chorus

Annual Information Form

February 22, 2024

Chorus Aviation Inc.

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EXPLANATORY NOTES

Date of Information – The information in this AIF is stated as at December 31, 2023, unless otherwise indicated. The information in any document incorporated by reference in this AIF is current as at the date specified in that document with respect to such information.

Corporation – References to the "Corporation" refer solely to Chorus Aviation Inc.

Chorus – References to "Chorus" include references, as the context may require, to Chorus Aviation Inc. and one or more of its current and former subsidiaries.

Falko – References to Falko's business in this AIF include its asset management business and the leasing of aircraft owned by Chorus.

Management – References to “management” refer to the management of Chorus.

Subsidiaries – The term "subsidiary" has the meaning given to it in the *Canada Business Corporations Act*, and, for purposes of this AIF, includes, in relation to the Corporation, any corporation, partnership or other entity whose financial statements are consolidated with the financial statements of the Corporation.

Defined Terms – Unless defined when first used, capitalized terms used in this AIF are defined in the "Glossary of Terms” section at the end of this AIF.

Currency – Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars.

Market Data – Market data used in this AIF was obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable at the relevant time, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts, market research and other publicly available information, while believed to be reliable, have not been independently verified, and the Corporation does not make any representation as to the accuracy or the completeness of such information. Any estimates and forecasts involve risks and uncertainties and are subject to change based on various factors including those discussed below under “Caution regarding forward-looking information”.

Caution regarding forward-looking information – This AIF includes forward-looking information. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including negative versions thereof. Such information may involve but is not limited to comments with respect to assumptions, strategies, expectations, planned operations or future actions. Forward-looking information relates to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking information, by its nature, is based on assumptions, including those referenced in this AIF and Chorus’ public disclosure record, and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, external events, changing market conditions and general uncertainties of the business. Such information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those indicated in the forward-looking information.

Examples of forward-looking information in this AIF include statements regarding expectations as to Chorus’ contracted revenues and competitive position; the planned transition of Chorus' leasing business to an asset light leasing model and growth in Falko’s asset management business; the generation of cash flows from asset sales and potential deployment of those proceeds to enhance returns to Shareholders and/or invest in accretive growth opportunities; and the completion of pending or planned transactions, including the successful close of Falko's Fund III. Actual results may differ materially from those anticipated in forward-looking information for a number of reasons, including if: any one or more of the key assumptions described in the Outlook section of the Annual MD&A fails to materialize; Chorus is unable to realize the anticipated benefits of the Falko Acquisition, including the transition to an asset light leasing model; Falko is unable to successfully launch Fund III on the terms currently contemplated or at all; Chorus (including any of its subsidiaries) is unable to attract and retain the type and number of human resources it needs to operate its business; labour relations deteriorate giving rise to unfavourable negotiations or disputes; new pandemic or endemic diseases emerge; the effects of the COVID-19 pandemic continue to adversely impact the financial health of Chorus' contractual counterparties; fraud, accidents, cybersecurity attacks or failures in information technology cause disruptions to Chorus' business; general economic conditions worsen or general conditions for the aviation industry deteriorate; supply chain constraints and/or increased costs (due to, among other things, inflation, currency exchange rates and interest rates) reduce Chorus' profitability or cause operational disruptions; new competitors emerge and/or competition intensifies in the business sectors in which Chorus participates; payments cease (in whole or in part) under the CPA and/or aircraft lease agreements with customers in RAL; disputes emerge under the CPA and/or aircraft lease agreements with customers in RAL; Chorus is unable to secure new financings to meet its requirements, including to refinance maturing debt obligations; Chorus defaults under any of its debt covenants; asset impairments and/or provisions for expected credit losses are required; changes in law are made (including regulations relating to climate change) which adversely affect Chorus' business or assets; and/or one or more of the risk factors referenced in this AIF or in the Corporation's public disclosure record available under its profile on SEDAR+ at www.sedarplus.ca materializes. The forward-looking information contained in this AIF represents Chorus' expectations as of the date of this AIF (or as of the date it is otherwise stated to be provided) and is subject to change after such date. Chorus disclaims any intention or obligation to update or revise such information to reflect new information, subsequent events or otherwise, except as required by applicable securities laws. Readers are cautioned that the foregoing factors and risks are not exhaustive.

CORPORATE STRUCTURE

The Corporation is a holding company incorporated on September 27, 2010 under the *Canada Business Corporations Act*.

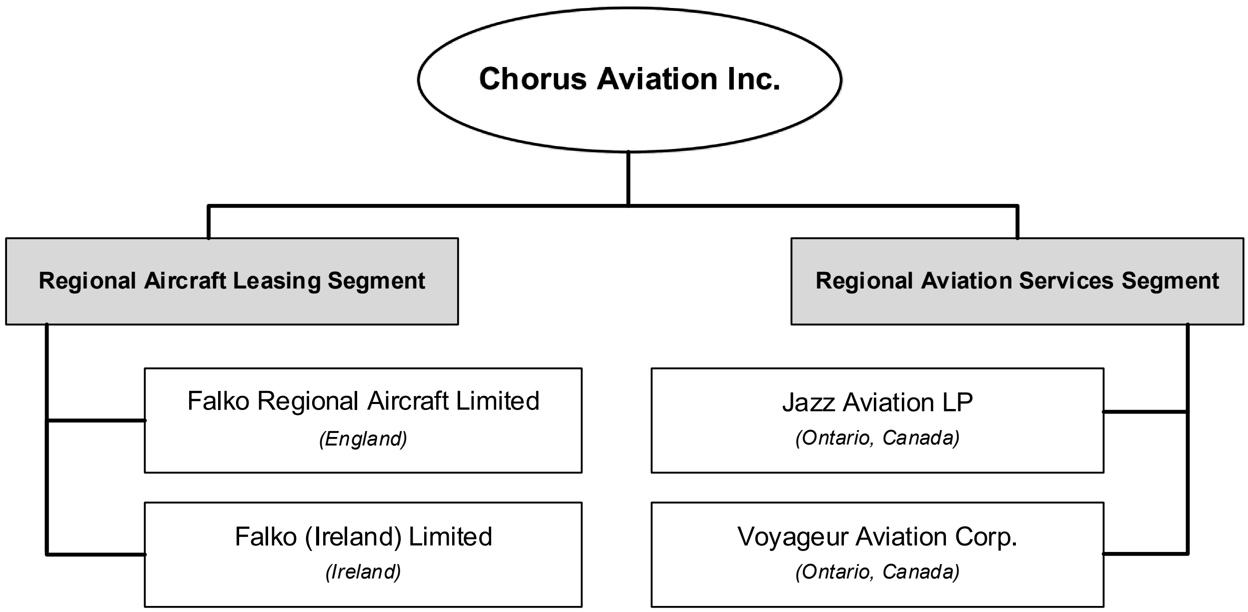
The Corporation's chief executive office is located at 3 Spectacle Lake Drive, Suite 380, Dartmouth, Nova Scotia, B3B 1W8, and its registered office is located at 100 King Street West, 1 First Canadian Place, Suite 6200, P.O. Box 50, Toronto, Ontario M5X 1B8.

The Corporation's Restated Articles of Incorporation and Third Amended and Restated By-Law No. 1 are available on the Corporation's website at www.chorusaviation.com and under its profile on SEDAR+ at www.sedarplus.ca. The Corporation's articles were most recently restated on December 29, 2022.

Additional information regarding Chorus' corporate structure is provided in the consolidated financial statements for the year-ended December 31, 2023 and the Annual MD&A, both of which are available on the Corporation's website at www.chorusaviaton.com and under its profile on SEDAR+ at www.sedarplus.ca.

Intercorporate Relationships

The Corporation owns subsidiaries engaged in various aviation-related businesses. Chorus groups its businesses into two reporting segments: Regional Aircraft Leasing and Regional Aviation Services. As of December 31, 2023, the following diagram depicts the principal (direct and indirect) operating subsidiaries of the Corporation as well as their jurisdictions of incorporation or formation. All subsidiaries are 100% owned by the Corporation unless otherwise indicated. For a list of the Corporation's other direct and indirect subsidiaries, please refer to Schedule "A".



THE CHORUS BUSINESS

Chorus is a global aviation solutions provider and asset manager, focused on regional aviation. Chorus' principal subsidiaries are: Falko, the leading pure play regional aircraft asset manager and lessor; Jazz, the largest regional airline in Canada and provider of regional air services under the Air Canada Express brand; Voyageur, a leading provider of specialty charter, aircraft modifications, parts provisioning and in-service support services; and Cygnet, an industry leading accredited training academy preparing pilots for direct entry into airlines.

Together, the Chorus group of companies provide services that encompass every stage of a regional aircraft's lifecycle, including: aircraft acquisition and leasing; aircraft refurbishment, engineering, modification, repurposing and transition; contract flying; aircraft and component maintenance, disassembly, and parts provisioning; and pilot training.

Chorus groups its businesses into two reporting segments:

(1) **Regional Aviation Services:** This segment includes the following sectors:

a) Contract flying: Chorus provides contract flying services through Jazz and Voyageur. Jazz is the largest regional airline in Canada and operates more flights into more airports in Canada through its scheduled services under the CPA with Air Canada than any other Canadian airline. (For additional information, please see "Chorus Business Segments - Regional Aviation Services - Contract Flying - Capacity Purchase Agreement with Air Canada.")

Voyageur provides charter services and specialized contract flying, such as medical, logistical and humanitarian flights, to international and Canadian customers.

b) Aircraft leasing: Jazz currently earns leasing revenue under the CPA from Chorus-owned aircraft and Spare Engines. (For additional information, please see “Chorus Business Segments – Regional Aviation Services – Contract Flying – Capacity Purchase Agreement with Air Canada”). Voyageur also earns revenue from aircraft leasing.

c) Maintenance, repair and overhaul (“**MRO**”), part sales and technical services: Jazz provides MRO services and is certified on Dash, CRJ and Embraer aircraft. Voyageur provides specialty MRO and engineering services on Dash, CRJ, Embraer, Diamond DA-20/40/42, and Beechcraft King Air aircraft products. Voyageur also focuses on aircraft disassembly and aircraft parts provisioning to customers globally. (For additional information, please see “Chorus Business Segments - Regional Aviation Services – Maintenance, Repair and Overhaul Operations, Part Sales, and Technical Services”.)

d) Pilot training: Cygnet is a pilot academy in Canada that, together with CAE Inc., enables cadets to achieve their Integrated Airline Transport Pilot Licence and acquire an airline specific type rating.

(2) **Regional Aircraft Leasing:** Falko is an asset manager and lessor of regional aircraft assets. Its asset management business comprises the management of aircraft investment funds on behalf of financial investors as well as the provision of lease servicer capabilities to owners of regional aircraft. Its leasing business consists of the management of aircraft which are indirectly wholly-owned by the Corporation, which includes aircraft that were owned by Chorus prior to the Falko Acquisition as well as aircraft that were acquired from the prior owners of Falko as part of the Falko Acquisition. (For additional information, please see “Chorus Business Segments - Regional Aircraft Leasing”.) The Corporation is continually evaluating opportunities to monetize the equity value of its aircraft in the RAL segment.

The Corporation’s head office expenses include corporate expenses on various debt instruments such as interest on the Unsecured Debentures, the Unsecured Credit Facility and the Operating Credit Facility, the cost of executive and share-based compensation, and professional fees.

Three-Year History

This section contains forward-looking information. Please refer to the caution regarding forward-looking information included in the section of this AIF titled "Explanatory Notes".

2023 (including subsequent events up to and including February 22, 2024)

On November 8, 2023, Chorus announced that had it received approval from the TSX to renew its normal course issuer bid (“**NCIB**”). Under the renewed NCIB, the Corporation was authorized to purchase for cancellation up to a maximum of 15,160,372 of its Common Shares, representing 10% of the public float of the Common Shares as of November 6, 2023 calculated in accordance with the TSX rules. The NCIB would commence on November 14, 2023 and conclude on the earlier of the date on which the Corporation purchased the maximum number of Common Shares permitted under the NCIB and November 13, 2024.

On August 28, 2023, Chorus announced that Jazz and its pilots, represented by ALPA, ratified modifications to their collective agreement effective September 1, 2023 to address the changing pilot wage environment.

On March 28, 2023, Chorus announced the launch of Cygnet Aviation Academy, a first of its kind pilot academy in Canada providing leading edge flight training with direct access to career opportunities.

On March 6, 2023, Chorus announced that Colin Copp had begun his tenure as President and Chief Executive Officer of the Corporation following the retirement of Joseph Randell. Mr. Copp was also appointed to the Corporation’s Board of Directors.

On January 27, 2023, Chorus announced it had entered into a second amendment and restatement of the Operating Credit Facility. The amendment and restatement extended the maturity date of the Operating Credit Facility for an additional 15 months from October 14, 2024 to January 27, 2026 and added a $50 million uncommitted accordion feature. In March 2023, Chorus partially exercised the accordion feature under the committed operating credit facility, thereby increasing the limit from $100 million to $125 million. On May 5, 2023, Chorus exercised the remaining $25 million accordion feature under the committed operating credit facility, thereby increasing the limit from $125 million to $150 million.

2022

On December 14, 2022, Chorus announced that it would redeem $115,000,000 principal amount of Chorus' 6.00% Senior Debentures due December 31, 2024 (the "**6.00% Debentures**"), representing all of the 6.00% Debentures then outstanding, and that it had sold two wholly-owned aircraft. The redemption closed on December 29, 2022, resulting in the release of certain Dash 8-100 and Dash 8-300 aircraft and real estate property owned by Chorus' subsidiaries which were held as security for the 6.00% Debentures, as well as the expiry of 24,242,424.242 Common Share purchase warrants that had been issued to affiliates of Fairfax Financial Holdings Limited ("**Fairfax**") in connection with the issuance of the 6.00% Debentures. The redemption of the 6.00% Debentures was funded using the net proceeds from the sale of wholly-owned aircraft and Chorus' available cash resources.

On November 9, 2022, Chorus announced that the Corporation had received approval from the TSX for an NCIB to purchase for cancellation up to a maximum of 15,928,236 of its Common Shares, representing 10% of the public float of the Common Shares as of November 7, 2022 calculated in accordance with the TSX rules. The Corporation filed a Material Change Report in relation to this NCIB on November 18, 2022, which is available under the Corporation’s profile on SEDAR+ at www.sedarplus.ca.

On September 14, 2022, Chorus announced that Joseph Randell, its President and Chief Executive Officer, planned to retire during the first quarter of 2023, and that upon his retirement, Colin Copp, the Chief Operating Officer, Chorus and President, Chorus Aviation Services, would be appointed President and Chief Executive Officer of Chorus.

On August 29, 2022, Chorus announced Falko had executed agreements to sell eight wholly-owned aircraft that had previously been on lease, for net proceeds of approximately USD $45 million after related debt repayments and estimated tax provisions.

On June 21, 2022, Chorus announced that Falko had expanded its portfolio of assets under management by adding 35 turboprop aircraft to its portfolio in a servicing capacity on behalf of a syndicate of banks.

On May 3, 2022, Chorus announced that it had completed the acquisition of Falko Regional Aircraft Limited, together with certain of its affiliates, and equity interests in certain entities and aircraft managed by Falko (the "**Falko Acquisition**"). The Falko Acquisition added significantly to Chorus’ existing portfolio of leased regional aircraft and created new opportunities for growth by adding a leading asset management platform.

Concurrent with the Falko Acquisition, the Corporation completed a private placement with BSI Dragonfly Holdings LP ("**Brookfield**"), an affiliate of Brookfield Special Investments Fund L.P., pursuant to which Brookfield subscribed for US$300 million of Series 1 Preferred Shares and US$74 million of Common Shares, and the Corporation issued 18,642,772 Common Share purchase warrants with an initial exercise price of CA$4.60 per Common Share (subject to certain adjustments) (the "**2022 Warrants**") to Brookfield (collectively, the "**Brookfield Private Placement**"). The net proceeds of the Brookfield Private Placement were used to partially fund the Falko Acquisition. In connection with the Brookfield Private Placement, the Corporation also entered into an investor rights agreement with Brookfield (the "**Brookfield Investor Rights Agreement**"), and Mr. David Levenson, then Managing Partner and Global Head of Brookfield Special Investments, and Frank Yu, then Managing Director, Brookfield Special Investments, were appointed to the Corporation's board of directors. Messrs. Richard Falconer and Sydney John Isaacs, retired from the Corporation's board of directors to enable the immediate appointment of Messrs. Levenson and Yu. The Corporation filed Material Change Reports in respect of the Falko Acquisition and the Brookfield Private Placement on March 8, 2022 and May 3, 2022, as well as a Business Acquisition Report in respect of the Falko Acquisition on January 17, 2023, all of which are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

2021

On December 31, 2021, Chorus announced that it had redeemed $85 million principal amount of the 6.00% Debentures.

On October 14, 2021, Chorus announced it had entered into an agreement for a three-year committed operating credit facility (the "**Operating Credit Facility**") with The Bank of Nova Scotia as lender, sole lead arranger, bookrunner, administrative agent and issuing bank, and the Canadian Imperial Bank of Commerce and the Bank of Montreal, as lenders. The Operating Credit Facility replaced Chorus' credit facility under the second amended and restated credit agreement dated June 28, 2019 (as amended), which provided a $75 million committed limit and was scheduled to mature in August 2022.

On September 27, 2021, the Corporation raised gross proceeds of $85 million through a public offering of Series C Debentures. A copy of the short form prospectus for the offering is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

On May 13, 2021, Chorus announced that Voyageur, in partnership with General Dynamics Mission Systems-Canada, had been awarded the in-service Support contract for the manned Airborne Intelligence Surveillance and Reconnaissance program.

On May 5, 2021, Chorus announced that Voyageur, had signed a three-year contract with Purolator Inc. for the provision of air cargo charter services.

On April 29, 2021, Chorus announced that Voyageur had been awarded a three-year contract to upgrade and modify Transport Canada's National Aerial Surveillance Program fleet of three Dash 8-100 and one Dash 7 aircraft with new surveillance equipment.

On April 6, 2021, Chorus raised gross proceeds of $145 million from the issuance of Equity Units and Series B Debentures. Of the aggregate proceeds raised, $115 million was derived from a public offering and $30 million was derived from a private placement with the Alberta Investment Management Corporation and NordStar Capital Inc., and, in each case, 50% of the proceeds were derived from the issuance of Equity Units and the other 50% from the issuance of Series B Debentures. Each Equity Unit was comprised of one Common Share and one-half of one Unit Warrant. A copy of the short form prospectus for the offering is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

On March 15, 2021, Chorus announced that the condition precedent to the 2021 CPA Amendments had been met and that, therefore, the 2021 CPA Amendments were effective on a retroactive basis to January 1, 2021. Copies of the Corporation's Material Change Report dated March 19, 2021 describing the foregoing transaction in further detail and the term sheet setting out the 2021 CPA Amendments are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

On March 1, 2021, Chorus announced that Jazz had entered into an agreement with Air Canada to revise the CPA (the "**2021 CPA Amendments**"). The 2021 CPA Amendments would become effective on a retroactive basis to January 1, 2021, conditional on Jazz reaching an agreement with ALPA, the union representing Jazz's pilots. The principal amendments contemplated by the 2021 CPA Amendments included:

- 25 Embraer 175 aircraft would be added to the Covered Aircraft fleet, increasing the Fixed Margin over the remaining term of the CPA.
- 19 Dash 8-300 would be removed from the Covered Aircraft fleet, reducing aircraft leasing revenue over the remaining term of the CPA.
- Jazz would be the exclusive Air Canada Express operator of 70-78 seat regional capacity until the end of 2025.
- The Controllable Cost Guardrail receivable under the CPA would be capped at $20 million annually.

On February 18, 2021, Chorus announced that Voyageur had been awarded a five-year contract for the provision of fixed-wing air ambulance service for Ambulance New Brunswick.

Chorus' Strategy

Chorus is focused on providing a comprehensive suite of regional and specialty aviation services to customers around the world by drawing on its expertise in all areas of regional aviation.

The Chorus team is highly experienced in all facets of the regional aviation industry and offers asset management and aircraft leasing in addition to providing an integrated suite of flying operations, including special mission services, maintenance, repair and overhaul modifications, and parts provisioning to regional aircraft owners and operators around the world. These capabilities differentiate Chorus from its competition.

Additional information on Chorus' strategy is discussed in section 3 "Strategy" of Chorus' Annual MD&A, which section is incorporated into this AIF by reference.

Segment Revenues

The revenues reported for each of the Corporation's two reportable business segments (with corporate head-office expenses reported separately) for the years ended December 31, 2023 and December 31, 2022 are as follows:

	Revenue ($000's)	
	Year Ended December 31, 2023	**Year Ended December 31, 2022**
Regional Aviation Services (RAS)	1,398,857	1,332,732
Regional Aircraft Leasing (RAL)	281,464	262,121
Corporate[1]	754	951
Consolidated	1,681,075	1,595,804

(1) Corporate is not a reportable segment. Commencing the fourth quarter of 2022, the Corporation's head office net expenses were reported separately from the RAS segment in order to enable a clearer assessment of the RAS segment's operating performance.

CHORUS BUSINESS SEGMENTS – REGIONAL AVIATION SERVICES

The Regional Aviation Services segment includes contract flying (including ACMI and charter operations) and MRO services (including parts provisioning and sales and technical services) that are carried on by Jazz and Voyageur. Aircraft leasing under the CPA and aircraft leasing by Voyageur to third parties are also included in the Regional Aviation Services segment.

Contract Flying

Capacity Purchase Agreement with Air Canada

Overview

Jazz is the largest regional airline in Canada and operates more flights into more airports in Canada than any other airline. Jazz and Air Canada are parties to the CPA under which Air Canada purchases substantially all of Jazz's fleet capacity. Air Canada is responsible for purchasing all necessary fuel for Scheduled Flights, for scheduling, pricing, product distribution, seat inventories, marketing and advertising, and customer service at certain airports staffed or administered directly by Jazz. Air Canada is entitled to all revenues associated with the operation of the Covered Aircraft, including revenue from passenger ticket sales and cargo services. Accordingly, Air Canada bears all market risk associated with fluctuations in those revenues.

Jazz's operations provide a significant part of Air Canada's domestic and transborder network under the Air Canada Express brand. Under the CPA, Jazz provides service throughout Canada and to and from certain destinations in the United States. Jazz uses Air Canada's two-letter flight designator code (AC), and any other code specified by Air Canada and belonging to a Star Alliance® partner or other partner of Air Canada, to identify Scheduled Flights.

The current term of the CPA runs until December 31, 2035. As Chorus derives most of its revenue from the CPA, it is substantially dependent on the CPA (see "Risk Factors" for a description of the risks relating to Chorus' relationship with Air Canada).

Aircraft Fleet Under the CPA

As part of the amendments to the CPA announced on January 14, 2019 (the "**2019 CPA Amendments**"), Jazz and Air Canada agreed to extend the term of the CPA by 10 years ending December 31, 2035 and reduce the minimum number of Covered Aircraft to 105 over the period starting January 1, 2019 through December 31, 2025. From January 1, 2026 through December 31, 2035, Air Canada has the right to determine the composition of the fleet of Covered Aircraft on the condition that the fleet must have a minimum of 80 aircraft with 75 to 78 seats.

As part of the 2021 CPA Amendments, 25 E175 aircraft were added to the Covered Aircraft fleet and 19 Dash 8-300 aircraft were removed from the Covered Aircraft fleet.

Revenues and Costs Under the CPA

Jazz earns revenue under the CPA from five sources:

1) Fixed Margin
2) Performance Incentives
3) Controllable Cost Revenue
4) Pass-Through Revenue
5) Aircraft leasing under the CPA

Jazz incurs two types of costs under the CPA:

1) Controllable Costs
2) Pass-Through Costs

In 2023, Chorus derived approximately 77% of its revenue from the CPA (77% in 2022); however, approximately 62% of Chorus' consolidated revenue in 2023 (64% in 2022) was attributable to Pass-Through Revenue and Controllable Cost Revenue and is largely offset by related expenses.

Fixed Margin

Jazz earns a Fixed Margin under the CPA which is set for each year based on the number of Covered Aircraft under the CPA. For 2023, Jazz earned an aggregate amount of $63.3 million. The Fixed Margin will decrease to no less than $60.7 million in 2024, no less than $59.6 in 2025 and no less than $43.9 in 2026 with no further changes thereafter. (Please refer to the caution regarding forward-looking information included in the section of this AIF titled "Explanatory Notes".)

Performance Incentives

Performance incentives are available under the CPA for achieving established performance targets in relation to controllable on-time performance, controllable flight completion, incidences of mishandled luggage at airports where Jazz is responsible for baggage handling, and other customer satisfaction measures related to the in-flight and check-in experience.

Controllable Cost Revenue

Jazz is paid Controllable Cost Revenue rates based on Controllable Costs that are estimated using certain variables. The CPA includes provisions which, subject to limited exceptions, limit Jazz's exposure to $2.0 million annually for variances between the Controllable Cost Revenue Jazz receives from Air Canada and the Controllable Costs actually incurred by Jazz to perform its services for Air Canada (referred to as the "**Controllable Cost Guardrail**"). Controllable Cost Revenue rates are reset not more than once each year. If Jazz's Controllable Costs exceed the revenue received from Air Canada by more than $2.0 million, Air Canada pays Jazz an amount equal to the excess over $2.0 million. Conversely, if the Controllable Cost Revenue paid by Air Canada to Jazz exceeds Jazz's actual Controllable Costs by more than $2.0 million, Jazz pays Air Canada an amount equal to the excess over $2.0 million.

