easyhome Ltd.

ANNUAL INFORMATION FORM

March 30, 2010

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

Page

CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form includes forward-looking statements about *easyhome* Ltd. including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as ‘expects’, ‘anticipates’, ‘intends’, ‘plans’, ‘believes’ or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects about future events is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to among other things, risks, uncertainties and assumptions about our operations, economic factors and the industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us, due to, but not limited to important factors such as our ability to enter into new lease and/or finance agreements, collect on existing lease and/or finance agreements, open new locations on favourable terms, secure new franchise locations, purchase products which appeal to our customers at a competitive rate, cope with changes in legislation, raise capital under favourable terms, manage the impact of litigation, control costs at all levels of the organization and maintain and enhance our system of internal controls. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. We are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless otherwise required by law.

Additional information is contained in the Company’s filings with Canadian securities regulators, including the Company’s Annual Report. These filings are available on SEDAR at www.sedar.com and on the Company’s website at www.easyhome.ca.

CORPORATE STRUCTURE

Name, Address and Incorporation

easyhome Ltd. (formerly RTO Enterprises Inc. ("RTO")), together with its subsidiaries, (unless the context otherwise requires, "easyhome" or the "Company") is in the business of leasing, with or without an option to purchase, top-quality, brand name household furnishing, appliances and home electronic products to consumers under weekly or monthly agreements. The Company also offers a franchise program which enables third-party investors to operate merchandise leasing businesses under the easyhome brand and operating procedures. Finally, the Company offers a variety of financial services, including loans, prepaid credit cards and cheque cashing through its easyfinancial services business. One of the Company's subsidiaries operates in the U.S.

easyhome was incorporated under the laws of Alberta by Certificate and Articles of Incorporation dated December 14, 1990, and was continued as an Ontario corporation pursuant to Articles of Continuance dated July 22, 1993. Effective August 1, 1993, RTO acquired Aumo Explorations Inc. ("Aumo"), a reporting issuer in the Province of Ontario. Aumo was incorporated under the laws of Ontario by Articles of Incorporation dated December 15, 1980. Pursuant to Articles of Amalgamation dated July 31, 1993, and the terms of an Amalgamation Agreement dated June 24, 1993, Aumo and RTO were amalgamated. At the date of amalgamation, Aumo had no significant assets or liabilities. The purpose of the amalgamation was to acquire a public company such that shareholders of RTO would have greater liquidity and marketability in respect of their Common Shares.

On July 30, 2002, the articles of the Company were amended to consolidate the Company's issued and outstanding shares on a one for ten basis.

On December 2, 2002, the articles of the Company were amended to create a class of Preference Shares. On October 30, 2003, the articles of the Company were further amended to remove a limitation on the redemption of Preference Shares.

At the Company's annual and special meeting held on May 1, 2003, shareholders approved the change of the Company's name from RTO Enterprises Inc. to easyhome Ltd. and that change became effective on July 2, 2003.

On May 11, 2005, the articles of the Company were amended to split the Company's issued and outstanding shares on a one and half for one basis.

On January 2, 2007, easyhome incorporated a U.S. subsidiary, EH US Holdings Inc. under the laws of Delaware. On December 31, 2007 its name was changed to easyhome U.S. Ltd.

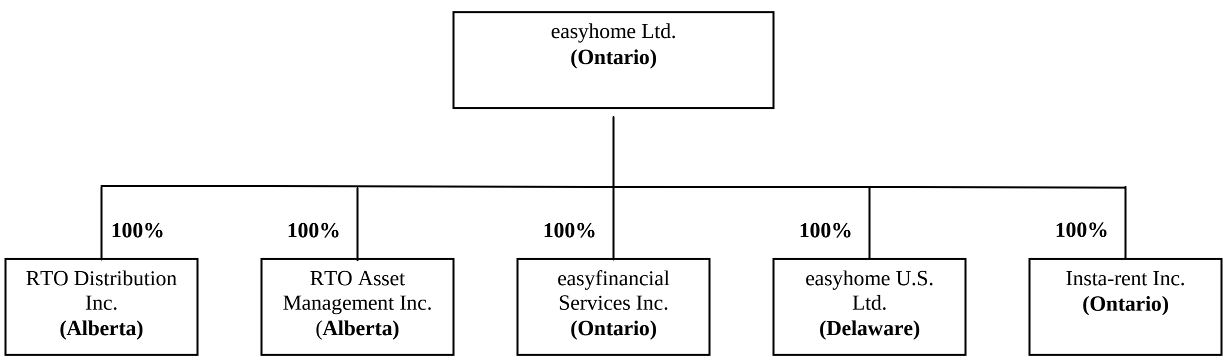
On January 1, 2008, three of easyhome's Canadian subsidiaries, RTO (Rentown) Inc., RTO (Rentown) 2000 and RTO Asset Management Inc., amalgamated pursuant to the laws of Alberta under the name RTO Asset Management Inc.

On September 25, 2008 easyhome acquired 89% of the outstanding shares of Insta-rent Inc. ("Insta-rent"), an Edmonton based merchandise leasing company which was listed on the TSX Venture Exchange. The Company subsequently acquired the remaining 11% of Insta-rent's outstanding shares and delisted that company.

The registered office of easyhome is located at 199 Bay Street, Suite 2800, Commerce Court West, Toronto, Ontario M5L 1A9; its head office is located at 10239-178 Street, Edmonton, Alberta, T5S 1M3; and its executive office is located at Suite 600, 77 City Centre Drive, Mississauga, Ontario, L5B 1M5.

Intercorporate Relationships

easyhome is the holder of all of the shares in the capital of its subsidiaries, RTO Distribution Inc., RTO Asset Management Inc., easyfinancial Services Inc., Insta-rent, and easyhome U.S. Ltd. easyhome's principal subsidiaries are as set forth in the following chart:



Appliances, furniture and other products for lease are acquired through RTO Distribution Inc. and easyhome U.S. Ltd. ("easyhome U.S.") The Company's stores are operated through RTO Asset Management Inc. (including holding the leases for the Company's Canadian stores) and Insta-rent. easyfinancial Services Inc. ("easyfinancial") operates the Company's consumer lending operations while easyhome U.S. operates the Company's U.S. merchandise leasing business. Franchises are offered through easyhome in Canada and easyhome U.S in the United States.

GENERAL DEVELOPMENT OF THE BUSINESS

easyhome Ltd. is Canada's largest merchandise leasing company, and the third largest in North America, offering top-quality, brand name household furnishings, appliances and home electronic products to consumers under weekly or monthly lease agreements, either through its own corporate stores or through franchised locations. In addition, the Company offers a variety of financial services, including instalment loans, prepaid credit cards, and cheque cashing through its easyfinancial services business. easyhome is principally focused on leasing merchandise and providing financial services to a wide variety of cash- and credit- constrained consumers who may have insufficient cash resources or a lack of credit at that time.

In 2009, the Company i) opened three corporate stores in the U.S., ii) closed three corporate stores in Canada and one corporate store in the U.S., iii) sold one U.S. corporate store to a franchisee, iv) opened one Canadian franchise store, v) opened 11 U.S. franchise stores and vi) opened 15 easyfinancial kiosks within its Canadian locations. In 2010, the Company plans on opening 5-10 new corporate stores, 20-30 new franchise stores and 20-30 new easyfinancial kiosks.

At the end of 2009, easyhome had 240 stores, including 206 Canadian corporate stores, 12 U.S. corporate stores, 7 Canadian franchised / licensed stores and 15 U.S. franchised stores. The Company also operated 29 easyfinancial kiosks within its Canadian stores. The break-down of the Company's Canadian corporate locations on a province-by-province basis as of December 31, 2009 is as follows: British Columbia 24; Yukon 1; Alberta 23; Saskatchewan 11; Manitoba 9; Ontario 83; Quebec 13; New Brunswick 10; Nova Scotia 17; Prince Edward Island 2; and Newfoundland 13. There are 5 franchised/licensed stores in Ontario, 1 in Alberta and 1 in Manitoba. The Company's 12 U.S. corporate stores are all located in the state of New York, while the U.S. franchise stores are located in the states of Kansas, Nebraska, Missouri, Oklahoma, Arkansas, Texas and New York. A majority of the U.S. franchise stores are run by the master franchisor, easygates LLC.

Management Reorganization and Refocus

Commencing in 2000, the Company undertook to implement certain changes to its management, operations and corporate governance practices based upon recommendations made by the Company's Board of Directors and initiated a review of its accounting policies, which included a comparison with industry practices in the United States. In December 2000, David Ingram was appointed as the Company's Executive Vice President and Chief Operating Officer and, in May 2001, he became the Company's President and Chief Executive Officer.

