



A R M T E C
INFRASTRUCTURE INCOME FUND

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ANNUAL INFORMATION FORM
For the Year Ended December 31, 2008

An additional copy of this Annual Information Form
may be obtained upon request from Armtec Infrastructure Income Fund
at the above address or on SEDAR at www.sedar.com.

March 31, 2009

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NOMENCLATURE

In this Annual Information Form (“AIF”), the term Armtec refers to Armtec Infrastructure Income Fund (the “Fund”) together with its affiliated entities, Armtec Operating Trust (“AOT”), Armtec AEP GP Limited (“AEP GP”), Armtec Exchangeable Partnership (“AEP”), Armtec Holdings Limited (“AHL”), Armtec Limited Partner Corp. (“ALPC”), Armtec Limited Partnership (“ALP”) and Durisol Consulting Services Inc. (“DCS”). For the purposes of this AIF, the term Fund Entities, refers collectively to AOT, AEP GP, AEP, AHL, ALPC, ALP and DCS.

In this AIF, all references to dollars are in Canadian dollars unless otherwise noted.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

FORWARD-LOOKING STATEMENTS

This AIF may contain “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, the Fund Entities or the industry in which they operate to be materially different from those expressed by such forward-looking statements. All statements other than statements of historical fact contained in this AIF are forward-looking statements, including, without limitation, statements regarding the future financial position, cash distributions, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving the Fund, the Fund Entities or the businesses in which they have invested. Readers can identify many of these statements by looking for words such as “believe”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues” and similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. By their nature, forward-looking statements require assumptions and are subject to inherent risks and uncertainties, including those discussed in this AIF under the heading “Risk Factors”. There is significant risk that forward-looking statements will not prove to be accurate. Readers of this AIF are cautioned not to place undue reliance on forward-looking statements made herein because a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: the state of the financial markets, industry cyclicality; competition; acquisition and expansion risk; information management; credit risks; reduction in demand for products; collection from customers; relationships with suppliers; lack of long-term agreements; expiration of rights under licence and distribution arrangements; availability and price volatility of raw materials; product liability; intellectual property; reliance on key personnel; labour markets; environmental; collective bargaining; currency fluctuations; interest rates; uninsured and underinsured losses; operating hazards; risks of future legal proceedings; geographical risks; seasonality and adverse weather; geopolitical risks; dependence on Fund Entities; income tax matters; leverage and restrictive covenants; credit facilities; nature of units; distribution of securities on redemption or termination of the Fund; restrictions on potential growth; effect of market interest rates on price of units; undiversified and illiquid holdings in AOT and potential dilution. Readers of this AIF are cautioned that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The information contained in this AIF identifies additional factors that could affect the operating results and performance of the Fund and the Fund Entities.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Fund undertakes no obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

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STRUCTURE

Name, Address and Jurisdiction of the Fund

Armtec Infrastructure Income Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario by a declaration of trust dated June 15, 2004, as amended and restated on July 27, 2004 (the "Declaration of Trust").

The head and registered office of the Fund is located at 370 Speedvale Avenue West, Suite #3, Guelph, Ontario, N1H 7M7.

Among other things, the Fund has been established to hold, directly and indirectly, securities and assets of the Fund Entities and other investments in entities conducting the business of manufacturing and/or marketing of drainage products, precast and pre-stressed concrete products, highway noise barriers and engineered solutions for infrastructure applications and such other investments as the trustees of the Fund (the "Trustees") may determine to be appropriate; provided, however, that the Fund may not undertake any activity, take any action, or make any investment that would result in the Fund not being considered a "mutual fund trust" or a "registered investment" for purposes of the *Income Tax Act (Canada)* (the "Tax Act").

Fund 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, investments in entities conducting the business of manufacturing and/or marketing of drainage products, precast and pre-stressed concrete products, highway noise barriers and engineered solutions for infrastructure applications in a diverse cross-section of industries, including the public infrastructure market and private sector markets such as commercial construction, residential building, natural resources and agricultural drainage. With the exception of 841,308 Class B exchangeable partnership units of AEP that were issued as partial consideration for certain acquisitions completed in 2007 and 2008, AOT holds, directly or indirectly, 100% of the securities of each of AEP GP, AEP, AHL, ALPC and ALP. The Class B exchangeable partnership units of AEP are exchangeable on a one-for-one basis for Units of the Fund. The Class B exchangeable partnership units entitle the holders thereof to receive distributions from AEP in the same amount and at the same time, on a unit for unit basis, as distributions made by the Fund to holders of Units of the Fund.

AEP GP is a corporation incorporated under the laws of the Province of Ontario, and is the sole general partner of AEP. AEP GP does not conduct any active business other than acting as the general partner of AEP.

AEP is a limited partnership established under the laws of the Province of Ontario. AEP is an investment holding limited partnership. AOT is the sole voting limited partner of AEP.

AHL is a corporation continued under the laws of the Province of Ontario, and is the sole general partner of ALP. Other than acting as the general partner of ALP and other than participation in acquisitions as described in more detail under the heading "History and Acquisitions" below, AHL does not conduct any active business in the ordinary course.

ALP is a limited partnership established under the laws of the Province of Ontario to conduct the business of manufacturing and/or marketing of drainage products, precast and pre-stressed concrete products, highway noise barriers and engineered solutions for infrastructure applications in a diverse cross-section of industries, including the public infrastructure market and private sector markets such as commercial construction, residential building, natural resources and agricultural drainage and to own, operate and lease assets and property in connection with such business. The limited partners of ALP are AEP, ALPC and AHL.

ALPC is a corporation incorporated under the laws of the Province of Ontario and is a limited partner of ALP. Other than holding an investment in ALP, ALPC does not conduct any active business.

DCS is a corporation incorporated under the laws of the Province of Ontario. All of the issued and outstanding shares of DCS are held by AHL. DCS provides engineering consulting services to ALP and other third party entities.

