

**ARMTEC INFRASTRUCTURE INCOME FUND**  
**INFORMATION CIRCULAR**  
**For the Annual and Special Meeting of Unitholders to be held on June 14, 2006**

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the trustees (the "Trustees") of ARMTEC INFRASTRUCTURE INCOME FUND (the "Fund") for use at the annual and special meeting (the "Meeting") of holders ("Unitholders") of units ("Units") of the Fund to be held at 10:00 a.m. (Toronto time) on June 14, 2006 at the Toronto Stock Exchange, Broadcast and Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, and at any adjournment thereof.

**SOLICITATION OF PROXIES AND VOTING AT THE MEETING**

**Solicitation of Proxies**

**The solicitation of proxies is being made by or on behalf of the Trustees.** The cost of such solicitation will be borne by the Fund. The solicitation of proxies will be made primarily by mail but proxies may also be solicited by telephone or other personal contact by the Trustees, directors, officers and/or employees of the Fund and its subsidiaries, who will receive no special compensation therefore. Neither the Fund nor its subsidiaries will reimburse Unitholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals or beneficial owners.

**Appointment of Proxies**

The persons named in the enclosed form of proxy are representatives of the Trustees. **Each Unitholder is entitled to appoint a person other than the individuals named in the enclosed form of proxy to represent such Unitholder at the Meeting. A Unitholder may make such appointment either by inserting such person's name in the blank space provided in the form of proxy and striking out the names set forth therein or by completing another proper form of proxy. A proxyholder need not be a Unitholder.** Completed proxies must be delivered by postal or other delivery to Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1. In order to be valid for use at the Meeting, proxies must be received by Computershare Investor Services Inc. no less than 48 hours (excluding Saturdays, Sundays and statutory and civic holidays) preceding the commencement of the Meeting or any adjournment thereof.

**Revocation of Proxies**

A Unitholder may revoke a proxy: (a) by completing and signing a proxy bearing a later date and returning it to Computershare Investor Services Inc. in the manner and prior to the deadline set forth above; (b) by depositing an instrument in writing executed by the Unitholder or the Unitholder's attorney authorized in writing (i) at the registered office of the Fund at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the chairperson of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or (c) in any other manner permitted by law. The registered office of the Fund is located at 370 Speedvale Avenue West, Suite #3, Guelph, Ontario, N1H 7M7.

**Voting of Proxies**

The Units represented by proxy will be voted, or withheld from voting, in accordance with the instructions of the Unitholder on any ballot that may be called for. **If a Unitholder does not specify that the Units are to be withheld from voting with respect to the appointment of auditors of the Fund and the authorization of the Trustees to fix the remuneration of the auditors and/or the appointment of trustees of the Fund, such Units will be voted in respect of such matters. If a Unitholder does not specify that the Units are to be voted against the resolution (the "Phantom Unit Plan Resolution") approving the establishment of a Trustees' Phantom Unit Plan of the Fund, such Units will be voted in favour of such Phantom Unit Plan Resolution.**

It is not intended that the proxies hereby solicited be used for the purpose of voting upon the consolidated financial statements of the Fund for the year ended December 31, 2005 or the report of the auditors thereon.

If any amendments to matters identified in the notice of meeting are proposed at the Meeting or if any other matters properly come before the Meeting, the enclosed form of proxy confers discretionary authority to vote on such amendments or such other matters according to the best judgment of the person voting the proxy at the Meeting. The Trustees know of no such amendments or matters to come before the Meeting other than the matters referred to in the notice of meeting.

### **Non-Registered Unitholders**

Only registered Unitholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Units beneficially owned by a holder (a “Non-Registered Unitholder”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Unitholder deals with in respect of the Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds and registered educational savings plans and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS & Co.”)) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Fund has distributed copies of the notice of meeting, this Information Circular, the form of proxy and the 2005 Annual Report of the Fund (collectively, the “Meeting Materials”) to the Intermediaries and clearing agencies for distribution to Non-Registered Unitholders.

Intermediaries are required to forward Meeting Materials to Non-Registered Unitholders unless a Non-Registered Unitholder has waived the right to receive them. Typically, Intermediaries will use a service company (such as ADP Investor Communications (“ADP”)) to forward the Meeting Materials to Non-Registered Unitholders.

Generally, Non-Registered Unitholders who have not waived the right to receive Meeting Materials will either receive a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Unitholders to direct the voting of the Units they beneficially own. Non-Registered Unitholders should follow the procedures set out below, depending on which type of form they receive.

- (a) *Voting Instruction Form*. In most cases, a Non-Registered Unitholder will receive, as part of the Meeting Materials, a voting instruction form. If the Non-Registered Unitholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Unitholder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms sent by ADP permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvotecanada.com. If a Non-Registered Unitholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Unitholder’s behalf), the Non-Registered Unitholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Unitholder.
- (b) *Form of Proxy*. Less frequently, a Non-Registered Unitholder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Units beneficially owned by the Non-Registered Unitholder but which is otherwise uncompleted. If the Non-Registered Unitholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Unitholder’s behalf), the Non-Registered Unitholder must complete the form of proxy and deposit it with ADP, as described above. If a Non-Registered Unitholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Unitholder’s behalf), the Non-Registered Unitholder must strike out the names of the persons named in the proxy and insert the Non-Registered Unitholder’s (or such other person’s) name in the blank space provided.

**Non-Registered Unitholders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.**

A Non-Registered Unitholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

## **Voting Securities and Principal Holders of Voting Securities**

The Fund is authorized to issue an unlimited number of Units. As at May 3, 2006, there were 9,015,000 Units issued and outstanding, each carrying the right to one vote on all matters to come before the Meeting.

To the knowledge of the Trustees and the trustees, directors and/or officers of the Armtec Entities (as defined below), there are no persons who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Units as at the date hereof.

The Trustees understand that in excess of 10% of the Units are registered in the name of CDS & Co., as nominee, and are held by various Intermediaries and other parties on behalf of their clients and others. The names of the beneficial owners holding their Units through CDS & Co. are not all known to the Trustees and the directors and officers of the Armtec Entities.

### **Record Date**

The record date for the determination of Unitholders entitled to receive notice of and vote at the Meeting or any adjournment thereof is April 24, 2006. Any Unitholder who was a Unitholder on April 24, 2006 is entitled to receive notice of and vote at the Meeting or any adjournment thereof even though the Unitholder has since that time disposed of his or her Units. Unitholders who acquire Units after April 24, 2006 should make arrangements with the selling Unitholder to direct how such Units may be voted at the Meeting or any adjournment thereof.

## **INFORMATION CONCERNING ARMTEC INFRASTRUCTURE INCOME FUND**

### **The Fund**

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated June 15, 2004, as amended and restated on July 27, 2004 (the "Declaration of Trust"). The Fund does not carry on any active business, but rather it holds, directly and indirectly, securities and assets of Armtec Operating Trust ("AOT"), Armtec Holdings Limited ("AHL"), Armtec Limited Partner Corp. ("ALPC") and Armtec Limited Partnership ("ALP"). The Fund owns, directly 100% of the issued and outstanding securities of AOT and owns, indirectly 100% of the issued and outstanding securities of each of AHL, ALPC and ALP.

### **Subsidiary Entities**

AOT is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated July 16, 2004. Among other things, AOT has been established to hold, directly and indirectly, securities of AHL, ALPC, ALP and other investments in entities conducting the business of manufacturing and/or marketing drainage products and/or engineered solutions for infrastructure applications and such other investments as the trustees of AOT may determine.

AHL is the general partner of ALP, a limited partnership established under the laws of the Province of Ontario to, among other things, conduct the business of manufacturing and/or marketing drainage products and/or engineered solutions for infrastructure applications and to own, operate and lease assets and property in connection therewith. AOT and ALPC, a corporation incorporated pursuant to the laws of the Province of Ontario, are the limited partners of ALP. The "Armtec Entities" refers to AOT, together with AHL, ALPC, and ALP.

### **Administration Agreement**

On July 27, 2004, the Fund entered into an administration agreement with the Armtec Entities pursuant to which ALP has agreed to provide (for no additional consideration, other than reimbursement by the Fund of out-of-pocket expenses for the provision of such services) administrative and support services to the Fund, AOT, AHL and ALPC. The administration agreement has an initial term of five years, and is renewable for two additional five-year terms at the option of the parties thereto.

**Information contained herein is given as at May 3, 2006, except as otherwise stated.**

## APPOINTMENT OF TRUSTEES

The Declaration of Trust provides that the Trustees will consist of not less than three and no more than ten Trustees. The number of Trustees within such range is currently fixed at six.

Trustees (including the reappointment of incumbent Trustees) are appointed at each annual meeting of Unitholders. Each Trustee appointed will hold office for a term expiring at the close of the next annual meeting of Unitholders following such appointment or until his successor is appointed, unless his office is vacated earlier.

**Unless authority to vote is withheld, the persons named in the enclosed form of proxy intend to vote FOR the appointment of the nominees who are named below, all of whom are currently Trustees. If any of the proposed nominees should for any reason be unable to serve as a Trustee, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee at their discretion.**

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**ROBERT J. WRIGHT, C.M., Q.C.** Mr. Wright is the Deputy Chairman of Teck Cominco Limited (a major Canadian diversified mining company), a position he has held since June 2000. Mr. Wright was Chairman of Teck Corporation (the predecessor to Teck Cominco Limited) from 1994 to June 2000. From 1989 to 1993, Mr. Wright was Chairman of the Ontario Securities Commission. Prior to 1989, he was a senior partner in the law firm of Lang Michener. Mr. Wright is a trustee of the Fording Canadian Coal Trust, Chairman and a director of the Mutual Fund Dealers Association, a director of the AARC Foundation and a Chairman and trustee of Resolve Business Outsourcing Income Fund. Mr. Wright was appointed a Member of the Order of Canada in April 1997.

Ontario, Canada  
Trustee Since: July 2004  
Units: 5,000<sup>(1)</sup>

Mr. Wright is currently the Chairman of the Trustees and a member of the Corporate Governance and Compensation Committee.

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**ROBERT H.R. DRYBURGH** Mr. Dryburgh is the Executive Vice President of Heico Acquisitions Inc., an affiliate of The Heico Companies LLC, an investment holding company, which owned Robertson-Ceco Corporation until April 2006. Mr. Dryburgh was, until April 2006, the Executive Vice President of Robertson-Ceco Corporation, a leading manufacturer of custom engineered metal buildings, headquartered in Illinois. Prior to joining Robertson-Ceco, in October 2004, Mr. Dryburgh was President of Straightline Division, United States Steel Corporation, a technology based, steel distribution/supply chain management company, from its start-up in July 2001. From 1992 to 2000, Mr. Dryburgh was President of the Jenisys Engineered Products Division of Jannock Limited. Mr. Dryburgh is a Chartered Accountant and was appointed a Fellow of the Institute of Chartered Accountants in England and Wales in 1979.

Pennsylvania, United States  
Trustee Since: June 2005  
Units: 1,000<sup>(1)</sup>

Mr. Dryburgh is currently a member of the Corporate Governance and Compensation Committee.

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**BRIAN W. JAMIESON** Mr. Jamieson is the Chief Financial Officer and Secretary of Jannock Properties Limited (a real estate development company), a position he has held since March 2000. Mr. Jamieson was Vice President, Finance and Chief Financial Officer of Jannock Limited from May 1986 to March 2000. Mr. Jamieson is a member of the Institute of Chartered Accountants of New Zealand and holds a Bachelor of Commerce degree from the University of Canterbury in New Zealand.

Ontario, Canada  
Trustee Since: July 2004  
Units: 2,000<sup>(1)</sup>

Mr. Jamieson is currently the Chair of the Audit Committee.

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**MICHAEL LAY**  
Ontario, Canada  
Trustee Since: July 2004  
Units: 1,000<sup>(1)</sup>

Mr. Lay is the Managing Partner of ONCAP Management Partners L.P. (a private equity fund), a position he has held since June 2000. Mr. Lay was Vice President, Merchant Banking of the Ontario Teachers' Pension Plan Board, one of Canada's largest merchant banking operations, from 1997 to June 2000. From 1994 to 1997, Mr. Lay was Chief Operating Officer and Chief Financial Officer of VERSUS Technologies Inc. (a technology company). Mr. Lay is a director of BMONT Split Corp., a mutual fund corporation. Prior to 1994, he was a portfolio manager with the Merchant Banking Group of the Ontario Teachers' Pension Plan Board. Mr. Lay is a Chartered Accountant and holds a Bachelor of Business Administration (Honours) degree from the Richard Ivey School of Business at the University of Western Ontario.

Mr. Lay is currently a member of the Audit Committee.

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**JOHN E. RICHARDSON, FCA**  
Ontario, Canada  
Trustee Since: July 2004  
Units: 4,000<sup>(1)</sup>

Mr. Richardson is the Chairman of the Ontario Pension Board (the administrator of the Public Service Pension Plan), a position he has held since June 2004. Mr. Richardson was Deputy Chairman of London Insurance Group from 1986 to 1995 and then became Executive Vice President, Corporate Development of London Insurance Group Inc. Prior to 1986, Mr. Richardson was a senior partner at Ernst & Young (chartered accountants). Mr. Richardson is a director of Research in Motion Limited, and Chairman and director of Boiler Inspection and Insurance Company, a director of Intertape Polymer Group Inc., and a trustee of Resolve Business Outsourcing Income Fund. Mr. Richardson is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants and holds a Bachelor of Commerce degree from the University of Toronto and a Masters of Business Administration from Harvard Business School.