The Company initiated a number of changes to senior management in early 2001 and refocused its operations on the basic business model, which had proven successful in the United States. The return to a basic leasing business model reflected an acknowledgement that, in its attempts to build its lease agreement portfolio, the Company had strayed from the basic tenets of the business — "lease and collect" — and ignored the ability of its customers to meet their lease obligations. As a result, store personnel devoted more time to dealing with delinquent accounts than new sales which led to a decline in merchandise leases and increased charge-offs. In order to remedy this, the Company established "best practice" collection criteria, which, among other things, standardized the internal collection process resulting in greater operating efficiencies. Once delinquencies were brought under control, the Company turned its attention to improving its product range and marketing promotions at the store level. For the remainder of 2001 and through to 2007, this focus led to an increase in the size and quality of the lease portfolio and the improvement of key performance indicators.

Re-Branding Initiative

Throughout the late 1990's, part of the Company's growth came through acquisitions, and as a result by 2002 the Company was carrying on business under six different names. Building upon the process begun in 2001 of refocusing operations on the basic merchandise leasing business model with a view to creating a more profitable organization, the Company determined that it was preferable to operate under a single national brand which would offer efficiencies and greater name recognition. As a result, in January 2003 a re-branding initiative was launched pursuant to which the Company would consolidate its six retail banners into a single brand, "easyhome", and in July 2003 the Company changed its name to easyhome Ltd.

The Company believed that re-branding would help it meet its business objectives of attracting more customers and having more items on lease for longer periods. In addition to the benefits derived from the greater name recognition of a national brand, the re-branding initiative allowed the Company to offer a more consistent retail experience to customers, who the Company believed would foster greater customer satisfaction, greater customer loyalty and increased revenues.

Exploring New Growth Platforms

During the first half of this decade, easyhome experienced rapid growth through the opening of additional corporate stores. To continue with this growth and to further obtain economies of scale, the Company investigated several complementary growth platforms and decided to pursue two growth platforms that would continue to expand into the foreseeable future.

easyfinancial services

Financial services constitute a logical complement to the core business of merchandise leasing. Merchandise leasing customers can benefit not only from assistance through consumer term loans, but also from ancillary financial services such as cheque cashing, pre-paid credit cards and insurance against disability and unemployment.

In early 2006, the Company opened its first easyfinancial kiosk in Edmonton, Alberta, to meet the lending needs of the cash- and credit-constrained consumer. Consistent with the Company's strategy of prudent growth, this kiosk was a test outlet. Later during that same year, the Company opened two additional locations whose purpose was to deepen the understanding of the market. The knowledge and expertise gained from these initial kiosks led to a refinement of the concept, improving the marketing to target consumers and the controlling of collections. In 2008, the Company decided to advance the easyfinancial services business from a test phase to roll-out. As at December 31, 2009 the Company operated 29 easyfinancial kiosks, all located within its Canadian stores in the provinces of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, New Brunswick, Nova Scotia and Newfoundland.

United States operations

The U.S. provides a significant opportunity for easyhome. It is a $6 billion market that is highly fragmented, with approximately half the market served by small, independent operators. American consumers have a good understanding of merchandise leasing options and easyhome provides an attractive alternative to what is currently available in the marketplace. The Company's U.S. growth strategy has two major components. First, the Company, through its wholly-owned subsidiary easyhome U.S., signed a License/Master Franchise Agreement (the "License Agreement") with an entity controlled by Walter "Bud" Gates ("easygates LLC") on March 2, 2007. Mr. Gates is the former Chairman and Chief Executive Officer of a large U.S.-based rent-to-own company. In addition, Mr. Gates has run a series of successful rent-to-own and other franchised businesses over the last 20 years. The License Agreement has an initial six-year term and allows easygates LLC to set up easyhome franchises in the U.S., excluding the 14 U.S. states that border Canada. The License Agreement provides that, for each franchise store that is opened, Gates LLC and easyhome will split both the initial franchise fee and the ongoing royalty fees. As at December 31, 2009, 14 franchise locations were opened and operated under the License Agreement.

The second component of the U.S. growth strategy is for the Company to open, through easyhome U.S., a combination of corporate and franchise stores in the 14 U.S. states which border Canada. In 2007, the Company hired a U.S. V.P. of Operations who in turn hired an experienced team of individuals with extensive operating experience in the industry. The Company opened 3 corporate stores in the state of New York in 2007 and operated 12 corporate stores and one franchise store as at December 31, 2009.

Finally, to assist with the marketing and development of the easyhome brand in the U.S., the Company acquired certain U.S. intellectual property assets for approximately $1.8 million in 2007. The purchase price was satisfied by a cash payment of US$1.0 million and the issuance of 40,000 Common Shares of easyhome.

Acquisition of Insta-rent

The Company acquired 89% of the outstanding shares of Insta-rent. in the third quarter of 2008 and subsequently acquired the remaining 11% before year end. Insta-rent was a publicly traded merchandise leasing company with 50 locations across Canada, the majority of which were kiosks located in The Brick Warehouse stores. Insta-rent had approximately 8,300 customers when it was acquired and 70% of the Insta-rent locations were located within 6 kilometres of an easyhome store. The purchase price was $10.6 million including acquisition costs and was largely funded by bank borrowings. The Company commenced integrating the Insta-rent operations with its own late in the third quarter of 2008. The integration plan was substantially completed by the end of December, 2008. Most of the Insta-rent locations have been closed and the business, inventories and customers integrated into easyhome's own stores.

Corporate Restructuring

During the third quarter of 2009, the Company commenced a reorganization of administrative facilities and certain functions. This restructuring re-aligned many corporate responsibilities and will consolidate all administrative functions into one corporate office in Mississauga Ontario by the end of the second quarter of 2010, at which time the Edmonton head office will close. Restructuring charges of $1.9 million were recognized in 2009 and the total expected cost of the restructuring is $2.6 million.

In 2009, the Company also organized itself to operate under three complementary business units: easyhome leasing, easyfinancial services and easyhome franchising. These business units draw on the Company's core competencies in collections and building customer relationships with cash- and credit- constrained consumers.

OVERVIEW OF THE BUSINESS UNITS

Overview of easyhome Leasing

easyhome's core business is the business of leasing, with an option to purchase, top-quality, brand name household furnishing, appliances and home electronic products to consumers under weekly or monthly agreements. The Company's programs appeal to a wide variety of consumers who may not be able to purchase merchandise because of a lack of credit or insufficient cash resources, who have a short-term or otherwise temporary need for the merchandise, or who simply want to use the merchandise, with no long-term obligation, before making a purchase decision.

When leasing merchandise, the customer also has the option of purchasing the Total Protection Coverage Policy, which provides for the return of the product at any time and allows the customer to reinstate the lease without charge within one year of termination. The Total Protection Coverage Policy also covers delivery, installation, and pick-up of the merchandise, and temporary replacement of the merchandise while being repaired.

For the year ended December 31, 2009, the vast majority of the Company's total leasing revenue was generated from easyhome's merchandise leasing program and a small percentage of total leasing revenue was derived from the rental program, which does not provide for a purchase option. Customers who wish to lease merchandise with an option to purchase from easyhome are required to enter into easyhome's standard form merchandise leasing agreement (a "Merchandise Lease Agreement").

The Merchandise Lease Agreement provides that the customer will lease merchandise for a set term and make periodic payments on a weekly or monthly basis. Generally, customers are required to make an initial up-front lease payment and thereafter the periodic payments are collected in advance for each payment period. Customers who purchase the optional Total Protection Coverage Policy can return leased merchandise without further obligation or penalties at any time during the lease term and may reinstate the lease without charge within one year of termination. If the customer makes all of the periodic payments throughout the lease term, he or she will obtain ownership of the merchandise at the end of the lease term. In addition, at specified times during the term of a Merchandise Lease Agreement, customers can exercise an option to purchase the leased merchandise at a predetermined price.

easyhome also offers customers, through its rental program, the opportunity to rent products on a weekly or monthly basis from its stores without an option to purchase the merchandise. Customers desiring to rent merchandise without a purchase option enter into easyhome's rental agreement (the "Rental Agreement"). Merchandise available under easyhome's rental program is generally merchandise which has previously been leased by customers of easyhome. The rental program is particularly suitable for people who only require the use of merchandise for a short period of time.

