

**HOMESERVE TECHNOLOGIES INC.**

**ANNUAL INFORMATION FORM  
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2009**

**June 10, 2009**

**41 Wynford Drive  
Toronto, Ontario M3C 3K5**

**HOMESERVE TECHNOLOGIES INC.  
ANNUAL INFORMATION FORM FOR THE  
FISCAL YEAR ENDED FEBRUARY 28, 2009**

**TABLE OF CONTENTS**

<b>ITEM 1 – CORPORATE STRUCTURE.....1</b>	<b>ITEM 12 – ADDITIONAL INFORMATION .....10</b>
GENERAL.....1	
SUBSIDIARIES .....1	
SUMMARY OF AMENDMENTS TO ITS ARTICLES .....1	
INTERCORPORATE RELATIONSHIPS.....1	
DESCRIPTION OF SHARE CAPITAL.....1	
<b>ITEM 2 – GENERAL DEVELOPMENT OF THE BUSINESS.....2</b>	<b>APPENDIX A - FORM 52-110F1.....1</b>
OVERVIEW .....2	1.    AUDIT COMMITTEE CHARTER .....1
SIGNIFICANT DEVELOPMENTS .....2	2.    COMPOSITION OF THE AUDIT COMMITTEE.....4
ACQUISITIONS AND CORPORATE DEVELOPMENT ...2	3.    RELEVANT EDUCATION AND EXPERIENCE.....4
DIVESTITURES .....3	4.    EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY).....4
<b>ITEM 3 – NARRATIVE DESCRIPTION OF THE BUSINESS .....3</b>	
CURRENT BUSINESS .....3	
FACILITIES.....3	
HUMAN RESOURCES .....4	
RISK FACTORS.....4	
<b>ITEM 4 – DIVIDEND POLICY .....5</b>	
DIVIDEND PLAN .....5	
<b>ITEM 5 – DESCRIPTION OF CAPITAL STRUCTURE .....6</b>	
<b>ITEM 6 – MARKET FOR SECURITIES .....8</b>	
MARKET FOR SECURITIES.....8	
PRIOR PURCHASES AND SALES OF SECURITIES .....8	
<b>ITEM 7 – DIRECTORS AND OFFICERS OF THE COMPANY .....9</b>	
NAME, OCCUPATION AND SECURITY HOLDING .....9	
CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS AND INDIVIDUAL BANKRUPTCIES.....9	
CONFLICTS OF INTEREST .....9	
<b>ITEM 8 – PROMOTERS.....9</b>	
<b>ITEM 9 – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS....10</b>	
<b>ITEM 10 – TRANSFER AGENTS AND REGISTRARS .....10</b>	
<b>ITEM 11 – MATERIAL CONTRACTS.....10</b>	

*Unless otherwise indicated, all references to dollar amounts herein are to Canadian dollars.*

*Investors should take note that certain statements in this Annual Information Form are forward-looking and may not give full weight to all of the potential risks and uncertainties. These forward-looking statements include statements that are subject to risks and uncertainties. Forward-looking statements are subject by their nature to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements. Any forward-looking statements speak only as of the date made. The Company is not undertaking to update any information in this Annual Information Form until the effective date of its future reports required by applicable securities laws. All information contained herein is as at February 28, 2009, unless otherwise noted.*

**HOMESERVE TECHNOLOGIES INC.  
ANNUAL INFORMATION FORM  
FOR THE FISCAL YEAR ENDED  
FEBRUARY 28, 2009**

**ITEM 1 – CORPORATE STRUCTURE**

**General**

**HOMESERVE TECHNOLOGIES INC.** ("Homeserve" or the "Company") provides software solutions and strategic consulting services for businesses. The Company was incorporated on February 27, 1987, by Articles of Incorporation pursuant to the *Business Corporations Act* (Ontario). See "Item 1 – Corporate Structure – Summary of Amendments to its Articles".

The Company's head office is located at 41 Wynford Drive, Toronto, Ontario, M3C 3K5. Internet site: [www.homeserve.ca](http://www.homeserve.ca). The contents of the Company's web site are not incorporated by reference into this Annual Information Form.

**Subsidiaries**

The Company has no material subsidiaries.

**Summary of Amendments to its Articles**

There have been no amendments to Homeserve's governing documents in the three fiscal years ended February 28, 2009.

