



# **ARMTEC INFRASTRUCTURE INCOME FUND**

**Notice of Annual and Special Meeting of Unitholders  
to be held on May 17, 2007**

**and**

**Information Circular**



**Armtec Infrastructure Income Fund**  
370 Speedvale Avenue West, Suite #3  
Guelph, Ontario  
N1H 7M7

## **NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “Meeting”) of the holders of units of Armtec Infrastructure Income Fund (the “Fund”) will be held at 2:00 p.m. (Toronto time) on Thursday, May 17, 2007 at the Toronto Board of Trade, 1 First Canadian Place, 100 King Street West (Adelaide Street Entrance, Main Floor), Toronto, Ontario, for the following purposes:

1. To receive the consolidated financial statements of the Fund for the year ended December 31, 2006 together with the report of the auditors on those statements;
2. To reappoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Fund for the ensuing year and to authorize the trustees of the Fund to fix the remuneration of the auditors;
3. To appoint the trustees of the Fund for the ensuing year;
4. To consider and, if deemed advisable, to pass, with or without variation, the resolution in the form attached as Schedule “A” to the accompanying Information Circular ratifying and confirming the unitholder rights plan agreement made as of the 1<sup>st</sup> day of December 2006 between the Fund and Computershare Investor Services Inc., as rights agent, providing for the adoption of a unitholder rights plan for the Fund; and
5. To transact such other business as may properly come before the Meeting and any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Information Circular.

**DATED** at the City of Guelph, in the Province of Ontario, this 27<sup>th</sup> day of March 2007.

By Order of the Trustees,

**Robert J. Wright**  
Chairman of the Trustees

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## ARMTEC INFRASTRUCTURE INCOME FUND INFORMATION CIRCULAR

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 2:00 p.m. (Toronto time) on May 17, 2007 at the Toronto Board of Trade, 1 First Canadian Place, 100 King Street West (Adelaide Street Entrance, Main Floor), 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 referred to in item 4 of the notice of Meeting ratifying and confirming the unitholder rights plan agreement providing for the adoption of a unitholder rights plan for the Fund (the "Rights Plan Resolution"), such Units will be voted in favour of such Rights 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, 2006 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 2006 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 contacting the Intermediary and complying with any applicable requirements imposed by the Intermediary.

## 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 10,304,000 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 or groups who beneficially own, directly or indirectly, or exercise control or direction over, Units carrying more than 10% of the voting rights attached to all outstanding Units as at the date hereof, other than the following:

Name of Unitholder	Number of Units	Percentage of Outstanding Units
MFC Global Investment Management (Canada), a division of Elliott & Page Limited	1,120,501	10.87%

The Trustees understand that in excess of 10% of the outstanding 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 5, 2007. Any Unitholder who is a Unitholder on April 5, 2007 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 5, 2007 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 March 27, 2007, except as otherwise stated.**

## BUSINESS OF THE MEETING

### Presentation of Financial Statements

The consolidated financial statements of the Fund for the year ended December 31, 2006, together with the auditors' report thereon, are contained in the 2006 Annual Report mailed to Unitholders with this Information Circular who have requested a copy of same.

### 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.**

Ontario, Canada

Trustee Since: July 2004

Units: 15,000<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 director of Pathways to Education Canada, Chairman and a director of the Mutual Fund Dealers Association, a director of the AARC Foundation and the Chairman and a trustee of Resolve Business Outsourcing Income Fund. 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, C.A.**

Pennsylvania, United States

Trustee Since: June 2005

Units: 5,000<sup>(1)</sup>

Mr. Dryburgh is a corporate director. Mr. Dryburgh was, until October 2006, Executive Vice President of Heico Acquisitions Inc., an affiliate of Heico Companies LLC, an investment holding company, which owned Robertson-Ceco Corporation until April 2006. From October 2004 until April 2006, Mr. Dryburgh was the Executive Vice President of Robertson-Ceco Corporation, a leading manufacturer of custom engineered metal buildings, headquartered in Illinois. Prior to joining Robertson-Ceco, 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.

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

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**BRIAN W. JAMIESON, B. Com., A.C.A.N.Z.**  
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 director and a member of the audit committee of Route1, Inc. 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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**MICHAEL LAY, C.A.**  
Ontario, Canada  
Trustee Since: July 2004  
Units: 3,000<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. Prior to joining ONCAP, Mr. Lay led the Merchant Banking group at Ontario Teachers' Pension Plan Board, one of Canada's largest merchant banking operations. Mr. Lay is also a director of BMONT Split Corp., a mutual fund corporation. 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 and member of the audit committee of Research in Motion Limited, the Chairman and a director of Boiler Inspection and Insurance Company, a director of Intertape Polymer Group Inc., and a trustee and member of the audit committee 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 the Harvard Business School.

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

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**MICHAEL SKEA, B.A.**  
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 is a director of the St. Joseph's Health Centre Foundation. 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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**Note:**  
<sup>(1)</sup> Reflects the number of Units beneficially owned, directly or indirectly, or over which control or direction is exercised. This information has been furnished by such nominees as of the date hereof.

## **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.

## **Ratification and Confirmation of the Unitholder Rights Plan Agreement**

At the Meeting, Unitholders will be asked to ratify and confirm, with or without variation, the unitholder rights plan agreement (the “Rights Plan Agreement”) made as of the 1<sup>st</sup> day of December, 2006 between the Fund and Computershare Investor Services Inc., as rights, agent, providing for the adoption of a unitholder rights plan for the Fund (the “Rights Plan”).

