, Shareholders and those with whom it does business, treating all with fairness, dignity and respect to create and protect a trusting environment free from harassment and discrimination.

The Corporation respects the human rights of its employees, champions diversity and inclusion across its businesses, provides safe conditions of work and promotes the development and best use of human talent.

The safety of the Corporation's employees and customers is fundamental to the Corporation and all of its Subsidiaries in both culture and compliance. All air operators have implemented safety management systems that meet or exceed the standards set by regulatory requirements. The Corporation regularly reviews the safety procedures and practices at each of the Corporation's manufacturing Subsidiaries.

The Corporation understands that in order to have a truly sustainable business, the communities in which it operates must be successful and sustainable as well. The Corporation is committed to helping and supporting communities in numerous ways, including:

- community partnership agreements
- educational and business support
- youth and family initiatives
- health-related initiatives
- general community involvement in local events

Governance

Responsible governance throughout the Corporation and its Subsidiaries is fundamental to the success of the Corporation. Since the Corporation's inception as a publicly listed entity in 2004, our governance policies have consistently evolved and expanded to ensure our practices meet or exceed regulatory requirements.

The Board is comprised of a majority of Independent Directors, which facilitates independent oversight over management.

Management has established and maintains robust internal controls over financial reporting, disclosure and risk management. Each of these areas reports to the Board on a regular basis.

The Corporation has established corporate governance policies including a Code of Ethics, Statement of Business Principles and policies relating to Board Diversity, Insider Trading, Conflict of Interest, Disclosure, Whistleblower, and Anti-Bribery and Anti-Corruption.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, the auditors of the Corporation, has advised the Corporation that it is independent of the Corporation within the meaning of the Chartered Professional Accountants of Manitoba Code of Professional Conduct.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of the securities of the Corporation and securities authorized for issuance under compensation plans is contained in the management information circular of the Corporation dated April 3, 2019. Additional financial information is provided in the Corporation's financial statements and management discussion and analysis for the financial year ended December 31, 2019.

GLOSSARY

Capitalized terms used in this annual information form have the meanings ascribed to them below.

"7328010 Canada" means 7328010 Canada Ltd., a wholly-owned Subsidiary of the Corporation;

"Aerospace & Aviation Sector Advisory Committee" has the meaning ascribed thereto under "Directors and Officers – Committees of the Corporation";

"AMO" means an approved maintenance organization;

"Articles" means the articles of amalgamation of the Corporation dated January 1, 2010, as amended by the articles of amendment of the Corporation dated June 14, 2019;

"ASME" means the American Society of Mechanical Engineers;

"Audit Committee" has the meaning ascribed thereto under "Directors and Officers – Committees of the Corporation";

"AWI" means Advanced Window, Inc., a wholly-owned Subsidiary of the Corporation;

"Bearskin Airlines" means the Bearskin Airlines division of Perimeter LP as it exists following the Bearskin Merger;

"Bearskin LP" means Bearskin Lake Air Service LP, a limited partnership and a wholly–owned Subsidiary of the Corporation until December 31, 2017. On December 31, 2017, Bearskin LP transferred all of its assets to Perimeter LP pursuant to the Bearskin Merger;

"Bearskin Merger" means the transfer of all of the assets of Bearskin LP to Perimeter LP on December 31, 2017, following which Bearskin LP was wound up and its operations were continued under the "Bearskin Airlines" name as a division of Perimeter LP;

"Ben Machine" means Ben Machine Products Company Incorporated, a wholly-owned Subsidiary of the Corporation;

"BNY Trust" means BNY Trust Company of Canada in its capacity as indenture trustee for the Subordinated Debentures (February 2014), the Subordinated Debentures (June 2016), the Subordinated Debentures (December 2017); the Subordinated Debentures (June 2018) and the Subordinated Debentures (March 2019);

"Board" means the board of Directors of the Corporation;

"Calm Air LP" means Calm Air International LP, a limited partnership and a wholly-owned Subsidiary of the Corporation;

"Canadian" means a Canadian within the meaning of the CTA, as amended from time to time;

"**CANLink Aviation"** means CANLink Aviation Inc., a wholly owned Subsidiary of PAL Aerospace;

"CANLink Global" means CANLink Global Inc., a corporation amalgamated with CANLink Aviation on February 28, 2018;

"CarteNav" means CarteNav Solutions Inc., a wholly owned Subsidiary of Provincial Aerospace;

"CBCA" means the *Canada Business Corporations Act*;

"Common Shares" means the common shares of the Corporation, and includes a fraction thereof;

"Compensation Committee" has the meaning ascribed thereto under "Directors and Officers – Committees of the Corporation";

"Corporation" means Exchange Income Corporation and includes, where the context requires, predecessors to the Corporation;

"COVID-19" means coronavirus disease (COVID-19), also known as the 2019 novel coronavirus, and severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);

"Current Credit Facility" means those certain credit facilities, comprising of a Canadian revolving term facility, Canadian swing line facility, US revolving term facility and US swing line facility with an aggregate maximum principal amount of $1,300,000,000 (which, depending on the facility, may be denominated in either Canadian or US funds), with a CDN$300 million accordion feature, provided to the Corporation by a syndicate of lenders pursuant to a credit agreement dated November 5, 2019, between the Corporation, certain of its Subsidiaries and various lenders;

"Custom Helicopters" means Custom Helicopters Ltd., a wholly-owned Subsidiary of the Corporation;