**Intercorporate Relationships**

Trilon Bancorp Inc., an affiliate of Brookfield Asset Management Inc. ["BAM"] and Brookfield Residential Property Services, the residential real estate services division of BAM (collectively "BRPS"), holds a total of 1,652,905 Common Shares, representing 48.0% of the issued and outstanding Common Shares, 1,280,000 Series A Preferred Shares, 22,000,000 Series B Preferred Shares, 18,500,000 Series C Preferred Shares, and 3,500,000 Non-Voting Common Shares, representing all of the issued and outstanding Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Non-Voting Common Shares.

**Description of Share Capital**

See "Item 5 – Description of Capital Structure" below.

## ITEM 2 – GENERAL DEVELOPMENT OF THE BUSINESS

### Overview

The Company is a Canadian based software development and services company focused on home-related services for the real estate, relocation and banking industries. The Company provides a one-stop shopping service for home buyers and sellers, offering real-estate related products and services throughout the customer's purchasing and selling cycle, coordinated by a proprietary CRM software system and contact centre.

On August 3, 2006 the Company entered into a five year agreement with Aeroplan Limited Partnership ("Aeroplan"), pursuant to which the Company and Aeroplan developed and launched the Aeromove program. Under the Aeromove program the Company offers Aeroplan miles to Aeroplan members who register with the Aeromove program and use services offered by the Company and members of its supplier network, such as real estate services, moving services and legal services. See "Item 2 – General Development of the Business – Aeromove Program."

Until April, 2008, the Company provided a one-stop shopping service for home buyers and sellers, through its Home-Link division offering move and home-related services throughout the customer's purchasing and selling cycle, coordinated by a proprietary CRM software system and call center. Using its licensed software, Home-Link provided a highly automated solution through a number of different communication channels, including personalized web pages, email, phone and fax.

### Significant Developments

The following is a description of significant developments of the Company during the last three fiscal years:

#### Home-Link

Until April, 2008, the Company provided a one-stop shopping service for home buyers and sellers, through its Home-Link division. In April 2008, the Company combined its Home-Link business with other portions of its business (See "Item 2 – General Development of the Business – Aeromove Program").

#### *Changes to Management and the Board of Directors*

Plinio Cardoni became Vice President, Finance on May 19, 2005 and resigned effective June 13, 2008. Mr. Cardoni became Secretary of the Company on June 15, 2007 and resigned effective June 13, 2008. Andrew Titus was appointed General Manager, Move Services Programs, May 7, 2007 and resigned on September 5, 2008.

### Acquisitions and Corporate Development

#### *Aeromove Program*

On August 3, 2006 the Company entered into a five-year agreement with Aeroplan (the "**Aeroplan Agreement**"), pursuant to which the Company and Aeroplan developed and launched the Aeromove program. The Aeroplan Agreement is renewable for successive additional three-year terms and is terminable by either party in certain circumstances, including default, change in control and for convenience by either party upon nine months prior written notice. The Company is the exclusive licensee of the "Aeromove" trademark during the term of the Aeroplan Agreement. The Company is the exclusive provider of real estate services to Aeroplan and its exclusive provider of a consolidated move services program. The Company has agreed to a minimum mile commitment in each of the five years of the Aeroplan Agreement, commencing in 2007. The Aeromove program launched in February 2007.

In February, 2007 the Company entered into a supplier agreement with Centract Realty LP (“Centract Realty”), a subsidiary of BRPS, pursuant to which Centract Realty refers participating Aeromove members to its network of realtors across Canada.

### **Divestitures**

The Company has made no divestitures in the three fiscal years ended February 28, 2009.

## **ITEM 3 – NARRATIVE DESCRIPTION OF THE BUSINESS**

### **Current Business**

#### ***CRM Technology***

In fiscal 2007 the Company invested in a significant upgrade of its CARE II proprietary CRM software in connection with the launch of the Aeromove program. The Company has an exclusive, perpetual, royalty-free and irrevocable license for use in Canada of the CARE II proprietary CRM software. There are no transaction fees payable by Home-Link and Home-Link is required to incur the cost of supporting and upgrading this technology.

#### ***Aeromove Program***

On August 3, 2006 the Company entered into a five-year agreement with Aeroplan (the “**Aeroplan Agreement**”), pursuant to which the Company and Aeroplan developed and launched the Aeromove program. Under the Aeromove program the Company offers Aeroplan miles to Aeroplan members who register with the Aeromove program and use services offered by the Company and members of its supplier network, such as real estate services, moving services, car rental, junk removal and legal services.