Mr. Richardson is currently a member of the Audit Committee.

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**MICHAEL SKEA**  
Ontario, Canada  
Trustee Since: July 2004  
Units: 5,000<sup>(1)</sup>

Mr. Skea is an independent consultant providing strategic planning and marketing solutions, a position he has held since January 2005. Mr. Skea has held senior management positions with leading Canadian companies including the position of Vice President, Trade Marketing of Molson Canada (an international brewer), a position he held from November 2003 to January 2005. Prior to November 2003, Mr. Skea was employed by Mosaic Group Inc. (a marketing and communications company) from August 1998 to November 2003 where he held positions of increasing responsibility including President of the eForce division, President of Mosaic Marketing Services, President of Mosaic Digital and Senior Vice President of Mosaic Performance Solutions (North America). Mr. Skea was Vice President, Sales and Marketing of Bell ExpressVu Limited Partnership (a direct-to-home satellite company) from 1996 to 1998. Mr. Skea holds a Bachelor of Arts degree from Queen's University.

Mr. Skea is currently the Chair of the Corporate Governance and Compensation Committee.

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<sup>(1)</sup> Reflects the number of Units beneficially owned, directly or indirectly, or over which control or direction is exercised, which information has been furnished by such nominees as of May 3, 2006.

## Meetings of the Trustees and Committees of the Trustees

The following is a summary of the meetings of the Trustees and meetings of the committees of the Trustees held during 2005 and the attendance at these meetings by the current Trustees.

Name of Trustee	Trustee Meetings Attended	Audit Committee Meetings Attended	Corporate Governance and Compensation Committee Meetings Attended
Robert J. Wright <sup>(1)</sup>	10 of 10	2 of 2	4 of 4
Robert H.R. Dryburgh <sup>(2)</sup>	8 of 8	N/A	2 of 2
Brian W. Jamieson	10 of 10	6 of 6	N/A
Michael Lay <sup>(3)</sup>	10 of 10	6 of 6	2 of 2
John E. Richardson <sup>(4)</sup>	10 of 10	6 of 6	2 of 2
Michael Skea <sup>(5)</sup>	10 of 10	2 of 2	2 of 2
<b>Total Number of Meetings in 2005</b>	<b>10</b>	<b>6</b>	<b>4</b>

- <sup>(1)</sup> Mr. Wright ceased to be a member of the Audit Committee effective May 5, 2005 and attended the two Audit Committee meetings held in 2005 prior to that date.
- <sup>(2)</sup> Mr. Dryburgh was appointed a Trustee and a member of the Corporate Governance and Compensation Committee effective June 16, 2005 and attended the eight Trustee meetings and two Corporate Governance and Compensation Committee meetings held in 2005 since that date.
- <sup>(3)</sup> Mr. Lay ceased to be a member of the Corporate Governance and Compensation Committee effective June 16, 2005 and attended the two Corporate Governance and Compensation Committee meetings held in 2005 prior to that date.
- <sup>(4)</sup> Mr. Richardson ceased to be a member of the Corporate Governance and Compensation Committee effective June 16, 2005 and attended the two Corporate Governance and Compensation Committee meetings held in 2005 prior to that date.
- <sup>(5)</sup> Mr. Skea ceased to be a member of the Audit Committee effective May 5, 2005 and attended the two Audit Committee meetings held in 2005 prior to that date. Mr. Skea became a member and Chair of the Corporate Governance and Compensation Committee effective June 16, 2005 and attended the two Corporate Governance and Compensation Committee meetings held in 2005 since that date.

The members of the Audit Committee currently consist of Brian W. Jamieson (Chair), Michael Lay, and John E. Richardson and the members of the Corporate Governance and Compensation Committee currently consist of Michael Skea (Chair), Robert J. Wright, and Robert H.R. Dryburgh.

## STATEMENT OF EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth all compensation earned during 2005 and 2004 by: (a) the President and Chief Executive Officer of AHL and ALP; (b) the Chief Financial Officer and Secretary of AHL and ALP; and (c) each of the other two most highly compensated executive officers of AHL and ALP, who were serving as executive officers as at December 31, 2005 and whose total salary and bonus exceeded \$150,000 (collectively, the “Named Executive Officers” or “NEOs”):

NEO Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All Other Compensation
		Salary (\$)	Bonus <sup>(1)</sup> (\$)	Other Annual Compensation <sup>(2)</sup> (\$)	LTIP Awards <sup>(3)</sup> (\$)	(\$)
Charles M. Phillips President and Chief Executive Officer	2005	260,003	210,377	18,320	34,317	28,834 <sup>(4)</sup>
	2004	200,000	137,703	13,894	-	1,031,636 <sup>(4)</sup>
R. John Slattery Chief Financial Officer and Secretary	2005	200,004	64,732	16,962	17,017	15,139 <sup>(5)</sup>
	2004	153,280	42,215	12,935	-	242,588 <sup>(5)</sup>
Ceri Howell Vice President Sales & Marketing	2005	151,248	40,793	11,793	11,272	16,381 <sup>(6)</sup>
	2004	130,512	47,303	10,100	-	66,297 <sup>(6)</sup>
Thomas Cannon Vice President Operations	2005	147,500	39,783	11,808	8,500	11,155 <sup>(7)</sup>
	2004	135,000	30,984	10,813	-	13,228 <sup>(7)</sup>

<sup>(1)</sup> Bonuses earned in respect of any given financial year are determined and paid in the following year.

<sup>(2)</sup> For the years 2004 and 2005, the amounts in this column include car leases, car insurance and other car operating expenses. For the year 2005, the amounts in this column also include distributions paid to the NEOs on Units granted under the Fund’s Long-Term Incentive Plan (the “LTIP”) which, in that year: (i) have vested, but which, pursuant to the terms of the LTIP, may not yet be sold, or (ii) are unvested and, pursuant to the terms of the LTIP, are held in trust for the benefit of the NEO (collectively, “distributions on LTIP compensation”). See the section entitled “Long-Term Incentive Plan” below. For the year 2005, of the sum of \$18,320, received by Mr. Phillips, \$13,698 was received in respect of a car lease, car insurance and other car operating expenses, and \$4,622 was received in respect of distributions on LTIP compensation. For the year 2005, of the sum of \$16,962, received by Mr. Slattery, \$14,650 was received in respect of a car lease, car insurance and other car operating expenses, and \$2,312 was received in respect of distributions on LTIP compensation. For the year 2005, of the sum of \$11,793, received by Mr. Howell, \$10,251 was received in respect of a car lease, car insurance and other car operating expenses, and \$1,542 was received in respect of distributions on LTIP compensation. For the year 2005, of the sum of \$11,808, received by Mr. Cannon, \$10,652 was received in respect of a car lease, car insurance and other car operating expenses, and \$1,156 was received in respect of distributions on LTIP compensation.

<sup>(3)</sup> The amounts in this column represent the value of Units vested and received by the NEO in December 2005 pursuant to the LTIP. These Units were the NEO’s vested entitlement of LTIP Units purchased by the LTIP Trustee in May of 2005 from the \$271,438 set aside in respect of fiscal period 2004 LTIP obligations. In May 2005, the LTIP Trustee purchased a total of 20,015 Units in respect of the 2004 LTIP participants, fully employing the \$271,438 allocated. Of the 20,015 Units purchased by the LTIP Trustee, Mr. Phillips’ entitlement was 6,003 Units, Mr. Slattery’s entitlement was 3,002 Units, Mr. Howell’s entitlement was 2,002 Units and Mr. Cannon’s entitlement was 1,501 Units. In December 2005, one third of the 20,015 of Units purchased by the LTIP Trustee vested with the LTIP participants and were therefore distributed to the LTIP participants. Mr. Phillips received 2,001 Units, Mr. Slattery received 1,001 Units, Mr. Howell received 667 Units and Mr. Cannon received 500 Units. In respect of 2005 LTIP obligations, in April 2006 the Fund deposited with the LTIP Trustee \$540,900 to be used to purchase Units. Should the LTIP participants all remain with the Fund throughout the vesting period Mr. Phillips will be entitled to 30 percent of the Units purchased, with Mr. Slattery, Mr. Howell and Mr. Cannon will be entitled to 15, 10, and 10 percent, respectively, of the Units purchased.

<sup>(4)</sup> The sum of \$28,834 earned by Mr. Phillips in 2005 represents the amount received in respect of contributions made by the Armtec Entities under the Group registered retirement savings plan (the “Group RRSP”). Of the sum of \$1,031,636 received by Mr. Phillips in 2004, \$20,878 was received in respect of contributions made by the Armtec Entities under the Group RRSP, \$710,758 was received upon the exercise of outstanding options of AHL on completion of the Fund’s initial public offering and \$300,000 was received as a transaction bonus upon the completion of the Fund’s initial public offering.

- (5) The sum of \$15,139 received by Mr. Slattery in 2005 represents the amount received in respect of contributions made by the Armtec Entities under the Group RRSP. Of the sum of \$242,588 received by Mr. Slattery in 2004, \$12,323 was received in respect of contributions made by the Armtec Entities under the Group RRSP, \$5,265 was received upon the exercise of outstanding options of AHL on completion of the Fund's initial public offering and \$225,000 was received as a transaction bonus upon the completion of the Fund's initial public offering.
- (6) The sum of \$16,381 received by Mr. Howell in 2005 represents the amount received in respect of contributions made by the Armtec Entities under the Group RRSP. Of the sum of \$66,297 received by Mr. Howell in 2004, \$13,648 was received in respect of contributions made by the Armtec Entities under the Group RRSP, \$52,649 was received upon the exercise of outstanding options of AHL on completion of the Fund's initial public offering.
- (7) The sum of \$11,155 received by Mr. Cannon in 2005 represents the amount received in respect of contributions made by the Armtec Entities under the Group RRSP. Of the sum of \$13,228 received by Mr. Cannon in 2004, \$5,977 was received in respect of contributions made by the Armtec Entities under the Group RRSP and \$7,251 was received upon the exercise of outstanding options of AHL on completion of the Fund's initial public offering.

### Long-Term Incentive Plan

Pursuant to the LTIP, the Fund will set aside a pool of funds based upon the amount by which the Fund's per Unit distributions exceed certain per Unit distributable cash threshold amounts. Computershare Trust Company of Canada, as Trustee of the LTIP, will then purchase Units in the market with such pool of funds and will hold such Units until such time as ownership vests to each participant. The Corporate Governance and Compensation Committee has the power to, among other things, determine (i) those individuals who will participate in the LTIP, (ii) the level of participation of each participant and (iii) the time or times when ownership of the Units will vest for each participant.

Initially, the LTIP provided for awards that may be based on the amount by which the Fund's per Unit distributions exceed \$1.20 per Unit per annum, which was pro rated for 2004. The threshold level for both 2004 and 2005 was established at \$1.20 per Unit per annum. The amount of the Fund's per Unit distributions for the year in excess of the threshold level forms the LTIP incentive pool which will be determined in accordance with the table below:

<u>Amount by which Cash Distributions per Unit Exceed the Base Distribution Threshold</u>	<u>Maximum Proportion of Excess Available for Incentive Payments</u>
Less than \$0.05	10%
\$0.05 or more but less than \$0.10	15%
\$0.10 or more	20%

The LTIP awards for each of the NEO's is set forth in the "Summary Compensation Table" above. Such LTIP awards have been and will be used to purchase Units in the market. Currently, the LTIP provides that one-third of the Units will vest with the participant on the last day of each of the three financial periods ending immediately after the acquisition of the Units by the administrator of the LTIP.

### Employment Contracts

*Charles M. Phillips.* ALP has entered into an employment agreement with Mr. Charles M. Phillips, the President and Chief Executive Officer of ALP, dated January 24, 2006. This agreement provides for payment of an annual gross salary to Mr. Phillips of \$260,000 which shall be reviewed periodically. Mr. Phillips is also entitled to receive an annual performance-based bonus targeted at 75% of his annual gross salary and other benefits and perquisites, including participation in the LTIP and a short-term and long-term disability plan. If Mr. Phillips is terminated without cause or if he resigns due to a material adverse change in the terms and conditions of his employment (resignation for "Justification"), Mr. Phillips is entitled to receive any then unpaid salary, bonus, and a cash payment equal to the average of the LTIP awards to which he was entitled during the three previous financial years, pro rated to the date of termination or resignation. In addition, Mr. Phillips is entitled to receive between 18 and 24 months' compensation (depending on his period of employment with ALP), including salary, bonus, LTIP payments and other benefits and perquisites. If Mr. Phillips' employment is terminated for any other reason including for cause, retirement, death or resignation (other than resignation for Justification), he is entitled to only the amount of salary, bonus and LTIP cash payment earned to the date of termination. If Mr. Phillips' employment is terminated at any time within 6 months following a change of control by ALP without cause or by Mr. Phillips for Justification, ALP will pay to him a lump sum equal to between 18 and 24 months' compensation (depending on his period of employment with ALP), including salary, bonus and LTIP payments, together with all salary, bonus and LTIP payments earned up to the date of his termination or resignation.

