

**ARMTEC INFRASTRUCTURE INCOME FUND**  
**INFORMATION CIRCULAR**  
**For the Annual Meeting of Unitholders to be held on June 16, 2005**

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 meeting (the "Meeting") of holders ("Unitholders") of units ("Units") of the Fund to be held at 10:00 a.m. (Toronto time) on June 16, 2005 at the Toronto Stock Exchange, Conference Centre Auditorium, 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 therefor. 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 15 Campbell Road, P.O. Box 3000, Guelph, Ontario, N1H 6P2.

**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 and the authorization of the Trustees to fix the remuneration to be paid to the auditors and/or the appointment of trustees of the Fund, such Units will be voted in respect of such matters.**

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 period ended December 31, 2004 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) 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 2004 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](http://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 the date hereof, there are 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 directors and officers of the Company (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 ten percent 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 Company.

## **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 18, 2005. Any Unitholder who was a Unitholder on April 18, 2005 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 18, 2005 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 "Company" refers to ALP, together with its general partner and subsidiaries.

### **Administration Agreement**

On July 27, 2004 the Fund entered an administration agreement with AOT, AHL, ALPC and ALP pursuant to which ALP has agreed to provide (for no additional consideration, other than reimbursement by the Fund of out-of-pocket expenses for 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 5, 2005, except as otherwise stated.**

## APPOINTMENT OF TRUSTEES

The Declaration of Trust provides that the Trustees will consist of not less than three Trustees and no more than ten Trustees. The number of Trustees within such range was increased by the Trustees from five to six on May 5, 2005.

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 with the exception of Robert H.R. Dryburgh, who is a new nominee. 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 in their discretion.**

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**ROBERT J. WRIGHT, C.M.,Q.C**  
Ontario, Canada  
Trustee Since: July 2004  
Units: 5,000<sup>(1)</sup>

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 of the Mutual Fund Dealers Association and a director of the AARC Foundation. Mr. Wright is a member of the Investment Committee of the Ontario Workplace Safety & Insurance Board, and the Pension Fund Committee of Air Liquide Canada Inc. Mr. Wright was appointed a Member of the Order of Canada in April 1997.

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**  
Ontario, Canada  
Nominee Trustee

Mr. Dryburgh is the Executive Vice President of Robertson-Ceco Corporation, IL, a leading manufacturer of custom engineered metal buildings. 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 1972.

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**BRIAN W. JAMIESON**  
Ontario, Canada  
Trustee Since: July 2004  
Units: 2,000<sup>(1)</sup>

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.

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

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**D. 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 investment 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). 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 and the Chair of the Corporate Governance and Compensation Committee.

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**JOHN E. RICHARDSON, FCA**  
Ontario, Canada  
Trustee Since: July 2004  
Units: 4,000<sup>(1)(2)</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. 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 and the Corporate Governance and Compensation 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.

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<sup>(1)</sup> Reflects the number of Units beneficially owned, directly or indirectly, controlled or directed by the nominee, which information has been furnished by such nominee.

<sup>(2)</sup> Includes 2,000 Units directly owned by Mr. Richardson and 2,000 Units owned by Mr. Richardson's spouse.

## 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 2004 since the Fund's inception 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	3	2	2
Brian Jamieson	3	2	–
D. Michael Lay	3	2	2
John E. Richardson	3	2	2
Michael Skea	3	2	–
<b>Total Meetings in 2004</b>	<b>3</b>	<b>2</b>	<b>2</b>

## STATEMENT ON EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth all compensation earned during 2004 by: (a) the President and Chief Executive Officer of the Company; (b) the Chief Financial Officer and Secretary of the Company; and (c) each of the other two most highly compensated executive officers of the Company, who were serving as executive officers as at December 31, 2004 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 Payout <sup>(3)</sup> (\$)	(\$)
Charles M. Phillips President and Chief Executive Officer	2004	200,000	137,703	13,894	81,434	1,031,636 <sup>(4)</sup>
R. John Slattery Chief Financial Officer and Secretary	2004	153,280	42,215	12,935	40,715	242,588 <sup>(5)</sup>
Ceri Howell Vice President Marketing & Sales	2004	130,512	47,303	10,100	27,143	66,297 <sup>(6)</sup>
Thomas Cannon Vice President Operations	2004	135,000	30,984	10,813	20,352	13,228 <sup>(7)</sup>

<sup>(1)</sup> Bonuses were earned in 2004 and paid in 2005.

<sup>(2)</sup> Represents automobile lease payments, insurance and other automobile operating expenses.

<sup>(3)</sup> Payouts will be used to purchase Units in the market pursuant to the Long-Term Incentive Plan. See section entitled “Long-Term Incentive Plan” below.