The Aeroplan Agreement is renewable for successive additional three-year terms and is terminable by either party in certain circumstances, including default, change in control and for convenience by either party upon nine months prior written notice. The Company is the exclusive licensee of the “Aeromove” trademark during the term of the Aeroplan Agreement. The Company is the exclusive provider of real estate services to Aeroplan and its exclusive provider of a consolidated move services program. The Company has agreed to a minimum mile commitment in each of the five years of the Aeroplan Agreement, commencing in 2007, the cost of which has been fully guaranteed by a related party. The Aeromove program was launched in February 2007. See “Item 2 – General Development of the Business – Aeromove Program”.

The Company operates a real estate lead driven program pursuant to which Aeroplan members are matched with a real estate agent who participates in the Aeromove program. The Company has launched a complementary program that permits participating real estate agents, where not prohibited by provincial law or regulation, to offer Aeroplan miles to Aeroplan members who use their services.

### **Facilities**

The Company entered into the Wynford Drive Lease in respect of up to 2,000 square feet of office space at its offices on Wynford Drive, Toronto, Ontario (currently the Company's head office) terminable upon 30 days prior written notice. The Company pays an amount per square foot for the Wynford Drive Lease equal to the actual operating cost per square foot for the building. In 2006, the Company leased approximately 2,000 additional square feet of space at 41 Wynford Drive, on the same terms and conditions as the previous space, to accommodate the development, marketing and operations staff associated with the Aeromove program.

## **Human Resources**

As of February 28, 2009, the Company employed twenty-three (23) employees, including Aeromove staff, software development staff, Aeromove staff and management. All of these employees are located in Toronto at its premises at 41 Wynford Drive. The Company is not a party to any collective bargaining agreements.

## **Risk Factors**

The Company's business is subject to a number of risk factors, including those risk factors set forth below:

### ***Dependence on Key Customers & Suppliers***

The company generates a significant amount of its ICON licensing and consulting fee revenue from BRPS use of the Company's technology for the provision of relocation services under two separate contracts with the Canadian Department of National Defense, Government of Canada and the Royal Canadian Mounted Police (collectively "GOC Contracts"). These contracts remain in place until November 2009.

On April 29, 2009, a Request for Proposal for the GOC Contracts was issued with an effective start date of December 1, 2009. There can be no assurance that the GO Contracts will be awarded to BRPS. In the event that BRPS is not awarded with the GOC Contracts, this could significantly decrease the contribution margin provided by the ICON licensing arrangements, and material effect the Company's expected business, results of operations and financial condition.

There can be no assurance that the Aeroplan Agreement will not be terminated early. The Company is dependant on Contract Realty to maintain a network of participating real estate agents across Canada and to manage the referrals of Aeromove members to participating real estate agents.

There can be no assurances that the Company will be successful in licensing its ICON Software in markets outside of North America or on favourable terms. To date, the Company has not been successful in marketing its ICON Software.

### ***Dependence on Proprietary Technology***

The Company relies on a combination of copyright and trade secret laws and contractual provisions to establish and protect its rights in its software and proprietary technology, namely its Canadian licensing rights to its CARE II CRM software and ownership rights to the ICON Software. The Company generally enters into non-disclosure agreements with employees and customers and historically has restricted access to its software products' source codes. The Company regards its source code as proprietary information, and attempts to protect the source code versions of its products as trade secrets and as unpublished copyrighted works. In a few cases, the Company has provided copies of source codes for certain products to customers and strategic partners, for the purpose of special customization for identified projects. In these cases, the Company relies on non-disclosure and other contractual provisions to protect its proprietary rights. Despite the Company's precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of the Company's products or otherwise obtain and use information that the Company regards as proprietary.

Existing copyright and trade secret laws offer only limited protection, and the laws of certain countries in which the Company's may in the future be used do not protect the Company's products and intellectual property rights to the same extent as the laws of Canada and the United States. Certain provisions of the license and strategic alliance agreements that may in the future be entered into by the Company, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions, and the Company is required to negotiate limits on these provisions from time to time.