*R. John Slattery.* ALP has also entered into an employment agreement with Mr. R. John Slattery, the Chief Financial Officer of ALP, dated January 19, 2006. This agreement provides for payment of an annual gross salary to Mr. Slattery of \$200,000 which shall be reviewed periodically. Mr. Slattery is also entitled to receive an annual performance-based bonus targeted at 30% of his annual gross salary and other benefits and perquisites, including participation in the LTIP and a short-term and long-term disability plan. If Mr. Slattery is terminated without cause or if he resigns due to a material adverse change in the terms and conditions of his employment (resignation for “Justification”), Mr. Slattery is entitled to receive any then unpaid salary, bonus, and a cash payment equal to the average of the LTIP awards to which he was entitled during the three previous financial years, pro rated to the date of termination or resignation. In addition, Mr. Slattery is entitled to receive between 12 and 18 months’ compensation (depending on his period of employment with ALP), including salary, bonus, LTIP payments and other benefits and perquisites. If Mr. Slattery’s employment is terminated for any other reason including for cause, retirement, death or resignation (other than resignation for Justification), he is entitled to only the amount of salary, bonus and LTIP cash payment earned to the date of termination or resignation. If Mr. Slattery’s employment is terminated at any time within 6 months following a change of control by ALP without cause or by Mr. Slattery for Justification, ALP will pay to him a lump sum equal to between 12 and 18 months’ compensation (depending on his period of employment with ALP), including salary, bonus and LTIP payments, together with all salary, bonus and LTIP payments earned up to the date of his termination or resignation.

### **Composition of the Corporate Governance and Compensation Committee**

The Corporate Governance and Compensation Committee assists the Trustees in fulfilling their responsibilities relating to, among other things, the compensation of the trustees, directors and/or officers of the Armtec Entities, including the Named Executive Officers, and the Trustees. The Corporate Governance and Compensation Committee is currently comprised of Messrs. Michael Skea (Chair), Robert J. Wright and Robert H.R. Dryburgh. Each member of the Corporate Governance and Compensation Committee is “independent” within the meaning of applicable securities laws.

### **Report on Executive Compensation by the Corporate Governance and Compensation Committee**

The Trustees have adopted a formal charter for the Corporate Governance and Compensation Committee that sets out the responsibilities, duties and authorities of the Committee. The Committee assists the Trustees in determining compensation of senior executive officers and all other key employees of the Fund and the Armtec Entities as well as reviewing the adequacy and form of Trustees’ compensation; performs annual reviews of the President and Chief Executive Officer’s corporate goals and objectives for the upcoming year; performs an appraisal of the President and Chief Executive Officer’s performance; and administers and makes recommendations with respect to the Fund’s incentive compensation plans.

The Committee’s executive compensation philosophy is intended to provide a competitive level of compensation and to reward individual performance. The Fund’s executive compensation program is composed of base salary as well as short-term and long-term incentive plan rewards (the “incentive plans”). The incentive plans are based on the achievement by the Fund of financial targets and on the achievement by the individual of personal goals and objectives. The LTIP is designed to attract, retain and motivate key personnel and encourage ownership of Units. See “Long-Term Incentive Plan” above. The short-term incentive plan is designed to achieve the growth and efficiencies required in the short-term.

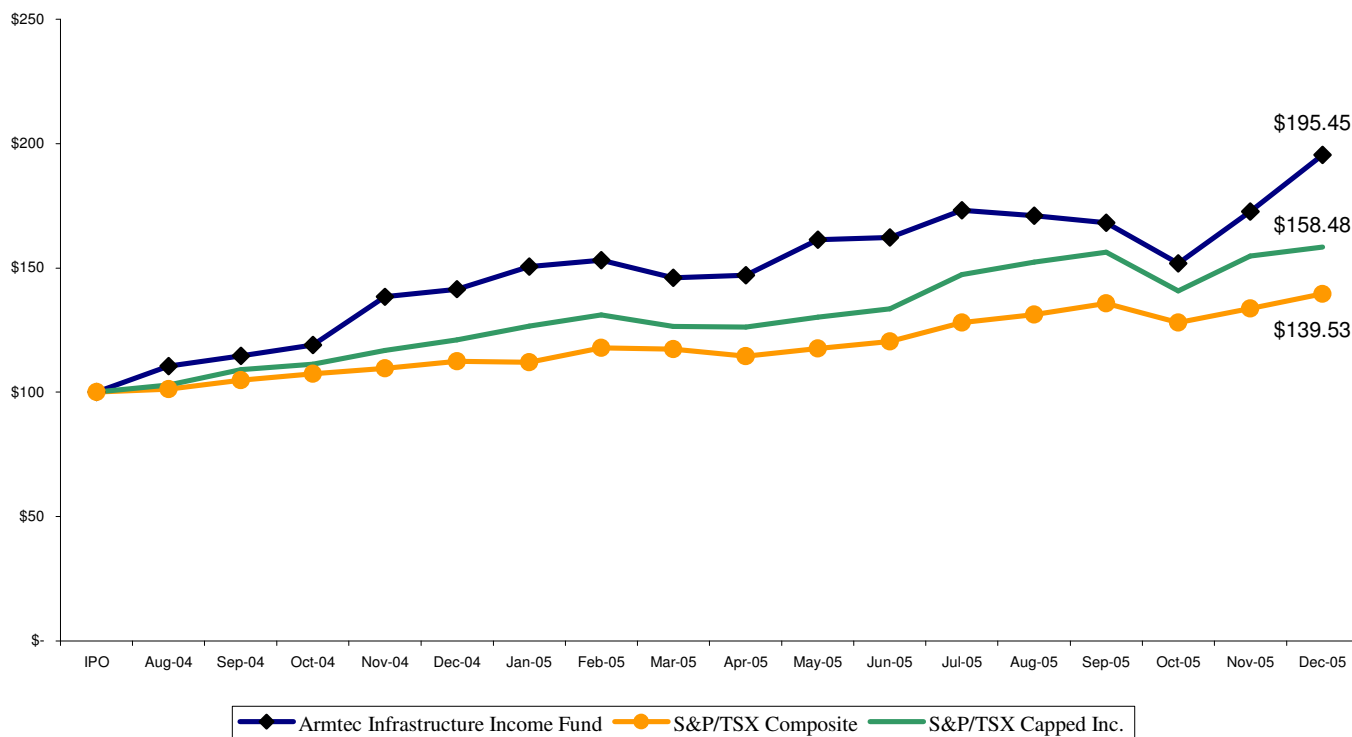
Base salaries are reviewed on an annual basis. This review considers the overall competitiveness of the salary as well as the individual performance of the executive officer. The Committee may use third party consulting resources to assess the overall reasonability of the compensation package. As part of this annual review, the employment contracts for Charles M. Phillips and R. John Slattery were amended in 2006. See “Employment Contracts” above. The Trustees’ compensation has been reviewed and updated effective January 1, 2006. See “Compensation of Trustees” below.

This report is submitted by the Corporate Governance and Compensation Committee.

Michael Skea (Chair)  
Robert J. Wright  
Robert H.R. Dryburgh

## Performance Graph

The following graph illustrates the total cumulative return to Unitholders for \$100 invested in Units of the Fund (assuming the reinvestment of distributions) with the total cumulative returns of the S&P/TSX Capped Inc. Index and the S&P/TSX Composite Index for the period from July 27, 2004, when the Units were listed on the Toronto Stock Exchange (the "TSX") for trading, to December 31, 2005.



As at the last trading day of each month from July 27, 2004 to December 31, 2005.

## Compensation of Trustees

For the period January 1, 2005 to June 30, 2005, each Trustee earned an annual fee of \$20,000 prorated for the period for services as a Trustee together with a fee of \$1,000 for attendance at each meeting of the Trustees or any committee of the Trustees. Each of the Chairman of the Trustees and the Chair of the Audit Committee earned an additional annual stipend of \$5,000 prorated for the period and the Chair of the Corporate Governance and Compensation Committee earned an additional annual stipend of \$3,000 prorated for the period. All Trustees were reimbursed for out-of-pocket expenses for attending meetings of the Trustees, which totalled in the aggregate approximately \$2,000.

For the period July 1, 2005 to December 31, 2005, each Trustee earned an annual fee of \$20,000 prorated for the period for services as a Trustee together with a fee of \$1,000 for attendance at each meeting of the Trustees or any committee of the Trustees. The Chairman of the Trustees earned an additional annual stipend of \$10,000 prorated for the period; the Chair of the Audit Committee earned an additional annual stipend of \$7,500 prorated for the period; and the Chair of the Corporate Governance and Compensation Committee earned an additional annual stipend of \$3,750 prorated for the period. Each Trustee who is a member of a committee of the Trustees earned an additional fee of \$2,000 per annum prorated for the period for serving as a member of such committee.

Effective January 1, 2006, each Trustee is paid an annual fee of \$20,000 for services as a Trustee, together with a fee of \$1,500 for attendance at each meeting of the Trustees. The Chairman of the Trustees will receive an additional annual stipend of \$20,000; the Chair of the Audit Committee will receive an additional annual stipend of \$10,000; and the Chair of the Corporate Governance and Compensation Committee will receive an additional annual stipend of \$5,000. Each Trustee who is a member of a committee of the Trustees will receive an additional fee of \$2,000 per annum for serving as a member of such committee together with a fee of \$1,000 for attendance at each meeting of any committee of the Trustees. Each Trustee travelling from outside of Ontario to attend a meeting of the Trustees and of committees of the Trustees will receive an additional fee of \$1,000 per meeting attended in person.

## TRUSTEES' PHANTOM UNIT PLAN

Unitholders are being asked to consider and, if deemed advisable, pass the Phantom Unit Plan Resolution. If the Phantom Unit Plan Resolution is passed by Unitholders at the Meeting, it would authorize the Trustees to adopt the Trustee's Phantom Unit Plan (the "Proposed Plan"). The Phantom Unit Plan Resolution is attached as Schedule "C" to this Information Circular.

### *Description of the Phantom Unit Plan*

#### *Background and Introduction*

The Proposed Plan will provide the non-employee Trustees with the opportunity to be credited with notional units ("Phantom Units"), each of which is equivalent in value to a Unit, giving them the opportunity to participate in the long-term success of the Fund. Phantom Units are, in effect, bookkeeping entries and not securities of the Fund. The goal of the Proposed Plan is to promote a greater alignment of interests between the Trustees and the Unitholders, to allow the Trustees to participate in the long-term success of the Fund and to provide participating Trustees ("Participants") with certain enhanced tax efficiencies.

#### *Grant of Phantom Units*

Once in each period between annual general meetings of the Unitholders (an "Award Year"), each Participant will have the right to elect that any or all (or none) of his or her remuneration payable by the Fund in respect of each calendar quarter or part thereof included in such Award Year (a "quarter") be paid in the form of Phantom Units. The number of Phantom Units to be credited to the Participant's account for the quarter will be determined by dividing the amount of the quarterly remuneration for such quarter payable in Phantom Units, expressed in dollars, by the weighted average trading price of a Unit on the TSX for the five trading days immediately preceding the date on which Phantom Units are awarded, which is typically the last day of the end of such quarter (the "Award Date"). In the case of persons who become a new non-employee Trustee, the grant of Phantom Units will be pro-rated by reference to their length of service during the quarter.

#### *Distribution Credits*

The Phantom Units will accrue distribution credits, in the form of additional Phantom Units, as of each date on which distributions are made on the Units ("Distribution Equivalents"). The Distribution Equivalents will be computed by dividing (a) the amount obtained by multiplying the amount of the distribution declared and paid per Unit, expressed in dollars, by the number of Phantom Units recorded in a Participant's account on the distribution record date, by (b) the weighted average trading price of a Unit on the TSX for the five trading days immediately following the date on which the Units trade *ex distribution*.

#### *Redemption of Phantom Units*

A Participant can elect to redeem the Phantom Units in his or her account at any time during the life of the Proposed Plan, however, in certain circumstances (described below), a Participant will be required to redeem his or her Phantom Units.

In the event that a Participant elects to redeem all or a portion of the Phantom Units in her or her account, the Fund will issue that number of Units that is equal to the redeemed number of Phantom Units in the Participant's account on the date the redemption notice is delivered (the "Payment Date"). At the discretion of the Corporate Governance and Compensation Committee of the Fund (the "Committee"), Units may be issued net of applicable withholding taxes. Units will be issued as fully paid and non-assessable Units. In lieu of Units, a Participant may elect to receive a lump sum cash payment equal to the redemption value of the Phantom Units less applicable withholding taxes. The redemption value is calculated by multiplying the number of Phantom Units that are being redeemed, by the weighted average trading price of a Unit on the TSX for the five trading days immediately preceding the Payment Date.

If the Units are no longer publicly traded, or, if in the opinion of the Trustees, the market price at which the Units are publicly traded does not reflect the value of those securities, such value shall be determined by the Committee, acting in good faith, or by a qualified financial advisor selected by the Committee.

### *Mandatory Payment Dates*

Under the Proposed Plan, a number of conditions exist whereby Phantom Units must be redeemed on a particular date (a "Mandatory Payment Date"). On a Mandatory Payment Date, a Participant is required to redeem all of the Phantom Units in his or her account and can elect to redeem those Phantom Units for Units or, subject to certain conditions, for cash. If the Participant fails to make an election within ten days following a Mandatory Payment Date, the Participant will be deemed to have elected to receive Units.

A Mandatory Payment Date is the earlier of: (a) the date which is the 25th anniversary of the Award Date of the Phantom Unit; (b) 90 days following the death of the Participant or such longer period following the death of the Participant as the Committee determines; (c) 90 days following the date on which the Participant ceases to be a Trustee for any reason other than the death of the Participant; or (d) a specified number of days, which must be not less than 30 days, following the date on which the Trustees terminate or suspend the Proposed Plan, as set out in a notice delivered to Participants following such decision.