"Debentureholder" means a holder of Subordinated Debentures (February 2014), Subordinated Debentures (June 2016), Subordinated Debentures (December 2017), Subordinated Debentures (June 2018), or Subordinated Debentures (March 2019) as the context requires;

"Debentures" means, collectively, the Subordinated Debentures (February 2014), Subordinated Debentures (June 2016), Subordinated Debentures (December 2017), Subordinated Debentures (June 2018) and Subordinated Debentures (March 2019);

"DECA Aviation" means DECA Aviation Engineering Ltd., a wholly-owned Subsidiary of PAL Aerospace;

"Deferred Share Plan" means the fourth amended and restated deferred share plan of the Corporation dated May 9, 2018;

"Deferred Shares" means the deferred shares of the Corporation which may be granted pursuant to, and have the rights set forth in, the Deferred Share Plan;

"Directors" means the directors of the Corporation;

"Disclosure and Competition Committee" has the meaning ascribed thereto under "Directors and Officers – Committees of the Corporation";

"DRIP" means the dividend reinvestment and cash purchase plan of the Corporation dated August 26, 2009;

"EIIF US" means EIIF Management USA, Inc., a wholly-owned Subsidiary of the Corporation;

"ESPP" means the fourth amended and restated employee share purchase plan of the Corporation dated May 8, 2019;

"FAA" means the Federal Aviation Administration of the United States;

"Former Credit Facility" means the former credit facilities of the Corporation, which were revolving term facilities in the maximum principal amounts of $1,100,000,000 (denominated in either Canadian or US funds) and USD$150,000,000, respectively, provided to the Corporation by a syndicate of lenders pursuant to an eighth amended and restated loan agreement dated March 3, 2017, between the Corporation, certain of its Subsidiaries and various lenders, as further amended by the first amendment to the Former Credit Facility on May 7, 2018 and the second amendment to the Former Credit Facility dated February 1, 2019;

"FTU" means a flight training unit;

"FWSAR" means fixed wing search and rescue;

"Governance Committee" has the meaning ascribed thereto under "Directors and Officers – Committees of the Corporation";

"IFRS" means International Financial Reporting Standards;

"Independent Directors" means those Directors who are independent of management of the Corporation and are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from security holdings;

"ISO" means the International Organization for Standardization;

"ISR" means intelligence, surveillance and reconnaissance;

"Keewatin LP" means Keewatin Air LP, a limited partnership and a wholly-owned Subsidiary of the Corporation;

"LV Control" means L.V. Control Mfg. Ltd., a wholly-owned Subsidiary of the Corporation;

"Manufacturing Sector Advisory Committee" has the meaning ascribed thereto under *"Directors and Officers – Committees of the Corporation"*;

"MFC" means Moncton Flight College, a flight training company operated by CANLink Aviation;

"NCIB" means normal course issuer bid under NI 62-104;

"NI 52-110" means National Instrument 52-110 *Audit Committees;*

"NI 62-104" means National Instrument 62-104 *Take-over Bids and Issuer Bids;*

"non-Canadian" means a person who is not a Canadian;

"Nunavut Lifeline" means Nunavut Lifeline, a business name used by Keewatin LP in carrying on its business;

"OEM" means an original equipment manufacturer;

"Old Quest Windows" means QWS Investments Inc., which was formerly named Quest Window Systems Inc. prior to its sale of all of its assets to Quest Windows;

"Operating Subsidiaries" means the material Subsidiaries of the Corporation which carry on operating businesses, including the general partners of limited partnerships that carry on operating businesses;

"Overlanders LP" means OM LP, a limited partnership and a wholly-owned Subsidiary of the Corporation;

"PAL Aerospace" means PAL Aerospace Ltd., a wholly-owned Subsidiary of Provincial Aerospace;

"PAL Airlines" means PAL Airlines Ltd., a wholly-owned Subsidiary of Provincial Aerospace;

"PAL Aviation Services" means PAL Aviation Services Ltd., a wholly-owned Subsidiary of Provincial Aerospace;

"Perimeter LP" means Perimeter Aviation LP, a limited partnership and a wholly owned Subsidiary of the Corporation;

"Provincial Aerospace" means Provincial Aerospace Ltd., a wholly owned Subsidiary of the Corporation, and includes references to its wholly-owned Subsidiaries, as applicable;

"Quest Windows" means Quest Window Systems Inc., a wholly owned Subsidiary of the Corporation;

"Regional One" means Regional One, Inc., a wholly owned Subsidiary of EIIF US;

"Rights Plan" means the shareholder rights plan of the Corporation governed by the Rights Plan Agreement which became effective on May 13, 2011;

"Rights Plan Agreement" means the second amended and restated shareholder rights plan agreement dated as of May 10, 2017 between the Corporation and AST Trust Company (Canada), as rights agent;

"Sakku" means Sakku Investments Corporation;

"Shareholder" means a holder of Common Shares;

"SkyWest" means SkyWest, Inc.;

"Stainless" means Stainless Fabrication, Inc., a wholly owned Subsidiary of EIIF US;

"Subordinated Debentures (December 2017)" means the 5 Year 5.25% Convertible Unsecured Subordinated Debentures of the Corporation issued by the Corporation in December 2017 governed by the Subordinated Trust Indenture (December 2017);