There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate to deter misappropriation of its technology or independent development by others of technologies that are substantially equivalent or superior to the Company's technology. The Company could incur substantial costs in protecting and

enforcing its intellectual property rights. Moreover, from time to time, third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that the assertion of such claims will not result in litigation or that the Company would prevail in such litigation or be able to obtain a license for the use of any infringed intellectual property from a third party or, if such a license is required, that it would be available on terms acceptable to the Company. Furthermore, litigation, regardless of its outcome, could result in substantial cost to the Company and divert management's attention and resources from the Company's operations. Any infringement claim or litigation against the Company could, therefore, materially adversely affect the Company's business, results of operations and financial condition.

### ***Dependence upon Key Personnel***

The Company competes for qualified personnel and if qualified professionals cannot be attracted, motivated and retained, the business and results of operations and financial condition of the Company could be materially adversely affected.

### ***Competition***

Existing or future competitors may develop or offer services that are comparable or superior to the Company at a lower price, which could have a material adverse effect on the Company's business, results of operations and financial condition.

### ***Future Capital Needs and Uncertainty of Additional Financing***

The Company may need to raise additional funds in the future in order to take advantage of its growth opportunities. These opportunities may require a more rapid expansion or acquisitions of complementary businesses or technologies, the development of new products and other responses to competitive pressures. There can be no assurance that additional financing will be available on terms favourable to the Company, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of strategic opportunities, develop new products and services or otherwise respond to competitive pressures. The Company believes it has sufficient liquid assets to meet its obligations and continue to fund operations for the foreseeable future.

### ***Stock Listing***

There can be no assurance as to whether the Company will be able to list its Common Shares on a recognized Canadian stock exchange or, if Common Shares are listed, an active and liquid trading market will develop. See "Item 6 – Market For Securities – Market for Securities".

## **ITEM 4 – DIVIDEND POLICY**

### **Dividend Plan**

The Company does not anticipate paying cash dividends in the foreseeable future on its Common Shares, but intends to retain future earnings for reinvestment in its business. Any future determination to pay cash dividends will be at the discretion of the Board of Directors, subject to compliance with any contractual restrictions, and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant.

The Series A Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series A Preferred Shares and a cumulative aggregate preferential annual participation dividend equal to 0.64% of the consolidated pre-tax income of the Company, with the first such annual dividend accruing on February 28, 2003. See "Item 5 – Description of Share Capital – Preferred Shares".

The Series B Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series B Preferred Shares and a cumulative aggregate preferential annual participation dividend equal to 11% of the consolidated pre-tax income of the Company multiplied by the quotient of (i) the weighted average number of Series B Preferred Shares issued, divided by (ii) 22,000,000. See " Item 5 – Description of Share Capital – Preferred Shares".

The Series C Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.50% of the redemption value of the Series C Preferred Shares and a cumulative aggregate preferential annual participation dividend equal to 9.25% of the consolidated pre-tax income of the Company multiplied by the quotient of (i) the weighted average number of Series C Preferred Shares issued, divided by (ii) 18,500,000. See " Item 5 – Description of Share Capital – Preferred Shares".

The Series D Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential non-cumulative annual dividend of 3.50% of the redemption value of the Series D Preferred Shares payable at the discretion of the Board of Directors, with such annual dividend to be payable (if declared) on the last day of February in each year. See " Item 5 – Description of Share Capital – Preferred Shares".

## **ITEM 5 – DESCRIPTION OF CAPITAL STRUCTURE**

The authorized capital of the Company consists of an unlimited number of Common Shares, an unlimited number of Non-Voting Common Shares and an unlimited number of preference shares issuable in series of which there are 3,443,687 Common Shares, 1,280,000 Series A Preferred Shares, 22,000,000 Series B Preferred Shares, 18,500,000 Series C Preferred Shares, no Series D Preferred Shares and 3,500,000 Non-Voting Common Shares are issued and outstanding as fully-paid and non-assessable shares as of June 11, 2009.

The following summary of the provisions of the Company's share capital is qualified by the detailed provisions of the articles of the Company.

### ***Common Shares***

The holders of Common Shares are entitled, subject to the rights of holders of preferred shares and any other shares ranking senior to the holders of Common Shares, to dividends if, as and when declared by the Board of Directors, to one vote per share at meetings of Shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares.