### *Securities Subject to the Proposed Plan*

The total number of Units available for issuance under the Proposed Plan is 2% of the total number of issued and outstanding Units from time to time. The total number of Units issued and outstanding on May 3, 2006 was 9,015,000, 2% of which is 180,300 Units. The number of Units available for issuance to insiders under the Proposed Plan ("Insiders"), together with any other compensation arrangement of the Fund (including, for this purpose, any of the Armtec Entities) may not exceed 10% of the issued and outstanding Units. The number of Units issued to Insiders together with any other compensation arrangement may not, within a one year period, exceed 10% of the issued and outstanding Units.

### *Administration of the Proposed Plan*

The Proposed Plan will be administered by the Committee. Such Committee may, to the extent permitted by law, delegate any of its administrative responsibilities to an officer of any of the Armtec Entities. Such person is referred to in the Proposed Plan as the "Administrator". The Trustees, in respect of the application of the Proposed Plan to Trustee Participants, may amend the Proposed Plan without notice or suspend or terminate the Proposed Plan on not less than 30 days notice. However, except as expressly set out in the Proposed Plan, such action cannot adversely affect Phantom Units previously granted. In the case of termination or suspension of the Proposed Plan, all Phantom Units in a Participant's account will become payable in the form of Units unless, within ten days of such notice, the Participant has properly elected to receive a lump sum cash payment in lieu of Units.

The power to amend the Proposed Plan is subject to those provisions of applicable law, including without limitation, the rules, regulations and policies of the TSX that require Unitholder approval of fundamental amendments be obtained.

### *Responsibility for Applicable Taxes*

The Fund will not be liable for any tax imposed on any Participant as a result of amounts paid or credited to a Participant under the Proposed Plan. The Fund will be authorized to deduct from any amount paid or credited, such taxes or other amounts as it may be required by law to withhold, in such manner as it determines.

### *Transfer and Assignment*

Phantom Units are non-transferable and, except as required by law or expressly contemplated by the Proposed Plan in the case of a Trustee's death, the rights of a participating Trustee under the Proposed Plan are not capable of being assigned or encumbered.

### *Recommendation of the Trustees*

The Trustees have determined that establishing the Proposed Plan as described above is in the best interests of the Fund and its Unitholders and unanimously recommend that Unitholders vote **FOR** the Phantom Unit Plan Resolution.

## APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote FOR the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants as auditors of the Fund to hold office until the next annual meeting of Unitholders at a remuneration to be determined by the Trustees. PricewaterhouseCoopers LLP have been the auditors of the Fund since its initial public offering.

## TRUSTEES', DIRECTORS' AND OFFICERS' INSURANCE

The Trustees, the AOT Trustees, and the directors and officers of all of the Fund's subsidiary entities are covered under a directors' and officers' insurance policy that provides aggregate coverage to the insured individuals of \$20.0 million. In 2005, the total premium paid on the policy, including expenses was \$141,330.

The Fund's Declaration of Trust provides for the indemnification of their respective trustees, directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain usual limitations.

## CORPORATE GOVERNANCE DISCLOSURE

During the past year, there have been several changes to the corporate governance disclosure requirements applicable to the Fund. Specifically, the Canadian Securities Administrators introduced in final form National Instrument 58-101 - Disclosure of Corporate Governance Practices ("NI 58-101") and National Policy 58-201 - Corporate Governance Guidelines, both of which came into force on June 30 2005, and effectively replaced the corporate governance guidelines and disclosure policies of the Toronto Stock Exchange. Under NI 58-101, the Fund is required to disclose certain information relating to its corporate governance practices. The Trustees consider good corporate governance to be central to the effective and efficient operation of the Fund and the Armtec Entities and are directly responsible for developing the Fund's approach to governance issues. In light of the structure of the Fund and its underlying business, which is carried on by the Armtec Entities, the Fund's approach to corporate governance is best addressed by the Trustees. This disclosure is set forth in Schedule "A" to this Information Circular.

## ADDITIONAL INFORMATION

Additional information relating to the Fund is contained on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Unitholders may contact the Chief Financial Officer and Secretary of the Fund in writing at the Fund's office at 370 Speedvale Avenue West, Suite #3, Guelph, Ontario, N1H 7M7, or by fax at (519) 822-8894, or by telephone at (519) 822-0210 to request copies of the Fund's financial statements and management's discussion and analysis. Such documents are also available on the Fund's website at [www.armtecincomefund.com](http://www.armtecincomefund.com). Financial information is contained in the Fund's comparative financial statements and management's discussion and analysis for the year ended December 31, 2005.

## APPROVAL OF TRUSTEES

The contents and the sending of this Information Circular to the Unitholders have been approved by the Trustees.

By Order of the Trustees

Guelph, Ontario  
May 3, 2006

/s/ Robert J. Wright  
Robert J. Wright  
Chairman of the Trustees

**SCHEDULE “A”**

**CORPORATE GOVERNANCE DISCLOSURE**

*For purposes of this Corporate Governance Disclosure, the “Fund” refers to Armtec Infrastructure Income Fund; the “Armtec Entities” refers to Armtec Operating Trust (“AOT”), together with Armtec Holdings Limited (“AHL”), Armtec Limited Partner Corp. (“ALPC”), and Armtec Limited Partnership (“ALP”); and “Management” refers to the officers and senior employees of the Armtec Entities. All other capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Information Circular of which this Schedule forms a part.*

<b>Corporate Governance Requirement Disclosure under NI 58-101</b>	<b>Fund’s Corporate Governance Disclosure</b>						
<b>1. Trustees</b>							
(a) Disclose the identity of trustees who are independent.	In accordance with NI 58-101, the Trustees consider a Trustee to be "independent" if he has no direct or indirect material relationship with the Fund or the Armtec Entities, as determined by the Trustees in consultation with the Corporate Governance and Compensation Committee. A "material relationship" is a relationship which could, in the view of the Trustees, be reasonably expected to interfere with the exercise of a Trustee's independent judgement.  Based upon the definition of independence and a review of the applicable factual circumstances, the Trustees, in consultation with the Corporate Governance and Compensation Committee, have determined that all of the Trustees are independent.						
(b) Disclose the identity of trustees who are not independent, and describe the basis for that determination.	As indicated in (a) above, the current six Trustees are all independent.						
(c) Disclose whether or not a majority of trustees are independent. If a majority of trustees are not independent, describe what the trustees do to facilitate their exercise of independent judgment in carrying out their responsibilities.	As indicated in (a) above, the current six Trustees are all independent.						
(d) If a trustee is presently a trustee or director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the trustee and the other issuer.	The following Trustees are currently trustees or directors of other reporting issuers in Canada as set forth below:  <table border="0"> <tr> <td>Robert J. Wright</td> <td>Teck Cominco Limited Fording Canadian Coal Trust Resolve Business Outsourcing Income Fund</td> </tr> <tr> <td>Michael Lay</td> <td>BMONT Split Corp.</td> </tr> <tr> <td>John E. Richardson</td> <td>Research in Motion Limited Intertape Polymer Group Inc. Resolve Business Outsourcing Income Fund</td> </tr> </table>	Robert J. Wright	Teck Cominco Limited Fording Canadian Coal Trust Resolve Business Outsourcing Income Fund	Michael Lay	BMONT Split Corp.	John E. Richardson	Research in Motion Limited Intertape Polymer Group Inc. Resolve Business Outsourcing Income Fund
Robert J. Wright	Teck Cominco Limited Fording Canadian Coal Trust Resolve Business Outsourcing Income Fund						
Michael Lay	BMONT Split Corp.						
John E. Richardson	Research in Motion Limited Intertape Polymer Group Inc. Resolve Business Outsourcing Income Fund						
(e) Disclose whether or not the independent trustees hold regularly scheduled meetings at which non-independent trustees and members of management are not in attendance. If the independent trustees hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent trustees do not hold such meetings, describe what the trustees do to facilitate open and candid discussion among their independent trustees.	As indicated in (a) above, the current six Trustees are all independent.  The Trustees meet independently of Management at the end of each Trustees’ meeting to discuss various operational and financial matters and whenever it is required. During the year ended December 31, 2005, the Trustees met independently of Management ten times.						

<b>Corporate Governance Requirement Disclosure under NI 58-101</b>	<b>Fund's Corporate Governance Disclosure</b>
<p>(f) Disclose whether or not the chair of the trustees is an independent trustee. If the trustees have a chair or lead trustee who is an independent trustee, disclose the identity of the independent chair or lead trustee, and describe his or her role and responsibilities. If the trustees have neither a chair that is independent, nor a lead trustee that is independent, describe what the trustee do to provide leadership for their independent trustees.</p>	<p>Mr. Robert J. Wright, the Chairman of the Trustees (the "Chair"), is an independent Trustee.</p> <p>The Chair is responsible for providing leadership to the Trustees and setting the "tone" for the Trustees to foster effective, ethical and responsible decision-making, appropriate oversight of management and strong governance practices.</p>
<p>(g) Disclose the attendance record of each trustee for all trustees' meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>During the year ended December 31, 2005, there were 10 meetings of the Trustees, 6 meetings of the Audit Committee and 4 meetings of the Corporate Governance and Compensation Committee.</p> <p>The attendance record for 2005 for each Trustee is provided in the section entitled "Meetings of the Trustees and Committees of the Trustees" in the Information Circular.</p>
<p><b>2. Mandate of the Trustees</b></p>	
<p>Disclose the text of the trustees' written mandate. If the trustees do not have a written mandate, describe how the trustees delineate their role and responsibilities.</p>	<p>The Trustees have developed and approved a Trustees' Mandate, which provides that the primary function of the Trustees is to supervise the activities and manage the investments and the affairs of the Fund and of the Armtec Entities. In doing so, the Trustees' fundamental objectives are to enhance and preserve long-term unitholder value, to ensure that the Fund meets its obligations on an ongoing basis, and to ensure that the Fund and the Armtec Entities operate in a reliable and safe manner. The Trustees operate by delegating certain of their responsibilities and duties to Management or committees of the Trustees and by reserving certain responsibilities and duties to themselves. A copy of the complete text of the Trustees' Mandate is annexed hereto as Schedule "B".</p>
<p><b>3. Position Descriptions</b></p>	
<p>(a) Disclose whether or not the trustees have developed written position descriptions for the chair and the chair of each committee. If the trustees have not developed written position descriptions for the chair and/or the chair of each committee, briefly describe how the trustees delineate the role and responsibilities of each such position.</p>	<p>The Chair and the chair of each of the committees of the Trustees do not have written position descriptions.</p> <p>The Chair is responsible for providing leadership to the Trustees and setting the "tone" for the Trustees to foster effective, ethical and responsible decision-making, appropriate oversight of management and strong governance practices. The primary role of the chair of each committee is to lead the committee in fulfilling the duties set out in its charter.</p>
<p>(b) Disclose whether or not the trustees and CEO have developed a written position description for the CEO. If the trustees and CEO have not developed such a position description, briefly describe how the trustees delineate the role and responsibilities of the CEO.</p>	<p>The CEO does not have a written position description. However, the Trustees, with the advice and recommendation of the Corporate Governance and Compensation Committee, are responsible for developing corporate goals and objectives that the CEO is responsible for meeting, monitoring and assessing the CEO's performance in light of those corporate goals and objectives, and determining CEO compensation.</p>

Corporate Governance Requirement Disclosure under NI 58-101	Fund's Corporate Governance Disclosure
<b>4. Orientation and Continuing Education</b>	
<p>(a) Briefly describe what measures the trustees take to orient new trustees regarding (i) the role of the trustees and their committees, and (ii) the nature and operation of the issuer's business.</p>	<p>The Corporate Governance and Compensation Committee is responsible for overseeing an orientation and education program for new Trustees. All Trustees, including new Trustees, receive a Trustees' reference binder which includes copies of historical and current material documents relating to the Fund and the Armtec Entities, including the Fund's Declaration of Trust, the Trustees' Mandate and the charters of the Trustees' committees, and recent public company filings. To ensure ongoing orientation and education for both new and existing Trustees, Trustee meetings are held from time to time at other sites at which the Armtec Entities conduct business in order to combine a tour of the Armtec Entities' facilities with the Trustees' meeting. In addition, Management makes regular presentations at Trustees' meetings on various topics including business opportunities, financial and operational matters, environmental issues, legal issues and health and safety issues.</p>
<p>(b) Briefly describe what measures, if any, are taken to provide continuing education for the trustees. If continuing education is not provided, describe how the trustees ensure that they maintain the skill and knowledge necessary to meet their obligations as trustees.</p>	<p>The Trustees receive regular updates regarding corporate governance standards and other relevant information from the Fund's professional advisors when appropriate. The Audit Committee also receives regular financial accounting and reporting updates from the Fund's auditors.</p> <p>All Trustees receive updates and information on the Fund's operations through regular presentations from Management.</p>
<b>5. Ethical Business Conduct</b>	
<p>(a) Disclose whether or not the trustees have adopted a written code for the trustees, officers and employees. If the trustees have adopted a written code: (i) disclose how a person or company may obtain a copy of the code; (ii) describe how the trustees monitor compliance with the code, or if the trustees do not monitor compliance, explain whether and how the trustees satisfies themselves regarding compliance with its code; and (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed fiscal year that pertains to any conduct of a trustee or executive officer that constitutes a departure from the code.</p> <p>(b) Describe any steps the trustees take to ensure that they exercise independent judgment in considering transactions and agreements in respect of which a trustee or executive officer has a material interest.</p> <p>(c) Describe any other steps the trustees take to encourage and promote a culture of ethical business conduct.</p>	<p>The Trustees have adopted a written code of business conduct and ethics which applies to all Trustees and all trustees, directors, officers and employees of the Armtec Entities. The code of business conduct and ethics addresses such matters as conflicts of interest, protection and proper use of corporate assets, use of e-mail and internet services, corporate opportunities, confidentiality and corporate information, fair dealing and compliance with applicable laws, rules and regulations. Any Trustee or trustee, director, officer or employee of any of the Armtec Entities who knows of or suspects a violation of the code of business conduct and ethics or any applicable laws or regulations is required to immediately report this information to a member of Management or the Audit Committee. The code of business conduct and ethics provides that no one will be subject to retaliation because of a good faith report of suspected misconduct.</p> <p>All new Trustees and directors, officers and employees of the Armtec Entities receive a copy of the code of business conduct and ethics. The code of business conduct and ethics has also been filed on and is accessible through SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p>

