MESSAGE FROM THE BOARD OF DIRECTORS

2016 was a year of “scaling up” for the newly-formed Waterloo Region Economic Development Corporation, from the hiring of a full staff complement to the organization of a major AutoTech Symposium, the introduction of new organizational branding, and the support of significant investments from local, national and international companies.

In the first three months of 2017, Waterloo EDC (Waterloo EDC is the operating name of Waterloo Region Economic Development Corporation) has continued its growth trajectory and has helped to deliver a coordinated and integrated approach to economic development in the region. It is gratifying to see that almost 50% of current investment opportunities are in the Advanced Manufacturing field - demonstrating the region’s continued attractiveness to a wide range of business sectors. The following quarterly report will highlight the group's achievements during this past quarter.

As Chair of the Board, it gives me and my fellow Board members a great sense of satisfaction to be involved as Waterloo EDC becomes a leading investment attraction agency in Canada - with talented staff, committed leadership and an engaged business community.

We truly are inventing the future in Waterloo Region and I look forward to what is to come in the months – and years – ahead.

Gerry Remers, Chair of the Board, Waterloo EDC
MESSAGE FROM THE PRESIDENT AND CEO

In 2016 – our inaugural year – we were focused on hiring a talented and highly-skilled team, establishing collaborative relationships with our community partners and building a healthy pipeline of potential investments to support the continued growth of Waterloo Region. I am pleased to report our first year was successful on all fronts with notable investment wins such as ETAS/ESCRYPT, NCC Group, development of Highview Residences and the Hahn Plastics expansion.

We are continuing the positive momentum into our sophomore year. The team is squarely focused on executing against the three strategic pillars outlined in our 2017 Business Plan: investment transactions, best-in-class concierge service and advocacy, and investment marketing and awareness building for Waterloo Region.

This quarterly report highlights our activity, progress and accomplishments in each of these areas from January to March 2017.

In summary, our first quarter included a significant new Data Center business investing in our region, advancing a number of high potential investment attraction and expansion deals, leading and supporting a number of inbound and outbound missions and the continuous engagement and support of our local community with nearly 40 speaking engagement and sponsorships.

From an organizational perspective, we are a proud supporter of the amazing talent from our local post-secondary institutions co-op programs with the hiring of students from Conestoga College, Wilfrid Laurier University and the University of Waterloo. From an operational perspective, our team has successfully implemented new systems and processes to maximize efficiency, including payroll, project management, expense management and performance management.

As you will see summarized below, the start of 2017 has been successful and I am looking forward to the continued momentum and working with our local partners and stakeholders to build the profile of our community abroad and promote investment and retention.

Let’s Get to Work!

Tony LaMantia
2017 BUSINESS PLAN: THREE STRATEGIC PILLARS

<table>
<thead>
<tr>
<th>Investment Promotion</th>
<th>Concierge Service and Advocacy</th>
<th>Investment Marketing and Awareness</th>
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<td>To forge a clear track record of investment attraction and scale up wins.</td>
<td>To build a best-in-class “go to” concierge and advocacy service to facilitate investment attraction and retention.</td>
<td>To increase awareness and interest of Waterloo Region’s unique economic development value proposition in targeted geographies and sectors.</td>
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VISION, MISSION, VALUES

VISION
To be locally rooted, internationally competitive and globally renowned.

MISSION
To build a world-leading legacy of sustainable economic development, prosperity and diversity for Waterloo Region.

VALUES
Collaborative, Professional, Integrity, Accountable, Results-Focused.
QUARTERLY ACTIVITIES: JANUARY – MARCH 2017

INVESTMENT PROMOTION

The Waterloo EDC team was involved in more than 30 investment attraction and retention missions, including over 20 outbound and inbound missions throughout the first quarter of 2017. Many of these were with high-profile and internationally recognized organizations. The teams’ efforts and collaboration with the Cambridge municipal economic development partners translated into a significant deal finalized in March with the Ascent Corporation purchase of the former BlackBerry data center in Cambridge. In addition, there are three high potential pending deals in the sales pipeline and continued growth in both the Autotech and Security clusters with the notable acquisition of local company, TrustPoint Innovation, by ETAS/ESCRYPT.

Throughout the first quarter, the team participated in more than 40 meetings with local businesses with nearly half focused on potential investment expansion. The team also facilitated the first quarterly township specific economic development meeting with attendees from all four townships to support their economic development strategy and capability building planning initiatives.

The chart below summarize the sales pipeline as of the end of March 2017. Key highlights include:

- Approximately 35 potential deals in the sales pipeline, with an estimated value of $491 million and approximately 3,200 jobs.
- Of potential deals in the pipeline, approximately 47% are in Advanced Manufacturing, with the remaining almost equally split between Tech and Business and Financial Services.
- Sales pipeline continued to grow during the quarter.

Investment by Sector

- Advanced Manufacturing: $229,500,000 (47%)
- Financial Services: $137,300,000 (28%)
- ICT/Tech: $124,300,000 (25%)
CONCIERGE SERVICE & ADVOCACY

One of the strategic pillars is to provide best-in-class concierge service and advocacy for those looking to locate, relocate or expand to Waterloo Region.

Waterloo EDC received Federal government funding (Invest Canada Communities Initiative program) approval for all nine of its proposed initiatives, and each is progressing forward according to schedule. As part of this initiative, the team is working with the Region of Waterloo and other municipal partners to build a few “best-in-class” tools, reports and information that will be shared by all funding partners and will help take the economic development program to the next level.

The team has also started planning the second annual AutoTech Symposium, which will take place this fall. More information will be available in future quarterly updates and the team is confident the 2017 event will build on the great success from 2016. Community engagement continues to be a priority and Waterloo EDC is very active in the Region, through Peer 2 Peer groups, the Canada Games 2021 bid, Greater KW Chamber of Commerce and Cambridge Chamber of Commerce events, just to name a few.

Waterloo EDC participated in 25 speaking engagements in the first quarter, such as the University of Waterloo panel discussing the “Effects of U.S. Administration on Canada” and provided organizational updates to a number of local establishments, such as Accelerator Centre, Waterloo Region Home Builders Association, and the Greater KW Chamber of Commerce MNP Networking Breakfast.
INVESTMENT MARKETING & AWARENESS

The Waterloo EDC marketing team has been busy promoting Waterloo through a number of initiatives, such as the development of marketing collateral, advertisements, media and public relations, as well as many events and local sponsorships.

A major initiative, is the planning of Waterloo EDCs new website, set to launch in late 2017. The new website will be the organizations “external face” to Waterloo EDCs target audience, which is primarily international business executives, site selectors and investment intermediaries. The new website will represent Waterloo EDCs brand and tagline: “inventing the future” and communicate the Region’s unique economic development value proposition.

The team has been focusing on increasing engagement through Twitter and LinkedIn. The number of followers, views and engagement rate have increased since Q4 2016:

<table>
<thead>
<tr>
<th>Twitter</th>
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<tbody>
<tr>
<td>4,866 Followers</td>
<td>201 Followers</td>
</tr>
<tr>
<td>192,100 Views</td>
<td>10,212 Views</td>
</tr>
<tr>
<td>3.32% Engagement Rate</td>
<td>1.94% Engagement Rate</td>
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The team continues to focus on raising awareness of the community and the organization with both international and local stakeholders.