### ***Non-Voting Common Shares***

The holders of Non-Voting Common Shares will be entitled, subject to the rights of holders of preferred shares and any other shares ranking senior to the holders of Non-Voting Common Shares, to the same rights as holders of Common Shares and shall rank on parity with the Common Shares with respect to dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. In the event that any offer is made to holders of Common Shares that is not concurrently made to purchase Non-Voting Common Shares that is identical to the offer to purchase Common Shares with respect to price per share, percentage of outstanding shares for which the offer is made and in all other material respects ("Exclusionary Offer"), and greater than 50% of the holders of the outstanding Common Shares (inclusive of Common Shares owned immediately prior to the Exclusionary Offer), tender to such offer then, the Company shall use its best efforts to cause the offeror to extend the Exclusionary Offer to holders of Non-Voting Common Shares on the same terms and conditions. The Company has entered into an agreement with the holder of the Series D Preferred Shares to use its reasonable commercial efforts to seek a listing for the Non-Voting Common Shares on a recognized Canadian stock exchange, upon written request by the holder of the Series D Preferred Shares, exercisable at any time after five years from the date of issuance of the Non-Voting Common Shares.

## *Preferred Shares*

The preferred shares may be issued in one or more series. Prior to the issue of any such series, the directors are required to fix the number, designation and the rights attaching to the shares of such series. With respect to dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, the preferred shares of each series will rank on a parity with the preferred shares of every other series and are entitled to preference over the Common Shares. The preference shares of any series also are entitled to such other preferences over the Common Shares and the shares of any other class ranking junior to the preferred shares as may be fixed by the directors.

By Articles of Amendment dated April 13, 2004, the Company amended its share capital to provide for the issuance of up to 1,280,000 Series A Preferred Shares, up to 22,000,000 Series B Preferred Shares, up to 18,500,000 Series C Preferred Shares, up to 3,500,000 Series D Preferred Shares and up to 3,500,000 Non-Voting Common Shares.

The Series A Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series A Preferred Shares on March 31, June 30, September 30 of each year. In addition, the Series A Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a cumulative aggregate preferential annual participation dividend equal to 0.64% of the consolidated pre-tax income of the Company of the amount arrived at by applying the formulae below: (i) the Company's annual consolidated net income before tax calculated in accordance with GAAP and shown on the Company's audited consolidated financial statements for the subject year, if positive, or zero if negative; less (ii) the aggregate amount of any quarterly dividends accrued on the Series A Preferred Shares, Series B Preferred Shares, the Series C Preferred Shares or the Series D Preferred Shares, whether or not declared or paid; multiplied by (iii) the fraction which has the numerator the total issued and outstanding Series A Preferred Shares as at the last day of the subject financial year, and which has as its denominator 1,280,000. The Series A Preferred Shares are redeemable by the Company at any time after December 1, 2004 upon payment of the sum of \$1.00 for each share to be redeemed.

The Series B Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.25% of the redemption value of the Series B Preferred Shares on March 31, June 30, September 30 of each year. In addition, the Series B Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a cumulative aggregate preferential annual participation dividend equal to 11% of the consolidated pre-tax income of the Company by applying the following formulae: (i) the Company's annual consolidated net income before tax calculated in accordance with GAAP and shown on the Company's audited consolidated financial statements for the subject year, if positive, or zero if negative; less (ii) the aggregate amount of any quarterly dividends accrued on the Series A Preferred Shares, Series B Preferred Shares, the Series C Preferred Shares or the Series D Preferred Shares whether or not declared or paid; multiplied by (iii) the fraction which has the numerator the weighted average number of issued and outstanding Series B Preferred Shares as at the last day of the subject financial year, and which has as its denominator 22,000,000. The Series B Preferred Shares are redeemable by the Company at any time after December 1, 2004 upon the payment of the sum of \$1.00 for each share to be redeemed.

The Series C Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential cumulative quarterly dividend of 2.50% of the redemption value of the Series C Preferred Shares on June 30, September 30, December 31 and March 31 of each year. In addition, the Series C Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a cumulative aggregate preferential annual participation dividend equal to 9.25% of the consolidated pre-tax income of the Company by the figure derived by applying the following formulae: (i) the Company's annual consolidated net income before tax calculated in accordance with GAAP and shown on the Company's audited consolidated financial statements for the subject year, if positive, or zero if negative; less (ii) the aggregate amount of any quarterly dividends accruing on the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares or Series D Preferred Shares, whether or not declared or paid; multiplied by (iii) the fraction which has the numerator the total issued and outstanding Series C Preferred Shares as at the last day of the subject financial year, and which has as its denominator 18,500,000. Provided the Company has previously redeemed the Series A Preferred Shares and Series B Preferred Shares, the Company may redeem the Series C Preferred Shares at any time after December 1, 2005 upon payment of the sum

of \$1.00 for each share to be redeemed. The Company has entered into an agreement with the holder of the contractual right to received Series C Preferred Shares to use its reasonable commercial efforts to seek a listing for the Series C Preferred Shares on a recognized Canadian stock exchange, upon written request by such holder of the contractual right to receive the Series C Preferred Shares, exercisable at any time after five years from the date of issuance of the Series C Preferred Shares.