Corporate Governance Requirement Disclosure under NI 58-101	Fund's Corporate Governance Disclosure
<b>5. Ethical Business Conduct - Continued</b>	
	<p>The Trustees are responsible for monitoring compliance with the code of business conduct and ethics and for interpreting it in any particular situation. Any waiver of a provision of the code of business conduct and ethics may only be made by the Trustees and will be promptly disclosed to the public as required by law or regulation. No such waivers have been granted as at the date hereof. The Trustees are also responsible for regularly assessing the adequacy of the code of business conduct and ethics and for approving changes to it from time to time.</p> <p>The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders. The Declaration of Trust provides that if a Trustee or an officer of the Fund is a party to a material contract or transaction or proposed material contract or transaction with the Fund, or is a director or officer or an individual acting in a similar capacity of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund, other than any Armtec Entity, such Trustee or officer of the Fund, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees the nature and extent of such interest. Except in certain specified circumstances, a Trustee who is a party to or so interested in such a material contract or transaction will be precluded from voting on such a material contract or transaction but the presence of such Trustee at the relevant meeting shall be counted towards any quorum requirement. In practice, the Trustee or officer will also excuse himself from any discussion with respect to any matter in which the Trustee or officer has a conflict of interest.</p>
<b>6. Nomination of Trustees</b>	
<p>(a) Describe the process by which the trustees identify new candidates for nomination.</p> <p>(b) Disclose whether or not the trustees have a nominating committee composed entirely of independent trustees. If the trustees do not have a nominating committee composed entirely of independent trustees, describe what steps the trustees take to encourage an objective nomination process.</p> <p>(c) If the trustees have a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Corporate Governance and Compensation Committee, which is composed entirely of "independent" Trustees, is responsible for identifying and recommending to the Trustees suitable trustee candidates. In making its recommendations, the Corporate Governance and Compensation Committee considers the competencies and skills that the Trustees, as a group, should possess, assesses the skill sets of current Trustees and identifies any additional skill sets deemed to be beneficial when considering trustee candidates in light of the opportunities and risks facing the Fund. The Corporate Governance and Compensation Committee also considers whether the current number of Trustees facilitates effective decision-making. The Corporate Governance and Compensation Committee maintains a list of potential trustee candidates for its future consideration and may engage outside advisors to assist in identifying qualified candidates. Potential candidates will be screened to ensure that they have the attributes of: integrity and accountability, ability to engage in informed judgment, financial literacy, excellent communication skills, and the ability to work effectively as a team.</p>

Corporate Governance Requirement Disclosure under NI 58-101	Fund's Corporate Governance Disclosure
<b>7. Compensation</b>	
<p>(a) Describe the process by which the trustees determine the compensation for the issuer's trustees and officers.</p> <p>(b) Disclose whether or not the trustees have a compensation committee composed entirely of independent trustees. If the trustees do not have a compensation committee composed entirely of independent trustees, describe what steps the trustees take to ensure an objective process for determining such compensation.</p> <p>(c) If the trustees have a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Corporate Governance and Compensation Committee, which is composed entirely of "independent" Trustees, is responsible for making recommendations to the Trustees in respect of compensation to be paid to the Trustees and senior management employees of the Armtec Entities.</p> <p>In making its recommendations regarding Trustee compensation, the Corporate Governance and Compensation Committee considers the form and amount of Trustee compensation which is customary for comparative organizations having regard for such matters as time commitment and the responsibility and risks involved in being an effective Trustee. The Corporate Governance and Compensation Committee is mandated to review the compensation of the Trustees on this basis annually.</p> <p>In making its recommendations regarding CEO compensation, the Corporate Governance and Compensation Committee considers the CEO's performance in light of the corporate goals and objectives relevant to CEO compensation which the committee reviews and approves on an annual basis. In making its recommendations regarding other senior management employee compensation, the Corporate Governance and Compensation Committee, considers those matters described under the heading "Executive Compensation – Report on Executive Compensation". The Corporate Governance and Compensation Committee is also responsible for making recommendations to the Trustees with respect to the Armtec Entities' incentive compensation plans and equity-based plans, including recommendations concerning the individuals entitled to participate in the LTIP, the granting of participation units under the LTIP and the appointment of a Trustee LTIP. The Corporate Governance and Compensation Committee is also responsible for reviewing and approving executive compensation disclosure before it is publicly disclosed.</p>
<p>(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's trustees and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>During 2005, Dingle &amp; Associates Inc. were engaged to conduct an assessment of Trustee compensation and to make recommendations to the Corporate Governance and Compensation Committee. Dingle &amp; Associates Inc. interviewed all of the Trustees and Management and assessed the Fund's strategic plan to determine the appropriate composition of the Trustees and their workload and recommend appropriate compensation.</p> <p>During 2005, Mercer Human Resource Consulting Limited was engaged to complete an executive compensation study.</p> <p>In 2006, Neilly &amp; Associates, Inc. were engaged to develop a compensation strategy, evaluate the current compensation philosophy and the appropriateness of the annual and long term incentive plans for the Fund's and the Armtec Entities' executives.</p>

Corporate Governance Requirement Disclosure under NI 58-101	Fund's Corporate Governance Disclosure
<b>8. Other Board Committees</b>	
<p>If the trustees have standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Trustees have no other committees other than the Audit Committee and Corporate Governance and Compensation Committee. Information concerning the Audit Committee of the Trustees, including the complete text of its charter, the composition of the Audit Committee and relevant education and experience of its members, its pre-approval of non-audit services policy and a summary of external auditor service fees, is set forth in the Fund's annual information form for the financial year ended December 31, 2005 under the heading "Information Concerning the Fund – Audit Committee of the Trustees".</p>
<b>9. Assessments</b>	
<p>Disclose whether or not the trustees and their committees are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Trustees satisfy itself that the Trustees and their committees are performing effectively.</p>	<p>The Corporate Governance and Compensation Committee is responsible for reviewing on an annual basis the effectiveness of the Trustees as a whole, the committees of the Trustees and the individual Trustees. The Committee surveys the Trustees to provide feedback on the performance of the Trustees, the committees and the individual Trustees. The Committee then provides recommendations to the Trustees based on the feedback from the Trustees to enhance the Trustees' performance.</p>

## SCHEDULE "B"

### TRUSTEES' MANDATE

#### PURPOSE

The primary function of the trustees (the "Trustees") of Armtec Infrastructure Income Fund (the "Fund") is to supervise the activities and manage the investments and the affairs of the Fund and those of the Fund's subsidiaries and controlled entities. In doing so, the Trustees' fundamental objectives are to enhance and preserve long-term unitholder value, to ensure that the Fund meets its obligations on an ongoing basis and to ensure that the Fund and the Fund's subsidiaries and controlled entities operate in a reliable and safe manner.

#### PROCEDURE AND ORGANIZATION

The Trustees operate by delegating certain of their responsibilities and duties to management or committees of the Trustees and by reserving certain responsibilities and duties to themselves. In addition to regular committees of the Trustees, the Trustees may appoint ad hoc committees periodically to address issues of a more short-term nature. The Trustees retain the responsibility for managing their own affairs including selecting their Chair, nominating candidates for election as Trustees, setting Trustee compensation, constituting committees of the Trustees and committee charters.

#### RESPONSIBILITIES AND DUTIES

The Trustees' principal responsibilities and duties fall into a number of categories which are outlined below.

##### **Responsibilities and Duties Pursuant to the Fund's Declaration of Trust**

Pursuant to the Fund's amended and restated declaration of trust dated July 27, 2004 (the "Declaration of Trust"), the Trustees are responsible for, among other things:

- (a) supervising the activities and managing the investments and the affairs of the Fund;
- (b) maintaining records and providing reports to the unitholders;
- (c) approving the financial statements of the Fund and the Management's Discussion and Analysis accompanying such financial statements;
- (d) effecting distributions from the Fund to unitholders;
- (e) effecting the payment of the redemption or repurchase price for units;
- (f) considering and approving all major decisions affecting the Fund and its subsidiaries and controlled entities including all acquisitions, dispositions, capital expenditures, debt financing and the issuance of units; and
- (g) acting in accordance with their obligations contained in the Fund's Declaration of Trust, the securities laws of each province of Canada and other relevant legislation and regulations.

The Declaration of Trust provides that the Trustees must act honestly and in good faith with a view to the best interests of the Fund and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **Strategy Determination**

The Trustees shall ensure there are long-term goals and a strategic planning process in place for the Fund and shall participate with management directly or through their committees in developing and approving, on an annual basis, the strategy by which they propose to achieve these goals (taking into account, among other things, the opportunities and risks of the business in which the Fund and its subsidiaries and controlled entities are engaged).

### **Managing Risk**

The Trustees shall be responsible for safeguarding the assets and business of the Fund. It is incumbent on the Trustees to understand the principal risks of the business in which the Fund and its subsidiaries and controlled entities are engaged, to achieve a proper balance between risks incurred and the potential return to unitholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Fund.

### **Appointment, Training and Monitoring Senior Management**

The Trustees shall:

- (a) appoint the CEO; with the advice of the Compensation and Corporate Governance Committee, develop corporate goals and objectives that the CEO is responsible for meeting, monitor and assess CEO performance in light of those corporate goals and objectives and determine CEO compensation; and provide advice and counsel in the execution of the CEO's duties;
- (b) approve the appointment of all corporate officers; and approve, upon the recommendation of the Compensation and Corporate Governance Committee and the CEO, the remuneration of all corporate officers;
- (c) approve, upon the recommendation of the Compensation and Corporate Governance Committee, incentive-compensation plans and equity-based plans; and
- (d) ensure that adequate provision has been made to train and develop management and for the orderly succession of management, including the CEO.

### **Ensuring Integrity**

The Trustees shall satisfy themselves as to the integrity of the CEO and other senior officers and shall ensure that the CEO and other senior officers are creating a culture of integrity throughout the Fund and its subsidiaries and controlled entities.

### **Policies, Procedures and Compliance**

The Trustees shall:

- (a) ensure that the Fund and its subsidiaries and controlled entities operate at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) ensure the Fund and its subsidiaries and controlled entities set appropriate environmental standards in their operations and are in compliance with environmental laws and legislation;
- (c) ensure the Fund and its subsidiaries and controlled entities have a high regard for the health and safety of their employees in the workplace and have in place appropriate programs and policies;
- (d) examine the corporate governance practices observed within the Fund and alter such practices when circumstances warrant; and
- (e) approve and monitor compliance with policies and procedures adopted by the Trustees;

## **Reporting and Communication**

The Trustees shall:

- (a) ensure that the Fund has in place policies and programs to enable the Fund to communicate effectively with its unitholders, other stakeholders and the public generally;
- (b) ensure that the financial performance of the Fund is adequately reported to unitholders and regulators on a timely and regular basis;
- (c) ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- (d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Fund; and
- (e) report annually to unitholders on its stewardship of the affairs of the Fund for the preceding year.

## **Monitoring and Acting**

The Trustees shall:

- (a) monitor the Fund's progress towards its goals and objectives and revise and alter its direction through management in response to changing circumstances;
- (b) take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (c) ensure that the Fund has implemented adequate internal control and management information systems which ensure the effective discharge of its responsibilities;
- (d) assess the individual performance of each Trustee as well as the collective performance of the Trustees; and
- (e) oversee the number and composition of the Trustees to facilitate more effective decision-making.

## **TRUSTEES' EXPECTATIONS OF MANAGEMENT**

The Trustees expect each member of management to perform his or her duties, as may be reasonably assigned by the Trustees from time to time, faithfully, diligently, to the best of his or her ability and in the best interests of the Fund and its subsidiaries and controlled entities. Each member of management is expected to devote substantially all of his or her business time and efforts to the performance of such duties. Management is expected to act in compliance with and to ensure that the Fund and its subsidiaries and controlled entities are in compliance with any and all laws, rules and regulations applicable to them.

## **MEETINGS**

The Trustees shall meet on at least a quarterly basis and shall hold additional meetings as required or appropriate to deal with other issues. In addition, the Trustees shall meet on an annual basis to deal with strategic planning on behalf of the Fund. Financial and other information shall be made available to the Trustees in advance of Trustee meetings in order to assure effectiveness of action at such meetings. Attendance at meetings shall be recorded.