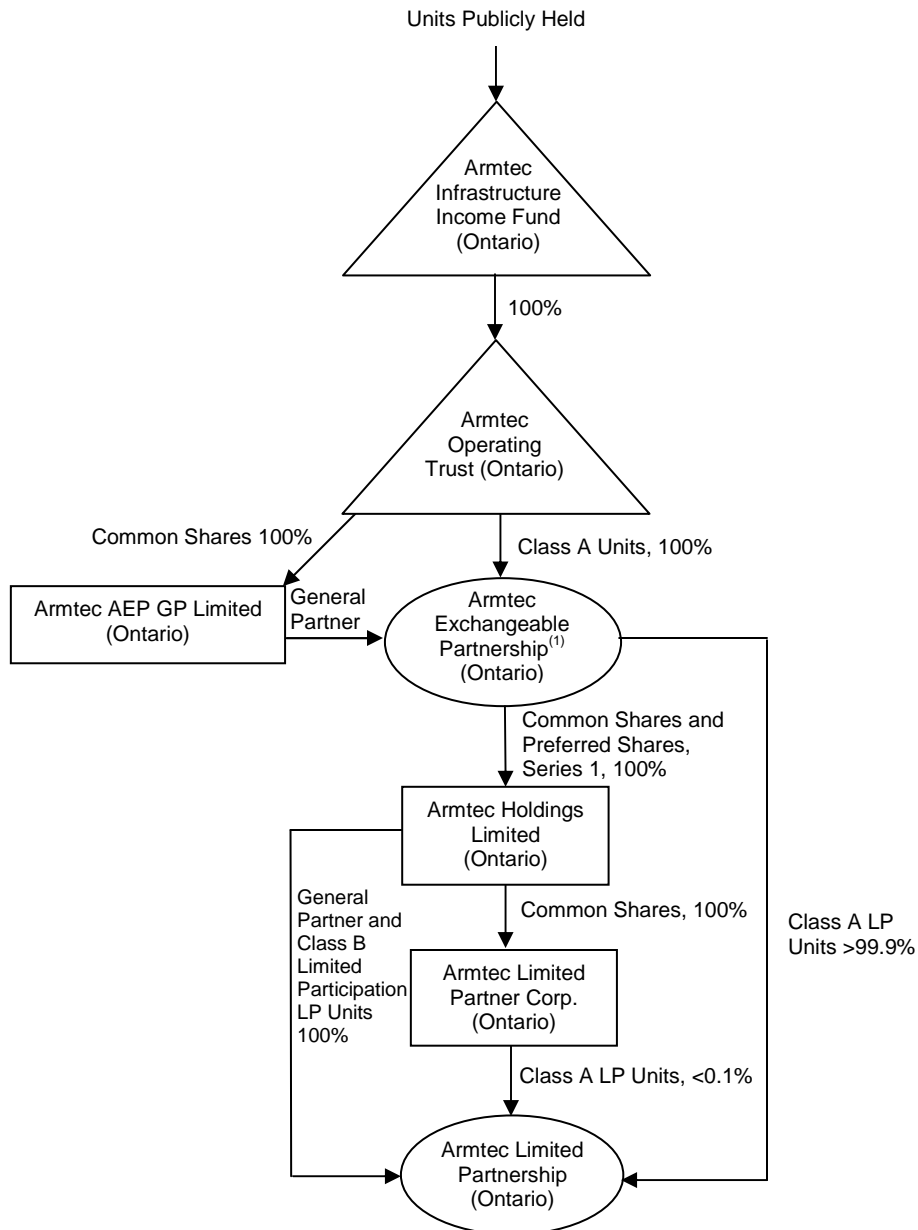
Administration Agreement

On July 27, 2004, the Fund entered into an administration agreement with ALP, AOT, AHL and ALPC 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.

Corporate Structure

The Fund owns, directly, 100% of the issued and outstanding securities of AOT, and owns, directly or indirectly, 100% of the issued and outstanding voting securities of each of AEP GP, AEP, AHL, ALPC, ALP and DCS, except as referenced in the following chart. The following diagram illustrates the relationship of the Fund to its subsidiary entities as at December 31, 2008:



Notes:

(1) Class B non-voting Units held by non-Fund Entities.

GENERAL DEVELOPMENT OF THE BUSINESS

Public Offerings

On July 27, 2004, the Fund completed an initial public offering (the “IPO”) of 9,015,000 units of the Fund (“Units”), at a price of \$10.00 per Unit for aggregate gross proceeds of \$90,150,000.

On October 12, 2006, the Fund entered into an agreement (the “2006 Underwriting Agreement”) with a syndicate of underwriters co-led by BMO Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc. and M Partners Inc., to complete a bought deal public offering (the “2006 Public Offering”) of 1,289,000 Units at a price of \$19.40 per Unit for total gross proceeds of \$25,006,600. The 2006 Public Offering was closed on October 26, 2006. Approximately \$7.2 million of the net proceeds of this offering were used to finance the subsequent acquisition by the Fund of Prairie Steel (as defined and described under “History and Acquisitions” below), including related integration and transaction costs. The balance of the net proceeds was used to reduce the outstanding bank indebtedness owing by the Fund under existing credit facilities.

On September 14, 2007, the Fund entered into an agreement (the “2007 Underwriting Agreement”) with a syndicate of underwriters co-led by TD Securities Inc. and Scotia Capital Inc., and including BMO Nesbitt Burns Inc., CIBC World Markets Inc. and M Partners Inc., to complete a bought deal public offering (the “2007 Public Offering”) of 3,705,000 Units at a price of \$16.40 per Unit for total gross proceeds of \$60,762,000. The 2007 Public Offering closed on October 1, 2007 and the net proceeds were used to partially finance the acquisition by the Fund of the Con-Force Business (as defined and described under “History and Acquisitions” below).

On June 25, 2008, the Fund entered into an agreement (the “2008 Underwriting Agreement”) with Scotia Capital Inc. and TD Securities Inc. to complete a bought deal private placement offering (the “2008 Private Placement”) of 1,552,800 Units at a price of \$24.15 per Unit for gross proceeds of \$37,500,120. The 2008 Private Placement closed on July 10, 2008 and the net proceeds were used to partially finance the acquisition of the assets of the Brooklin Concrete division of Clearford Industries Inc. and the acquisition of the shares of Boucher Pre-cast Concrete Ltd., as well as fund general business purposes and reduce the outstanding bank indebtedness of Armtec under existing credit facilities.

On February 6, 2009, the Fund entered into an agreement (the “2009 Underwriting Agreement”) with a syndicate of underwriters led by Scotia Capital Inc. and BMO Capital Markets to complete a bought deal public offering (the “2009 Public Offering”) of 3,100,000 Units at a price of \$17.75 per Unit for gross proceeds of \$55,025,000. The 2009 Public Offering closed on February 23, 2009 and the net proceeds were used for general business purposes and for the repayment of outstanding bank indebtedness of Armtec under existing credit facilities.

History and Acquisitions

Pursuant to the terms of an acquisition agreement among the former shareholders (the “AHL Shareholders”) of AHL and AOT, the AHL Shareholders sold all of the outstanding securities of AHL to AOT in consideration for approximately \$78.4 million in cash. The purchase price and associated expenses were financed by the proceeds from the IPO. Pursuant to Part 8 of National Instrument 51-102, a business acquisition report in respect of this acquisition was filed on SEDAR at www.sedar.com on October 7, 2004.

On February 1, 2006, the Fund completed the acquisition of the Construction Products Division of Twister Pipe Ltd. (“Twister”) of Calgary, Alberta for \$7.7 million, including related integration and transaction costs. In conjunction with the acquisition, the Fund increased the borrowing capacity on its term debt facility by \$10.0 million to finance the acquisition. Twister highway construction products included corrugated steel pipe, structural plate corrugated steel pipe, flared end sections, guardrail, water control gates, agricultural ventilating pipe, specialty corrugated steel pipe fittings and custom fabrications.

On November 15, 2006, the Fund increased its presence in Western Canada through the acquisition of the culvert manufacturing and distribution business of Prairie Steel Products Ltd. and Prairie Steel Manufacturing Ltd. (collectively, “Prairie Steel”) based in Clavet, Saskatchewan for approximately \$7.2 million including related integration and transaction costs. Prairie Steel manufactured corrugated steel pipe (“CSP”) and well cribbing and distributed guard rail throughout Saskatchewan, where it is a significant supplier to the rural municipality infrastructure market.