"Subordinated Debentures (February 2014)" means the 7 Year 6.00% Convertible Unsecured Subordinated Debentures of the Corporation issued by the Corporation in February 2014 governed by the Subordinated Trust Indenture (February 2014), the outstanding principal amount of which was redeemed by the Corporation on April 26, 2019;

"Subordinated Debentures (June 2016)" means the 7 Year 5.25% Convertible Unsecured Subordinated Debentures of the Corporation issued by the Corporation in June 2016 governed by the Subordinated Trust Indenture (June 2016);

"Subordinated Debentures (June 2018)" means the 7 Year 5.35% Convertible Unsecured Subordinated Debentures of the Corporation issued by the Corporation in June 2018 governed by the Subordinated Trust Indenture (June 2018);

"Subordinated Debentures (March 2019)" means the 7 Year 5.75% Convertible Unsecured Subordinated Debentures of the Corporation issued by the Corporation in March 2019 governed by the Subordinated Trust Indenture (March 2019);

"Subordinated Trust Indenture (December 2017)" means the trust indenture dated December 20, 2017 between the Corporation and BNY Trust providing for the issuance of the Subordinated Debentures (December 2017);

"Subordinated Trust Indenture (February 2014)" means the trust indenture dated February 11, 2014 between the Corporation and BNY Trust providing for the issuance of the Subordinated Debentures (February 2014);

"Subordinated Trust Indenture (June 2016)" means the trust indenture dated June 7, 2016 between the Corporation and BNY Trust providing for the issuance of the Subordinated Debentures (June 2016);

"Subordinated Trust Indenture (June 2018)" means the trust indenture dated June 26, 2018 between the Corporation and BNY Trust providing for the issuance of the Subordinated Debentures (June 2018);

"Subordinated Trust Indenture (March 2019)" means the trust indenture dated March 26, 2019 between the Corporation and BNY Trust providing for the issuance of the Subordinated Debentures (March 2019);

"Subsidiary" means, with respect to a specified entity, any entity: (i) of which more than 50% of the outstanding securities ordinarily entitled to elect a majority of the board of directors thereof (whether or not securities of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified entity; or (ii) which is otherwise controlled, directly or indirectly, by such specified entity;

"Team J.A.S." means Team J.A.S. Inc., a wholly owned Subsidiary of EIIF US;

"Transportation Modernization Act" means Bill C-49, An Act to amend the Canada Transportation Act and other Acts respecting transportation and to make related and consequential amendments to other Acts, which came into force on May 23, 2018;

"Trust Indentures" means collectively the Subordinated Trust Indenture (June 2016), the Subordinated Trust Indenture (December 2017), the Subordinated Trust Indenture (June 2018) and the Subordinated Trust Indenture (March 2019);

"TSX" means the Toronto Stock Exchange;

"UAE" means the United Arab Emirates;

"US" means United States of America;

"Wasaya Group" means Wasaya Group Inc.;

"WBM" means the operations of Water Blast Manufacturing which consists of WBM LP and WBM NoDAK;

"WBM LP" means Water Blast Manufacturing LP, a limited partnership and a wholly owned Subsidiary of the Corporation;

"WBM NoDAK" means Dallas Sailer Enterprises, Inc., a wholly owned Subsidiary of EIIF US;

"WesTower" means WesTower Communications Ltd., a wholly owned Subsidiary of the Corporation; and

"Wings" means Wings Over Kississing.

FORWARD-LOOKING STATEMENTS

This annual information form and the documents incorporated by reference herein contain forward–looking statements. All statements other than statements of historical fact contained in this annual information form and the documents incorporated by reference herein are forward–looking statements, including, without limitation, statements regarding future financial position, business strategy, completed and potential acquisitions and the potential impact of such completed and/or potential acquisitions on the operations, financial condition, capital resources and business of the Corporation and/or its Subsidiaries, the Corporation's policy with respect to the amount and/or frequency of dividends, budgets, litigation, projected costs and plans and objectives of or involving the Corporation or its Subsidiaries or any businesses to potentially be acquired by the Corporation. Prospective investors can identify many of these statements by looking for words such as "believes", "expects", "will", "may", "intends", "projects", "anticipates", "plans", "estimates", "continues" and similar words or the negative thereof.

Forward-looking statements are necessarily based upon a number of expectations or assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned to not place undue reliance on forward–looking statements which only speak as to the date they are made. Although management believes that the expectations and assumptions underlying such forward–looking statements are reasonable, there can be no assurance that such expectations or assumptions will prove to be correct. A number of factors could cause actual future results, performance, achievements and developments of the Corporation and/or its Subsidiaries to differ materially from anticipated results, performance, achievements and developments expressed or implied by such forward–looking statements. Such factors include, but are not limited to: economic and geopolitical conditions; competition; government funding for First Nations health care; access to capital; market trends and innovation; general uninsured loss; climate; acts of terrorism; pandemic and COVID-19; level and timing of defence spending; government funded defence and security programs; significant contracts and customers; operational performance and growth; laws, regulations and standards; acquisition risk; concentration and diversification risk; maintenance costs; access to parts and relationships with key suppliers; casualty losses; environmental liability risks; dependence on information systems and technology; international operations risks; fluctuations in sales prices of aviation related assets; fluctuations in purchase prices of aviation related acquisitions price volatility; warranty risk; global offset risk; intellectual property risk; availability of future financing; income tax matters; commodity risk; foreign exchange; interest rates; Current Credit Facility and the Trust Indentures; dividends; unpredictability and volatility of prices of securities; dilution risk; credit risk; reliance on key personnel; employees and labour relations; and conflicts of interest.