Management may be asked to participate in any meeting of the Trustees but in such event the Trustees are expected to meet separately from management immediately before and after such meeting to ensure that the Trustees function independently of management.

## **EVALUATION**

Each of the Trustees is expected to agree to an evaluation of his or her individual performance as well as to a review of the collective performance of the Trustees and of each committee of the Trustees. In that regard, the Trustees are expected to submit annually written evaluations which compares: (a) the performance of the Trustees to this mandate; (b) the performance of the committees of the Trustees to their respective charters; and (c) the performance of Trustees to their applicable position descriptions and expected competencies and skills. Trustees shall be encouraged to exercise their duties and responsibilities in a manner that is consistent with this mandate and with the best interests of the Fund and its unitholders generally.

## **RESOURCES**

The Trustees shall have the authority to retain independent legal, accounting and other consultants to advise it. The Trustees may request any officer or employee of the Fund and its subsidiaries and controlled entities or its outside counsel or the external/internal auditors to attend a meeting of the Trustees or to meet with any members of, or consultants to, the Trustees.

An individual Trustee shall be permitted to engage an outside legal or other adviser at the expense of the Fund where for example he or she is placed in a conflict position through activities of the Fund, but any such engagement shall be subject to the prior approval of the Compensation and Corporate Governance Committee.

**Approved by the Trustees on  
March 9, 2005**

**SCHEDULE “C”**

**TRUSTEES’ PHANTOM UNIT PLAN RESOLUTION**

**RESOLVED AS AN ORDINARY RESOLUTION OF UNITHOLDERS THAT:**

**Trustees’ Phantom Unit Plan**

1. The establishment by Armtec Infrastructure Income Fund (the “Fund”) of the Trustees’ Phantom Unit Plan, substantially in the form attached as Exhibit “A” to this resolution, is authorized and approved.
2. Any Trustee of the Fund or officer of Armtec Holdings Limited is authorized and directed, for and on behalf of the Fund, to negotiate, finalize, execute and deliver the Trustees’ Phantom Unit Plan, with such additions, deletions or other changes as such Trustee or officer, in such Trustee’s or officer’s sole discretion, may authorize or approve, any such authorization or approval to be conclusively evidenced by such Trustee’s or officer’s execution and delivery of the Trustees’ Phantom Unit Plan.
3. Any Trustee of the Fund or officer of Armtec Holdings Limited is authorized and directed, for and on behalf of the Fund, to negotiate, finalize, execute and deliver any and all such further documents, resolutions, agreements, authorizations, elections or other instruments, and to take or cause to be taken any and all such further actions as such Trustee or officer, in such Trustee’s or officer’s sole discretion, may determine to be necessary or desirable in order to complete and give effect to the foregoing resolution and the transactions contemplated by the Trustees’ Phantom Unit Plan, such determination to be conclusively evidenced by such Trustee’s or officer’s execution and delivery of any such document, agreement, authorization, election or other instrument or the taking of any such action.



**EXHIBIT "A"**

**ARMTEC INFRASTRUCTURE INCOME FUND**

**Trustees' Phantom Unit Plan**

**Effective June 15, 2006**

## ARMTEC INFRASTRUCTURE INCOME FUND

### TRUSTEES' PHANTOM UNIT PLAN

#### 1. INTRODUCTION

##### 1.1 Purpose

This Trustees' Phantom Unit Plan will provide the Trustees with the opportunity to acquire authorized but unissued Units, giving them the opportunity to participate in the long-term success of the Fund. The goal of this Plan is to promote a greater alignment of interests between the Trustees and the unitholders of the Fund.

##### 1.2 Definitions

Wherever used in this Plan, the following words and terms have the respective meanings set out below unless the context otherwise requires:

- (a) **"Account"** means the account maintained by the Fund for each Participant in connection with the operation of the Plan to which any Phantom Units and Distribution Equivalents awarded to the Participant under the Plan will be credited;
- (b) **"Administrator"** has the meaning set forth in Section 2.1;
- (c) **"Applicable Withholding Taxes"** has the meaning set forth in Section 2.3;
- (d) **"Armtec Entities"** means Armtec Operating Trust, Armtec Holdings Limited, Armtec Limited Partner Corp. and Armtec Limited Partnership, any affiliate of any of them from time to time, and their respective successors and assigns;
- (e) **"Award Date"** means, for any particular Quarter, the date on which Phantom Units are awarded to a Participant in respect of such Quarter in accordance with Section 5.1 which shall be, unless otherwise determined by the Committee, the last day of the month of such Quarter end or, if such day is not a Business Day, the first Business Day thereafter;
- (f) **"Award Market Value"** means the weighted average trading price of a Unit on the Toronto Stock Exchange for the five (5) trading days immediately preceding the Award Date;
- (g) **"Award Year"** means the period commencing on the first day following the date of an annual general meeting of unitholders of the Fund (commencing with the annual general meeting of unitholders of the Fund held June 14, 2006) and ending on the date of the next succeeding annual general meeting of unitholders of the Fund, and an Award Year may be a period less than or greater than twelve months;
- (h) **"Board of Trustees"** means the Board of Trustees of the Fund from time to time;
- (i) **"Business Day"** means a day on which the Toronto Stock Exchange is open for the business of trading securities;
- (j) **"Code"** means the United States Internal Revenue Code, as amended from time to time;
- (k) **"Committee"** means the committee responsible for recommending to the Trustees the compensation of the Participants in their capacity as Trustees, and for administering the Plan which at the effective date of the Plan is the Corporate Governance and Compensation Committee of the Fund;
- (l) **"Distribution Election Form"** means a written election in the form attached to the Plan as Schedule "B", or such similar form of election acceptable to the Committee or the Administrator;

- (m) **“Distribution Equivalents”** means an amount expressed as a whole or fractional Phantom Unit, calculated in accordance with Section 5.2 and credited by means of a bookkeeping entry to a Participant’s Account;
- (n) **“Distribution Market Value”** means the weighted average trading price of a Unit on the Toronto Stock Exchange for the five (5) trading days immediately following the date on which the Units trade *ex distribution*;
- (o) **“Distribution Payment Date”** means each date on which distributions are made on Units in accordance with the Fund’s distribution policy;
- (p) **“Distribution Record Date”** means the record date established in connection with a distribution by the Fund to its unitholders for purposes of determining which unitholders are entitled to receive such distribution;
- (q) **“Effective Date”** has the meaning set forth in Section 1.4;
- (r) **“Election and Acknowledgement Form”** has the meaning set forth in Section 4.1;
- (s) **“Fund”** means Armtec Infrastructure Income Fund and its successors and assigns;
- (t) **“Insider”** means an “insider” as defined in Section 601 of the *Toronto Stock Exchange Company Manual*;
- (u) **“Mandatory Payment Date”** means, in respect of a Phantom Unit, the earlier of:
  - (i) the date which is the twenty-fifth (25th) anniversary of the Award Date of such Phantom Unit;
  - (ii) the date that is 90 days following the death of the Participant, or such longer period following the death of the Participant as the Committee may, in its discretion, determine;
  - (iii) the date that is 90 days following the date on which the Participant ceases to be a Trustee for any reason other than the death of the Participant; or
  - (iv) that number of days which shall, in any event, be not less than 30 days following the date on which the Plan is terminated or suspended, as it applies to Participants, which is specified in the notice that is delivered to Participants following such decision in the manner set out in Section 6.1(c);
- (v) **“Participant”** means a Trustee to whom Phantom Units have been granted under the Plan;
- (w) **“Participant Information”** has the meaning set forth in Section 2.4;
- (x) **“Payment Date”** means, in respect of a Phantom Unit, the date that the Participant elects to redeem all or a portion of the Phantom Units in the Participant’s Account on such date by delivery to the Administrator, of a Distribution Election Form in the manner set forth in Section 5.4(a) or Section 5.4(d) hereof;
- (y) **“Person”** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, agency, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (z) **“Phantom Unit”** means a unit equivalent in value to a Unit at the time of grant, credited by means of a bookkeeping entry to a Participant’s Account in accordance with Section 5.1;
- (aa) **“Plan”** or **“Trustees’ Phantom Unit Plan”** means this Armtec Infrastructure Income Fund Trustees’ Phantom Unit Plan, as amended from time to time in accordance with its terms;
- (bb) **“Quarter”** means, for any particular Award Year, each calendar quarter or part thereof, as the case may be, included in such Award Year;

- (cc) **“Redemption Value”** means, in respect of a Payment Date or a Mandatory Payment Date, as the case may be, an amount of money equal to the number of Phantom Units recorded in the Participant’s Account that are redeemable on such Payment Date or Mandatory Payment Date, respectively, multiplied by the weighted average trading price of a Unit on the Toronto Stock Exchange for the five (5) trading days immediately preceding the Payment Date or Mandatory Payment Date, respectively;
- (dd) **“Remuneration”** means, for any particular Trustee for any particular Quarter, all remuneration (other than reimbursement of expenses) payable by the Fund to such Trustee in respect of such Quarter for services rendered to the Fund during such Quarter, as determined by the Board of Trustees or the appropriate committee thereof, including, without limitation, the applicable quarterly instalment of the annual retainer and any additional amounts payable for serving as a member of a committee or for serving as Chairman of the Board of Trustees or Chair of a committee, and all amounts payable in respect of attendance at meetings of the Board of Trustees or any committees thereof during such Quarter;
- (ee) **“Trustees”** means the non-employee members of the Board of Trustees;
- (ff) **“Unit”** means a unit of the Fund;
- (gg) **“Unit Remuneration”** means that portion of the Remuneration payable to a Trustee that such Trustee elects to have paid in the form of Phantom Units issued under the Plan; and
- (hh) **“U.S. Taxpayer”** means a Participant who is a U.S. citizen or U.S. permanent resident for purposes of the Code or a Participant for whom the compensation subject to deferral under this Plan would otherwise be subject to U.S. taxation under the Code;

### 1.3 Interpretation

Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

### 1.4 Effective Date of the Plan

This Plan will become effective as of June 15, 2006 (the **“Effective Date”**).

## 2. ADMINISTRATION

### 2.1 Administration of the Plan

- (a) Except for those matters that cannot be delegated by the Trustees:
  - (i) the Plan shall be administered by the Committee. The Committee shall have full authority to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, and to make such determinations as it deems necessary or desirable for the administration of the Plan; and
  - (ii) all actions taken and decisions made by the Committee in this regard shall be final, conclusive, and binding on all parties concerned, including, but not limited to, the Fund, the Participants, and their legal representatives.
- (b) The power of the Trustees and/or the Committee to make fundamental amendments to the Plan is subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange) that require unitholder approval of fundamental amendments be obtained.

- (c) The Committee may, to the extent permitted by law, delegate any of its administrative responsibilities under the Plan and powers related thereto to one or more Persons including, without limitation, an officer of the Fund or any of the Armtec Entities (the “**Administrator**”), and all actions taken and decisions made by such Administrator in this regard shall be final, conclusive, and binding on all parties concerned, including but not limited to, the Fund, the Participants, and their legal representatives. Beginning on the Effective Date, the Administrator of the Plan is the Chief Financial Officer of Armtec Holdings Limited.

## **2.2 Determination of Value if Units Not Publicly Traded**

Should the Units no longer be publicly traded at the relevant time such that the Award Market Value and/or the Distribution Market Value and/or the Redemption Value cannot be determined in accordance with the formulae set out in the definitions of those terms, or if, in the opinion of the Trustees, the market price at which Units are publicly traded does not reflect the value of those securities at the relevant time, such values shall be determined by a qualified financial advisor selected by the Committee acting in good faith.

## **2.3 Taxes and Other Source Deductions**

- (a) Except as provided in this Section 2.3, the Fund shall not be liable for any tax imposed on any Participant as a result of amounts paid or credited to such Participant or securities issued to such Participant under this Plan.
- (b) The Fund or any of the Armtec Entities shall be authorized to deduct from any amount paid or credited hereunder such taxes and other amounts as it may be required by law to withhold, in such manner as it determines (the “**Applicable Withholding Taxes**”).

## **2.4 Information**

- (a) Each Participant shall provide the Fund, the Committee and the Administrator (all, as applicable) with all information they require in order to administer the Plan (“**Participant Information**”).
- (b) The Fund, the Committee and the Administrator may from time to time transfer or provide access to Participant Information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing services to the Fund or any of the Armtec Entities in connection with the operation or administration of the Plan. The Fund may also transfer and provide access to Participant Information to any of the Armtec Entities for purposes of preparing financial statements or other necessary reports and facilitating payment or reimbursement of Plan costs. By Participating in the Plan, each Participant acknowledges that Participant Information may be so provided and agrees to its provision on the terms set forth herein.
- (c) Except as contemplated in this Section 2.4, the Fund, the Committee and the Administrator shall not disclose the personal information of a Participant except in response to regulatory filing or other requirements for the information by a government authority, regulatory body, or a self-regulatory body in which the Fund participates in order to comply with applicable laws or for the purpose of complying with a subpoena, warrant or other order by a court, Person or body having jurisdiction over the Fund to compel production of the information.

# **3. UNITS SUBJECT TO THE PLAN**

## **3.1 Units Subject to the Plan**

- (a) The securities that may be acquired by Participants on a Payment Date pursuant to Section 5.4 shall consist of authorized but unissued Units.
- (b) The number of Units available for issuance hereunder shall be equal to two percent (2%) of the total number of issued and outstanding Units from time to time.
- (c) If any Phantom Unit granted under this Plan shall expire or terminate for any reason without having been redeemed for Units, then any unissued Units available for issuance hereunder to which such Phantom Unit relates shall be available for the purposes of being issued upon the future redemption of Phantom Units.