While the Rights Plan became effective upon the entering into of Rights Plan Agreement on December 1, 2006 (the “Effective Date”), the Rights Plan and the Rights (as defined below) will terminate if the Rights Plan Agreement is not ratified and confirmed, with or without variation, at the Meeting by a majority of the votes cast by holders of Units who vote in favour of the Rights Plan Agreement. Accordingly, Unitholders will be asked to approve the Rights Plan Resolution set out in Schedule “A” to this Information Circular at the Meeting.

## **Background and Summary**

On December 1, 2006, the Fund announced that the Trustees of the Fund had adopted the Rights Plan. The Rights Plan is designed to ensure the fair treatment of the Fund’s Unitholders in any transaction involving a change of control of the Fund and will provide the Trustees and the Fund’s Unitholders with adequate time to evaluate any unsolicited takeover bid and, if appropriate, to seek out alternatives to maximize Unitholder value.

The Rights Plan has not been adopted in response to any specific proposal to acquire control of the Fund and the Fund is not aware of any such proposal. The Rights Plan is also not intended to, and would not, hinder full and fair offers for control of the Fund that are made to all Unitholders; in particular the Rights Plan contains a standard “Permitted Bid” exclusion which makes it inapplicable to a take-over bid made to all Unitholders which is open for acceptance for at least 60 days and otherwise complies with customary “Permitted Bid” requirements.

The Rights Plan is similar to other rights plans adopted by many Canadian income trusts and corporations. The rights granted to holders of Units (the “Rights”) entitle such holders (other than an Acquiring Person (as defined below) and related persons), at the time that the Rights become exercisable, to purchase Units at 50% of the then prevailing market price of the Units. Until the occurrence of certain specific events, the Rights associated with the Rights Plan will trade with the Units of the Fund and be represented by any certificates for such Units. The Rights issuable under the Rights Plan would become exercisable when a person, together with any parties related to it, acquires or announces its intention to acquire 20% or more of the Fund’s outstanding Units without complying with the “Permitted Bid” provisions of the Rights Plan or without approval of the Trustees. Should such an acquisition occur, rights holders (other than the acquiring person and related persons) would be entitled to purchase Units at 50% of the prevailing market price at the time the rights become exercisable.

In order to remain in effect, the Rights Plan must be reconfirmed every three years at a Unitholders’ meeting held for such purpose.

The following is a summary of the principal terms of the Rights Plan, which is qualified in its entirety by reference to the text of the Rights Plan Agreement. **A copy of the Rights Plan Agreement may be obtained upon written request made to the Fund at 370 Speedvale Avenue West, Suite #3, Guelph, Ontario N1H 7M7, Attention: Secretary, and is also available on the Internet on the Fund’s SEDAR profile at [www.sedar.com](http://www.sedar.com).**

## **Issue of Rights**

On December 1, 2006, the Effective Date of the Rights Plan, one Right was issued and attached to each outstanding Unit. One Right will also be issued and attached to each Unit issued thereafter, subject to the limitations set forth in the Rights Plan. The initial exercise price of each Right is \$100.00 (the “Exercise Price”), subject to appropriate anti-dilution adjustments.

## **Rights Exercise Privilege**

The Rights will separate from the Units to which they are attached and will become exercisable at (the “Separation Time”) the close of business on the tenth business day after the earlier of (a) the first date of public announcement by the Fund or an Acquiring Person (as defined below) of facts indicating that a Person has become an Acquiring Person (the “Unit Acquisition Date”), and (b)

the date of the commencement of, or first public announcement of, the intent of any Person (other than the Fund or any subsidiary of the Fund) to commence a take-over bid (other than a Permitted Bid or Competing Permitted Bid (each as described below)).

The acquisition by a Person (an “Acquiring Person”), including Persons acting in concert, of 20% or more of the Units, other than by way of a Permitted Bid in certain circumstances, is referred to as a “Flip-in Event”. Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the Unit Acquisition Date, will become void upon the occurrence of a Flip-in Event. Upon the occurrence of the Flip-in Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase Units at a 50% discount to the market price at the time.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the Units to which they are attached, holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

### ***Certificates and Transferability***

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Units (other than those previously issued) and will not be transferable separately from the attached Units. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Units.

### ***Permitted Bid Requirements***

The requirements of a Permitted Bid include the following:

- the take-over bid must be made by way of a take-over bid circular;
- the take-over bid must be made to all holders of Units (other than the Acquiring Person);
- the take-over bid must not permit Units tendered pursuant to the take-over bid to be taken up (i) prior to the expiry of a period of not less than 60 days from the date of the bid; and (ii) unless more than 50% of the Units held by Unitholders other than the Acquiring Person, its affiliates and associates and Persons acting jointly or in concert with the Acquiring Person (the “Independent Unitholders”) have been tendered pursuant to the take-over bid and not withdrawn;
- the take-over bid must allow Units to be deposited pursuant to the take-over bid at any time prior to the first take-up or payment for Units and any Units deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and
- if more than 50% of the Units held by Independent Unitholders are tendered to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Units for not less than an additional ten business days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of 35 days, it may expire on the same date as the Permitted Bid.

### ***Redemption***

At any time prior to the occurrence of a Flip-in Event, and with the prior consent of holders of Units or Rights, as the case may be, the Trustees may redeem all, but not less than all, of the outstanding Rights at a price of \$0.00001 each.

### ***Waiver***

The Trustees may waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that such person reduces its beneficial ownership of Units such that it is not an Acquiring Person within 14 days of the determination of the Trustees that the application of the Rights Plan should be waived or such earlier or later date as the Trustees may determine. In addition, the Trustees may, prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event, provided certain conditions are met.

## ***Portfolio Managers***

The provisions of the Rights Plan relating to portfolio managers are designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such managers, including trust companies and other Persons, where the ordinary business of such Person includes the management of funds for unaffiliated investors, so long as any such Person does not propose to make a take-over bid either alone or jointly with others.