The information contained or incorporated by reference in this annual information form identifies additional factors that could affect the operating results and performance of the Corporation and its Subsidiaries. Assumptions about the performance of the businesses of the Corporation and its Subsidiaries are considered in setting the business plan for the Corporation and its Subsidiaries and in setting financial targets. Key assumptions include that the demand for products and services of the businesses of the Corporation and its Subsidiaries will remain stable and that the Canadian and other markets in which the businesses are active will remain stable. **Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance or achievements of the Corporation and its Subsidiaries may vary materially from those described in forward–looking statements.**

The forward–looking statements contained herein or contained in a document incorporated by reference herein are expressly qualified in their entirety by this cautionary statement. The forward–looking statements included or incorporated by reference in this annual information form are made as of the date of this annual information form or such other date specified in such statement. Except as required by law, the Corporation disclaims any obligation to update any forward-looking information, estimates or opinions, future events or results or otherwise.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

The Audit Committee (the "Committee") of the board of directors (the "Board") of Exchange Income Corporation (the "Company") will carry out the procedures, responsibilities and duties set out below, with an aim of maintaining financial controls in strict adherence to applicable regulatory standards.

RESPONSIBILITIES AND DUTIES

1. The duties and responsibilities of the Committee shall include the following:

(i) assist the Board in the discharge of their fiduciary responsibilities relating to the Company's accounting policies, reporting practices and internal controls, as well as to its risk management policies and practices, both financial and operational;

(ii) maintain direct lines of communications with the Chief Financial Officer and with the external auditor;

(iii) monitor the scope and costs of the activity of the external auditor, and assess their performance;

(iv) formally consider the continuation of or a change in the external auditor and review all issues related to a change of external auditor, including any differences between the Company and the auditor that relate to the auditor's opinion or a qualification thereof or an auditor comment;

(v) recommend to the Board a firm of external auditors for approval by the Shareholders of the Company; review and approve the terms of their engagement; review and approve the fee, scope and timing of the audit, and be apprised of and approve in advance any audit related services and any non-audit services (which are not prohibited non-audit services) to be provided by the external auditors and the costs thereof and consider any impact of the provision of such services on the maintenance of their independence and review and the Company's hiring policies regarding present and former employees of the external auditor;

(vi) review and recommend approval by the Board of the audited annual financial statements, management discussion and analysis and strategic overview of the Company;

(vii) review before publication the Company's unaudited quarterly financial statements, reports of quarterly earnings, and management discussion and analysis with particular attention to the presentation of unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks, changes in accounting principles and estimates of reserves, all significant variances between comparative reporting periods and approve the publication of the Company's unaudited quarterly financial statements and reports of quarterly earnings;

(viii) review all financial information included in annual information forms, press releases, prospectuses, other offering memoranda or other documents requiring approval by the Board;

(ix) review the Statement of Management's Responsibility for the Financial Statements as signed by senior management and included in any published document and review and approve the Statement regarding the role of the Committee as signed by the Chairperson of the Committee and included in any published documents;

(x) review any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Company and monitor disclosure thereof in documents reviewed by the Committee;

(xi) review the appropriateness and quality of the accounting policies used in the preparation of the Company's financial statements, and consider any proposed changes to such policies;

(xii) review with the external auditor the contents of the annual audit report and review any significant recommendations made by the external auditor to strengthen the internal controls of the Company;

(xiii) review the results of the external audit, any significant problems encountered in performing the audit and the contents of any Management Letter issued by the external auditor to the Company, and management's response thereto;

(xiv) annually review a report on the audit function with respect to the terms of reference, organization, staffing, independence, performance and effectiveness of the audit services, receive and approve the annual audit plan and obtain assurances in respect of conformity with CICA professional standards and the regulatory standards of other applicable bodies;

(xv) oversee management's responsibility for designing, installing and maintaining an effective control environment; approve in advance any internal control-related services performed by the external auditor; and receive regular reports on the Company's internal control policies and procedures, with particular emphasis on accounting and financial controls, and recommend changes where appropriate;

(xvi) review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of the Company;

(xvii) review and make recommendations to the Board concerning the following:

a. the Company's policies regarding hedging, investments, credit and risk management; and

b. the Company's risk identification, analysis and management procedures;

(xviii) review, prior to each annual shareholders' meeting, the policies and practices concerning the regular examination of officers' expenses and prerequisites, including the use of Company assets; and

(xix) report annually to the full Board, on the state of completion of the annual agenda items of the Audit Committee, with appropriate recommendations.

ORGANIZATION AND PROCEDURES

2. The Committee shall meet regularly, not less than four times per year, and at such other times as may be requested by the Chair of the Committee. The Chief Executive Officer, the Chief Financial Officer, the Controller, the external auditor or any member of the Committee may also request a meeting of the Committee.

3. The Chair of the Committee, in consultation with the Chief Financial Officer, shall set the agenda for each meeting which shall then be circulated among the Committee members.

4. The Chief Executive Officer, the Chief Financial Officer and the Manager of Financial Reporting shall have direct access to the Committee and shall receive notice of and attend all meetings of the Committee except private sessions.

5. The external auditor shall ultimately report to the Board and the Committee and shall at any time have direct access to the Committee and shall receive notice of and be invited to attend all meetings of the Committee except private sessions.