- (4) Of the sum of \$1,031,636 received by Mr. Phillips, \$20,878 was received in respect of contributions made by the Company under the group registered retirement savings plan (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) Of the sum of \$242,588 received by Mr. Slattery, \$12,323 was received in respect of contributions made by the Company 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) Of the sum of \$66,297 received by Mr. Howell, \$13,648 was received in respect of contributions made by the Company under the Group RRSP and \$52,649 was received upon the exercise of outstanding options of AHL on completion of the Fund’s initial public offering.
- (7) Of the sum of \$13,228 received by Mr. Cannon, \$5,977 was received in respect of contributions made by the Company 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 long-term incentive plan (“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 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 amount of that excess which forms the LTIP incentive pool 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 Corporate Governance and Compensation Committee has the discretion to adjust these figures from time to time.

The LTIP payouts for each of the NEO’s is set forth on the “Summary Compensation Table” above. Such LTIP payouts 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 December 31<sup>st</sup> in each of 2005, 2006 and 2007 respectively.

### Employment Contracts

*Charles M. Phillips.* Mr. Phillips’ employment agreement provides for a base annual salary of \$260,000 and eligibility to receive an annual performance-based bonus targeted at 75% of his base annual salary and to participate in the LTIP. In addition to the foregoing, Mr. Phillips is entitled to participate in any benefit plan of the Company made available to the senior executives of the Company, reimbursement of reasonable expenses incurred in the performance of his duties and four weeks of paid vacation per year. The agreement contains non-solicitation and non-competition covenants in favour of the Company, which applies during the term of Mr. Phillips’ employment and for a period of 12 months following termination of his employment, and confidentiality covenants in favour of the Company, which will apply indefinitely. If the employment of Mr. Phillips is terminated by the Company for any reason other than for cause or Mr. Phillips resigns due to a material adverse change in the terms and conditions of his employment, Mr. Phillips will be entitled to: (i) any then unpaid salary and a bonus equal to the lesser of (A) the bonus received by him for the completed year prior to such termination or resignation and (B) his target bonus for the year in which such termination or resignation occurs, in either case pro-rated to the date of termination or resignation; (ii) 18 months of salary and bonus (based on an average of the last three years of bonus received by him), one-third of which will be paid as a lump sum at the time of termination or resignation and the remaining two-thirds of which will be paid in 12 monthly instalments; and (iii) continuation of his benefits for 12 months. If such termination or resignation occurs within six months from the date of a change of control of the Company, all of the foregoing payments in respect of salary and bonus will be paid on a lump sum basis upon termination or resignation.

*R. John Slattery.* Mr. Slattery's employment agreement provides for a base annual salary of \$200,000 and eligibility to receive an annual performance-based bonus targeted at 30% of his base annual salary and to participate in the LTIP. In addition to the foregoing, Mr. Slattery is entitled to participate in any benefit plan of the Company made available to the senior executives of the Company, reimbursement of reasonable expenses incurred in the performance of his duties and four weeks of paid vacation per year. The agreement contains non-solicitation and non-competition covenants in favour of the Company, which applies during the term of Mr. Slattery's employment and for a period of 12 months following termination of his employment, and confidentiality covenants in favour of the Company, which will apply indefinitely. If the employment of Mr. Slattery is terminated by the Company for any reason other than for cause, Mr. Slattery will be entitled to: (i) any then unpaid salary and bonus; and (ii) the continuation of salary and benefits for the period specified by applicable law (but in any event, not less than 12 months).

### **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 directors and officers of the Company, including the Named Executive Officers, and the Trustees. The Corporate Governance and Compensation Committee is currently comprised of Messrs. D. Michael Lay (Chair), John E. Richardson and Robert J. Wright, each of whom is an "outside" and "unrelated" trustee (as those terms are defined in the Statement of Corporate Governance Practices which follows). 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 adopted a formal charter for the Corporate Governance and Compensation Committee on September 29, 2004 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 Company as well as reviewing the adequacy and form of Trustees' compensation; 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. The short-term incentive plan is designed to achieve the growth and efficiencies required in the short-term.

Pursuant to the LTIP, the Trustees' set aside a pool of funds based upon the amount by which the Fund's distributions per Unit exceeded cash distribution threshold amounts. The LTIP purchases Units on the open market, which will be held by a plan administrator until such time as ownership vests to each participant in the plan.