## ***Supplement and Amendments***

Subject to regulatory approval, prior to the confirmation of the Rights Plan by Unitholders, the Fund may without the approval of holders of Units or Rights amend, supplement or restate the Rights Plan in order to make any changes which the Trustees acting in good faith may deem necessary or desirable to make the Rights Plan effective, provided such action would not materially adversely affect the interests of the holders of Rights generally.

Following Unitholder confirmation of the Rights Plan, the Fund may, without the approval of the holders of Units or Rights, make amendments to (i) correct clerical or typographical errors, and (ii) maintain the validity or effectiveness of the Rights Plan and the Rights as a result of any change in applicable legislation, rules or regulations. Any amendment referred to above must, if made before the Separation Time, be submitted for approval to the holders of Units at the next meeting of Unitholders or the holders of Rights, as the case may be.

## ***Income Tax Consequences***

The following summary presents the principal Canadian federal income tax considerations generally applicable to a Unitholder regarding the acquisition, exercise and disposition of Rights, who, for purposes of the Income Tax Act (Canada) (the "Tax Act"), is resident in Canada, deals at arm's length with and is not affiliated with the Fund and who holds Units as capital property. This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), all proposals to amend the Tax Act and the Regulations announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and the current administrative practice and policy of the Canada Revenue Agency ("CRA"). This summary is not applicable to a Unitholder that is (a) a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), (b) a "specified financial institution" or a Unitholder an interest in which is a "tax shelter investment" (all as defined in the Tax Act). Such Unitholders should consult their own tax advisors to determine the tax consequences regarding the acquisition, exercise and disposition of Rights.

## ***Eligibility for Investment in Canada***

Provided that the Fund is and remains a "mutual fund trust" for purposes of the Tax Act and the Regulations, the Rights will each be qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (the "Plans"), provided that each annuitant, beneficiary, employer or subscriber under a particular Plan deals at arm's length with the Fund. The issue of Rights will not affect the status under the Tax Act of the Units for such purposes.

## ***Acquisition***

The tax consequences of the receipt of a Right are unclear. The value of the Right, if any, may be required to be included in the income of the Unitholder. Under the current administrative position of the CRA, there are no immediate tax consequences to a trust or unitholder on the grant by the trust of an option to acquire units of the trust issued by the trust. Applying this administrative position, the issuance of Rights should have no immediate tax consequences to a Unitholder, and the Unitholder will be deemed to acquire the Rights at a cost of nil. The Fund is of the view that the Rights will have either no value or nominal value at the time of their acquisition by a Unitholder, due to the remoteness of a Flip-in Event occurring.

## ***Exercise***

The exercise of a Right will not constitute a disposition of property for purposes of the Tax Act, and consequently no gain or loss will be realized upon the exercise of the Rights. A Unit acquired on the exercise of a Right will generally have a cost to the Unitholder equal to the aggregate of the subscription price for such Unit and the adjusted cost base to the Unitholder of the Right so exercised. The cost of a Unit acquired by a Unitholder upon the exercise of a Right will be averaged with the adjusted cost base to the Unitholder of all other Units held as capital property to determine the adjusted cost base of each such Unit to the Unitholder. The Fund considers it unlikely for a Flip-in Event to occur, and consequently unlikely for an exercise of a Right to occur.

## *Disposition*

On the disposition of a Right by a Unitholder (other than on the exercise thereof) the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the holder's adjusted cost base of the Right and any reasonable costs of the disposition. One half of a capital gain (a "taxable capital gain") will be included in the Unitholder's income, and one-half of a capital loss may be deducted against taxable capital gains in accordance with detailed rules in the Tax Act.

## *2006 Proposed Changes*

On October 31, 2006, the Minister of Finance (Canada) announced a Tax Fairness Plan which, in part, proposed changes to the manner in which certain flow-through entities and the distributions from such entities are taxed. On December 21, 2006, the Department of Finance (Canada) ("Finance") released draft amendments to the Tax Act to implement some of those changes. Finance has invited commentary on the technical aspects of the draft amendments to the Tax Act prior to January 31, 2007, following which Finance has indicated that it will introduce legislation to implement all components of the Tax Fairness Plan. The summary below is based strictly on the general information found in the background paper issued by Finance at the time of the October 31, 2006 announcement (which is not legislation), the Guidelines (as defined below) issued by Finance on December 15, 2006, and the draft amendments to the Tax Act released on December 21, 2006 (collectively, the "2006 Proposed Changes"). No assurance can be given that the final legislation implementing the 2006 Proposed Changes will be consistent with the foregoing or that Canadian federal income tax law respecting income trusts and other flow through entities will not be further changed in a manner which adversely affects the Fund and its Unitholders. To the extent that changes, including the 2006 Proposed Changes, are implemented, such changes could result in the income tax considerations described below being materially different in certain respects. The 2006 Proposed Changes, if enacted, would apply a tax on certain income earned by certain specified investment flow-through trusts (defined in the draft amendments to the Tax Act released on December 21, 2006, as a "SIFT trust"), as well as taxing the taxable distributions received by investors from such entities as dividends.

Pursuant to the 2006 Proposed Changes, the Fund will constitute a SIFT trust and, as a result, the Fund and its Unitholders will be subject to the 2006 Proposed Changes. It is assumed for the purposes of this summary that the Fund will be characterized as a SIFT trust.