Customers generally obtain lease merchandise at the local easyhome store, although they may also do so by telephone or by contacting the Company's call centre where an order form is processed and transferred to the closest store for completion. Most easyhome stores are open 6 days a week, contain sufficient space to maintain attractive displays of merchandise, have a storage area and convenient parking facilities. Typically, the average store size is 3,800 to 4,000 square feet. After being open for 36 months, a typical store services approximately 900 lease units. easyhome offers same-day delivery of in-stock merchandise. Generally, a sufficient quantity of merchandise is held at all store locations to fill customer orders promptly. Suppliers of merchandise ship products directly to individual store locations generally on a biweekly basis.

Subject to manufacturers' warranties, the customer is responsible for the cost of all service and repairs to merchandise during the term of Merchandise Lease Agreement unless he or she has entered into the optional Liability Damage Waiver Policy, under which service and repairs not attributable to customer neglect or misuse of the merchandise are arranged by easyhome at no additional cost to the customer. Because easyhome stocks only brand name merchandise with full-term manufacturer warranties, virtually all service and repair costs are covered under the warranties and costs to easyhome generally run at about 0.9 % of leasing revenue per year.

Prior to entering into a Merchandise Lease Agreement or a Rental Agreement, customers are required to complete an order form (which provides information relating to income sources, personal references, residence and other information) that is evaluated and verified by easyhome staff. Other than the information obtained through the order form, no formal credit investigation is undertaken. Should a payment be missed on a customer renewal, easyhome's standard collection process begins with the notification of delinquency, an attempt to work out a reasonable time for payment to be made and concludes with reclamation of the product if satisfactory payment terms cannot be met. easyhome observes the respective local and provincial/state laws in the reclamation process and works with every customer to develop alternative payment schedules whenever possible. easyhome maintains ownership of its merchandise unless and until a purchase option (if any) is exercised. For the year ended December 31, 2009 total inventory losses and write-offs were 4.2% of leasing revenue (2008: 3.8%).

Overview of easyfinancial Services

easyfinancial services is the Company's financial services arm, offering short-term loans, cheque cashing, prepaid credit cards and selected other financial services. easyfinancial's loans occupy a critical niche in the marketplace, bridging the gap between traditional financial institutions and pay-day lenders. easyfinancial is a logical complement to easyhome's core leasing business, leveraging on the resources of its parent, locating its kiosks within existing easyhome stores and funding its loan portfolio with the significant cash generated by the leasing business. At the end of 2009, easyfinancial operated 29 kiosks inside easyhome stores. These kiosks occupy approximately 200 square feet of showroom space inside an easyhome store.

For the year ended December 31, 2009, the majority of easyfinancial's total revenue was generated from loan interest payments and loan protection plan fees. easyfinancial offers unsecured short term instalment loans in amounts from $500.00 to $3000.00 for six, twelve and eighteen month terms with bi-weekly, semi-monthly and monthly repayment options. Customers can choose to repay the entire loan balance at any time during the term with no penalty. All easyfinancial loan customers are offered an optional loan protection plan which insures the loan against their involuntary loss of employment, accident and illness, critical illness, and death. As a credit reporting lender, easyfinancial positions its loan products as a vehicle to rebuild credit for the credit constrained consumer.

easyfinancial's net bad debt charge-offs as a percentage of loan book have been reduced from 12.2% at the end of 2008 to 7.2% at the end of 2009. In comparison, US national banks average 3.4%, US regional banks average 2.5%, Canadian banks average 0.6%, and US cash advance providers average 40.9%. Note that the US and Canadian banks include both commercial and consumer loans in these charge-off estimates. easyfinancial services expects to further improve the net bad debt charge-offs going-forward.

Overview of easyhome Franchising

The easyhome franchising business was launched in 2007 to help the Company grow faster and to capitalize on the enormous potential for easyhome leasing in the United States. The franchising business is built around the same principles of operational excellence as the Company's core leasing business.

easyhome's franchising business has taken a two pronged approach to expansion. First, in Canada and in the 14 U.S. states that border Canada, easyhome acts as a direct franchisor to independent owner/operators that wish to run merchandise leasing business in these marketplaces under easyhome's brand name and standard operating procedures. In addition to a one-time initial franchise fee, these franchisees contribute monthly royalties to easyhome based on a percentage of each franchise location's total monthly revenue. These franchisees also participate in easyhome's inventory procurement programs to take advantage of the Company's volume buying ability and rely upon easyhome to provide training, advertising and marketing and technology services on a fee basis. At December 31, 2009, seven locations in Canada and one location in the U.S. were franchised or licensed by easyhome directly to the owner/operators.

easyhome franchising's second approach to expansion is through a master franchise agreement with easygates LLC. In 2007, the Company forged an agreement with industry veteran Bud Gates and his team of U.S. merchandise leasing experts who formed a limited liability company, easygates LLC, to offer investment opportunities to individuals for participation in easyhome franchised locations managed by easygates. The team at easygates quickly established a strong foundation for franchise development and support, opening the first U.S. franchise location in November 2008 and, at December 31, 2009, operated 14 locations in 6 U.S. states. All franchise fees and royalties are shared equally between easyhome and easygates and the franchise locations managed by easygates also participate in easyhome's inventory procurement programs to take advantage of the Company's volume buying ability and rely upon easyhome to provide training, advertising and marketing and technology services on a fee basis.

STRATEGY OF THE COMPANY

The Company's long-term business objectives have three key elements:

- enhancing the profitability of existing store locations
- expanding new growth platforms
- growing the number of store locations

Enhancing Store Profitability

The Company's experience has shown that the average store takes approximately 3 years to reach maturity and in most cases new stores generate a loss in their first year of operation and only a modest profit in the second year. As the Company has opened over 100 new stores in the last six years, enhancing store profitability is a central focus of the operational staff. There are a number of tactics the Company pursues to enhance operational profitability including:

Differentiate the Company's business concept

The Company believes that the success of its operations is partly attributable to its approach to the business which is distinctive from that of its merchandise leasing competitors and discount stores and retail outlets that offer an instalment sales program or offer comparable products and prices. For example, in order to meet changing customer needs the Company utilizes merchandise lease agreements that result in a competitive lease rate and the Total Protection Coverage Policy that offers the ability to return the product at any time without further cost or obligation and also includes delivery, set-up, installation and pick-up. The Company also offers more attractive store showrooms and a wider selection of higher-quality merchandise. Additionally, most customers make their payments in person and the Company uses these frequent visits to strengthen customer relationships and make customers feel welcome in its stores.

Offer high levels of customer service and satisfaction

The Company fosters relationships with its customers in order to encourage merchandise leases and repeat business by providing high levels of service and satisfaction. As part of its attempt to provide superior customer service, the Company offers quick delivery of leased or rented merchandise, in many cases within the same or next day. The Company believes that competent, knowledgeable and motivated personnel are necessary in order to achieve high levels of customer service and satisfaction. Accordingly, the Company has employee training programs, as well as performance measurement programs, incentive driven compensation plans and other tools, in order to increase the employee retention rate and to promote improved productivity. The Company's employee turnover rate was 57.4% for the year ended December 31, 2009, down from 59.1% in 2008. The average employee turnover rate approximates 80% in the merchandise rental industry in the United States.

Promote its brand name

In early 2003, the Company announced the launch of the re-branding initiative to consolidate its six retail banners into the easyhome brand. The Company believes that the transition helped it meet its objectives of attracting new customers, increasing customer retention and increasing revenue per customer. The Company's marketing programs target the prime customer base. The Company typically markets through direct mail programs, flyers and in-store marketing programs and has expanded its marketing strategy to include English language television when appropriate.

Effectively utilize proprietary management information systems

The Company utilizes computerized information systems to systematically pursue collections and merchandise returns and to match inventory with demand. Each store is linked by computer directly to corporate headquarters, which enables the Company to monitor the performance of each store on a real time basis.

Expanding New Growth Platforms

The Company continues to expand the previously announced new growth platforms of U.S. leasing and franchising and easyfinancial services. These new businesses complement the Canadian leasing business and ensure that easyhome will continue to expand into the foreseeable future. The U.S. expansion strategy was developed as a new growth platform that is now contributing to the significant growth in the number of store locations. In 2006, we commenced testing higher risk consumer lending through easyfinancial services kiosks operating within existing easyhome stores. The services offered by easyfinancial services were later expanded to include other financial products including cheque cashing and prepaid credit cards. In 2010, the Company plans on opening 20-30 new easyfinancial kiosks.

