



**Real Matters Inc.**

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**ANNUAL INFORMATION FORM**

**For the Financial Year Ended  
September 30, 2019**

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**December 18, 2019**

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## GLOSSARY

“**Advance Notice Provision**” has the meaning given to it under the section entitled “Description of Capital Structure – Advance Notice Requirements”.

“**AMC**” means an appraisal management company.

“**Audit Committee Mandate**” means the written mandate adopted by Real Matters’ board of directors for the Audit Committee, which sets out the Audit Committee’s responsibilities, as set forth in Appendix “A”.

“**CBCA**” means *Canada Business Corporations Act*.

“**Compensation, Nomination and Governance Committee Mandate**” means the written mandate adopted by Real Matters’ board of directors for the Compensation, Nomination and Governance Committee, which sets out the Compensation, Nomination and Governance Committee’s responsibilities, as set forth in Appendix “B”.

“**Equity Incentive Plan**” means Real Matters’ equity-based long-term incentive plan established on May 11, 2017.

“**Fannie Mae**” means the Federal National Mortgage Association.

“**Field Professionals**” means the Company’s independent third-party networks, including, but not limited to, independent appraisers, real estate agents, property inspectors, notaries, abstractors and other closing agents.

“**Financial Statements**” means the consolidated audited annual financial statements of the Company for the years ended September 30, 2019 and 2018.

“**Freddie Mac**” means the Federal Home Loan Mortgage Corporation.

“**GSE**” means government sponsored entities, including Fannie Mae and Freddie Mac.

“**IPO**” means Real Matters’ initial public offering, which was completed on May 11, 2017.

“**Linear**” means Linear Title & Closing, Ltd.

“**MD&A**” means Real Matters’ Management Discussion and Analysis for the years ended September 30, 2019 and 2018.

“**NCIB**” means normal course issuer bid.

“**NI 52-109**” means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**Notice Date**” has the meaning given to it under the section entitled “Description of Capital Structure – Advance Notice Requirements”.

“**Offering**” means, collectively, the IPO and secondary offering, which was completed on May 11, 2017.

“**Platform**” has the meaning given to it under the section entitled “Description of the Business - Overview”.

“**PSUs**” means performance share units.

“**Real Matters**” means Real Matters Inc.

“**REO**” means real estate owned.

“**RSUs**” means restricted share units.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Selling Shareholders**” means certain shareholders of Real Matters who sold shares to the public in connection with the Offering.

“**Solidifi Title**” means Solidifi Title & Closing, LLC.

“**Southwest**” means Southwest Financial Services, Ltd.

“**Technology Infrastructure**” means the Company’s technology, website and network infrastructure.

“**Tier 1**” means the top five U.S. banks by asset size as at March 31, 2019, as determined by U.S. Federal Reserve data, and the largest non-bank mortgage lender in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first nine months of 2019).

“**Tier 2**” means the top 30 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first nine months of 2019), excluding Tier 1 mortgage lenders.

“**Tier 3**” means the top 100 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first nine months of 2019), excluding Tier 1 and Tier 2 mortgage lenders.

“**Tier 4**” means all mortgage lenders in the U.S. not included in Tier 1, Tier 2 or Tier 3.

“**TSX**” means the Toronto Stock Exchange.

“**U.S.**” means the United States of America.

“**U.S. Appraisal**” has the meaning given to it under the section entitled “Description of the Business – Operating Segments”.

“**U.S. Title**” has the meaning given to it under the section entitled “Description of the Business – Operating Segments”.

## GENERAL

The fiscal year end of Real Matters is September 30.

The information in this Annual Information Form is stated as at September 30, 2019, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, all references in this Annual Information Form to “the Company” refer to Real Matters and its direct and indirect subsidiaries.

This Annual Information Form contains references to the Canadian dollar and the U.S. dollar. All dollar amounts referenced, unless otherwise indicated, are expressed in U.S. dollars. Canadian dollars are referred to as “C\$” and U.S. dollars are referred to herein as “\$”, “U.S.\$” or “dollars”. As at December 13, 2019, the daily average exchange rate as reported by the Bank of Canada was U.S.\$1.00 = C\$1.3183.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form contains “forward-looking information” within the meaning of applicable Canadian securities laws. Words such as “aim”, “could”, “forecast”, “target”, “may”, “might”, “will”, “would”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “seek”, “believe”, “predict” and “likely”, and variations of such words and similar expressions are intended to identify such forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this Annual Information Form includes statements which reflect the current expectations of the Company’s management with respect to the Company’s business and the industry in which it operates and is based on management’s experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes appropriate and reasonable in the circumstances. The forward-looking information reflects management’s beliefs based on information currently available to management, including information obtained from third-party sources, and should not be read as a guarantee of the occurrence or timing of any future events, performance or results.

The forward-looking information in this Annual Information Form includes, but is not limited to, statements related to:

- the Company’s business prospects and goals;
- anticipated industry and market trends;
- anticipated economic conditions;
- the regulatory environment in which the Company operates;
- the scalability of the Platform;
- anticipated technological developments, enhancements and other future service offerings;
- the Company’s competitive position relative to its competitors, including the significant barriers to entry faced by potential new entrants;
- the factors influencing the allocation of transaction volumes to the Company;
- the legal proceedings in which the Company is currently involved; and
- the expectation that the Company will not in the foreseeable future: (i) pay regular dividends or make distributions on its common shares; (ii) issue any preferred shares; or (iii) issue any RSUs or PSUs under the Equity Incentive Plan.

The forecasts and projections that make up the forward-looking information in this Annual Information Form are based on a number of assumptions which the Company believes to be accurate, including, but not limited to:

- no unforeseen changes in the legislative, regulatory and operating framework of the Company’s business;
- the Company’s ability to adapt to changing laws, rules and regulation, including increased regulatory oversight;
- the Company’s assumptions regarding industry trends and general economic conditions, including the overall size of the market and the relative market share of the Company’s clients;
- the Company’s assumptions regarding future revenues, expenses and operations;
- the Company’s anticipated cash needs;
- seasonality affecting the Company’s operating results;
- the Company’s ability to successfully integrate any future acquisitions;
- the Company’s assumptions regarding the Company’s competitive position and the principal competitive factors in the markets in which it operates;
- the Company’s ability to maintain in good standing all licenses necessary to operate its business;
- the Company’s ability to improve the functionality and otherwise make the Platform more desirable to its clients and Field Professionals;
- the Company’s ability to scale the Platform;
- the Company’s ability to adequately protect the Technology Infrastructure, including its ability to protect against security or privacy breaches;
- the Company’s ability to protect its intellectual property rights;
- the Company’s ability to hire, retain and motivate key personnel;

- the Company's belief that its intellectual property does not infringe, violate or misappropriate any third-party intellectual property rights;
- the Company's ability to attract new clients and maintain long-term relationships with existing clients;
- the Company's ability to onboard new Field Professionals and maintain long-term relationships with its existing network of Field Professionals; and
- the effectiveness of the Company's internal controls and risk management efforts.

The forward-looking information in this Annual Information Form is subject to risks, uncertainties and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to:

#### *Strategic Risks*

- changes in economic conditions resulting in fluctuations in demand for the Company's services;
- failing to grow market share in the U.S. Appraisal business to anticipated levels;
- failing to grow market share in the U.S. Title business to anticipated levels;
- risks associated with targeting large mortgage lenders, including longer sales cycles, pricing pressures, implementation complexities and concentration risk;
- operating in a competitive business environment;
- growth placing significant demands on the Company's management and infrastructure;
- damage to the Company's reputation causing a loss of existing clients and/or difficulty attracting new clients;
- inability to successfully identify, consummate or integrate future acquisitions;

#### *Operational Risks*

- failing to adequately protect the Technology Infrastructure;
- issues with the Platform;
- failing to retain key employees or hire highly skilled personnel;
- failing to maintain Field Professional engagement;
- the occurrence of catastrophic events which are beyond the Company's control;

#### *Legal and Compliance Risks*

- regulatory risks applicable to the Company;
- risks associated with the potential reclassification of exempt employees and Field Professionals;
- failing to adequately protect the Company's intellectual property;
- risks associated with legal and regulatory proceedings and claims;
- potential losses arising from Field Professional work product liability;
- potential infringement of the Company's services on the proprietary rights of others;
- difficulty for shareholders to enforce judgments obtained against the Company;

#### *Financial and Reporting Risks*

- the potential for significant fluctuations in the market price of Real Matters' shares;
- potential inability to raise additional capital in the future when needed, either on acceptable terms or at all;
- failing to maintain effective internal controls, including the inherent limitations in all control systems;
- inaccurate accounting estimates and judgments;
- potential tax law changes or adverse tax examinations;
- restrictive covenants contained in the Company's credit facilities;
- potential dilution to existing shareholders as a result of future share issuances;
- ineffectiveness of the Company's financial and operational risk management efforts;
- Real Matters' dependence on its subsidiaries for cash flows; and
- changing accounting pronouncements and other financial reporting standards.

The Company cautions that the above list of risk factors and uncertainties is not exhaustive and that additional risks and uncertainties may be discussed in documents filed with the applicable Canadian securities regulatory authorities from time to time. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in the forward-looking information. Readers are cautioned not to place undue reliance on the forward-looking information, which reflect the Company's expectations only as of the date of this Annual Information Form. Except as required by law, the Company does not undertake to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

### **THIRD-PARTY SOURCES AND INDUSTRY DATA**

Unless otherwise indicated, information contained in this Annual Information Form concerning the industry and the markets in which the Company operates, including, but not limited to, the Company's market position and market opportunities, is based on information from publicly disclosed financial reports of the Company's competitors, information provided to the Company by its clients, the Company's own internal research and other third-party sources (including independent industry publications, surveys and forecasts). The Company's internal research and assumptions have not been verified by any independent source and the Company has not independently verified any third-party information. While the Company believes that the information included in this Annual Information Form concerning the industry and the markets in which the Company operates is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "Cautionary Note Regarding Forward-Looking Information".

### **CORPORATE INFORMATION**

#### ***Incorporation and Office***

Real Matters was incorporated under the CBCA on October 18, 2004 as 4265408 Canada Inc. On November 1, 2004, 4265408 Canada Inc. was renamed Solidifi Inc. and was subsequently renamed Real Matters Inc. on July 27, 2010.

On February 24, 2006, the articles of Real Matters (formerly Solidifi Inc. at the time of amendment) were amended to change the rights, privileges, restrictions and conditions attaching to the Class A and Class B shares of Solidifi Inc.

On May 8, 2017, Real Matters' articles were amended to: (i) consolidate the Class A shares on a two for one basis; (ii) reconstitute the post-consolidated Class A shares as common shares; (iii) increase Real Matters' authorized capital by creating an unlimited number of preferred shares issuable in series; and (iv) delete the Class B shares and all the rights, privileges, restrictions and conditions attaching thereto. All references to Real Matters' outstanding shares and securities convertible into or exercisable for shares in this Annual Information Form, including the exercise price associated with outstanding options and warrants, have been adjusted to reflect the above noted amendments to Real Matters' articles.

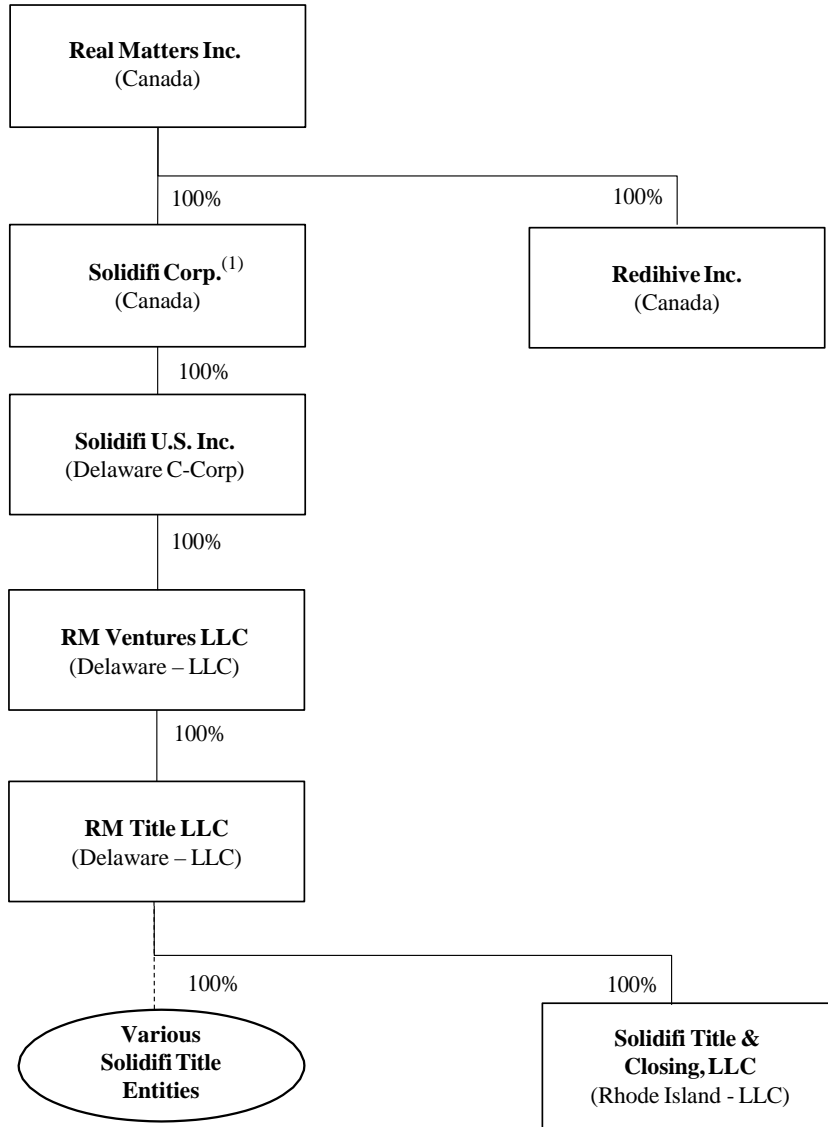
On May 11, 2017, Real Matters completed the Offering of an aggregate of 12,056,186 common shares at a price of C\$13.00 per common share, for total gross proceeds of C\$156,730,418, with Real Matters and the Selling Shareholders receiving gross proceeds of C\$125,060,000 and C\$31,670,418, respectively. Pursuant to the Offering, Real Matters issued 9,620,000 common shares from treasury and 2,436,186 common shares were sold pursuant to the secondary offering by the Selling Shareholders. Upon completion of the IPO, Real Matters' common shares were listed on the TSX under the symbol "REAL".

The head and registered office of Real Matters is located at 50 Minthorn Boulevard, Suite 401, Markham, Ontario L3T 7X8.



*Corporate Structure and Subsidiaries*

The following chart outlines the Company’s corporate structure and identifies the jurisdictions of each of the Company’s material subsidiaries as at the date hereof. Each material subsidiary is wholly-owned, directly or indirectly, by Real Matters.



Notes:

(1) On October 1, 2018, Solidifi Corp. amalgamated with iv3 Solutions Inc. and continued operating as Solidifi Corp.

## GENERAL DEVELOPMENT OF THE BUSINESS

Real Matters was founded in 2004 by Jason Smith and a team of proven technology industry entrepreneurs with deep expertise in the real estate, lending and insurance industries. Real Matters' management team conducted research in Canada and the U.S. to determine how to apply technology to address lenders' key issues in the mortgage industry, in particular, the speed, cost and efficiency of the underwriting process. Through its research, including discussions with leading lending institutions, management decided to focus on the appraisal management process because of its high-cost structure, labour-intensive practices and low-quality, inconsistent output.