6. The external auditor, and one or more representatives of senior management, shall each meet separately with the Committee, in private sessions, at least once annually.

7. The Committee may contact directly any employee in the Company as it deems necessary.

8. The Committee will establish procedures for:

(i) the receipt, retention and treatment of complaints regarding accounting controls or auditing matters; and

(ii) the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters and the annual review of compliance under the Company's Code of Ethics for the Chief Financial Officer of the Company.

9. The Committee will periodically review its own Charter, and make recommendations to the Board as required.

MEMBERSHIP

10. The Committee shall consist of not less than three, all of whom must be independent directors. The Chair of the Board shall be an *ex-officio* member of the Committee.

11. The Board will annually appoint the members of the Committee.

12. The members of the Committee will serve at the pleasure of the Board and may be removed or replaced at any time, with or without cause, by a majority vote of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by appointment of the Board as soon as is reasonably possible following the vacancy.

MEETINGS

Timing

13. The Committee shall review and prepare a calendar detailing the dates, times and locations of Committee meetings for the following twelve calendar months (the "Scheduled Meetings").

14. In the event of any revisions to the Scheduled Meetings, or Committee meetings called in addition thereto, notice must be given orally, in writing or by facsimile to each member of the Committee at least 48 hours prior to the time fixed for such Scheduled Meeting.

15. The Chair of the Committee shall prepare an agenda for each Committee meeting and forward such agenda to the Committee at a time reasonably in advance of such meeting.

Attendance

16. The Chair of the Committee shall preside at the Committee meetings. In the absence of the Chair, an alternate may be elected by the Committee to preside at a meeting.

17. The Corporate Secretary, or a person delegated by the Corporate Secretary, will be the secretary to the Committee and will be responsible for recording the Minutes of each Committee meeting. Copies of the Minutes will be forwarded to all Committee members in a timely manner, and the originals will be organized and maintained at the Company's head office.

18. The Committee may invite to its meetings other members of the Board, management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

Procedure

19. All Committee meetings shall be conducted in accordance with the Articles and the By-laws of the Company. No business of the Committee may be transacted except at a meeting of the members at which a quorum of the Committee is present (in person or by means of telephone conference) or by a resolution in writing signed by all of the Committee members. A majority of the members of the Committee constitutes a quorum.

20. The Committee shall schedule in camera meetings to take place either before or after each Committee meeting.

Authority

21. This charter gives the Committee the authority to carry out the responsibilities described in this charter, and any other responsibilities that the Committee deems necessary to fulfill its obligations and assist the Board in meeting its responsibilities and obligations in respect of matters addressed in this charter.

22. As appropriate, the Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair.

Reports

23. The Chair of the Committee shall report to the Board regularly regarding its deliberations. The Committee shall make such recommendations to the Board as it may deem appropriate and has such decision-making authority as the Board may determine from time to time.

Miscellaneous

24. The Committee shall conduct an annual review and assessment of its performance, including a review of its compliance with this charter. In conducting its review, the Committee shall take into account all applicable legislative and regulatory requirements, and any guidelines recommended by regulators or stock exchanges with which the Company has a reporting relationship. The Committee may approve revisions to this charter, with guidance from the Chair of the Governance Committee when appropriate.

25. Nothing contained in this charter is intended to assign to the Committee the Board's responsibility to ensure the Company's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Audit Committee.

SCHEDULE "B"

SUMMARY OF RIGHTS PLAN

Set forth below is summary of the features of the Rights Plan which is governed by the Rights Plan Agreement. The summary is qualified in its entirety by the full text of the Rights Plan, a copy of which is available from the Corporation and on SEDAR at www.sedar.com. All defined terms, where used in this summary without definition, have the meanings attributed to them in the Rights Plan Agreement.

(a) Issuance of Rights

One Right was issued by the Corporation in respect of each Common Share outstanding on May 13, 2011, and one Right will continue to be issued in respect of each Common Share of the Corporation issued thereafter, prior to the earlier of the Separation Time and the Expiration Time. Each Right entitles the registered holder thereof to purchase one Common Share from the Corporation. The Exercise Price under the Rights Plan is, (i) until the Separation Time, an amount equal to three times the market price per Common Share, and (ii) after the Separation Time, an amount equal to three times the market price (determined in accordance with Rights Plan) as at the Separation Time, per Common Share.

The Rights are not exercisable until the Separation Time. If a Flip-In Event occurs, each Right will entitle the registered holder to receive, upon payment of the Exercise Price, Common Shares of the Corporation having an aggregate market price equal to twice the Exercise Price.

The Rights Plan provides that the Corporation is not required to issue or deliver Rights, or securities upon the exercise of Rights, outside of Canada or the United States, where such issuance or delivery would be unlawful without registration of the relevant Persons or securities. If the Rights Plan would require compliance with securities laws or comparable legislation of a jurisdiction outside of Canada and the United States, the Board of Directors may establish procedures for the issuance to a Canadian resident fiduciary of such securities, to hold such Rights or other securities in trust for the Persons beneficially entitled to them, to sell such securities, and to remit the proceeds to such Persons.