- (d) The number of Units available for issuance pursuant to the Phantom Units granted to Insiders under this Plan together with any other compensation arrangement of the Fund (including, for this purpose, any of the Armtec Entities) that provides for the issuance of Units from treasury, shall not exceed ten percent (10%) of the issued and outstanding Units.
- (e) The number of Units issued to Insiders under this Plan together with any other compensation arrangement of the Fund (including, for this purpose, any of the Armtec Entities) that provides for the issuance of Units from treasury, shall not, within a one (1) year period, exceed ten percent (10%) of the issued and outstanding Units.

#### **4. PLAN PARTICIPATION**

##### **4.1 Time of Election**

Each Trustee shall have the right, once each Award Year, to elect the portion of his or her Remuneration in respect of each Quarter included in such Award Year that the Trustee wishes to have paid in the form of Phantom Units issued under the Plan by completing, signing and delivering to the Committee or the Administrator, a written election and acknowledgement in the form attached to the Plan as Schedule “A” (or, in the case of a U.S. Taxpayer, Schedule “A1”) or such similar form of election and acknowledgement acceptable to the Committee or the Administrator (the “**Election and Acknowledgement Form**”). In order to make such election, the Trustee must submit his or her Election and Acknowledgement Form as follows:

- (a) in the case of an existing Trustee:
  - (i) for the Award Year from the Effective Date until the next annual general meeting of unitholders of the Fund, within fifteen (15) days after the Effective Date; and
  - (ii) for each subsequent Award Year, not less than fifteen (15) days prior to the commencement of such Award Year; or
- (b) in the case of a new Trustee, within fifteen (15) days after his or her election or appointment, with such election to apply in respect of the Award Year during which such election or appointment is made.

Any such election shall be irrevocable.

If the Election and Acknowledgement Form is not so delivered within the time specified above, the Fund shall not credit any Phantom Units to the Participant’s Account in respect of the Award Year in question.

##### **4.2 Participant’s Agreement to be Bound**

Participation in the Plan is entirely voluntary and is at the discretion of the Trustee. Should any Trustee elect to participate in the Plan by electing to receive Phantom Units through delivery of an Election and Acknowledgement Form in the manner specified in Section 4.1 or otherwise, such election shall be construed as acceptance by the Trustee of the terms and conditions of the Plan, and all rules and procedures adopted hereunder, as amended, assigned or assumed from time to time in accordance with the terms hereof.

##### **4.3 U.S. Taxpayers**

Notwithstanding anything to the contrary in this Plan, the terms set out in Schedule “C” hereto will apply to a U.S. Taxpayer.

#### **5. PHANTOM UNITS**

##### **5.1 Grant of Phantom Units**

- (a) All Phantom Units granted to a Participant in respect of a Quarter shall be credited to the Participant’s Account effective as of the Award Date for such Quarter.

- (b) In the case of an existing Trustee who has made an election pursuant to Section 4.1(a), the number of Phantom Units (including fractional Phantom Units) to be credited shall be determined by dividing (i) the amount of the Participant's Unit Remuneration for the applicable Quarter, expressed in dollars, by (ii) the Award Market Value for the applicable Award Date.
- (c) In the case of a new Trustee who has made an election pursuant to Section 4.1(b), the number of Phantom Units (including fractional Phantom Units) to be credited shall be determined by dividing (i) the amount of the Participant's Unit Remuneration for the applicable Quarter, expressed in dollars, and pro-rated on the basis of length of time in the Plan during the Quarter by (ii) the Award Market Value for the applicable Award Date.

## **5.2 Credits for Distributions**

A Participant's Account shall be credited with Distribution Equivalents as of each Distribution Payment Date. The number of such Distribution Equivalents to be credited to a Participant's Account shall be computed by dividing: (a) the amount obtained by multiplying the amount of the distribution declared and paid per Unit, expressed in dollars, by the number of Phantom Units recorded in the Participant's Account on the Distribution Record Date, by (b) the Distribution Market Value, in respect of the distribution giving rise to the Distribution Equivalents, with fractions computed to three decimal places. Distribution Equivalents credited to a Participant's Account in accordance with this Section 5.2 shall be deemed to have the same Award Date as the Phantom Units to which the Distribution Equivalents relate.

## **5.3 Reporting of Phantom Units**

Statements of the Phantom Units in Participants' Accounts will be provided to the Participants at least annually. Statements shall contain such information as the Committee may determine from time to time or as otherwise may be required by law.

## **5.4 Payments**

- (a) On each Payment Date or Mandatory Payment Date, each Participant may elect to redeem the Phantom Units in his or her Account for Units by delivering a signed and completed Distribution Election Form to the Committee or the Administrator. Subject to Section 5.4(h), once the Committee or the Administrator receives the signed and completed Distribution Election Form, the Committee or the Administrator will issue to such Participant (or the Participant's legal representative in the case of the Participant's death) that number of Units that is equal to the number of Phantom Units recorded in the Participant's Account on the applicable Payment Date that the Participant has elected to redeem. Any such Units that are so issued will be issued as fully paid and non-assessable Units. Fractional amounts will be applied to Applicable Withholding Taxes or, if so requested by the Participant, paid in cash to the Participant.
- (b) On a Payment Date, excluding any Mandatory Payment Date, a Participant may elect to redeem all, or only a portion, of the Phantom Units in the Participant's Account on such date.
- (c) On a Mandatory Payment Date, a Participant is required to redeem all of the Phantom Units in the Participant's Account on such date.
- (d) On each Payment Date, or Mandatory Payment Date, as the case may be, the Participant may, in respect of all the Phantom Units that the Participant has elected to redeem in the case of a Payment Date, or all of the Phantom Units in the Participant's Account in the case of a Mandatory Payment Date, elect to receive, in lieu of the Units that otherwise would be deliverable pursuant to the operation of paragraph (a) above, a cash payment from the Fund equal to the Redemption Value of such Phantom Units less Applicable Withholding Taxes. Such election shall be made by the Participant by selecting the cash option on the Distribution Election Form.
- (e) If a Participant fails to deliver a Distribution Election Form to the Committee or the Administrator within ten (10) Business Days of a Mandatory Payment Date, such Participant will be deemed to have elected to redeem all of the Phantom Units in his or her Account for fully paid and non-assessable Units in accordance with Section 5.4(a).

- (f) The Committee or the Administrator will use reasonably commercial efforts to ensure that delivery of the Units pursuant to paragraph (a) or (e) (including, if applicable and so requested by the Participant, cash on account of any fractional amounts) above or payment of the Redemption Value pursuant to paragraph (d) above, is made within ten (10) Business Days after the election or deemed election is made.
- (g) Upon payment of any amount pursuant to this Section 5.4, in cash or Units, as the case may be, the particular Phantom Units or Distribution Equivalents in respect of which such payment was made shall be cancelled and no further payments shall be made from the Plan in relation to such Phantom Units or Distribution Equivalents.
- (h) In accordance with Section 2.1(a), at the discretion of the Committee, Units may be issued to a Participant, on redemption of Phantom Units in the manner provided for in this Article 5, net of Applicable Withholding Taxes by reducing the number of Units issued by that number of Units with a fair market value equal to the Applicable Withholding Taxes, and on such other conditions as the Committee, in its discretion may impose.

### **5.5 Adjustments to Phantom Units**

In the event of the declaration of any subdivision, consolidation or distribution of Units to its unitholders (excluding a distribution of Units in accordance with the Fund's distribution policy and excluding a distribution of Units under any compensation arrangement of the Fund or any of the Armtec Entities, that contemplates the issuance of Units from Treasury), or upon a capital reorganization, reclassification, exchange, or other change with respect to the Units, or a consolidation, amalgamation, arrangement or other form of business combination of the Fund with another Person, or a sale, lease or exchange of all or substantially all of the property of the Fund or other distribution of the Fund's assets to unitholders (other than in accordance with the Fund's distribution policy), then the Account of each Participant and the Phantom Units outstanding under the Plan shall be adjusted in such manner, if any, as the Trustees and the Committee deem appropriate in order to preserve, proportionally the interests of Participants under the Plan.

### **5.6 Black-Out Periods**

The Fund, the Committee, the Administrator and each Participant will take all such action as is necessary to ensure that all actions taken and decisions made by the Committee, the Administrator or a Participant, as the case may be, pursuant to the Plan comply with applicable securities laws (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange) or any policies of the Fund relating to the insider trading or "black-out" periods.

## **6. GENERAL**

### **6.1 Amendment, Suspension, or Termination of Plan**

- (a) The Trustees may from time to time amend the Plan in whole or in part without prior notice and may at any time suspend or terminate the Plan in the manner set forth at Section 6.1(c) below.
- (b) The power of the Trustees and/or the Committee to make fundamental amendments to the Plan is subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange) that require unitholder approval of such amendments be obtained. However, except as expressly set forth herein, no such amendment, suspension, or termination may adversely affect Phantom Units previously granted to a Participant at the time of such amendment without the consent of the affected Participant(s). Without limiting the generality of the foregoing, the Trustees may make the following types of amendments to the Plan without seeking unitholder approval:
  - (i) amendments of a "housekeeping" nature; and
  - (ii) amendments to the number of Units issuable under the Plan, including a change to the fixed maximum percentages.

- (c) Notwithstanding Section 6.1(b), the Trustees may, in their discretion, elect to terminate the Plan. In the event that the Trustees determine to terminate the Plan, the Fund will provide written notice to each Participant affected by such determination. Such notice shall also set out the Mandatory Payment Date resulting from such determination, which date must be not less than 30 days following the date the Trustees have determined to terminate the Plan. Each Participant, through its election to participate in the Plan, expressly acknowledges and agrees that the Trustees have the discretion to terminate the Plan at any time provided the provisions of this Section 6.1(c) are complied with.
- (d) The Plan will finally cease to operate for all purposes when the last remaining Participant receives payment in respect of all Phantom Units recorded in the Participant's Account.

## **6.2 Compliance with Laws**

The administration of the Plan shall be subject to and made in conformity with all applicable laws, regulations, policies, rules, notices and administrative practices (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange) that require unitholder approval of fundamental amendments be obtained. Should the Trustees or the Committee determine, having regard to the above-noted applicable laws, regulations, policies, rules, notices and administrative practices, that it is not feasible or desirable to honour a Participant's election to:

- (a) have all or a portion of his or her Unit Remuneration paid in the form of Phantom Units issued under the Plan; or
- (b) have his or her Phantom Units redeemed for Units,

the Trustees or the Committee may, in the case of this Section 6.2(a), refuse such election, or, in the case of this Section 6.2(b), satisfy the obligation in connection with such election by means of payment of the Redemption Value less any Applicable Withholding Taxes or in such other manner as the Committee, in its sole discretion, shall determine.

## **6.3 Reorganization of the Fund**

The existence of any outstanding Phantom Units shall not affect in any way the right or power of the Fund or its unitholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Fund's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Fund or to create or issue any bonds, debentures, units or other securities of the Fund or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Fund or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

## **6.4 General Restrictions**

Except as required by law or expressly contemplated herein, the rights of a Participant under the Plan are not capable of being anticipated, assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

## **6.5 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Fund and in this regard, a successor to the Fund can assume the obligations of the Fund hereunder (including, if applicable, substituting its units for the Units for purposes of the Plan) upon notice to the Participants, provided such assumption has been authorized by the Trustees.

## **6.6 No Right to Serve**

- (a) Neither participation in the Plan nor any action taken under the Plan shall give or be deemed to give any Participant a right to continued employment with or service to the Fund or any of the Armtec Entities, and such participation shall not interfere with the right of the Fund or any of the Armtec Entities, as applicable, to terminate the Participant's employment or provision of service at any time.

- (b) Nothing in this Plan or the Participant's opportunity to participate in this Plan shall be construed to provide the Participant with any rights whatsoever to participate or continue to participate in this Plan, or to compensation or damages in lieu of continued participation or the right to participate in this Plan upon the termination of the Participant as trustee, director, officer, or employee of the Fund or any of the Armtec Entities, for any reason whatsoever.

### **6.7 No Unitholder Rights**

Under no circumstances shall Phantom Units be considered Units or other securities of the Fund, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Units or other securities of the Fund, nor shall any Participant be considered the owner of Units by virtue of the award of Phantom Units, until and unless Units have been issued to the Participant upon redemption of his or her Phantom Units.

### **6.8 Phantom Units Non-Transferable**

Phantom Units are non-transferable (except to a Participant's legal representative in the case of the Participant's death).

### **6.9 Unfunded and Unsecured Plan**

Unless otherwise determined by the Trustees in respect of the Trustee Participants, the Plan shall be unfunded and the Fund will not secure its obligations under the Plan. To the extent any Participant or the Participant's legal representative holds any rights by virtue of a grant of Phantom Units under the Plan, such rights (unless otherwise determined by the Trustees) shall be no greater than the rights of an unsecured creditor of the Fund.

### **6.10 No Other Benefit**

- (a) No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Unit, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.
- (b) The Fund makes no representations or warranties to Participants with respect to the Plan or the Phantom Units whatsoever. Participants are expressly advised that the value of any Phantom Unit in the Plan will fluctuate as the trading price of Units fluctuates. Participants are further expressly advised that the amount of cash distributions that are paid in respect of Units will vary.
- (c) In seeking the benefits of participation in the Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Units and all other risks associated with the holding of Phantom Units.