The Series D Preferred Shares entitle the holder thereof to receive, if declared by the Board of Directors, a fixed preferential non-cumulative annual dividend of 3.50% of the redemption value of the Series D Preferred Shares payable at the discretion of the Board of Directors with such dividend payable (if declared) on the last day of February in each year. The holder of the Series D Preferred Shares shall have the right, exercisable at any time and from time to time to convert each Series D Preferred Shares into one Non-Voting Common Share, subject to adjustment. The Series D Preferred Shares automatically converted into 3,500,000 Non-Voting Common Shares on the basis of one Series D Preferred Shares into one Non-Voting Common Share following the year ended February 28, 2006, in which the Cumulative Net Income of the Company exceeded \$12,000,000. Provided the Company has previously redeemed the Series A Preferred Shares and the Series B Preferred Shares, the Company may redeem the Series D Preferred Shares at any time after December 1, 2005 upon payment of the sum of \$1.00 for each share to be redeemed. Upon receipt of a notice from the Company to redeem all or any portion of the Series D Preferred Shares, the holder of each Series D Preferred Share shall have the right, exercisable at any time not less than five days prior to such redemption date, to convert such number of Series D Preferred Shares as are subject to the redemption notice. For purposes herein, "Cumulative Net Income" means the consolidated net income before tax calculated in accordance with GAAP and shown on the Company's consolidated financial statements for the period commencing on the April 13, 2004.

## **ITEM 6 – MARKET FOR SECURITIES**

### **Market for Securities**

None of the Common Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares or Non-Voting Common Shares are currently listed for trading on a stock exchange. The Common Shares were delisted from the TSX on August 29, 2002 due to the Company's inability to meet the TSX's continued listing requirements. The Company has entered into an agreement with the holder of the contractual right to receive Series C Preferred Shares to use its reasonable commercial efforts to seek a listing for the Series C Preferred Shares on a recognized Canadian stock exchange, upon written request by such holder of the contractual right to receive the Series C Preferred Shares, exercisable at any time after five years from the date of issuance of the Series C Preferred Shares. The Company has entered into an agreement with the holder of the Non-Voting Common Shares on a recognized Canadian stock exchange, upon written request by the holder of the Non-Voting Common Shares, exercisable at any time after five years from the date of issuance of the Non-Voting Common Shares. The Company will consider seeking a relisting of the Common Shares when there is a reasonable probability of returning value to Common shareholders after having considered the overall capitalization of the Company and in particular the servicing of the obligations related to the Company's preferred shares.

### **Prior Purchases and Sales of Securities**

No securities of the Corporation were issued in the fiscal year ended February 28, 2009.

## ITEM 7 – DIRECTORS AND OFFICERS OF THE COMPANY

### **Name, Occupation and Security Holding**

The section entitled "Information Concerning the Corporation – Directors and Officers of the Corporation" contained in the Company's 2009 Management Information Circular Relating to the Annual Meeting of Shareholders, which will be mailed out to shareholders of the Company on or about June 15, 2009, is hereby incorporated by reference. A copy of this document is available on Company's web site and may also be obtained from the Company upon written request to the Secretary of the Company and has been filed and is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

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

Mr. Paterson was a director of the Company when the Company obtained protection of the CCAA Court on January 29, 2002. Except for the foregoing, the Company confirms that, to the best of its knowledge, information and belief and after due inquiry, no proposed director, officer holding the title of Chief Executive Officer or Chief Financial Officer or promoter of the Company is, or within the ten years prior to the date of this Annual Information Form has been, a director, officer holding the title of Chief Executive Officer or Chief Financial Officer or promoter of any other issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days; or, (ii) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer. In addition, no proposed director, officer holding the title of Chief Executive Officer or Chief Financial Officer or promoter of the Company has, within the ten years prior to the date of this Annual Information Form, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

No proposed director, officer holding the title of Chief Executive Officer or Chief Financial Officer or promoter of the Company has, within the ten years prior to the date of this Annual Information Form, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer, or theft or fraud.