As a condition to the issuance of Common Shares (or any other Voting Shares) upon the exercise of Rights, the Rights Agent or the Corporation may in its sole discretion require the registered holder of the Rights to complete and submit a duly executed declaration with respect to whether the beneficial owner of the Rights being exercised is not a Canadian or not a Resident of Canada and for the purposes of the Rights Plan:

(i) "Canadian" means a Canadian citizen or a permanent resident within the meaning of subsection 2(1) of the Immigration and Refugee Protection Act (Canada), as amended or replaced, a government in Canada or an agent of such a government or a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy-five percent, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians; and

(ii) "Non-resident of Canada" means:

(A) an individual, other than a Canadian citizen, who is not ordinarily resident in Canada;

(B) a corporation incorporated, formed and otherwise organized outside Canada;

(C) a foreign government or an agency thereof;

(D) a corporation that is controlled by Non-Residents of Canada, directly or indirectly, described in (B) or (C) above;

(E) a trust: (i) established by a Non-resident of Canada described in (B) to (D) above, other than a trust for the administration of a pension fund for the benefit of individuals, a majority of whom are Residents of Canada; or (ii) in which Non-residents of Canada described in (A) to (D) above have more than 50% of the beneficial interest; or

(F) a corporation that is controlled by a trust described in (E) above; and

(iii) “Resident of Canada” means a person who is not a Non-resident of Canada;

and the holder of the Rights shall not be entitled to receive any Common Shares (or other Voting Shares) upon the exercise of the Rights if issuance of such Shares would result in a breach of the constating documents of the Corporation or any applicable law to which it is subject.

(b) Trading of Rights

Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing the Common Shares of the Corporation and will be transferable only together with the associated Common Shares. From and after the Separation Time, separate certificates evidencing the Rights (“Rights Certificates”), together with a disclosure statement prepared by the Corporation describing the Rights, will be mailed to holders of record of Common Shares (other than an Acquiring Person) as of the Separation Time. Rights Certificates will also be issued in respect of Common Shares issued prior to the Expiration Time, to each holder (other than an Acquiring Person) converting, after the Separation Time, securities (“Convertible Securities”) convertible into or exchangeable for Common Shares. The Rights will trade separately from the Common Shares after the Separation Time.

(c) Separation Time

The Separation Time is the Close of Business on the tenth Business Day after the earlier of (i) the “Stock Acquisition Date”, which is generally the first date of public announcement of facts indicating that a Person has become an Acquiring Person, (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, so long as such bid continues to satisfy the requirements of a Permitted Bid or Competing Permitted Bid) and (iii) the date upon which a Permitted Bid ceases to be a Permitted Bid. In any case, the Separation Time can be such later date as may be determined by the Board of Directors. If a Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, it shall be deemed never to have been made.

(d) Acquiring Person

In general, an Acquiring Person is a Person who is the Beneficial Owner of 20% or more of the Corporation’s outstanding Voting Shares (defined as any Shares entitling the holder to vote for the election of all directors, generally). Excluded from the definition of “Acquiring Person” are the Corporation and its Subsidiaries, and any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or more or any combination of an acquisition or redemption by the Corporation of Voting Shares, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition and a Pro Rata Acquisition. The definitions of “Permitted Bid Acquisition”, “Exempt Acquisition”, “Convertible Security Acquisition” and “Pro Rata Acquisition” are set out in the Rights Plan Agreement. However, in general:

(i) a “Permitted Bid Acquisition” means an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;

(ii) an “Exempt Acquisition” means a Share acquisition (A) in respect of which the Board of Directors has waived the application of the Rights Plan pursuant to the provisions of the Rights Plan; (B) pursuant to a dividend reinvestment plan of the Corporation; (C) pursuant to the receipt or exercise of rights issued by the Corporation to all holders of Voting Shares to subscribe for or purchase Voting Shares or Convertible Securities, provided that the Person does not thereby acquire a greater percentage of Voting Shares or Convertible Securities so offered than the Person’s percentage of Voting Shares or Convertible Securities Beneficially Owned immediately prior to such acquisition; (D) pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities by way of prospectus or private placement by the Corporation, provided that the Person does not thereby acquire (or is deemed to Beneficially Own) a greater percentage of Voting Shares so offered than the Person’s percentage of Voting Shares Beneficially Owned immediately prior to such acquisition; or (E) upon the exercise of stock options granted under a stock option plan of the Corporation or rights to purchase securities granted under a share purchase plan of the Corporation;

(iii) a "Convertible Security Acquisition" means an acquisition of Voting Shares upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition; and

(iv) a "Pro Rata Acquisition" means an acquisition of Voting Shares or Convertible Securities as a result of a stock dividend, a stock split or other similar event, acquired on the same pro rata basis as all other holders of Voting Shares.

Also excluded from the definition of "Acquiring Person" are underwriters or members of a banking or selling group acting in connection with a distribution of securities by way of prospectus or private placement.

To the best of the knowledge of the directors and senior officers of the Corporation, as of the date hereof, no person is the Beneficial Owner of 20% or more of the outstanding Voting Shares.

(e) Beneficial Ownership

In general, a Person is deemed to Beneficially Own Common Shares actually held by others in circumstances where those holdings are or should be grouped together for purposes of the Rights Plan. Included are holdings by the Person's Affiliates (generally, a person that controls, is controlled by, or is under common control with another person) and Associates (generally, relatives sharing the same residence). Also included are securities which the Person or any of the Person's Affiliates or Associates has the right to acquire within 60 days (other than (1) customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a public offering or private placement of securities, or (2) pursuant to a pledge of securities).