Subject to the "undue expansion" issue discussed below, as currently drafted, for income trusts the units of which were publicly traded as of October 31, 2006, such as the Fund, there will be a four year transition period and the 2006 Proposed Changes will not apply until 2011. However, the 2006 Proposed Changes also indicate that the application date of 2011 is subject to the possible need to foreclose inappropriate new avoidance techniques. The 2006 Proposed Changes indicate that, as an example, while there is now no intention to prevent existing income trusts from "normal growth" prior to 2011, any "undue expansion" of an existing income trust (such as might be attempted through the insertion of a disproportionately large amount of additional capital) could cause this to be revisited. On December 15, 2006, Finance issued a press release that provided guidelines with respect to the meaning of "undue expansion" and "normal growth" (the "Guidelines"). The Guidelines indicate that no change will be recommended to the 2011 date in respect of any SIFT whose equity capital grows as a result of issuances of new equity (which includes Units, debt that is convertible into Units, and potentially other substitutes for such equity), before 2011, by an amount that does not exceed the greater of \$50 million and an objective "safe harbour" amount based on a percentage of the SIFT's market capitalization as of the end of trading on October 31, 2006 (measured in terms of the value of a SIFT's issued and outstanding publicly-traded units, not including debt, options or other interests that were convertible into units of the SIFT). For the period from November 1, 2006 to the end of 2007, the Guidelines provide that a SIFT's safe harbour will be 40% of the October 31, 2006 benchmark. A SIFT's safe harbour for each of the 2008 through 2010 calendar years will be 20% of the October 31, 2006 benchmark. The annual safe harbour amounts are cumulative.

In the case of the Fund's issuance of Rights, as noted above, it is the view of the Fund that the Rights have no value or nominal value at the time of their acquisition by a Unitholder due to the remoteness of a Flip-In Event and thus the issuance of Rights should not cause, by itself, the Fund to be subject to the 2006 Proposed Changes prior to 2011. However, in the event that the Fund issues additional Units because of the exercise of the Rights before 2011, the Fund may become subject to the 2006 Proposed Changes prior to 2011. As noted above, the Fund considers it unlikely for a Flip-In Event to occur, and consequently unlikely for an exercise of a Right to occur. However, no assurance can be provided that the 2006 Proposed Changes will not apply to the Fund prior to 2011.

## *Recommendation of the Trustees*

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

The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxies **FOR** the Rights Plan Resolution.

## STATEMENT OF EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth all compensation earned during 2006, 2005 and 2004 by: (a) the President and Chief Executive Officer of AHL and ALP; (b) the Senior Vice President, Finance and 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, 2006 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> (\$)	(\$)
<b>Charles M. Phillips</b> President and Chief Executive Officer	2006	260,003	172,397	30,244	86,222	34,103 <sup>(4)</sup>
	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>
<b>R. John Slattery</b> Senior Vice President, Finance and Chief Financial Officer & Secretary	2006	204,996	54,370	21,328	43,120	16,858 <sup>(5)</sup>
	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>
<b>Ceri Howell</b> Vice President, Sales & Marketing	2006	154,496	50,983	11,465	28,350	16,111 <sup>(6)</sup>
	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>
<b>Thomas Cannon</b> Vice President, Operations	2006	153,130	39,508	10,947	21,560	12,057 <sup>(7)</sup>
	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>

**Notes:**

- (1) Bonuses earned in respect of any given financial year are determined and paid in the following year.
- (2) The amounts in this column include car leases, car insurance and other car operating expenses. For the years 2005 and 2006, 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 Units in that year 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 2006, of the sum of \$30,244 received by Mr. Phillips, \$14,860 was received in respect of a car lease, car insurance and other car operating expenses, and \$15,384 was received in respect of distributions on LTIP compensation; of the sum of \$21,328 received by Mr. Slattery, \$13,635 was received in respect of a car lease, car insurance and other car operating expenses, and \$7,693 was received in respect of distributions on LTIP compensation; of the sum of \$11,465 received by Mr. Howell, \$6,334 was received in respect of a car lease, car insurance and other car operating expenses, and \$5,131 was received in respect of distributions on LTIP compensation; and of the sum of \$10,947 received by Mr. Cannon, \$7,099 was received in respect of a car lease, car insurance and other car operating expenses, and \$3,848 was received in respect of distributions on LTIP compensation.

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; 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; 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; and 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.

- (3) The amounts in this column represent the value of Units vested and received by the NEOs pursuant to the LTIP.

For the year 2006, the amounts in this column represent the value of Units vested and received by the NEOs in December 2006 in respect of their entitlements for the 2004 and 2005 Performance Periods (defined below). For the 2004 Performance Period, an additional one-third of the 20,015 Units purchased by the Plan Administrator (defined below) on the open market for the LTIP participants in May 2005 vested with and were distributed to the NEOs in December 2006 in accordance with their entitlements as follows: Mr. Phillips received 2,001 Units, Mr. Slattery received 1,000 Units, Mr. Howell received 667 Units and Mr. Cannon received 500 Units. For the 2005 Performance Period, the Incentive Amount of \$540,900 was used by the Plan Administrator to purchase a total of 28,995 Units on the open market for the LTIP participants in April 2006. Of these 28,995 Units so purchased, the NEOs' entitlements were as follows: Mr. Phillips as to 8,696 Units, Mr. Slattery as to 4,349 Units, Mr. Howell as to 2,900 Units and Mr. Cannon as to 2,175 Units. In December 2006, one-third of these 28,995 Units vested with and were distributed to the NEOs in accordance with their entitlements as follows: Mr. Phillips received 2,898 Units, Mr. Slattery received 1,450 Units, Mr. Howell received 967 Units, and Mr. Cannon received 725 Units.