Controllable Costs include costs relating to items such as wages and benefits, certain depreciation and amortization, certain aircraft maintenance, materials and supplies, third party operating leases, and other general overhead expenses, such as crew variable expense, professional fees, travel, and training. Substantially all Controllable Costs are subject to the Controllable Cost Guardrail and related reconciliation.

Jazz provides Air Canada with a quarterly reconciliation of the Controllable Cost Guardrail. If the cumulative amount due under that reconciliation to either Air Canada or Jazz exceeds $20 million, the applicable party will pay the excess amount at the end of each quarter following the reconciliation. Payment of the quarterly reconciliation are subject to procedures provided for under the CPA.

Pass-Through Revenue

Jazz receives Pass-Through Revenue, which is based on Pass-Through Costs reimbursed by Air Canada.

Aircraft Leasing under the CPA

Jazz earns aircraft leasing revenue under the CPA from the following owned assets: Dash 8-400s, CRJ900s and Spare Engines. The leases for these aircraft and Spare Engines expire at different times between 2023 and 2030, unless otherwise extended.

Please refer to section 2 "About Chorus" of the Annual MD&A for the number of aircraft and Spare Engines owned by Chorus, which section is incorporated into this AIF by reference. The Annual MD&A is available on Chorus' website at www.chorusaviation.com and under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Passenger and Ramp Handling Services

As at December 31, 2023, Jazz operated to 48 airports in Canada, and Jazz employees provided the passenger handling function at 36 of these airport locations and the ramp handling function at two**.** Jazz provides airport handling services to Air Canada at agreed upon rates.

Air Canada provides certain handling functions to Jazz at certain airport locations.

Facilities

Under the CPA, Air Canada is responsible for the costs associated with:

- opening, closing and moving maintenance and crew bases, where such changes are due to changes required by Air Canada to operate the Scheduled Flights;
- any additional facilities required as a result of increased frequency of Scheduled Flights; and
- any required relocation of Jazz to comparable airport facilities reasonably acceptable to Jazz contiguous to Air Canada leased premises, ramp, gate and office space.

Return of Aircraft

The CPA provides that Air Canada shall bear the cost and expense of the removal of aircraft from the Covered Aircraft fleet, the return of such aircraft to lessors and all return condition obligations contained in any lease or sublease arrangement relating to the Covered Aircraft or the Spare Engines used to support the Covered Aircraft.

Term

The CPA expires on December 31, 2035. Neither party has the right to terminate the CPA prior to its expiry date for convenience.

When the CPA expires, all leases from Air Canada (or any affiliate of Air Canada) to Jazz for Covered Aircraft and Spare Engines will automatically be terminated, and Air Canada (or the affiliate of Air Canada) will have the right to the return of those particular Covered Aircraft and Spare Engines. If the CPA is terminated as a result of an event of default committed by Jazz, many leases will not be terminated and Jazz will remain liable for its obligations under the leases for Covered Aircraft and Spare Engines. If the CPA is terminated as a result of an event of default committed by Air Canada, Jazz may terminate any such leases, which right must be exercised concurrently with termination of the CPA.

When the CPA expires or is terminated by either party, Jazz generally ceases to earn leasing revenue under the CPA from Covered Aircraft and Spare Engines owned by Chorus.

Termination for Default

During the term of the CPA, Air Canada or Jazz (in either case, as non-defaulting party) may terminate the CPA upon determination through arbitration that the other party has committed an event of default. Events of default applicable to either party include, without limitation:

- bankruptcy or insolvency;
- failure to pay amounts when due where such default continues for a period of 30 days after notice;
- failure to comply with any of its obligations under the CPA, where such default continues for a period of 30 days after notice; and
- default with respect to a material term of any other material agreement between Jazz and Air Canada if such default continues for more than the applicable period, if any.

Events of default applicable to Jazz include, without limitation:

- suspension or revocation of any of Jazz's regulatory authorizations and licenses required for Jazz to perform the air services required by the CPA;
- more than 50% of the Covered Aircraft (and certain substitutes therefor) do not operate any Scheduled Flights for more than seven consecutive days or 25% of those aircraft do not operate any Scheduled Flights for more than 21 consecutive days, other than as a result of an order of a governmental authority affecting the industry generally or as a result of any action by Air Canada, any strike by Air Canada employees or any force majeure (including any cessation, slow-down, interruption of work or any other labour disturbance);
- default by Jazz with respect to a material term of any other material agreement to which it is a party if such default continues for more than the applicable period, if any;
- failure by Jazz to maintain adequate insurance;
- failure of Jazz to maintain specified critical service levels for four consecutive quarters or five of the prior eight quarters; and
- failure by Jazz to comply with Air Canada's audit and inspection rights.

Force Majeure

If either Air Canada or Jazz is prevented from performing its obligations under the CPA in whole or in part due to a force majeure event, the affected party may be temporarily excused from performing its obligations to the extent it is so prevented.

In addition, if Jazz is affected by a force majeure event which prevents it from performing all of its services under the CPA, Air Canada's obligation to pay the agreed rates related to certain limited fixed costs would continue, however, Air Canada's obligation to pay the other agreed rates would be temporarily suspended. All other obligations of Air Canada, including, but not limited to, those related to the fleet of Covered Aircraft and minimum average daily utilization guarantee would also be temporarily suspended and inapplicable in respect of the period of the force majeure event. Such force majeure event would also trigger prorated adjustments to be made to Air Canada's payment obligations in respect of the period of the force majeure event to reflect the level of service Jazz provides during such period.

Air Canada or Jazz may terminate the CPA if the other party is prevented from performing all or substantially all of its obligations hereunder for more than 60 days due to a force majeure event.

Change of control

Under the CPA, if a change of control of Jazz occurs without the consent of Air Canada that results in Jazz being directly or indirectly controlled by, or under common control with (a) certain air carriers operating out of Vancouver, Calgary, Toronto, Montreal, or (b) entities which own or operate a loyalty program which provides its members the ability to redeem points in exchange for air transportation services, Air Canada may terminate the CPA. The existence of this right may limit Chorus' ability to negotiate or consummate the sale of all or part of its business to another entity or otherwise participate in any consolidation in the airline industry.

Charter Operations

Jazz can sell and operate charter flights during the term of the CPA using the Covered Aircraft (subject to the payment of a charter fee to Air Canada) or with other aircraft, provided that Jazz continues to meet its obligations under the CPA, does not market such flights as Air Canada flights and otherwise complies with the non-competition provisions of the CPA. Jazz is responsible for all incremental costs and expenses associated with such flights and is entitled to all revenues.

Voyageur provides specialized contract flying operations to Canadian and international customers in four primary segments: ACMI contract operations; aeromedical operations; ad-hoc charter services; and special missions flying. ACMI contracts often involve medical, logistical and humanitarian flights to customers comprised primarily of government entities and intergovernmental organizations.

Maintenance, Repair and Overhaul Operations, Part Sales, and Technical Services

Jazz is certified to perform heavy maintenance on CRJ aircraft, Dash aircraft and Embraer 135, 145 and 175 regional aircraft. Jazz Technical Services (a division of Jazz) is Transport Canada, Federal Aviation Administration and European Aviation Safety Agency certified.

Voyageur is an Approved Maintenance Organization ("**AMO**") and Design Approval Organization ("**DAO**"), specializing in comprehensive regional aircraft MRO activities and aircraft design engineering on Mitsubishi (formerly Bombardier), De Havilland (formerly Bombardier), Embraer, and Beechcraft aircraft. Its AMO approvals are designed to satisfy a worldwide client base and include Transport Canada Civil Aviation, the United States Federal Aviation Administration, and the European Aviation Safety Agency. Voyageur provides client-dedicated solutions for all levels of aircraft inspections, heavy checks, modifications, installations, and repairs. AMO activities are also supported by Voyageur's Transport Canada Approval for the Manufacture Certification of Aeronautical Products. Through its AMO and DAO capabilities, Voyageur's work often involves highly specialized aircraft modifications and unique in-service support operations for government entities, defence departments, and the wider defence industry.

Voyageur provides parts provisioning and sales and aeronautical product support for regional aircraft to customers around the world. It serves airlines, maintenance organizations, leasing companies, and other aviation-related companies in the provisioning of aircraft parts, inventory management, inventory consignment services, component repair and overhaul, and aircraft disassembly management.

Pilot Training

Chorus established Cygnet in early 2023 with the objective of providing future commercial aircraft pilots with training services from a facility located at the airport in Kingston, Ontario. In collaboration with CAE, Cygnet enables students with no prior flight experience to earn an Integrated Airline Transport Pilot Licence and acquire an airline specific type rating within 20 months.

CHORUS BUSINESS SEGMENTS - REGIONAL AIRCRAFT LEASING

The Regional Aircraft Leasing segment consists of Chorus' aircraft leasing and asset management business. Chorus established Chorus Aviation Capital at the beginning of 2017 with the objective of further diversifying Chorus' earnings through the development of a global aircraft leasing business. Following the Falko Acquisition in May 2022, Chorus rebranded and merged its leasing business with Falko Regional Aircraft.

Falko is highly experienced in all aspects of regional aircraft leasing, financing, and asset management. Since 2011, Falko, through its managed funds and affiliates, has acquired over 340 regional jet and turboprop aircraft worth in excess of US $3.0 billion.

The Regional Aircraft Leasing segment generates earnings from the following sources:

a) Earnings from Managed Aircraft
   i) Asset management fees: Falko earns asset management fees for managing aircraft on behalf of fund investors and other third-party aircraft owners and/or investors;
   ii) Co-investment returns: Chorus earns co-investment returns from its equity investment in Falko-managed funds; and
   iii) Incentives fees: Falko earns incentive fees from funds it manages where the returns generated exceed the fund's investment performance targets.

b) Earnings from wholly or majority-owned aircraft
   i) Lease income: Chorus earns income from wholly or majority-owned aircraft leased to third-party air operators, commonly referred to as "dry leasing"; and
   ii) Asset sales: Chorus earns income from the trade and sale of aircraft.

Falko’s current portfolio of leased and managed aircraft is described in section 5 “Fleet” of the Annual MD&A, which section is incorporated into this AIF by reference. References in this AIF to Falko's aircraft portfolio include all aircraft which are reported in the Annual MD&A under the Regional Aircraft Leasing segment and, for greater certainty, exclude aircraft reported in the Annual MD&A under the Regional Aviation Services segment.

RESOURCES

Fleet

For a description of Chorus' owned and operated aircraft fleet as at December 31, 2023 and December 31, 2022, please refer to section 5 “Fleet” of the Annual MD&A, which is incorporated into this AIF by reference.

People

As at December 31, 2023, Chorus had 4,536 full-time equivalent employees compared to 4,723 full-time equivalent employees as at December 31, 2022.

Currently, Jazz has the following collective agreements in place with its employees:

- Pilots, represented by ALPA, expires on December 31, 2035. This collective agreement contains a no strike or lockout provision which continues for the length of the agreement. The collective agreement allows for an increase in wages in 2029 during an open bargaining period, in which the parties can freely negotiate, subject to final binding arbitration.
- Flight attendants, represented by CFAU, expires on December 31, 2025.
- Flight dispatchers, represented by CALDA, expires on December 31, 2025.

- Maintenance and engineering employees, represented by Unifor under two collective agreements that contain annual rollover provisions for four years expiring on December 31, 2025.
- Airport services employees, represented by Unifor, expires on January 1, 2027.
- Crew schedulers, represented by Unifor, expires on June 30, 2025.

Under a pilot mobility agreement between Jazz and Air Canada, Air Canada offers qualified Jazz pilots who have applied to work for Air Canada, on an annual basis and subject to Air Canada's applicable hiring policies and standards as they pertain to pilots, a minimum of 30% to 60% of its new hire positions depending on the date of hire at Jazz. This mobility agreement provides Jazz the ability to attract the pilots required for its operations at industry competitive wages for the regional airline sector.

Currently, Voyageur has one collective agreement with the IAM who represent Voyageur's aircraft maintenance engineers and project/shop supervisors. Voyageur's agreement with IAM has a term of five years expiring on June 14, 2026.

FACILITIES

The Corporation owns an office building and land in Dartmouth, Nova Scotia and leases a portion of the building to third party tenants. The Corporation also leases office space in Toronto, Ontario.

Jazz owns an administrative and operations facility located at the Halifax Stanfield International Airport, which comprises office and hangar space. The land on which Jazz's Halifax airport facility is located is leased from the Halifax International Airport Authority.

The following is a description of the principal facilities leased by Jazz. The first four facilities listed below are leased by Jazz from Air Canada and are provided at no cost to Jazz.

- Hangar at Toronto Pearson International Airport.
- Hangar at Calgary International Airport.
- Hangar at Montreal-Pierre Elliott Trudeau International Airport.
- Hangar at Vancouver International Airport.
- Office space at Airway Centre in Mississauga, Ontario.

In addition to the foregoing, Jazz leases training, storage, maintenance shop, hangar, airport terminal building, office, counters, maintenance offices, baggage make-up, crew rooms and parking spaces throughout Canada from various landlords.

Voyageur owns over 200,000 square feet of aircraft hangars, workshops and office space consisting of four buildings located in the North Bay Aerospace Park. The land on which these buildings are located is also owned by Voyageur.

Voyageur owns a building in New Brunswick at the Greater Moncton International Airport. This facility comprises office and hangar space. The land on which this facility is located is leased from the Greater Moncton Airport Authority.

Falko leases office space in Hatfield, U.K., Dublin, Ireland and Singapore.

CAPITAL STRUCTURE

The Corporation's capital structure currently consists of issued and outstanding Common Shares and Series 1 Preferred Shares. Chorus also has Common Share purchase warrants and debt outstanding, including the Unsecured Debentures, senior secured amortizing facilities, revolving loan facilities and lease liabilities.

For more information on Chorus' capital structure (including amounts outstanding) as at December 31, 2023 and December 31, 2022, please refer to section 8 "Capital Structure" of the Annual MD&A, which section is incorporated into this AIF by reference. The Annual MD&A is available on Chorus' website at www.chorusaviation.com and under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Share Capital

The authorized share capital of the Corporation consists of an unlimited number of Variable Voting Shares and Voting Shares (referred to collectively in this AIF as "**Common Shares**") and up to 80,750,000 Preferred Shares. As at January 31, 2024, 193,427,537 Common Shares were issued and outstanding and 300,000 Series 1 Preferred Shares were issued and outstanding.

The following summaries describe the rights, privileges, restrictions and conditions that are attached to the Variable Voting Shares, the Voting Shares, and the Preferred Shares (including the Series 1 Preferred Shares). The summaries do not purport to be complete and are subject to, and qualified in their entirety by reference to, the terms of the Corporation's Restated Articles of Incorporation, which are available on the Corporation's website at www.chorusaviation.com and under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Variable Voting Shares

Voting

The holders of the Variable Voting Shares are entitled to receive notice of, and to attend and vote at, all meetings of the Shareholders of the Corporation, except where the holders of a specified class are entitled to vote separately as a class as provided in the CBCA. The Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Qualified Canadians and shall be entitled to one vote per Variable Voting Share unless any of the thresholds set forth in (a), (b) or (c) below, as the case may be, is exceeded, in which case the vote attached to a Variable Voting Share will decrease in the following circumstances:

a) if at any time:

   i) a single non-Qualified Canadian holder of Variable Voting Shares (a "**Single Non-Canadian Holder**"), either individually or in affiliation with any other person, holds a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

   ii) the total number of votes that would be cast by or on behalf of a Single Non-Canadian Holder, either individually or in affiliation with any other person, at any meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share held by all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares held by all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

For greater certainty, a single Non-Canadian Holder Authorized to Provide Air Service (as defined below) also constitutes a Single Non-Canadian Holder.

b) if at any time:

  i) one or more non-Qualified Canadians authorized to provide an air service in any jurisdiction (each, a "**Non-Canadian Holder Authorized to Provide Air Service**" and collectively, the "**Non-Canadian Holders Authorized to Provide Air Service**"), collectively hold, either individually or in affiliation with any other person, a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with (a), above (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

  ii) the total number of votes that would be cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with (a), above (if any, as may be required thereunder), exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share held by such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares held by such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

c) If at any time:

  i) the number of Variable Voting Shares outstanding, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with (a), above, and after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with (b), above (in each case, if any, as may be required under (a) and (b)), exceeds 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

ii) the total number of votes that would be cast by or on behalf of holders of Variable Voting Shares at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with (a), above, and after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with (b), above (in each case, if any, as may be required under (a) and (b)), exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share will decrease proportionately and automatically without further act or formality only to such extent that, as a result (i) the Variable Voting Shares do not carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding voting shares of the Corporation, and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attaching to the shares of any other class ranking senior to the Variable Voting Shares, the holders of the Variable Voting Shares shall, at the discretion of the Corporation's directors, be entitled to receive, out of monies, assets or property of the Corporation properly applicable to the payment of dividends or distributions, any dividends or distributions declared and payable by the Corporation on the Variable Voting Shares. The Variable Voting Shares rank equally as to dividends and distributions on a share-for-share basis with the Voting Shares participating on an as-converted basis, and all dividends and distributions declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Variable Voting Shares and Voting Shares participating on an as-converted basis at the time outstanding, without preference or distinction.

Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares or the Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Rights upon Liquidation, Dissolution or Winding Up

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation ranking prior to the Variable Voting Shares, upon liquidation, dissolution or winding up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding up its affairs, the holders of the Variable Voting Shares and Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

Conversion

Each issued and outstanding Variable Voting Share shall be converted into one Voting Share, automatically and without any further act of the Corporation or of the holder, if (i) such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Qualified Canadian, or (ii) the provisions contained in the *Canada Transportation Act* relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

In the event that an offer is made to purchase Voting Shares and the offer is one which must, pursuant to applicable securities legislation or the rules of a stock exchange on which the Voting Shares are then listed, be made to all or substantially all the holders of the Voting Shares in a province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Voting Share that is subject to the offer at any time while the offer is in effect and until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Voting Shares in response to the offer.

If the Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the Shareholder or are not taken up by the offeror or the offer is abandoned or withdrawn, the Voting Shares resulting from the conversion shall be re-converted automatically, and without further act from the Corporation or the holder, into Variable Voting Shares.

There shall be no right to convert the Variable Voting Shares into Voting Shares or to convert Voting Shares into Variable Voting Shares, except in accordance with the conversion procedure set forth in the Corporation's Restated Articles of Incorporation.

Constraints on Ownership of Common Shares

The Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Qualified Canadians.

Voting Shares

Voting

The holders of the Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the Shareholders of the Corporation (except where the holders of a specified class are entitled to vote separately as a class as provided in the CBCA), and each Voting Share shall confer the right to one vote in person or by proxy at all meetings of Shareholders.

Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation of any other class ranking senior to the Voting Shares, the holders of the Voting Shares shall, at the discretion of the Corporation's directors, be entitled to receive, out of monies, assets or property of the Corporation properly applicable to the payment of dividends or distributions, any dividends or distributions declared and payable by the Corporation on the Voting Shares. The Voting Shares shall rank equally as to dividends and distributions on a share-for-share basis with the Variable Voting Shares participating on an as-converted basis and all dividends and distributions declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Voting Shares and Variable Voting Shares on an as-converted basis at the time outstanding, without preference or distinction.

Subdivision or Consolidation

No subdivision or consolidation of the Voting Shares or the Variable Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Rights upon Liquidation, Dissolution or Winding Up

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation ranking senior to the Voting Shares, upon liquidation, dissolution or winding up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding up its affairs, the holders of the Voting Shares and Variable Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

Conversion

Unless the foreign ownership restrictions of the *Canada Transportation Act* are repealed and not replaced with other similar restrictions, an issued and outstanding Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is not a Qualified Canadian.

In the event that an offer is made to purchase Variable Voting Shares and the offer is one which must, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, be made to all or substantially all the holders of the Variable Voting Shares, each Voting Share shall become convertible at the option of the holder into one Variable Voting Share that is subject to the offer at any time while the offer is in effect and until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Voting Shares for the purpose of depositing the resulting Variable Voting Shares in response to the offer.

If the Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the Shareholder or are not taken up by the offeror or the offer is abandoned or withdrawn, the Variable Voting Shares resulting from the conversion shall be re-converted automatically, and without further act from the Corporation or the holder, into Voting Shares.

There shall be no right to convert the Variable Voting Shares into Voting Shares or to convert Voting Shares into Variable Voting Shares, except in accordance with the conversion procedure set forth in the Corporation's Restated Articles of Incorporation.

Constraints on Ownership of Common Shares

The Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by Qualified Canadians.

Declaration as to Canadian Status

The Corporation's Restated Articles of Incorporation provide that: (i) the Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by persons who are Qualified Canadians; and (ii) the Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Qualified Canadians.

Exemptive Relief from Take-Over Bid and Early Warning Rules

On October 14, 2016, the Corporation received an exemption to treat its Variable Voting Shares and Voting Shares as a single class for the purposes of applicable take-over bid requirements and early warning reporting requirements contained under Canadian securities laws. The Corporation applied for the exemption to facilitate investment in Variable Voting Shares by persons who are not Qualified Canadians.

The securities regulatory authorities in each of the provinces of Canada granted exemptive relief (the "**Decision**") from (i) applicable formal take-over bid requirements, as contained under Canadian securities laws, such that those requirements would only apply to an offer to acquire 20 per cent or more of the outstanding Variable Voting Shares and Voting Shares of the Corporation on a combined basis, and (ii) applicable early warning reporting requirements, as contained under Canadian securities laws, such that those requirements would only apply to an acquirer who acquires or holds beneficial ownership of, or control or direction over, 10 per cent or more of the outstanding Variable Voting Shares and Voting Shares of the Corporation on a combined basis (or five per cent in the case of acquisitions during a take-over bid), and (iii) applicable alternative monthly reporting requirements, as contained under Canadian Securities laws, such that eligible institutional investors may meet the eligibility criteria for alternative monthly reporting by calculating its security holdings using a denominator comprised of all outstanding Voting Shares and Variable Voting Shares on a combined basis, and a numerator including all of the Voting Shares or Variable Voting Shares, as the case may be, beneficially owned or controlled by the eligible institutional investor. A copy of the Decision is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

The Decision takes into account that the Corporation's dual class shareholding structure was implemented solely to ensure compliance with the foreign ownership requirements of the *Canada Transportation Act*. An investor does not control or choose which class of Common Shares it acquires and holds. The class of Common Shares ultimately available to an investor is only a function of whether the investor is or is not a Qualified Canadian. Due to the relatively small number of outstanding Variable Voting Shares, absent the Decision, it may have been more difficult for investors who are not Qualified Canadians to acquire Common Shares in the ordinary course without the apprehension of inadvertently triggering the take-over bid rules or early warning requirements. The Decision considered the fact that the Variable Voting Shares and Voting Shares have identical terms except for the foreign ownership voting limitations applicable in the case of the Variable Voting Shares.

Preferred Shares

Authority to Issue

Subject to the limitation on the aggregate number of Preferred Shares that may be issued, the directors of the Corporation may issue Preferred Shares at any time and from time to time in one or more series and are authorized to determine for each series the designation, rights, privileges, restrictions and conditions, including dividend rates, redemption prices, maturity dates and other matters.

Ranking and Priority

Each series of Preferred Shares is entitled to priority over the Variable Voting Shares, the Voting Shares and any other shares of any other class of the Corporation ranking junior to the Preferred Shares with respect to priority in the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among shareholders for the purpose of winding up its affairs.

Parity Among Series

Each series of Preferred Shares rank on a parity with every other series of Preferred Shares with respect to priority in the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, and any other distribution of the assets of the Corporation among shareholders for the purpose of winding-up its affairs.

Dividends

The holders of each series of Preferred Shares shall be entitled to receive dividends (which may be cumulative, non-cumulative or partially cumulative and variable or fixed) as and when declared by the Board.

Voting Limitation

Holders of Preferred Shares are not entitled (except as otherwise required by law and except for meetings of the holders of the Preferred Shares or a series thereof) to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation. The holders of any particular series of Preferred Shares will, if the directors so determine prior to the issuance of any such series, be entitled to such voting rights as may be determined by the directors if the Corporation fails to pay dividends on that series of Preferred Shares for any period as may be so determined by the directors.

Limitation on Conversion Rights

The directors of the Corporation may assign conversion rights to Preferred Shares when issued, provided that the maximum number of Variable Voting Shares and Voting Shares, in aggregate, that may be issuable upon conversion of all Preferred Shares will be limited to 32,250,000 Variable Voting Shares and Voting Shares, in aggregate.

Series 1 Preferred Shares

The Corporation filed Articles of Amendment on May 2, 2022 creating the Series 1 Preferred Shares and subsequently filed Articles of Amendment on December 28, 2022 making certain clarifying amendments to the terms of the Series 1 Preferred Shares.

The Series 1 Preferred Shares are non-voting shares (except that they have the right to vote separately as a class on the matters contemplated by section 176 of the *Canada Business Corporations Act* and in other specified circumstances as set out in the terms of the Series 1 Preferred Shares). The Series 1 Preferred Shares are not currently listed for trading on any exchange.