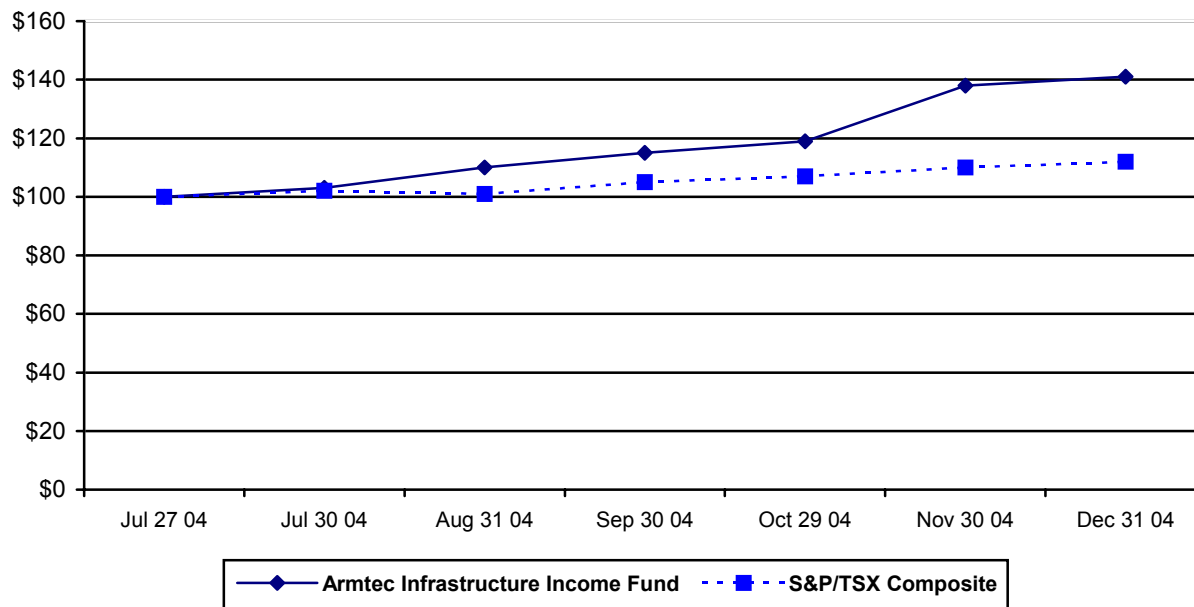
Base salaries are reviewed on an annual basis. This review considers the overall competitiveness of the salary as well as the individual performance of the executive officer. The committee may use third party consulting resources to assess the overall reasonability of the compensation package.

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

D. Michael Lay (Chair)  
John E. Richardson  
Robert J. Wright

## 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 return of the S&P/TSX Composite Index for the period from July 27, 2004, when the Units were listed on the TSX for trading, to December 31, 2004.



## Compensation of Trustees

For the period July 27, 2004 to December 31, 2004, each Trustee was paid a fee of \$10,000 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 received an additional stipend of \$2,500 and the Chair of the Corporate Governance and Compensation Committee received an additional stipend of \$1,500. All Trustees were reimbursed for out-of-pocket expenses for attending meetings of the Trustees, which totalled in the aggregate approximately \$1,000.

## APPOINTMENT OF AUDITORS

**The persons named in the enclosed form of proxy intend to vote FOR the reappointment of PricewaterhouseCoopers, 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 2004, the total premium paid on the policy, including expenses was \$133,763.

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.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Guidelines

Companies listed on the Toronto Stock Exchange (the “TSX”) are required to disclose annually their approach to corporate governance with respect to the TSX’s 14 recommendations as “best practice guidelines”. The Trustees consider good corporate governance to be central to the effective and efficient operation of the Fund and the Company 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 Company, the TSX guidelines and the Fund’s approach are best addressed by the Trustees. This disclosure is set forth in Schedule “A” to this Information Circular.

### Mandate of the Trustees and Committees and Charters of the Trustees

#### *Trustees’ Mandate*

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 Company. 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 Company 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.

Specific responsibilities and duties of the Trustees set out in their Mandate include:

- **Responsibilities and Duties Pursuant to the Fund’s Declaration of Trust** - supervising the activities and managing the investments and the affairs of the Fund; maintaining records and providing reports to Unitholders; approving the financial statements and management’s discussion and analysis of the Fund; effecting distributions to Unitholders; considering and approving all major decisions affecting the Fund and the Company; and acting in accordance with their obligations contained in the Fund’s Declaration of Trust, securities laws and other relevant legislation and regulations.
- **Strategy Determination** - ensuring that there are long-term goals and a strategic planning process in place for the Fund and participating with management directly or through the committees of the Trustees in developing and approving, on an annual basis, the strategy by which they propose to achieve these goals.
- **Managing Risk** - understanding the principal risks of the business in which the Fund and the Company are engaged, to achieve a proper balance between risks incurred and the potential return to Unitholders, and ensuring that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Fund.
- **Appointing, Training and Monitoring Senior Management** - (a) appointing the Chief Executive Officer (“CEO”); with the advice of the Corporate Governance and Compensation Committee, developing corporate goals and objectives that the CEO is responsible for meeting, monitoring and assessing CEO performance, determining CEO compensation, and providing advice and counsel in the execution of the CEO’s duties; (b) approving the appointment and, upon the recommendation of the Corporate Governance and Compensation Committee and the CEO, the remuneration, of all corporate officers; (c) approving, upon the recommendation of the Corporate Governance and Compensation Committee, incentive-compensation plans and equity-based plans; and (d) ensuring that adequate provision has been made to train and develop management and for the orderly succession of management, including the CEO.
- **Ensuring Integrity** - satisfying themselves as to the integrity of the CEO and other senior officers and ensuring that the CEO and other senior officers are creating a culture of integrity throughout the Fund and the Company.
- **Policies, Procedures and Compliance** - (a) ensuring that the Fund and the Company operate at all times within applicable laws and regulations and to the highest ethical and moral standards; (b) ensuring that the Fund and the Company set appropriate environmental standards in their operations and are in compliance with environmental laws and legislation; (c) ensuring that the Fund and the Company have a high regard for the health and safety of their employees in the workplace and have in place appropriate programs and policies; (d) examining the corporate governance practices

observed within the Fund and altering such practices when circumstances warrant; and (e) approving and monitoring compliance with policies and procedures adopted by the Trustees.

- **Reporting and Communication** - (a) ensuring 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) ensuring that the financial performance of the Fund is adequately reported to Unitholders and regulators on a timely and regular basis; (c) ensuring that the financial results are reported fairly and in accordance with generally accepted accounting standards; (d) ensuring the timely reporting of any other developments that have a significant and material impact on the value of the Fund; and (e) reporting annually to Unitholders on their stewardship of the affairs of the Fund for the preceding year.
- **Monitoring and Acting** - (a) monitoring the Fund's progress towards its goals and objectives and revising and altering its direction through management in response to changing circumstances; (b) taking action when performance falls short of its goals and objectives or when other special circumstances warrant; (c) ensuring that the Fund has implemented adequate internal control and management information systems which ensure the effective discharge of its responsibilities; (d) assessing the individual performance of each Trustee as well as the collective performance of the Trustees; and (e) overseeing the number and composition of the Trustees to facilitate more effective decision-making.

### ***Corporate Governance and Compensation Committee and its Charter***

The Trustees have established a Corporate Governance and Compensation Committee of the Fund. This Committee is currently composed of three Trustees, D. Michael Lay (Chair), Robert J. Wright, and John E. Richardson, each of whom is an unrelated and independent Trustee (as defined below) and a resident Canadian.

The Trustees have approved a Corporate Governance and Compensation Committee Charter which provides that the purpose of this Committee is to assist the Trustees in fulfilling their responsibilities relating to: (i) the overseeing of corporate governance practices applicable to the Fund; and (ii) the compensation of the directors and officers of the Company and of the Trustees. The Charter provides that this Committee shall be comprised of not fewer than three Trustees, each of whom is an independent Trustee, and a majority of whom must be resident Canadians. An "independent" Trustee is defined in the Charter as a Trustee who is not a member of management and who does not have an interest or relationship with the Fund that could be seen to interfere with the Trustee's ability to act in the best interests of the Fund, other than interests or relationships that result from holding Units of the Fund.

Specific responsibilities and duties of the Corporate Governance and Compensation Committee set out in its Charter include:

- **Corporate Governance** - reviewing corporate governance practices of the Fund in general, including reviewing and updating the disclosure policy and the trading policy of the Fund; examining the adequacy and effectiveness of the corporate governance practices of the Fund and making suggestions to the Trustees for improvement; overseeing the number and composition of the Trustees; reviewing annually the effectiveness of the Trustees including time commitments, conflicts of interest, continuing qualification, contribution by individual Trustees and the composition and effectiveness of committees of the Trustees; developing criteria for the selection of Trustees and identifying individuals for appointment as Trustees; overseeing orientation and education programs for new Trustees; reviewing succession planning for executive officers; assessing the quality and effectiveness of the Trustees' relationship with management; annually preparing the Fund's response to corporate governance guidelines for inclusion in the Fund's information circular; and approving the engagement by an individual Trustee of an outside adviser at the Fund's expense.
- **Compensation** - reviewing and approving annually corporate goals and objectives relevant to the CEO's compensation, evaluating his performance and setting his compensation level; reviewing and making recommendations to the Trustees annually with respect to the hiring, compensation, benefits and termination of the senior executive officers and all other key employees of the Fund and the Company; reviewing and making recommendations to the Trustees with respect to the appointment of officers of the Fund and the Company; reviewing and making recommendations to the Trustees annually with respect to the compensation of the Trustees; reviewing and making recommendations to the Trustees with respect to the Fund's incentive compensation plans and equity-based plans; and preparing annually the report on executive compensation required to be included in the Fund's information circular.