On September 10, 2007, ALP and AHL entered into a share purchase agreement (the “Con-Force Purchase Agreement”) with TWCF Limited Partnership, Vair Holdings Inc. (“Vair”), Merv Schweitzer, Ken Pensack, Larry Wentz,

Tony Walton and Kevin McBeth (collectively, the “Con-Force Vendors”) and Ron Adams, as sole shareholder of Vair, providing for the purchase by AHL and the sale by the Con-Force Vendors of all of the outstanding shares of the corporations (the “Con-Force Corporations”) which, directly or indirectly, carried on the precast and pre-stressed concrete manufacturing business of Con-Force (the “Con-Force Business”) and promissory notes issued by two of the Con-Force Corporations. The acquisition was completed on October 1, 2007. The aggregate purchase price for this acquisition was approximately \$122.1 million, subject to adjustment in accordance with the Con-Force Purchase Agreement, with \$17.5 million paid by the issuance by AHL to the Con-Force Vendors of an aggregate of 1,067,073 Preferred Shares, Series 1 (the “AHL Shares”) of AHL at an issue price of \$16.40 per AHL Share, and the balance in cash. The AHL Shares were exchanged on October 1, 2007 by the Con-Force Vendors for Class B exchangeable partnership units of AEP on a one-for-one basis. The Class B exchangeable partnership units of AEP are exchangeable on a one-for-one basis for Units of the Fund. The Class B exchangeable partnership units entitle the holders thereof to receive distributions from AEP in the same amount and at the same time, on a unit for unit basis, as distributions made by the Fund to holders of Units of the Fund. The Fund financed the acquisition in part with the net proceeds of the 2007 Public Offering and available credit facilities. On October 1, 2007, immediately following the completion of the acquisition, AHL was continued from the Province of Ontario to the Province of Alberta, and amalgamated with all of the Con-Force Corporations under the laws of the Province of Alberta as “Armtec Holdings Limited”. On October 26, 2007, AHL was continued from the Province of Alberta back into the Province of Ontario. On November 30, 2007, as part of an internal reorganization, the assets and liabilities of the Con-Force Business were transferred from AHL to ALP. The Con-Force Business is now carried on as a division of ALP. Founded in 1949, Con-Force Business designs, manufactures and installs precast and pre-stressed concrete components for a variety of structures. Pursuant to Part 8 of National Instrument 51-102, a business acquisition report in respect of this acquisition was filed on SEDAR at www.sedar.com on October 12, 2007.

On March 20, 2008, Armtec acquired certain tangible and intangible assets and liabilities of Bruce Tile Inc. (“Bruce Tile”) for approximately \$9.5 million, excluding transaction costs and working capital adjustments, pursuant to the terms and conditions of an asset purchase agreement dated March 20, 2008 between ALP and Bruce Tile. Approximately \$2.0 million of the purchase price was paid by the issuance of 87,834 Class B exchangeable partnership units of AEP. In connection with the acquisition of the Bruce Tile assets, ALP agreed, subject to the satisfaction of certain conditions, to acquire certain real property assets from Bruce Tile. The acquisition of the real property assets was completed on August 15, 2008 and the purchase price of approximately \$2.5 million was paid by the issuance of 97,200 Class B exchangeable partnership units of AEP. The acquisition of such assets from Bruce Tile was intended to further Armtec’s strategy of seeking “bolt-on” opportunities and is expected to increase the Armtec division’s geographic coverage for high density polyethylene pipe (“HDPE”) tubing in Southern Ontario.

On June 5, 2008, a new division of the Fund was established with the acquisition of the outstanding shares of three corporate entities that carry on the Durisol business (“Durisol”), specifically, Durisol Inc., Mitchell Wood Recycling Inc. and H.J. Rerup Consulting Inc., for approximately \$18.5 million, excluding transaction costs and working capital adjustments, pursuant to the terms and conditions of a share purchase agreement dated June 5, 2008 between AHL, Hans J. Rerup, Lydia A. Doering and Durisol Materials Limited (the “Durisol Purchase Agreement”). Approximately \$5.0 million of the purchase price was paid by the issuance of 208,855 Class B exchangeable partnership units of AEP, and the balance was paid in cash. A further payment of up to \$15.0 million may be paid in 2010, subject to the acquired business satisfying certain financial objectives. Durisol manufactures highway noise barriers and related infrastructure products, such as retaining walls and acoustic enclosures. On June 5, 2008, as part of an internal reorganization, the assets and liabilities of Durisol Inc. and Mitchell Wood Recycling Inc. (being two of the acquired entities) were transferred to ALP. On November 30, 2008, AHL, being the sole shareholder of Durisol Inc. and Mitchell Wood Recycling Inc., approved the voluntary wind-up of Durisol Inc. and Mitchell Wood Recycling Inc. On August 28, 2008, the name of H.J. Rerup Consulting Inc. was changed to Durisol Consulting Services Inc.

On June 27, 2008, Armtec acquired the outstanding shares of A.E. Concrete Pre-cast Products Ltd. (“AE Concrete”) for approximately \$19.0 million, excluding transaction costs and working capital adjustments, pursuant to the terms and conditions of a share purchase agreement dated June 24, 2008 between AHL, ALP and the former shareholders of AE Concrete (the “AE Concrete Purchase Agreement”). AE Concrete manufactures utility vaults and a versatile precast retaining wall system. On June 27, 2008, as part of an internal reorganization, the assets and liabilities of AE Concrete were transferred to ALP. On November 30, 2008, AHL, being the sole shareholder of AE Concrete, approved the voluntary wind-up of AE Concrete.

On July 31, 2008, Armtec acquired: (a) the assets of the Brooklin Concrete division (“Brooklin”) of Clearford Industries Inc. (“Clearford”) pursuant to the terms of an asset purchase agreement dated June 25, 2008 between Clearford and ALP (the “Brooklin Purchase Agreement”); and (b) the outstanding shares in Boucher Pre-cast Concrete Limited

("Boucher") pursuant to a share purchase agreement dated April 29, 2008 between Clearford, Boucher, Stephen Boucher and Paul Boucher (the "Boucher Purchase Agreement"), as assigned to AHL pursuant to an assignment and amendment agreement dated July 31, 2008 (the "Boucher Assignment Agreement"); for an aggregate purchase price of approximately \$65.0 million, excluding transaction costs and working capital adjustments. Approximately \$3.0 million of the purchase price was paid by the issuance of 117,371 Class B exchangeable partnership units of AEP to Clearford and the balance by cash and the issuance of a promissory note. Brooklin is a manufacturer of septic tanks and other standard precast concrete products in Ontario. Boucher manufactures, among other things, box culverts and segmental rings used in tunneling, pipe rehabilitation and public transit systems. On July 31, 2008, as part of an internal reorganization, the assets and liabilities of Boucher were transferred to ALP. On November 30, 2008, AHL, being the sole shareholder of Boucher, approved the voluntary wind-up of Boucher. On January 2, 2009, Clearford exchanged 58,686 of the Class B exchangeable partnership units issued to it in connection with the transaction into Units. On March 13, 2009, 27,000 of the Class B exchangeable partnership units issued to Clearford were cancelled pursuant to the terms of an acknowledgement and amending agreement.

On August 8 2008, the Con-Force Division completed the acquisition of the outstanding shares in 1219316 Alberta Ltd. ("1219316"), a subsidiary of BURNCO Rock Products Limited, for an aggregate purchase price of approximately \$50.0 million, excluding transaction costs and working capital adjustments, pursuant to the terms and conditions of a share purchase agreement dated July 18, 2008 between AHL and BURNCO Rock Products Limited (the "1219613 Agreement"). This business, now called Con-Force Concrete Products, is based in Alberta and provides pre-cast products to both the infrastructure and residential markets. On August 8, 2008, as part of an internal reorganization, the assets and liabilities of 1219316 were transferred from 1219316 to ALP. On November 30, 2008, AHL, being the sole shareholder of 1219316 approved the voluntary wind-up of 1219316.