The Series 1 Preferred Shares carry a dividend entitlement of 8.75% per annum in cash or 9.5% per annum in kind, payable quarterly. The dividend rate increases each year by 1% per annum in cash, 1.5% per annum in kind, starting on the sixth anniversary of the issuance up to a cap of 14.75% per annum in cash and 15.5% per annum in kind. If the Corporation defaults on any of its obligations under the terms of the Series 1 Preferred Shares or an event of default occurs under the Brookfield Investor Rights Agreement, the Series 1 Preferred Shares are subject to a 2% per annum dividend rate increase for so long as such default or event of default is continuing.

The Corporation has a one-time option to redeem 50% of the Series 1 Preferred Shares at any time and an option to redeem all of the Series 1 Preferred Shares, subject in each case to the payment of multiples on the subscriber's invested capital (a) any time prior to the third anniversary of the issuance, 1.4x, (b) starting on the third anniversary of the issuance, 1.6x, and (c) on or after the sixth anniversary of the issuance, 0x. The holders of the Series 1 Preferred Shares have a put right in the event of a change of control or the disposition by the Corporation of a material business or the acquisition by the Corporation and/or entry into of a new unrelated business line that fundamentally changes the nature of the business of the Corporation.

Investor Rights Agreements

Air Canada Investor Rights Agreement

On February 4, 2019, Air Canada made a $97.26 million equity investment in the Corporation resulting in the issuance of 15,561,600 Common Shares (the "**Air Canada Investment**"). Air Canada agreed, subject to certain exceptions set forth in the investor rights agreement dated February 4, 2019, between the Corporation and Air Canada, as amended (the "**AC Investor Rights Agreement**"), not to transfer its Common Shares in the Corporation until February 4, 2024. Under the terms of the AC Investor Rights Agreement:

- Air Canada has the right to nominate one (1) director to the Board so long as Air Canada holds at least 7.5% (subject to certain adjustments) of the Corporation's issued and outstanding Common Shares ("**AC Board Target Number of Shares**"). Air Canada's current nominee is Amos Kazzaz, Air Canada's former Executive Vice President and Chief Financial Officer.
- During the Commitment Period (as defined in the AC Investor Rights Agreement), Air Canada had pro rata pre-emptive rights in respect of the issuance by the Corporation of additional Common Shares, subject to certain limited exceptions. The Commitment Period expired on February 4, 2024; therefore, Air Canada no longer has pro rata pre-emptive rights as of the date of this AIF. In connection with the Brookfield Private Placement in May 2022, Air Canada agreed to waive its pro rata pre-emptive rights in exchange for a reduction in the AC Board Target Number of Shares from 8.0% to 7.5% of the Common Shares. A copy of the amendment to the AC Investor Rights Agreement is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.
- Air Canada has customary demand and piggy-back registration rights so long as it holds at least 5% of all issued and outstanding Common Shares.

The foregoing summary of the AC Investor Rights Agreement does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of the AC Investor Rights Agreement. Copies of the AC Investor Rights Agreement, the subscription agreement in respect of the Air Canada Investment, and the Corporation's Material Change Reports dated January 24, 2019 and February 13, 2019 in respect of the Air Canada Investment are all available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Brookfield Investor Rights Agreement

On May 3, 2022, in connection with the Falko Acquisition, the Corporation completed the Brookfield Private Placement, and the Corporation and Brookfield entered into an investor rights agreement (the "**Brookfield Investor Rights Agreement**"). The principal terms of the Brookfield Investor Rights Agreement are summarized as follows:

- Brookfield was initially entitled to designate two nominees (the "**Brookfield Nominees**") for election to the Corporation's Board of Directors. The initial Brookfield Nominees were David Levenson and Frank Yu.
- So long as Brookfield and/or any of its affiliates (the "**Brookfield Group**") holds at least the greater of either (a) a number of Common Shares equal to no less than 5% of the issued and outstanding Common Shares in the capital of the Corporation (as determined in accordance with the terms of the Brookfield Investor Rights Agreement) and (b) that number of Common Shares equal to no less than 50% of the Common Shares issued in the Brookfield Private Placement (the "**Brookfield Board Target Number of Common Shares**"), Brookfield will continue to be entitled to designate one of the two Brookfield Nominees. So long as the Brookfield Group holds at least 50% of the

Series 1 Preferred Shares, excluding any Series 1 Preferred Shares that have been redeemed by the Corporation (the "**Brookfield Board Target Number of Series 1 Preferred Shares**"), Brookfield will continue to be entitled to designate the other of the two Brookfield Nominees.

- If the Brookfield Group continues to hold at least the Brookfield Board Target Number of Series 1 Preferred Shares and (a) the Series 1 Preferred Shares remain outstanding on the seventh anniversary from closing, or (b) an Event of Default (as defined in the Brookfield Investor Rights Agreement) has occurred and is continuing, Brookfield is entitled to (i) designate one additional individual for election or appointment to the Corporation's Board of Directors, (ii) appoint the chair of the Corporation's Human Resources and Compensation Committee of the Board of Directors, and (iii) veto the approval of the Corporation's annual budget and business plan (subject to certain exceptions set out in the Brookfield Investor Rights Agreement).
- So long as the Brookfield Group holds at least 20% of the Series 1 Preferred Shares issued in the Brookfield Private Placement (excluding any Series 1 Preferred Shares that have been redeemed by the Corporation), the Corporation is not permitted, without Brookfield's prior written consent in its sole discretion, to declare or pay any non-cash dividend or distribution.
- So long as the Brookfield Group holds at least 50% of the Series 1 Preferred Shares issued in the Brookfield Private Placement (excluding any Series 1 Preferred Shares that have been redeemed by the Corporation), the Corporation is not permitted, without Brookfield's prior written consent in its sole discretion, to declare or pay any cash dividend that exceeds, in the aggregate, CA$20 million in any 3-month period.
- So long as the Brookfield Group holds at least 35% of the Series 1 Preferred Shares issued in the Brookfield Private Placement, the Corporation is not permitted, without Brookfield's prior written consent in its sole discretion, to incur additional Total Indebtedness (as defined in the Brookfield Investor Rights Agreement) if its Consolidated Total Indebtedness Ratio (as defined in the Brookfield Investor Rights Agreement) is greater than 0.75 calculated on a pro forma basis.
- Brookfield has pro rata pre-emptive rights in respect of the issuance by the Corporation of certain types of new securities and top-up rights to subscribe for additional Common Shares under certain circumstances and subject to certain limited exceptions set out in the Brookfield Investor Rights Agreement.
- Brookfield has customary demand and piggy-back registration rights relating to certain of its Common Shares and its Series 1 Preferred Shares which expire at such time as Brookfield no longer beneficially owns at least (a) 5% of the outstanding Common Shares as it relates to the demand registration rights in respect of the Common Shares or (b) 5% of the Series 1 Preferred Shares (excluding those redeemed by the Corporation) as it relates to the demand registration rights in respect of the Series 1 Preferred Shares.
- Subject to certain limited exceptions set out in the Brookfield Investor Rights Agreement, the Brookfield Group is required to comply with certain customary standstill provisions in favour of the Corporation for a 24-month period from May 3, 2022 or, in respect of certain standstill provisions, a 12-month period from the date on which no Brookfield Nominee serves on the Corporation's Board of Directors.

The foregoing summary of the Brookfield Investor Rights Agreement does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of the Brookfield Investor Rights Agreement, a copy of which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Normal Course Issuer Bid

On November 8, 2023, the Corporation received approval from the TSX to renew the NCIB for its Common Shares. Under the renewed NCIB, the Corporation is authorized to purchase for cancellation up to a maximum of 15,160,372 of its Common Shares, representing 10% of the public float of the Common Shares as of November 6, 2023 calculated in accordance with the TSX rules. The NCIB commenced on November 14, 2023 and concludes on the earlier of the date on which the Corporation purchases the maximum number of Common Shares permitted under the NCIB and November 13, 2024. Security holders may obtain a copy of the NCIB notice, without charge, by contacting the Corporation.

In connection with the NCIB, the Corporation entered into an automatic securities purchase plan (the "**ASPP**") with its designated broker to allow for the purchase of Common Shares on any trading day during the NCIB during pre-determined trading blackout periods, subject to certain parameters as to price and number of Common Shares. Outside of these pre-determined blackout periods, Common Shares may also be repurchased in accordance with management's discretion, subject to applicable law. The Corporation may vary, suspend or terminate the ASPP only if it does not have material non-public information, and the decision to vary, suspend or terminate the ASPP is not taken during a trading blackout period.

The current NCIB follows on the conclusion of Chorus' previous NCIB that expired on November 13, 2023. Under the previous NCIB, the Corporation purchased 9,177,784 Common Shares through the facilities of the TSX at a weighted average price of $3.25 per Common Share.

As of December 31, 2023, the Corporation had purchased and cancelled 445,667 Common Shares under the current NCIB. There can be no assurance as to how many Common Shares, if any, will be acquired by Chorus pursuant to the renewed NCIB.

Shareholder Rights Plan

On April 27, 2020, the Corporation adopted a shareholder rights plan (the "**Rights Plan**"). The Rights Plan was ratified by Shareholders at the annual and special meeting of Shareholders held on June 29, 2020 and reconfirmed by Shareholders at the annual meeting of Shareholders held on May 9, 2023. The Rights Plan must be reconfirmed by Shareholders at every third annual meeting of Shareholders.

In adopting the Rights Plan, the Corporation's directors considered the existing legislative framework governing take-over bids in Canada, as amended in 2016. The Corporation's directors determined that there is a role for shareholder rights plans in protecting issuers and preventing the unequal treatment of shareholders. Some areas of concern include:

- protecting against "creeping bids" (the accumulation of more than 20% of shares) through purchases exempt from Canadian take-over bid rules, such as (i) purchases from a small group of shareholders under private agreements at a premium to the market price not available to all shareholders, (ii) acquiring control through the slow accumulation of shares not available to all shareholders, (iii) acquiring control through the slow accumulation of shares over a stock exchange without paying a control premium, or (iv) through other transactions outside of Canada (that may not be subject to the take-over bid rules), and requiring the bid to be made to all shareholders; and

- preventing the use of "hard" lock-up agreements by offerors whereby existing shareholders commit to tender their shares to an offeror's take-over bid in lock-up agreements that are either irrevocable or revocable but subject to restrictive termination conditions. Such agreements could have the effect of deterring other potential bidders from bringing forward competing bids, particularly where the number of locked-up shares would make it difficult or unlikely for a competing bidder's bid to achieve the 50% minimum tender requirement imposed by the take-over bid rules.

The Rights Plan discourages the making of certain bids that are structured to be coercive or discriminatory in effect by creating the potential for significant dilution to any offeror who becomes the beneficial owner of 20% or more of the outstanding Variable Voting Shares and Voting Shares on a combined basis. The Rights Plan accomplishes this by providing for the issuance to all Shareholders of rights to acquire additional Common Shares at a significant discount to the then-prevailing market price, which could, in certain circumstances, become exercisable by all Shareholders other than the offeror and its joint actors.

In addition, the Rights Plan is designed to prevent lock-up agreements that are not in the best interest of the Corporation or Shareholders and to encourage offerors to structure lock-up agreements so as to provide the locked-up Shareholders with reasonable flexibility to terminate such agreements in order to deposit their shares to a higher value bid or support another transaction offering greater value.

The foregoing summary of the Rights Plan does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Rights Plan, which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Warrants

As at December 31, 2023, the Corporation had a total of 18,642,772 2022 Warrants outstanding.

On May 3, 2022, the Corporation issued the 2022 Warrants in connection with the Brookfield Private Placement. Each 2022 Warrant entitles the holder thereof to acquire one Common Share at an exercise price of $4.60 for a period of seven years from the date of issue. The 2022 Warrants are not exercisable if doing so would cause the holder, its affiliates and persons acting together with any of them to collectively beneficially hold, or have control or direction over, more than 19.99% of the outstanding Common Shares. The 2022 Warrants are subject to certain anti-dilution provisions, and the exercise price of the 2022 Warrants is subject to downward adjustment for the value of any cash dividends or distributions paid to holders of Common Shares.

Long-term Debt

The following is a summary of the principal debt securities and facilities in respect of which the Corporation is the borrower or a guarantor as of the date of this AIF, namely, the Unsecured Debentures, the Operating Credit Facility, and the Unsecured Credit Facility. For more detailed disclosure related to Chorus' long-term debt, refer to section 8 “Capital Structure” of the Annual MD&A, which section is incorporated into this AIF by reference.

Series A Debentures

In December 2019, the Corporation issued $86.25 million aggregate principal amount of Series A Debentures. The Series A Debentures were issued in denominations of $1,000 and, unless previously redeemed or purchased, will mature on December 31, 2024. The Series A Debentures bear interest at 5.75% per annum, payable semi-annually in arrears on June 30 and December 31 of each year.

The Series A Debentures are not redeemable by the Corporation prior to December 31, 2022. On or after December 31, 2022 and prior to December 31, 2023, the Corporation may redeem the Series A Debentures, in whole or in part from time to time, at a price equal to 102.875% of the principal amount of the Series A Debentures plus accrued and unpaid interest. On and after December 31, 2023 and prior to December 31, 2024, the Series A Debentures may be redeemed, in whole or in part from time to time, at the option of the Corporation at a price equal to their principal amount plus accrued and unpaid interest. In the event of a change of control of the Corporation, the Corporation is required to make an offer to repurchase all of the Series A Debentures and may redeem the Series A Debentures subject to certain terms and conditions.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing under the indenture governing the Series A Debentures, the Corporation has the option to satisfy its obligation to pay the principal amount of the Series A Debentures due at redemption or maturity (together with any applicable premium) by delivering freely tradeable Voting Shares to the holders of the Series A Debentures who are Qualified Canadians or Variable Voting Shares to holders of the Series A Debentures who are not Qualified Canadians. In such event, payment is satisfied by delivering for each $1,000 due, that number of freely tradeable Common Shares obtained by dividing $1,000 by 95% of the current market price (determined in accordance with the Series A Debentures indenture) on the date fixed for redemption or maturity. The Series A Debentures are not convertible into Common Shares at the option of the holders of the Series A Debentures at any time.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing under the indenture, the Corporation may elect to satisfy all or any part of its obligation to pay interest on the Series A Debentures by issuing Common Shares to the trustee appointed under the indenture, in which case the trustee will sell the Common Shares and use the proceeds thereof to satisfy all or part of the Corporation's interest payment obligations.

The Series A Debentures are direct, senior unsecured obligations of the Corporation and rank: (i) subordinate to all existing and future senior secured and other secured indebtedness of the Corporation, but only to the extent of the value of the assets securing such secured indebtedness; (ii) except as prescribed by law, *pari passu* with one another and equally in right of payment from the Corporation with all other existing and future unsubordinated unsecured indebtedness of the Corporation, and (iii) senior to any other existing and future subordinated unsecured indebtedness of the Corporation.

The trustee under the indenture for the Series A Debentures has entered into an Intercreditor Agreement with the administrative agent for and on behalf of the lenders under the Operating Credit Facility (the "**Senior Creditors**") (see "Capital Structure – Long-term Debt – Operating Credit Facility" for a further description of the Operating Credit Facility and the Intercreditor Agreement).

The Series A Debentures are listed for trading on the TSX under the symbol CHR.DB.A.

The foregoing description of the Series A Debentures does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of the Series A Debentures indenture and the short form prospectus relating thereto which are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Series B Debentures

In April 2021, the Corporation issued $72.5 million aggregate principal amount of Series B Debentures. The Series B Debentures were issued in denominations of $1,000 and, unless previously redeemed or purchased, will mature on June 30, 2026. The Series B Debentures bear interest at 6.00% per annum, payable semi-annually in arrears on June 30 and December 31 of each year.

The Series B Debentures are convertible at the holder's option into approximately 157.4803 Common Shares per $1,000 principal amount of the debentures, initially representing a conversion price of $6.35 per Common Share, subject to adjustment in certain circumstances (the "**Conversion Price**").

The Series B Debentures are not redeemable by the Corporation prior to June 30, 2024. On or after June 30, 2024 and prior to June 30, 2025, the Corporation may redeem the Series B Debentures, in whole or in part from time to time, at their principal amount plus accrued and unpaid interest, if any, up to but excluding the date of redemption, provided that the arithmetic average of the per share volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date is at least 125% of the Conversion Price. On and after June 30, 2025, the Series B Debentures may be redeemed in whole or in part from time to time at the option of the Corporation at a price equal to their principal amount plus accrued and unpaid interest. In the event of a change of control of the Corporation, the Corporation is required to make an offer to repurchase all of the Series B Debentures and may redeem the Series B Debentures subject to certain terms and conditions.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing under the indenture governing the Series B Debentures, the Corporation has the option to satisfy its obligation to pay the principal amount of the Series B Debentures due at redemption or maturity (together with any applicable premium) by delivering freely tradeable Voting Shares to the holders of the Series B Debentures who are Qualified Canadians or Variable Voting Shares to holders of the Series B Debentures who are not Qualified Canadians. In such event, payment is satisfied by delivering for each $1,000 due, that number of freely tradeable Common Shares obtained by dividing $1,000 by 95% of the current market price (determined in accordance with the Series B Debentures indenture) on the date fixed for redemption or maturity.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing under the indenture, the Corporation may elect to satisfy all or any part of its obligation to pay interest on the Series B Debentures by issuing Common Shares to the trustee appointed under the indenture, in which case the trustee will sell the Common Shares and use the proceeds thereof to satisfy all or part of the Corporation's interest payment obligations.

The Series B Debentures are direct, senior unsecured obligations of the Corporation and rank (i) subordinate to all existing and future senior secured and other secured indebtedness of the Corporation, but only to the extent of the value of the assets securing such secured indebtedness, or other indebtedness of the Corporation that ranks senior to the Series B Debentures by operation of law; (ii) except as prescribed by law, *pari passu* with one another and equally in right of payment from the Corporation with all other existing and future unsubordinated unsecured indebtedness of the Corporation; and, (iii) senior to any other existing and future subordinated unsecured indebtedness of the Corporation.

The trustee under the indenture for the Series B Debentures has entered into an Intercreditor Agreement with the administrative agent for and on behalf of the Senior Creditors (see "Capital Structure – Long-term Debt – Operating Credit Facility" for a further description of the Operating Credit Facility and the Intercreditor Agreement).

The Series B Debentures are listed for trading on the TSX under the symbol CHR.DB.B.

The foregoing description of the Series B Debentures does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of the Series B Debentures indenture and the short form prospectus relating thereto which are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Series C Debentures

In September 2021, the Corporation issued $85 million aggregate principal amount of Series C Debentures. The Series C Debentures were issued in denominations of $1,000 and, unless previously redeemed or purchased, will mature on June 30, 2027. The Series C Debentures bear interest at 5.75% per annum, payable semi-annually in arrears on June 30 and December 31 of each year.

The Series C Debentures are not redeemable by the Corporation prior to March 31, 2024. On and after March 31, 2024 and prior to March 31, 2025, the Corporation may redeem the Series C Debentures in whole or in part from time to time at a price equal to 104.3125% of the principal amount of the Series C Debentures plus accrued and unpaid interest. On and after March 31, 2025 and prior to March 31, 2026, the Series C Debentures may be redeemed in whole or in part from time to time at the option of the Corporation at a price equal to 102.875% of the principal amount plus accrued and unpaid interest. On and after March 31, 2026, the Series C Debentures are redeemable in whole or in part from time to time at the option of the Corporation at a price equal to the principal amount of the Series C Debentures redeemed plus accrued and unpaid interest. In the event of a change of control of the Corporation, the Corporation is required to make an offer to repurchase all of the Series C Debentures and may redeem the Series C Debentures subject to certain terms and conditions.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing under the indenture, the Corporation has the option to satisfy its obligation to pay the principal amount of the Series C Debentures due at redemption or maturity (together with any applicable premium) by delivering Common Shares. In such event, payment is satisfied by delivering for each $1,000 due, that number of freely tradeable Common Shares obtained by dividing $1,000 by 95% of the current market price (determined in accordance with the indenture) on the date fixed for redemption or maturity. The Series C Debentures are not convertible into Common Shares at the option of the holders of the Series C Debentures at any time.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing under the indenture, the Corporation may elect to satisfy all or any part of its obligation to pay interest on the Series C Debentures by issuing Common Shares to the trustee appointed under the indenture, in which case the trustee will sell the Common Shares and use the proceeds thereof to satisfy all or part of the Corporation's interest payment obligations.

The Series C Debentures are direct, senior unsecured obligations of the Corporation and rank: (i) subordinate to all existing and future senior secured and other secured indebtedness of the Corporation, but only to the extent of the value of the assets securing such secured indebtedness, or other indebtedness of the Corporation that ranks senior to the Series C Debentures by operation of law; (ii) except as prescribed by law, *pari passu* with one another and equally in right of payment from the Corporation with all other existing and future unsubordinated unsecured indebtedness of the Corporation; and, (iii) senior to any other existing and future subordinated unsecured indebtedness of the Corporation.

The trustee under the indenture for the Series C Debentures has entered into an Intercreditor Agreement with the administrative agent for and on behalf of the Senior Creditors (see "Capital Structure – Long-term Debt – Operating Credit Facility" for a further description of the Operating Credit Facility and the Intercreditor Agreements).

The Series C Debentures are listed for trading on the TSX under the symbol CHR.DB.C.

The foregoing description of the Series C Debentures does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of the Series C Debentures indenture and the prospectus supplement to the short form base shelf prospectus relating thereto which are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Operating Credit Facility

The Corporation and certain designated subsidiaries, including CACC, Jazz and Voyageur (the "**Credit Parties**"), are parties to the Operating Credit Facility with a maturity date of January 27, 2026. The Operating Credit Facility provides the Credit Parties with a committed facility of $150.0 million, subject to a borrowing base calculation.

Indebtedness under the Operating Credit Facility is secured by all present and after-acquired personal property of the Credit Parties, excluding certain specified assets such as aircraft, engines and the equity securities of certain specified entities including CACC and its subsidiaries. Any outstanding balance under the Operating Credit Facility may become immediately repayable if the Corporation undergoes a change of control without the consent of the Senior Creditors. The Operating Credit Facility contains customary representations, warranties and covenants, including a covenant to maintain a minimum consolidated interest coverage ratio.

The Bank of Nova Scotia, in its capacity as administrative agent for and on behalf of the Senior Creditors, and the trustees (collectively, the "**Trustees**") under the indentures for the Unsecured Debentures are parties to certain intercreditor agreements (the "**Intercreditor Agreements**").The Intercreditor Agreements provide, among other things, that following the occurrence of a default (as defined in the Intercreditor Agreements) which is continuing or upon an insolvency or liquidation proceeding (as defined in the Intercreditor Agreements) involving the Corporation, all obligations under the Operating Credit Facility shall first be paid in full before payments are made to holders of the Unsecured Debentures under or pursuant to the applicable indenture and as such, to the extent that any amounts remain outstanding under the Operating Credit Facility after realization upon the applicable security, any proceeds received by the Trustees on behalf of the holders of the Unsecured Debentures may be required to be remitted to the administrative agent under the Operating Credit Facility until all amounts due under the Operating Credit Facility are paid in full.

The foregoing description does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of the agreement for the Operating Credit Facility and the Intercreditor Agreements, copies of which are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Bi-lateral Credit Facilities

On November 1, 2023, the Corporation entered into two credit facilities with The Bank of Nova Scotia.

The first facility provides Chorus with an unsecured revolving loan facility up to $30.0 million and matures on November 1, 2024. This facility may be used for general corporate purposes but can only be drawn after Chorus has fully drawn under the Operating Credit Facility. Indebtedness under this facility ranks at least *pari passu* in right of payment with all other senior, unsecured and unsubordinated indebtedness of Chorus. The loan agreement contains customary representations, warranties, covenants and events of default, and is cross defaulted to any event of default under the Operating Credit Facility.

The second credit facility provides Chorus with a revolving loan in an amount up to the lesser of (a) 50% of the current market value of certain unencumbered aircraft pledged as security for the loan, and (b) $50.0 million. The use of proceeds under this facility is currently limited to the repayment of the Series A Debentures. The facility matures on December 31, 2025 and is secured by the aircraft pledged as security together with the related leases and insurance proceeds. The loan agreement contains customary representations, warranties, covenants and events of default, and is cross defaulted to any event of default under the Operating Credit Facility.

Unsecured Credit Facility

On April 28, 2020, the Corporation obtained a US $100.0 million unsecured revolving credit facility from EDC for general corporate purposes (the "**Unsecured Credit Facility**"). The facility contains customary covenants and events of default including restrictions on share repurchases and the payment of dividends (i.e. $0.48 per Common Share per year), a mandatory prepayment upon the occurrence of a change of control of the Corporation, an event of default that would be triggered upon the acceleration of indebtedness of the Corporation or any of its material subsidiaries in excess of US $10.0 million, and an event of default triggered upon an event of default under any other indebtedness owed by the Corporation or any of its subsidiaries to EDC. In addition, the Unsecured Credit Facility contains a covenant not to exceed a prescribed total leverage ratio of debt to EBITDA. The Corporation's obligation to pay principal and interest under this facility ranks at least *pari passu* in right of payment with all unsecured and unsubordinated indebtedness of the Corporation.