Growing the Number of Store Locations

The merchandise leasing market in Canada is underdeveloped and there is an opportunity to grow by selectively opening new stores when economic conditions warrant such expansion. These new stores will be placed in locations which, based on consumer research, best provide the Company with access to customers who meet both the required socio-economic and psychographic profiles. In addition, the Company will augment new store openings with acquisitions where it is felt such an acquisition would serve to bolster the organic growth of the business in a given region. Such an acquisition occurred during the latter part of 2008 when Insta-rent, an operator of 44 merchandise leasing kiosks located in the Brick stores as well as 6 stand alone stores, was acquired. Although the majority of the locations acquired in this acquisition were subsequently closed to realize operating efficiencies, most of the customers were transferred to nearby easyhome stores.

The Company also believes that the U.S. provides a significant opportunity for easyhome. It is a U.S. $6 billion market that is highly fragmented, with approximately half the market served by small, independent operators. American consumers have a good understanding of merchandise leasing options and easyhome provides an attractive alternative to what is currently available in the marketplace. easyhome’s strategy to attack this marketplace is through a combination of both corporate and franchise stores, utilizing the skills developed in the Canadian operations and the strength and industry knowledge of the Master Franchisor, easygates, LLC. The Company believes that the U.S. growth strategy of employing both corporate and franchise stores strikes a balance between exploring a significant growth opportunity while not exposing the Company’s balance sheet to undue risk.

In pursuit of this strategy, easyhome has opened more than 100 stores since 2004, significantly increasing the size of the Company. In 2010, the Company plans on opening 5-10 new corporate stores and 20-30 new franchise stores.

NARRATIVE DESCRIPTION OF THE BUSINESS

Competition

The Company competes with other merchandise leasing and rental businesses and, to a lesser extent, with rental stores that do not offer a purchase option. Competition is based primarily on lease and rental prices and terms, product selection and availability, and customer service. Furthermore, additional competitors may emerge and the large U.S. merchandise rental chains that have established a presence in Canada may further increase their presence in Canada, since barriers to entering the merchandise leasing and rental business are relatively low.

Aaron Rents, Inc., the second-largest merchandise rental chain in the United States, opened its’ first franchise store in Kitchener, Ontario in the fall of 2003 and has since grown to 30 stores and has stated its intention to continue to open more stores in Canada. Rent-A-Center, Inc., the largest merchandise rental company in the United States with over 3,000 stores, purchased a five store chain in Alberta in March of 2004 and has grown to eight stores since then. They have also announced their intentions to expand in the Canadian market. The entry of Aaron Rents, Inc. and

Rent-A-Center, Inc., as well as the growth of local competitors in the Canadian market, will increase the competitive forces for customers and employees. However, the Company believes that the entry of Aaron Rents, Inc. and Rent-A-Center, Inc. into Canada will also stimulate industry growth and is an indication of the significant growth potential that the Company believes exists in the merchandise leasing and rental industry in Canada. This increased competition has the potential to adversely affect the Company's operational results should the Company not be able to adequately respond to the increased competition.

Business Cycles

The Company's lease business and financial services business are both portfolio businesses and as such are not as seasonal as other retail businesses which generate a significant portion of their sales and profits in the Christmas season. Quarterly revenue generally does not vary by more than 10%, assuming no portfolio growth, no store openings and no acquisitions.

Systems and Processes

The Company maintains an extensive information technology system to monitor all aspects of its operations and to facilitate its store expansion program. Each store has an on-site customized computer system on which all inventory data, customer information and leasing and rental transactions are recorded. A similar system is also in place to manage the easyfinancial services' loan book, customer information and lending transactions. Transaction records and reports from each store and kiosk are electronically transmitted periodically to easyhome's data centre. In addition, the Company receives daily status reports from the Company's bankers confirming deposits made by each store and kiosk location. easyhome's extensive reporting system enables management to consistently monitor compliance with control systems. During 2007, the Company acquired and installed a new point of sales software product from a leading provider of point of sales software systems in the merchandise leasing business in the U.S. This software provides real-time information on sales, inventory, customers and purchasing trends. The Company utilized the core applications from this system in its U.S. stores in 2007 and rolled out a customized version of the system in one of its Canadian regions in the first quarter of 2008. The remainder of the Canadian regions were converted by the end of the second quarter of 2008.

Products

easyhome offers brand name household furnishing, appliances and home electronic products. easyhome's major product lines currently include the following brand names:

Home Electronics	Appliances	Furniture and Accessories	Computers and Video Game Stations
Sony	GE	Ashley Furniture	Dell
Samsung	Samsung	Dynasty	HP
LG Electronics	Whirlpool	Ezita	Acer
Toshiba		Serta	Toshiba
			Nintendo
			Microsoft
			Sony

easyhome purchases all products directly from the manufacturers or distributors. All merchandise is delivered directly to the stores, and accordingly easyhome does not generally require warehouse facilities. Product mix is determined by senior management based on historical lease patterns and the expected demand for new products.

Each store is required to carry a pre-determined number of the Company's core selection of products, but store management is able to select the remainder of inventory based on local customer preferences. The Company maintains good relationships with its suppliers. Given the variety of suppliers able to meet the Company's inventory requirements for any particular product line, the Company does not believe that is it necessary to limit itself to one supplier, nor does it enter into long term supply contracts with its suppliers. However, because of the volume of products purchased, the Company is able to negotiate favourable terms with its suppliers.

The following chart indicates the percentage of the Company's total lease revenue represented in the product categories for the periods indicated. The Company realizes greater margins on furniture and accessories than other product categories.

	Year ended December 31					
	2009	2008	2007	2006	2005	2004
Home Electronics	36%	36%	36%	36%	37%	39%
Appliances	12%	12%	12%	13%	14%	16%
Furniture and Accessories	37%	38%	38%	37%	35%	34%
Computers and Video Game Stations	15%	14%	14%	14%	14%	11%

Through easyfinancial services, the Company also offers short-term consumer loans available in three formats:

Expressloan: $500 - $999 for 6 months

Easyloan: $1,000 - $1,999 for 12 months

Freedomloan: $2,000- $3,000 for 18 months

Liability Damage Waiver Policy

The Company's Liability Damage Waiver Policy is an optional loss/damage waiver program made available to customers when entering into a Merchandise Lease Agreement. The plan provides protection to a customer from the obligation to make any additional payments under a Merchandise Lease Agreement in the event that merchandise is damaged, destroyed or lost through fire, flood, lightning, smoke, wind, storm or theft in exchange for payment of a pre-determined amount over the term of the Merchandise Lease Agreement. Subject to manufacturers' warranties, a customer who does not take advantage of the merchandise protection plan is fully liable for damage in excess of normal wear and tear. Currently, the vast majority of all new customers who enter into Merchandise Lease Agreements elect to participate in easyhome's Liability Damage Waiver Policy.

Advertising

easyhome's primary advertising media have been direct mail, flyers and in-store marketing programs. Generally, advertisements stress the advantages of leasing from easyhome. To a lesser extent, easyhome also utilizes promotional brochures and "yellow pages" advertising. With the national brand now in place, the Company has periodically expanded its brand awareness efforts to include a national English language television campaign. This supports all other marketing initiatives and introduces the services that easyhome offers to customers.

Advertising expense as a percentage of total revenue for the year ended December 31, 2009 was 4.2% (2008: 3.5%).

Employees

As of December 31, 2009, easyhome had 1,288 employees, of whom 87 were employed in management, accounting and administrative capacities in both the Edmonton and Mississauga offices, and 1,201 were employed in easyhome's stores, including 57 employees working for easyfinancial services, 51 employees working for easyhome U.S. and 29 employees working in the area of regional management. None of easyhome's employees are unionized. easyhome considers its relations with its employees to be satisfactory.

Typically, each easyhome store requires a staff of 4 to 7 employees and each easyfinancial kiosk requires a staff of one to three employees. Promotions generally come from within the ranks of store employees. easyhome has in place a revamped employee training program which outlines a 40 day training and certification program which all employees must complete, as well as more comprehensive management training and certification programs.

Each easyhome store manager reports to a regional manager, who supervises the management of all the stores within a particular region, with each region having an average of 6 to 10 stores. Each regional manager reports to one of five divisional vice-presidents. Store managers, regional managers and divisional vice-presidents receive a significant portion of their compensation in the form of cash bonuses determined under a profit and loss incentive arrangement. This arrangement is designed to promote growth, optimize revenues and maximize store profitability. Periodic bonuses are paid for achievement of profit goals.

Each easyfinancial manager reports to a regional manager, who supervises the management of all the kiosks within a particular region, with each region having an average of 10 to 15 kiosks. Each regional manager reports to the divisional vice-president. Managers, regional managers and the divisional vice-president receive a significant portion of their compensation in the form of cash bonuses determined under a profit and loss incentive arrangement. This arrangement is designed to promote growth, optimize revenues and maximize store profitability. Periodic bonuses are paid for achievement of profit goals.