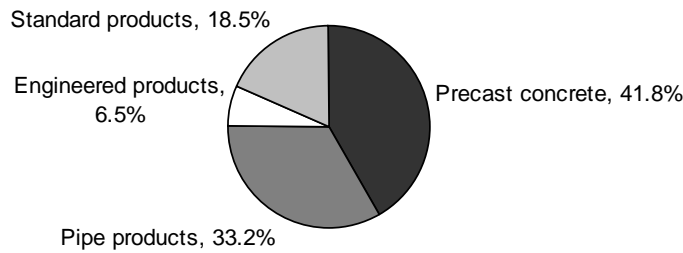
On August 21, 2008, Armtec expanded its agricultural business in Ontario through the acquisition of certain tangible and intangible assets of Oxford Plastics Inc. ("Oxford") for approximately \$5.7 million, excluding transaction costs and working capital adjustments, pursuant to the terms and conditions of an asset purchase agreement dated August 20, 2008 between Oxford and ALP. As part of the acquisition, the Armtec division of the Fund acquired inventory and equipment used in the manufacture of HDPE drainage tile for the agricultural and building trades markets.

DESCRIPTION OF THE BUSINESS

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 Fund commenced active operations on July 27, 2004.

The Fund is a leading manufacturer and marketer of a comprehensive range of infrastructure products and engineered construction solutions for customers in a diverse cross-section of industries that are located in every region of Canada, as well as in selected markets in North America and worldwide. These markets include Canada's national and regional public infrastructure markets and private sector markets in agricultural drainage, commercial building, residential construction and natural resources. Operating through its three divisions and with a network of offices and production facilities across the country, the Fund is Canada's only national multi-material manufacturer. The Armtec division specializes in high density polyethylene and corrugated steel pipe products for drainage and bridge applications, and water management systems. The Con-Force division offers a wide variety of precast and pre-stressed concrete products, as well as advanced construction components and high-value engineered solutions to large project customers. The Durisol division provides a full suite of highway noise barriers and related infrastructure products to the transportation sector.

Revenue by Product Line



Armtec Division

General Description

Armtec division has developed a suite of complementary HDPE pipe, CSP and related engineered products, which has positioned Armtec as a leading solutions provider to its diverse base of industrial, commercial, agricultural and residential customers. Armtec has established a technically-trained national sales team of 50 people, and the technical expertise of its sales team often leads to Armtec being consulted early in the engineering-intensive specifications stage of major infrastructure projects.

Armtec operates through the industry's largest manufacturing and distribution network in Canada, with 31 manufacturing plants, sales and distribution offices located across the country.

Product Overview

There are significant categories of products that Armtec division offers in the marketplace including CSP and HDPE pipe (CSP and HDPE pipe collectively, "Pipe"), engineered products and standard products. "Standard products" include geosynthetic products; guardrail and foundation damp proofing products.

Corrugated Steel and High-Density Polyethylene Products

The following is a brief description of the associated attributes and applications of Armtec division's HDPE pipe product line and the primary products included in this product line offering.

HDPE pipe offers numerous advantages over competing materials, including lighter weight, ease of installation, strong and tight joints, and chemical and abrasion resistance. HDPE pipe has the potential to increasingly displace concrete pipe in the Canadian market, which has been the case in the U.S. and European markets. Although Armtec sells HDPE pipe primarily for drainage and storm sewers, the product can also be used for other applications such as storm water retention tanks and underground conduits for electrical and telecommunications wire.

- **BOSS Products** — The core BOSS 1000 and BOSS 2000 brands represent Armtec's corrugated HDPE culvert and storm drainpipe. BOSS 1000 is a single-wall pipe, corrugated on both the inside and outside, and is used primarily in road culvert applications. BOSS 2000 is a twin-walled pipe with a corrugated outer wall and a smooth inner wall for improved flow characteristics. The corrugated profile provides structural strength and stiffness, critical to a successful installation and long-term performance. BOSS 2000 is supplied with either mechanical (soil tight) couplers or bell and spigot (watertight) joints.
- **BOSS POLY-TITE®** — POLY-TITE is also a twin-walled pipe, similar to BOSS 2000, however, it is manufactured with a higher grade resin for long-term stress-crack resistance and is always manufactured with watertight joints. POLY-TITE is used in storm sewer applications where the specifications call for laboratory test pressures of up to 15 pounds per square inch. BOSS 2000 and POLY-TITE are the only HDPE pipes certified by the Canadian Standards Association ("CSA") for the full range of diameters available.

- *HDPE Tubing* — Big 'O' branded drainage tubing is the most recognized name in the agricultural and residential drainage markets in Canada. The product is a single-wall corrugated HDPE product. Since being introduced into Canada over 35 years ago, HDPE tubing has replaced the use of clay tiles and/or concrete in land drainage applications. The product is used in agricultural land drainage to increase crop yields, as weeping tile in new home construction applications and in repairs and renovations of existing homes. Weeping tile is often specified for use in conjunction with Platon (See product description under "Standard Products" below).

The following is a brief description of the associated attributes and applications of Armtec division's CSP product line and the primary products included in this product line offering. The attributes of corrugated steel products include their low installed cost, ease of installation, strength and flexibility. As a result of these attributes, corrugated steel products have a significant share of the market for drainage and culvert applications.

- *CSP* — Corrugated Steel Pipe is designed for use as culverts, storm sewers and underground water retention and recharge systems. CSP is also used in municipal and industrial applications for utility encasement (telephone, water, and sewer lines). Armtec has also supplied large diameter CSP for use in the construction of foundations for wind towers. CSP is supplied in a variety of coatings to meet specific durability requirements.
- *Ultra Flo*[®] — Ultra Flo Spiral Rib Pipe is an economical alternative for storm sewer drainage systems. It is a flexible metal pipe with spiral ribs and a continuous interlocking seam that is hydraulically smooth on the inside. Its unique design results in flow characteristics similar to conventional smooth-wall pipe materials such as concrete, ductile iron and plastic. Armtec has the exclusive license from W.E. Hall Company to manufacture and sell Ultra Flo in Canada. Typical applications for this product include storm sewers, highway centreline (median) drainage and underground storm water retention tanks. Ultra Flo has become a complementary product to BOSS 2000 and POLY-TITE because it is available in much larger diameters than is currently available for HDPE products. By combining the BOSS 2000 with Ultra Flo, Armtec can provide complete storm water systems.
- *Aluminized Steel Type II* — Aluminized Type II steel is fabricated from steel coils that have been hot-dip coated in commercially pure aluminum. This results in a pipe with the strength of corrugated steel combined with the superior corrosion resistance of aluminum. Both CSP and Ultra Flo can be manufactured using Aluminized Type II steel. Typical applications for this product include storm sewers, culverts, highway centreline drainage and underground storm water retention tanks where increased durability is required.
- *Polymer Laminated Steel* — This durable product used in the manufacture of CSP and Ultra Flo pipe is designed for use in more aggressive environments where durability performance requirements exceeds that available from galvanized or Aluminized Type II coatings.

Engineered Products

Armtec division has developed a line of engineered products for the infrastructure industry, including Multi-Plate, Super-Span[®], Bridge-Plate, tunnel liner plate, water control gates and steel bin-type retaining walls. Multi-Plate, Super-Span and Bridge-Plate are used as cost-effective alternatives to traditional concrete bridge and drainage structures and are particularly well-suited to a more rugged construction environment.

The following is a brief description of the primary products in Armtec division's engineered product line.