The Unsecured Credit Facility was originally repayable on April 28, 2022; however, in December 2020 it was amended to be repayable in eight quarterly installments starting in April 2022 and ending in July 2024.

COMPETITION

Chorus' subsidiaries provide support services that encompass every stage of a regional aircraft's lifecycle, including aircraft acquisition and leasing, aircraft refurbishment, engineering, modification, repurposing and transition, contract flying, aircraft and component maintenance, disassembly, and parts provisioning.

Jazz's fleet is significantly larger than that of the next largest Canadian regional airline. All other carriers in the Canadian regional airline market are smaller operators of turboprop and regional jet aircraft, most of which operate aircraft in the 19 to 75 seat range. Many of these regional carriers operate primarily independent services, flying in niche markets. Jazz also competes with a number of smaller regional carriers for charter business from other customers. Jazz gains a competitive advantage from its scale of operations, and access to and ability to train pilots and other human resources at scale.

Voyageur's charter operations compete with a wide variety of ACMI operators from around the world, including: Swiftair from Spain, 748 Air Services from Kenya, ALS Ltd. from Kenya, Ethiopian Airlines from Ethiopia, and Air Urga from Ukraine. Voyageur's competitive advantage in international ACMI operations is rooted in being a Transport Canada approved air carrier, having a reputation as a safe and highly reliable operator, had having a long-standing track record of safe flying for the United Nations.

Falko competes primarily with aircraft lessors and asset managers that are focused on the regional aircraft segment, such as Abelo Capital Aviation, Azorra Aviation Holdings, Nordic Aviation Capital and TrueNoord Regional Aircraft Leasing. Falko may also encounter competition from established lessors and asset managers that are currently focused on other segments of the industry such as narrow and wide-body aircraft, as well as from entities that selectively compete with it, including airlines, aircraft manufacturers, financial institutions and aircraft brokers. Falko is currently the leading lessor and asset manager focused solely on the regional aircraft segment due to the size of the fleet it manages and the breadth of its relationships with capital providers.

Jazz and Voyageur's MRO operations compete with several MRO facilities. Jazz Technical Services' primary competitors include JD Aero, AAR, MHI and Premier Aviation, and it derives its competitive advantage from the scale of its MRO operations that includes maintaining the Jazz Covered Aircraft fleet. Voyageur's primary competitors in MRO operations and specialty defence work include PAL Aerospace, KF Aerospace, JD Aero, Avmax, Field Aviation, and Skyservice Business Aviation, and it derives its competitive advantage from its expertise in design engineering and modification.

Voyageur's parts provisioning business competes with domestic and international companies, including 3 Points Aviation, Airstart, Field Aviation and Regional One. Voyageur possesses expertise in aircraft sourcing, modification, maintenance and disassembly which enable it to compete successfully in the parts provisioning and defence sectors.

LOGOS AND TRADEMARKS

Chorus owns trademarks for Chorus, Chorus Aviation and the associated design marks (logos) and has registered these trademarks in Canada, the United Kingdom, Ireland and the U.S. Chorus also owns additional trademarks in connection with the Voyageur and Falko businesses.

"Jazz" is a trademark owned by Air Canada in Canada and the U.S. and is used by Jazz under license from Air Canada.

Air Canada has granted Jazz a royalty-free, non-exclusive, non-sublicensable, non-assignable right to use the "Jazz" trademark in association with the provision of regional airline services in Canada and the U.S. If the CPA is terminated or expires, that trademark license agreement provides for a termination of the license six months later. Under a special trademark license agreement, Jazz and Air Canada agreed that when the

CPA is terminated or expires, Air Canada will transfer all rights to the "Jazz" trademark to Jazz, and Jazz will discontinue its use of any other Air Canada trademarks.

Chorus' trademarks and brand name assets are an important part of its business. Chorus benefits from the goodwill associated with its brand names. Chorus protects its proprietary information, including its trademarks and database, through trademark laws, contractual provisions and confidentiality procedures.

REGULATORY ENVIRONMENT

In Canada, commercial air transportation falls wholly within the jurisdiction of the federal government. The commercial air transportation policy, maintenance standards, operations standards, aircraft airworthiness, pilot and cabin crew licensing and certification, safety, ground services, and navigation facilities are the responsibility of the Minister of Transport.

Canadian-registered aircraft, pilots, cabin crew, maintenance engineers, maintenance operations and all aspects of its commercial and charter air service operations are subject to the inspection, licensing, certification and compliance requirements of Transport Canada under the *Aeronautics Act*, *Canadian Aviation Regulations* and the standards issued under that Act and its regulations.

The Canadian Transportation Agency (the "**Agency**") is responsible under the *Canada Transportation Act* and the *Air Transportation Regulations* for issuing air carrier licenses for both domestic and international services, and for regulating air charter operations, equipment and crew leasing (wet leases, block space and code share arrangements), certain air tariffs and the terms and conditions of carriage. The Agency may also investigate, mediate or hear air travel complaints. The commercial and charter air services of Jazz and Voyageur are subject to the licensing, charter operations, international fare, terms of carriage, insurance requirements and air travel complaint jurisdiction of the Agency, as further described below.

Air Passenger Protection Regulations

The *Canada Transportation Act* includes regulations establishing an air passenger rights regime that applies to flights to, from, and within Canada. The regulations, titled the *Air Passenger Protection Regulations* (the "**APPRs**") set out the minimum standards of treatment, compensation, and communication with passengers in the case of flight delays, cancellations and denial of boarding, amongst other things as well as minimum standards of treatment, compensation and assistance in completing the planned itinerary and compensation for lost or damaged baggage. The APPRs apply to all flights to, from and within Canada, including connecting flights.

Under the CPA, Air Canada is responsible for the processing and payment of all passenger claims under the APPRs arising from flights operated by Jazz under the CPA. No compensation is payable under the APPRs to individual passengers carried by Jazz or Voyageur on charter flights.

Accessibility

Airlines, as transportation service providers in Canada, are subject to the *Accessible Transportation for Persons with Disabilities Regulations* (the "**ATPDRs**"). The ATPDRs are a single, legally-binding set of accessible transportation regulations that require transportation service providers to: meet the communication needs of passengers with disabilities; train employees to provide assistance to passengers with disabilities; comply with technical requirements regarding aircraft and terminals (such as airports); and provide accessible services, including by making border and security screening accessible. The *Accessible Transportation Planning and Reporting Regulations* require transportation service providers to develop an accessibility plan and establish feedback processes with the community to identify and remove barriers.

In addition to laws and regulations affecting the aviation industry specifically, Chorus is subject to employment, human rights and pay equity legislation in Canada and in other jurisdictions in which its entities operate.

Transborder Services

Jazz operates transborder services between Canada and the United States based on the Open Skies Agreement between Canada and the United States. The Open Skies Agreement allows air carriers of both countries (i) to pick up passenger and/or cargo traffic in the other country and carry that traffic to a third country as part of a service to or from the carrier's home country, (ii) to operate stand-alone all-cargo services between the other country's territory and third countries, and (iii) greater pricing flexibility for services between the other country and a third country. The agreement also permits Air Canada to offer code share services with certain Star Alliance® members between Canada and the United States. In addition, some of these Star Alliance® members' codes appear on some transborder flights operated by Jazz.

The carriage of local traffic between points within one country by carriers of the other country, commonly known as "cabotage", is prohibited.

Other International Services

None of the Corporation's subsidiaries currently has a license to operate a scheduled international service to any country other than the U.S., but the Canadian government has entered many bilateral air transport agreements with other countries under which a subsidiary of the Corporation would be eligible to apply for licensing and operate abroad on a reciprocal basis.

Charter Services

Jazz and Voyageur both maintain licenses issued by the Agency to operate non-scheduled international service between Canada and any other country. Subject to certain exceptions, charter operations are generally not covered by bilateral agreements. Canadian government policy permits any Canadian carrier to operate charter services between Canada and any point in the world subject to prior approval of the Canadian and other applicable regulatory authorities.

The policy does not contain restrictions relating to advance booking, minimum stay requirements and one-way travel. However, to preserve a distinction between charter and scheduled international services, the policy retains the requirements that the entire seating capacity of an aircraft be chartered and that the charter customer be prohibited from selling seats directly to the public.

Charter operations carried on between points located entirely in another country are typically subject to approvals from local aviation authority.

Official Languages Requirements

Air Canada is subject to the *Official Languages Act* ("**OLA**"), which among other things, requires it to ensure that any member of the traveling public can communicate with and obtain services in either official language where there is significant demand for those services in that language. Where another person performs those services on Air Canada's behalf, the OLA obliges Air Canada to ensure that other person provides those services in the applicable official language. Accordingly, Jazz must provide those services to the travelling public under the CPA in a manner that ensures Air Canada's compliance with the OLA. While the OLA does not currently apply directly to Chorus or any of its subsidiaries, management cannot predict how future changes to this legislation might affect its business.

On June 20, 2023, Bill C-13, *An Act to amend the Official Languages Act, to enact the Use of French in Federally Regulated Private Businesses Act and to make related amendments to other Acts* (“**Bill C-13**”) received Royal Assent. The amendments are intended to apply to federal private sector employers with workplaces in “regions with a strong Francophone presence” by introducing new rights to: (i) carry out work and be supervised in French; (ii) receive all communications and documents from a federally-regulated private business in French; and (iii) use regulatory and widely used work instruments and computer systems in French. When it comes into force, Bill C-13 will apply to Jazz.

Furthermore, on June 1, 2022, Quebec passed into law Bill 96, *An Act Respecting French, the Official and Common Language of Quebec* (“**Bill 96**”). Until Bill C-13 comes into force, Bill 96 potentially impacts federally regulated businesses with employees in the province of Quebec by requiring them to promote and prioritize the use of the French language in Quebec. This new law entitles employees in Quebec to: (i) receive all communications and internal documents from their employer in French; (ii) interact with management and supervisory personnel in French; and (iii) receive training in French. Jazz is the only Chorus subsidiary with employees based in Quebec.

Security and Safety

Jazz’s and Voyageur’s first priority is the safety and security of all passengers, crew members and all employees in all aspects of its their operations. Jazz and Voyageur strive to build a positive security culture that promotes improvement and solicits ideas from all stakeholders.

As Canadian air operators with transborder operations, both Jazz and Voyageur work with Transport Canada and other federal and U.S. agencies to continuously improve security measures and to enable innovations adopted by Chorus to maintain the highest degree of security. Their respective internal safety management systems include security related processes, including threat assessment protocols that allow the operation to address any number of potential threats.

The *Canadian Aviation Regulations* require air operators to implement a safety management system in their organizations and appoint executives who are accountable for safety. The goals of safety management systems are to increase the sophistication and proactiveness of safety practices, to instill a consistent and positive safety culture, and to help improve upon the already high safety performance of Canadian airline operators. Jazz and Voyageur have each implemented a safety management system.

The President of Jazz serves as the Accountable Executive for Jazz, and its Vice President, Flight Operations and its Vice President, Maintenance & Engineering have responsibility for the implementation and ongoing efficacy of Jazz’ safety management system. Jazz's Director of Safety, Quality & Environment has responsibility for the ongoing management of the safety management system. Jazz has accepted an award at Canada’s Safest Employers event for seven consecutive years.

The President of Voyageur serves as the Accountable Executive for Voyageur and oversees the ongoing efficacy of Voyageur’s Safety and Risk Management System, which is dedicated to promoting a culture of safety within Voyageur. Voyageur's Director of Safety and Risk Management & the Environment has responsibility for the ongoing management of the safety management system. Employees are focused on incident prevention through critical self-assessment and proactive identification of potential deficiencies.

Jazz and Voyageur, as air carriers, are subject to the *Secure Air Travel Act* (Canada), which replaced the previous legislative framework for identifying and responding to persons who may engage in an act that poses a threat to transportation security or who may travel by air for the purpose of committing a specified terrorism offence. It authorizes the Minister of Public Safety and Emergency Preparedness to establish a list of such persons and to direct air carriers to take any necessary actions to prevent the commission of such acts. It also requires that air carriers provide the Minister with certain information about individuals who are on board or expected to be on board their aircraft for the purpose of identifying listed persons and for the purpose of issuing a unique identifier to them to assist with pre-flight verification of their identity.

On December 20, 2018, the *Canadian Aviation Regulations* were amended to introduce rules for flight crew hours of work. The changes, which currently only apply to large Canadian passenger and cargo operators, include: (i) prescribed flight and duty time limits to limit the amount of time a flight crew member can be on the job, and (ii) the use of fatigue risk management systems, which require air carriers to demonstrate that variances to the prescribed flight and duty limits will not adversely affect the level of flight crew fatigue or alertness. Compliance with the prescriptive requirements may result in incremental costs to air carriers, including the need to hire more flight crew, to update flight crew management computer programs, to provide fatigue-related training to their flight crew members, and to secure additional rest facilities.

Under the CPA, Air Canada is responsible for costs due to regulatory changes incurred by Jazz in performing services for Air Canada under the CPA.

Sustainability

Environmental Policy

Chorus' Environmental Policy, updated in 2023, sets out Chorus' environmental priorities, including an emphasis on:

- disclosing Chorus' greenhouse gas emissions;
- reducing waste by taking a life-cycle approach to waste management;
- engaging with Chorus' supply chain and incorporating environmental considerations when sourcing goods and services;
- setting goals, monitoring progress and reviewing environmental performance regularly; and
- communicating transparently about how Chorus manages its sustainability impacts.

Both Jazz and Voyageur maintain a safety and environment committee which meets regularly with members of the business units' executive team to review safety and environmental performance. Jazz and Voyageur present a safety and environmental report to the Governance, Safety and Sustainability Committee of the Corporation's Board of Directors on a quarterly basis.

Canada's Action Plan to Reduce Greenhouse Gas Emissions from Aviation

In December 2022, the Government of Canada published the Aviation Climate Action Plan 2022-2030, which sets out a vision for net-zero GHG emissions from Canada's aviation sector by 2050. This plan is a collaboration between Transport Canada and key industry stakeholders and forms the basis for the Government of Canada's response to the 38 International Civil Aviation Organization's ("**ICAO**") Assembly Resolution A37-19, which encouraged member states to submit national action plans setting out measures each state would take to address international aviation emissions. The plan supports the goals of carbon neutral growth from 2020 onwards and absolute GHG reductions of 50%, relative to 2005 levels, by 2050.

Carbon Offsetting and Reduction

The Government of Canada set binding commitments to achieve net-zero emissions by 2050 in the *Canadian Net-Zero Emissions Accountability Act*. As required by the Act, Canada published its first Emissions Reduction Plan (ERP) in 2022, establishing a roadmap for reaching Canada's 2030 emissions reduction target. In addition, the Aviation Climate Action Plan 2022-2030 acknowledges that out of sector reductions will be required to achieve net-zero GHG emissions by 2050, including using offsets as part of ICAO's Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**").

Canada implemented CORSIA through regulatory amendments to the *Canadian Aviation Regulations*. CORSIA is a market-based measurement scheme for international aviation designed to offset emissions above a baseline level, thus reducing emissions elsewhere in the world in pursuit of carbon-neutral growth for the aviation sector. ICAO set 2019 emissions as the baseline for the "pilot phase", being 2021 through to the end of 2023 and will use 85% of 2019 emissions as the baseline for calculating offsetting obligations for the “first phase” of CORSIA, being 2024 until 2035. CORSIA began on a voluntary basis in 2021 and, with some exceptions, will become mandatory in 2027 for all ICAO member states. Canada’s federal government signed on to participate voluntarily from 2021. The aviation community is currently in the first phase of the CORSIA program.

Jazz annually submits its flight emission records to Transport Canada under CORSIA. Starting in 2024, and then every 3 years, operators will have to offset their emissions above the CORSIA baseline for the most recent 3-year period. Offsetting requirements are determined by each operator’s CO2 emissions and the global industry’s growth factor, as determined by ICAO. Offsetting requirements will be aggregated by 3-year compliance cycles. For each compliance cycle, Jazz may be required to procure and cancel a number of eligible emissions units corresponding to the offsetting requirements.

Chorus anticipates that Jazz will fully recover its CORSIA compliance-related costs under the CPA. As Voyageur’s operations do not exceed the prescribed emissions threshold, it does not participate in CORSIA.

On the basis of CORSIA, the European Parliament and the European Council have continued exempting flights between Europe and third countries from the European Union Emissions Trading System (the “**EU ETS**”). However, the European Commission published the “Fit for 55 Package” in 2021, bringing together regulatory amendments and new regulatory proposals to deliver the European Green Deal. The European Green Deal, approved in 2020, is a package of policy initiatives that aims to set the European Union (the “**EU**”) on the path to a green transition and, ultimately, for it to reach GHG neutrality by 2050. Neither Jazz nor Voyageur’s operations are expected to be impacted significantly (or at all) by the EU ETS; however, Falko’s lessees which operate within or to/from the EU may have obligations under the EU ETS.

International Aviation Climate Ambition Coalition Declaration

In November 2021, Canada participated in the inaugural meeting of the International Aviation Climate Ambition Coalition at the 26th United Nations Climate Change Conference of the Parties (“**COP26**”) in Glasgow. Canada, along with 22 other member states, signed the COP26 Declaration, which commits to taking ambitious actions to reduce CO2 emissions from aviation and supporting the aviation industry’s commitment towards net zero CO2 emissions by 2050.

Recognizing international aviation’s contribution to climate change through its CO2 emissions, signatories to the COP26 Declaration committed to the following: advancing ambitious actions to reduce aviation CO2 emissions at a rate consistent with efforts to limit the global average temperature increase to 1.5 Celsius; supporting the adoption by ICAO of an ambitious long-term aspirational goal consistent with the 1.5 Celsius temperature limit; ensuring maximum effectiveness of CORSIA; promoting the development and deployment of sustainable aviation fuels; and promoting the development and deployment of low- and zero-carbon aircraft technologies.

To date, environmental laws and regulations have not had a material adverse effect on Chorus’ business. However, changes in such laws and regulations, including the implementation of new international commitments, may significantly increase the cost of environmental compliance. Chorus is not able to predict future costs which may be incurred in order to comply with future environmental regulations.

Climate Risk Management

Chorus maintains an Enterprise Risk Management (“**ERM**”) program with the objective of accurately identifying, assessing, and mitigating or managing principal risks to Chorus’ business. This process informs decision-making and resource allocation, as well as the development of Chorus’ long-term strategy. The ERM assessments are updated quarterly, and findings are incorporated into Chorus’ strategic planning process. Findings are also shared with the Audit, Finance and Risk Committee of the Board, which helps inform the Board’s understanding of the main risks, opportunities and challenges facing our business. The potential risk of reputational damage to the Corporation resulting from environmental, social and governance (“**ESG**”) is identified as a key risk within the ERM framework.

Climate Reporting

Chorus publishes an annual sustainability report on its environmental, social and governance performance over the previous year. The sustainability report is prepared in accordance with international reporting standards, including the Global Reporting Initiative (“**GRI**”), and in alignment with the UN Sustainable Development Goals (“**SDGs**”).

In 2023, Chorus also responded to the CDP climate change questionnaire for the first time. CDP is a not-for-profit disclosure platform through which companies provide data on their environmental impacts, risks, opportunities, investments and strategies. The CDP questionnaire incorporates elements of the TCFD framework. Chorus holds a “C” score based on its response to CDP’s climate change questionnaire.

Mandatory climate reporting standards remain in development. In October 2021, the Canadian Securities Administrators (“**CSA**”) published *National Instrument 51-107– Disclosure of Climate-related Matters* (the "**NI 51-107**"), which, if enacted, would make the disclosure of certain climate-related matters mandatory for Canadian reporting issuers such as the Corporation. In March 2022, the U.S. Securities and Exchange Commission (the "**SEC**") released draft climate disclosure rules titled the *Enhancement and Standardization of Climate-Related Disclosures for Investors* (the "**SEC Rules**"). On June 26, 2023, the International Sustainability Standards Board (the “**ISSB**”), the sustainability standard-setting body of the International Financial Reporting Standards ("**IFRS**") Foundation, issued its first sustainability-related disclosure standards IFRS S1 & S2 – considered the global baseline for sustainability and climate-related disclosures. These standards require companies to disclose the sustainability and climate-related risks they face over the short, medium and long term. The CSA is currently considering adopting a Canadian climate-related disclosure rule, based on the ISSB standards.

Chorus continues to monitor the development of these reporting standards with a view to ensuring its preparedness to comply with any new reporting obligations that may be binding on it.

Waste Management

Chorus undertakes several measures in relation to waste management: implement waste reduction programs across its office spaces and aircraft hangers; maintain recycling programs wherever practicable and seek to minimize waste sent to landfill; report on its waste and recycling volumes and diversion rate in its annual sustainability report. Voyageur’s parts business allows airlines to extend the service life of existing aircraft by employing used serviceable material, thereby diverting waste from landfill and avoiding GHG emissions incurred in the production of new aircraft and parts.

Jazz and Voyageur maintain environmental policies and procedures for the safe containment, storage, transportation and disposal of hazardous materials in their facilities in compliance with all applicable environmental regulations.

Supplier Code of Ethics

In 2023, Chorus published a Supplier Code of Ethics, which sets out Chorus’ expectations for its suppliers, including:

- avoiding of all forms of bribery, extortion, corruption and fraud;
- ensuring that no forced or child labour is used within the supply chain; and
- complying with applicable employment and labour laws, including with respect to wages, rest periods, leave entitlements and collective bargaining rights.

Chorus is working with its subsidiaries on the adoption of this code throughout the Chorus group of companies, including by implementing key elements of the code in procurement processes and standard form supplier contracts.

Human Rights

In 2023, Chorus published a Human Rights Policy, which reflects Chorus' commitment to conducting business in a manner that is consistent with international standards for the protection of human rights, as expressed through the United Nations Universal Declaration of Human Rights and United Nations Guiding Principles on Business and Human Rights.

This new Human Rights Policy provides the foundation of our approach to human rights and outlines the expectations we have of our employees, our supply chain, and our business partners. Within it, we communicate our expectations that our suppliers have processes that respect human rights, and that they remedy their offending practice or policy if they are in violation of those rights.

Privacy

Chorus and each of its subsidiaries are subject to various privacy laws regarding the collection, use, disclosure and protection of personal information in the course of their respective commercial activities. The principal privacy laws governing Chorus' operations are the *Personal Information Protection and Electronic Documents Act* ("**PIPEDA**") in Canada, the *General Data Protection Regulation* (Regulation (EU) 2016/679) ("**GDPR**") applicable in the European Union and the UK GDPR in the United Kingdom.

In 2022, the Government of Canada introduced Bill C-27, the *Digital Charter Implementation Act, 2022*. This bill proposed to enact the *Consumer Privacy Protection Act* (the "**CPPA**") to replace Part 1 of PIPEDA, which is the part of PIPEDA that addresses privacy in the private sector and enact the *Personal Information and Data Protection Tribunal Act* to establish a tribunal, which would hear recommendations of and appeals from decisions of the Privacy Commissioner of Canada. The proposed changes to the legislation included expanded requirements for obtaining consent, expanded exceptions to consent, enhanced individual rights regarding the disposal of personal information and mobility, and an expanded range of potential sanctions, including significant monetary penalties and awards, and a civil right of action for breaches of privacy laws.

Several Canadian provinces have implemented or proposed provincial privacy legislation, including the Province of Quebec that introduced the *Act respecting the protection of personal information in the private sector* following the adoption of Bill 64, *An Act to modernize legislative provisions as regards the protection of personal information*. Chorus continues to monitor these developments.

RISK FACTORS

This section describes the risks that management believes are most material to our business at the date of this AIF. **If any of these risks were to materialize, individually or in combination, they could have a material adverse impact on Chorus' business, results of operations, cash flows, liquidity, financial condition, reputation and/or prospects.** Therefore, these risks should be carefully considered when evaluating Chorus' business and its forward-looking information; however, they are not intended to be an exhaustive list of all risks facing Chorus. Other risks of which management is not currently aware or which management currently deems immaterial may arise and become material in the future, or the risks described below may have unanticipated impacts on Chorus.

The material risks to Chorus' business are organized below by type of risk:

- Commercial;
- Strategic; and
- Financial and Legal.

Commercial Risk

Customers default on their payment obligations to Chorus

Chorus is exposed to credit risk through its contractual arrangements with third parties, including the risk of non-payment by Air Canada of amounts owing under the CPA and non-payment of rent and other amounts owing from aircraft lessees. Failures by one or more of these customers to fulfil their financial obligations to Chorus could in turn have a material adverse impact on Chorus' cash flows, earnings and liquidity.

Air Canada fails to pay amounts owing under the CPA

The payments to Chorus under the CPA are dependent on the financial strength of Air Canada. As most of Chorus' revenue is derived from the CPA, if Air Canada is not able to make full payment of amounts owing, or a dispute with respect to Air Canada's payment obligations were to arise, this could have a very immediate and material adverse effect on Chorus' cash flows and resulting liquidity. This could also result in the impairment of assets owned by Chorus that currently dedicated for operation under the CPA.

Management expects that Chorus will remain economically dependent on the CPA for the foreseeable future. There can be no assurance that efforts to diversify Chorus' business will materially reduce Chorus' economic dependence on the CPA over the long-term.

Chorus is required to terminate customer leases and repossess aircraft

Lessees may fail to meet their payment or other obligations under their leases, which could require Chorus to repossess the affected aircraft or negotiate changes to the terms of the lease which are less favourable to Chorus.