Facilities

easyhome leases all of its store locations, which are generally located in strip shopping centres, plazas, or stand-alone buildings in moderate to low income neighbourhoods. All easyfinancial services kiosks are located within existing easyhome stores. The terms of the leases are generally five to ten years and contain renewal options at fair market value rates. easyhome is generally required to pay a proportional share of real estate taxes, as well as insurance and utilities. easyhome believes that its policy of leasing all of its premises gives it the flexibility to respond to shifting consumer patterns and changing space requirements. easyhome has not experienced substantial difficulty in renewing leases or acquiring substitute facilities for its stores although Canadian lease rates have been trending upwards in recent years.

easyhome's Edmonton office consists of 5,596 square feet of leased premises. In the third quarter of 2009, the Company announced a reorganization of its operational and administrative functions and the corresponding closure of its Edmonton head office in the second quarter of 2010, at which time the lease will expire. The Company will be consolidating its corporate headquarters in Mississauga. The Company's current Mississauga office consists of 10,819 square feet of leased premises. Late in 2009, the Company made arrangements with its landlord to move into an alternate location consisting of 20,688 square feet of leased premises in the second quarter of 2010 and agreed to a new lease with a 10-year term expiring on April 14, 2020 with an optional 5-year renewal term at market rates. Concurrent with the move of the head office to the new location, the lease of the Company's current Mississauga office will expire.

As of December 31, 2009, easyhome had 206 corporate stores and 7 franchise / license locations which operated in Canada and 29 easyfinancial service kiosks which operated within Company stores in Canada. These stores are situated in 160 different towns and cities in all ten Canadian provinces and one territory. Also at December 31, 2009, easyhome had 12 corporate stores and 15 franchise / license locations which operated within the U.S. These stores are situated in seven states.

Insurance

The Company believes that it has sufficient property insurance to cover the maximum replacement costs of any one store, subject to a $10,000 deductible and a $21.8 million overall limit for the policy period. The Company also carries commercial general liability insurance in the amount of $2.0 million per claim for bodily injury and property damage, subject to a $10,000 deductible and a $10.0 million overall limit for the policy period. The Company's automobile insurance includes coverage of $2.0 million bodily and property damage per occurrence, subject to a $5,000 deductible. The Company has directors' and officers' liability insurance with a limit amount equal to $20.0 million for each policy period, subject to a $150,000 deductible, the annual premiums of which are paid by the Company.

Regulatory Matters

Canada

There is no federal legislation in Canada that specifically regulates merchandise leasing or rental transactions. However, section 347 of the federal Criminal Code prohibits the charging of an effective annual rate of interest that exceeds sixty percent for an agreement or arrangement for credit advanced. For the purposes of section 347, "interest" is defined to include the aggregate of all charges and expenses, whether in the form of a fee, fine, penalty, commission or other similar charge or expense or in any other form, paid or payable for the advancing of credit under the agreement or arrangement.

While Management of the Company is of the view that its merchandise leasing and rental business does not involve the provision of credit for the purchase of goods, it has implemented measures to ensure that the aggregate of all charges and expenses under the Merchandise Lease Agreement and the Rental Agreement do not exceed the maximum interest rate allowed by law. If it should be determined that aspects of the business of the Company are subject to section 347 of the Criminal Code, and the Company has not complied with the requirements thereof, the Company could be subject to either or both (1) civil actions for nullification of contracts, rebate of some or all payments made by customers, and damages, and (2) criminal prosecution for violation of the Criminal Code, any of which outcomes could have a material adverse effect on the Company.

Legislation in the principal provinces in which the Company operates specifies that if the Company's business involves future performance agreements, leases with terms of a specified length, the sale of goods or the provision of credit for the purchase of goods, as defined in certain of such legislation, the Company may be required to comply with various disclosure requirements, including in some instances disclosure requirements concerning the costs of purchase and credit.

In 1996, in order to provide uniform consumer protection across Canada, provincial Ministers responsible for consumer affairs agreed to a package of harmonization proposals and in June 1998, the federal Consumer Measures Committee proposed the Agreement for Harmonization of Cost of Credit Disclosure Laws in Canada to serve as a guide for legal drafting. Certain provinces have enacted legislation based on these guidelines in connection with consumer protection, including Alberta's *Fair Trading Act*, Ontario's *Consumer Protection Act, 2002*, and Part V of British Columbia's *Business Practices and Consumer Protection Act* (which came into force on July 1, 2006).

Management of the Company has reviewed and revised its business model to ensure it is in compliance with the provincial legislation. The application of the provincial legislation to the Company's business model remains uncertain and there is a risk that regulatory bodies or consumers could assert that the Company is not in compliance with such legislation. If it should be determined that aspects of the business of the Company are subject to legislation affecting such transactions, and the Company has not complied with the requirements thereof, the Company could be subject to either or both (1) civil actions for nullification of contracts, rebate of some or all payments made by customers, and damages, and (2) prosecution for violation of the legislation, any of which outcomes could have a material adverse effect on the Company.

With respect to the Company's short-term loan business, legislation concerning short term loans is being considered or has been introduced in most provinces, and while easyhome believes it is in full compliance with federal and provincial requirements, it will continue to monitor such legislative changes to adjust its business model accordingly. However, if it should be determined that aspects of the business do not comply with legislative requirements, the Company could be subject to civil actions or prosecution for violation of the legislation, any one of which could have a material adverse effect on the Company.

United States

The U.S. rent-to-own industry is subject to various governmental regulations, including regulations regarding rent-to-own transactions. In total, 47 states plus the District of Columbia have enacted statutes that define and regulate rent-to-own transactions as a distinct type of consumer transaction and one other state has amended its retail instalment sales statute to exclude rent-to-own transactions from its coverage if certain criteria are met. These laws generally require certain contractual and advertising disclosures. They also provide varying levels of substantive consumer protection, such as requiring grace periods for late payments, limiting the amount and nature of various ancillary fees, such as one-time initial processing fees and late fees, and requiring customers to be given the right to reinstate terminated agreements if certain conditions are met. Additionally, the rent-to-own laws in nine states limit the total amount of rental payments that may be charged over the life of a rent-to-own agreement. Several of the Company's U.S. competitors have been subject to litigation alleging that they have violated some of these statutory provisions. This litigation includes claims that allege that easyhome U.S.'s competitors' rental agreements constitute instalment sales contracts or violate other state laws enacted to protect customers.

Although there is currently no comprehensive federal legislation regulating rental-purchase transactions, adverse federal legislation may be enacted in the future. From time to time, legislation has been introduced in Congress seeking to regulate the rental business. In addition, various legislatures in the states where easyhome U.S. anticipates doing business may adopt new legislation, or adopt amendments to existing legislation, that could require easyhome U.S. to alter its business practices.

In addition to operating easyhome stores in the U.S. states that border Canada, easyhome U.S. may enter into franchise agreements or other arrangements through which it will directly or indirectly grant others the right to operate easyhome stores. easyhome U.S. entered into a License/Master Franchise Agreement with easygates LLC, pursuant to which easygates LLC may arrange easyhome franchises in certain U.S. states that do not border Canada. See "General Development of the Business – Exploring New Growth Opportunities - United States operations." Certain terms of franchise agreements, as well as the form and content of certain disclosures that must be made to potential franchisees, are subject to state and federal regulation (i.e., by the U.S. Federal Trade Commission).

Legal Proceedings

As of March 30, 2010, easyhome is not a party to any material legal proceeding, nor was it a party to any material legal proceeding during the Company's financial year ended December 31, 2009.

RISK FACTORS

Dependence on Key Personnel

As a consequence of its growth strategy and relatively high employee turnover at the store level, the Company requires a growing number of qualified managers and other store personnel to operate its stores successfully. There is competition for such personnel and there can be no assurances that the Company will be successful in attracting and retaining such personnel as it may require. If the Company is unable to attract and retain qualified personnel or its costs to do so increase dramatically, its operations would be materially adversely affected.

In particular, the Company is dependent on the continued services of its President and Chief Executive Officer and the rest of the senior management team and the loss of these individuals without adequate replacement could materially adversely affect its business and operations.

Government Regulation and Compliance

As described under "Narrative Description of the Business – Regulatory Matters", easyhome is subject to Canadian and U.S. legislation and regulation.