In the early 2000s, traditional AMCs were focused on finding the lowest-cost appraiser. This often resulted in poor quality appraisals that did not meet lender and regulatory requirements, and as such, AMCs were required to remediate inadequate appraisals through a lengthy, costly and high-touch quality assurance process resulting in very long end-to-end turn times. The traditional AMCs lowered the fees then paid to appraisers as a result of their increasing costs of doing business. These practices, combined with a shift by high-quality appraisers away from traditional AMCs due to unfavourable economics and poor business relationships, provided an ideal entry point for the Company.

The Company launched the Platform in the appraisal market in Canada in 2006 and in the U.S. in 2008.

In December 2012, the Company acquired Buffalo, New York-based Kirchmeyer & Associates. Kirchmeyer & Associates provided the Company with additional Tier 2 clients in the U.S. As a result of the acquisition and the deployment of the Platform with these clients, the Company increased its market share with a number of key Tier 2 mortgage lenders.

In May 2015, the Company acquired Cincinnati, Ohio-based Southwest. Southwest was a leading home-equity service provider in the U.S. This acquisition added new U.S. clients and provided an opportunity to cross-sell services and deepen client relationships by expanding the Company's client offering. The majority of Southwest's revenues were derived from services provided in the home equity channel. On January 1, 2017, Southwest ceased its business operations and transferred all of its assets, and assigned all of its liabilities, to its sole shareholder, Solidifi U.S. Inc.

In April 2016, the Company acquired Middletown, Rhode Island-based Linear. This acquisition established a position in the title and closing market for the Company. Linear, which was re-branded as Solidifi Title in October 2017, is a national title agency that delivers title and closing services to mortgage lenders in all 50 states. In March 2018, the Platform was enhanced to include capabilities for title and closing services. Today, the Company predominantly supplies title and closing services for rate refinance, home equity and default and REO transactions. While the Company's U.S. Title segment predominantly services Tier 3 and Tier 4 mortgage lenders, the Company added several new Top 100 mortgage lender clients in fiscal 2019, including Tier 2 and Tier 3 clients. The Company plans to continue leveraging its sales, account management, operations and network management capabilities in order to market its title and closing services to Tier 1 and additional Tier 2 clients.

On May 11, 2017, the Company completed the Offering. See "Corporate Information".

Effective June 11, 2018, Real Matters received approval from the TSX to commence a NCIB which permitted Real Matters to purchase up to 4,000,000 common shares in its capital over a one-year period that expired on June 10, 2019. Effective May 9, 2019, Real Matters received approval from the TSX to amend the NCIB to increase the number of common shares available for purchase from 4,000,000 to 5,000,000. A total of 4,109,906 common shares were purchased under the original NCIB.

Effective October 1, 2018, Solidifi Corp. amalgamated with iv3 Solutions Inc. and continued operating as Solidifi Corp.

Effective June 11, 2019, Real Matters received approval from the TSX to renew its NCIB for a one-year period expiring on June 10, 2020. Under the renewed NCIB, Real Matters may purchase up to 5,000,000 common shares. Daily purchases made through the TSX, or through alternative Canadian trading systems, are limited to a maximum of 27,969 shares. Once per week, Real Matters is permitted to purchase a block of common shares which

can exceed the daily purchase limit subject to certain conditions, including a limitation that the block cannot be owned by an insider of the Company. All shares purchased under the renewed NCIB will be cancelled. Real Matters has allocated up to \$20,000,000 towards the purchase of common shares pursuant to the renewed NCIB. From June 11, 2019 to (and including) September 30, 2019, 1,297,300 common shares were purchased and cancelled under the renewed NCIB. From October 1, 2019 to (and including) December 13, 2019, an additional 407,769 common shares were purchased and cancelled.

## DESCRIPTION OF THE BUSINESS

### *Overview*

The Company provides residential real estate appraisal and title and closing services to mortgage lenders in the U.S. and Canada. The Company's technology-based platform creates a competitive marketplace where Field Professionals compete for volumes provided by the Company's clients based on their performance and professionalism (the "**Platform**").

The Company supplies loan origination services to the largest lenders in the U.S., including U.S. appraisal services to all of the nation's Tier 1 lenders and many of the nation's largest regulated and non-bank lenders. Lenders allocate their loan origination volumes to their service providers based on performance. The Company's performance often results in it obtaining an outsized allocation of transaction volumes from these lenders compared to its competitors. Tier 1 and other prominent lenders typically require their service providers to have a national footprint, be well capitalized, registered and licensed nationally, have a strong technology and information security infrastructure and be in good standing with their regulatory authorities. These requirements currently present a significant barrier to entry for new entrants and provide a competitive advantage to the Company.

The Company services a large addressable market and provides its residential real estate appraisal and title and closing services to several blue chip clients. Getting to first transaction with the largest mortgage lenders is no small task, and the Company's continued pursuit of outperforming its competition by leveraging its Platform, helps solidify the relationships it has built with its clients. The Company is built for scale and has a strong balance sheet to support its business objectives over the long-term.

The Company takes a long-term view to manage and measure the success of its ongoing business strategies. In this regard, the Company's principal focus is on market share growth. The Company seeks to achieve market share increases irrespective of market conditions for residential mortgage originations. Market share growth is achieved by onboarding new clients and increasing market share with the Company's existing clients. The mortgage market is subject to the influence of many factors, such as broader economic conditions, fluctuating interest rates, changing regulations and the Company's clients' share of the market; each of which are not within the Company's control.

Headquartered in Markham, Ontario, the Company's principal offices include Buffalo, New York, Middletown, Rhode Island and Denver, Colorado. The Company services the U.S. and Canadian residential mortgage industries through its Solidifi brand and the Canadian property and casualty insurance industry through its iv3 brand.

### *Operating Segments*

The Company conducts its business in the U.S. and Canada through three reportable segments: (i) U.S. appraisal ("**U.S. Appraisal**"); (ii) U.S. title and closing ("**U.S. Title**"); and (iii) Canada.

#### **U.S. Appraisal**

The Company is one of North America's largest independent providers of residential real estate appraisals. A residential appraisal is a survey of a home by a qualified appraiser providing their expert opinion on the market value of a residential property. There are approximately 78,000 active licensed appraisers in the U.S.<sup>1</sup> Pricing for residential appraisals varies by region, type of residential mortgage appraisal being conducted and property type. In

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<sup>1</sup> Appraisal Institute — U.S. Valuation Profession Fact Sheet (as at December 31, 2018).

most cases, the Company's clients order residential appraisals for mortgage loan assessment purposes and to comply with GSE requirements, and the cost of a residential appraisal is passed on to the consumer.

The U.S. residential mortgage appraisal market has historically been highly regulated as multiple levels of regulatory oversight exist, including federal banking regulators and state appraiser boards. Under regulations established in 1989, appraisers are required to be certified or licensed as well as independent and competent within their defined geographic coverage area for all regulated appraisal transactions. Leading up to the financial crisis of 2008, lending institutions and regulators became increasingly concerned about the quality of the appraisals upon which lending decisions were based and the perceived influence of loan production staff on the appraised value of a home. Following the financial crisis, market practice shifted towards strict appraisal independence and quality guidelines due to increased regulation. Many banks exited internal valuation operations and shifted their focus to identify the top service providers to provide the service. Furthermore, banks have become increasingly focused on the quality of appraisals to reduce asset risk and meet more stringent GSE requirements as well as shorter turn times which allow lenders to close loans faster. These factors have made lenders significantly more focused on finding the best available appraisers.

The Company applies its network management capabilities to the residential mortgage industry, which is designed with a focus on getting quality right at the front-end of the process. The Platform is an open network where Field Professional performance is tracked and managed in real time. The Company believes that its national and regionally managed network has the capacity to scale and deliver better performance than its competitors across the U.S. and Canada. The Company provides the breadth of expertise and local knowledge required to find the most qualified Field Professional for every mortgage transaction through robust credential management and scorecarding of all of its Field Professionals.

The Company's U.S. Appraisal segment provides services to the largest lenders in the U.S., including all Tier 1 mortgage lenders. Estimated by the Company to be approximately \$2.3 billion of appraisal spend annually, the loan origination market in the U.S. is highly regulated and one of the largest asset classes in the world. The Company provides appraisal services to mortgage lenders in the U.S. across all channels, including purchase origination, refinance origination, home equity, default and REO and servicing. The Company estimates that Tier 1 mortgage lenders accounted for approximately 20-25% of the total spend in fiscal 2019 for residential mortgage appraisal services in the U.S. with Tier 2, Tier 3 and Tier 4 mortgage lenders accounting for 30-35%, 25-30% and 15-20%, respectively.

## **U.S. Title**

The Company is an approved title agent with the industry's largest title insurance underwriters. The Company offers and/or coordinates title services for refinance, purchase, commercial, short sale and REO transactions to financial institutions in all 50 states and the District of Columbia. As an independent title agent, the Company provides all services required to close a mortgage transaction, including title search, closing and escrow services and title policy issuance. The Company acts on behalf of the title insurance underwriters and retains the agent's portion of the premium paid for the policy, which is typically 70-90% of the title insurance premium. The remaining portion of the premium is remitted to the underwriter as compensation for bearing the risk of loss in the event a claim is made under the policy. Premium splits can vary by geographic region, and in some states, premiums are fixed by regulation.

The cost of a title insurance policy relative to the cost of a property transaction varies on a state by state basis. Title insurance consists of both an owner's and a lender's policy. The larger the purchase price, the larger the premium on an owner's title policy and the larger the loan, the larger the premium on a lender's policy. In the U.S., most lenders require lender's policies on mortgage loans for risk mitigation purposes and because GSEs currently require title insurance on any loans they guarantee.

The closing process in a mortgage transaction is critical to the consumer's overall experience as it represents a point of direct interaction with the consumer. The Company's focus is on providing a better consumer experience by working with experienced Field Professionals. The Company operates a technology-based marketplace where independent Field Professionals compete for business based on their service level performance and quality of work. The Platform delivers a scalable solution that drives better performance for its clients and a superior consumer experience.

While the Company's U.S. Title segment predominantly services Tier 3 and Tier 4 mortgage lenders, the Company added several new Top 100 mortgage lender clients in fiscal 2019, including Tier 2 and Tier 3 clients. This is in line with the Company's strategy to increase market share in this segment, with a specific focus on targeting Tier 1 and additional Tier 2 clients. Today, the Company predominantly supplies title and closing services for rate refinance, home equity and default and REO transactions. These channels currently represent an estimated \$1.6 billion<sup>2</sup> of the estimated \$10.4 billion<sup>3</sup> total spend annually on title and closing services in the U.S.

## **Canada**

### *Mortgage Appraisals*

The Company believes that the Canadian mortgage industry is highly concentrated, with the five largest banks in Canada, measured by asset size, accounting for a significant portion of the annual residential mortgage appraisal spend. In Canada, the Company provides residential mortgage appraisals to the majority of the big five Canadian banks.

Many of the same factors that affect the U.S. appraisal market also affect the Canadian appraisal market. However, the Canadian market currently has less regulation and differs materially on price per transaction. Pricing varies by region, type of residential mortgage appraisal being conducted and property type. In most cases, lenders or financial institutions order appraisals for mortgage loan assessment purposes. In Canada, the lender typically pays for the appraisal and either directly or indirectly passes this fee on to its consumer.

### *Insurance Inspections*

The insurance inspection market spend in Canada is comprised of outsourced insurance inspections and insurance inspections completed by in-house loss control teams.

The purpose of an inspection is to establish the replacement cost of a property (unlike a mortgage appraisal which assesses market value). Insurance inspections are used to verify that the insured home matches the address on the policy, that the structure, size and finishes match what has been provided to the insurer and that there is no potential liability or other hazard that exists on the property that could result in unnecessary exposure for the homeowner and/or the insurance company. The inspection is used as an underwriting tool to properly match the risk with the appropriate insurance premium and to verify the accuracy of the information collected at the time of the policy application.

As home construction has become more standardized for low-to-mid-value residential dwellings, insurance companies have become more reliant on desktop underwriters to assist in calculating the replacement cost of a building with standard features. However, these tools are often unreliable when it comes to calculating the replacement cost of older homes, homes with unique and/or custom features and high-value dwellings, thus resulting in a strong and steady demand for residential risk inspection services. In addition to establishing a replacement cost for the dwelling, insurance companies also rely on trained loss-control inspectors to identify and report on risk characteristics that may give rise to an insured loss, which is something that is only possible with an on-site risk inspection. Underwriters rely on the services of insurance inspectors to ensure that insurance coverage and premiums are in line with home price appreciation and rising building costs. As a result, underwriters place heavy importance on the quality of the inspection, including its accuracy and proper diligence.

Commercial risk inspection services, particularly those pertaining to smaller commercial operations and those operating in remote areas, also continue to be in demand. While the majority of complex or specialty risk inspections are performed by the insurer's in-house loss control teams, opportunities for specialty risk services, such as farm and agricultural risk inspections, continue to be a lucrative source of commercial business.

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<sup>2</sup> Management estimate.

<sup>3</sup> Management estimate.

## *Principal Products and Services*

### **The Platform**

The Platform creates a competitive marketplace where Field Professionals compete for volumes provided by the Company's clients based on their performance and professionalism. The Company's in-house developed proprietary technology, which it believes is unique in the industry, combined with its network management capabilities, drives greater efficiencies by reducing manual processes through robust quality control mechanisms, logistics management capabilities, capacity planning tools and end-to-end transaction management for its clients. The Company leverages its proprietary technology and Field Professional partnerships to deliver first-time quality, faster turnaround times and consistently deliver better performance than its competitors.

Lenders benefit from the robust infrastructure of the Company's proprietary technology and network management capabilities, which allows the Company to provide a highly scalable service that can meet the significant volume requirements of Tier 1 lenders in all 50 states, regardless of seasonal spikes. The Company leverages data and functionality to build and manage capacity on a regional level to ensure the Field Professional network has the capability and capacity to respond to local demand and match a property to the most qualified Field Professional in the network for every transaction. Furthermore, by leveraging its core logistics capabilities, such as bundling transactions that are in proximity to each other and providing enhanced consumer inspection scheduling capabilities, the Platform enables Field Professionals to work more efficiently and to complete a greater number of transactions over a given time period. This typically results in Field Professionals generating more income from the Company than they would traditionally receive, while also providing the Company and its clients with the added benefit of better performance and increased engagement. Finally, the Platform enables Field Professionals to create a better consumer experience by providing consumers with focused touch points with high-performing Field Professionals.

### **Industry Trends**

The mortgage market has seen significant changes over the past few years.

- **Lenders increasingly focused on end consumer:** Given the importance of the consumer relationship to mortgage lenders and the competitive landscape, the Company believes that mortgage lenders have become increasingly focused on providing best-in-class services and experiences to their consumers. Appraisals and title and closing services require significant interactions between consumers and third-party service providers, and these interactions have a significant impact on the overall consumer experience.
- **Growing role of technology:** Mortgage lenders have become increasingly focused on technology to operate more efficiently.
- **Lenders increasingly focused on core operations:** As a result of increased volatility in the mortgage market, greater regulatory scrutiny and the higher cost of doing business, the Company believes mortgage lenders have become increasingly focused on their core operations. Lenders have shifted from affiliate business models and in-house technologies to obtaining key services, such as appraisal services and title and closing services, from third-party providers.
- **Increased regulation:** Most U.S. mortgage market participants have become subject to increasing regulatory oversight and requirements as federal and state governments have enacted various laws, rules and regulations.