While Chorus has the right to repossess aircraft and to exercise other remedies upon a lessee default, repossession of an aircraft after a lessee default could lead to significantly increased costs. In the event of a repossession, there could be no assurance that the aircraft would be successfully recovered or that it would meet the required redelivery conditions in the lease (thereby requiring Chorus to invest in the aircraft prior to selling or re-leasing it) or that the aircraft could be sold or leased to another customer at an amount that would be sufficient for Chorus to fully repay any debt outstanding against the aircraft and achieve its target returns. Any delays in repossessing an aircraft would increase the period of time during which the relevant aircraft was not generating revenue or during which the lessee would be using the aircraft contrary to the lease. Furthermore, the aircraft could be subject to liens for unpaid debts of the lessee which Chorus may need to discharge (by paying those debts) in order to successfully repossess the aircraft.
Any security deposit or letter of credit held by Chorus may be insufficient to cover the lessee's outstanding lease payment obligations and any repossession, repair, reconfiguration or remarketing expenses incurred by Chorus. This could result in asset impairments and a reduction in Chorus' cash flows and resulting liquidity.

In addition, the terms of Chorus' loans for aircraft it wholly owns typically allow the lender to cause Chorus to terminate a lease and remarket the aircraft if the lessee commits a default that has not been cured or waived. If a lease were terminated (whether at a lender's direction or on Chorus' initiative), and the aircraft remained off-lease in excess of the allowable remarketing period under the terms of Chorus' financing, Chorus could be required to repay the principal amount of the loan in advance of its maturity date (including accrued and unpaid interest, swap breakage and other costs, if any).

Chorus may experience difficulty finding new lessees or buyers for the aircraft, which could result in a prolonged remarketing period and/or a sale or re-lease of the aircraft at depressed prices or lease rates which may be insufficient for Chorus to repay the principal amount outstanding, or to service the regular instalments, under the aircraft loan. If Chorus sold the aircraft for an amount that was less than the balance outstanding under the loan or re-leased the aircraft at a rental rate that was insufficient to service the regular payments under the loan, Chorus could be required to make up the shortfall from its own cash resources thereby straining Chorus' liquidity and increasing the risk of loan defaults and associated cross-defaults. Any such cash deficiencies or loan defaults could cause an immediate and material liquidity problem for Chorus as it may not have sufficient cash on hand to pay these liabilities on an accelerated basis.

If rather than repossess the aircraft, Chorus renegotiated the terms of the lease with the lessee, the revised terms of the lease may be significantly less favourable to Chorus, which could result in reduced cash flows from the lease, asset impairments and/or the requirement to prepay all or part of any loan outstanding against the affected aircraft, which would negatively impact Chorus' cash flows and liquidity.

Lessees fails to repay rent deferral arrangements or undergo restructuring

During the COVID-19 pandemic, substantially all of Chorus' lessees requested lease rent deferral or other rent relief arrangements. These arrangements reduced Chorus' cash flow over the period of the deferral or relief arrangements and in some cases increased Chorus' receivable risk due to the weakened financial state of its lessees. If Chorus were required to take further provisions for expected credit losses, this would reduce Chorus' earnings and future cash flows. In addition, Chorus' liquidity could be placed under stress if these receivables were not repaid and Chorus were required to continue servicing principal and interest payments under its aircraft loans. If demand for air travel is significantly reduced again in future, whether due to the COVID-19 pandemic or any other factor, the risks associated with the non-payment of deferred and future rent payments could significantly increase.

Further, during the COVID-19 pandemic, several of Chorus' leasing customers underwent some form of court supervised restructuring process. It is possible that other customers might still seek to restructure, whether because of the effects of the pandemic or other factors. If leases are rejected during such restructuring processes and aircraft are returned, Chorus may be required to recognize additional impairment charges which could be material, both individually and in aggregate.

Hedge counterparties default under their obligations

If hedge counterparties fail to meet their obligations to Chorus, Chorus could lose the benefit of interest rate, foreign exchange, equity price or other hedge arrangements, thereby potentially substantially reducing the economic benefits to Chorus of the affected transactions or resulting in substantial losses and increased cash costs to Chorus.

Disputes arise with Air Canada

Parties to contracts, such as the CPA, may disagree from time to time on the appropriate interpretation of their respective rights and obligations. Conflicts or disputes may arise between Air Canada and Jazz under the CPA in several areas, including:

- the nature and quality of the services Air Canada provides to Jazz and the services Jazz provides to Air Canada;
- the terms of Air Canada's and Jazz's respective collective bargaining agreements;
- the Controllable Costs Jazz incurs in providing services to Air Canada (see "Chorus Business Segments – Regional Aviation Services – Contract Flying - Capacity Purchase Agreement with Air Canada - Revenues and Costs under the CPA");
- the scope and applicability of force majeure and non-competition provisions (see "Diversification and Growth"); and
- Jazz's and Air Canada's respective rights and obligations under the CPA or other agreements between Chorus and Air Canada.

Disagreements and conflicts may divert management's attention and resources from the operation of the business and may result in litigation or other disputes. Jazz may not be able to resolve potential conflicts with Air Canada and, even if any such conflicts are resolved, the resolution may be on terms and conditions materially less favourable to Chorus.

New epidemics, pandemics or other health emergencies emerge

Widespread outbreaks, or the threat of outbreaks, of viruses or other contagious or infectious diseases, such as COVID-19, or any governmental or global travel advisories or restrictions (whether relating to Canadian or international cities or regions) could result in a significant reduction in passenger demand for air travel which could affect the operating performance and financial condition of airlines, including Air Canada and Chorus' lessees. Any such event could materially reduce Chorus' cash flows and liquidity.

Controllable Cost Revenue under the CPA is insufficient to cover Controllable Costs

Controllable Cost Revenue is based on estimates and includes Controllable Costs such as salaries, wages and benefits, certain depreciation and amortization, certain aircraft maintenance, materials and supplies, third party operating leases, and other general overhead expenses, such as crew variable expense, professional fees, travel and training. Air Canada pays Jazz Controllable Cost Revenue rates based on Controllable Costs. The 2019 CPA Amendments introduced provisions which limit Jazz's exposure to $2.0 million annually for variances between Controllable Cost Revenue and actual Controllable Costs, and the 2021 CPA Amendments introduced a quarterly reconciliation process to prevent the Controllable Cost Guardrail from exceeding $20 million for more than one financial quarter. Despite this, differences in the timing and/or magnitude of payments versus receipts by Jazz may significantly increase Jazz's working capital requirements, thereby reducing Chorus' liquidity.

Further, although Chorus currently anticipates that the items excluded from the Controllable Cost Guardrail should not result in significant cost variances for Jazz, it is possible that those costs may turn out to be higher than anticipated, thereby reducing Jazz's profit margin in future periods.

Covered Aircraft leased under the CPA are not redeployed on comparable economic terms

Air Canada currently pays Jazz a lease rate for Covered Aircraft owned by Chorus, which is in addition to the Fixed Margin. When Chorus-owned aircraft exit the Covered Aircraft fleet or the CPA expires, Chorus may be unable to find a use for its owned aircraft that will generate equivalent revenue to that which they currently earn as Covered Aircraft under the CPA, which could significantly reduce Chorus' earnings and cash flows.

An increase in the supply, or reduction in the demand, of aircraft depresses lease rates and values of Chorus aircraft

The aviation industry has experienced periods of aircraft oversupply and weak demand. The supply and demand for aircraft is affected by various cyclical and non-cyclical factors that are not under Chorus' control, including: general economic conditions affecting the financial position and liquidity of lessees; changes in interest and foreign exchange rates; environmental (including climate change) regulation and initiatives; geopolitical events, including war, prolonged armed conflict and acts of terrorism; technological change; aircraft noise and emissions regulations; aircraft age limits and other factors leading to reduced demand for, early retirement or accelerated obsolescence of certain aircraft models; changes in control of, or restructurings of, airlines and aircraft leasing companies; manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types; outbreaks of communicable diseases and natural disasters; and other risks relating to the aviation industry generally.

Any of these factors could produce sharp and prolonged decreases in aircraft values and achievable lease rates, which would have a negative impact on the value of Chorus' aircraft fleet and may prevent Chorus from leasing, re-leasing or selling those aircraft on favorable terms, or at all.

Competition for aircraft leasing opportunities makes it more difficult to achieve target returns

Competition for aircraft leasing transactions are based principally upon lease rates and terms, aircraft types and configuration, aircraft condition and redelivery terms, delivery schedules, reputation and management expertise.

Due to the COVID-19 pandemic, many lessors and lenders had to repossess aircraft that were previously on lease to airlines around the world. This resulted in a significant supply of aircraft and competition among lessors and lenders to sell or re-lease those aircraft. While demand for aircraft has improved, the increased competition in respect of these aircraft may make it challenging for Chorus to realize sufficient proceeds to fully repay any debt outstanding against its off-lease aircraft, secure adequate rental streams to service such indebtedness and/or achieve its target returns.

Chorus may also encounter competition from new entrants in the regional aircraft leasing segment, some of which may be experienced lessors in the narrow and wide-body aircraft leasing segments of the market. Chorus may also encounter such lessors to the extent that the distinction between large regional jets and narrow body aircraft diminishes. In addition, Chorus may encounter competition from entities that selectively compete with it, including, but not limited to airlines, aircraft manufacturers, financial institutions (including those seeking to dispose of repossessed aircraft at distressed prices), and aircraft brokers. Increased competition could make it more challenging for Chorus to maximize the value of its leased aircraft fleet and for Falko to raise and deploy capital in a manner that achieves its target returns.

Terrorist attacks and other geopolitical instability negatively impact Chorus' customers

The occurrence of a terrorist attack (whether international or domestic and whether or not involving the aviation industry) and increasingly restrictive security measures, such as restrictions on the content of carry-on baggage, passenger identification requirements and passenger screening procedures could have a material adverse effect on passenger demand for air travel. Geopolitical instability in various areas of the world could have the effect of reducing demand for air travel. Significant reductions in demand for air travel can have an adverse effect on the cash flows and liquidity of Chorus' airline customers, which could in turn increase the risks of payment defaults by those customers or the need to repossess aircraft or renegotiate agreements on terms less favourable to Chorus.

Cyber-attacks and dependence on technology adversely impact Chorus' operations

Chorus relies in part on technology, including hardware, software and network communication infrastructure, to operate its business. Jazz depends on several technology applications to operate its business under the CPA, including Air Canada's reservations and passenger check-in systems as well as other applications managed by Jazz for functions such as flight and crew scheduling and aircraft maintenance. The Corporation's other subsidiaries also depend on technology to manage their assets and operate their business.

The performance and reliability of Chorus' technology, and the technology of Air Canada, are critical to Chorus' ability to conduct business effectively. Any individual sustained or repeated failure of Chorus' technology or that of Air Canada could impact Chorus' ability to conduct its business and result in increased costs.

Chorus' technology systems and related data, and that of Air Canada, may be vulnerable to a variety of sources of failure, interruption or misuse, including by reason of natural disasters, cyber-attacks, network communication failures, computer viruses, hackers and other security issues. Information systems are subject to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to Chorus' systems or information through fraud or other means of deception. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving, and may be difficult to anticipate or to detect for long periods of time. While Chorus maintains and continues to invest in technology security initiatives and disaster recovery plans, Chorus does not manage all of the systems it relies on (such as Air Canada's reservations and passenger check-in systems) and the measures Chorus is able to implement may not be sufficient to avoid, or mitigate the impact of, a system failure.

Air Canada pilot scope clauses limit growth under the CPA

Air Canada's collective bargaining agreement with its pilots limits the type of aircraft that can be operated by an Air Canada Express carrier. That limitation restricts Jazz's ability to increase the type of capacity it provides Air Canada, thereby limiting the opportunity to grow its business with Air Canada. Chorus cannot be certain that any future Air Canada collective bargaining agreement will not contain similar, or more restrictive, scope clauses.

Absence of exclusivity arrangements with Air Canada elevates risk under the CPA

Jazz has the right to be the exclusive Air Canada Express operator of 70-78 seat regional capacity until the end of 2025. After this period, Chorus does not have the benefit of any exclusivity arrangements restricting Air Canada from allocating all or some of Air Canada's regional capacity requirements internally or to another carrier, provided Air Canada continues to meet its minimum obligations to Jazz under the CPA for the remainder of its term.

In May 2023, Air Canada entered into a bridging arrangement for additional flying capacity with another airline to increase its capacity on routes in eastern Canada.

Aircraft obsolescence results in increased impairment charges and costs

Aircraft generally have long service lives but risk becoming obsolete as newer, more advanced aircraft are introduced to the market. The value of Chorus' owned aircraft could decline for a number of reasons, including the introduction of new government regulations (including regulations that seek to limit carbon emissions, reduce noise levels or restrict the use of short haul flights in places where alternative modes of transport are available) or changes in customers' travel preferences. If the value of Chorus' fleet were to decline, the lease rates or sale values Chorus could secure for those aircraft would also be expected to decline, and depreciation expense or impairment charges would likely increase.

Variable expenses, such as fuel, crew size, corrosion control or modification programs and related airworthiness directives, could also make the operation of older aircraft more costly to Chorus and potentially less desirable to lessees, thereby reducing the value of those aircraft.

Chorus' is unable to obtain goods and services from its suppliers on timely basis and on commercially reasonable terms

Chorus secures goods and services from a number of third-party suppliers. Chorus' ability to obtain parts, materials, inventory, consumables and services from suppliers on a timely basis and on commercially reasonable terms could significantly increase Chorus' costs (and thus reduce its earnings) or delay Chorus' ability to generate revenues.

Labour shortages impact Chorus' ability to meet its requirements

Chorus' business is labour-intensive and requires a large number of pilots, flight attendants, mechanics and other personnel. Consequently, labour costs constitute the largest percentage of Chorus' total operating costs. Chorus must compete to attract and retain these workers for its commercial air passenger operations at both Jazz and Voyageur. There can be no assurance that Jazz or Voyageur will be able to locate, hire, train and retain a sufficient number of qualified pilots, mechanics or other operations employees that it needs.

Although Chorus maintains various programs to attract the skilled employees it requires, it may not be able to attract and retain qualified employees in sufficient numbers to meet its operational requirements, which could result in defaults under agreements with customers and have a material adverse impact on Chorus' earnings and cash flows. Furthermore, because Jazz and Voyageur must recruit, hire and train all new employees, high turnover may strain their resources and ability to fulfil their labour requirements.

The majority of Jazz's and a significant portion of Voyageur's employees are unionized (see "Resources – People" for information about collective agreements). There can be no assurance that any of the collective agreements will be further renewed without labour conflict or action, or that there will not otherwise be a labour conflict or action that could lead to an interruption or stoppage in Jazz's or Voyageur's operations. Furthermore, there can be no assurance that their collective agreements will be on terms that are consistent with agreements entered into by their competitors.

Insurance is insufficient to cover liabilities arising from Chorus' business

Due to the nature of the businesses carried on by Jazz and Voyageur, Chorus may be subject to liability claims arising out of incidents or accidents involving aircraft operated by Jazz or Voyageur or aircraft operated by other carriers that have been maintained, modified or repaired by Jazz or Voyageur or which have installed aircraft parts supplied by Jazz or Voyageur. Liability claims could include claims for serious personal injury or death. Any such incident or accident could significantly harm Chorus' reputation for safety, and there can be no assurance that Chorus' insurance coverage would be sufficient to cover any liability arising from such claims. If a claim were to exceed the amount of Chorus' insurance coverage, this could significantly strain Chorus' liquidity.

Chorus fails to earn an adequate return on capital invested in Falko-managed funds

Chorus invests a portion of its own capital in aircraft investment funds managed by Falko. To the extent that these funds invest in regional aircraft, Chorus' invested capital is subject to many of the same risks described in this AIF in relation to its own portfolio of leased aircraft.

The limited partners in these funds have the right in certain circumstances to replace Falko as the general partner of the funds. If this were to occur, it is unlikely that Chorus would have the ability to influence the selection of Falko's replacement as general partner of the funds. There can be no assurance that any replacement general partner would possess the expertise and resources necessary to generate an adequate return on Chorus' capital invested in such funds.

Strategic Risk

CPA is terminated

The majority of Chorus' revenues on a consolidated basis are currently derived from the CPA, and the Covered Aircraft are mostly dedicated to that operation.

Neither Air Canada nor Jazz has the right to terminate the CPA for convenience. However, each party has the right to terminate the CPA in certain circumstances following certain defaults by the other party, if Jazz undergoes a change in control in certain circumstances, or if the other party is prevented by a force majeure event from performing all or substantially all of its obligations under the CPA for more than 60 days. (See "Chorus Business Segments - Regional Aviation Services - Contract Flying - Capacity Purchase Agreement with Air Canada - Termination for Default".)

If the CPA were terminated, Chorus' revenue and earnings would be significantly reduced unless Chorus were able to enter into satisfactory substitute arrangements. There is no assurance that Chorus would be able to enter into satisfactory substitute arrangements or that such arrangements would be as favourable to Chorus as the CPA. A termination of the CPA, or any failure of Chorus to enter into satisfactory substitute arrangements in the event of any such termination, would materially reduce Chorus' earnings, cash flows and liquidity.

If the CPA were terminated as a result of Jazz's default, all leases from Air Canada (or any affiliate of Air Canada) to Jazz in respect of Covered Aircraft and Spare Engines would not be automatically terminated. In such event, Jazz would remain liable for its obligations under such leases with no corresponding ability to earn income under the CPA to cover its lease obligations.

Chorus owns Dash 8-400s and CRJ900s which are operated as Covered Aircraft under the CPA. There can be no assurance that Chorus would be able to deploy these aircraft on terms as favourable as the terms of the CPA if Air Canada terminated the CPA as a result of Jazz's default. Any inability to redeploy these aircraft would materially reduce Chorus' cash flows and result in impairments to their value.

All of Jazz's airport takeoff or landing slots used for Scheduled Flights are under Air Canada's name. Upon the expiry or termination of the CPA, Jazz may lose access to those airport takeoff and landing slots. There can be no assurance that Chorus would have access to other airport slots. Chorus' inability to secure access to sufficient airport slots might make it impossible for Chorus to generate revenues from running its own airline operations.

Early termination of the CPA, a material adverse change to the CPA or any default under the CPA constitutes an event of default under certain of Chorus' financing arrangements with EDC and could, in certain circumstances, also constitute an event of default under the Operating Credit Facility. Upon the occurrence of such an event of default, the relevant lenders would have the right to require Chorus to immediately repay all indebtedness owing to them under their respective credit facilities, which could trigger cross-defaults under other Chorus credit facilities. A requirement to repay all debt outstanding to EDC and/or Chorus' Senior Creditors prior to the maturity of those loans would cause an immediate and material liquidity problem for Chorus as it would be unlikely to have sufficient cash on hand to pay these liabilities on an accelerated basis.

Falko is unable to grow its asset management business

Falko's ability to raise third-party capital for aircraft investment funds and, thus, maintain and increase asset management fees depends on a number of factors, including many that are outside of its control such as the general economic environment, investor sentiment towards the aviation sector, and the number of investment funds being raised at the same time by other fund managers. Furthermore, Falko's ability to deploy third-party capital effectively to produce the returns expected by third-party investors requires, among other things, suitable opportunities, careful timing and business judgment. A failure to deliver adequate returns could have a negative impact on Falko's reputation and, in extreme cases, result in Falko's removal as the general partner of one or more funds and as servicer of the assets owned by such funds.

If any of Falko's managed investments perform poorly, its fee-based revenue (including performance fees based on fund investment targets) could decline and, in the extreme case of Falko's removal as general partner and servicer, could cease altogether. Moreover, Chorus could experience losses on the capital it has invested alongside other investors in the Falko-managed funds. Therefore, a failure by Falko to raise third-party capital and deploy it in a manner that meets investors' return expectations could materially reduce Falko's ability to generate future asset management fees, which would adversely affect Chorus' cash flows and business.

Growth of Falko funds is limited by the loss of certain key persons

Falko's ability to raise third-party capital for aircraft investment funds depends on, among other factors, the confidence investors have in the individuals who will be making capital allocation and investment decisions and executing on investments made by the funds. For this reason, the agreements governing the investment funds managed by Falko contain provisions which generally restrict the fund from issuing capital call notices to fund further investments if certain key Falko executives cease to be active in Falko's affairs. Although the fund agreements contemplate that such a restriction could be waived by the fund investors (or the fund's advisory board), there can be no assurance that they would do so.

If key Falko executives identified in one or more of the fund agreements ceased to be active in Falko's affairs, further draws under such fund(s) could become restricted, thereby limiting the future growth of Falko's fee-based revenue (including any carried interest), which would adversely affect Chorus' cash flows and business.

Chorus fails to diversify and grow its business

Chorus is focused on continuing to grow and diversify its business. Whether Chorus ultimately succeeds in doing so is dependent on a wide range of factors, many of which are discussed in greater detail in this AIF, including, without limitation, competitive dynamics in each sector in which Chorus participates or seeks to participate in, Chorus' cost of and access to capital, the ability to attract and retain human resources, and general risks relating to the aviation industry.

Management regularly reviews potential diversification, growth and business acquisition opportunities. As part of any such initiative, management conducts customary due diligence and performs analysis with the goal of identifying and evaluating material risks. Notwithstanding their review, management may be unsuccessful in identifying all such risks or realizing the intended benefits of any given initiative, or in successfully executing a particular diversification or growth transaction.

Air Canada provides several important services to Jazz, including certain information technology, de-icing services and glycol supply, fuel purchasing services, passenger insurance claims services, and aircraft and traffic handling services. As Jazz does not sell scheduled air service directly to the public, Jazz does not perform ticket sales, reservations or call centre services. If the CPA is not renewed beyond December 31, 2035, or is otherwise terminated, and Chorus were to decide to operate its own at-risk airline services, it would either need to provide these services internally or contract with third parties for such services. There can be no assurance that Chorus would be able to replace these services on a cost effective or timely basis.

Any one or more of the restrictions imposed by the CPA (summarized below) may also prevent Chorus from pursuing certain growth initiatives.

Restrictions imposed by the CPA restrict Chorus' options for growth

Under the CPA, Chorus is prevented from carrying on or undertaking certain passenger airline services. Except in certain permitted circumstances, Chorus may not provide passenger services using fixed-wing aircraft over a certain number of seats between two destinations located within the Non-Compete Geographic Area (as defined in the CPA).

Under the CPA, Chorus may enter into contracts for charter services performed entirely outside of the Non-Compete Geographic Area. However, Chorus requires Air Canada's consent to enter into contracts for charters with more than a certain number of rotations between the same cities for the same customer and over agreed levels, to or from any Extended Hub Airport, or on any Air Canada routes. A Hub Airport is an airport bearing the International Air Transport Association code YVR, YYC, YEG, YYZ, YOW or YUL and an Extended Hub Airport includes the Hub Airports and any airport located within 175 kilometres of the Hub Airports.

If Chorus enters a contractual flying arrangement within North America for a third party whereby all or substantially all of the capacity of an aircraft or a number of aircraft is purchased by a third party and the capacity is then sold or otherwise made available or provided to the general public whether directly or indirectly on terms more favourable than those in the CPA, then the terms of the CPA will, in most circumstances, be adjusted to match the more favourable terms. In the event of a change of control of Jazz, this obligation for Chorus to extend more favourable contractual flying terms to Air Canada will also apply to any Chorus affiliate resulting from or created after the change of control.

Except in certain permitted circumstances, Chorus cannot provide or initiate scheduled (at risk) passenger flying to or from any Extended Hub Airport without the prior consent of Air Canada.

In the CPA, the parties have agreed on certain restrictions for Chorus acquisitions of airline operators in the Non-Compete Geographic Area. There are no restrictions on Chorus providing Cargo Services (as defined in the CPA) with dedicated cargo aircraft.

Negative perceptions of Chorus' ESG performance limit access to capital and investor interest

Companies are facing increasing and continually evolving scrutiny globally from customers, regulators, financiers, employees and other stakeholders related to their ESG performance and disclosure. There has been an increased expectation for participants in the global aviation industry to balance commercial interests with conscientious ESG performance. Any negative sentiment towards Chorus related to its ESG performance could adversely impact Chorus' access to capital for growth or to refinance existing indebtedness. It could also result in reduced investor interest in Chorus, which could adversely impact the price and liquidity of Chorus' securities and the cost of Chorus' capital.

Loss of key personnel harms Chorus business and prospects

The success of Chorus depends on the abilities, experience, industry knowledge and personal efforts of senior management and other key employees, and Chorus' ability to retain and attract skilled employees. As Chorus seeks to diversify and grow its business, this may put additional strain and demand on management and on Chorus' employees, increasing risks to both productivity and retention. In addition, Chorus may not be able to attract and retain additional qualified management as needed in the future if it is unable to profitably diversify and grow its business. The loss of such key personnel could adversely affect Chorus' ability to effectively manage its business and pursue future diversification and growth.