For the year 2005, the amounts in this column represent the value of Units vested and received by the NEOs in December 2005 in respect of their entitlement for the 2004 Performance Period. For the 2004 Performance Period, the Incentive Amount of \$271,438 was used by the Plan Administrator to purchase a total of 20,015 Units in the open market for the LTIP participants in May 2005. Of these 20,015 Units so purchased, the NEOs' entitlements were as follows: Mr. Phillips as to 6,003 Units, Mr. Slattery as to 3,002 Units, Mr. Howell as to 2,002 Units and Mr. Cannon as to 1,501 Units. In December 2005, one third of the 20,015 Units vested with and were distributed to the NEOs as follows: Mr. Phillips received 2,001 Units, Mr. Slattery received 1,001 Units, Mr. Howell received 667 Units and Mr. Cannon received 500 Units.

For the 2006 Performance Period, the Incentive Amount has been determined to be \$409,582. It is proposed that such Incentive Amount will be deposited with the Plan Administrator in April 2007 to purchase Units on the open market for the LTIP participants. Should each of the NEOs remain with the Fund throughout the vesting period, the NEOs' entitlements to the Units so purchased by the Plan Administrator with the Incentive Amount for the 2006 Performance Period are as follows: Mr. Phillips as to 30%, Mr. Slattery as to 15% and Messrs. Howell and Cannon as to 10% each.

- (4) For Mr. Phillips, the amounts for 2006 and 2005 represent annual contributions made by the Armtec Entities on his behalf under the Armtec group registered retirement savings plan (the "Group RRSP"). The Group RRSP is available to all full-time salaried and hourly employees, including the NEOs. Each year employees can elect to contribute up to a certain percentage of their base salaries to the Group RRSP. For 2004, of the sum of \$1,031,636, \$20,878 represents an annual contribution made by the Armtec Entities on Mr. Phillips' behalf under the Group RRSP; \$710,758 was received by him upon the exercise of outstanding options of AHL on completion of the Fund's initial public offering; and \$300,000 was received by him as a transaction bonus upon the completion of the Fund's initial public offering.
- (5) For Mr. Slattery, the amounts for 2006 and 2005 represent annual contributions made by the Armtec Entities on his behalf under the Group RRSP. For 2004, of the sum of \$242,588, \$12,323 represents an annual contribution made by the Armtec Entities on Mr. Slattery's behalf under the Group RRSP; \$5,265 was received by him upon the exercise of outstanding options of AHL on completion of the Fund's initial public offering; and \$225,000 was received by him as a transaction bonus upon the completion of the Fund's initial public offering.
- (6) For Mr. Howell, the amounts for 2006 and 2005 represent annual contributions made by the Armtec Entities on his behalf under the Group RRSP. For 2004, of the sum of \$66,297, \$13,648 represents an annual contribution made by the Armtec Entities on Mr. Howell's behalf under the Group RRSP; and \$52,649 was received by him upon the exercise of outstanding options of AHL on completion of the Fund's initial public offering.
- (7) For Mr. Cannon, the amounts for 2006 and 2005 represent annual contributions made by the Armtec Entities on his behalf under the Group RRSP. For 2004, of the sum of \$13,228, \$5,977 represents an annual contribution made by the Armtec Entities on Mr. Cannon's behalf under the Group RRSP; and \$7,251 was received by him upon the exercise of outstanding options of AHL on completion of the Fund's initial public offering.

### **Long-Term Incentive Plan**

In July 2004, the Trustees established the LTIP. Under the LTIP the Fund provides, to the extent certain conditions are met (see below), for a pool funds (an "Incentive Amount") to be set aside with Computershare Trust Company of Canada as the plan administrator of the LTIP (the "Plan Administrator") to purchase Units on the open market in the year following a fiscal period end (a "Performance Period"). The Units so purchased are held by the Plan Administrator in trust until they vest, at which time the Units are transferred to the LTIP participants to hold personally. An LTIP participant's sharing entitlement, if any, in a Performance Period is determined at the beginning of the Performance Period or as soon as possible thereafter. Distributions received by the Plan Administrator on unvested Units held by the Plan Administrator in trust are transferred as received to the respective LTIP participant in relation to that individual's sharing entitlement. Units held by the Plan Administrator vest as to one-third on the last day of each of the three fiscal periods ending immediately after the purchase of such Units by the Plan Administrator.

The Corporate Governance and Compensation Committee has the power to, among other things, determine (i) those individuals who participate in the LTIP, (ii) the level of participation of each participant, and (iii) the time or times when ownership of the Units vests for each participant.

Initially, the Incentive Amount was based on the amount by which the Fund's per Unit distributions exceeded \$1.20 per Unit per annum, which was pro rated for 2004. The threshold level for 2005 was established at distributions of \$1.20 per Unit per annum and for 2006 the threshold level was established at distributions of \$1.48 per Unit per annum.

For Performance Periods up to and including the 2006 Performance Period, the Incentive Amount was calculated in accordance with the table below:

Amount by which Cash Distributions per Unit Exceed the Base Distribution Threshold	Maximum Proportion of Excess Available for Incentive Payments
Less than \$0.05	5%
\$0.05 or more but less than \$0.10	10%
\$0.10 or more	20%

The Incentive Amounts for the 2004, 2005 and 2006 Performance Periods and corresponding NEO LTIP awards are set forth in the "Summary Compensation Table" above. Such Incentive Amounts have been or will be used to purchase Units on the open market.