## Services

### Appraisal, Valuation and Flood Determination

The Company's appraisal, valuation and flood determination services include:

- **Interior and exterior residential appraisals:** a report indicating the opinion of value of a specific property as developed by a duly accredited professional real estate appraiser, involving comparable analysis and an interior and/or exterior inspection.
- **Desktop appraisals:** a qualitative desktop report indicating the opinion of value of a specific property as developed by a duly accredited professional real estate appraiser, which may or may not utilize information on the current property condition obtained from an interior and/or exterior inspection report that the appraiser has personally obtained.
- **Broker price opinions:** a report completed by a real estate licensee indicating the estimated listing price of a specific property, which may or may not include an interior and/or exterior inspection.
- **Property condition reports:** a report completed by a real estate professional indicating the current condition of a specific property and a list of repairs that may be required.
- **Automated valuation model reports:** a computer generated report that is purchased by the Company and resold to its clients that uses mathematical modelling combined with databases of existing properties and transactions to estimate the value of a specific property.
- **Flood determinations:** a primarily computer generated flood zone report that is purchased by the Company which involves the determination of a flood zone for an insurable structure based upon Federal Emergency Management Agency flood maps and published information as well as other third-party information and data.

### Title & Closing

The Company's title and closing services include:

- **Origination (refinance and purchase) title and escrow:** handling all title ordering, curative, settlement and escrow functions on behalf of lender clients, resulting in a title insurance policy for the client and/or consumer.
- **REO title and escrow:** handling all title ordering, curative, settlement, closing coordination and escrow functions on behalf of lender clients selling bank-owned real estate, resulting in a title insurance policy for buyer and/or buyer's lender.
- **Title only:** handling all title services for a refinance transaction on behalf of a client, which may or may not include escrow services as well.
- **Commercial:** performing searches, title preparation and closing services for commercial properties, with a focus on telecommunications sites.
- **Settlement only:** handling all search, curative, escrow services and accounting for a refinance, purchase or REO transaction on behalf of a client (excluding the title commitment and policy).
- **Home equity:** providing second-position lender searches, taxes and reporting relating to legal vesting and encumbrances as part of the client's home equity lending to consumers. Title policies are also provided based on lender request.
- **Title search products and services:** searching and reporting on the status of the land records performed by a title abstractor, which may be sold to clients or bundled into another product, including foreclosure reports.



- **Capital markets:** providing products and services to investors and servicers on the secondary mortgage market, including title policy replacements, curative work, title search, assignment verification reports and document preparation.
- **Quoting:** providing title insurance quotes as well as recording and transfer tax fees to clients through the Company's proprietary technology.

## Insurance Inspections

The Company's insurance inspection services include:

- **Residential property inspection services:** property evaluation reports based on room-by-room inspections of entire dwellings, premium plan reports designed specifically for high value homes and supplementary reports covering wood stoves, out-structures, water damage prevention, fuel storage tanks, home-based business and rental units and on-site recommendations.
- **Commercial property and liability inspection services:** property and liability surveys and risk inspection services for commercial properties.
- **FarmSafe inspection services:** customized reports designed to help clients accurately underwrite commercial farms, including confirming that the condition and use of the property is accurately reflected.

## Competition

### Competitors

In the U.S. Appraisal business, the Company's largest competitors are: (i) CoreLogic, Inc.; (ii) ServiceLink, a subsidiary of Fidelity National Financial, Inc.; and (iii) Clear Capital. The major U.S. banks have largely exited the residential mortgage appraisals business by selling their captive AMC businesses over the last several years and have re-allocated their transaction volumes to third-party service providers.

Competition in the U.S. Title business is divided between a few large national title insurance underwriters (including Fidelity National Title Company, First American Title Insurance Company, Stewart Title Guaranty Company and Old Republic National Title Insurance Company) who issue title policies directly to lenders and consumers or through affiliated agencies and account for approximately 34% of the market.<sup>4</sup> The balance of the market is comprised of local and national title agencies issuing policies through the larger underwriters and other small title insurance companies.

Management believes that the Company has three principal competitors in the Canadian appraisal market: (i) Nationwide Appraisal Services Inc.; (ii) RPS Real Property Services, a wholly-owned subsidiary of Brookfield Business Partners L.P.; and (iii) FNF Canada Company. The Company's competitors in the insurance inspection market include SCM Risk Management Services, Inc. and smaller regional providers.

### Competitive Advantage

The Company's competitive strengths include:

- **The Company's technology cannot be easily replicated:** The Company has invested significantly to build its in-house developed proprietary technology. The Company believes its technology creates a differentiated long-term competitive advantage compared to traditional service providers by addressing key issues within the mortgage lending and insurance industries. The Company follows a disciplined approach to software development and regularly invests in new technology innovations and functionality to enhance the Platform.

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<sup>4</sup> American Land Title Association – Second Quarter 2019, Market Share Data - 2019 Six-Month Market Share Family-Company Summary.



This disciplined software development model has allowed the Company to focus development costs into a single technology offering that can be expanded to additional services.

- **Scalable Platform with significant network effect:** The Company believes it has a highly attractive and scalable business model derived from the Platform. The Company's significant independent Field Professional network, network management capabilities and proprietary technology are designed to accommodate growth in clients and transaction volumes. Furthermore, the Company's technology uses the same source code for all clients and when new features and functionalities are deployed, they are made available to all clients. These advantages allow the Company to add new clients with limited incremental cost.
- **Large, blue-chip client base:** The Company supplies loan origination services to the largest lenders in the U.S., including all of the nation's Tier 1 lenders and many of the nation's largest regulated and non-bank lenders. Given its track record of performance, the Company believes it has developed deep, long-term client relationships.
- **Established loyalty with Field Professionals:** Field Professionals in the Company's network benefit from a transparent, real-time view of how their performance ranks relative to others that perform in the top-quartile of their region. This transparency provides an incentive for Field Professionals to consistently deliver high-quality services, as strong historical performance is rewarded with additional transaction volumes. By bundling transactions that are in proximity to each other and providing enhanced consumer inspection scheduling capabilities, the Platform permits Field Professionals to work more efficiently and to complete a greater number of transactions over a period of time.
- **Significant barriers to entry to new entrants and competitors:** The Company believes that the sales cycle to become a service provider to Tier 1 mortgage lenders can take up to five years as it includes a lengthy and rigorous process that involves multi-stage client engagement activities, including multiple audits. The Company's established relationships and supply of volume to tens of thousands of Field Professionals also presents a significant barrier to entry for new entrants and an advantage over existing competitors.
- **Established track record of profitable growth:** The Company has grown both organically and through strategic acquisitions.
- **Proven management team with deep industry knowledge:** The Company was founded in 2004 by Jason Smith and a team of proven technology industry entrepreneurs with deep expertise in the real estate, lending and insurance industries. The management team is comprised of experienced professionals that have significant experience in the mortgage and technology industries.

### *Facilities*

The Company's Canadian and U.S. headquarters are in Markham, Ontario and Buffalo, New York, respectively. The Company also has principal offices in Middletown, Rhode Island and Denver, Colorado.

### *Employees*

As at September 30, 2019, the Company had 665 employees across North America, comprised of technology professionals (software developers and engineers), operations staff, management, shared services and sales personnel.

### *Marketing Plans and Growth Strategies*

The Company has adopted a controlled and focused growth strategy. This strategy is supported by a consistent focus on a scalable software development discipline and driving innovation in network management services and technology. The Company's marketing strategy aims to generate awareness of its brands and disruptive value propositions, leveraging its Platform and network of Field Professional as key differentiators between the Company and its competitors.

The Company's marketing campaigns highlight "EXTRAORDINARY" Field Professionals to recognize a selection of the top quartile of performing Field Professionals in various regions. Through their performance and professionalism, these "EXTRAORDINARY" Field Professionals have become key business partners of the Company. The campaigns provide Field Professionals with industry recognition and exposure and positions them as local experts with the Company's clients and prospects. For example, "EXTRAORDINARY" Field Professionals are featured on the Company's websites, corporate social media channels, national advertisements and corporate brochures. The Company also routinely hosts recognition receptions where "EXTRAORDINARY" Field Professionals are recognized (regionally and nationally) in the presence of the Company's clients and other interested parties.

### ***Sales Cycles and Seasonality***

Residential loan origination volumes in North America are a key driver of the Company's financial performance and are influenced by cyclical trends and seasonality, including changes in interest rates, refinancing rates, house prices, housing inventory supply and demand, the availability of funds for mortgage loans, credit requirements, regulatory changes, household indebtedness, employment levels and the general health of the North American economy. The Company's transaction-based revenues are also impacted by the seasonal nature of the residential mortgage industry, which typically sees homebuyers purchasing more homes in the Company's third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. The Company's market share is impacted by the size of the residential mortgage originations market but also its clients' relative share of the market. Gains or losses in loan origination market share by the Company's clients impacts the Company's overall market share. Accordingly, the Company takes a long-term view of success since it cannot control the loan origination market or the factors that influence it.

### ***Proprietary Protection***

The Company protects its proprietary rights through a combination of copyright, trade-mark and trade secret laws as well as contractual provisions. The Company's source code is protected under Canadian and U.S. copyright laws.

The Company seeks to protect its intellectual property by requiring employees and independent contractors to execute confidentiality and intellectual property assignment agreements. Such agreements require employees and independent contractors to: (i) keep confidential all of the Company's confidential information; and (ii) assign to the Company all intellectual property developed in the course of their employment or engagement with the Company. The Company also protects its intellectual property by requiring clients, prospective clients, vendors, prospective vendors and other third parties to enter into a confidentiality agreement prior to the Company disclosing any confidential information to such parties.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of Real Matters' articles, as they may be amended from time to time.

Real Matters' authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at September 30, 2019, there were 84,945,881 common shares and no preferred shares issued and outstanding.

### ***Common Shares***

Holders of common shares are entitled to receive notice of and to attend all meetings of Real Matters' shareholders, except meetings at which only holders of other classes or series of shares are entitled to attend, and to one vote in respect of each common share held at such meetings.

Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares ranking senior to the common shares, including the preferred shares, holders of common shares are entitled to receive dividends on a *pro rata* basis if and when declared by the board of directors.

In the event of any liquidation, dissolution, winding-up of Real Matters or other distribution of Real Matters' assets among its shareholders for the purpose of winding-up its affairs, the holders of common shares are entitled to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares ranking senior to the common shares, including the preferred shares, the remaining property or assets of Real Matters.

There are no pre-emptive, redemption, purchase or conversion rights attaching to the common shares.

### ***Preferred Shares***

Real Matters may from time to time issue preferred shares in one or more series. Real Matters' board of directors is authorized, without any further vote or action by any holder of common shares, to fix the number of shares in a series and to determine the designation and any rights, privileges, restrictions and conditions attaching to the shares of such series.

Each series of preferred shares will rank on parity with every other series of preferred shares with respect to the payment of dividends and the distribution of assets or return of capital in the event of a liquidation, dissolution or winding-up of Real Matters. In addition, each series of preferred shares will be entitled to a preference and priority over the common shares with respect to the payment of dividends and the distribution of assets or return of capital in the event of a liquidation, dissolution or winding up of Real Matters.

If any cumulative dividends or amounts payable on return of capital in respect of a series of preferred shares are not paid in full, the shares of all series of the preferred shares will participate rateably in respect of accumulated dividends and return of capital.

### ***Options***

Real Matters has established an Equity Incentive Plan, which permits the granting of options, RSUs and PSUs. As at September 30, 2019, options to purchase up to 6,060,326 common shares were outstanding. Real Matters has never issued any RSUs or PSUs under the Equity Incentive Plan and has no intention to do so at this time.

### ***Warrants***

As at September 30, 2019, share purchase warrants to acquire up to 874,348 common shares were outstanding and exercisable at a price of C\$1.38 per share. All outstanding share purchase warrants expire on May 11, 2022, which is five years following the date of the IPO.

### ***Advance Notice Requirements***

On May 1, 2017, in connection with the IPO, Real Matters' adopted By-Law No. 1-A, which includes an advance notice provision with respect to the election of directors (the "**Advance Notice Provision**"). Under the Advance Notice Provision, a shareholder wishing to nominate a director is required to provide notice to Real Matters of its desire to do so within the prescribed time periods. These time periods include: (i) in the case of an annual meeting of shareholders (or an annual and special meeting), not less than 30 days nor more than 65 days prior to the date of such meeting; provided, that if the first public announcement of the date of such shareholder meeting (the "**Notice Date**") is less than 50 days before the meeting date, not later than the close of business on the 10<sup>th</sup> day following the Notice Date; and (ii) in the case of a special meeting of shareholders (which is not an annual and special meeting) called for the purpose of electing directors (whether or not called for the purpose of conducting other business), not later than the close of business on the 15<sup>th</sup> day following the Notice Date. Real Matters' board of directors may waive the Advance Notice Provision in its sole discretion.

The summary of the Advance Notice Provision set out above is qualified in its entirety by reference to the full text of By-Law No. 1-A, a copy of which is available for review under Real Matters' SEDAR profile at [www.sedar.com](http://www.sedar.com).

***General***

For additional details regarding Real Matters' share capital, as well as outstanding options and warrants, please see notes 9, 10 and 16 to the Financial Statements, a copy of which is available for review under Real Matters' SEDAR profile at [www.sedar.com](http://www.sedar.com).

**DIVIDENDS AND DISTRIBUTIONS**

Real Matters has never declared or paid any dividends, or made any distributions, on its common shares.

Subject to the solvency restrictions in the CBCA and the restriction in Real Matters' credit facilities on making any distributions without the lender's prior written consent, there are no other restrictions in its articles or elsewhere that would prevent Real Matters from declaring or paying dividends, or making distributions, on its common shares.

With the exception of any common shares purchased by Real Matters under the NCIB, the Company currently intends to re-invest future earnings in order to finance the development and growth of its business. See "General Development of the Business". As a result, Real Matters does not currently intend to declare or pay any dividends, or make any distributions, on its common shares in the foreseeable future. Any future determination to pay dividends will be at the discretion of Real Matters' board of directors and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the board of directors deems relevant.

## MARKET FOR SECURITIES

### *Trading Price and Volume*

Real Matters' common shares are listed on the TSX under the symbol "REAL". The following table sets forth the high and low reported trading prices and the total trading volume of the common shares on the TSX for the periods indicated therein:

<b>Month</b>	<b>Price per Common Share</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
October 2018	C\$4.74	C\$3.46	3,900,377
November 2018	C\$4.74	C\$2.95	2,091,730
December 2018	C\$4.55	C\$3.28	2,081,865
January 2019	C\$4.20	C\$3.32	3,627,012
February 2019	C\$5.22	C\$4.06	1,823,811
March 2019	C\$5.60	C\$4.32	2,348,455
April 2019	C\$5.98	C\$5.26	2,165,304
May 2019	C\$6.59	C\$5.56	3,683,141
June 2019	C\$7.17	C\$6.01	1,516,105
July 2019	C\$9.04	C\$6.91	2,212,617
August 2019	C\$10.59	C\$8.47	6,725,401
September 2019	C\$12.02	C\$9.20	7,583,708

Source: TMX: Historical Data Access.