### **Conflicts of Interest**

Mr. Freedman is not an independent director as he is an officer of BAM, which is a "significant shareholder" (*i.e.*, defined as a "shareholder with the ability to exercise a majority of the votes for the election of the board of directors" of the Company). The Company confirms that, to the best of its knowledge, information and belief and after due inquiry, there is no existing or potential material conflicts of interest between the Company or any subsidiary of the Company and any director or officer of the Company or any subsidiary of the Company.

## ITEM 8 – PROMOTERS

BRPS holds a total of 1,652,905 Common Shares, representing 48.0% of the issued and outstanding Common Shares, 1,280,000 Series A Preferred Shares, 22,000,000 Series B Preferred Shares, 18,500,000 Series C Preferred Shares and 3,500,000 Non-Voting Common Shares, representing all of the issued and outstanding Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Non-Voting Shares.

## **ITEM 9 – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

In the fiscal year ended February 28, 2009, the Company paid approximately \$0.2 million to BRPS for rent of the premises used by the Company. Relocations, a company related to BRPS, paid the Company \$10.9 million pursuant to a software license in the fiscal year ended February 28, 2009.

In fiscal 2008, the Company paid approximately \$0.2 million to BRPS for rent of the premises used by the Company. Relocations, a company related to BRPS, paid the Company \$11.9 million pursuant to a software license in fiscal 2008.

In fiscal 2007, the Company paid \$0.3 million in management fees to BRPS for services provided by BRPS including accounting, payroll, internal audit and other administrative activities related to the day-to-day activities of the Company as well as strategic planning and guidance provided by senior executives of BRPS. In addition, the Company paid approximately \$0.1 million to BRPS for rent of the premises used by the Company. Relocations, a company related to BRPS, paid the Company \$11.2 million pursuant to the BRPS License in fiscal 2007. Home-Link received \$0.1 million in revenue from companies related to BRPS in fiscal 2007.

In February, 2007 the Company entered into a supplier agreement with Contract Realty, a subsidiary of BRPS, pursuant to which Contract Realty refers participating Aeromove members to its network of realtors across Canada. Contract Realty pays the Company a combination of marketing fees, which are used to purchase Aeroplan miles for participating Aeromove members. The marketing fees paid by Contract Realty are considered by the Board of Directors to be at or above the market rate.

Except for the forgoing, no insider or proposed nominee for election as a director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction in the prior three financial years of the Company that has materially affected or will materially affect the Company.

## **ITEM 10 – TRANSFER AGENTS AND REGISTRARS**

The transfer agent and registrar for the Common Shares of the Company is Computershare Trust Company of Canada, 100 University Avenue, 11<sup>th</sup> Floor, Toronto, Ontario, Canada, M5J 2Y1. The registers for the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Non-Voting Common Shares are located at the Company's office at 41 Wynford Drive, Toronto, Ontario, M3C 3K5. The Company acts as transfer agent for the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Non-Voting Common Shares.

## **ITEM 11 – MATERIAL CONTRACTS**

The Company has not entered into any material contracts in the most recently completed fiscal year, and there are no material contracts entered in prior fiscal years that are still in effect.

## **ITEM 12 – ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities of the Company, is contained in the management information circular dated June 11, 2009 prepared in connection with the 2009 Annual Meeting of Shareholders a copy of which

is available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company's comparative financial statements for the fiscal year ended February 28, 2009 contained in the Company's 2009 Annual Report to Shareholders a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company will also provide to any person upon request to the Secretary of the Company at:

41 Wynford Drive, Toronto, Ontario M3C 3K5  
Facsimile: (416) 446-0050 / Email: [information@homeserve.ca](mailto:information@homeserve.ca)

- (a) when securities of the Company are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of the Company's securities:
  - (i) one copy of the Company's most recent annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;
  - (ii) one copy of the comparative financial statements of the Company for its most recently completed financial year, together with the accompanying report of the auditor and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;
  - (iii) one copy of the Company's information circular in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and
  - (iv) one copy of any other documents that are incorporated by reference in the preliminary short form prospectus or short form prospectus and are not required to be provided under clauses (i), (ii) or (iii) above.
- (b) at any other time, one copy of any of the documents referred to in clauses (i), (ii) or (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Company.