Future Capital Needs

If the Company intends in the future to significantly expand its operations, it may require substantial funds. The Company may have to obtain additional funding through debt or equity financing. However, there can be no assurance that additional funding will be available when needed or will be available on terms acceptable to the Company. If additional funds are raised by issuing equity securities, shareholders may incur dilution.

Litigation

From time to time the Company may be involved in material litigation. There can be no assurance that any litigation in which the Company may become involved in the future will not have a material adverse effect on the Company's business, financial condition or results of operations.

Competition

As described in "Narrative Description of the Business – Competition", competition from Aaron Rents, Inc., Rent-A-Center, Inc., and others in the Canadian market will increase the competition for customers and employees. Although the Company believes that such competition will stimulate industry growth and is an indication of the significant growth potential that exists in the merchandise leasing industry in Canada, this increased competition could have a material adverse effect on the Company's operational results should the Company not be able to adequately respond to it.

Future Growth

The Company's ability to increase its customer and revenue base is contingent, in part, on its ability to locate appropriate store sites for new store openings and the relocation of poorly performing stores and to install easyfinancial services kiosks within its existing Canadian stores. Revenue growth could be impacted significantly if the Company is not able to source new store sites at reasonable lease rates, install new easyfinancial services kiosks and hire and train management and staff to operate the stores and kiosks.

New Store Start-Up Costs

Opening new stores can involve significant start-up costs. Additionally, new stores are often not profitable in their first year of operations and do not contribute to the Company's cash flows until after 18 months of operations. As a result, opening a significant number of new stores over a short period of time may materially decrease the Company's net income and cash flows for a period of time. Furthermore, there can be no assurance that the Company will fully recover these start-up costs or that the new stores will be successful.

easyfinancial Services Inc. and easyhome U.S. Ltd.

The businesses conducted by easyfinancial services and easyhome U.S. are relatively new businesses with no proven history and no guarantee of success. There is substantial competition in such businesses run by competitors who are often established corporations with resources which are substantially greater than those available to easyfinancial services and easyhome U.S. While the Company intends to monitor the development of these businesses and allocate the use of cash resources and personnel in a measured and careful manner, the start-up of any new business involves a number of risks, including:

- the diversion of Company's management from day-to-day operations;
- the potential disruption of Company's ongoing business;
- the inability to attract, train, retain and motivate key personnel;

- the additional expense associated with the start up of a new business, and
- unanticipated expenses, events or circumstances.

Given that certain members of management will be required to devote time and attention to the development of the new businesses, they may be unable to devote proper attention to existing operations. Moreover, in the case of the business of easyhome U.S., the Company will need to devote money and resources to ensure compliance with applicable U.S. municipal, state and federal laws and regulations.

The Company's failure to address such risks could prevent easyfinancial services and/or easyhome U.S. from realizing the benefits of such businesses, cause them to incur anticipated liabilities, and harm the Company's business generally.

Compliance with Financial Covenants

The Company's successful financial and operating performance is required in order for the Company to continue to comply with the covenants in its debt instruments. At December 31, 2009 the Company was not in compliance with the fixed charge ratio financial covenant required under its lending agreements. The Company's lender has agreed to not demand repayment of the bank revolving credit facility and the term loan, to waive the fixed charge ratio financial covenant for the three months ended December 31, 2009 and to amend the fixed charge ratio financial covenant until the annual renewal date in June 2010, at which time the covenants will be reviewed. The Company expects to be in compliance with the all of its covenants under its lending agreement at the renewal date and as at December 31, 2010. There is no guarantee that in the future the Company will meet these covenants.

Possible Volatility of Stock Price

The market price of the Company's Common Shares, similar to that of many other Canadian (and indeed worldwide) companies, has been subject to significant fluctuation in response to numerous factors, including the current credit crises and related recession, as well as variations in the annual or quarterly financial results of the Company, timing of announcements of acquisitions or material transactions by the Company or its competitors, other conditions in the economy in general or in the industry in particular, changes in applicable laws and regulations and other factors. Moreover, from time to time, the stock markets experience significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of shares for future sale (including shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of such shares or the perception that such sales could occur could adversely affect the prevailing price of the Common Shares.

Influence by Significant Shareholder

Donald K. Johnson, Chairman of the Corporation, is the direct or indirect holder of 460,241 Common Shares and has control or direction over an additional 1,837,951 Common Shares registered in the name of VYCO Ltd., a private company of which Mr. Johnson is President. VYCO Ltd. is controlled by a family trust of which Mr. Johnson is a discretionary beneficiary. These shares represent in the aggregate 2,298,192 Common Shares being approximately 22.1% of all Common Shares outstanding on a non-diluted basis. Mr. Johnson may be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions.

Economic Conditions

Current uncertainty in general economic conditions may negatively affect our financial results. A prolonged period of economic decline could have a material adverse effect on our results of operations and financial condition and exacerbate some of the other risk factors described herein. We can neither predict the impact current economic conditions will have on our future results, nor predict when the economy will show meaningful improvement.

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Preference Shares, issuable in series, with the attributes of each series to be determined by the Board of Directors. The issued and outstanding capital of the Company as at December 31, 2009, consists of 10,419,145 Common Shares.

In December 2002, the articles of the Company were amended to create the first series of Preference Shares. In 2003, these Preference Shares were redeemed and at this time there are no Preference Shares outstanding.

Normal Course Issuer Bid

On July 2, 2009, the Company filed a Notice of Intention to make a normal course issuer bid to permit repurchases of Common Shares through the Toronto Stock Exchange ("TSX"). The TSX has accepted this notice in which the Company stated its intention to purchase on the TSX, during the period commencing July 8, 2009, and ending July 7, 2010, a maximum of 200,000 Common Shares being approximately 3.0% of the public float (as defined by the rules and guidelines of the TSX) as of December 31, 2009. The price for any such shares will be the prevailing market price at the time of purchase and all shares purchased will be determined by the Board of Directors of the Company. As of March 30, 2010, the Company had repurchased 86,700 shares for a cost of $766,000.

Common Shares

The following is a summary of the principal attributes of the Common Shares.

Voting Rights

Holders of the Common Shares are entitled to receive notice of, and to attend all meetings of the shareholders of the Company. At any such meeting, other than a meeting at which only the holders of another specified class of series of shares of the Company are entitled to vote separately as a class or series, each Common Share confers one vote.

Dividends

The holders of Common Shares are entitled to receive on a pro-rata basis such dividends as may be declared by the Board of Directors of the Company, out of funds legally available therefore, subject to the preferential rights of any shares ranking prior to the Common Shares with respect to the payment of dividends.

Rights on Dissolution

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares will be entitled to receive on a pro-rata basis all the assets of the Company remaining after payment of all the Company's liabilities, subject to the preferential rights of any shares ranking prior to the Common Shares with respect to the distribution of assets upon liquidation, dissolution or winding-up of the Company.

Pre-emptive and Conversion Rights

No pre-emptive or conversion rights attach to the Common Shares and the Common Shares, when fully paid, are not liable to further call or assessment. No other class of voting shares may be created without the approval of the holders of the Common Shares voting separately as a class.

Preference Shares

The following is a summary of the principal attributes of the authorized Preference Shares, none of which are outstanding.

Issuance in One or More Series

The directors of the Company may issue Preference Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the directors of the Company shall fix the number of shares and such series and determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to be attached to the shares of such series.

Ranking

No rights, privileges, restrictions or conditions attaching to a series of Preference Shares shall confer upon the shares of the series a priority in respect of dividends or in respect of return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, over the shares of any other series of Preference Shares.

Preference Shares are entitled to priority over the Common Shares and over any other shares of any other class of the Company ranking junior to the Preference Shares with respect to the payment of dividends and/or the return of capital in the distribution of assets in the event of liquidation or dissolution or winding-up of the Company whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs as the directors of the Company shall determine at the time of determining the number and designation of, and the rights, privileges, restrictions and conditions attaching to, the series of Preference Shares.

If any amount of cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on a return of capital in the event of the liquidation, dissolution or winding-up of the Company in respect of a series of Preference Shares is not paid in full, the Preference Shares of all series shall participate rateably in respect of all accumulated cumulative dividends, whether or not declared, and all declared non-cumulative dividends, and in respect of amounts payable on return of capital in the event of liquidation, dissolution or winding-up of the Company; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Preference Shares with respect to amounts payable on return of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends.

Voting Rights

The holders of Preference Shares are not entitled as such to receive notice of, to attend or to vote at any meetings of the shareholders of the Company. The holders of Preference Shares are entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all the property of the Company other than in the ordinary course of business.