A Person is also deemed to "Beneficially Own" any securities that are Beneficially Owned (as described above) by any other Person with which the Person is acting jointly or in concert (a "Joint Actor"). A Person is a Joint Actor with any Person who is a party to an agreement, arrangement or understanding with the first Person or an Associate or Affiliate thereof for the purpose of acquiring or offering to acquire Common Shares.

(i) Institutional Shareholder Exemptions from Beneficial Ownership

The definition of "Beneficial Ownership" contains several exclusions whereby a Person is not considered to "Beneficially Own" a security. There are exemptions from the deemed "Beneficial Ownership" provisions for institutional shareholders acting in the ordinary course of business. These exemptions apply to: (A) an investment manager ("Investment Manager") which holds securities in the ordinary course of business in the performance of its duties for the account of any other Person, including the acquisition or holding of securities for non-discretionary accounts held on behalf of a client by a broker or dealer registered under applicable securities law; (B) a licensed trust company ("Trust Company") acting as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons or in relation to other accounts and which holds such security in the ordinary course of its duties for such accounts; (C) the administrator or the trustee (a "Plan Trustee") of one or more pension funds or plans (a "Plan") registered under applicable law; (D) a Person who is a Plan or is a Person established by statute (the "Statutory Body"), and its ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans, or various public bodies, or (E) a Crown agent or agency. The foregoing exemptions only apply so long as the Investment Manager, Trust Company, Plan Trustee, Plan, Statutory Body or Crown agent or agency is not then making or has not then announced an intention to make a Take-over Bid, other than an Offer to Acquire Voting Shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions.

A Person will not be deemed to "Beneficially Own" a security because (i) the Person is a client of or has an account with the same Investment Manager or where such Person is a client of or has an account with the same Trust Company, or Plan with the same Plan Trustee as another Person or Plan on whose account the Investment Manager, Trust Company or Plan Trustee, as the case may be, holds such security; (ii) the Person is a client of an Investment Manager, an account of a Trust Company or a Plan, and the security is owned at law or in equity by the Investment Manager, Trust Company or Plan Trustee, as the case may be; or (iii) the Person is the registered holder of securities as a result of carrying on the business of or acting as nominee of a securities depository.

(ii) Exemption for Permitted Lock-up Agreement

A Person will not be deemed to "Beneficially Own" any security where the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement in respect of a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or a Joint Actor, or such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or such Person's Affiliates, Associates or Joint Actors until the earliest time at which any such tendered security is accepted unconditionally for payment or is taken up and paid for.

A Permitted Lock-up Agreement is essentially an agreement between a Person and one or more holders of Voting Shares and/or Convertible Securities (the terms of which are publicly disclosed and made available to the public within the time frames set forth in the definition of Permitted Lock-up Agreement) pursuant to which each Locked-up Person agrees to deposit or tender Voting Shares and/or Convertible Securities to the Lock-up Bid and which further provides that such agreement permits the Locked-up Person to withdraw its Voting Shares and/or Convertible Securities in order to deposit or tender the Voting Shares to another Take-over Bid or support another transaction: (A) at a price or value that exceeds the price under the Lock-Up Bid; or (B) is for a number of Voting Shares or Convertible Securities at least 7% greater than the number of Voting Shares or Convertible Securities under the Lock-Up Bid at a price or value that is not less than the price or value offered under the Lock up Bid; or (C) (1) that contains an offering price for each Voting Share or Convertible Security that exceeds by as much as or more than a specified amount (the "Specified Amount") the offering price for each Voting Share or Convertible Security contained in or proposed to be contained in the Lock-up Bid and (2) does not by itself provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Lock-up Bid.

A Permitted Lock-up Agreement may contain a right of first refusal or require a period of delay to give the Person who made the Lock-up Bid an opportunity to match a higher price in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Voting Shares and/or Convertible Securities so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares during the period of the other Take-over Bid or transaction. Finally, under a Permitted Lock-up Agreement no "break up" fees, "top up" fees, penalties, expenses or other amounts that exceed in aggregate the greater of: (A) 2.5% of the price or value of the consideration payable under the Lock-up Bid; and (B) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-over Bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid; will be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid or withdraws Voting Shares and/or Convertible Securities previously tendered thereto in order to deposit such Voting Shares to another Take-over Bid or support another transaction.

(f) Flip-In Event

A Flip-In Event occurs when any Person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-In Event which has not been waived by the Board of Directors occurs (see "Redemption, Waiver and Termination"), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person or a transferee of such a Person, which Rights will become null and void) shall constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms of the Rights Plan, that number of Common Shares having an aggregate Market Price on the date of the Flip-In Event equal to twice the Exercise Price, for the Exercise Price (such Right being subject to anti-dilution adjustments). For example, if at the time of the Flip-In Event the Exercise Price is $60 and the Market Price of the Common Shares is $20, the holder of each Right would be entitled to purchase Common Shares having an aggregate market price of $120 (that is, 6 Common Shares) for $60 (that is, a 50% discount from the market price).