A change of control of the Corporation results in the acceleration of financial obligations or the termination of contracts

A direct or indirect change of control of the Corporation or certain of its subsidiaries can have significant consequences. For example, (i) the CPA may be terminated by Air Canada if Jazz undergoes a change in control in certain circumstances without Air Canada's consent (see "Chorus Business Segments - Regional Aviation Services - Contract Flying - Capacity Purchase Agreement with Air Canada - Change of Control"), (ii) the holders of the Series 1 Preferred Shares have a put right in the event of change of control in the Corporation or the disposition of a material business, (iii) any indebtedness outstanding under the Operating Credit Facility and the Unsecured Credit Facility becomes immediately repayable if the Corporation (or certain of its subsidiaries) undergoes a change of control without the consent of the lenders, (iv) the Corporation may be required to make an offer to redeem all of the Unsecured Debentures following a change of control (as defined in the relevant indentures), and (v) certain of the aircraft loans in Chorus' leasing business are immediately repayable if certain subsidiaries of the Corporation cease to be ultimately controlled by the Corporation. Certain commercial contracts entered into by the Corporation and its subsidiaries in the ordinary course of business may also contain provisions that allow the counterparty to terminate the contract upon a direct or indirect change in control of the relevant Chorus entity. If any of these clauses were triggered, Chorus may be required to immediately pay substantial sums of money and/or lose substantial revenue streams, which could cause an immediate and material liquidity problem for Chorus if it lacked sufficient cash on hand to pay these liabilities or absorb the revenue loss.

Increased competition in the aviation industry adversely impacts Air Canada's profitability

The airline industry is highly competitive. Air Canada competes with other major carriers as well as low-cost carriers on its routes, including routes that Jazz flies under the CPA. Competitors could rapidly enter markets Jazz serves for Air Canada, and quickly discount fares, which could lessen the economic benefit of Jazz's regional operations to Air Canada.

The airline industry generally, and scheduled service in particular, is characterized by low gross profit margins and high fixed costs. The costs of operating any particular flight do not vary significantly with the number of passengers carried and, therefore, a relatively small change in the number of passengers or in fare pricing or traffic mix could have a significant effect on Air Canada's operating and financial results. If Air Canada's financial strength were significantly diminished, this would increase Chorus' counterparty risk under the CPA.

Foreign ownership limits and legislative review of potential acquisition by non-Canadians limits strategic opportunities

The Corporation's Common Shares consist of Voting Shares, which may only be held by Shareholders who are Qualified Canadians, and Variable Voting Shares, which may only be held by Shareholders who are not Qualified Canadians. The Variable Voting Shares are subject to certain restrictions on their voting rights that are intended to ensure compliance with the foreign ownership limits set out in the *Canada Transportation Act* (see "Capital Structure - Share Capital – Variable Voting Shares").

The *Investment Canada Act* subjects an acquisition of control of the Corporation by a non-Canadian to review by the Government of Canada if the value of the Corporation's assets, as calculated pursuant to the legislation, exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant Minister is satisfied that the investment is likely to be of net benefit to Canada.

These legislative requirements could prevent or delay a change of control of the Corporation to non-Canadians and may therefore eliminate or limit strategic opportunities for Shareholders to sell their Common Shares.

Future joint ventures subject Chorus to unforeseen risks and additional reporting and compliance requirements

Chorus may enter into joint ventures with third parties or issue equity in one or more of its subsidiaries in order to raise capital for investment, expand its capabilities or facilitate access to new markets. Chorus may not control strategic or operational decisions in joint ventures or subsidiaries that are not wholly-owned (directly or indirectly) by the Corporation. As a result, Chorus may have to share decision-making authority with a third party in relation to a wide range of decisions, including, among other matters, the selection of personnel who manage the business, the acquisition or disposition of assets, and the terms on which capital raises are undertaken by the joint venture or subsidiary. If Chorus is unable to resolve a dispute with a joint venture partner that retains material veto rights, Chorus may reach an impasse that may require it to liquidate its investment at a time and in a manner that could result in Chorus losing some or all of its original investment in the venture. These strategic ventures and investments may also subject Chorus to unforeseen risks, including adverse tax consequences and additional reporting and compliance requirements.

Financial and Legal Risk

Covenants in agreements affect or limit the manner in which Chorus operates its business

Chorus' debt agreements contain financial and non-financial covenants, which if breached and not waived by the relevant lenders, could result in the acceleration of indebtedness owing under those agreements. Since some of these agreements are cross-defaulted to other debt agreements, a default or acceleration under one agreement could cause a default or acceleration under another agreement (or multiple agreements). Therefore, if Chorus were to default under any of its debt agreements, this could cause an immediate and material liquidity problem for Chorus as it would be unlikely to have sufficient cash on hand to pay these liabilities on an accelerated basis. Furthermore, compliance with these covenants may at times constrain Chorus' ability to pursue growth and other business opportunities.

The ability of Chorus to fund its obligations is subject to, among other things, its liquidity position, applicable laws, and contractual restrictions contained in agreements governing its indebtedness. The degree to which Chorus is leveraged has important consequences for its security holders, including that: (i) Chorus' ability to obtain additional financing for working capital, capital expenditures, debt refinancing or acquisitions in the future may be limited; (ii) a significant portion of cash flow from operations may be dedicated to the payment of principal and interest on existing indebtedness, thereby reducing or eliminating funds available for investment in future growth, the payment of dividends or Common Share buybacks; (iii) any borrowings at variable rates of interest expose Chorus to the risk of increased interest costs; and (iv) Chorus may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures.

Climate change risks impact Chorus' business strategy

Chorus is exposed to various climate change-related risks (both physical and transitional in nature) which could potentially amplify many of the risks set out in this AIF, including those risks relating to counterparties (i.e., Air Canada and aircraft leasing customers), maintenance, and obsolescence of aircraft and/or aircraft parts, increased regulation, litigation risk, access to capital and reputational risk.

Climate change may increase the frequency and intensity of severe weather events which could impact many aspects of airline operations, including aircraft maintenance and operating costs. Severe weather events at airports or destinations served by Chorus' counterparties may impact the viability or increase the cost of flying to such destinations. These factors could ultimately have an adverse impact on the profitability of Chorus' customers.

Chorus could be significantly impacted by climate-related transitional risks, including increased regulations, technological changes and shifts in consumer preferences (see below, "Legislative or regulatory developments hinder Chorus' profitability and future growth"). New regulations aimed at reducing carbon emissions from aviation, expanded aviation fuel taxes and levies, and changing attitudes toward air travel, among other factors, may result in reduced demand for passenger aircraft, reductions in aircraft values (including impairments), and reduced profitability for airlines. As Chorus currently derives substantially all of its revenues from airline customers, any climate risks that adversely impact airlines could also be expected to adversely impact Chorus.

Failure to address climate change risk could result in greater exposure to economic and other risks and impact Chorus' ability to adhere to evolving climate targets.

Financial market conditions adversely impact Chorus' liquidity

Chorus is dependent upon access to equity and debt capital to refinance existing indebtedness, finance growth initiatives and maintain adequate liquidity. The trading price of Chorus' securities may negatively impact Chorus' ability to access capital markets at a reasonable cost.

Chorus also has significant debt repayment obligations, many of which take the form of lump sum repayments of principal due at maturity of the loan (known as "balloon payments"). Examples include the principal due at maturity under the Unsecured Debentures, as well as balloon payments due under aircraft loans in Chorus' leasing business.

Further, a depressed market price for the Corporation's securities or significant decline in the market price or trading volume of the Corporation's securities could negatively impact Chorus' ability to raise capital, issue debt, retain employees, make strategic acquisitions or enter business arrangements. The market price of the Corporation's securities could be further negatively impacted by a wide range of factors, including the reinstatement of government-imposed travel restrictions, prolonged depressed demand for passenger air travel as a result of the COVID-19 pandemic and/or an economic recession, a failure by the Corporation to meet analysts' earnings expectations or maintain adequate liquidity, general trends negatively impacting investor perception of the aviation industry, including a heightened focus on the aviation industry's contribution to climate change, or a general decline in the public equity markets.

Global financial conditions have been characterized by periodic high levels of volatility and on occasion major financial institutions have faced significant liquidity and other challenges. If financial institutions were to face difficulties in the future, this could negatively impact the ability of Chorus to obtain new financing to fund growth or to refinance existing indebtedness (including balloon payments). In addition, the level of Chorus' indebtedness from time to time could impair Chorus' ability to obtain additional financing on a timely basis to maintain liquidity or take advantage of business opportunities that may arise. Any failure of Chorus in the future to obtain required financing on acceptable terms in these circumstances could result in Chorus being unable to finance capital commitments, refinance existing indebtedness, or place Chorus at a competitive disadvantage.

Legislative or regulatory developments hinder Chorus' profitability and future growth

The aviation industry is subject to extensive Canadian and foreign legal, regulatory, and administrative controls and oversight relating to, among other things, safety and security, data privacy, licensing, competition, the environment (including carbon emissions), passenger and consumer rights, aviation fuel taxes and levies, flight crew and other labour regulations, and, in some measure, pricing. Additional future laws and regulations could include, without limitation, laws and regulations establishing new limits on the age of aircraft that may be operated, limits on permissible carbon emissions from aircraft, the screening of individuals who may pose a risk to aviation safety, new data privacy standards, and airworthiness directives. Decisions rendered from time to time by Canadian and foreign courts, administrative tribunals and/or governmental agencies, such as Transport Canada, the Canadian Transportation Agency, the Competition Bureau and/or Competition Tribunal and their foreign equivalents, may also impose additional requirements or restrictions on airline operations. If new laws, regulations or decisions are made, adopted or rendered, Chorus could face additional compliance costs and restrictions on its business that could reduce its financial viability and growth prospects. (For further information, see "Regulatory Environment".)

Carbon emissions from commercial aviation and their impact on climate change have become a particular focus of regulators (including securities regulators), businesses and consumers. There is mounting public pressure on the aviation industry to reduce carbon emissions. If the aviation industry, including individual participants therein, is unable to achieve adequate reductions in carbon emissions, this may lead to increased regulation and litigation which could result in increased operational costs for the aviation industry, higher costs for air travel and potentially decreased public demand along with a reduction in profits and access to capital. Chorus may then be subject to an increase in laws and regulations relating to environmental reforms which vary by jurisdiction and are subject to change, including the continued progression of CORSIA (see "Regulatory Environment"), Canada's Clean Fuel Regulations and equivalent regulations in the provinces of Alberta, Manitoba, Ontario, Saskatchewan, British Columbia and Quebec and other international climate-related legislation. Chorus' inability to comply with the evolution of environmental laws and regulations could result in penalties, litigation, and potential harm to Chorus' reputation. Given Chorus' business model, these increased laws and regulations may not directly impact Chorus' costs but could impact Chorus indirectly through its contractual counterparties.

Regulatory requirements intended to reduce energy usage and emissions from aircraft continue to evolve and may impact the global market for certain aircraft and/or aircraft parts. Increased regulation could result in increased limitations on the operation or use of aircraft and/or aircraft parts and, in turn, reduce the market for aircraft and/or aircraft parts of the type held in Chorus' portfolio, which could negatively impact the residual value of those aircraft and the associated revenues and profits, derived from those assets.

Evolving stakeholder expectations with respect to ESG matters may pose risks to Chorus' reputation, financial outlook, cost of capital, counterparties, and business continuity which may impact Chorus' ability to achieve long-term business objectives. Increased public concern about climate change-related risk and the impetus for a global transition to a low carbon economy could result in a broad range of impacts, including potential strategic, reputational, and structural risks for Chorus and its counterparties. Increasing regulatory expectations as well as continuing reforms pertaining to mandatory ESG-related disclosure create a new and evolving set of compliance risks. Rising reporting expectations also add pressure to secure reliable and precise ESG data and to deploy robust data collection process with effective controls that will allow for external verification. A lack of precise and complete data could hinder Chorus' credibility and reputation.

Chorus is determined to be unsuitable as the owner of the general partners of Falko-managed funds

The acquisition of a significant ownership stake in the Corporation by any person or entity may result in a regulatory review of the Corporation's continuing suitability as an owner of general partners of the investment funds managed by Falko. In certain cases, this could result in regulatory penalties and/or the loss of future fee-based revenues.

The general partners (each a "**GP**") of certain investment funds managed by Falko are regulated in Jersey as a fund services business ("**FSB**") under the Financial Services (Jersey) Law 1998 (the "**FS Law**"). The general policy of the Jersey Financial Services Commission (the "**JFSC**") is to strengthen Jersey's reputation as a high quality and well-regulated financial centre. As a result of certain undertakings given by the Corporation to the JFSC in connection with the Falko Acquisition, Chorus is required to notify the JFSC as soon as practicable after becoming aware that any person has acquired or become entitled to a shareholding in the Corporation that would cause such person to become a "principal person" (as defined in the FS Law) in a GP.

If the JFSC determines, having regard to the matters set out in the FS Law, that a principal person in a GP is not a fit and proper person, the JFSC may serve a written notice of objection directing that such person (which may be the investor in the Corporation) shall not become, or shall cease to be, a principal person of the GP. The JFSC also has broad ongoing authority to require the removal of any person as a principal person of a GP if the JFSC concludes that their continuation as such is no longer compatible with the GP being considered as fit and proper.

Any failure by Chorus to comply with the terms of its undertakings with the JFSC or by any person to notify the JFSC of any matter required under the FS Law or otherwise comply with any lawful directive of the JFSC could result in the imposition of significant penalties under the FS Law. Moreover, if the JFSC were to determine that a GP was no longer fit and proper due to an investor's interest in Chorus, this could have a material adverse effect on Chorus' ability to earn fee-based revenue (including carried interest) derived from the Falko-managed funds. Similar obligations, restrictions and consequences for non-compliance may be applicable under the laws of any other jurisdiction in which Chorus may establish an investment fund in future.

Issuances of additional Common Shares are dilutive to Shareholders

The Corporation is authorized to issue an unlimited number of Voting Shares and Variable Voting Shares and up to 80,750,000 Preferred Shares (300,000 of which have been issued as Series 1 Preferred Shares). Except for Brookfield, which has certain pro rata pre-emptive rights (see “Capital Structure - Share Capital - Investor Rights Agreements - Brookfield Investor Rights Agreement”), Shareholders do not have pre-emptive rights in connection with further issues of Voting Shares, Variable Voting Shares or Preferred Shares.

In May 2022, the Corporation issued the 2022 Warrants exercisable to acquire up to 18,642,772 Common Shares at a price of $4.60 per Common Share. In April 2021, the Corporation issued the Series B Debentures which are convertible at the holder’s option for up to 11,417,322 Common Shares, initially representing a conversion price of $6.35 per Common Share. The exercise prices or conversion rates of the foregoing are subject to adjustments in certain circumstances specified in the relevant indentures.

Chorus implemented a dividend reinvestment plan (the “**DRIP**”) on February 1, 2018. The DRIP was suspended when, in response to the COVID-19 pandemic, the Corporation suspended its dividend on the Common Shares; however, when active, the DRIP provided Shareholders resident in Canada the opportunity to purchase additional Common Shares from treasury using cash dividends paid on Common Shares enrolled in the DRIP.

The 2022 Warrants, the Series B Debentures, the DRIP and future financings or other transactions involving the issuance of Common Shares of the Corporation may be dilutive, result in a decreased market price for the Common Shares or be otherwise materially adverse to the interests of Shareholders.

Preferred Shares are issued having rights superior to Common Shares

The Corporation’s Restated Articles of Incorporation authorize the Board to issue up to 80,750,000 Preferred Shares without shareholder approval and to determine the rights, privileges, restrictions and conditions granted to or imposed on any unissued series of Preferred Shares, all of which may be superior to the rights attached to Common Shares (see “Capital Structure, Share Capital, Preferred Shares”). All Preferred Shares are entitled to priority over the Common Shares with respect to priority in the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation. Furthermore, if any new series of Preferred Shares issued is convertible into Common Shares, such Preferred Shares may be dilutive to Shareholders.

In May 2022, the Corporation issued 300,000 Series 1 Preferred Shares (see “Capital Structure - Share Capital - Series 1 Preferred Shares”).

Reduction in aggregate foreign ownership limit decreases market price for Common Shares and limits the Corporation’s access to capital

The Corporation's Restated Articles of Incorporation currently limit the aggregate voting rights that may be exercised by all Shareholders who are not Qualified Canadians to 49% of the aggregate votes attached to all voting shares of the Corporation (see "Capital Structure – Share Capital – Variable Voting Shares"). However, the Board may, as permitted by the Corporation's Restated Articles of Incorporation, adopt a lower foreign ownership limit if necessary to comply with any law or regulation of Canada applicable to Chorus. If this were to occur, the aggregate voting rights attached to the Variable Voting Shares (which are held by Shareholders who are not Qualified Canadians) could be subject to a lower limit than they are as of the date of this AIF (i.e., 49%). This could in turn result in a decreased market price for the Common Shares and limit the Corporation's access to capital.

Chorus becomes subject to material legal proceedings

While conducting its business, Chorus is subject to various claims and litigation (including class action claims), including with respect to its contractual arrangements and current or new laws and regulations. Any current or future claims, litigation or regulatory investigations could result in material liabilities for Chorus that could have a material adverse impact on its reputation, financial condition and liquidity, particularly if such liabilities are not covered by insurance.

Lessee insurance coverage and indemnity obligations are insufficient

Liability may be placed on an aircraft owner or lessor in certain jurisdictions around the world even under circumstances in which the owner or lessor is not directly controlling the operation of the relevant aircraft. Chorus' leases with airline customers typically include indemnification and insurance provisions which require lessees to indemnify Chorus for, and insure against, liabilities arising out of the use and operation of the aircraft, including third-party claims for death or injury to persons and damage to property for which Chorus may be deemed liable. Chorus' leases also typically include provisions obligating lessees to maintain public liability, property damage and hull all risk and hull war risk insurance on the aircraft at agreed upon levels.

The insurance carried by Chorus' lessees may not be sufficient to cover all types of claims that may be asserted against Chorus. Any inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations may reduce the proceeds that would be received by Chorus upon an event of loss under the respective leases or upon a claim under the relevant liability insurance.

Chorus becomes subject to increased taxes

In the ordinary course of business, Chorus is subject to ongoing audits by tax authorities. While Chorus has determined that its tax filing positions are appropriate and supportable, certain matters are reviewed from time to time and challenged by the tax authorities. Should the ultimate tax liability materially exceed its tax provision, Chorus' effective tax rate and its earnings could be negatively affected in the period in which the matters are resolved.

To address the tax challenges arising from digitalization of the economy, the Organization for Economic Cooperation and Development ("**OECD**") created a two-pillar solution. Included in Pillar II are the Global Anti-Base Erosion ("**GloBE**") Rules, which ensure multinational enterprises with revenues over EUR 750 million pay at least 15% tax on the income arising in each of the jurisdictions in which they operate. The Chorus group is within the scope of the OECD Pillar II model rules. Pillar II legislation is substantially enacted in Canada and came into effect on January 1, 2024. Under the draft legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. All entities within the group have an effective tax rate that exceeds 15%, except for the subsidiaries which operate in Ireland. The group is in the process of assessing its exposure to the Pillar II legislation. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar II tax implications.

The Excessive Interest and Financing Expenses Limitation ("**EIFEL**") came into effect for Chorus on January 1, 2024. The EIFEL rules include a 2% tax on the net value of equity repurchased by public corporations and limits the deductibility of net interest and financing expenses to a fixed ratio of 30% of adjusted taxable income.

Insurance costs increase or the scope of coverage is reduced

Due to the risks inherent in the aviation industry, Chorus carries significant amounts of insurance coverage for its various risks. Therefore, a significant increase in premium costs or a significant reduction in the scope of coverage could materially affect Chorus' costs and the amount Chorus may be require to pay from its own cash resources in the event of a claim that exceeds the coverage limit.

Increases in fuel costs negatively impact the profitability of our counterparties

Fuel prices have and may continue to fluctuate significantly depending on many factors, including international market conditions, geopolitical events, carbon taxes, and the foreign exchange rates. Fuel costs represent a significant expense to airlines and fluctuate widely. Airlines may not be able to successfully manage their exposure to fuel prices and significant changes could materially affect their operating results. Airlines may not be able to pass on increases in fuel prices to their customers by increasing fares. High fuel prices may also have an impact on consumer spending and adversely impact demand for air travel.

Pursuant to the CPA, fuel costs are treated as Pass-Through Costs and, therefore, Chorus is largely protected from these price fluctuations insofar as the Jazz business is concerned. However, fluctuating fuel prices could negatively impact airlines directly as well as demand for passenger air travel, which could adversely affect the financial strength of Chorus' customers, including Air Canada.

Chorus fails to make required cash contributions to its pension plans

Chorus maintains a registered defined benefit pension plan for Jazz pilots. Canadian federal pension legislation requires that the funded status of registered pension plans be determined periodically, on both a going concern basis (which assumes indefinite plan continuation) and a solvency basis (which assumes immediate plan termination).

Chorus' pension funding obligations (including projected funding obligations) may vary significantly based on a wide variety of factors, including pension plan solvency valuations, regulatory changes, plan demographics, changes to plan provisions, assumptions and methods used and changes in economic conditions (mainly the return on fund assets and changes in interest rates) and other factors, as well as the application of normal past service contribution rules which would generally require one fifth of any solvency deficit in a domestic registered plan, determined on the basis of an average over the previous three years, to be funded each year. Actual contributions that are determined on the basis of future valuation reports filed annually may vary significantly from projections. In addition, current service contributions in respect of a domestic registered plan are required unless they are funded (if permitted subject to applicable plan rules and legislation) through a sufficient surplus in such plan. Furthermore, deteriorating economic conditions or a prolonged period of low or decreasing interest rates may result in significant increases in Chorus' funding obligations.

Limited liability partnerships are jeopardized

The Corporation holds all or substantially all of the limited partnership interest in several limited partnerships formed under the laws of the Province of Ontario. As a limited partner of these partnerships, the Corporation's liability for indebtedness, claims and other liabilities of the partnerships is limited to the Corporation's investment in the partnerships. However, if the Corporation were to directly assume active management of any one or more of these partnerships, the Corporation's limited liability could be jeopardized thereby exposing the Corporation to the liabilities of the affected limited partnerships.

MARKET FOR SECURITIES

Trading Price and Volume

During the year ended December 31, 2023, the Common Shares traded on the TSX under the symbol "CHR", the Series A Debentures traded on the TSX under the symbol "CHR.DB.A", the Series B Debenture traded on the TSX under the symbol "CHR.DB.B" and the Series C Debentures traded on the TSX under the symbol "CHR.DB.C".

The following tables set forth the price range and trading volume of the Common Shares, the Series A Debentures, the Series B Debentures and the Series C Debentures as reported by the TSX for the months of January to December 2023, inclusive.

Common Shares – Trading Symbol: CHR

2023	High $	Low $	Average Daily Trading Volume	Total Monthly Volume
January	4.04	3.23	765,123	16,067,585
February	3.80	3.06	646,874	12,290,607
March	3.55	2.96	463,406	10,658,337
April	3.26	2.93	230,180	4,373,424
May	3.31	2.86	384,685	8,463,065
June	3.07	2.78	177,782	3,911,203
July	3.36	3.03	267,983	5,359,669
August	3.20	2.62	411,393	9,050,653
September	2.73	2.29	367,822	7,356,449
October	2.37	2.05	248,685	5,222,376
November	2.44	2.08	286,513	6,303,296
December	2.63	2.13	412,346	7,834,570

Series A Debentures – Trading Symbol: CHR.DB.A

2023	High $	Low $	Average Daily Trading Volume	Total Monthly Volume
January	98.00	94.51	50,316	956,000
February	96.95	94.25	21,278	383,000
March	97.50	93.82	35,563	569,000
April	95.99	94.50	29,917	359,000
May	97.85	94.50	33,471	569,000
June	95.99	93.51	32,824	558,000
July	95.25	92.11	17,231	224,000
August	96.75	93.75	24,500	441,000
September	96.50	95.00	31,083	373,000
October	95.01	94.01	23,214	487,500
November	97.00	93.75	17,682	389,000
December	98.00	94.11	35,263	670,000

Series B Debentures – Trading Symbol: CHR.DB.B

2023	High $	Low $	Average Daily Trading Volume	Total Monthly Volume
January	96.25	92.62	39,000	429,000
February	96.25	94.00	101,545	1,117,000
March	99.50	95.01	24,500	196,000
April	95.94	92.00	17,300	173,000
May	100.00	94.00	17,725	141,800
June	98.39	94.00	19,111	172,000
July	97.00	94.80	14,500	87,000
August	96.00	94.70	10,364	114,000
September	94.70	86.05	42,444	382,000
October	95.00	90.00	7,429	156,000
November	95.00	88.01	96,091	2,114,000
December	92.00	90.00	4,474	85,000

Series C Debentures – Trading Symbol: CHR.DB.C

2023	High $	Low $	Average Daily Trading Volume	Total Monthly Volume
January	89.40	84.50	42,611	767,000
February	87.50	84.00	74,563	1,193,000
March	87.30	82.00	34,400	516,000
April	87.84	86.00	37,231	484,000
May	87.50	84.00	45,941	781,000
June	86.80	80.00	63,250	1,012,000
July	86.35	83.00	21,188	339,000
August	86.00	81.10	34,214	479,000
September	82.50	80.07	29,583	355,000
October	82.40	80.00	27,905	586,000
November	83.99	79.90	60,227	1,325,000
December	85.00	80.00	100,895	1,917,000

Prior Sales

During the financial year ended December 31, 2023, the Corporation did not issue any securities of a class that are not listed or quoted on a marketplace.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Air Canada Investor Rights Agreement

Under the AC Investor Rights Agreement, Air Canada agreed not to transfer its 15,561,600 Common Shares until February 4, 2024. This restriction is no longer in effect as of the date of this AIF. For additional information regarding the AC Investor Rights Agreement, please see "Capital Structure – Investor Rights Agreements – Air Canada Investor Rights Agreement".