## APPENDIX A - FORM 52-110F1

### 1. Audit Committee Charter

#### CHARTER

##### I. PURPOSE

The Audit Committee is a committee of the Board of Directors. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by:

- reviewing the financial reports and other financial information provided by the Corporation to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation's independent auditor and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

##### II. COMPOSITION AND MEETINGS

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related Management Discussion & Analysis and shall meet within one hundred and twenty (120) days following the end of the fiscal year end to review and discuss the audited financial results for the year and related Management Discussion & Analysis.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their audit related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and independent auditors of the Corporation.

As part of its job to foster open communication, the Committee should meet at least annually with

management and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditor and management quarterly to review the Corporation's financial statements.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee or such greater number as the Audit Committee shall by resolution determine.

Meetings of the Audit Committee shall be held from time to time and at such place as the Audit Committee or the Chairman of the Committee shall determine upon 48 hours notice to each of members. The notice period may be waived by a quorum of the Committee. Each of the Chairman of the Committee, members of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request.

### **III. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Audit Committee shall:

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, as conditions dictate.
3. Describe briefly in the Corporation's annual report and more fully in the Corporation's Management Information Circular the Committee's composition and responsibilities and how they were discharged.
4. Submit the minutes of all meetings of the audit committee to the Board of Directors.

#### Documents/Reports Review

5. Review the organization's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.
6. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Audit Committee.
7. Review with financial management and the independent auditor any filings with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

#### Independent Auditor

8. Recommend to the Board of Directors the selection of the independent auditor, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent auditor. Instruct the independent auditor that the Board of Directors, as the shareholders' representative, is the independent auditor's client.
9. Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.
10. Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Corporation to determine their independence.
11. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.
12. Review the performance of the independent auditor and approve any proposed discharge of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.
13. Periodically consult with the independent auditor out of the presence of management about significant risks

or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

14. Arrange for the independent auditor to be available to the Audit Committee and the full Board of Directors as needed.

#### Financial Reporting Processes

15. In consultation with the independent auditor review the integrity of the organization's financial reporting processes, both internal and external.
16. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.
17. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure

#### Process Improvement

18. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
19. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.
20. Following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the course of the audit and reviews.
21. Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.
22. Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.
23. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
24. Review activities, organizational structure, and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning within the company are raised for consideration at the full Board of Directors.

#### Ethical and Legal Compliance

25. Review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code. Review through appropriate actions taken to ensure compliance with the Code of Ethical Conduct and to review the results of confirmations and violations of such Code.
26. Review management's monitoring of the Corporation's system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
27. Review, with the organization's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization's financial

statements.

#### Risk Management

28. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

#### General

29. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The committee shall be empowered to retain independent counsel, accountants and other professionals to assist It in the conduct of any investigation.
30. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.
31. Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to plan or conduct internal or external audits or to determine that the Corporation's financial statements are in accordance with generally accepted accounting principles as these are the responsibility of management and the independent auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Corporation's compliance with applicable laws or regulations.

### **2. Composition of the Audit Committee**

The Audit Committee is comprised of William Danis (Chair), Donald W. Paterson and Jason Meretsky. Mr. Meretsky was Secretary of the Corporation until April 30, 2004. The Company considers each of the members of the Audit Committee to be independent and unrelated.

### **3. Relevant Education and Experience**

All members of the Audit Committee are financially literate, which includes the ability to read and understand the Corporation's financial statements, and the Chairman of the Audit Committee is a member of the Canadian Institute of Chartered Accountants and Institution of Chartered Accountants of Ontario.

### **4. External Auditor Service Fees (By Category)**

#### (a) Audit Fees

In Fiscal 2009, the Company paid \$55,000 to Ernst & Young in audit fees, compared with \$55,000 paid for audit fees to Ernst & Young in fiscal 2008.

#### (b) Audit-Related Fees

In Fiscal 2009, the Company paid \$nil to Ernst & Young in audit related fees, compared with \$nil paid for audit related fees to Ernst & Young in fiscal 2008.

#### (c) Tax Fees

In Fiscal 2009, the Company paid \$nil to Ernst & Young in fees for tax work, compared with \$nil for tax work to Ernst & Young in fiscal 2008.

#### (d) All Other Fees

In Fiscal 2009 and Fiscal 2008, the Company did not pay Ernst & Young fees for work other than audit or tax work.