(g) Permitted Bid and Competing Permitted Bid

A Permitted Bid is a Take-over Bid made by way of a Take-over Bid circular and which complies with the following additional provisions:

(i) the Take-over Bid is made to all holders of record of Voting Shares, other than the Offeror;

(ii) the Take-over Bid contains irrevocable and unqualified conditions that:

(A) no Voting Share shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 105 days following the date of the Take-over Bid, or such shorter period that a take-over bid must remain open for deposits of securities in the applicable circumstances pursuant to Canadian securities laws, and the provisions for the take-up and payment for Voting Shares tendered or deposited thereunder shall be subject to such irrevocable and unqualified condition;

(B) unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for Voting Shares and all Voting Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the close of business on such date;

(C) more than 50% of the outstanding Voting Shares held by Independent Shareholders must be deposited to the Take-over Bid and not withdrawn at the close of business on the date of first take-up or payment for Voting Shares; and

(D) in the event that more than 50% of the then outstanding Voting Shares held by Independent Shareholders shall have been deposited to the Take-over Bid and not withdrawn as at the date of first take-up or payment for Voting Shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 days from the date of such public announcement.

A Competing Permitted Bid is a Take-over Bid that is made after a Permitted Bid has been made but prior to its expiry and satisfies all the requirements of a Permitted Bid as described above, except that a Competing Permitted Bid is not required to remain open for 105 days so long as it is open for the minimum number of days that a take-over bid must be open for acceptance under applicable Canadian securities laws.

(h) Redemption, Waiver and Termination

Certain rights of redemption, waiver and termination are as follows:

(i) Redemption of Rights on Approval of Holders of Voting Shares and Rights. The Board of Directors acting in good faith may, after having obtained the prior approval of the holders of Voting Shares or Rights, at any time prior to the occurrence of a Flip-In Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of $0.0001 per Right, appropriately adjusted for anti-dilution as provided in the Rights Plan (the “Redemption Price”).

(ii) Waiver of Inadvertent Acquisition. The Board of Directors acting in good faith may waive the application of the Rights Plan in respect of the occurrence of any Flip-In Event if (A) the Board of Directors has determined that a Person became an Acquiring Person under the Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and (B) the Acquiring Person has reduced its Beneficial Ownership of Voting Shares such that at the time of waiver the Person is no longer an Acquiring Person.

(iii) Deemed Redemption. In the event that a Person who has made a Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived or has deemed to have waived the application of the Rights Plan consummates the acquisition of the Voting Shares, the Board of Directors shall be deemed to have elected to redeem the Rights for the Redemption Price.

(iv) Discretionary Waiver with Mandatory Waiver of Concurrent Bids. The Board of Directors acting in good faith may, prior to the occurrence of the relevant Flip-In Event as to which the Rights Plan has not been waived under this clause, upon prior written notice to the Rights Agent, waive the application of the Rights Plan to a Flip-In Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Voting Shares. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall be deemed to have waived the application of the Rights Plan in respect of any other Flip-In Event occurring by reason of such a Take-over Bid made prior to the expiry of a bid for which a waiver is, or is deemed to have been, granted.

(v) Discretionary Waiver Respecting Acquisition not by Take-over Bid Circular. The Board of Directors acting in good faith may, with the prior consent of the holders of Voting Shares, determine, at any time prior to the occurrence of a Flip-In Event as to which the application of the Rights Plan has not been waived, if such Flip-In Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of Voting Shares and otherwise than by inadvertence in the circumstances described in subparagraph (h)(ii) above, to waive the application of the Rights Plan to such Flip-In Event. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of Shareholders called to approve such a waiver.

(vi) Redemption of Rights on Withdrawal or Termination of Bid. Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-In Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price. In such event, the Rights Plan will continue to apply as if the Separation Time had not occurred and one Right will remain attached to each Common Share as provided for in the Rights Plan.

If the Board of Directors is deemed to have elected or elects to redeem the Rights as described above, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights is to receive the Redemption Price. Within 10 Business Days of any such election or deemed election to redeem the Rights, the Corporation will notify the holders of the Voting Shares or, after the Separation Time, the holders of the Rights.

(i) Anti-Dilution Adjustments

The Exercise Price of a Right, the number and kind of Shares subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including:

(i) if there is a dividend payable in Voting Shares or Convertible Securities (other than pursuant to any optional stock dividend program or dividend reinvestment plan or a dividend payable in Voting Shares in lieu of a regular periodic cash dividend) on the Common Shares, or a subdivision or consolidation of the Common Shares, or an issuance of Voting Shares or Convertible Securities in respect of, in lieu of or in exchange for Common Shares; or

(ii) if the Corporation fixes a record date for the distribution to all holders of Common Shares of certain rights or warrants to acquire Voting Shares or Convertible Securities, or for the making of a distribution to all holders of Common Shares of evidences of indebtedness or assets (other than regular periodic cash dividends or stock dividends payable in Common Shares) or rights or warrants.

(j) Supplements and Amendments

Changes that the Board of Directors, acting in good faith, determines are necessary to maintain the validity of the Rights Plan as a result of any change in any applicable legislation, rules or regulation may be made subject to subsequent confirmation by the holders of the Common Shares or, after the Separation Time, the holders of Rights.

The Corporation may also make amendments to correct any clerical or typographical error. Subject to the above exceptions, after the Meeting, any amendment, variation or deletion of or from the Rights Plan and the Rights, is subject to the prior approval of the holders of Common Shares, or, after the Separation Time, the holders of the Rights.

(k) Expiration

If the Rights Plan is ratified, confirmed and approved at the Meeting, it will become effective immediately following such approval and remain in force until the earlier of the Termination Time (the time at which the right to exercise Rights shall terminate pursuant to the Rights Plan) and the termination of the annual meeting of the shareholders in the year 2020 unless at or prior to such meeting the Independent Shareholders ratify the continued existence of the Rights Plan.