Brookfield Investor Rights Agreement

Subject to certain limited exceptions set out in the Brookfield Investor Rights Agreement, Brookfield agreed to a lock-up that prohibits it from selling certain Common Shares, the Series 1 Preferred Shares or the 2022 Warrants for a period beginning on May 3, 2022 (the "**Completion Date**") and ending on the earlier of (a) the date on which certain prescribed events occur; and (b) the date that is 36 months after the Completion Date. However, beginning 15 months after the Completion Date (i.e., August 3, 2023), Brookfield was permitted to transfer up to 50% of certain of its Common Shares, Series 1 Preferred Shares, and/or 2022 Warrants. For additional information on the Brookfield Investor Rights Agreement, please see "Capital Structure – Investor Rights Agreements – Brookfield Investor Rights Agreement".

The foregoing restrictions which remain in effect are summarized below**:**

Designation of Class	Securities that are subject to a contractual restriction on transfer*	Expiry	Percentage of Class
Voting Shares	12,700,000	May 3, 2025	6.6% of Common Shares
Series 1 Preferred Shares	150,000	May 3, 2025	50% of Series 1 Preferred Shares
2022 Warrants	9,321,386	May 3, 2025	50% of 2022 Warrants

* As of January 31, 2024.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares is TSX Trust Company at its offices in Montreal, Quebec and Toronto, Ontario.

The transfer agent and registrar for the Series 1 Preferred Shares is TSX Trust Company at its offices in Montreal, Quebec and Toronto, Ontario.

The trustee, transfer agent and registrar for the Unsecured Debentures is Computershare Trust Company of Canada at its principal transfer office in Toronto, Ontario.

The warrant agent for the 2022 Warrants is TSX Trust Company at its principal transfer offices in Toronto, Ontario.

DIVIDENDS

Series 1 Preferred Shares

Dividend Record

The Series 1 Preferred Shares carry a dividend entitlement of 8.75% per annum in cash or 9.5% per annum in kind, payable quarterly. The dividend rate increases each year by 1% per annum in cash, 1.5% per annum in kind, starting on the sixth anniversary of the issuance up to a cap of 14.75% per annum in cash and 15.5% per annum in kind (see "Capital Structure – Share Capital –Series 1 Preferred Shares"). In respect of the years ended December 31, 2023 and December 31, 2022, Chorus paid US$26,250,000 and US$17,354,167, respectively, in dividends to holders of the Series 1 Preferred Shares. The Series 1 Preferred Shares were issued on May 3, 2022, therefore, the Corporation did not pay any dividends to the holders of the Series 1 Preferred Shares during the year ended December 31, 2021.

Dividend Restrictions

The Operating Credit Facility and the indentures governing the Unsecured Debentures prohibit the payment of dividends by the Corporation during the continuation of a default thereunder, and loan agreements under which subsidiaries of the Corporation are borrowers typically prohibit the payment of dividends and other distributions during the continuation of a default thereunder.

Common Shares

Dividend Record

Chorus did not pay dividends on the Common Shares in respect of the years ended December 31, 2023, December 31, 2022 and December 31, 2021.

Dividend Restrictions

Under the terms of the Unsecured Credit Facility, the Corporation is required to obtain lender consent prior to declaring a dividend on its Common Shares that exceeds $0.48 per Common Share. The Operating Credit Facility and the indentures governing the Unsecured Debentures also prohibit the payment of dividends by the Corporation during the continuation of a default thereunder, and loan agreements under which subsidiaries of the Corporation are borrowers typically prohibit the payment of dividends and other distributions during the continuation of a default thereunder.

Under the Brookfield Investor Rights Agreement, so long as the Brookfield Group holds at least:

- 20% of the Series 1 Preferred Shares issued in the Brookfield Private Placement (excluding any Series 1 Preferred Shares that have been redeemed by the Corporation), the Corporation is not permitted, without Brookfield's prior written consent in its sole discretion, to declare or pay any non-cash dividend or distribution; and
- 50% of the Series 1 Preferred Shares issued in the Brookfield Private Placement (excluding any Series 1 Preferred Shares that have been redeemed by the Corporation), the Corporation is not permitted, without Brookfield's prior written consent in its sole discretion, to declare or pay any cash dividend that exceeds, in the aggregate, $20 million in any 3-month period.

Furthermore, the terms of the Series 1 Preferred Shares prohibit the Corporation from paying any dividend on the Common Shares (or other Junior Shares, as such term is defined in the terms of the Series 1 Preferred Shares) unless at least 75% of all dividends accrued on the Series 1 Preferred Shares have been paid, or are concurrently paid, in cash.

DIRECTORS AND OFFICERS

Directors of the Corporation

The name, municipality of residence and principal occupation of each of the directors are, as of the date hereof, as set forth below. Such individuals have served as directors of the Corporation since the dates set forth opposite their respective names. Each of the directors of the Corporation has been elected or appointed to serve until the end of the next annual meeting of Shareholders. The directors stand for election annually. Biographies for each of the directors are available on Chorus' website at www.chorusaviation.com.

Name and Municipality of Residence	Principal Occupation	Director of Chorus or its Predecessors Since
Karen Cramm[(1)] Nova Scotia, Canada	Corporate Director	December 6, 2010
Gail Hamilton[(2)] Newfoundland and Labrador, Canada	Corporate Director and Consultant	June 21, 2021
R Stephen Hannahs [(3)] California, U.S.A.	Corporate Director	August 10, 2015
Alan Jenkins[(4)] Ireland	Corporate Director and Aviation Industry Advisor	June 21, 2021
David Levenson[(5)] Ontario, Canada	Corporate Director and Private Investor	May 3, 2022
Amos Kazzaz Colorado, U.S.A.	Corporate Director	June 29, 2020
Marie-Lucie Morin [(6)] Ontario, Canada	Corporate Director and Consultant	February 17, 2016
Colin Copp British Columbia, Canada	President & Chief Executive Officer	March 3, 2023
Paul Rivett[(7)] Ontario, Canada	President, Tevir Capital Corporation	June 21, 2021 Chair of the Board since May 3, 2022
Frank Yu[(8)] New York, U.S.A.	Managing Partner, Brookfield Private Equity and Co-Head of Brookfield Special Investments	May 3, 2022

(1) Chair of the Audit, Finance and Risk Committee and member of the Governance, Safety and Sustainability Committee.
(2) Member of the Audit, Finance and Risk Committee and member of the Governance, Safety and Sustainability Committee.
(3) Member of the Human Resources and Compensation Committee and member of the Governance, Safety and Sustainability Committee.
(4) Chair of the Human Resources and Compensation Committee and member of the Audit, Finance and Risk Committee.
(5) Member of the Human Resources and Compensation Committee.
(6) Chair Governance, Safety and Sustainability Committee and member the Human Resources and Compensation Committee.
(7) Chair of the Board of Directors.
(8) Member of the Audit, Finance and Risk Committee and member of the Governance, Safety and Sustainability Committee.

Each of the foregoing directors has held the same principal occupation for the previous five years, except (i) Mr. Hannahs who served as Managing Director and Chief Executive Officer of Wings Capital Partners from January 2013 until March 2022 and as Chairman and Chief Executive Officer of Wings Capital Partners from March 2022 until June 30, 2023; (ii) Mr. Jenkins who was employed with Waypoint Leasing from April 2013 until March 2019 during which time he held the roles of Chief Financial Officer from April 2013 until October 2016, Chief Operating Officer and Chief Financial Officer from October 2016 to February 2018 and President, Chief Operating Officer and Chief Financial Officer from February 2018 to March 2019 and was Chief Financial Officer of Nordic Aviation Capital from September 2019 to September 2020; (iii) Mr. Levenson who was Managing Partner, Brookfield Private Equity from 2010 until March 2023; (iv) Mr. Kazzaz who was the Senior Vice President, Finance of Air Canada from August 2015 to February 2021 and Executive Vice President and Chief Financial Officer of Air Canada from February 2021 until his retirement in June 2023; (v) Mr. Copp who was the Chief Operating Officer & President, Chorus Aviation Services from March 2019 until March 2023; (vi) Mr. Rivett who was the President of Fairfax Financial Holdings Limited from July 2013 to January 2020 and Chair of Nordstar Capital and Torstar Corporation from August 2020 until December 2022; and (vii) Mr. Yu who was a Principal of Blackstone Tactical Opportunities from January 2017 until November 2019, was Senior Vice President of Brookfield Private Equity from November 2019 until March 2022 and was Managing Director, Brookfield Private Equity from March 2022 until March 2023.

Executive Officers of the Corporation

The following table sets out the executive officers of the Corporation as of December 31, 2023. For each such executive officer, the table below sets out the executive officer's name, municipality of residence, position with the Corporation and the date of her or his first appointment as an executive officer of Chorus or one of its predecessors. Except for Mr. Rivett, each of the executive officers named below has been an executive officer of the Corporation or one of its affiliates or predecessors for more than five years.

Name and Place of Residence	**Executive Position**	**Officer of Chorus or its Predecessors Since**
Colin Copp(1) British Columbia, Canada	President & CEO	March 3, 2023
Dennis Lopes(2) Ontario, Canada	Senior Vice President, Chief Legal Officer & Corporate Secretary	July 11, 2016
Jolene Mahody Nova Scotia, Canada	Executive Vice President & Chief Strategy Officer	August 1, 2004
Gary Osborne Nova Scotia, Canada	Chief Financial Officer	May 9, 2013
Paul Rivett(3) Ontario, Canada	Chair of the Board	May 3, 2022

(1) Mr. Copp was appointed President & Chief Executive Officer of the Corporation on March 3, 2023.
(2) Mr. Lopes has served in his current position since March 2019. Previously, he was Senior Vice President, General Counsel and Corporate Secretary of the Corporation (July 2016 to March 2019).
(3) Mr. Rivett was appointed as Chair of the Board of Directors on May 3, 2022.

As of December 31, 2023, the Directors and Officers mentioned in the above tables, as a group, owned, or had control or direction over, directly or indirectly 635,022 Common Shares representing approximately 0.33% of the outstanding Common Shares.

Audit, Finance and Risk Committee

The primary purpose of the Audit, Finance and Risk Committee is to assist the Board of Directors of the Corporation in its oversight of (i) the integrity of the Corporation's financial statements and public disclosure documents, (ii) the qualifications, performance and independence of the Corporation's external auditor, (iii) the performance of the Corporation's internal audit and risk management function, (iv) the adequacy of the Corporation's internal controls and enterprise risk management framework, and (v) compliance with laws.

Charter of the Audit, Finance and Risk Committee

The charter of the Audit, Finance and Risk Committee is set out in Schedule "B" to this AIF.

Composition of the Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee consists of four members, as follows: Karen Cramm (Chair), Gail Hamilton, Alan Jenkins and Frank Yu. Each member of the Audit, Finance and Risk Committee is independent of each of the Corporation and its affiliates, and financially literate as required under National Instrument 52- 110 - Audit Committees.

Relevant Education and Experience of the Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

(1) **Karen Cramm**, FCPA, FCA, is a corporate director. A Chartered Professional Accountant since 1977, Mrs. Cramm holds master's degrees in business administration (MBA) and in public administration (MPA). Mrs. Cramm was a senior partner of Deloitte & Touche ("**Deloitte**") in the Financial Services Group specializing in Reorganization as well as Forensic & Dispute services. While a partner of Deloitte, she served as the Managing Partner of the Halifax Office, was elected to the Canadian Deloitte board of directors for 14 years and chaired the Deloitte Foundation, a registered charity focusing on corporate responsibility and giving back to communities across Canada. Mrs. Cramm has served as President of the Institute of Chartered Accountants of Nova Scotia and was elected as a Fellow of the Institute in recognition of distinguished service to the profession. She has also had extensive experience leading and serving on community-based, non-profit boards including Chair of the boards of the Izaak Walton Killam Hospital and the Art Gallery of Nova Scotia and serving on the boards and executive of both Dalhousie University and Mount Saint Vincent University. Mrs. Cramm was a director of Medavie Inc. and served as the Chair of its Audit and Risk Management Committee. She was also on the board of directors of Blue Cross Life Insurance Company of Canada and served as a member of its Audit and Conduct Review Committee.

(2) **Alan Jenkins** is a corporate director and aviation industry advisor with over 25 years of experience in the aviation industry. Mr. Jenkins was the CFO of Genesis Lease Limited, a NYSE listed global aircraft lessor from prior to its initial public offering in December 2006 through to an all-stock merger with AerCap (NYSE: AER) in March 2010 and President, COO and CFO of Waypoint Leasing from April 2013 to March 2019, a global helicopter lessor restructured and sold to Macquarie in 2019; Mr. Jenkins was an executive founder of both businesses. Mr. Jenkins was also CFO of Nordic Aviation Capital from September 2019 to September 2020 and Head of Commercial at AWAS (acquired by DAE Capital in 2017) from March 2001 to September 2006, respectively two leading global regional and commercial aircraft lessors, and ran his own aviation consultancy business from September 2010 to March 2013. Mr. Jenkins originally started his career in financial services with KPMG. Mr. Jenkins has raised over $6 billion in aviation related capital and executed or advised on over $70 billion of M&A aviation leasing transactions. Mr. Jenkins is a fellow of ACCA (Association of Chartered Certified Accountants) and has completed the Chartered Director program with the Institute of Directors in Ireland.

(3) **Gail Hamilton** is a Chartered Professional Accountant, obtaining her CPA, CA designation in 1979, and her FCPA, FCA in 1998. She is currently a director on several boards and continues to provide business advice to a small number of clients. Mrs. Hamilton was an Assurance Partner for over 20

years with KPMG and EY, retiring from KPMG and public practice in June 2015. In public practice, Mrs. Hamilton was involved in all aspects of delivering assurance and related business advisory services for a variety of organizations, including the airline industry. These organizations included public, multinational, entrepreneurial and not-for-profit entities. Mrs. Hamilton led efforts to enrich both the firm's personnel and the local communities in which the firms operated. She has been a keynote speaker at a number of seminars to discuss issues for women in business and management issues facing owners and managers. In addition, Mrs. Hamilton completed the requirements to obtain the designation as Director of the Institute of Corporate Directors. Mrs. Hamilton's professional and community involvement throughout the years has benefitted numerous organizations including the College of Physicians and Surgeons of Newfoundland and Labrador, and the Anglican Cathedral of St. John the Baptist.

(4) **Frank Yu** is a Managing Partner in Brookfield's Private Equity Group, responsible for co-leading the Brookfield Special Investments strategy. Mr. Yu is also responsible for origination, evaluation, transaction execution and monitoring of investment opportunities. Prior to joining Brookfield in 2019, Mr. Yu worked in the tactical opportunities group at Blackstone, the mezzanine finance group at Oaktree Capital Management and began his career in investment banking at Moelis & Company and Rothschild Inc. Mr. Yu holds a Bachelor of Science degree from the Stern School of Business at New York University.

Independence of External Auditors

The Audit, Finance and Risk Committee reviews and approves the nature of all non-audit services, as permitted by securities legislation and regulations, to be provided to any Chorus entity by the Corporation's external auditor prior to the commencement of such work.

The Audit, Finance and Risk Committee also requires and reviews a report from the external auditor, if deemed appropriate by the Audit, Finance and Risk Committee, of all relationships between the external auditor and its related entities and the Corporation and its affiliates and their related entities, including all work performed and fees paid for such work of a non-audit nature, that in the external auditor's professional judgment may reasonably be perceived to bear on its objectivity and independence and confirming that in the external auditor's professional judgment it is independent of the Corporation and its affiliates and discusses this report with the external auditor in order to evaluate the objectivity and independence of the external auditor. The Audit, Finance and Risk Committee also reviews steps taken by the external auditor to address any findings in any of the foregoing reviews.

Auditor's Fees

Fees payable for the years ended December 31, 2023 and December 31, 2022 to PricewaterhouseCoopers LLP, the Corporation's external auditor, and its affiliates were $1,759,188 for 2023 and $1,357,201 for 2022, as detailed below:

(in Canadian Dollars)	**Years ended December 31,**	
	2023	**2022**
Audit fees	$1,305,090	$1,086,561
Audit-related fees	$279,700	$164,940
Tax fees – compliance/preparation	$153,400	$67,800
Tax fees – other	$20,998	$37,900
	$1,759,188	$1,357,201

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of the annual financial statements of the Corporation and its affiliates, for the reviews of quarterly reporting by the Corporation, and for services normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. Audit-related fees were paid for professional services related to pension audits, translation services, notice to reader services, and audit of the Falko purchase price allocation.

Tax fees – compliance/preparation. Tax fees were paid for professional services rendered with respect to indirect tax, income tax and payroll tax compliance.

Tax fees - other. Tax fees were paid for consulting services related to specific tax issues or projects.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

The information provided in this section is current as of the date of this AIF.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, to the knowledge of the Corporation, no director or executive officer of the Corporation is, or has been in the last 10 years: (i) a director, chief executive officer or chief financial officer of any company that (A) while that person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under the securities legislation, for a period of more than 30 consecutive days, or (B) was the subject of an order of the type referred to in (A) above that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in a capacity as director, chief executive officer or chief financial officer of that company; or (ii) a director or executive officer of any company, that while that person was acting as director or executive officer of that company, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except that (A) Alan Jenkins resigned from his position as Chief Financial Officer of Nordic Aviation Capital DAC within one year prior to it entering into a scheme of arrangement with certain of its lenders which arrangement was approved by the Irish High Court in 2020, and (B) Alan Jenkins was Chief Financial Officer of Waypoint Leasing (Ireland) Limited at the time it filed for bankruptcy protection under chapter 11 of title 11 of the United States Bankruptcy Code in 2018.

Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (i) 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 a settlement agreement with a securities regulatory authority, or (ii) has been subject to 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.

Personal Bankruptcies

To the knowledge of the Corporation, in the last 10 years, no director or executive officer of the Corporation has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

LEGAL PROCEEDINGS

Chorus is party to various legal proceedings and claims that arise during the ordinary course of business. It is the opinion of management as of the date of this AIF that the final determination of any one of these claims will not have a material adverse effect on Chorus' business, results of operations, cash flows, financial position and prospects. Accordingly, the provisions that have been recorded for such matters are not material.

CONFLICTS OF INTERESTS

To the best of management's knowledge, there are no known existing or potential material conflicts of interest among the Corporation and its directors, officers or other members of management as a result of their outside business interests, except that certain directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Chorus and their duties as a director or officer of such other companies. In such circumstances, directors may choose or be required to abstain from participating in the Board's deliberation or consideration of any resolution on the matter. See "Directors and Officers" for information concerning each director's principal occupation and directorships with other reporting issuers as at the date of this AIF.

See also "Capital Structure - Investor Rights Agreements - Air Canada Investor Rights Agreement" with respect to the nomination of Mr. Amos Kazzaz to the Corporation's Board of Directors, and the description of the CPA between Chorus and Air Canada under "Chorus Business Segments – Regional Aviation Services".

See also "Capital Structure - Investor Rights Agreements - Brookfield Investor Rights Agreement" with respect to the nomination of Mr. David Levenson and Mr. Frank Yu, and the description of the Brookfield Private Placement under "The Chorus Business – Three Year History".

INTEREST OF EXPERTS

PricewaterhouseCoopers LLP are the auditors of the Corporation and have advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia. The information provided in this section is current as of the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On May 3, 2022, Chorus closed the Falko Acquisition and the Brookfield Private Placement. Upon closing the Brookfield Private Placement, Brookfield held (among other securities of the Corporation) 25,400,000 Common Shares (representing approximately 12.5% of the then issued and outstanding Common Shares) and Mr. David Levenson and Mr. Frank Yu were appointed to the Board. Prior to closing the Brookfield Private Placement, Brookfield and Messrs. Levenson and Yu were arm's length from Chorus.

Except as described above, none of (i) the directors or executive officers of the Corporation, (ii) the Shareholders of the Corporation that, to the knowledge of the Corporation, beneficially own or control, directly or indirectly, more than 10% of the Common Shares of the Corporation, or (iii) any associate or affiliate of the persons referred to in (i) or (ii), has or has had any material interest, direct or indirect, in any transaction within the past three years or in any proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries. The information provided in this section is current as of the date of this AIF

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MATERIAL CONTRACTS

The contracts that are material to the Corporation and that were entered into within the year ended December 31, 2023, or before such year but which are still in effect, and which are required to be filed with Canadian securities regulatory authorities in accordance with section 12.2 of National Instrument 51-102 – Continuous Disclosure Obligations, are as follows:

(1) Investor Rights Agreement dated May 3, 2022 between BSI Dragonfly Holdings LP and Chorus Aviation Inc.;

(2) Warrant Indenture dated May 3, 2022 between Chorus Aviation Inc. and TSX Trust Company as warrant agent. This indenture sets out the terms governing the 2022 Warrants. The 2022 Warrants are described under this AIF under the heading of “Capital Structure – Warrants”;

(3) Subscription Agreement dated February 27, 2022 between Chorus Aviation Inc. and Brookfield Special Investments Fund L.P.;

(4) First Supplemental Indenture to the Indenture dated December 6, 2019, dated as of September 27, 2021 between Chorus Aviation Inc., as issuer, and Computershare Trust Company of Canada, as trustee. This indenture sets out the terms governing the Series C Debentures. The Series C Debentures are described in this AIF under the heading “Capital Structure – Long-term Debt – Series C Debentures”;

(5) Indenture made as of April 6, 2021 between Chorus Aviation Inc., as issuer, and Computershare Trust Company of Canada, as trustee. This indenture sets out the terms governing the Series B Debentures. The Series B Debentures are described in this AIF under the heading “Capital Structure – Long-term Debt – Series B Debentures”;

(6) Term Sheet effective January 1, 2021 between Jazz Aviation LP and Air Canada. This term sheet sets out the principal terms and conditions on which the parties agreed to amend and restate the CPA;

(7) Indenture made as of December 6, 2019 between Chorus Aviation Inc., as issuer, and Computershare Trust Company of Canada, as trustee. This indenture sets out the terms governing the Series A Debentures. The Series A Debentures are described in this AIF under the heading “Capital Structure – Long-term Debt – Series A Debentures”;

(8) Investor Rights Agreement dated February 4, 2019 between Air Canada and Chorus Aviation Inc., together with any amendments thereto;

(9) Term Sheet effective January 1, 2019 among Chorus Aviation Inc., Jazz Aviation LP and Air Canada. This term sheet sets out the principal terms and conditions on which the parties agreed to amend and restate the CPA; and

(10) Amended and Restated Capacity Purchase Agreement made as of January 1, 2015 between Jazz Aviation LP and Air Canada, together with amendments thereto. This agreement is described in this AIF under the heading “Chorus Business Segments – Regional Aviation Services – Contract Flying - Capacity Purchase Agreement with Air Canada”.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found under its profile on SEDAR+ at www.sedarplus.ca and on its website at www.chorusaviation.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's management proxy circular for its annual meeting of Shareholders held on May 9, 2023 and will be contained in the Corporation's management proxy circular for its annual meeting of Shareholders expected to be held on or about May 7, 2024. Additional financial information is provided in the Corporation's Consolidated Financial Statements for the year ended December 31, 2023 and in the Annual MD&A.

The Corporation will, upon the delivery of a written request to the Corporate Secretary of the Corporation at 3 Spectacle Lake Drive, Suite 380, Dartmouth, Nova Scotia, B3B 1W8, provide to any person or entity, the documents specified below:

1) when Chorus is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

    a) one copy of the Corporation's latest AIF, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;

    b) one copy of the consolidated audited financial statements of the Corporation for the most recently completed financial year for which financial statements have been filed, together with the auditors' report thereon, and one copy of any unaudited interim condensed consolidated financial statements of the Corporation for any period after its most recently completed financial year;

    c) one copy of the Corporation's information circular in respect of its most recent annual meeting of Shareholders that involved the election of directors of the Corporation or one copy of any annual filing prepared instead of that information circular, as appropriate; and

    d) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (a) to (c); or

2) at any other time, the Corporation shall provide to any person or company one copy of any of the documents referred to in subparagraphs (1)(a), (b) and (c) above, provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Corporation securities.

In addition, the Corporation will, upon the delivery of a written request to the Corporate Secretary of the Corporation at 3 Spectacle Lake Drive, Suite 380, Dartmouth, Nova Scotia, B3B 1W8, provide to any security holder of the Corporation, without charge, a copy of the Corporation's notice of intent to make the NCIB which was filed with the TSX.