### *Prior Sales*

Other than as set forth below, Real Matters did not issue any securities in the financial year ended September 30, 2019 that were not listed on the TSX.

### *Option Grants*

<b><u>Date of Grant</u></b>	<b><u>Number of Options<sup>(1)</sup></u></b>	<b><u>Exercise Price</u></b>
November 30, 2018	884,536 <sup>(2)</sup>	C\$3.93
February 4, 2019	5,000	C\$4.54
May 9, 2019	61,836	C\$6.17
June 25, 2019	220,000	C\$6.87
August 2, 2019	25,000	C\$8.71

Notes:

- (1) Unless otherwise specified, all of the above-noted options vest in equal annual instalments on the first, second and third anniversary from the date of grant and expire on the seventh anniversary from the date of grant.

- (2) The options granted to Real Matters' directors (being 191,785 in the aggregate) vested immediately on the date of grant, while the balance of options (being 692,751 in the aggregate) vest in equal annual instalments on the first, second and third anniversary from the date of grant.

#### *Option and Warrant Exercises*

From October 1, 2018 to September 30, 2019, 781,151 options were exercised, resulting in the issuance of 781,151 common shares.

From October 1, 2018 to September 30, 2019, 661,524 share purchase warrants were exercised, resulting in the issuance of 585,738 common shares.

#### *Subsequent Events*

Subsequent to the financial year ended September 30, 2019, on November 25, 2019, the Company awarded certain directors, executive officers and employees 603,768 options in the aggregate, each option being exercisable to acquire one common share at a price of C\$12.46. The options granted to directors (being 122,719 in the aggregate) vested immediately on the date of grant, while the balance of granted options (being 481,049 in the aggregate) vest in equal annual instalments on the first, second and third anniversary from the date of grant. All of the options expire on the seventh anniversary from the date of grant.

## **DIRECTORS AND EXECUTIVE OFFICERS**

#### *Directors and Executive Officers*

The following sets forth, for each of the Company's directors and executive officers as at the date hereof, the person's name, province or state, and country of residence, position with the Company and principal occupation during the past five years. The Company's directors are elected annually and hold office for a term expiring at the close of the next annual general meeting of shareholders or until their successors are elected or appointed.

<b>Name and Place of Residence</b>	<b>Position with Real Matters and Date First Appointed to the Board of Directors (if applicable)</b>	<b>Principal Occupation (Past Five Years)</b>
Jason Smith Ontario, Canada	Chief Executive Officer and Director (November 23, 2004)	Chief Executive Officer (Real Matters)
Brian Lang Ontario, Canada	President and Chief Operating Officer	President and Chief Operating Officer (Real Matters) (2019 to present); Former President at MasterCard Canada (2015 to 2019); Former Head of Market Development, Middle East and Africa at MasterCard (2011 to 2015)
William Herman Ontario, Canada	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer (Real Matters) (2017 to present); Former Vice President of Finance and Chief Accounting Officer (Real Matters) (2016 to 2017); Former EVP and Interim Chief Financial Officer and VP and Chief Accounting Officer at Progressive Waste Solutions (2002 to 2016)

Andrew Bough California, U.S.	Executive Vice President	Executive Vice President (Solidifi U.S. Inc.) (2018 to present); Former Managing Director of Valuations at JPMorgan Chase (2013 to 2018)
Loren Cooke California, U.S.	Executive Vice President	Executive Vice President and President of Solidifi U.S. Inc.
Kim Montgomery Ontario, Canada	Executive Vice President	Executive Vice President (Solidifi Title)
Craig Rowsell Ontario, Canada	Executive Vice President	Executive Vice President (Solidifi Corp.) (2014 to present)
Robert J. Smith Georgia, U.S.	Executive Vice President	Executive Vice President (Solidifi Title) (2019 to present); Former President at AmeriSave Mortgage Corporation (2017 to 2018); Former Head of Mortgage Operations and Service Delivery at BNY Mellon Wealth Management (2015 to 2017); Former President, Discover Home Loans (2011 to 2015)
Ryan Smith Ontario, Canada	Executive Vice President and Chief Technology Officer	Executive Vice President and Chief Technology Officer (Real Matters)
Kevin Walton Ontario, Canada	Executive Vice President	Executive Vice President, Corporate Development (Real Matters)
Lisa Allen Ontario, Canada	Vice President, Risk and Internal Controls	Vice President, Risk and Internal Controls (Real Matters) (2016 to present); Former Partner at Deloitte LLP (2006 to 2016)
Deta Constantine Ontario, Canada	Head of Human Resources	Head of Human Resources (Real Matters) (2018 to present); Former Senior Managing Partner at LumaHR Advisory (2015 to 2017); Former Vice President, Human Resources and Organizational Effectiveness at Real Matters (2008 to 2015)
Lyne Fisher Ontario, Canada	Vice President, Investor Relations and Marketing	Vice President, Investor Relations and Marketing (Real Matters) (2018 to present); Former Vice President, Investor Relations and Corporate Communications (Real Matters) (2016 to 2018); Former Senior Director, Corporate Communications at D+H (2014 to 2015)

Jay Greenspoon Ontario, Canada	General Counsel and Corporate Secretary	General Counsel and Corporate Secretary (Real Matters) (2018 to present); Former Associate at Osler, Hoskin & Harcourt LLP (2010 to 2018)
Colleen McCafferty Ohio, U.S.	Chief Compliance Officer	Chief Compliance Officer (Solidifi U.S. Inc.) (2019 to present); Former Vice President, Compliance (Solidifi U.S. Inc.) (2017 to 2019); Former Director, Compliance (Solidifi U.S. Inc.) (2016 to 2017); Former Assistant Counsel, Compliance Officer at Southwest (2013 to 2016)
Blaine Hobson <sup>(2)</sup> Ontario, Canada	Director and Chair of the Board (April 30, 2008)	Chair of the Fund IV Investment Committee and Partner in Fund III at Whitecap Venture Partners
Garry Foster <sup>(3)</sup> Ontario, Canada	Director (June 15, 2016)	Chief Executive Officer of Cortleigh Capital Inc. (2013 to present); Corporate Director; Former Chief Executive Officer of Baycrest Foundation (2013 to 2017)
William Holland <sup>(4)</sup> Ontario, Canada	Director (November 7, 2016)	Chair of the board of directors of CI Financial Corp.
Frank McMahon <sup>(1)</sup> California, U.S.	Director (June 15, 2016)	Founding Partner of American Discovery Capital (2016 to present); Former President of McMahon Consulting Services (2014 to 2016)
Lisa Melchior <sup>(1)</sup> Ontario, Canada	Director (February 13, 2017)	Founder and Managing Partner of Vertu Capital (2017 to present); Former Managing Director at OMERS Private Equity (1999 to 2016)
Peter Vukanovich <sup>(2)</sup> Ontario, Canada	Director (January 31, 2019)	President of PMV Consulting Inc. (2018 to present); Senior Vice President of Teranet Inc.'s Commercial Solutions division (2016 to 2018); President and Chief Executive Officer of CFF Bank (2013 to 2015)

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation, Nomination and Governance Committee.
- (3) Chair of the Audit Committee.
- (4) Chair of the Compensation, Nomination and Governance Committee.

As at September 30, 2019, the executive officers and directors of Real Matters beneficially owned, or controlled or directed, directly or indirectly, as a group, 7,485,782 common shares in the aggregate, representing approximately 8.8% of the issued and outstanding common shares.



## Biographies of Directors

**Blaine Hobson:** Mr. Hobson is an experienced operator, manager and investor with more than 30 years of experience successfully starting, building and running companies. He is currently Chair of the Whitecap IV Investment Committee and has been a partner with Whitecap Venture Partners, a diversified early stage venture capital fund investing in high growth companies, since November 2003. Prior to that, Mr. Hobson was the Chief Executive Officer of several Whitecap Venture Partners investee companies, including Photonami Corp. and Avo Photonics Inc. Over the course of his career, he has successfully led a number of entrepreneurial ventures and teams in the automobile, manufacturing, medical supply, telecom and investment industries. Mr. Hobson originally joined Whitecap Venture Partners in 1995 as an Executive Vice President leading the Technology Practice, holding the role of “Entrepreneur in Residence”. Mr. Hobson is active in the community, including his involvement with the Steps Foundation and Hospice King. He holds an Honours Business Administration degree from the Ivey School of Business, University of Western Ontario. Mr. Hobson has been a director of Real Matters since April 30, 2008.

**William Holland:** Mr. Holland is Chair of the board of directors of CI Financial Corp., one of Canada’s largest investment fund management companies. He joined CI Financial Corp. in 1989 and worked in progressively senior positions before being appointed Chief Executive Officer in 1999, a position he held for more than 10 years. He became Chair of CI Financial Corp. in September 2010. Mr. Holland also sits on the board of directors of Phononic Inc., Sunnybrook Foundation and the Holland Bloorview Kids Rehabilitation Hospital Foundation. Mr. Holland has been a director of Real Matters since November 7, 2016.

**Peter Vukanovich:** Mr. Vukanovich is an entrepreneurial leader who has built teams that delivered growth through various business cycles over the last 30 years. He currently leads PMV Consulting Inc., a company which provides a variety of advisory services relating to the mortgage industry to a number of financial services clients. From May 2016 to October 2018, he was Senior Vice President of Teranet Inc.’s Commercial Solutions division. From June 2013 to September 2015, he served as President and Chief Executive Officer of CFF Bank (now Home Bank), a federally regulated Canadian bank. From October 1997 to May 2012, he held a number of senior executive roles with Genworth Financial Canada/GE Capital Mortgage Insurance Canada, including President and Chief Executive Officer for many of those years. He oversaw its significant growth as it became Canada’s largest private mortgage insurance company and listed on the TSX. Mr. Vukanovich is a Chartered Professional Accountant, holds a Bachelor of Commerce degree from the University of Toronto and has been a member of numerous not-for-profit boards and advisory committees. Mr. Vukanovich has been a director of Real Matters since January 31, 2019.

For biographies of Mr. Foster, Mr. McMahon and Ms. Melchior please see the discussion under the heading “Audit Committee - Relevant Education and Experience” below. For the biography of Mr. Smith, please see the discussion under the heading “Biographies of Executive Officers” below.

## Biographies of Executive Officers

**Jason Smith, Chief Executive Officer (Real Matters):** Mr. Smith is a technology entrepreneur with more than 20 years of experience building and leading companies in North America. He is the founder and Chief Executive Officer of Real Matters. Prior to forming Real Matters, Mr. Smith was a founder, director and executive of Basis100, which he built from a handful of employees into one of the largest publicly-traded technology providers within the mortgage banking industry. Basis100 was sold in 2004. A leader in the community, Mr. Smith is a director of several corporations and organizations, and was previously Chair of the Holland Bloorview Kids Rehabilitation Hospital Foundation. Mr. Smith has been a director of Real Matters since November 23, 2004.

**Brian Lang, President and Chief Operating Officer (Real Matters):** Mr. Lang joined Real Matters in June 2019. Prior to joining Real Matters, Mr. Lang was President of MasterCard Canada. Mr. Lang’s career with MasterCard spanned more than 13 years, during which he held a number of senior executive positions in various geographies, including Europe, the Middle East, Africa and Canada. Prior to joining MasterCard, Mr. Lang held key management roles with Canadian Imperial Bank of Commerce and Aeroplan. Mr. Lang is a graduate of the University of British Columbia with a Bachelor of Arts degree. He is a Six Sigma Master Black Belt and has served on Junior Achievement Boards in three regions. Mr. Lang is also on the board of directors of Crescent School and Brock University, and is an active United Way MIG member.

**William Herman, Executive Vice President and Chief Financial Officer (Real Matters):** Mr. Herman has more than 20 years of experience in finance and accounting, and a proven track record of leadership in a public company environment. Mr. Herman joined Real Matters as Vice President of Finance and Chief Accounting Officer in September 2016. Prior to joining Real Matters, Mr. Herman was Executive Vice President and Interim Chief Financial Officer at Progressive Waste Solutions, a multi-billion dollar North American full-service waste management company, where he held various progressively senior management positions from 2002 to 2016. Prior thereto, Mr. Herman held various positions with Deloitte & Touche LLP. Mr. Herman is a Chartered Professional Accountant and has a Master of Business Administration degree from York University's Schulich School of Business. He also holds a Diploma in Accounting and a Bachelor of Arts (Economics) degree from Wilfred Laurier University.

**Andrew Bough, Executive Vice President (Solidifi U.S. Inc.):** Mr. Bough's industry experience spans more than 25 years in the U.S. valuations industry. Prior to joining the Company in 2018, Mr. Bough was Managing Director of Valuation at JPMorgan Chase. A certified appraiser since 1993, Mr. Bough has held various executive roles with regulated lenders in the U.S., including leading valuations operations and managing collateral risk for retail and wholesale lines of business.

**Loren Cooke, Executive Vice President and President (Solidifi U.S. Inc.):** Mr. Cooke has more than 20 years of industry-related experience in promoting and deploying business solutions to the financial services market with an extensive focus on real estate valuation services, mortgage and loan origination technologies and data management. He joined the Company in 2008. Prior to joining the Company, Mr. Cooke held several senior management positions at Filogix Limited Partnership (a division of Davis & Henderson) and Equifax Inc. in the areas of sales and marketing, operations, client delivery and professional services.

**Kim Montgomery, Executive Vice President (Solidifi Title):** Ms. Montgomery joined the Company in 2008 and has been instrumental in building Solidifi's U.S. operations. With more than 15 years of experience in the mortgage lending industry, Ms. Montgomery has a proven track record of identifying and implementing new business practices and delivering high growth. Her diverse background includes leadership positions in sales, operations and compliance and managing large teams across multiple geographies. Prior to joining the Company, Ms. Montgomery held a number of progressively senior roles at HSBC Financial Corp., including leading the virtual mortgage lending channel in Canada.

**Craig Rowsell, Executive Vice President (Solidifi Corp.):** Mr. Rowsell has more than 20 years of experience in helping build and deliver technology solutions for the mortgage industry. Prior to joining the Company in 2014, he served as Senior Vice President of Business Development & Marketing at FNF Canada Company. Mr. Rowsell also held senior management positions at Nationwide Appraisal Services and Teranet Inc. His industry experience includes various leadership roles in the mortgage processing and collateral management industry. During his career, Mr. Rowsell has been responsible for helping to build and deploy a national automated valuation model, third-party risk management solutions, a mortgage collections platform and appraisal management solutions. He has been instrumental in delivering solutions to large institutional clients, forming strategic partnerships, driving operational excellence, leading corporate strategy, expanding core businesses into international markets and building new products and services.

**Robert J. Smith, Executive Vice President (Solidifi Title):** Mr. Smith has more than 25 years of experience in financial services, focused on the strategic and operational leadership of banks and mortgage banks. Mr. Smith joined the Company in March 2019. Prior to joining the Company, Mr. Smith served as President of AmeriSave Mortgage. Prior to that, he was Head of Mortgage Operations and Service Delivery for BNY Mellon Wealth Management and President of Discover Home Loans. Before joining Discover Home Loans, Mr. Smith spent nearly two decades with PHH Mortgage and Merrill Lynch Credit Corporation where he held a number of senior positions, including Head of Capital Markets, Chief Credit Officer, Head of Correspondent Lending and Co-Head of PHH Home Loans, the largest mortgage joint venture in the U.S. Mr. Smith began his career in public accounting with Deloitte, where he was recognized as a National Industry Specialist in the bank/thrift and real estate industries. Mr. Smith is currently on the board of directors of the Gator Bowl Association and AS Direct Mortgage Capital, a European mortgage bank and services company.