- **General** - reviewing annually the Committee's Charter and recommending any changes to the Trustees; and reporting to the Trustees on major items covered at each Committee meeting and making recommendations to the Trustees and management concerning these matters.

#### *Audit Committee and its Charter*

The Trustees have established an Audit Committee of the Fund. This Committee is currently composed of three Trustees, Brian Jamieson (Chair), D. Michael Lay and John E. Richardson, each of whom is an unrelated and independent Trustee (as defined below) and a resident Canadian.

The Trustees have approved an Audit Committee Charter which provides that the primary purpose of the Audit Committee is to assist the Trustees in fulfilling their responsibility for overseeing the Fund's financial reporting process. The Audit Committee has the primary responsibility of selecting, evaluating and recommending to the Trustees the appointment of the external auditors, and reviewing and recommending all audit engagement fees and non-audit engagements with the external auditors.

The Charter provides that this Committee shall be comprised of not fewer than three Trustees, each of whom is an independent Trustee, and a majority of whom must be resident Canadians. An "independent" Trustee is defined in the Charter as a Trustee who has no direct or indirect material relationship with the Fund. A "material relationship" is defined in the Charter as a relationship which could, in the view of the Trustees, reasonably interfere with the exercise of a Trustee's independent judgement (including an individual who is or who has been, or whose immediate family member is or has been, an employee or executive officer of the Fund; a partner of or employed by an internal or external auditor of the Fund; an executive officer of an entity on which the Fund's current executive officers serve on such entity's compensation committee; has a relationship with the Fund pursuant to which such individual may accept any fees other than as remuneration for acting as a Trustee or member of any committee of the Trustees; receives more than \$75,000 per year in compensation from the Fund other than as remuneration for acting as a Trustee or a member of any committee of Trustees; or is an affiliated entity of the Fund).

The Charter also provides that all members of the Audit Committee shall be financially literate. "Financial literacy" is defined in the Charter as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund's financial statements.

Specific responsibilities and duties of the Audit Committee set out in its Charter include: reviewing the accounting principles, policies and practices followed by the Fund and the Company in accounting for and reporting its financial results of operations; reviewing the Fund's audited annual consolidated financial statements and the unaudited quarterly financial statements; reviewing and recommending to the Trustees for approval any accompanying report to Unitholders and related documents such as the management's discussion and analysis and related press releases; making recommendations to the Trustees with respect to the selection of the external auditors to be put forward to the Unitholders at the annual meeting; obtaining annually a formal written statement from the external auditors delineating all relationships between the audit firm and the Fund and reviewing and discussing with the external auditors such relationships to determine the "independence" of the auditors; reviewing any management letter prepared by the external auditors concerning the Fund's internal financial controls, record keeping and other matters and management's response thereto; discussing with the external auditors their views about the quality of the implementation of Canadian generally accepted accounting principles and meeting in private with appropriate members of management and separately with the external auditors to share perceptions on these matters, discuss any potential concerns and agree upon appropriate action plans; approving the scope of the annual audit, the audit plan, the access granted to the Fund's records and the co-operation of management in any audit and review function and pre-approve the scope and cost of any non-audit services to be undertaken by the Fund's external auditors; reviewing the effectiveness of the independent audit effort, including approval of the fees charged in connection with the annual audit, any quarterly reviews and any non-audit services being provided; assessing the effectiveness of the working relationship of the external auditors with management and resolving any disagreements between management and the external auditors regarding financial reporting; reviewing key regulatory developments and their implications for the Fund; reviewing the risk management policies followed by the Fund in operating its business activities and the completeness and fairness of any disclosure thereof; reviewing annually the Audit Committee's Charter for adequacy and recommending any changes to the Charter to the Trustees; reporting to the Trustees on the major items covered at each Audit Committee meeting and making recommendations to the Trustees and management concerning these matters; ensuring that the appropriate internal controls over financial reporting are in place, and that the Fund's public disclosure of financial information is timely and accurate, so as to permit the CEO and the Chief Financial Officer to provide the required certification of the Fund's annual and interim filings; reviewing and approving the Fund's hiring policies regarding partners,

employees and former partners and employees of present and former external auditors of the Fund; and ensuring that the financial information required by the various committees of the Trustees is available to them so as to permit them to fulfil their mandates.

#### **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 Company in writing at the Company's office at 15 Campbell Road, P.O. Box 3000, Guelph, Ontario, N1H 6P2, 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 Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2004.