On December 18, 2006 the Trustees approved an amendment to the LTIP to provide, among other things, that commencing with the 2007 Performance Period, the Incentive Amount will be based upon the amount by which distributable cash for the then current Performance Period exceeds the distributable cash for the prior Performance Period calculated as follows: (i) 10% of the amount by which distributable cash for the Performance Period exceeds the distributable cash for the prior Performance Period by 5% or more, plus (ii) 15% of the amount by which distributable cash for the Performance Period exceeds the distributable cash for the prior Performance Period by 20% or less but more than 5%, plus (iii) 20% of the amount by which distributable cash for the Performance Period exceeds the distributable cash for the prior Performance Period by more than 20%. Distributable cash for a Performance Period is calculated based on the earnings before interest, taxes (other than capital taxes), depreciation and amortization for the Fund for such Performance Period, less interest expenses and sustaining capital expenses of the Fund, determined based on the consolidated financial statements and management's discussion and analysis of the Fund for such Performance Period.

## Employment Contracts

*Charles M. Phillips.* ALP entered into an employment agreement with Mr. Charles M. Phillips, the President and Chief Executive Officer of ALP, in March 2007. 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, a fitness club membership and a leased vehicle. If Mr. Phillips' employment is terminated as a result of resignation (other than resignation for justification, which includes the assignment to him of any duties materially inconsistent with his current duties without his written consent, a material reduction in his annual base salary, benefits and perquisites or his ability to earn incentive compensation, or his ceasing to hold his current office ("resignation for Justification")), retirement on or after attaining the age of 65, death or for termination for cause as determined by Ontario courts from time to time ("Just Cause"), he is only entitled to receive the salary, bonus, benefits and perquisites earned to the date of termination and the entitlements, if any, required by the Employment Standards Act (Ontario). If Mr. Phillips' employment is terminated at any time by ALP without Just Cause or by resignation for Justification, he shall be entitled to receive immediately any unpaid salary, a bonus equal to the lesser of (a) his bonus for the year prior to termination, and (b) his target bonus for the year of termination, in either case pro rated to the date of termination, 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, payable over such 18 to 24 month period. If Mr. Phillips' employment is terminated at any time within 12 months following a change of control (a) by ALP for any reason other than for Just Cause, or (b) by Mr. Phillips for Justification, ALP will immediately 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.

*R. John Slattery.* ALP entered into an employment agreement with Mr. R. John Slattery, the Senior Vice-President, Finance and Chief Financial Officer and Secretary of ALP, in March 2007. This agreement provides for payment of an annual gross salary to Mr. Slattery, which for 2006 was \$205,000, and which shall be further 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 and a leased vehicle. If Mr. Slattery's employment is terminated as a result of resignation (other than resignation for Justification, retirement on or after attaining the age of 65, death or for termination for Just Cause), he is only entitled to receive the salary, bonus, benefits and perquisites earned to the date of termination and the entitlements, if any, required by the Employment Standards Act (Ontario). If Mr. Slattery's employment is

terminated at any time by ALP without Just Cause or by resignation for Justification, he shall be entitled to receive immediately any unpaid salary, a bonus equal to the lesser of (a) his bonus for the year prior to termination, and (b) his target bonus for the year of termination, in either case pro rated to the date of termination, 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, payable over such 12 to 18 month period. If Mr. Slattery's employment is terminated at any time within 12 months following a change of control (a) by ALP for any reason other than for Just Cause, or (b) by Mr. Slattery for Justification, ALP will immediately 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.

*Thomas Cannon.* In March 2007, ALP entered into an employment agreement with Mr. Thomas Cannon, the Vice-President, Operations of ALP, providing for the entitlement of Mr. Cannon to certain benefits in the event of the termination of his employment following a change of control. This agreement provides that if Mr. Cannon's employment is terminated at any time within 12 months following a change of control (a) by ALP for any reason other than for Just Cause, or (b) by Mr. Cannon for Justification, ALP will immediately pay to him a lump sum equal to 12 months' salary, together with any earned but unpaid salary and a bonus equal to the lesser of (a) his bonus for the year prior to termination, if any, and (b) his target bonus for the year of termination, in either case pro rated to the date of termination, group health benefit coverage for 12 months, and perquisites including a leased vehicle.

### **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.

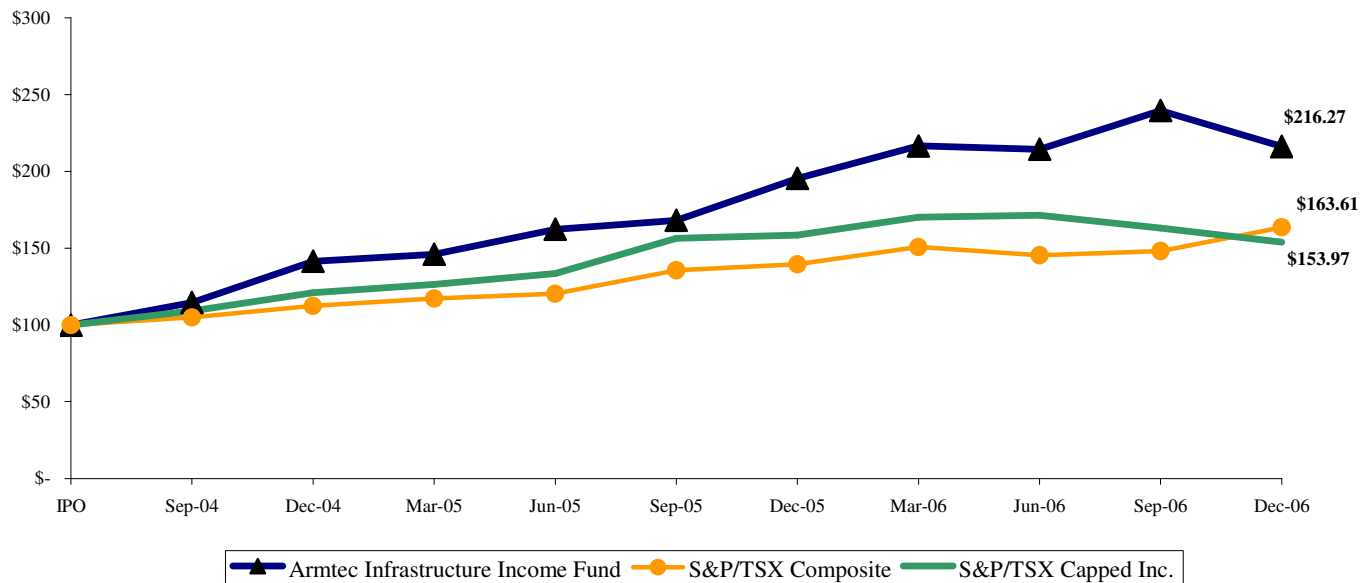
Base salaries are reviewed on an annual basis. This review considers the overall competitiveness of the current salary as well as the individual performance of the executive officer. The Committee may use third party consulting resources to assess the overall reasonability of the compensation package. As part of this annual review, the employment contracts for Charles M. Phillips and R. John Slattery were amended in 2006 and further amended in 2007. See "Employment Contracts" above. The Trustees' compensation has been reviewed and updated effective January 1, 2007. 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 Income Trust 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, 2006.