**Ryan Smith, Executive Vice President and Chief Technology Officer (Real Matters):** Mr. Smith has more than 20 years of experience in mortgage technologies and a wealth of experience in driving high-growth, cross-company engineering initiatives and collaboration strategies that deliver mission critical business solutions. He joined Real Matters in 2006. Throughout his career, Mr. Smith has demonstrated experience in building solutions for the Canadian and U.S. mortgage industries and has gained extensive knowledge and involvement in real estate collateral assessment and mortgage processing. Mr. Smith has held various executive positions at multiple organizations within the industry. As Vice President at Basis100, Mr. Smith led business units responsible for point-of-sale applications designed for mortgage brokers and managed the development and implementation of an automated underwriting system for lending institutions. Mr. Smith also led the market requirements and delivery of a U.S. collateral assessment solution, which brought the leading automated valuation model and appraisal companies onto a single transaction platform.

**Kevin Walton, Executive Vice President, Corporate Development (Real Matters):** Mr. Walton's industry experience spans almost 20 years, including six years with a global property information services company where he was responsible for developing strategic partnerships, corporate strategy and acquisitions across North America and Europe. Mr. Walton joined Real Matters in 2007. Prior to joining Real Matters, he was active in the development of one of the first data-based, guaranteed valuation solutions in North America. Mr. Walton started his career in venture capital and merchant banking. Mr. Walton is a Chartered Financial Analyst.

**Lisa Allen, Vice President, Risk and Internal Controls (Real Matters):** Ms. Allen is a senior enterprise risk professional with over 20 years of experience assisting organizations with governance risk and internal control across multiple industries. Ms. Allen joined Real Matters in June 2016 and worked with the senior leadership team through the IPO and established the organization's risk and internal control functions. Prior to joining Real Matters, she was a Partner in Deloitte's Enterprise Risk practice and served over 18 years in professional services. Ms. Allen is the past President of the Information Systems Audit and Control Association (ISACA) in Toronto. She most recently served on the board of Luke's Place Support and Resource Centre for Women and Children where between 2007 and 2019 she held several roles including President, Treasurer and Chair of the Audit Committee. Ms. Allen has been appointed to the Durham College Board of Governors for a three-year term effective September 1, 2020. Ms. Allen is a Chartered Professional Accountant and obtained a Bachelor of Accounting degree from Brock University.

**Deta Constantine, Head of Human Resources (Real Matters):** Ms. Constantine is a unique people leader who brings over 20 years of human resource management experience in the public and private sectors. She returned to Real Matters in 2018 to lead the human resources function after previously spending seven years with the Company from 2008 to 2015. Prior to joining Real Matters, Ms. Constantine was a Senior Managing Partner at LumaHR Advisory where she assisted clients with executing on their human resource and organizational effectiveness strategies. Ms. Constantine is a Certified Human Resources Leader (CHRL) through the Human Resources Professional Association and is currently working towards her SHRM Senior Certified Professional designation. She is also a volunteer member of Human Resources Professionals Associations (HRPA)'s Annual Conference Programs Committee and a member of the board of directors of The Art Gallery of Mississauga.

**Lyne Fisher, Vice President, Marketing and Investor Relations (Real Matters):** Ms. Fisher has 20 years of experience in investor relations, communications and marketing in the technology and financial services industries. She joined Real Matters in March 2016 and was part of the team that led the IPO. Ms. Fisher started her career with BCE Emergis. She went on to develop and lead Cinram International's first investor relations program, and held senior investor relations and communications positions with TD Bank Group and D+H. Ms. Fisher holds a Bachelor of Commerce degree from Concordia University and a Certificate in Public Relations from Ryerson University.

**Jay Greenspoon, General Counsel and Corporate Secretary (Real Matters):** Mr. Greenspoon has 10 years of experience as a business lawyer, including significant experience advising high-growth technology companies. Prior to joining Real Matters in 2018, Mr. Greenspoon was a Senior Associate at Osler, Hoskin & Harcourt LLP, a leading Canadian corporate law firm, where he specialized in mergers and acquisitions, corporate finance, corporate governance and commercial transactions. He holds an Honours Business Administration degree from the Ivey School of Business at the University of Western Ontario and a Juris Doctor degree from the University of Western Ontario.

**Colleen McCafferty, Chief Compliance Officer (Solidifi U.S.):** Ms. McCafferty is a licensed attorney with over 14 years of experience. She joined Solidifi's compliance department in 2016 and now leads the team responsible for regulatory compliance. Prior to joining Solidifi, Ms. McCafferty worked in a legal and compliance role for Southwest Financial Services, Ltd. Ms. McCafferty began her career as an assistant county prosecutor where she provided legal services to various county departments and officials. Ms. McCafferty completed her undergraduate studies at Miami University, where she earned a Bachelor's degree in Finance and a Bachelor's degree in Political Science. She obtained her Juris Doctor degree from The Catholic University of America, Columbus School of Law.

### **Committees**

Real Matters' board of directors has two committees: the Audit Committee and the Compensation, Nomination and Governance Committee. As at the date hereof, the Audit Committee is comprised of the following three directors, each of whom is "independent" and "financially literate" (within the meaning of applicable Canadian securities laws and TSX requirements): Garry Foster (Chair), Frank McMahon and Lisa Melchior. As at the date hereof, the Compensation, Nomination and Governance Committee is comprised of the following three directors, each of whom is "independent" (within the meaning of applicable Canadian securities laws and TSX requirements): William Holland (Chair), Blaine Hobson and Peter Vukanovich.

### **Audit Committee**

The Company's board of directors has adopted the Audit Committee Mandate, in the form set out under Appendix "A" hereto.

The Audit Committee Mandate requires that the Audit Committee be comprised of at least three directors appointed by Real Matters' board of directors, each of whom meets the independence, financial literacy and audit committee composition requirements of NI 52-110 and the TSX. The members of the Audit Committee are appointed by Real Matters' board of directors at the board meeting following each annual shareholder meeting and serve as members of such committee until their successors are appointed or until their resignation or removal.

### **Relevant Education and Experience**

In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee is set forth below in their respective biographies. Each member of the Audit Committee has an understanding of the accounting principles used to prepare the Financial Statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

**Garry Foster:** Mr. Foster is the Chief Executive Officer of Cortleigh Capital Inc. (a private investment company) and is a corporate director. He has served as President and Chief Executive Officer of the Baycrest Foundation, a charitable foundation that provides the financial resources necessary to support excellence in care, research and education related to aging, from 2013 to February 2017. He is the former Vice-Chair of Deloitte in Canada (from 2007 to 2013), a member of the board of trustees and Chair of the Audit Committee of SmartCentres REIT, Chair of the Presto subcommittee of Metrolinx, a member of the board of directors and Chair of the Audit and Finance Committee of Payments Canada, and a member of the board of directors and Chair of the Finance, Audit and Risk Committee of Ontario Health. He is a Fellow Chartered Professional Accountant, holds a Bachelor of Business Administration degree and a Master of Business Administration degree from the Schulich School of Business at York University and an Institute of Corporate Directors designation certification from the Rotman School of Business. Mr. Foster has been a director of Real Matters since June 15, 2016.

**Frank McMahon:** Mr. McMahon has over 30 years of experience in the financial services industry and has spent the last 10 years in senior management positions at firms engaged in the data and analytics and mortgage services industries. Since 2016, Mr. McMahon has been a founding partner of American Discovery Capital. From 2014 to 2016, Mr. McMahon served as President of McMahon Consulting Services, a company that provides business and strategic consulting services to financial and financial information technology companies. Mr. McMahon was Executive Chair of DataQuick Information Systems, Inc. from 2011 until 2014 when the business was sold to

CoreLogic, Inc. Previously, he was Vice Chair and Chief Financial Officer of First American Corporation and Chief Executive Officer of the Information Solutions Group, LLC (renamed CoreLogic, Inc. in 2010). Prior to 2006, he spent 20 years as an investment banker with Lehman Brothers Inc. and Merrill Lynch & Co., where he worked on more than 200 capital raising transactions and 70 strategic transactions. Mr. McMahon previously served on the board of directors of Decision Insight Information Group and First Advantage Corporation and currently sits on the advisory board of Lereta, Inc. Mr. McMahon holds a Master of Business Administration degree from the Fuqua School of Business at Duke University and holds a Bachelor of Science degree in Economics from Villanova University. Mr. McMahon has been a director of Real Matters since June 15, 2016.

**Lisa Melchior:** Ms. Melchior is the founder and Managing Partner of Vertu Capital. She has more than 20 years of experience in the North American technology sector. Ms. Melchior is a former Managing Director of OMERS Private Equity, where she led the North American Technology Investment Group. She joined OMERS Private Equity in 1999 following a career as an investment banker with CIBC World Markets, and was a key member of the management team that built a direct investing private equity business for OMERS. Ms. Melchior holds a Bachelor of Arts degree from the University of Western Ontario and a Master of Business Administration degree from the Schulich School of Business at York University. Ms. Melchior has been a director of Real Matters since February 13, 2017.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Mandate set out in Appendix “A” attached hereto. The policy provides that the Audit Committee shall pre-approve any non-audit services to be provided by the firm of the independent auditors to the Company.

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditor for audit and other service fees in each of the last two financial years are approximately as follows:

Financial Year Ended	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees
September 30, 2019	C\$720,000	C\$65,000	Nil	Nil
September 30, 2018	C\$895,000	C\$60,000	C\$453,584	Nil

Notes:

- (1) The fees disclosed in the table above under the item “Audit Fees” represent fees billed for audit and review services, including translation of the Company’s financial statements into the French language.
- (2) The fees disclosed in the table above under the item “Audit Related Fees” represent fees to complete the Company’s service organization control report.
- (3) The fees disclosed in the table above under the item “Tax Fees” represent fees billed for tax compliance services and tax advice and planning. For the fiscal year ended September 30, 2018, the “Tax Fees” consist of C\$433,584 of fees incurred for tax compliance services and C\$20,000 of fees incurred for tax advice and planning.

### Compensation, Nomination and Governance Committee

Real Matters’ board of directors has adopted the Compensation, Nomination and Governance Committee Mandate, in the form set out under Appendix “B” hereto.

The Compensation, Nomination and Governance Committee Mandate requires that the Compensation, Nomination and Governance Committee be comprised of at least three directors appointed by Real Matters’ board of directors, each of whom meets the independence requirements of National Policy 58-201 – *Corporate Governance Guidelines* and the TSX. Members of the Compensation, Nomination and Governance Committee are appointed by Real Matters’ board of directors at the board meeting following each annual shareholder meeting and serve as members of such committee until their successors are appointed or until their resignation or removal.

### ***Cease Trade Orders, Bankruptcies, Penalties and Sanctions***

To the best of the Company's knowledge, no director or executive officer of the Company is, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Except as described below, to the best of the Company's knowledge, no director or executive officer of the Company or shareholder holding a sufficient number of securities of Real Matters to affect materially the control of Real Matters: (a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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, executive officer or shareholder.

On May 25, 2015, while Blaine Hobson served as a director, IMRIS, Inc. and certain of its subsidiaries each filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. The bankruptcy case was subsequently dismissed on September 26, 2016 following the disposal by IMRIS, Inc. of substantially all of its assets. Mr. Hobson is no longer a director of IMRIS, Inc. or any of its subsidiaries.

To the best of the Company's knowledge, no director or executive officer of the Company or shareholder holding a sufficient number of securities of Real Matters to affect materially the control of Real Matters, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### ***Conflicts of Interest***

The directors of Real Matters are required by law to act honestly and in good faith with a view to the best interests of Real Matters and to disclose any interests that they may have in any material contract or material transaction involving the Company. In situations where a director has a material interest in a matter to be considered by Real Matters' board of directors or any committee on which he or she serves, such director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the CBCA regarding conflicts of interest.

To the best of the Company's knowledge, there are no existing or potential material conflicts of interest among the Company and any director or executive officer of the Company as a result of their outside business interests, except that certain directors and executive officers serve, and may in the future serve, as directors, officers and advisors of other companies and therefore it is possible that a conflict of interest may arise between their duties to the Company and their duties as a director, officer or advisor of such other companies. Where conflicts of interest arise, they are managed through a variety of measures, including declaration of the conflict, recusal from meetings and/or portions of meetings and the creation of separate board materials for the affected directors.



## **RISK FACTORS**

This section describes the principal risks and uncertainties that could have a material adverse effect on the Company's business, financial condition and results of operations. The risks and uncertainties described below are not exhaustive. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material may also have a material adverse effect on the Company's business, financial condition and results of operations. See "Cautionary Note Regarding Forward-Looking Information".

### ***Changes in economic conditions may result in fluctuations in demand for the Company's services.***

Uncertainty and negative swings in economic conditions in the U.S. and Canada have historically created a difficult environment for companies in the lending and real estate industry. A number of factors which are outside of the Company's control, including, but not limited to, interest rates, refinance rates, house prices, housing inventory supply and demand, the availability of funds for mortgage loans, credit requirements, regulatory changes, household indebtedness, employment levels and the general health of the North American economy can have a significant impact on the Company's operating performance. Since the Company generates revenues on a per transaction basis and does not have any minimum volume guarantees in its agreements with clients, a weak overall economy or housing market or a catastrophic event may reduce demand for the Company's services, which could have a material adverse effect on the Company's business, financial condition and results of operations.

### ***The Company may not grow its market share in the U.S. Appraisal business to the levels anticipated in the Company's fiscal 2021 strategy targets.***

The Company's fiscal 2021 strategy targets, which are described in further detail in the MD&A, are based on the Company achieving a significant market share of the residential mortgage appraisal market with its Tier 1 mortgage lender clients. The Company may not succeed in doing so with one or more of its Tier 1 mortgage lender clients. If the Company fails to do so, the Company's business, financial condition and results of operations could be materially less successful than anticipated in the Company's fiscal 2021 strategy targets. Decline in the loan origination market share of the Company's clients, and in particular its Tier 1 clients, could also negatively impact the Company's overall market share of the residential mortgage appraisal market.

### ***The Company may not grow its market share in the U.S. Title business to the levels anticipated in the Company's fiscal 2021 strategy targets.***

The Company may not succeed in growing its market share in the U.S. Title business, and specifically with Tier 1 and Tier 2 mortgage lender clients. If the Company fails to do so, the Company's business, financial condition and results of operations could be materially less successful than anticipated in the Company's fiscal 2021 strategy targets. As the U.S. Title business' primary focus is currently on the refinance channel, the proportion of the loan origination market weighted between purchase and refinance may have a significant effect on the Company's overall market share. Similarly, a change in the refinance origination market share of the Company's clients could have a significant impact on the Company's overall market share of the U.S. title and closing market. Furthermore, the cost for large mortgage lenders to switch third-party service providers can be significant and the process can be extremely long and time-consuming. As a result, potential clients, and in particular Tier 1 and Tier 2 mortgage lenders, may decide to continue with their current service providers, even if they believe that the Company offers competitive advantages. If the Company is unable to persuade large mortgage lenders to engage the Company as a service provider, then the Company's ability to increase its market share in the U.S. Title business will be limited, which could have a material adverse effect on its business, financial condition and results of operations.