Modifications

The rights, privileges, restrictions and conditions attaching to Preference Shares, as a class, may not be amended, modified or varied in whole or in part except with prior approval of not less than two-thirds of the holders of Preference Shares present (in person or by proxy) at a meeting of the holders of Preference Shares duly called for such purposes in addition to any other approval required by law.

Dividends

Prior to May 10, 2004, the Company had not declared or paid a dividend on the Common Shares. The Company declared its first dividend on May 10, 2004 in the amount of $0.04 cents per Common Share, payable on July 2, 2004 with a record date of May 31, 2004. In total, dividends of $485,000 were paid to holders of Common Shares in 2004, $1,410,000 in 2005, $2,222,000 in 2006, $2,772,000 in 2007, $3,406,000 in 2008 and $3,561,000 in 2009. On March 9, 2010, the directors declared a quarterly dividend of $0.085 per Common Share payable on April 9, 2010 to shareholders of record on March 31, 2010.

The historic dividend policy of the Company is to declare and pay quarterly cash dividends at the discretion of the Board of Directors, as circumstances permit, in an aggregate annual amount equal to approximately 30% of the prior year's net income. The Company's dividend policy and practice will be reviewed from time to time in the context of the Company's earnings, financial condition, the need to retain earnings to fund future growth of the business of the Company and other relevant factors, and the declaration of a dividend will always be at the discretion of the Board of Directors.

Market for Securities

The Company's Common Shares are listed on The Toronto Stock Exchange under the symbol "EH".
The volume and price range for the Common Shares for each month in 2009 was as follows:

		Price Range	
2009	**Volume of shares traded**	**Low $**	**High $**
January	38,500	9.60	10.99
February	28,100	10.24	10.50
March	24,000	9.25	10.97
April	23,100	8.90	9.74
May	24,100	8.06	9.48
June	221,900	8.00	9.0
July	133,200	8.66	9.75
August	40,600	8.00	9.75
September	27,500	8.96	9.77
October	205,800	7.91	9.50
November	395,400	8.00	8.99
December	34,200	8.08	8.95

DIRECTORS AND OFFICERS

Under the by-laws of the Company, directors of the Company are elected annually. Each director holds office until the next annual meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the by-laws.

Name, Address, Occupation and Security Holdings

The names, provinces or states of residence, positions, principal occupations and shareholdings of the directors and executive officers of easyhome as at December 31, 2009 are as follows:

Name and Place of Residence	Principal Occupation(s) (for the past 5 years or more)	Became a Director or Officer	Common Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised
Donald K. Johnson Ontario, Canada	Member, Advisory Board, BMO Capital Markets since November 2009. Prior to that, Mr. Johnson was Senior Advisor, BMO Capital Markets from November 2004 to November 2009, and prior to that he as Vice-Chairman of BMO Nesbitt Burns Inc. Mr. Johnson also serves as the Chairman Emeritus and a Director of Business for the Arts, a director of the Toronto General & Western Hospital Foundation, a director and member of the Executive Committee of the Richard Ivey School of Business Advisory Board, a director of the Toronto Foundation for Student Success, a member of the 2010 Major Individual Giving Cabinet of the United Way of Greater Toronto and a director of Manicouagan Minerals Inc.	June 1999	2,298,192
David Ingram Ontario, Canada	President and Chief Executive Officer of easyhome Ltd. since May 24, 2001. Prior to that, Mr. Ingram was Executive Vice-President and Chief Operating Officer of easyhome Ltd. since December 2000. Prior to that Mr. Ingram was an executive with Kingfisher plc (a retail conglomerate) in the United Kingdom. He is also a Trustee of the Boys & Girls Club of Canada Foundation and a Member of the Foundation’s Strategic Team.	December 2000	402,329
Ronald G. Gage, FCA **(1) (3)** Ontario, Canada	Corporate Director. From 1993 to 1999 Mr. Gage was Chairman and Chief Executive Officer of Ernst & Young LLP in Canada. Mr. Gage also serves as a director of Invesco Trimark Canada Fund Inc., Invesco Trimark Corporate Class Inc. and Toromont Industries Ltd..	August 2000	41,700

Name and Place of Residence	Principal Occupation(s) (for the past 5 years or more)	Became a Director or Officer	Common Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised
Douglas Anderson(1) (3) (4) South Carolina, U.S.A.	Corporate Director. From September 2001 to September 2004, Mr. Anderson was President and Chief Operating Officer of Friedman's Inc., a United States company involved in the retail jewellery business. Prior to that, Mr. Anderson was President and Chief Executive Officer of Thorn Americas, Inc., the parent company of Rent-A-Centre Inc. (a consumer rental company) in the United States. Friedman's Inc. filed Chapter 11 petitions on behalf of itself and seven of its subsidiaries in the U.S. Bankruptcy Court for the Southern District of Georgia on January 14, 2005.	May 2009	40,500
Nancie Lataille(2) (3) Ontario, Canada	Director, Partner since July 2005 of Korn/Ferry International, a global talent management firm. For the five years prior to that, Ms. Lataille was a recruiter with ZSA, a legal recruitment firm.	August, 2006	None
David Lewis(1) (2) Ontario, Canada	Chair of the Board, Green Shield Canada since January 1, 2007. Prior to that, Mr. Lewis served as a corporate director. Mr. Lewis also serves as a director of The Caldwell Partners International Inc., West Street Capital Corporation and various private and not-for-profit entities.	August 1993	86,400
Joseph Rotunda(2) (3) Texas, U.S.A.	Director, President and CEO since 2000 of EZCORP, Inc., a financial services company located in the U.S. Prior to that, Mr. Rotunda was Executive Vice-President and Chief Operating Officer of Thorn Americas, Inc., the parent company of Rent-A-Center Inc. (a consumer rental company) in the United States. Mr. Rotunda also serves as a director of Albemarle & Bond Holdings PLC.	July 2000	42,000

Name and Place of Residence	Principal Occupation(s) (for the past 5 years or more)	Became a Director or Officer	Common Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised
Steven Goertz Ontario, Canada	Senior Vice-President and Chief Financial Officer of easyhome Ltd. Mr. Goertz was Vice President, Finance, for Sobeys Ontario from 2003 to 2009. Prior to that, Mr. Goertz was Vice President, Finance for Maple Leaf Foods Inc. from 1999 to 2003. Mr. Goertz a Chartered Accountant and holds an Honours Degree, Bachelor of Mathematics from the University of Waterloo.	August 2009	None
David Maries New York, U.S.A.	Senior Vice-President, Marketing, Merchandising and Financial Services of easyhome Ltd. Mr. Maries was a divisional manager with Rent-A-Center Inc. in the USA from 1997 to 2001. Prior to that, Mr. Maries held various operational and marketing positions for Thorn Europe, based out of the UK.	May 2001	120,915
Rick Atkinson Ontario, Canada	Senior Vice-President, Development of easyhome Ltd. Mr. Atkinson was previously Vice President, Leasing and Operations for Devan Properties and prior to that was Corporate General Manager Real Estate with Sears Canada. Mr. Atkinson holds an Honours Degree, Bachelor of Arts in Urban Planning from Lakehead University.	May 2005	43,136

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance Committee.

(4) Mr. Anderson was elected as a director in May 2009 and previously served as a director from July 2000 to April 2008.

As of March 30, 2009, the directors and executive officers of the Company (including Mr. Donald Johnson, the Chairman of the Company) beneficially own directly or indirectly or exercised control or direction over 3,075,172 Common Shares or approximately 29.5% of the issued and outstanding Common Shares. The holdings of Mr. Johnson are described above under “Risk Factors – Influence by Significant Shareholder”.

AUDIT COMMITTEE INFORMATION

The Company's Audit Committee Mandate sets out its responsibilities and duties, membership qualifications and procedures for reporting to the Board of directors. A copy of the mandate is attached hereto as Schedule "A". The Audit Committee is comprised of three directors, all of whom are independent directors: Ronald Gage (Chair), David Lewis and Douglas Anderson. Each member of the Audit Committee is considered by the Board to be financially literate by way of their business experience and educational background. The following is a brief summary of the education and experience that is relevant to the performance of their responsibilities as Committee members.

Ronald Gage, B.Com, FCA (Chairman of the Audit Committee)

Mr. Gage is a Chartered Accountant and a fellow of the Institute of Chartered Accountants of Ontario. Mr. Gage retired as Chairman and Chief Executive Officer of Ernst & Young LLP, Canada in 1999 after a 38 year career in public accounting and, in such capacity, actively supervised persons engaged in preparing, auditing, analyzing or evaluating financial statements. Mr. Gage is a director of several public companies.