As at the last trading day of each quarter from July 27, 2004 to December 31, 2006.

## Compensation of Trustees

For 2006, each Trustee earned an annual fee of \$20,000 for serving as a Trustee, together with a fee of \$1,500 for attendance at each meeting of the Trustees. The Chairman of the Trustees earned an additional annual fee of \$20,000 and the Chairs of the Audit and the Corporate Governance and Compensation Committee earned an additional annual fee of \$10,000 and \$5,000, respectively. Each Trustee who is a member of a committee of the Trustees earned 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 received an additional fee of \$1,000 per meeting attended in person. All Trustees were reimbursed for out-of-pocket expenses for attending meetings of the Trustees, which totalled in the aggregate approximately \$4,500.

Effective January 1, 2007, the annual fee for the Chairman of the Trustees was increased to \$25,000 and the annual fees for the Chairs of the Audit Committee and the Corporate Governance and Compensation Committee were increased to \$15,000 and \$10,000 respectively.

## Trustees' Phantom Unit Plan

The Trustees have adopted a compensation plan for non-employee Trustees known as the Armtec Infrastructure Income Fund Trustees' Phantom Unit Plan (the “Phantom Plan”) effective June 15, 2006. Pursuant to the Phantom Plan, each eligible Trustee can elect once in each period between annual meetings of the Unitholders, to receive any or all of such Trustee's remuneration for serving as a Trustee (including such Trustee's annual retainer and fees payable for acting as the Chairman of the Trustees or as a Chair or member of a committee and for attendance at a Trustee or committee meeting) in respect of each calendar quarter in notional units (“Phantom Units”). The number of Phantom Units credited to the Trustee's account for the quarter is 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 Fund Unit on the TSX for the five trading days immediately preceding the date on which the Phantom Units are awarded, which is typically the last day of the end of such quarter. The Phantom Units accrue distribution credits in the form of additional Phantom Units as of each date on which distributions are made on the Fund Units. A Trustee can elect to redeem the Phantom Units in such Trustee's account at any time, however, in certain circumstances a Trustee is required to redeem such

Trustee's Phantom Units. The Phantom Plan is intended to enhance the Fund's ability to attract and retain talented individuals to serve as Trustees of the Fund, to promote a greater alignment of interests between the Trustees and the Unitholders, and to allow the Trustees to participate in the long-term success of the Fund.

For the period from July 1, 2006 to December 31, 2006, Messrs. Wright, Jamieson, Dryburgh, Lay and Richardson elected to take 100% of their quarterly retainer and meeting attendance fees in Phantom Units. During 2006, a total of 7,387 Phantom Units were issued under the Phantom Plan.

### 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 2006 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	13 of 13	N/A	4 of 4
Robert H.R. Dryburgh	13 of 13	N/A	4 of 4
Brian W. Jamieson	13 of 13	4 of 4	N/A
Michael Lay	13 of 13	4 of 4	N/A
John E. Richardson	12 of 13	4 of 4	N/A
Michael Skea	13 of 13	N/A	4 of 4
<b>Total Number of Meetings in 2006</b>	<b>13</b>	<b>4</b>	<b>4</b>

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

### 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 2006, the total premium paid on the policy was \$112,070.

The Fund's Declaration of Trust provides for the indemnification of their respective Trustees and the trustees, directors and officers of the Armtec Entities 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

Over the past few years, there have been several changes to the corporate governance disclosure requirements. In particular, effective June 30, 2005, 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, effectively replacing the corporate governance guidelines and disclosure policies of the TSX. 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 "B" to this Information Circular.

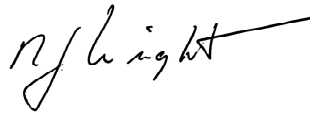
## **ADDITIONAL INFORMATION ABOUT THE FUND**

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 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, 2006.

## **APPROVAL OF TRUSTEES**

The contents of this Information Circular and the sending, communication or delivery thereof have been approved by the Trustees of the Fund.

By Order of the Trustees,

A handwritten signature in black ink, appearing to read "R. J. Wright", with a long horizontal flourish extending to the right.