#### **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 5, 2005

/s/ Robert J. Wright

Robert J. Wright  
Chairman of the Trustees

## SCHEDULE “A”

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

*For purposes of this Statement of Corporate Governance Practices, the “Fund” refers to Armtec Infrastructure Income Fund; the “Company” refers to the Fund’s subsidiaries and controlled entities which include Armtec Holdings Limited (“AHL”), Armtec Limited Partner Corp. and Armtec Limited Partnership (“ALP”); and “Management” refers to the officers and senior employees of the Company. 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.*

TSX GUIDELINE	COMPLIANCE BY THE FUND	FUND’S CORPORATE GOVERNANCE PRACTICES
<p><b>1. Stewardship of the Fund/Company - The Trustees should explicitly assume responsibility for the stewardship of the Fund and the Company.</b></p> <p><b>As part of the overall stewardship responsibility, the Trustees should assume responsibility for the following matters:</b></p>	<p>Yes</p>	<p>The Trustees have adopted a 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 those of the Company. 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.</p> <p>A more detailed description of the Trustees’ Mandate, including responsibilities and duties of the Trustees pursuant to the Fund’s Declaration of Trust, is provided under “Mandate of the Trustees and Committees and Charters of the Trustees” in the Information Circular.</p>
<p><b>(a) The adoption of a strategic planning process.</b></p>	<p>Yes</p>	<p>As part of its Mandate, the Trustees ensure that there are long-term goals and a strategic planning process in place for the Fund. In addition, the Trustees participate with Management directly or through committees in developing and approving, on an annual basis, the strategy by which they propose to achieve these goals. At the end of the calendar year, the Trustees approve a business plan for the following year. At least each quarter, the Trustees assess the performance of the Fund and the Company against these plans and objectives.</p>
<p><b>(b) The identification of principal risks of the business of the Fund and the Company and ensuring the implementation of appropriate systems to manage these risks.</b></p>	<p>Yes</p>	<p>The Trustees are responsible for safeguarding the assets and business of the Fund and for understanding the principal risks of the business in which the Fund and the Company 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 monitor and manage those risks with a view to the long-term viability of the Fund. The Trustees have established an Audit Committee which is responsible for reviewing the risk management policies followed by the Fund in operating its business activities and to report to the Trustees on a regular basis.</p>

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**(c) Succession planning, including appointing, training and monitoring senior management;**

Yes

The Trustees have the ultimate responsibility of approving the appointment of officers of the Company which it does on an annual basis. The Trustees are also responsible for ensuring that adequate provision has been made to train and develop management and for the orderly succession of Management, including the CEO.

The Trustees have established a Corporate Governance and Compensation Committee which is responsible for reviewing succession planning for executive officers, including making recommendations to the Trustees with respect to the hiring of senior executive officers and all other key employees of the Fund and the Company and the appointment of officers of the Company. This Committee is also responsible for reviewing and approving the performance of the CEO.

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**(d) A communications policy for the Fund and the Company.**

Yes

The Trustees have approved a Corporate Disclosure Policy and Practices which covers the disclosure of information by the Fund and the Company to the public. This policy is intended to ensure that communications to the public about the Fund and the Company are timely, factual and accurate, that they are broadly disseminated in accordance with all applicable legal and regulatory requirements and that they are consistent.

The policy extends to all Trustees, directors, officers and employees of the Fund and the Company, and all those authorized to speak on behalf of the Fund and the Company. The policy covers disclosures in documents filed with the securities regulatory authorities and written statements made in the annual and quarterly reports of the Fund, news releases, letters to Unitholders, presentations by Management and information contained in the web site maintained by the Fund. It also extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media, and speeches, press conferences and conference calls.

The Chair of the Fund's Audit Committee is responsible for overseeing the disclosure practices of the Fund and the Company.

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**(e) The integrity of internal control systems of the Fund and the Company and management information systems.**

Yes

The Trustees have the ultimate responsibility of ensuring that the Fund and the Company have implemented adequate internal control and management information systems which ensure the effective discharge of their responsibilities. Management has the primary responsibility of designing and implementing internal controls and management information systems for the Fund and the Company. However, the Fund's Audit Committee is responsible for ensuring that appropriate internal controls and management information systems are in place. The Audit Committee meets regularly with the Chief Financial Officer and the Fund's external auditors to assess the adequacy of effectiveness of management's internal controls.

