

## **GUELPH JUNCTION RAILWAY LIMITED DIVIDEND POLICY**

The dividend policy of Guelph Junction Railway Limited (“GJR”) is intended to ensure the strategic growth of GJR while adding growth in shareholder value. The GJR Board may declare and pay dividends from available Net Income and cash flow, as follows:

1. Regular dividends at a dividend payment rate (DPR) of 0% - 10% of annual Net Income, subject to the Conditions Precedent to the Payment of Dividends set out below.
2. Conditions Precedent to the Payment of Dividends

Dividends will be paid to the extent that such payment would not otherwise cause:

- a) Non-compliance with applicable laws;
  - b) A breach of contract or the immediate or anticipated failure to otherwise meet the terms of financing arrangements;
  - c) a material impairment in the operations and maintenance of the assets of GJR
  - d) a material impairment in the financial prudence including capital investment in track infrastructure by GJR
  - e) a material impairment to service the debt of GJR and the due to/from balance from the City;
  - f) a material impairment in the maintenance and growth of GJR’s business plan
3. In lieu of a dividend, the Board may decide to provide the City with a monetary/non-monetary contribution outside of the regular service agreement.

#### 4. Payment of Dividends

##### *Regular Dividends*

Each year, at its meeting to approve the annual budget for the next financial year, the Board of GJR may approve an annual dividend by applying the DPR to budgeted earnings for the next financial year. If a dividend is declared, annual dividends will, subject to meeting the above Conditions Precedent to the Payment of Dividends, be included in the annual financial statements and recorded by March 31<sup>st</sup> of the following year.

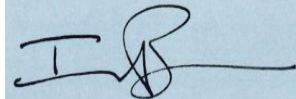
#### 5. Reporting to City

Upon the payment of any dividend, GJR shall provide an analysis to the City on whether and how the Conditions Precedent to the Payment of Dividends has reduced the amount of annual Net Income that would otherwise have been declared and paid

in dividends, specifying the extent to which each element of such Conditions Precedent has reduced such amount.

In the event that the GJR Board does not approve a payment of a Regular Dividend, the GJR Board will report the circumstances underlying the non-payment or dividend in lieu to the City.

Approved by the Board of Directors this 9<sup>th</sup> day of December, 2016.

A handwritten signature in black ink on a light blue background. The signature consists of the letters 'I' and 'B' in a stylized, cursive font, followed by a horizontal line extending to the right.

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Ian Brown, Chair of the Board