Guelph, Ontario  
March 27, 2007

**Robert J. Wright**  
Chairman of the Trustees

## SCHEDULE “A”

### UNITHOLDER RIGHTS PLAN RESOLUTION

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

1. The unitholder rights plan agreement (the “Rights Plan Agreement”) made as of the 1<sup>st</sup> day of December 2006 between the Fund and Computershare Investor Services Inc., as rights agent, providing for the adoption of a unitholder rights plan for the Fund is hereby ratified and confirmed.
2. Any Trustee of the Fund or officer of Armtec Holdings Limited is hereby authorized and directed, for and on behalf of the Fund, to execute and deliver any and all such further documents, agreements, authorizations, 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 Rights Plan Agreement, such determination to be conclusively evidenced by such Trustee’s or officer’s execution and delivery of any such document, agreement, authorization, or other instrument or the taking of any such action.

## SCHEDULE “B”

### 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.

Corporate Governance Requirement Disclosure under NI 58-101	Fund’s Corporate Governance Disclosure								
<b>1. Trustees</b>									
(a) Disclose the identity of trustees who are independent.	<p>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.</p> <p>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.</p>								
(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 judgement 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.	<p>The following Trustees are currently trustees or directors of other reporting issuers in Canada as set forth below:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Robert J. Wright</td> <td>Teck Cominco Limited 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> <tr> <td>Brian Jamieson</td> <td>Route1, Inc.</td> </tr> </table>	Robert J. Wright	Teck Cominco Limited 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	Brian Jamieson	Route1, Inc.
Robert J. Wright	Teck Cominco Limited 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								
Brian Jamieson	Route1, Inc.								
(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.	<p>As indicated in (a) above, the current six Trustees are all independent.</p> <p>The Trustees meet independently of Management at the end of regularly scheduled meetings to discuss various operational and financial matters and at such other times as is required. During the year ended December 31, 2006, the Trustees met independently of Management six times.</p>								

Corporate Governance Requirement Disclosure under NI 58-101	Fund's Corporate Governance Disclosure
(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 trustees do to provide leadership for their independent trustees.	<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>
(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>During the year ended December 31, 2006, there were 13 meetings of the Trustees, four meetings of the Audit Committee and four meetings of the Corporate Governance and Compensation Committee.</p> <p>The attendance record for 2006 for each Trustee is provided in the section entitled "Meetings of the Trustees and Committees of the Trustees" in the Information Circular.</p>
<b>2. Mandate of the Trustees</b>	
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>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 "C".</p>
<b>3. Position Descriptions</b>	
(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>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>
(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>The Trustees, in consultation with the President and Chief Executive Officer, have approved a written position description for the President and Chief Executive Officer effective March 2007. The primary responsibility of the President and Chief Executive Officer is to lead the development of the operational and strategic planning processes of the organization, to monitor the progress of the implementation of such planning processes against defined strategic objectives and goals, and to ensure that such planning processes are responsive to changes in capital markets and/or the competitive environment.</p> <p>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 on an annual basis, 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
<p><b>4. Orientation and Continuing Education</b></p>	
<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 ensuring there is an orientation and education program for new Trustees in place. 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, recent public company filings, and the Fund's Whistleblower Policy. 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>
<p><b>5. Ethical Business Conduct</b></p>	
<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 directors, trustees, 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 any director, trustee, 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 all new directors, trustees, 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
<p><b>5. Ethical Business Conduct - Continued</b></p>	
	<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>
<p><b>6. Nomination of Trustees</b></p>	
<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
<p><b>7. Compensation</b></p>	
<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 Management 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 Management 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 Plan Administrator of the 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 2006, Dingle &amp; Associates Inc. was engaged to conduct an assessment of Trustee compensation and to make recommendations to the Corporate Governance and Compensation Committee. As part of their assessment, certain Trustees and Management personnel were interviewed and an assessment was made regarding the Fund's strategic plan to determine the appropriate composition of the Trustees and their workload and to recommend appropriate compensation. Based on the recommendation of Dingle &amp; Associates Inc., the annual fees for the Chairman of the Trustees and the Chairs of the Audit Committee and the Corporate Governance and Compensation Committee were increased effective January 1, 2007 (see "Compensation of Trustees" in the Information Circular).</p> <p>In 2006, Neilly &amp; Associates, Inc. was engaged to evaluate the current compensation philosophy and the appropriateness of the Fund's and the Armtec Entities' annual and long-term incentive plans as it pertains to the executives to consider their appropriateness in respect of Fund's annual and long term strategic plans.</p>

Corporate Governance Requirement Disclosure under NI 58-101	Fund's Corporate Governance Disclosure
<p><b>8. Other Committees</b></p>	
<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 only standing committees of the Trustees are the Audit Committee and the 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, 2006 under the heading "Information Concerning the Fund – Audit Committee of the Trustees".</p> <p>In addition to the standing committees of the Trustees noted above, the Fund has established a disclosure committee, the members of which are currently the Senior Vice President, Finance and Chief Financial Officer, Vice President of Sales &amp; Marketing, Vice President of Operations, and Manager of Treasury, Planning and Administration. The disclosure committee meets on a regular basis with the goal of ensuring that communications to the investing public concerning the Fund and the Armtec Entities are timely, factual and accurate. In particular, the disclosure committee reviews the draft annual and interim financial statements, management's discussion &amp; analysis, press releases, and disclosure controls, and makes reports to the Audit Committee. The Audit Committee in turn provides the Trustees with a summary of the disclosure committee's reports, procedures and activities.</p>
<p><b>9. Assessments</b></p>	
<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 themselves 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. Each year, the Committee makes an informal survey of the Trustees, by way of discussions with individual Trustees, with a view to providing feedback on the performance of the Trustees, the committees and the individual Trustees. The Committee then makes recommendations to the Trustees based on the feedback provided from such Trustees to enhance the Trustees' performance.</p>

## **SCHEDULE “C”**

### **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, each year an informal survey is to be undertaken, 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**

**As amended on  
March 8, 2007**