David Lewis, B.Com, SM

Mr. Lewis is a retired banker. His last position was Chairman and CEO of Continental Bank of Canada. He serves as a Director and Chairman of the audit committee of two public companies, Caldwell Partners International and West Street Capital Corporation. In addition, he serves as the Chair of the Board of Green Shield Canada Limited, a not for profit provider of health benefit services that is regulated by OSFI under the Insurance Companies Act.

Douglas Anderson

Mr. Anderson is a former President and Chief Operating Officer of Friedman's Inc., a retail jewellery business based in the United States. He is also the former President and Chief Executive Officer of Thorn Americas, Inc., the parent company of U.S. based Rent-A-Center Inc.

External Auditor Service Fees

During the two most recently completed financial years, the Company paid the following fees to Ernst & Young LLP, the Company's external auditor, for audit, audit-related and tax services:

Audit Fees

Ernst & Young LLP has performed audit services for the Company during the last two fiscal years, which included the audit of the Company's consolidated financial statements for the fiscal years ended December 31, 2008 and December 31, 2009. In addition, in 2008 and 2009 Ernst & Young also performed audit services for the Company relating to the audit of easyhome U.S. Ltd. Aggregate fees for audit services for the Company were $265,700 in

2008 and $250,700 in 2009. Aggregate fees for audit services for easyhome (U.S.) Ltd. were $45,000 in 2008 and $45,000 in 2009.

Audit-Related Fees

Audit-related services performed by Ernst & Young LLP during the last two fiscal years included assistance with quarterly reporting and accounting and due diligence related to the Insta-rent acquisition in 2008. Aggregate fees for audit-related services were $179,895 in 2008 and $24,175 in 2009.

Tax Fees

Ernst & Young LLP has provided tax advice to the Company during the last two fiscal years, which included corporate income tax return compliance and personal tax compliance for officers. Aggregate fees for tax related services were $70,174 in 2008 and $60,000 in 2009.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent for all classes of stock is Equity Transfer Services Inc. located in Toronto, Ontario. The register of transfers is located at the offices of the Company's transfer agent.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Company's management information circular for the Company's annual meeting to be held on April 28, 2010. Additional financial information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2009 and the accompanying management's discussion and analysis of financial condition and results of operations dated March 9, 2010.

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website at www.easyhome.ca.

SCHEDULE "A"

easyhome Ltd.

AUDIT COMMITTEE MANDATE

Member Qualifications

The audit committee ("A/C") shall serve as a standing committee of the Board of Directors (the "Board") and shall consist of three or more directors of easyhome appointed by the Board. None shall be officers or employees of easyhome or any of its affiliates. Each of the members shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, the applicable stock exchanges and the applicable securities regulatory authorities. See Appendix "A" hereto for the meaning of "independence" as set forth in Multilateral Instrument 52-110 – Audit Committees.

Each member of the A/C shall, unless otherwise determined by the Board, be financially literate, meaning he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Structure

The Board shall designate one member to chair the A/C. Members of the Committee shall serve at the pleasure of the Board for such term or terms as the Board may decide.

The A/C shall meet as often as it determines but not less frequently than quarterly. The Committee shall report to the Board on its activities after each of its meetings. An affirmative vote of a majority of the members of the Committee participating in any meeting is required for the adoption of a resolution.

The A/C shall review its charter and assess annually the adequacy of this mandate, the effectiveness of its performance and, when necessary, will recommend changes to the Corporate Governance and Nominating Committee.

The A/C is authorized to retain independent counsel and advisors that the A/C determines to be necessary to permit it to carry out its duties, with the cost to be borne by the Corporation.

Purpose

The Audit Committee (A/C) shall assist the Board in its oversight role with respect to:

- The quality and integrity of financial information.
- The effectiveness of easyhome's risk management and compliance practices.
- The independent auditor's performance, qualifications and independence.

- easyhome's compliance with legal and regulatory requirements.
- Reviewing reports that may be required to be included in the proxy statement in accordance with applicable laws or the rules of security regulatory authorities.

Functions and Responsibilities

The committee has the following functions and responsibilities:

Internal Controls

- Annually consider the adequacy of the Corporation's system of internal controls, management store audits and the evaluation of internal controls by the external auditor.
- Review procedures for the confidential submission of complaints relating to any concerns with accounting, internal control, auditing or Standards of Business Conduct matters, and review a summary of complaints and their related resolution.
- Review procedures for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
- Review the effectiveness of management in ensuring the integrity and security of the Corporation's electronic information systems and records.
- Review management's practices in effect over officers' expenses and perquisites.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditor.

External Auditors

- Recommend the external auditor to the Board.
- Confirm annually with the external auditors their accountability to the Board through the audit committee.
- Evaluate the performance of the external auditors and initiate and determine the engagement and audit fees or, the termination of the external auditors, subject to the Board and shareholder approval as required by applicable law.
- Review and discuss with management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- Review the relationships or services that may impact the objectivity and independence of the external auditor, including annual review of the auditor's written statement of all relationships between the auditor and the Corporation.
- Review and pre-approve all engagements for non-audit services, unless in the aggregate, they are not in excess of 5 percent of the total amount of fees paid by the Corporation to the external auditor during the fiscal year in which the services are provided.

- Provide an open avenue of communication between management, the external auditors and the Board.

Financial Reporting

- Review the external auditor's management comment letter and management's responses thereto, and enquire as to any disagreements between management and external auditors or restrictions imposed by management on external auditors.
- Review and discuss with management and the independent auditor the annual financial statements prior to the publication of results.
- Review and discuss with management and the independent auditor easyhome's annual and quarterly disclosure made in management's discussion and analysis ("MD&A") prior to public disclosure. The A/C shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.
- Review and discuss with management and the independent auditor easyhome's quarterly financial statements prior to the publication of earnings, and, discuss any matters required to be communicated by the independent auditor under applicable review standards.
- Review and discuss with management and the independent auditor at least annually significant financial reporting issues and judgements made in the connection with the preparation of the financial statements, including any significant changes in the Corporation's selection and application of accounting principles, any major issues as to the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- Review with management and external auditors financial material and other disclosure documents including any significant financial reporting issues, the presentation, the impact of significant risks and uncertainties, and the key estimates and judgments of management that may be material to financial reporting including alternative treatments and their impacts.
- Review and approve the Corporation's interim consolidated financial statements, the accompanying MD&A and the President's letter to shareholders prior to public disclosure.
- Review and recommend to the Board approval of the Corporation's annual audited financial statements, the MD&A, and the Annual Information Form prior to public disclosure.
- Review other material annual and quarterly disclosure documents or regulatory filings containing or accompanying audited or unaudited financial information prior to public disclosure.
- Review and approve the Corporation's policy on external communication and disclosure of material information, including the form and generic content of any quarterly earnings guidance and of any financial disclosure provided to investment analysts and rating agencies.
- Review any change in the Corporation's accounting policies.
- Review with legal counsel any legal matters having a significant impact on the financial reports.

Risk and other Matters

- Review management's internal control and external auditor's review of a sample of store inventory counts.
- Periodically review the policies and practices of the Corporation respecting cash management, financial derivatives, financing (both public & private), credit, insurance, (foreign exchange) taxation, and other possible trading and related matters.
- Conduct independent investigation and retain outside consultants for any matters that come under its scope of responsibilities.
- Review recommended appointees to the office of Chief Financial Officer.
- Review and/or approve other financial matters delegated specifically to it by the Board.
- Report to the Board on the activities of the committee with respect to the foregoing matters as required at each Board meeting and at any other time deemed appropriate by the Committee or upon request of the Board.
- Review, as required, the Company's regulatory compliance with provincial & federal legislation.
- Review planned changes to the Company's IT systems and staff, as required.
- Review on a periodic basis, operational risks inherent in the Company's business including: store locations & related maintenance contracts; competition, credit risk of customers and, products offered (including related warranties).
- Review The Disclosure Committee's report recommending the Company's interim and year-end Financial Statements, President's Message and MD&A.
- Review The Disclosure Committee's annual report of its activities.
- Review the Corporation's Risk Management Policy on an annual basis and make recommendations to the Board regarding any proposed changes.

APPENDIX “A”

MULTILATERAL INSTRUMENT 52-110 – AUDIT COMMITTEES
MEANING OF INDEPENDENCE

Meaning of Independence

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship, which could, in the view of the issuer's board of directors, is reasonably expected to interfere with the exercise of a member's independent judgment.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2006 or (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2007.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of this section, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Additional Independence Requirements

(1) Despite any determination made pursuant to the meaning of independence set forth above, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) An individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.