- *Multi-Plate* — Multi-Plate structures are formed from corrugated 6" x 2" steel plates that are easily assembled by bolting pre-curved plates together at the point of installation. Multi-Plate is available in a wide range of shapes and sizes to suit the needs of the drainage and short-span bridge market.
- *Super-Span* — Super-Span structures are the largest members of the Multi-Plate family. By introducing special features such as concrete thrust beams and roof stiffening ribs, spans of up to 18 metres have been successfully installed. Super-Span is used in a variety of bridge and mining applications.
- *Bridge-Plate* — Bridge-Plate is the strongest corrugated steel product available in the soil-steel bridges. Bridge-Plate is made from a deep corrugated steel plate, three times the corrugation depth of Multi-Plate, which enables it to be 3.5 times stronger than conventional 6" x 2" structural plate and 10 times stiffer. These enhanced properties allow Armtec to design long span structures with lighter steel sections, thus providing very cost-effective solutions. Typical applications for this product include bridge structures over water, road grade separations, road/rail grade separations and avalanche protection structures. Armtec has improved the Bridge-Plate box culvert design intended to compete with conventional concrete box

and rigid frame drainage structures. Armtec's design methodology permits the manufacture of box culverts with spans up to 14 metres.

- *BEBO Concrete Arch Bridges* – Based on the well-proven Swiss technology, BEBO bridges, which are constructed with precast concrete arches, allow Armtec to extend its bridge and stream crossing product offering, allowing for bridge spans of up to 31 metres. Armtec is licensed to sell these structures throughout Canada except in the four Atlantic Provinces.
- *CONTECH Stormwater Solutions* - CONTECH Stormwater Solutions products are designed to provide on-site primary treatment of storm water run off. With the growing need for environmental responsibility and potential applications from coast to coast, this is anticipated to be a high-growth addition to Armtec's drainage and storm water portfolio of products.
- *Water Control Gates* - Armtec designs, assembles and distributes a broad line of cast iron and fabricated water control gates for irrigation and municipal applications, such as flow control for water treatment plants. Armtec's water control products are manufactured by subcontractors and may be further assembled by Armtec prior to shipment. Armtec's cast-iron gates are used in a variety of applications, including wastewater treatment, water treatment, flood control, control of cooling water in power plants, irrigation and other similar applications where water flow must be controlled. Armtec's fabricated water control products are used in water and wastewater treatment plants, and also in irrigation, canal and flood control applications.
- *Tunnel Liner Plate* — Tunnel Liner Plate is made from bolted, pre-curved steel sections that can be completely assembled from inside the structure. This product is specifically designed for soft-ground tunnelling applications. Tunnel Liner Plate is used in municipal applications for utility conduits, in mining for rock fall protection and access tunnels, and in infrastructure projects for culvert and storm sewer re-lining.
- *Steel Bin-type Retaining Walls* — Retaining walls are constructed by bolting lightweight galvanized steel members together at the job site. Once backfilled, the solid mass acts as a gravity retaining wall. Typical applications include road widening, slope stabilization, grade separations, loading docks and fresh water recreational dock facilities.

Standard Products

Standard Products primarily consist of revenues from the sale of foundation damp proofing products and geosynthetic membranes.

The following is a brief description of Standard Products offered by Armtec division.

Platon

Platon is an impermeable membrane manufactured from HDPE, which is used as a foundation and basement damp-proofing barrier for residential construction and repair. Platon relies on air gap technology to provide outstanding performance. Armtec manufactures Platon under an agreement with Isola AS of Norway, and has the rights to sell the product in both Canada (on an exclusive basis) and the United States. On January 3, 2008, Armtec announced a distribution agreement with CertainTeed Inc. ("CertainTeed") of Valley Forge, Pennsylvania. Under the terms of the agreement, CertainTeed will distribute Armtec's Platon foundation wrap product throughout the United States residential housing and building trade markets. CertainTeed is a major participant in the U.S. building products market with a national presence. It has 70 production facilities across the U.S. and is a wholly-owned subsidiary of Saint-Gobain, one of the top 100 industrial companies in the world. Platon is easy to install, and requires no additional barrier (such as spray-on tar) in order to be effective. It is the only product in the residential foundation market that guarantees crack-bridging performance of up to $\frac{1}{4}$ inch. Platon is also used in the construction of sub floors in residential basements.

Geosynthetics

Armtec distributes a broad line of geosynthetics under brand name labels, which are used for soil strengthening and stabilization. Geosynthetics are well accepted for use in soil stabilization and soil architecture. Typical applications for this product include road construction base stabilization, golf course construction, steepened slopes construction, and retaining walls.

Suppliers

Long-standing relationships with key suppliers of raw materials have assisted the Armtec division in maintaining efficient procurement and reliability of supply. These relationships have allowed Armtec to maintain its market position, while optimizing its working capital investment.

HDPE products are produced using resins. The Armtec division purchases virgin resin either directly from the primary manufacturers or from large specialty distributors. For those products where recycled resins are permitted, Armtec has established relationships with processors of used industrial and consumer resins. Armtec also has its own resin-testing laboratory, which enables it to certify its HDPE products to CSA standards.

The majority of CSP products are produced using galvanized steel purchased primarily from one supplier. As a primary purchaser of galvanized steel in Canada, Armtec is a valuable customer for this supplier, and this has helped to create a strong partnership between the two companies. In addition to galvanized product, the Armtec division purchases a premium aluminum-coated product for use in its CSP and Ultra Flo products, and a substantial amount of carbon steel for structural plate and guardrails. These products are readily sourced from other North American steel manufacturers with which Armtec division has established relationships.

Geosynthetic products and water control gate products are distributed by the Armtec division in Canada. While Armtec has successfully established distribution relationships with key manufacturers of these products, management believes that alternative sources of supply are available if required.

The Armtec division is the exclusive distributor of storm water quality treatment systems for CONTECH Stormwater Solutions of Scarborough, Maine. These products are manufactured in Canada by pre-approved precast concrete manufacturers.

Competition

The Canadian market for pipe is fragmented. The Armtec division's competitors are comprised primarily of private companies, all of which are smaller and less diversified than Armtec. The Fund believes that the Armtec division is the market leader in the corrugated pipe, and related engineered products markets in Canada. U.S. based manufacturers of HDPE pipe account for a small market share in Canada.

Employees

As at December 31, 2008, Armtec division employed the equivalent of approximately 330 full-time employees. Of this total, approximately 61 performed sales and marketing functions, 17 performed engineering functions, 38 were salaried operational employees, 58 performed customer service and related functions, 35 performed non-sales related administrative functions, with the balance largely comprised of hourly paid operational workers. Armtec division's employee structure is highly variable reflecting the seasonal nature of its operations. The number of Armtec division's hourly employees may be reduced by up to 50% during winter months.

On average during 2008, the Armtec division had employed approximately 55 employees at six manufacturing plants that were represented by unions. The collective bargaining agreements with these unions expire between February 16, 2009 and May 16, 2011. There are four agreements that expired in February of 2009. One has been settled, one is currently under negotiations, a notice to negotiate has been received for one and no actions have been taken on the fourth agreement. Management believes that the Armtec division's relationship with its employees is excellent. The Armtec division's last labour dispute occurred in 1988 and lasted one day.