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<p><b>2. Board Independence - A majority of the Trustees should be unrelated Trustees (that is, independent from management and free of conflicts of interest).</b></p>	<p>Yes</p>	<p>The Declaration of Trust of the Fund provides that the number of Trustees shall consist of not less than three Trustees and no more than ten Trustees. The number of Trustees within such minimum/maximum range is currently fixed at six with one spot vacant. The current five Trustees are all unrelated Trustees.</p> <p>The Fund is not aware of any significant Unitholder (as defined in the TSX guidelines).</p>
<p><b>3. Individual Unrelated Trustees - Disclose for each Trustee of the Fund whether such Trustee is related (including any relationship between the Fund and/or the Company and the Trustees).</b></p>	<p>Yes</p>	<p>The Trustees have reviewed the definitions of “unrelated directors” and “inside directors” in the TSX guidelines and the relationship of each Trustee with the Fund and the Company and have determined that none of the Trustees is an inside Trustee and that each of the Trustees is unrelated to the Fund and the Company. None of the Trustees work in the day-to-day operations of the Fund or the Company or receive any fees from the Fund or the Company other than as Trustees. A short biography about each Trustee, including the committees of the Fund on which they serve and meetings of the Trustees and committees of the Trustees they attended in 2004, is provided under “Appointment of Trustees” in the Information Circular.</p>
<p><b>4. Nominating Committee - The Trustees should appoint a committee of Trustees composed exclusively of outside, non-management, Trustees, a majority of whom are unrelated Trustees, with the responsibility for proposing to the Trustees new nominees as Trustees and for assessing Trustees on an ongoing basis.</b></p>	<p>Yes</p>	<p>The Fund does not have a nominating committee. The Corporate Governance and Compensation Committee of the Trustees is responsible for developing criteria for the selection of Trustees and identifying individuals for election and/or appointment as a Trustee including in the event of any vacancy among the Trustees. This Committee is also responsible for overseeing orientation and education programs for new Trustees.</p> <p>The Trustees have approved a Charter for the Corporate Governance and Compensation Committee which provides that this Committee shall be comprised of not fewer than three Trustees, each of whom is an independent Trustee, and a majority of whom must be resident Canadians. An “independent” Trustee is defined in the Charter as a Trustee who is not a member of management and who does not have an interest or relationship with the Fund that could be seen to interfere with the Trustee’s ability to act in the best interests of the Fund, other than interests or relationships that result from holding Units of the Fund. The three current Trustees of this Committee are each independent Trustees and resident Canadians as well as outside, non-management Trustees.</p>
<p><b>5. Assessing the Trustees’ Effectiveness - The Trustees should implement a process to be carried out by the nominating or other appropriate committee for assessing the effectiveness of the Trustees as a whole, its committees and the contribution of individual Trustees.</b></p>	<p>Yes</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 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 Trustees to enhance the Trustee’s performance.</p>

<b>6. Orientation and Education of Trustees - The Fund should provide orientation and education programs for new recruits to the Trustees.</b>	Yes	<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 Company, including the Fund's Declaration of Trust, the Mandate of the Trustees and the Charters of its Committees, and recent public company filings. To ensure ongoing orientation and education for both new and existing directors, Trustee meetings are held from time to time at other sites at which the Company conducts its business in order to combine a tour of the Company's 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>
<b>7. Effective Trustee's Size - The Trustees should examine their size and undertake, where appropriate, a program to establish a size which facilitates more effective decision-making.</b>	Yes	<p>The Corporate Governance and Compensation Committee is responsible for overseeing the number and composition of the Trustees and providing advice to the Trustees in this regard. The Declaration of Trust of the Fund provides that the number of Trustees shall consist of not less than three Trustees and no more than ten Trustees. The Committee and the Trustees have recently examined the number of Trustees and have determined that the number of Trustees should be increased from five to six. The Committee and the Trustees consider that six Trustees is an appropriate number of Trustees for effective decision-making at this time.</p>
<b>8. Compensation of Trustees - The Trustees should review the adequacy and form of compensation of Trustees and ensure it realistically reflects the risks and responsibilities involved in being an effective Trustee.</b>	Yes	<p>The Corporate Governance and Compensation Committee is responsible for reviewing and making recommendations to the Trustees with respect to the amount and form of compensation for the Trustees. In making its recommendations, the Committee will consider the type and amount of compensation paid to Trustees and/or directors of comparable publicly traded Canadian companies that are representative of the risks and responsibilities pertaining to a Trustee.</p> <p>For the form and amount of compensation paid to the Trustees in 2004 see "Compensation of Trustees" in the Information Circular.</p>
<b>9. Committees and Outside Trustees - Committees of the Trustees should generally be composed of outside Trustees, a majority of whom are unrelated Trustees.</b>	Yes	<p>The Trustees have appointed an Audit Committee and a Corporate Governance and Compensation Committee. Information about these Committees is provided under "Mandate of the Trustees and Committees and Charters of the Trustees" in the Information Circular.</p>