### ***The Company may be unable to adequately protect its Technology Infrastructure against data corruption, privacy breaches, cyber-based attacks or network breaches.***

The Company is highly dependent on its Technology Infrastructure to securely process, transmit and store electronic information. Certain confidential information resides on third-party hosted data centre servers and is transmitted over the Company's network. The Company relies on encryption and authentication technology licensed from third parties to effect secure transmission of confidential information, including personal information and credit card numbers. Advances in computer capabilities, hacking techniques or other developments may result in a

compromise or breach of the technology used by the Company to protect confidential information. Servers may also be vulnerable to malware and similar disruptions resulting from unauthorized tampering with the Company's and/or a third-party's computer systems, which could lead to a loss of critical data or the unauthorized disclosure of confidential information. If the Company is unable to prevent security or privacy breaches, its operations could be disrupted and the Company may suffer harm to its reputation, financial loss, risk of litigation and/or regulatory penalties, each of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The regulatory framework for privacy issues in the U.S., Canada and abroad is constantly evolving, which requires the Company to regularly review and update its privacy policies and practices and to expend significant resources to ensure compliance with applicable privacy and data protection laws. In addition, the Company's clients are increasingly imposing more stringent contractual obligations on the Company and its third-party service providers relating to information security protections. If the Company and/or its third-party service providers are unable to maintain protections and processes at a level commensurate with that required by the Company's largest clients, it could negatively affect the Company's relationships with such clients and harm its business. Furthermore, if the Company fails to comply with federal, state, provincial and/or foreign laws regarding privacy and data protection, the Company could become subject to significant fines and penalties imposed by regulators, as well as claims from its clients.

***Issues with the Platform, including system interruptions that impair access to the Platform and/or material defects or errors in the Platform, could damage the Company's reputation.***

The effective performance, reliability and availability of the Platform is critical to the Company's reputation and its ability to attract and retain clients and Field Professionals. The Company may experience temporary system interruptions for a variety of reasons, including network failures, power failures, software errors or an overwhelming number of users trying to access its network during periods of high demand. Any system interruption that results in the unavailability of the Platform or impairs access could result in interruption of business operations, contractual breaches of service level requirements, client loss, diversion of technology and other resources, negative publicity and damage to the Company's reputation. Any one or more of the foregoing occurrences could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company depends on third-party service providers to provide continuous and uninterrupted access to certain elements of the Platform. The Company does not directly control their performance, which may make the Company's operations vulnerable to their performance failures. In addition, if for any reason the Company's relationship with any such third-party were to end, it would require a significant amount of time and resources to transition the service to a new third-party service provider. Since the Company is dependent on third parties for the implementation and maintenance of certain aspects of its systems and because some of the causes of system interruptions may be outside of its control, the Company may not be able to remedy such interruptions in a timely manner or at all. As the Company relies heavily on the Technology Infrastructure and the Internet to conduct its business, any system disruptions could negatively impact its ability to run its business and either directly or indirectly disrupt its clients' businesses, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, software developed for the Platform may contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced. Despite internal testing, the Company's technology may contain serious errors or defects that cause performance problems or service interruptions, security vulnerabilities or software bugs that the Company may be unable to successfully correct in a timely manner, or at all, which could result in, among other things: (i) client loss; (ii) a reduction in serviceable volumes; (iii) sales credits or refunds being issued to clients; (iv) delays in payment for services; (v) diversion of development resources; (vi) harm to the Company's reputation; and (vii) unanticipated litigation costs. If the Company fails to adequately protect against material defects or errors in the Platform, it could have a material adverse effect on the Company's business, financial condition and results of operations.



***The Company is subject to various governmental regulations, and a failure to comply with governmental regulations or changes in these regulations could result in penalties, restrict operations or make it more burdensome to conduct operations.***

The residential mortgage market in which the Company operates is highly regulated, particularly in the U.S. where multiple levels of regulatory oversight exist, including federal banking regulators, state appraiser boards and state insurance boards. The Company's activities are currently subject to examination by both federal and state regulators as the Company is required to hold licenses at the state level in order to carry on its U.S. Appraisal and U.S. Title businesses. If the Company fails to maintain its licenses in good standing, it would restrict its ability to provide certain services in one or more jurisdictions, which could have a material adverse effect on the Company's business, financial condition and results of operations.

As the Company operates in a highly regulated industry, compliance with laws and regulations may be onerous and expensive. In addition, laws and regulations may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. While the Company has implemented a number of policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that the Company's personnel will comply with such policies and procedures or that such policies and procedures will adequately address all applicable laws and regulations. Any failure by the Company to comply with applicable laws and regulations may restrict its ability to provide certain services in one or more jurisdictions or result in the Company being subject to civil fines, criminal penalties, substantial regulatory and compliance costs, significant litigation expense, damage to its reputation and/or loss of revenues, each of which could have a material adverse effect on its business, financial condition and results of operations. Furthermore, new laws and regulations or changes to existing laws and regulations could require significant changes to the Company's business model or service offerings and/or reduce demand for the Company's services. If the Company is unable to adapt its services to comply with new laws and regulations or changes in existing laws or regulations, it could have a material adverse effect on the Company's business, financial condition and results of operations.

Additionally, it is possible that regulatory oversight of the residential mortgage market may, in the future, be scaled back. Any reduction in existing laws and regulations may affect the barriers to entry that the current regulatory environment creates, which could have a material adverse effect on the Company's business, financial condition and results of operations.

***Increased focus and dependence on large mortgage lenders may result in the Company experiencing longer and more expensive sales cycles, pricing pressures and implementation complexities and will increase the Company's exposure to the loss of such clients.***

By strategically focusing sales efforts on large mortgage lenders that handle greater volumes of loans, the Company may experience longer and more expensive sales cycles, pricing pressures and implementation complexities. These large mortgage lenders typically demand more complex technical, integration and implementation services. Additionally, in many cases, the decision by such large mortgage lenders whether or not to use the Company's services is an enterprise-wide decision. As a result, these sales opportunities require the Company to incur significant expenses and expend significant internal resources, without any guarantee of future revenues. Furthermore, many of the risks relating to these long sales processes are beyond the Company's control, including, but not limited to: (i) the timing of the clients' budget cycles and approval processes; (ii) the clients' willingness to augment or replace their current third-party service providers; and (iii) general economic conditions. If the Company is unable to recognize revenues in connection with these sales opportunities, or such sales cycles take longer than anticipated or get delayed or terminated for reasons beyond the Company's control, it could have a material adverse effect on the Company's business, financial condition and result of operations.

The Company's largest clients are also the largest mortgage lenders in the U.S. During the fiscal year ended September 30, 2019, two Tier 1 mortgage lenders each individually represented greater than 10% of the Company's consolidated revenues. Any significant changes in the Company's relationship with these two clients or any of the other Tier 1 mortgage lenders or the loss of all or a substantial portion of the business derived from any of the Tier 1 mortgage lenders could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company operates in a competitive business environment and might be unable to compete effectively.***

The Company's competitors vary in size and in the scope and breadth of services they offer. Since lenders allocate their loan origination volumes to the Company based on the Company's performance relative to its competitors and do not provide any minimum volume guarantees, the markets for the Company's services are extremely competitive. There can be no assurance that the Company will be able to successfully compete against current or future competitors or that the competitive pressures the Company faces in the markets in which it operates will not have a material adverse effect on its business, financial condition and results of operations.

Maintaining demand for its services over the long-term will require the Company to, among other things: (i) successfully develop and bring to market enhancements to existing services; (ii) develop new services and technologies that address the needs of its existing and prospective clients; and (iii) respond to changes in industry standards and practices, in each case, in a cost-effective manner and on a timely basis. However, there is no guarantee that the Company will be successful in attaining sufficient market acceptance of any such enhancements or new services or technologies, which could occur for a number of reasons, including, but not limited to: (i) the Company's failure to effectively respond to market needs; (ii) delays in releasing enhancements or new services or technologies to the market; (iii) the introduction or anticipated introduction of competing services by the Company's competitors; (iv) performance, stability and/or compatibility issues; (v) negative publicity related to the enhancements and/or new services or technologies; and (vi) defects, errors or failures in the Platform caused by such enhancements or new services. Furthermore, since the Company must incur expenses and expend resources upfront in order to develop and bring to market enhancements or new services without any minimum volume guarantees, failure to achieve the broad market acceptance necessary to generate the revenue required to offset such expenditures could have a material adverse effect on the Company's business, financial condition and results of operations.

***Growth may place significant demands on the Company's management and infrastructure.***

The Company's growth has placed, and will continue to place, significant demands on its management and its operational, technical and financial infrastructure. As the Company's operations continue to grow in size, scope and complexity, the Company will need to further scale its infrastructure. Continued growth could also strain the Company's ability to: (i) maintain reliable service levels for its clients; (ii) develop and improve its operational, financial, technical and management controls; (iii) enhance its reporting systems and procedures; and (iv) recruit, train and retain highly-skilled personnel.

Managing the Company's growth requires expenditures and allocation of valuable management resources. In addition, the expansion of the Company's infrastructure may require the Company to commit financial, operational and technology resources in advance of an increase in transaction volumes, with no assurances that transaction volumes will increase. Failure to effectively manage growth could result in difficulties or delays in deploying clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new services or other operational difficulties, each of which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The market price of the common shares may fluctuate significantly and could fall below the expectation of securities analysts and investors due to various factors.***

The market price of Real Matters' common shares has previously been, and may continue to be, volatile and could in the future be subject to significant fluctuations due to a number of factors, including, but not limited to:

- actual or anticipated fluctuations in the Company's operating results or in the expectations of analysts;
- significant volatility in the market price and trading volume of comparable companies;
- announcements of acquisitions, new clients, new products and services, strategic alliances, capital commitments or significant contracts by the Company or by its competitors;
- changes in general political, economic, industry and/or market conditions and trends;
- litigation or regulatory action against the Company;
- investors' general perception of the Company and the public's reaction to its press releases and other public filings with applicable securities regulators;

- publication of research reports or news stories about the Company, its competitors or its industry, or positive or negative recommendations or withdrawal of research coverage by analysts;
- recruitment or departure of key personnel;
- sales of common shares by directors, executive officers and existing shareholders; and
- the other risk factors described in this section of the Annual Information Form.

In addition, there can be no assurance that an active trading market for Real Matters' common shares will be available in the future. If an active public market is not available, the liquidity of an investment in Real Matters' common shares may be limited and the market price of the common shares could decline.

***If the Company fails to retain its key employees or hire highly skilled personnel, its business could be harmed and it might not be able to successfully implement its business plan.***

The Company believes its future success is largely dependent on its ability to attract and retain highly skilled key personnel. Qualified individuals, however, are in high demand and there is no guarantee that the Company will be able to retain its key personnel or that it will be able to attract and retain new highly skilled individuals without incurring a significant increase in compensation costs to do so. The loss of key employees or the Company's inability to attract and retain new highly skilled personnel could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's compensation program for its executives and certain other employees currently includes the granting of stock options which are intended to be an important tool in attracting and retaining these employees. However, if the Company's stock performs poorly, then the granting of stock options may be an ineffective retention tool. Although the Company continually evaluates and, when appropriate, modifies its compensation practices, any changes in its compensation practices or those of its competitors, or any ineffective compensation practices could adversely impact the Company's ability to retain and motivate these employees and/or recruit new employees.

***Failing to maintain Field Professional engagement could limit the Company's ability to grow.***

The Company relies on its network of independent Field Professionals to provide its services to its clients. The Company's ability to build and maintain strong working relationships with a sufficient number of Field Professionals in multiple geographies and who have a sufficiently diverse skill set to enable such Field Professionals to provide a variety of services to the Company is essential to the success of its business. Failure to recruit, onboard and maintain an adequate number of Field Professionals on its network could impede the Company's ability to grow its market share with existing clients, attract new clients and offer new services, which, in turn, could have a material adverse effect on the Company's business, financial condition and results of operations.

***Reclassification of exempt employees and Field Professionals could require the Company to make changes to its business model.***

The Company classifies its employees as exempt or non-exempt for the purpose of determining certain entitlements, including the entitlement to receive overtime pay. The Company also engages thousands of Field Professionals as independent contractors. A reclassification of any such individuals by a regulatory or tax authority having jurisdiction over the Company or as part of a civil, collective or class action lawsuit could subject the Company to the payment of additional compensation and/or taxes, interest and penalties in respect of past periods or future periods where the Company is found to be non-compliant, and could require the Company to make significant changes to its business model. As a result, the reclassification of exempt employees and/or Field Professionals could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company may be unable to adequately protect its intellectual property.***

The protection of the Company's intellectual property rights, including its technology, is crucial to the success of its business. The Company relies on a combination of copyright, trademark and trade secret law and contractual restrictions to protect its intellectual property, including registering the "Real Matters" and "Solidifi" trademarks in Canada and the U.S. and the "iv3" trademark in Canada. The Company's intellectual property rights, however, may only provide limited protection for its technology and brand and may not be sufficient to provide a

competitive advantage to the Company. For instance, competitors may adopt service names similar to the Company's name, which could impede the Company's ability to build brand identity and possibly lead to confusion. In addition, the Company could be subject to trademark infringement claims brought by owners of other registered trademarks that incorporate variations of the terms of the Company's trademarks.

The Company also relies in part on confidentiality and intellectual property assignment agreements with its employees, independent contractors and consultants to protect its intellectual property rights. These agreements may not be effective in preventing disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of the Company's confidential information. In addition, third parties may independently develop the Company's confidential information, including its trade secrets, and, in such case, the Company may be unable to successfully assert intellectual property rights against such third-parties. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Platform, including its functionality, or obtain and use information that the Company considers proprietary. Policing the Company's proprietary rights is difficult and could result in the Company incurring substantial litigation costs and diversion of resources, without any guarantee of success, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, some of the Company's technology incorporates software licensed under open source licenses. Open source licenses typically require that source code subject to the license be made available to the public and that any modifications or derivative works to such open source software continue to be licensed under open source licenses. Open source licenses also typically mandate that proprietary software, when combined in specific ways with open source software, become subject to the applicable open source license. The Company has processes in place to guard against its proprietary software being combined with, or incorporating, open source software in ways that would require its proprietary software to be subject to an open source license. However, the Company relies on multiple software programmers to design its proprietary technology and cannot be certain that its programmers have not incorporated open source software into its technology or that they will not do so in the future. If the Company's proprietary technology is determined to be subject to an open source license, the Company may be required to publicly release certain source code in its proprietary technology and/or replace those components of its proprietary technology with internally developed software or software obtained from a third-party, either of which could have a material adverse effect on the Company's business, financial condition and results of operations.

***Damage to the Company's reputation could cause a loss of existing clients and/or difficulty attracting new clients.***

There has been a marked increase in the use of social media platforms and similar channels that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity to disseminate information, including inaccurate information, is limitless and readily available. The Company's reputation is very important to attracting new clients and Field Professionals as well as selling additional services to existing clients. While the Company believes that it has a strong reputation and that it provides its clients with a superior experience, there can be no assurance that the Company will continue to maintain a good relationship with its clients and Field Professionals or avoid negative publicity. Any damage to the Company's reputation, whether arising from its conduct of business, negative publicity, regulatory, supervisory or enforcement actions, litigation, security breaches, matters affecting its financial reporting, compliance with applicable Canadian securities laws and TSX listing requirements or otherwise could have a material adverse effect on its business, financial condition and results of operations.