Con-Force Division

The Fund's Con-Force division designs and manufactures a range of bridging and construction products and is comprised of two operating areas; Con-Force Structures and Con-Force Concrete Products. The Con-Force Structures group designs, manufactures and installs precast and pre-stressed concrete components for a variety of structures including bridges, box culverts, parkades, stadiums, schools, hospitals and office buildings. Through the acquisition of Boucher, the Con-Force Structures group has expanded into the Ontario market. The Con-Force Structures group is now a supplier to the infrastructure construction market in Canada, with four strategically located manufacturing facilities in Calgary, Alberta; Richmond, British Columbia; Winnipeg, Manitoba and Ottawa, Ontario. The Con-Force Concrete Products group produces a range of standard and custom precast products with applications ranging from underground utilities to landscaping products and commercial roofing slabs. The Con-Force Concrete Products group developed following the acquisition of AE Concrete in British Columbia, the concrete production business of 1219316 in Calgary and Edmonton, Alberta and the assets of the Brooklin Concrete division of Clearford,

with four locations in Ontario. The Con-Force Concrete Products group offers what the Fund believes to be one of the most complete lines of precast products in the industry and has established what the Fund believes to be strong supply relationships with national distribution channels.

Con-Force Structures Group: Product Overview

Bridges

Con-Force’s special expertise with bridges has resulted in them participating in larger scale projects. Con-Force pioneered the use of pre-stressed precast concrete in bridge construction in Western Canada, and has manufactured the longest plant-cast bridge girder in North America. With a variety of standard bridge girder forms, Con-Force supplies the following girder sections into Western Canada:

BC Type “I”	–	to 2750mm deep
NU Type “I”	–	to 2800mm deep
Trapezoidal	–	to 2200mm deep
Box	–	to 1300mm deep

Con-Force continues as a leading supplier of girders to bridge projects in Western Canada. Durability, quality control, cost effectiveness and low maintenance benefits have made precast concrete the dominant structural material for short to medium span bridges in Western Canada.

Traditional

Because precast concrete’s applications provide significant design flexibility, Con-Force often finds it has the capability to propose new and unique solutions to construction challenges. Precast and pre-stressed concrete solutions are used in structural applications for a wide variety of building types, including stadiums, arenas, schools, healthcare facilities, industrial buildings and warehouses, retail shopping centres, office buildings and multi-family residential buildings. Precast concrete applications represent customized and cost effective alternatives to the ever changing needs of our clients. Con-Force also manufactures hollow-core in 8, 10, 12 and 14 inch thickness. Hollow-core is used for floor and roof systems, and relative to more traditional applications, it is believed to result in better energy efficiency, reduced floor heights, improved fire safety, increased speed of construction and sound attenuation.

Parkades

Con-Force provides its customers with innovative solutions and accelerated schedules for parkade construction. Components for parkades, include precast and pre-stressed concrete columns, beams, walls, stairs and clear-span double-tees. Con-Force’s innovative solutions, such as the 12-foot, pre-topped double tee and the Vista Wall, maximize parking efficiencies, increase the speed of construction, improve aesthetics and user safety and reduce maintenance costs.

Marine

More than any other material, precast pre-stressed concrete provides a combination of durability and high load carrying capacity demanded by marine structures. In fact, it is the material of choice for deep-sea wharves and trestles (including piles, beams and slabs), due to low initial costs and minimum maintenance requirements. Producing most of the project off site in a quality controlled environment results in reduction of over-water construction, while compressing the overall construction schedule. Components are loaded onto a barge and shipped directly to site ready for installation.

Piles

Due to its excellent resistance to decay and corrosion, pre-stressed concrete piling is generally the preferred choice for permanent, durable and economical foundations. Designers rely on pre-stressed concrete piles driven through deep water or thick layers of unsuitable soils to provide support for bridge structures. Pre-stressed concrete piles can be designed to safely support the heavy vertical loads imposed by these types of structures in addition to horizontal loads caused by traffic, wind, waves, vessel impact, earthquakes and other actions. Con-Force provides a range of precast piles either manufactured to order or from inventory.

Con-Force Concrete Products Group: Product Overview

Con-Force Products manufactures a range of more than 1,000 products. Standard products include precast underground vaults, retaining wall systems, light pole bases, transformer bases, tanks, roof ballast and landscaping products. Con-Force’s standard products are produced and supplied year round to a diverse client base that includes

but is not limited to; general contractors, electrical companies, retailers and waste-water systems installers. Con-Force Products derives a significant amount revenue from clients which buy from inventory as well as from contracts with utility companies such as Enmax, Telus and Atco. Con-Force also manufactures retaining wall panels for RECo (The Reinforced Earth Company). Con-Force and RECo have maintained a long term partnership in the production and sale of these panels on numerous projects across Canada.

Suppliers

The Con-Force division is able to achieve significant economies of scale in production and is able to procure raw materials at favourable prices. The Con-Force division has long term relationships with all of its suppliers. As a result, it is customary for the suppliers to provide the Con-Force division with significant lead time prior to any material changes in the price of inputs. The Con-Force division enters into purchase commitments for cement, aggregate, strand and rebar at the same time it contracts with a customer for a project. Although the Con-Force division has established relationships with its suppliers, it is able to access multiple suppliers for its key raw materials in the event its usual suppliers are unable to meet its demand.

Competition

The Con-Force Structures Group's primary competition is alternative materials, rather than other precast concrete companies. In bridges these alternate materials are steel, wood and cast-in-place concrete structures. For architectural panels, other materials are wood, glass, brick, other masonry and cast-in-place panels. In the parking, marine and traditional segments, steel, masonry and cast-in-place compete with precast concrete. The Fund believes that the Con-Force Structures Group's reputation among customers is enhanced by its in-house engineering group. Their participation in solving customer problems at an early stage of design offers customers a low-cost solution. The in-house design group also focuses on design that maximizes the ease of manufacturing.

Competition in the Concrete Product Group's market is typically from small regional precast companies with local production and delivery capabilities. The fractured nature of the market regularly results in multiple competitors in each region. However, no one competitor provides the identical range of products offered by the group. It is the Fund's view that by retaining the local brands of each acquired company, while leveraging its purchasing synergies as well as expanding its product capabilities, improves their relative competitive capabilities.

Employees

As at December 31, 2008, the Con-Force division employed approximately 983 full-time employees. Of this total, approximately 32 performed sales and marketing functions, 54 performed engineering functions, 58 were salaried operational employees, 33 performed non-sales related administrative functions, with the balance largely comprised of hourly paid operational workers.

On average during 2008, the Con-Force division employed approximately 961 employees at ten manufacturing plants, three of which are non union. The collective bargaining agreements with these unions expire between May 1, 2009 and April 30, 2011. Management believes that Con-Force's relationship with its employees is excellent.

Durisol Division

General Description

The Fund's Durisol division designs and manufactures highway noise barriers and related infrastructure products, such as retaining walls and acoustic enclosures. The development of the unique Durisol sound absorptive material was made possible through the creation of a treatment process that allows raw wood fibre to be bonded with cement.

Product Overview

Noise Barriers

Durisol and its international affiliates have over 30 years of experience in the design and construction of absorptive noise barrier walls. These walls are durable in various road conditions, including repeated freeze-thaw cycles and exposure to salt. Durisol has developed a wide range of attractive precast textures and other options, available for both its absorptive and reflective wall systems. The division's expertise in engineering, design and product development has also led to many product innovations such as integral traffic barriers, flood control panels and many unique custom patterns and textures.

Transparent Noise Barriers

Durisol offers transparent noise barrier systems which incorporate PARAGLAS SOUNDSTOP®, a recognized transparent noise barrier technology. The PARAGLAS SOUNDSTOP material offers a combination of high performance, longevity, and attractive aesthetics. The transparent barriers also employ a post and panel system, which allows the combination of transparent elements with Durisol's other noise wall systems, including retaining walls, to maximize overall performance and aesthetics, while minimizing costs, along noise wall alignments.