### **6.11 Non-exclusivity of the Plan**

The adoption of the Plan by the Fund shall not be construed as creating any limitations on the power or authority of the Trustees to adopt such other or additional incentive or other compensation arrangements of whatever nature as the Trustees may deem necessary or desirable, or preclude or limit the continuation of any other plan, practice, or arrangement for the payment of compensation and other benefits to Trustees generally, or to any class or group of Trustees, that the Fund has lawfully put into effect.

### **6.12 Governing Law**

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflict of laws.

### **6.13 Currency**

All amounts paid or values to be determined under the Plan shall be in Canadian dollars.

### **6.14 Severability**

The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this Plan.

**SCHEDULE “A”  
ARMTEC INFRASTRUCTURE INCOME FUND  
TRUSTEES’ PHANTOM UNIT PLAN**

**ELECTION AND ACKNOWLEDGEMENT FORM**

1. I elect to receive my Remuneration for the Award Year commencing \_\_\_\_\_ [Date] as follows:
- A. \_\_\_\_\_ % in Phantom Units
- B. \_\_\_\_\_ % in cash

**Note: The total amount of A and B must equal 100%. You must elect in increments of 10% under A and B.**

2. I acknowledge that:
- (a) I am a resident of Canada for purposes of the *Income Tax Act* (Canada);
  - (b) I have received and reviewed a copy of the Plan and in the event I elect to receive Phantom Units, I agree to be bound by the terms and conditions of the Plan;
  - (c) upon receipt of this election and acknowledgement by the Committee or the Administrator on or before the date so required by the Plan, the number of Phantom Units determined pursuant to the terms of the Plan that my election in paragraph 1 herein result from, will be credited to my Account under the Plan;
  - (d) my election in paragraph 1 herein is subject to the terms of the Plan and is irrevocable;
  - (e) I will be liable for income tax when Units or, at my election, a cash payment is paid out of the Plan to me in accordance with the terms of the Plan, that the Fund has not provided me with any tax advice with respect to the Plan or the elections I have made in paragraph 1 herein, and that **I should confirm the tax treatment with my own tax advisor**;
  - (f) If I elect to receive a lump sum cash payment, the Redemption Value of a Phantom Unit is based on the trading price of a Unit and is thus not guaranteed and, accordingly, the eventual cash value of a Phantom Unit on the applicable Payment Date may be higher or lower than the value of the Phantom Unit at the time it was allocated to my Account;
  - (g) the amount of cash distributions paid on Units will vary and is not guaranteed;
  - (h) no funds will be set aside to guarantee the payment of Phantom Units and future payment of Phantom Units will remain an unfunded liability on the books of the Fund unless the Fund changes its practice in this regard;
  - (i) Phantom Units are payable in the form of Units or, at my election, can be redeemed for their Redemption Value (less any Applicable Withholding Taxes) in accordance with the terms of the Plan.
3. I further acknowledge that as a Participant of the Plan, I am required to provide the Fund, the Committee and the Administrator with all information (including personal information) required to administer and operate the Plan and I hereby consent to the collection or use of all such information by the Fund, the Committee and the Administrator. I understand that the Fund, the Committee and the Administrator may from time to time transfer or provide access to such information to (i) third party service providers for purposes of the administration of the Plan and, (ii) any of the Armtec Entities for purposes of preparing financial statements or other necessary reports and facilitating payment or reimbursement of Plan costs, and that such Persons will be provided with such information for such purposes only. I also understand that the Fund, the Committee and the Administrator may from time to time disclose personal information about me in response to regulatory filing or other requirements for the information by a regulatory body or a self-regulatory body in which the Fund participates, or for the purpose of complying with a subpoena, warrant or other order by a court, Person or body having jurisdiction to compel production of the information, or as otherwise required by law. I

acknowledge that withdrawal of the consent at any time may result in a delay in the administration of the Plan or in the inability of the Fund, the Committee or the Administrator to deliver a cash payment or Units to me in respect of the value of any Phantom Units under the Plan.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Date

*All capitalized terms used in this Election and Acknowledgement Form have the meaning attributed to them in the Plan.*

*In the event of any conflict between the information in this Election and Acknowledgement Form and the governing Plan document, the Plan document will prevail.*

**SCHEDULE "A1"**  
**ARMTEC INFRASTRUCTURE INCOME FUND**  
**DEFERRED PHANTOM UNIT PLAN**

**ELECTION AND ACKNOWLEDGEMENT FORM FOR U.S. TAXPAYERS**

1. I elect to receive my Remuneration for the Award Year commencing [\_\_\_\_\_] [Date] as follows:
- A. \_\_\_\_\_% in Phantom Units
- B. \_\_\_\_\_% in cash

**Note: The total amount of A and B must equal to 100%. You must elect in increments of 10% under A and B.**

2. I acknowledge that the Phantom Units are payable in the form of Units or, at my election, their Redemption Value is payable as a lump sum cash payment in accordance with the terms of the Plan and I hereby irrevocably elect to receive payment, subject to the terms of the Plan, as soon as practicable (but in any event within thirty (30) days) of the earlier of the following dates:
- (a) \_\_\_\_\_ [Insert specific day, month and year];
- (b) the date of my death; or
- (c) the date I cease to be a Trustee for any reason other than death but if I become an employee of the Fund or any of the Armtec Entities, the later of the date I cease to be a Trustee for any reason other than death and the date I cease to be an employee of the Fund and subsidiaries or other affiliates controlled by the Fund.

Notwithstanding any provision to the contrary in this Election and Acknowledgement Form or the Plan, the redemption of the Phantom Units in my Account will be delayed for six (6) months following my separation from service if I am considered a "specified employee" (as determined under Section 409A of the Code) regardless of my election.

3. I acknowledge that:
- (a) I am currently a U.S. Taxpayer;
- (b) I have received and reviewed a copy of the Plan and in the event I elect to receive Phantom Units, I agree to be bound by the terms and conditions of the Plan;
- (c) upon receipt of this election and acknowledgement by the Committee or the Administrator on or before the date so required by the Plan, the number of Phantom Units determined pursuant to the terms of the Plan that result from my election in paragraph 1 herein will be credited to my Account under the Plan;
- (d) my elections in paragraphs 1 and 2 herein are subject to the terms of the Plan and are irrevocable;
- (e) the Fund has not provided me with any tax advice with respect to the Plan or the election I have made in paragraph 1 herein, and that **I should confirm the tax treatment with my own tax advisor**;
- (f) if I elect to receive a lump sum cash payment, the Redemption Value of a Phantom Unit is based on the trading price of a Unit and is thus not guaranteed and, accordingly, the eventual cash value of a Phantom Unit on the applicable Payment Date may be higher or lower than the value of the Phantom Unit at the time it was allocated to my Account;
- (g) the amount of cash distributions paid on Units will vary and is not guaranteed; and

(h) no funds will be set aside to guarantee the payment of Phantom Units and future payment of Phantom Units will remain an unfunded liability on the books of the Fund, as applicable, unless the Fund changes its practice in this regard.

4. I further acknowledge that as a Participant of the Plan, I am required to provide the Fund, the Committee and the Administrator with all information (including personal information) it requires to administer and operate the Plan and I hereby consent to the collection of all such information by the Fund, the Committee and the Administrator. I understand that the Fund, the Committee and the Administrator may from time to time transfer or provide access to such information to (i) third party service providers for purposes of the administration of the Plan and, (ii) any of the Armtec Entities for purposes of preparing financial statements or other necessary reports and facilitating payment or reimbursement of Plan costs and that such Persons will be provided with such information for such purposes only. I also understand that the Fund, the Committee and the Administrator may from time to time disclose personal information about me in response to regulatory filing or other requirements for the information by a regulatory body or a self-regulatory body in which the Fund participates, or for the purpose of complying with a subpoena, warrant or other order by a court, Person or body having jurisdiction to compel production of the information, or as otherwise required by law. I acknowledge that withdrawal of the consent at any time may result in a delay in the administration of the Plan or in the inability of the Fund, the Committee or the Administrator to deliver a cash payment or Units to me in respect of the value of any Phantom Units under the Plan.

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Signature

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Name (please print)

---

Date

*All capitalized terms used in this Election and Acknowledgement Form have the meaning attributed to them in the Plan.*

*In the event of any conflict between the information in this Election and Acknowledgement Form and the governing Plan document, the Plan document will prevail.*

**SCHEDULE "B"**  
**ARMTEC INFRASTRUCTURE INCOME FUND**  
**TRUSTEES' PHANTOM UNIT PLAN**

**DISTRIBUTION ELECTION FORM**

**TO: ARMTEC INFRASTRUCTURE INCOME FUND**

1. Subject to the terms of the Plan, I hereby irrevocably elect to redeem \_\_\_\_\_ [**number**] Phantom Units effective on \_\_\_\_\_ [**Date**] (the "**Payment Date**").

2. I further irrevocably elect to have the aforesaid Phantom Units, or any Phantom Units that are payable, paid to me by way of [**check one**]:

newly-issued Units;

or in a lump sum payment in cash

Please cause any Units to be delivered in accordance with my election in paragraph 2 herein to be registered as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

3. I understand that the certificates for any Units issuable to me pursuant to the Plan and this Distribution Election Form, less any Applicable Withholding Taxes, if applicable, will be forwarded to me at the address above by the Fund's transfer agent by registered mail. Any fractional Units shall be applied to Applicable Withholding Taxes or, if so requested by me, paid to me in a lump sum payment in cash.

4. I understand that any lump sum payment in cash owing to me pursuant to this Distribution Election Form, less Applicable Withholding Taxes, will be forwarded to me at the address above in the form of a cheque from the Fund, by registered mail.

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Date

*All capitalized terms used in this Distribution Election Form have the meaning attributed to them in the Plan.*

*In the event of any conflict between the information in this Distribution Election Form and the governing Plan document, the Plan document will prevail.*

**SCHEDULE “C”**  
**PLAN PROVISIONS APPLICABLE TO U.S. TAXPAYERS**

The provisions of this Schedule “C” apply to a U.S. Taxpayer notwithstanding anything to the contrary in the Plan. All capitalized terms used in this Schedule “C” have the meaning attributed to them in the Plan.

1. Notwithstanding the provisions of Section 4.1 of the Plan, U.S. Taxpayers must complete and return the election contemplated by Section 4.1 for U.S. Taxpayers (the “Initial Election”) prior to the end of the calendar year preceding the calendar year in which the Remuneration is earned or, in the case of a U.S. Taxpayer who is a newly elected or appointed Trustee, subject to the plan aggregation rules under Section 409A of the Code, as soon as practicable, and in any event no later than twenty-one (21) days, after such U.S. Taxpayer’s election or appointment, with such election to apply in respect of that portion of the Remuneration for the calendar year of election or appointment that is earned after the relevant Election and Acknowledgement Form is completed and returned by the U.S. Taxpayer.
2. The payment procedures outlined in Section 5.4(a) of the Plan do not apply to U.S. Taxpayers. Rather, a U.S. Taxpayer (or the U.S. Taxpayer’s legal representative in the case of the U.S. Taxpayer’s death) shall receive Units or, at the election of the U.S. Taxpayer or the U.S. Taxpayer’s legal representative, as applicable, payment of the Redemption Value of Phantom Units recorded in the U.S. Taxpayers’ Account in the form of a lump sum payment in cash less Applicable Withholding Taxes, at the earlier of the following dates: (a) the date designated by the U.S. Taxpayer in the Initial Election; (b) the date of the U.S. Taxpayer’s death; or (c) the date the U.S. Taxpayer ceases to be a Trustee for any reason other than death but if the U.S. Taxpayer becomes an employee of the Fund or any of the Armtec Entities, the later of the date the U.S. Taxpayer ceases to be a Trustee for any reason other than death and the date the U.S. Taxpayer ceases to be an employee of the Fund and the Armtec Entities. Notwithstanding any provision to the contrary herein, the payment of Units or, at the election of the U.S. Taxpayer or the U.S. Taxpayer’s legal representative, as applicable, the Redemption Value of Phantom Units recorded in a U.S. Taxpayer’s Account less Applicable Withholding Taxes will be delayed for six (6) months following separation from service of a “specified employee” (as determined under Section 409A of the Code) regardless of the U.S. Taxpayer’s election.
3. The election to receive payment in cash shall be made by a U.S. Taxpayer or a U.S. Taxpayer’s legal representative, as applicable, in a form acceptable to the Committee within ten (10) Business Days of the earlier of the above noted dates. If no election as to form of payment is made by this time, such U.S. Taxpayer or U.S. Taxpayer’s legal representative, as applicable, shall be deemed to have elected to redeem the Phantom Units in the U.S. Taxpayer’s Account for fully paid and non-assessable Units.
4. Notwithstanding Section 6.1 of the Plan, any amendments to the Plan and to this Schedule “C” deemed reasonably necessary by the Board of Trustees to comply with Section 409A of the Code and related authority shall be permitted without the consent of Participants, provided, however, that no such amendment shall cause the Plan to cease to be governed by Section 7 of the *Income Tax Act* (Canada).
5. Notwithstanding Section 6.1 of the Plan, the Plan may not be amended, suspended or terminated in a way that has the effect of accelerating payments to U.S. Taxpayers contrary to the provisions of Section 409A of the Code.
6. All provisions of the Plan shall continue to apply to a U.S. Taxpayer to the extent they have not been specifically modified by this Schedule “C”.