***The Company may become subject to legal and/or regulatory proceedings and claims, the outcome of which cannot be predicted with certainty.***

From time to time, the Company is subject to legal proceedings, regulatory proceedings and claims arising in the ordinary course of business. The outcome of any outstanding, pending or future proceeding or claim cannot be predicted with certainty and could have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, even if the Company prevails in such proceedings and claims, such proceedings and claims can be costly and time-consuming and could divert the attention of management and key personnel away from the Company's business operations. In addition, there can be no assurance that the limitations of liability in the Company's contracts would be enforceable or would otherwise adequately protect the Company from any such

liabilities or damages with respect to any particular proceeding or claim. Furthermore, although the Company maintains various insurance policies to limit its potential exposure from proceedings and claims, the Company cannot be certain that its insurance coverage will continue to be available on acceptable terms (including, but not limited to, reasonable deductibles and premiums) and be of a sufficient amount to cover one or more significant proceedings and/or claims and that the Company's insurers will not deny coverage due to an exclusion in the Company's insurance policies. A proceeding or claim brought against the Company could also result in the Company incurring unanticipated costs and/or reputational harm, which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company may incur losses as a result of Field Professional work product liability.***

The Company manages a network of independent Field Professionals who produce work product that the Company's clients and underwriters rely on to make decisions. Should the Field Professionals produce work that is defective and results in a client and/or the underwriter incurring a financial loss, such parties may seek indemnification. In certain contracts, the Company accepts liability for defects of an independent Field Professional's work product, and as such, these parties may choose to seek indemnification from the Company directly. If a client or underwriter seeks recourse from the Company, the Company can in turn seek recourse from the Field Professional as its contracts with Field Professionals require the Field Professional to indemnify the Company in these circumstances and to maintain errors and omissions insurance to help ensure that the Field Professional has sufficient financial means to satisfy the Field Professional's indemnification obligations to the Company. There is no guarantee, however, that Field Professionals will comply with their contractual requirements or that the Field Professionals will have sufficient financial means to fully indemnify the Company for the full amount of losses incurred by the Company. If the Company is required to indemnify one or more clients and/or underwriters for work product liability and the Company is unable to obtain recourse from its Field Professionals for the full amount of losses incurred, it could have a material adverse effect on the Company's business, financial condition and results of operations.

***If the Company's services are found to infringe on the proprietary rights of others, the Company may incur significant costs, damages and/or monetary penalties and may be required to change its business practices.***

As the Company continues to develop and expand its services, the Company may become increasingly subject to infringement claims from third parties. Likewise, if the Company is unable to maintain adequate controls over how it utilizes third-party intellectual property, the Company may be subject to infringement claims. Defending such claims, regardless of merit, could: (i) be expensive and time consuming; (ii) result in the Company incurring significant costs, damages and/or monetary penalties; (iii) cause the Company to cease making, licensing or using certain technology that incorporates the challenged intellectual property; (iv) negatively impact the Company's existing business operations; (v) require the Company to re-design the Platform and/or change its business practices; and/or (vi) require the Company to enter into royalty or licensing arrangements in order to obtain the right to use the challenged intellectual property.

Any efforts by the Company to re-develop its services, obtain licenses from third parties to license the challenged technology or license a substitute technology may not be available on reasonable terms, or at all, and, in any case, may substantially increase the Company's costs and/or harm its business operations. Additionally, the Company could be liable to third parties for damages for past infringement if a court determines that the Company is infringing third-party proprietary rights.

***The Company may not be able to successfully identify, consummate or integrate future acquisitions.***

One of the Company's strategies to grow its business is to opportunistically acquire complementary businesses, technologies and services. This strategy will depend on the Company's ability to find suitable acquisitions and finance them on acceptable terms. The identification of suitable acquisition targets can be difficult, time-consuming and costly and the Company may not be able to successfully complete such acquisitions.

If the Company is unable to find and complete suitable acquisitions, it may slow the Company's future growth. On the other hand, even if the Company successfully completes an acquisition, it may face challenges in integrating the acquired business, such as eliminating redundant operations, coordinating management and personnel, retaining management and key employees, managing different corporate cultures and achieving cost reductions and



cross-selling opportunities. Furthermore, if the Company fails to successfully integrate acquired businesses, it could impair the Company's relationships with its employees, clients and strategic partners, divert the attention of management from the Company's core businesses, result in control failures and/or otherwise disrupt the Company's ongoing business operations, each of which could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company may need additional capital, which it may not be able to raise when needed, either on acceptable terms or at all.***

From time to time, the Company may require additional capital to, among other things, fund its growth, enhance its products and services, respond to competitive pressures and/or make acquisitions or other investments. In addition, the Company's business plans may change, general economic, financial or political conditions in the U.S. or Canada may change or other circumstances may arise, each of which could have significant impact on the Company's cash flows and anticipated cash needs. Any such circumstances could require the Company to raise additional capital. If additional capital is not available, when needed, either on satisfactory terms or at all, it could have a material adverse effect on the Company's business, financial condition and results of operations.

If Real Matters were to raise additional capital through the issuance of equity or debt securities, those securities may have rights and privileges that are senior to the rights and privileges attaching to the common shares. Issuing additional securities to raise additional capital would also dilute the holdings of Real Matters' existing shareholders and may reduce the market price of the common shares. Alternatively, if Real Matters were to raise additional capital through debt financing, it would result in increased interest expense and may involve agreements that include covenants that limit or restrict the Company's ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends.

***The Company may be unable to maintain effective internal controls in accordance with NI 52-109, and all control systems nevertheless have inherent limitations.***

The Company has established internal controls over financial reporting and disclosure controls and procedures designed in accordance with NI 52-109. A control system, no matter how well designed and implemented, can provide only reasonable and not absolute assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items, that: (i) management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) isolated errors may occur. In addition, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design procedures will succeed in achieving its stated goals under all potential conditions. If the Company fails to maintain effective internal controls in accordance with NI 52-109, it could have a material adverse impact on the Company's business, financial condition and results of operations.

***If the Company's accounting estimates and judgments are incorrect, subsequent adjustments could require the Company to restate its historical financial statements.***

The Company routinely makes accounting estimates and judgments in the ordinary course of business. Such accounting estimates and judgments will affect the reported amounts of its assets and liabilities at the date of its financial statements and the reported amounts of its operating results during the periods presented. Additionally, the Company interprets the accounting rules in existence as of the date of its financial statements. If the underlying estimates are ultimately proven to be incorrect, subsequent adjustments could have an adverse effect on the Company's operating results for the period or periods in which the change is identified. Additionally, subsequent adjustments could require the Company to restate its historical financial statements. The Company continually reviews accounting rules and regulations and works with its auditors and third-party experts on all significant accounting and valuation matters.

***Existing tax laws may change and/or the Company may experience adverse outcomes resulting from examination by the tax authorities of its income tax returns.***

The Company is subject to federal, provincial, state and local income taxes in the U.S. and Canada. The Company's future effective tax rates and the value of its deferred tax assets could be adversely affected by changes in tax laws. In addition, the Company is subject to the examination of its income tax returns by the U.S. Internal Revenue Service, Canadian Revenue Agency and other tax authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of its provision for income tax. Significant judgment is required in determining the Company's consolidated provision for income taxes. Although the Company believes it has made appropriate provisions for taxes in the jurisdictions in which it operates, changes in tax laws or challenges from tax authorities under existing tax laws could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company's credit facilities contain restrictive covenants and require it to meet certain financial ratios and financial condition tests.***

The Company's credit facilities contain restrictive covenants that limit management's discretion with respect to certain business matters. These covenants place restrictions on, among other things, the Company's ability to incur additional indebtedness, to create liens or other encumbrances not permitted by the credit facilities, to make any material change to the nature of its business, to sell or otherwise dispose of assets, subject to certain conditions, to acquire or purchase common shares or equity interests, and, subject to certain conditions, to make a distribution when the Company is in default. In addition, the Company's credit facilities contain a number of financial covenants that require certain financial ratios and financial condition tests to be satisfied. A failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in accelerated repayment when the Company has amounts drawn thereunder. If the repayment of the Company's credit facilities, when any amounts are outstanding, was to be accelerated, there can be no assurance that the Company would have sufficient funds available to be able to repay the credit facilities in full.

***Real Matters may issue additional shares in the future which would be dilutive to existing shareholders.***

Real Matters may issue additional common shares (including upon the exercise of options under the Equity Incentive Plan or the exercise of outstanding warrants) or preferred shares in the future, which would be dilutive to existing shareholders and may reduce the market price of the common shares. Real Matters' articles permit the issuance of an unlimited number of common shares and an unlimited number of preferred shares and shareholders have no pre-emptive rights in connection with any such future issuances. In addition, when outstanding options or warrants are exercised or when common shares are issued on the vesting or settlement of outstanding RSUs or PSUs, existing shareholders will incur dilution. Furthermore, Real Matters' board of directors has discretion to determine if an issuance of common shares or preferred shares is warranted, the price at which such issuance is effected and the other terms of issuance. Although Real Matters has no current intention to issue any preferred shares, any issuance of preferred shares in the future could adversely affect the rights and privileges attaching to the common shares, without the need for any further vote or action on the part of existing shareholders.

***The Company's financial and operational risk management efforts may not be effective.***

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, exchange rate risk and other market-related risk, as well as operational risks related to its business, assets and liabilities. If the Company's risk management policies, procedures and techniques are not sufficient to: (i) identify all of the material risks the Company is exposed to; (ii) mitigate the material risks that the Company has identified; or (iii) identify concentrations of risks or additional risks that the Company may become subject to in the future, then it could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to movements in exchange rates between the Canadian and U.S. dollar since the Company's reported financial results are expressed in U.S. dollars, but a portion of its assets, liabilities and operations reside, or are conducted, in Canada. As the Company does not currently hedge the impact of foreign currency exchange fluctuations between the Canadian and U.S. dollar, a significant change in the foreign currency exchange rate between

the Canadian and U.S. dollar could result in a significant change in the Company's reported amount of total assets and liabilities and its reported financial results.

***Real Matters is a holding company and dependent on its subsidiaries for cash flows.***

Real Matters is a holding company and substantially all of its operations are carried out by its subsidiaries. Real Matters has no direct operations and no significant assets, other than the shares of its subsidiaries and cash on hand. Accordingly, Real Matters is dependent on the cash flows from its subsidiaries to meet its obligations. The ability of Real Matters' subsidiaries to provide it with sufficient cash flows to satisfy its obligations may be constrained by factors such as the cash flows generated by operations, investment and financing activities and the level of taxation, particularly corporate profits and withholding taxes. If Real Matters is unable to receive sufficient cash from its subsidiaries to satisfy its outstanding obligations, it may be required to incur indebtedness, raise funds in an equity or debt offering, or sell some or all of its assets. There can be no assurance that any such financing will be available on satisfactory terms or at all.

***The Company's business is subject to the risk of catastrophic events which are beyond the Company's control.***

The Company's business operations and systems, including its primary data centres which are hosted by third-party services providers, are vulnerable to damage or interruption from catastrophic events such as earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war and similar events, which are beyond the Company's control. Upon the occurrence of a catastrophic event, the Company may not have sufficient protection or recovery plans in place, including, but not limited to, sufficient insurance coverage to compensate the Company for all losses that it may incur as a result of such catastrophic event, which could have a material adverse effect on the Company's business, financial condition and results of operations

***It may be difficult for shareholders to enforce judgments obtained against the Company.***

The majority of the Company's subsidiaries and the majority of its assets are located outside of Canada. Accordingly, it may be difficult for shareholders to enforce any judgments against such assets in Canada. In addition, certain directors and officers reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Company's directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of the directors or officers who reside outside of Canada for violations of Canadian securities laws, it may not be possible to enforce such judgment against those directors and officers. Moreover, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims or otherwise in original actions instituted in U.S. courts, and these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim.

***Current and future accounting pronouncements and other financial reporting standards could cause unanticipated fluctuations in the Company's financial results in future periods.***

The Company regularly monitors its compliance with applicable financial reporting standards and reviews new accounting pronouncements and drafts thereof that are relevant to the Company. As a result of new standards, changes to existing standards and changes in their interpretation, the Company might be required to change its accounting policies, which could have a material adverse effect on its financial results or cause unanticipated fluctuations in its financial results in future periods. Furthermore, the Company is unable to predict the impact of new accounting standards, changes to existing standards and/or changes in their interpretation, other than the impact of those items already identified and addressed in its Financial Statements.

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

None of (i) the Company's directors or executive officers, (ii) any shareholder who beneficially owns, controls or directs, directly or indirectly, more than 10% of Real Matters' voting securities, or (iii) any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect the Company.



## **MATERIAL CONTRACTS**

The Company did not enter into any material contracts during the financial year ended September 30, 2019 or before the financial year ended September 30, 2019 that are still in effect, other than in the ordinary course of business.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Company is from time to time involved in legal proceedings of a nature considered normal to its business. The Company believes that none of the litigation in which it is currently involved, or has been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to its consolidated financial condition or results of operations.

To the best of the Company's knowledge, during the most recently completed financial year, the Company was not subject to: (i) any penalties or sanctions imposed by a court or a securities regulatory authority relating to securities legislation; (ii) any 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; or (iii) settlement agreements entered into before a court or securities regulatory authority relating to securities legislation.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for Real Matters' common shares is TSX Trust Company at its principal office in Toronto, Ontario.

## **INTEREST OF EXPERTS**

Deloitte LLP is the external auditor of the Company and has audited the Financial Statements. Deloitte LLP has confirmed to the Company that it is independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found under Real Matters' SEDAR profile at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Real Matters' securities and securities authorized for issuance under the Equity Incentive Plan, is contained in Real Matters' management information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Financial Statements and MD&A.

## APPENDIX “A” –AUDIT COMMITTEE MANDATE

### REAL MATTERS INC.

(the “Company”)

As approved by the Board of Directors of the Company (the “Board”) on November 20, 2019.

#### A. PURPOSE AND SCOPE

The Audit Committee (the “Committee”) of the Board shall be responsible for assisting in the Board’s oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting and disclosure practices followed by management of the Company. The Committee shall also have oversight responsibility for: (i) the qualifications, independence and performance of the independent auditors; (ii) the establishment by management of an adequate system of internal controls; (iii) the preparation by management of quarterly and annual financial statements; and (iv) the maintenance by management of practices and processes to ensure compliance with applicable laws.

#### B. COMPOSITION AND MEETINGS

The Committee shall be comprised of a minimum of three directors as appointed by the Board, each of whom shall meet the criteria for independence, financial literacy and audit committee composition requirements (collectively, the “Applicable Requirements”) of National Instrument 52-110 *Audit Committees* (“NI 52-110”) of the Canadian Securities Administrators, any exchange upon which securities of the Company are traded or any governmental or regulatory body exercising authority over the Company (each a “Regulatory Body” and collectively, the “Regulatory Bodies”).

A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, but in no case shall a quorum be comprised of less than two members of the Committee, and the action of a majority of those present, after determining a quorum, shall be the act of the Committee.

The Committee shall ensure that all necessary and proper disclosures shall be made in all applicable filings with Regulatory Bodies as to composition of the Committee. Committee members may enhance their familiarity with finance and accounting by participating in education programs conducted by the Company or an outside consultant.

The members of the Committee shall be appointed by the Board at the meeting of the Board following each annual meeting of shareholders and shall serve until their successors shall be duly appointed and qualified or until the earlier of death, resignation or removal. The Board may fill a vacancy in the membership of the Committee and remove a member of the Committee at any time for any reason. The Board shall approve the chair of the Committee (the “Chair”) based upon the recommendation of the Committee members. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members.