GLOSSARY OF TERMS

"**2019 CPA Amendments"** has the meaning set out at page 10 of this AIF;

"2021 CPA Amendments" has the meaning set out at page 9 of this AIF;

"**2022 Warrants"** has the meaning given at page 7 of this AIF;

"**6.00% Debentures**" has the meaning given at page 7 of this AIF;

"**AC Board Target Number of Shares**" has the meaning given at page 24 of this AIF;

"AC Investor Rights Agreement" has the meaning given at page 24 of this AIF;

"**ACMI**" means aircraft, crew, maintenance and insurance;

"**Agency**" has the meaning given at page 33 of this AIF;

"**AIF**" means this Annual Information Form;

"**Air Canada Investment**" has the meaning given at page 24 of this AIF;

"**ALPA**" means the Air Line Pilots Association, International;

"**AMO**" has the meaning given at page 14 of this AIF;

"**Annual MD&A**" means the MD&A for the fourth quarter and year-ended 2023 dated February 22, 2024, which is available on the Corporation's website at www.chorusaviation.com and under the Corporation's profile on SEDAR+ at www.sedarplus.ca;

"**APPRs**" has the meaning given at page 33 of this AIF;

"ASPP" has the meaning given at page 26 of this AIF;

"**ATPDRS**" has the meaning given at page 33 of this AIF;

"**Aviation GP**" means Aviation General Partner Inc., a corporation incorporated under the *Business Corporations Act* (Ontario) on November 18, 2010 to act as the general partner of Jazz Aviation GP is a subsidiary of the Corporation;

"**Bill 96**" has the meeting given at page 35 of this AIF;

"Bill C-13" has the meaning given at page 35 of this AIF;

"**Board**" means the board of directors of the Corporation;

"**Bombardier**" means Bombardier Inc. and its affiliates;

"**Brookfield**" has the meaning given at page 7 of this AIF;

"**Brookfield Board Target Number of Common Shares**" has the meaning given at page 24 of this AIF;

"Brookfield Board Target Number of Series 1 Preferred Shares" has the meaning given at page 25 of this AIF;

"**Brookfield Group**" has the meaning given at page 24 of this AIF;

"**Brookfield Investor Rights Agreement**" has the meaning given at page 8 of this AIF;

"**Brookfield Nominees**" has the meaning given at page 24 of this AIF;

"**Brookfield Private Placement**" has the meaning given at page 8 of this AIF;

"**CACC**" means Chorus Aviation Capital Corp. (formerly, Chorus Aviation Holdings Inc.), a corporation incorporated under the Canada Business Corporations Act on November 28, 2013. CACC is a subsidiary of the Corporation;

"**CALDA**" means the Canadian Air Line Dispatchers Association;

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

"**CDP**" means the Climate Disclosure Project;

"**CFAU**" means the Canadian Flight Attendants Union;

"**CFO**" means Chief Financial Officer;

"**Chorus Aviation Capital**" means CACC and its subsidiaries;

"**CO2**" means carbon dioxide;

"**COP26**" has the meaning given at page 37 of this AIF.

"**Common Shares**" means the Voting Shares and Variable Voting Shares;

"**Controllable Costs**" means for any period, all costs and expenses incurred and paid by Jazz other than Pass- Through Costs;

"**Controllable Cost Guardrail**" has the meaning given at page 11 of this AIF.

"**Controllable Cost Revenue**" means revenue earned by Jazz under the CPA for rates established in respect of Controllable Costs;

"Conversion Price" has the meaning given at page 28 of this AIF;

"**CORSIA**" has the meaning given at page 36 of this AIF;

"**Covered Aircraft**" means the aircraft whose capacity Air Canada purchases from Jazz under the CPA;

"**COVID-19**" means the disease caused by the coronavirus known as SARS-CoV-2, including variants thereof;

"**COVID-19 pandemic**" means the COVID-19 pandemic declared by the World Health Organization on March 11, 2020;

"**CPA**" means the amended and restated capacity purchase agreement effective January 1, 2015, between Air Canada and Jazz, as amended and extended by the 2019 CPA Amendments, as further amended by the 2021 CPA Amendments, and as may be further amended from time to time;

"**CPPA**" means Canada's draft *Consumer Privacy Protection Act*;

"**CRJ100**", "**CRJ200**", "**CRJ705**", "**CRJ900**" and "**CRJ1000**" means, respectively, Bombardier CRJ 100, CRJ 200, CRJ 705, CRJ 900 and CRJ 1000 regional jet aircraft, and "**CRJ aircraft**" refers to any or all of the foregoing;

"**Credit Parties**" has the meaning given at page 30 of this AIF;

"**CSA**" has the meaning given at page 38 of this AIF;

"**Cygnet**" means Cygnet Aviation Academy LP, a limited partnership established under the laws of the Province of Ontario on September 1, 2022. All of the limited partnership units are owned by the Corporation. Cygnet is referred to in this AIF and in the Corporation's public disclosure record as a subsidiary of the Corporation.

"**Dash 8-100**", "**Dash 8-200**", "**Dash 8-300**" and "**Dash 8-400**" and means, respectively, De Havilland Dash 8-100, Dash 8-200, Dash 8-300 and Dash 8-400 turboprop aircraft, and "**Dash aircraft**" refers to any or all of the foregoing;

"**De Havilland**" means De Havilland Aircraft of Canada Limited and its affiliates;

"**DAO**" means Design Approval Organization;

"**DRIP**" has the meaning given at page 53 of this AIF;

"**Embraer aircraft**" means, Embraer E-175, E-190 and E-195 regional jet aircraft, and refers to any or all the foregoing;

"**EBITDA**" means earnings before net interest expense, income taxes, depreciation and amortization. EBITDA is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section of the Annual MD&A;

"**EDC**" means Export Development Canada;

"**EIFEL**" has the meaning given at page 54 of this AIF;

"**Equity Units**" means the units issued by the Corporation on April 6, 2021 for $4.60 per unit comprising one Share and one-half of a Unit Warrant;

"**ESG**" has the meaning given at page 38 of this AIF;

"**EU ETS**" has the meaning given at page 37 of this AIF;

"**Fairfax**" has the meaning given at page 7 of this AIF;

"**Falko**" means Falko Regional Aircraft Limited, a private limited company incorporated under the *Companies Act 2006* (U.K.) on May 23, 2011, together with its subsidiaries and Falko Ireland and, where the context requires, includes the equity interests in certain aircraft and investment funds managed by such entities. Falko Regional Aircraft Limited is a subsidiary of the Corporation;

"**Falko Acquisition**" has the meaning given at page 7 of this AIF;

"**Falko Ireland**" means Falko (Ireland) Limited (formerly named Chorus Aviation Capital (Ireland) Limited), a private company limited by shares incorporated under the Companies Act, 2014 of Ireland on March 16, 2017. Falko Ireland is a subsidiary of the Corporation;

"**Fixed Margin**" means the fixed fee under the CPA that is paid to Jazz by Air Canada for the operation of the Covered Aircraft under the CPA;

"**FSB**" has the meaning given at page 52 of this AIF;

"**FS Law**" has the meaning given at page 52 of this AIF;

"**GDPR**" has the meaning given at page 39 of this AIF;

"**GHG**" means greenhouse gas;

"GloBE" has the meaning given at page 54 of this AIF;

"**GP**" has the meaning given at page 52 of this AIF;

"**GRI**" has the meaning given at page 38 of this AIF;

"**IAM**" means the International Association of Machinists and Aerospace Workers;

"**IFRS**" means the International Financial Reporting Standards;

"**ICAO**" means the International Civil Aviation Organization;

"**Intercreditor Agreements**" has the meaning given at page 31 of this AIF;

"**ISSB**" has the meaning given at page 38 of this AIF;

"**Jazz**" means Jazz Aviation LP, a limited partnership established under the laws of the Province of Ontario on November 18, 2010. All of the limited partnership units are owned by the Corporation, and all of the general partnership units are owned by Aviation GP. Jazz is referred to in this AIF and in the Corporation's public disclosure record as a subsidiary of the Corporation;

"**JFSC**" has the meaning given at page 52 of this AIF;

"**Managed Aircraft**" means aircraft fully or partially-owned by third parties that are managed by Falko;

"**MD&A**" means management's discussion and analysis of results of operations and financial condition of the Corporation;

"**MHI**" means MHI Canada Aerospace, Inc.

"**MRO**" means maintenance, repair and overhaul;

"NCIB" has the meaning given at page 6 of this AIF;

"NI 51-107" has the meaning given at page 38 of this AIF;

"**Non-Canadian Holder(s) Authorized to Provide Air Service**" has the meaning set out at page 18 of this AIF;

"OECD" has the meaning given at page 54 of this AIF;

"OLA" has the meaning given at page 34 of this AIF;

"**Operating Credit Facility**" has the meaning given at page 8 of this AIF;
"**Pass-Through Costs**" mean costs incurred directly by Jazz that are passed through to Air Canada and fully reimbursed under the CPA;

"**Pass-Through Revenue**" means revenue received by Jazz under the CPA in payment of Pass-Through Costs;

"**PIPEDA**" has the meaning given at page 39 of this AIF;

"**Preferred Shares**" means preferred shares in the capital of the Corporation which are issuable by the directors in one or more series in accordance with the Corporation's Restated Articles of Incorporation;

"**Qualified Canadian**" has the meaning given to the term "Canadian" in the Corporation's Restated Articles of Incorporation;

"**RAL**" means Regional Aircraft Leasing, one of the Corporation's reporting segments;

"**RAS**" means Regional Aviation Services, one of the Corporation's reporting segments;

"**Rights Plan**" has the meaning given at page 26 of this AIF;

"**Scheduled Flights**" has the meaning given in the CPA;

"**SEC**" means the United States Securities and Exchange Commission;

"**SEC Rules**" has the meaning given at page 38 of this AIF;

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval;

"Senior Creditors" has the meaning given at page 28 of this AIF;

"Series 1 Preferred Shares" means the series of preferred shares in the capital of the Corporation designated as Series 1 Preferred Shares.

"**Series A Debentures**" means the 5.75% senior unsecured debentures of the Corporation due December 31, 2024 which are listed for trading on the TSX under the symbol CHR.DB.A;

"**Series B Debentures**" means the 6.00% convertible senior unsecured debentures of the Corporation due June 30, 2026 which are listed for trading on the TSX under the symbol CHR.DB.B;

"**Series C Debentures**" means the 5.75% senior unsecured debentures of the Corporation due June 30, 2027 which are listed for trading on the TSX under the symbol CHR.DB.C;

"**Shareholder**" means a holder of Common Shares;

"**Single Non-Canadian Holder**" has the meaning as set out in page 17 of this AIF;

"**Spare Engine**" means any spare engine used to support a Covered Aircraft;

"**TCFD**" means Task Force on Climate-Related Financial Disclosures;

"**Trustees**" has the meaning given at page 31 of this AIF;

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

"Unsecured Credit Facility" has the meaning given at page 31 of this AIF;

“**Unsecured Debentures**” means the Series A Debentures, the Series B Debentures and the Series C Debentures;

"**U.S**." means the United States of America;

"**Variable Voting Shares**" mean Class A Variable Voting Shares in the capital of the Corporation;

"**Voting Shares**" mean Class B Voting Shares in the capital of the Corporation; and

"**Voyageur**" means Voyageur Aviation Corp., the successor by amalgamation to Voyageur Aviation Corp., Voyageur Airways Limited, Voyageur Aerotech Inc., Voyageur Avparts Inc., Chorus Holdings II Inc., and North Bay Leasing Inc. under the Business Corporations Act (Ontario) on January 1, 2019. Voyageur is a subsidiary of the Corporation.

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SCHEDULE "A"

The Corporation's direct and indirect subsidiaries
(other than the principle operating subsidiaries)

Corporation Name	Jurisdiction	Percentage
Adare Aircraft Leasing Limited	Ireland	100%
Antrim Aircraft Leasing Limited	Ireland	100%
Aviation General Partner Inc.	Ontario	100%
Bloom Aircraft Leasing Limited	Ireland	100%
Cavan Aircraft Leasing Limited	Ireland	100%
Chorus Aviation Capital Corp.	Canada	100%
Chorus Aviation Holdings GP Inc.	Canada	100%
Chorus Aviation Investment Holdings LP	Ontario	100%
Chorus Aviation Leasing Inc.	Canada	100%
Clare Aircraft Leasing Limited	Ireland	100%
Clontarf Aircraft Leasing Limited	Ireland	100%
Commuter Aircraft Leasing 2017 I Limited	Ireland	100%
Commuter Aircraft Leasing 2017 III Limited	Ireland	100%
Commuter Aircraft Leasing 2017 IV Limited	Ireland	100%
Commuter Aircraft Leasing 2017 V Limited	Ireland	100%
Commuter Aircraft Leasing 2017 VI Limited	Ireland	100%
Commuter Aircraft Leasing 2017 VII Limited	Ireland	100%
Commuter Aircraft Leasing 2017 VIII Limited	Ireland	100%
Commuter Aircraft Leasing Limited	Ireland	100%
Cork Aircraft Leasing Limited	Ireland	100%
Cygnet Aviation Academy LP	Ontario	99.99%*
DB Avo AC DAC	Ireland	100%
DB Avo AZ DAC	Ireland	100%
DB Avo GP LLC	Delaware	100%
DB Avo Holdings LP	Cayman Islands	100%
DB Avo US LLC	Delaware	100%
Dedalus Q400 Leasing Limited	Ireland	100%
Donegal Q400 Leasing Limited	Ireland	100%
Falko RAOF GP II Limited	Jersey	100%
Falko RAOF GP III Limited	Jersey	100%
Falko RAOF GP Limited	Jersey	100%
Galway Aircraft Leasing Limited	Ireland	100%
Jazz Leasing Inc.	Canada	100%
Kerry ATR72 Leasing Limited	Ireland	100%
Kilkenny Aircraft Leasing Limited	Ireland	100%
Limerick Aircraft Leasing Limited	Ireland	100%
Malahide Aircraft Leasing Limited	Ireland	100%

Mayo Aircraft Leasing Limited	Ireland	100%
Newgrange Aircraft Leasing Limited	Ireland	100%
Portlaoise Aircraft Leasing Limited	Ireland	100%
Ravelin Aviation Leasing Services 2 DAC	Ireland	67.45%
Ravelin Aviation Leasing Services 3 DAC	Ireland	67.45%
Ravelin Aviation Leasing Services DAC	Ireland	67.45%
Ravelin Holdings GP LLC	Delaware	67.45%
Ravelin Holdings LP	Cayman Islands	67.45%
Sandycove Aircraft Leasing Limited	Ireland	100%
Slane Aircraft Leasing Limited	Ireland	100%
Tipperary Aircraft Leasing Limited	Ireland	100%
Triangle Aviation Holdings LP	Ontario	100%
Triangle Aviation Ireland DAC	Ireland	100%
Triangle Aviation Jersey Limited	Jersey	100%
Triangle Holdings GP Inc.	Delaware	100%
Triangle Holdings LP	Cayman Islands	100%
Triangle Symber Leasing DAC	Ireland	100%
Trident Turboprop (Dublin) DAC	Ireland	100%
Waterford Aircraft Leasing Limited	Ireland	100%
Westmeath Aircraft Leasing Limited	Ireland	100%

* The Corporation holds all of the limited partnership interests in the limited partnership.

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SCHEDULE "B"

AUDIT, FINANCE AND RISK COMMITTEE CHARTER
CHORUS AVIATION INC.
(the "Corporation")

GENERAL PURPOSE

The audit, finance and risk committee (the "Committee") has been established by the board of directors of the Corporation (the "Board", and each member thereof, a "Director") in order to assist the Board in its oversight of:

(a) the integrity of the Corporation's financial statements and public disclosure documents;

(b) the qualifications, performance and independence of the Corporation's external auditor (the "External Auditor");

(c) the performance of the Corporation's internal audit and risk management function ("Internal Audit");

(d) the adequacy of the Corporation's internal controls and enterprise risk management framework; and

(e) compliance with applicable laws.

COMMITTEE COMPOSITION

1. **Qualifications**. The Committee shall consist of three (3) or more Directors as determined by the Board (collectively, the "Members"), all of whom shall be Independent and Financially Literate, and at least half of whom shall be Canadian. Notwithstanding the foregoing, a Member who is not Financially Literate may be appointed to the Committee provided that the Member becomes Financially Literate within a reasonable period of time following his or her appointment and provided further that the Board has determined that appointing the Member in these circumstances will not materially adversely affect the ability of the Committee to act independently and satisfy its other obligations.

   (a) A Member is considered to be "Independent" if (i) the Member has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Member's independent judgment, and (ii) the Member is not an individual who is considered to have a material relationship with the Corporation under section 1.4 or 1.5 of National Instrument 52-110 – Audit Committees. Material relationships may include commercial, charitable, industrial, banking, consulting, legal, accounting or familial relationships.

   (b) A Member is considered to be "Financially Literate" if the Member has the ability to read and understand a set of financial statements that present a breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation. It is not necessary, however, that a Member have comprehensive knowledge of Generally Accepted Accounting Principles or Generally Accepted Auditing Standards to be considered Financially Literate.

   (c) A Member is considered to be "Canadian" if he or she is a Canadian citizen or permanent resident within the meaning of subsection 2(1) of the Immigration and Refugee Protection Act.

2. **Appointment; Removal**. The Members shall be appointed by the Board and serve until the next annual meeting of the Corporation's shareholders, unless they are removed by the Board, they resign or otherwise cease to serve on the Committee or the Board. Unless a Chair is appointed by the Board,

the Members may designate a Chair by a majority vote of all the Members. The Board may fill vacancies on the Committee by appointing another Director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three (3) Directors.

DUTIES AND RESPONSIBILITIES

The Committee is directed and empowered by the Board to perform the following duties and responsibilities:

1. **Financial Reporting.**

   (a) **Consolidated Financial Statements**. Recommend to the Board the approval of the interim and annual consolidated financial statements of the Corporation (the "Consolidated Financial Statements"). In this regard, the Committee shall first review, among other things:

   (i) the report of the External Auditor on the Consolidated Financial Statements;

   (ii) the accounting policies selected by the Corporation's management ("Management") in preparing the Consolidated Financial Statements;

   (iii) the reasonableness of all significant estimates, accruals and reserves employed by Management in preparing the Consolidated Financial Statements;

   (iv) any unadjusted differences noted by the External Auditor in its review or audit of the Consolidated Financial Statements;

   (v) any disagreements between the External Auditor and Management with respect to the Consolidated Financial Statements; and

   (vi) the certificates to be executed and filed by the Chief Executive Officer and the Chief Financial Officer in accordance with the requirements of *National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings.*

   (b) MD&A. Recommend to the Board the approval of Management's Discussion and Analysis (the "MD&A") relating to the annual or interim Consolidated Financial Statements upon gaining reasonable assurance that the MD&A has been prepared in accordance with applicable legal requirements.

   (c) Earnings News Release. Recommend to the Board the approval of the earnings news release (the "Earnings Release") relating to the annual or interim Consolidated Financial Statements.

   (d) Accounting Choices. Review, as required, with Management and the External Auditor any significant developments or choices that may impact the Corporation's financial reporting.

2. **External Audit.**

   (a) External Auditor Appointment. Recommend to the Board a firm of chartered professional accountants to be nominated by the Board for appointment by the Corporation's shareholders as the External Auditor.

   (b) Audit Fees. Recommend to the Board for approval the fees to be charged by the External Auditor for the audit of the annual Consolidated Financial Statements and the Pension Financial Statements (as defined below), and the review of the interim Consolidated Financial Statements (the "Audit Fees").

(c) External Auditor Oversight. In order to ensure appropriate oversight of the External Auditor's work:

(i) approve the External Auditor's engagement letter;

(ii) review the External Auditor's written disclosure of all relationships between it and the Corporation and its related entities that may reasonably be thought to bear on the External Auditor's independence, as well as the External Auditor's written confirmation to the Committee that, in the External Auditor's professional judgment, it is independent of the Corporation;

(iii) approve the scope, focus areas and materiality thresholds for the audit of the annual Consolidated Financial Statements and the Pension Financial Statements;

(iv) oversee the work of the External Auditor in preparing and issuing an auditor's report or performing other audit, review or attest services for the Corporation;

(v) confirm with the External Auditor that Management has not placed any restrictions on the External Auditor with respect to the scope of its activities, its access to any required information or the reporting of its findings to the Committee;

(vi) attempt to resolve any disagreements that may arise between the External Auditor and Management;

(vii) discuss any observations by the External Auditor with respect to any matters that could reasonably be thought to bear on the reliability of the Consolidated Financial Statements, including, among other things:

A. the reasonableness and consistency from one year to the next of the accounting principles, polices, practices, estimates, judgments or disclosure practices employed by the Corporation;

B. any significant deficiencies or weaknesses in the Corporation's control environment;

C. any significant deviations from the annual audit plan approved by the Board; and

D. any significant adjustments that have been made by Management to the Consolidated Financial Statements as a result of the External Auditor's audit or review activities; and

(viii) review the performance of the External Auditor.

(d) Non-Audit Services. Pre-approve, as required, all fees for non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries. Approve, and review annually, the Corporation's policies on the approval of non-audit services and expenses.

(e) Hiring Policies. Approve, and review annually, the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former External Auditor.

3. Internal Audit and Risk Management.

(a) Review and Appointment. Review, annually, the performance of Internal Audit and approve, as required, the appointment and removal of the head of Internal Audit.

(b) Mandate and Plan. Approve the Internal Audit mandate and plan for each fiscal year of the Corporation;

(c) Engagement Reviews. Review, quarterly, a summary of all Internal Audit engagements and Management's responses to all significant findings, including reports of any confirmed or alleged fraud. In connection therewith, confirm with the head of Internal Audit that Management has not placed any restrictions on Internal Audit with respect to the scope of its activities, access to any required information or the reporting of its findings to the Committee.

(d) Principal Risks. Review, annually, Management's (i) assessment of the principal financial and other risks to the Corporation, and (ii) procedures for continually identifying, monitoring and managing those risks.

4. Controls and Compliance.

(a) Internal Controls over Financial Reporting. Review (i) quarterly, any material weaknesses identified by Management in relation to the design or operation of the Corporation's internal controls over financial reporting ("ICFR") and Management's actions to remediate such weaknesses, and (ii) annually, Management's process for assessing any required updates or changes to the Corporation's ICFR.

(b) Disclosure Controls and Procedures. Review (i) quarterly, any material weaknesses identified by Management in relation to the design or operation of the Corporation's disclosure controls or procedures ("DC&P") and Management's actions to remediate such weaknesses, and (ii) annually, Management's process for assessing any required updates or changes to the Corporation's DC&P. In connection therewith, approve the Corporation's Public Disclosure Policy.

(c) Accounting, Control or Auditing Concerns. Approve, and review annually, procedures for the receipt, retention and treatment of complaints received by the Corporation and its subsidiaries regarding accounting, internal accounting controls, or auditing matters.

(d) Confidential Submission of Wrongdoing. Approve, and review annually, procedures for the confidential, anonymous submission by employees of the Corporation or its subsidiaries of concerns regarding questionable accounting or auditing matters.

(e) Confidential Reports. Review, quarterly, a summary of all complaints and reports submitted pursuant to the procedures referenced in paragraphs (c) and (d) above.

(f) Tax Compliance. Review, quarterly, a certificate from Management confirming compliance by the Corporation and its subsidiaries with all material tax withholding and remittance obligations.

(g) Covenant Compliance. Review, quarterly, a report from Management confirming compliance by the Corporation and its subsidiaries with all debt covenants and providing a forecast of future compliance.

(h) Legal Compliance. Review, as required, reports from the Chief Legal Officer concerning material violations of applicable law by the Corporation or any of its subsidiaries.

(i) Litigation. Review, as required, all legal claims or proceedings involving the Corporation or its subsidiaries that Management reasonably expects could have a significant effect on the financial position, results of operations or cash flows of the Corporation.

5. Pension Plans.

(a) Monitoring. Review, quarterly, reports from Management concerning the overall operation of the retirement plans of the Corporation and its subsidiaries (collectively, the "Plans"), including their asset allocations and investment returns, their funded status and their compliance with the applicable Statements of Investment Policies and Procedures ("SIPPs").

(b) Funding, Auditor, Trustee/Custodian. Recommend to the Board, annually, the approval of the funding policy, the appointment of the external auditor and the trustees/custodians of the assets of the Plans;

(c) SIPP, Actuary, Consultants. Approve, annually, the SIPPs, the actuary and any consultant(s) for the Plans;

(d) Valuation. Accept the annual actuarial assumptions and valuation reports for the Plans;

(e) Financial Statements. Recommend to the Board the approval of the annual audited financial statements for the Plans; and

(f) Pension Committee Charter. Approve, annually, a charter for the Management Pension Committee;

6. Business Plan and Performance.

(a) Year-to-Date. Review, quarterly, the Corporation's consolidated year-to-date financial performance, including any significant variances to the current year business plan and prior year financial performance.

(b) Balance-of-Year Forecast. Review, quarterly, Management's most recent financial forecast for the balance of the year, including projected earnings and cash-flows.

7. Other Duties.

Without limiting any of the duties set out above, the Committee shall:

(a) provide oversight of the Corporation's information technology infrastructure, use and protection policies and practices, including, in respect of cybersecurity, data governance, privacy and compliance;

(b) recommend to the Board, annually, the approval of the Corporation's delegation of authority policy;

(c) review, annually, the Corporation's procedures for approving the reimbursement of expenses claimed by the Corporation's officers;

(d) review the Committee's report that is included in the Corporation's annual proxy circular and the information about the Committee that is required to be included in the Corporation's annual information form;

(e) review this charter annually and provide any comments thereon to the Governance, Safety and Sustainability Committee of the Board for consideration; and

(f) perform such other duties as from time to time are assigned to the Committee by the Board.

Effective May 3, 2022