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<b>10. Approach to Corporate Governance - The Trustees should expressly assume responsibility for, or assign to a committee of the Trustees, the general responsibility for, developing the Fund's approach to governance issues. This committee would, among other things, be responsible for the Fund's response to these governance guidelines.</b>	Yes	The Trustees have assigned to the Corporate Governance and Compensation Committee the broad responsibility of assisting the Trustees in fulfilling their responsibilities relating to the overseeing of corporate governance practices applicable to the Fund. To fulfill this responsibility, this Committee reviews corporate governance practices of the Fund in general, including reviewing and updating the disclosure policy and the trading policy of the Fund; examines the adequacy and effectiveness of the corporate governance practices of the Fund in light of changing requirements and makes suggestions to the Trustees for their improvement; and prepares the report on corporate governance for inclusion in the Fund's continuous disclosure documents.
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<b>11. Position Descriptions - The Trustees, together with the CEO, should develop position descriptions for the Trustees and for the CEO, including the definition of the limits to management's responsibilities. In addition, the Trustees should approve or develop the corporate objectives, which the CEO is responsible for meeting.</b>	Yes	<p>The Trustees have adopted a Mandate which sets out the responsibilities and duties of the Trustees and the Trustees' expectations of Management. A detailed description of the Trustees' Mandate, which includes a summary of the Fund's responsibilities and duties, is provided under "Mandate of the Trustees and Committees and Charters of the Trustees" in the Information Circular. All major decisions affecting the Fund and the Company require the approval of the Trustees, including all acquisitions and dispositions, capital expenditures (other than those referred to in the Capital Expenditure Policy referred to below), debt financing and the issuance of Units. The Trustees have approved a Distribution Review Policy which addresses the Trustees' responsibility to conduct a periodic review of the distributions payable to the Unitholders under the Fund's Declaration of Trust.</p> <p>The board of directors of AHL has approved a Capital Expenditure Policy which sets out the authority granted to the officers of AHL to enter into contracts on behalf of AHL in respect of certain capital expenditures and other commitments outside the normal course of AHL's activities with certain maximum monetary thresholds.</p> <p>The Trustees, with the advice and recommendations 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>
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**12. Board Independence - The Trustees should have in place appropriate structures and procedures to ensure that the Trustees can function independently of management. An appropriate structure would be to appoint a chair of the Trustees who is not a member of management with responsibility to ensure that the Trustees discharge their responsibilities. Appropriate procedures may involve the Trustees meeting on a regular basis without management present.**

Yes

The Chairman of the Trustees, Mr. Robert J. Wright, acts as Chair at all meetings of the Trustees. Mr. Wright is not a member of Management.

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.

The Corporate Governance and Compensation Committee is responsible for assessing the quality and effectiveness of the Trustees' relationship with Management and for ensuring that the Trustees can function independently of Management.

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**13. Audit Committee - The audit committee of the Trustees should be composed only of outside directors. The roles and responsibilities of the audit committee should be defined so as to provide appropriate guidance to the audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.**

Yes

The Trustees have established an Audit Committee to assist them in fulfilling their responsibility for overseeing the Fund's financial reporting process. The Trustees have approved an Audit Committee Charter which sets out the mandate and responsibilities of the Audit Committee. The Charter provides that the Audit Committee shall be comprised of not fewer than three Trustees, each of whom is an independent Trustee (that is, a Trustee who has no direct or indirect material relationship with the Fund), and a majority of whom must be resident Canadians.

The Audit Committee is currently composed of three Trustees, Brian Jamieson (Chair), D. Michael Lay and John E. Richardson. Each of these Trustees is an independent Trustee and a resident Canadian as well as an outside and unrelated Trustee. Each Trustee of the Committee is financially literate (as defined under Canadian securities laws and as determined by the Trustees).

The responsibilities of the Audit Committee include the review and monitoring of internal control systems, management reporting, and the accounting principles, policies and practices of the Fund and the Company, and oversight of the external auditors. A more detailed description of the Audit Committee, including its roles and responsibilities, is provided under "Mandate of the Trustees and Committees Charters of the Trustees" in the Information Circular. Additional information regarding the Audit Committee and a complete text of the Audit Committee Charter are set forth in the Fund's Annual Information Form dated March 9, 2005 for the financial year ended December 31, 2004 under the heading "Audit Committee Information". A copy of the Annual Information Form is contained on the System for Electronic Document Analysis (SEDAR) at [www.sedar.com](http://www.sedar.com).

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**14. Outside Advisers - The Trustees should implement a system to enable an individual Trustee to engage an external adviser at the Fund's expense in appropriate circumstances. The engagement of the outside adviser should be subject to the approval of an appropriate committee of the Fund.**

Yes

An individual Trustee may engage an outside legal or other adviser at the expense of the Fund with the approval of the Corporate Governance and Compensation Committee. During 2004, none of the individual Trustees engaged an external adviser. However, the Corporate Governance and Compensation Committee retained outside advisers to assess the competitiveness of senior Management's compensation.

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