Retaining Walls

Durisol's retaining walls employ a modular post and panel system which can be employed stand-alone, or combined with the noise barriers utilizing one common set of footings. The combined noise and retaining wall systems are both economical and quick to engineer and construct. The Narrow Footprint Retaining Wall System requires no tieback straps and maximizes useable land for roadways and developments. Durisol also offers the Durisol Anchored Retaining Walls System for higher retaining heights and larger loads.

Acoustic Enclosures

Durisol's acoustic enclosures are used to shield a variety of industrial and other equipment, in order to control noise at the source, while reducing noise problems in adjacent residential neighbourhoods. Durisol has designed and built innovative rail noise and retaining solutions. These solutions include rail silencers, tunnel liners, and acoustic shields, as well as precast noise and retaining walls, and transparent walls to address acoustic, aesthetic and safety concerns. The unique Durisol material also forms an acoustic facing either for new construction or to retrofit reflective surfaces. It is approximately three times lighter than concrete and quick to install manually, and offers a full range of precast aesthetic possibilities.

Suppliers

The Durisol division has maintains close relationships with all its principal suppliers. This contributes to the division's ability to maintain raw material consistency, ensuring high quality standards for its products. Durisol enjoys its ability to meet tight delivery schedules on multiple simultaneous large construction products, and the responsiveness of its suppliers plays a key role in the ability to deliver on this objective.

Competition

Durisol is a major supplier of noise barrier walls in Ontario, which has been the focus of Durisol sales efforts, supported by its plant in Southern Ontario. Durisol's success has been related to its absorptive product line and significant engineering and design capability. Other local competitors offer noise reflective walls made of wood or regular concrete. The Fund intends to grow the noise barrier business across Canada, leveraging on the its plants and sales relationships. Existing local competition in most other provinces in Canada similarly offer wood and concrete but have limited engineering and design capabilities.

Employees

As at December 31, 2008, the Durisol division employed approximately 179 full time employees. Of this total, approximately, 8 performed sales and marketing functions, 10 performed engineering functions, 23 were salaried operational employees, 10 performed non-sales related administrative functions, with the balance largely comprised of hourly paid operational workers. On average during 2008, the Durisol division employed approximately 122 hourly non-union employees at its one manufacturing facility. Management believes that Durisol's relationship with its employees is excellent.

Sales and Marketing

Together the Armtec, Con-Force and Durisol divisions have a team of employees dedicated to the sales and marketing function across Canada. The technically-trained sales team provides engineering assistance to customers, including at the early stages of project design and development of product specifications. The close relationships between the Fund and its customers are important to the Fund's ability to secure ongoing business on complex projects. Management believes that the size and experience of its sales team and their customer relationships serve as barriers to entry, as it would be prohibitively expensive to re-create the national coverage of the Fund's sales team, and would take many years to establish the type of long standing relationships that the Fund has developed with its customers.

With its multi-material capability, the Fund employs a one-stop shopping marketing strategy to provide a broad range of product, material and solution options within a rapid and reliable delivery schedule. The Fund's marketing strategy focuses on educating the customer with respect to the value-engineered advantages of its products and materials relative to alternatives. The Fund's marketing staff maintains and updates a series of educational marketing materials

for this purpose, including relevant product brochures, case studies, an interactive web site and specific software which assists customers with project design and the applications of Fund products.

Products are most typically sold directly to general contractors and end users, but are also sold through distributors and retailers. Third party distribution is primarily used in the residential and building trades markets but distributors can be used for infrastructure projects as well.

Intangible Assets

The Fund's most significant intangible assets are discussed below.

Trademarks and Trade Names

The Armtec, BIG 'O', Con-Force, and Durisol word and design marks, as well as the trademarks BOSS, BOSS 1000, BOSS 2000, POLY-TITE, Multi-Plate, Bridge-Plate, Super-Span, Flex-beam, HEL-COR, System Platon, BEBO, CONTECH Stormwater Solutions, PARAGLAS SOUNDSTOP, Castlestone, Yardstone and Silomix, and the rights related to the trademarks and trade names Bruce Tile, Brooklin, Boucher, AE Concrete and Oxford Plastics, are the significant trademark and trade name assets owned by or licenced to the Fund.

Licences

The Armtec division sells an air-gap membrane product, referred to as Platon, into the residential drainage markets. While Armtec has been responsible for the development of the Platon market in Canada, the product itself was developed by a Norwegian company. Armtec manufactures Platon under an agreement with Isola AS of Norway, and has the rights to sell the product in both Canada (on an exclusive basis) and in the United States.

In 2006, the Fund acquired the license to promote and sell BEBO Concrete Arch Bridges throughout Canada with the exception of the four Atlantic Provinces (where a pre-existing licence agreement was in place with a regional supplier). The owner of the rights, patents, know-how and other intellectual property related to the BEBO Concrete Arch Bridges system is BEBO Arch of Canada.

In 2006, the Fund further broadened its product offering by entering into a sales and distribution agreement with CONTECH Stormwater Solutions, a leading supplier of storm water quality systems in the United States. Under the terms of this agreement, Armtec became a national distributor for CONTECH Stormwater Solutions products and now offers its Canadian customers the entire CONTECH Stormwater Solutions product line, which includes a full range of storm water quality management products.

In connection with the acquisition of the Durisol business, ALP entered into a sublicense arrangement with Durisol Resource Inc. to use certain patents, know how and technology used in a manufacturing process (the "Durisol Process") for the manufacture of building products composed of cement bonded wood fibres, concrete and light weight concrete (and certain related trademarks) in North America, Central America and South America (the "Territory"). Durisol International Corporation is the owner of the patents, know how and technology used in the Durisol Process and has granted Durisol Resource Inc. exclusive right to use such patents, know how and technology in the Territory, and the right to grant sublicenses with respect to such rights.

Customer lists

Through recent acquisitions, the Fund has expanded its market presence in various Canadian regions. The existing customers of the companies acquired provide value to the Fund through increased revenues in those regions. The Armtec division has a diverse customer base including various government agencies, commercial clients (including residential developments), agricultural, and natural resource customers. The Con-Force division benefits from a diverse customer base that includes government agencies, commercial clients (such as developers of commercial, industrial and residential properties) and industrial clients (such as mining, pulp and paper and oil sand projects). Con-Force's largest customers include many of the country's leading construction companies as well as provincial governments. The Durisol division has a diverse customer based including various government agencies.

Economic Cycles

Various raw materials are used in the products manufactured by the Fund, and such raw materials may be subject to economic cyclical and seasonality and wide price variations. In particular, the primary raw materials used in the Fund's plastic, steel, and precast concrete products are various types and grades of resins, steel and cement respectively. The Fund's raw materials are sourced and traded throughout the world and are subject to pricing volatility. Consistent with past and current practices within the industry, the Fund manages its exposure to raw material price volatility by passing through the price volatility to its customers when appropriate.

Seasonality

The Fund, in particular the Armtec division's business as well as the Con-Force Products Group is seasonal, with sales ramping up as spring arrives and generally reaching peak levels in the summer months. As such, potential losses in the first quarter are due to low volumes, with the Fund historically generating positive net earnings as the second quarter develops. Since almost all of the Fund's revenue is derived from products that require outdoor installation, early year shipments can be negatively affected when inclement weather renders installation sites inaccessible. The Con-Force Structures group and the Durisol division are less affected by seasonality than the Armtec division. The revenue generated by the Con-Force Structures group and the Durisol division are significantly affected by the timing of construction contracts underway, which is greatly influenced by proximity to the projects involved. A \$50.0 million revolving credit facility is available to accommodate regular distributions and working capital requirements during slower quarters.