The Committee shall meet on a regularly-scheduled basis at least 4 times per year or more frequently as circumstances dictate. At the invitation of the Committee, members of the Company’s management and others may attend Committee meetings as the Committee considers necessary or desirable. The Company’s independent auditors are entitled to attend and be heard at each Committee meeting. The Committee shall meet without management present at each Committee meeting. All independent directors may attend Committee meetings, provided that directors who are not members of the Committee shall not be entitled to vote, nor shall their attendance be counted as part of the quorum of the Committee.

The Chair, any member of the Committee, the Company’s independent auditors, the Chair of the Board, the Chief Executive Officer or the Chief Financial Officer may call a meeting by notifying the Company’s Corporate Secretary who will notify members of the Committee. Ordinarily, meetings of the Committee should be convened with no less than seven days’ notice having been given. In exceptional circumstances the requirement for notice can be waived subject to the formal consent of no less than the number of Committee members that constitutes a quorum of the Committee or instruction by a resolution of the Board.

The Committee shall report its actions to the members of the Board and the Corporate Secretary of the Company and shall keep written minutes of its meetings which shall be recorded and filed with the books and records of the Company. The Chair shall be responsible for establishing or causing to be established the agenda for each Committee meeting, and for ensuring that minutes of Committee proceedings are kept and circulated to Committee members on a timely basis for review and approval. Minutes of each meeting will be made available to the members of the Board, the Corporate Secretary of the Company and the Company's auditors. The Committee shall report its decisions and recommendations to the Board promptly after each Committee meeting.

### **C. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Committee shall:

1. at least annually, review and assess the adequacy of this Mandate, and recommend any proposed changes to the Board for approval;
2. at least annually, establish a Committee work plan for a period of not less than one year;
3. at least annually, review the performance of the independent auditors, and annually recommend to the Board, for approval by the shareholders, the appointment of the independent auditors of the Company in accordance with the *Canada Business Corporations Act*;
4. at least every five years, perform a comprehensive review of the performance of the external auditors over multiple years to provide further insight on the audit firm, its independence and application of professional standards;
5. engage in an active dialogue with the independent auditors on their independence from the Company, and where it is determined that independence no longer exists, recommend that the Board take appropriate action;
6. review and recommend to the Board for approval, the terms of any annual audit engagement of the independent auditors, including the appropriateness of the proposed audit fees and the auditors independence with respect to the engagement of the independent auditors for any audit related services;
7. approve any non-audit services to be provided by the firm of the independent auditors to the Company in accordance with NI 52-110;
8. review and approve annually the overall scope of the independent auditors' annual audit plan;
9. periodically review the status and findings of the independent auditors' audit plan and the adequacy of internal controls established by management and, where appropriate, make recommendations or reports thereon to the Board;
10. understand the scope, principal risks and integrity of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
11. annually, and at any time in response to a specific request by management or the independent auditors, meet separately with the relevant parties with respect to the effectiveness of the system of internal controls established by management, the adequacy of the financial reporting process, the quality and integrity of the financial statements, the evaluation of the performance of the independent auditor and any other matter that may be appropriate;
12. review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
13. review and make recommendations to the Board regarding the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks and implementation of

appropriate systems and controls to manage such risks, including an assessment of the adequacy of insurance coverage maintained by the Company;

14. periodically review the Company's policies and procedures for reviewing and approving or ratifying related party transactions;
15. review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements, including any material legal and/or tax matters;
16. review the quarterly and annual financial statements and corresponding management discussion and analysis, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
17. review and recommend to the Board for approval, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, business acquisition reports, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information;
18. review significant changes in the accounting principles to be observed in the preparation of the accounts of the Company and its subsidiaries, or in their application, and in financial statement presentation;
19. review and, following discussion with the independent auditors and management, recommend to the Board approval of unaudited quarterly and audited annual consolidated financial statements of the Company;
20. review the Company's policies relating to the avoidance of conflicts of interest and review and approve all material payments to be made pursuant to any related party transactions involving any executive officer or member of the Board, as required by any Regulatory Body;
21. cause the Chair of the Audit Committee to review and approve all expense reimbursements of the CEO;
22. review and monitor practices and procedures adopted by management to assure compliance with applicable laws, and, where appropriate, make recommendations or reports thereon to the Board; and
23. monitor and periodically review the Whistleblower Policy of the Company and associated procedures for:
  - a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - b. the confidential, anonymous submission by directors, officers, employees and other stakeholders of the Company of concerns regarding questionable accounting or auditing matters; and
  - c. if applicable, any violations of applicable law, rules or regulations that relates to corporate reporting and disclosure, or violations of the Company's Code of Conduct.

#### **D. ACCESS TO MANAGEMENT AND INDEPENDENT ADVICE**

The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company and, from time to time may hold unscheduled or regularly scheduled meetings or portions of meetings in executive session or otherwise with the Company's independent auditors, the Chief Financial Officer, the Chief Executive Officer or the General Counsel and Corporate Secretary.

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and may seek and retain accounting, legal, consulting or other expert advice from a source independent of management (collectively "advisors"), at the expense of the Company, with notice to the independent lead director of the Board or the non-executive Chair of the Board or the Chief Executive

Officer of the Company, as deemed appropriate by the Committee. In furtherance of the foregoing, the Committee shall have the sole authority to retain any such consultant or advisor to be used to assist in the evaluation of such matters and shall have the sole authority to approve the consultant or advisor's fees and other retention terms; provided that before selecting or receiving advice from any such advisor (other than an advisor subject to an exclusion under the listing rules of any applicable exchange upon which securities of the Company are traded), the Committee will take into consideration all factors relevant to the advisor's independence from management.

While the Committee has the responsibilities and powers set forth in this Mandate, it is not the duty of the Committee to plan or conduct audits, to establish the Company's accounting and financial reporting systems, or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

## APPENDIX “B” – COMPENSATION, NOMINATION AND GOVERNANCE COMMITTEE MANDATE

### REAL MATTERS INC.

(the “Company”)

As approved by the Board of Directors of the Company (the “Board”) on November 20, 2019.

#### A. PURPOSE AND SCOPE

The primary function of the Compensation, Nomination and Governance Committee (the “Committee”) of the Board with respect to compensation matters is to exercise the responsibilities and duties set forth below, including but not limited to: (i) discharging the Board’s responsibilities relating to the compensation of the Company’s executive officers, (ii) administering the Company’s incentive compensation and stock option plans and (iii) assisting the Board with respect to management succession planning and development. The Committee shall review and make recommendations to the Board on an annual basis regarding (i) company-wide compensation programs and practices, (ii) all aspects of the remuneration of the Company’s executive officers and (iii) equity-based plans and any material amendments thereto (including increases in the number of securities available for grant thereunder).

The primary function of the Committee with respect to nomination and governance matters is to exercise the responsibilities and duties set forth below, including but not limited to: (i) advising the Board on corporate governance in general, (ii) developing and recommending to the Board, and overseeing the implementation and assessment of, effective corporate governance principles; (iii) identifying candidates to act as directors of the Company, (iv) recommending to the Board qualified candidates to nominate as a director of the Company, for consideration by the shareholders of the Company at the next annual meeting of shareholders, and (v) overseeing and assessing the effectiveness of the Board and the committees of the Board.

#### B. COMPOSITION AND MEETINGS

The Committee shall be comprised of a minimum of three members of the Board as appointed by the Board, each of whom shall meet any independence requirements of National Policy 58-201 *Corporate Governance Guidelines* of the Canadian Securities Administrators, any exchange upon which securities of the Company are traded or any governmental or regulatory body exercising authority over the Company (each, a “Regulatory Body” and, collectively, the “Regulatory Bodies”).

A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, but in no case shall a quorum be comprised of less than two members of the Committee, and the action of a majority of those present, after determining a quorum, shall be the act of the Committee.

The members of the Committee shall be appointed by the Board at the meeting of the Board following each annual meeting of shareholders and shall serve until their successors shall be duly appointed and qualified or until their earlier death, resignation or removal. The Board may fill a vacancy in the membership of the Committee and may remove a member of the Committee at any time for any reason. The Board shall approve the chair of the Committee (the “Chair”) based upon the recommendation of the Committee members. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members.

The Committee shall meet as necessary, but at least 2 times per year, to enable it to fulfill its responsibilities and duties as set forth herein. The Committee shall meet without management present at each Committee meeting.

The Committee may invite members of management or others to attend Committee meetings and provide pertinent information as the Committee may request on the issues being considered, provided that the Chief Executive Officer (“CEO”) and other executives may not be present during any voting or deliberations on compensation of the CEO or such other executives, respectively.

The Chair, any member of the Committee or any member of the Board may call a meeting by notifying the Company’s Corporate Secretary who will notify members of the Committee.

Ordinarily, meetings of the Committee should be convened with no less than seven days' notice having been given. In exceptional circumstances the requirement for notice may be waived subject to the formal consent of no less than the number of Committee members that constitutes a quorum of the Committee or instruction by a resolution of the Board.

The Committee shall report its actions to the members of the Board and the Corporate Secretary of the Company and shall keep written minutes of its meetings, which shall be recorded and filed with the books and records of the Company. The Chair shall be responsible for establishing or causing to be established the agenda for each Committee meeting, and for ensuring that minutes of Committee proceedings are kept and circulated to Committee members on a timely basis for review and approval. Minutes of each meeting will be made available to the members of the Board and the Corporate Secretary of the Company. The Committee shall report its decisions and recommendations to the Board promptly after each Committee meeting.

### **C. RESPONSIBILITIES AND DUTIES**

#### ***Compensation Matters***

In respect of compensation matters to fulfill its responsibilities and duties the Committee shall:

1. at least annually, review and assess the adequacy of this Mandate to ensure compliance with any rules or regulations promulgated by any Regulatory Body and recommend any proposed modifications to this Mandate to the Board for approval.
2. at least annually, establish a Committee work plan for a period of not less than one year.
3. periodically review and advise the Board (supported, in the discretion of the Committee, by internal or external experts) on (i) current trends in regional and industry-wide compensation practices and (ii) how the Company's compensation programs and practices compare to those of comparable companies in the industry.
4. review and make recommendations to the Board regarding the terms and conditions, design, approval, implementation, administration and interpretation of the Company's compensation plans, including any equity-based plans, and each amendment thereof, all subject to final approval by the Board and take such actions in regard to such plans as may be required by the terms of the plan, provided that equity-based plans and material amendments to equity-based plans shall require shareholder approval as required under applicable laws, rules or regulations or by the applicable equity-based plan.
5. at least annually, review share ownership guidelines for the executive officers and directors of the Company, as appropriate.
6. determine the eligibility requirements applicable to participants in the Company's compensation plans as may be required by the terms of a plan.
7. at least annually, review and make recommendations to the Board regarding corporate goals and objectives relevant to compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives and make recommendations to the Board regarding the annual salary, bonus, stock options and other benefits, direct and indirect, of the CEO.
8. at least annually, review and make recommendations to the Board regarding corporate goals and objectives relevant to compensation of the executive officers, evaluate the performance of the Company's executive officers and make recommendations to the Board regarding the annual salary, bonus, stock options and other benefits, direct and indirect, of the executive officers.
9. at least annually, review, in conjunction with the Audit Committee, incentive compensation arrangements to confirm they do not encourage inappropriate or unintended risk taking.

10. at least annually, review the operation of the Company's executive compensation programs to determine whether they are properly coordinated and administered.
11. at least annually, oversee management succession planning and make appropriate recommendations to the Board regarding the appointment and succession of the Company's executive officers.
12. on a periodic basis, as determined necessary or advisable, retain the services of a compensation consultant. The Committee shall approve in advance any other work the consultant performs at the request of management and ensure compliance with the requirements established by Regulatory Bodies related to the retaining and using of such consultants.
13. oversee the Company's compliance with any rules promulgated by any Regulatory Body prohibiting loans to officers and directors of the Company.
14. review and discuss with management the Company's Statement of Executive Compensation, including the compensation discussion and analysis and the related executive compensation information, to be included in the Company's management information circular and any other disclosure with respect to executive compensation to be included in any other public disclosure documents of the Company.
15. perform such additional functions as shall be assigned to it by the Board and exercise such additional powers as may be reasonably necessary or desirable, in the Committee's discretion, to fulfill its responsibilities and duties under this Mandate.
16. review, consider, and recommend to the Board all employment, severance or change in control matters with, and any special or supplemental benefits provided to, any executive officers or directors of the Company. The Committee will review the impact of any potential material transaction, such as a merger, acquisition, or spin-off, on the Company's compensation plans.

#### ***Nomination and Governance Matters***

In respect of nomination and governance matters to fulfill its responsibilities and duties the Committee shall:

1. at least annually, review, and make recommendations to the Board regarding, the size and composition of the Board.
2. develop and review periodically standards to be applied in making determinations as to the independence of directors and the presence or absence of material relationships between a director and the Company.
3. annually review the competencies, skills and personal qualities of directors in light of: (i) the opportunities and risks facing the Company, the Company's business and the Company's proposed business and growth strategy; and (ii) the need to ensure that a majority of the Board is comprised of individuals, each of whom is an "independent" director (as such term is defined under the requirements or guidelines in applicable securities laws and the rules of any stock exchange on which the Company's securities are listed for trading).
4. establish processes for identifying, interviewing and recommending suitable nominees for appointment to the Board either as additional Board members or to succeed existing directors, having regard to the background, employment and qualifications of possible candidates. The Committee shall be guided by the following general principles in making such recommendations to the Board: (i) the specific skill set required on the Board at a given time taking into account the skill sets of the current Board members; (ii) the academic and employment-related qualifications of the individual; (iii) relevant industry experience; (iv) alignment with the philosophies of the Company, including a commitment to promote the implementation of the policies adopted by the Company; and (v) the overall diversity of the Board.
5. at least annually, review the Company's approach to governance issues.



6. oversee an orientation program to familiarize new directors with the Company's business and operations, including the Company's reporting structure, strategic plans, significant financial, accounting and risk issues and compliance programs and policies, management and the independent auditor.
7. ensure that ongoing educational opportunities are provided for all directors to enhance their skills as directors and to ensure that their knowledge and understanding of the Company's business remains current.
8. at least annually, review and make recommendations to the Board for changes to the mandate for the Board and, if applicable, the position descriptions for the chair of the Board and, at the discretion of the Committee, conduct annual surveys of directors with respect to their views on the effectiveness of the Board, the chair of the Board, each committee of the Board and its chair and the contribution of individual directors to the Board.

#### **D. ACCESS TO MANAGEMENT AND INDEPENDENT ADVICE**

The Committee shall have unrestricted access to the Company's management and employees. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and may seek and retain accounting, legal, consulting or other expert advice from a source independent of management (collectively, "**advisors**"), at the expense of the Company, with notice to the independent lead director of the Board, the non-executive Chair of the Board or the CEO of the Company, as deemed appropriate by the Committee. In furtherance of the foregoing, the Committee shall have the sole authority to retain any such consultant or advisor to be used to assist in the evaluation of such matters and shall have the sole authority to approve such advisor's fees and other retention terms; provided that before selecting or receiving advice from any such advisor (other than an advisor subject to an exclusion under the listing rules of any applicable exchange upon which securities of the Company are traded), the Committee will take into consideration all factors relevant to the advisor's independence from management.