Environmental

The Fund is subject to a wide range of federal, provincial and municipal environmental laws and regulations that govern the discharge of materials into the environment and the investigation and clean-up of environmental contamination. The Fund believes that the conduct of its operations is currently in material compliance with existing environmental laws and regulations. In conjunction with independent engineering firms, the Fund has examined its manufacturing facilities to identify potential clean-up obligations and other environmental issues. To date, the costs incurred in complying with environmental laws and regulations, including the cost of clean-up and remediation, have not had an adverse effect on the Fund's financial condition.

Facilities

The Fund's head office is located at 370 Speedvale Avenue West, Guelph, Ontario. The Fund operates through a comprehensive network of 47 locations; including 32 strategically located manufacturing plants. The majority of these plants are situated in close proximity to every major market in Canada. This network enables the Fund's sales team to work directly with regional contractors and local municipalities at the critical product specification stage, and is key to reducing transportation costs and providing a high level of customer service.

The following table sets forth information regarding the Fund's facilities as at December 31, 2008:

Region	Operational Segment	Number of Owned Facilities	Number of Leased Facilities	Total Facilities
Western Canada	Armtec, Con-Force	6	12	18
Central Canada	Armtec, Con-Force, Durisol	13	7	20
Eastern Canada	Armtec	5	3	8
International	Armtec	-	1	1
Total		24	23	47

Declaration of Trust

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust, which does not purport to be complete. Reference is made to the Declaration of Trust for a complete description of the Units and the full text of its provisions. A copy of the Declaration of Trust is filed on SEDAR at www.sedar.com.

Activities of the Fund

The Declaration of Trust provides that the Fund is a limited purpose trust and its activities are restricted to:

- (i) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with investments in debt and/or equity securities and/or assets of AOT and/or the other Fund Entities, as well as other corporations, partnerships, trusts and other persons conducting the business of manufacturing and/or marketing of drainage products and/or engineered solutions for infrastructure applications, and such other investments as the Trustees may determine;

- (ii) temporarily holding cash in interest-bearing accounts or short-term certificates of deposit, short-term government debt or investment grade corporate debt, or money market mutual funds for the purposes of the Fund's activities, including making investments or paying the expenses and liabilities of the Fund, paying amounts owing by the Fund in connection with the redemption of any Units or other securities of the Fund, and making distributions to holders of Units ("Unitholders");
- (iii) issuing Units and other securities of the Fund (including securities convertible into or exchangeable for Units or other securities of the Fund, or warrants, options or other rights to acquire Units or other securities of the Fund), including for the purposes of: (a) obtaining cash to conduct the activities described above, including raising funds for further acquisitions, (b) implementing Unitholder rights plans, distribution reinvestment plans and Unit purchase plans, incentive option plans or other compensation plans, if any, established by Armtec, (c) making non-cash distributions to Unitholders as contemplated by the Declaration of Trust, including pursuant to distribution reinvestment plans, if any, established by the Fund, or (d) satisfying any indebtedness or liability of or borrowing by the Fund;
- (iv) issuing debt securities or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of its assets as security;
- (v) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Fund Entities or the performance of any obligation of the Fund Entities, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets, including debt or equity securities issued by the Fund Entities or any of the Fund's or their affiliates, as the case may be, as security for such guarantee, and subordinating its rights under the notes (the "AOT Notes") of AOT held by the Fund or other indebtedness owed to the Fund to other indebtedness;
- (vi) issuing or redeeming rights and Units pursuant to any incentive plan or Unitholder rights plan adopted by the Fund;
- (vii) disposing of all or any part of any of the Fund's assets;
- (viii) repurchasing and redeeming securities issued by the Fund, subject to the provisions of the Declaration of Trust and applicable law;
- (ix) satisfying the obligations, liabilities or indebtedness of the Fund; and
- (x) undertaking such other activities, or taking such actions, as are related to or in connection with the foregoing or as are contemplated by the Declaration of Trust or as may be approved by the Trustees from time to time.

Trustees

The Fund is required to have a minimum of three and a maximum of ten Trustees. The Trustees are to supervise the activities and manage the affairs of the Fund. Pursuant to the terms of the Declaration of Trust, not less than two-thirds of the Trustees must be "resident in Canada" for purposes of the Tax Act. In the event that, at any time, less than two-thirds of the Trustees are "resident in Canada" for purposes of the Tax Act, the Trustees then in office will appoint such number of "resident in Canada" Trustees as may be necessary such that not less than two-thirds of the Trustees will be "resident in Canada" for purposes of the Tax Act.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees have full, absolute and exclusive power, control and authority over the assets of the Fund and over the affairs of the Fund to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the assets of the Fund and may, in respect of the assets of the Fund, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof. Subject to such terms and conditions, the Trustees are responsible for, among other things:

- (i) supervising the activities and managing the investments and the affairs of the Fund;
- (ii) maintaining records and providing reports to Unitholders;
- (iii) effecting distributions from the Fund to Unitholders;
- (iv) effecting the payment of the redemption or repurchase price for Units;
- (v) acting for, voting on behalf of, and representing the Fund as a holder of AOT Units and a holder of AOT Notes; and
- (vi) voting in favour of the Trustees to serve as trustees of AOT.

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.

Units

An unlimited number of Units are issuable pursuant to the Declaration of Trust. Each Unit entitles the holder or holders thereof to one vote on a ballot vote at any meeting of Unitholders. Each Unit is transferable and represents an equal undivided beneficial interest in the Fund, in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of the termination or winding-up of the Fund. All Units are of the same class with equal rights and privileges.

No certificates are issued for fractional Units and fractional Units do not entitle the holders thereof to vote. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Issuance of Units

The Declaration of Trust provides that Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine, including pursuant to any Unitholder rights plan, or any incentive option or other compensation plan established by the Fund. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a pro rata basis. The Declaration of Trust also provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder's share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income (or capital gains that arise on the disposition of taxable Canadian property), non-resident Unitholders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units.

Distributions

The Fund makes monthly cash distributions of its distributable cash as determined by the Trustees of the Fund. The amount of cash available for distribution will be equal to the interest and principal repayments on the AOT Notes owned by the Fund and the distributions (if any) on or in respect of the AOT Units owned by the Fund less: (i) administrative expenses and other obligations of the Fund; (ii) amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Units; (iii) satisfaction of its debt service obligations (principal and interest) on indebtedness, if any; and (iv) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the Fund, that have been or are reasonably expected to be incurred in the activities and operations of the Fund (to the extent that such costs or expenses have not otherwise been taken into account in the calculation of the available distributable cash of the Fund) and for reasonable reserves.

The Fund may make additional distributions in excess of the aforementioned monthly distributions during the year, as the Trustees may determine. The distribution declared in respect of the month ending December 31 in each year will include such amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such year as is necessary to ensure that the Fund will not be liable for income taxes under Part I of the Tax Act in such year. Any income of the Fund that is unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not have any such income tax liability, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The Fund makes monthly cash distributions to Unitholders of record on the last business day of each month, and the distributions are paid within 30 days following each month end. Distributions for the years ended, December 31, 2006, December 31, 2007 and December 31, 2008 were as follows:

2006 Distributions

Period	Record Date	Payment Date	Per Unit
January 2006	January 31, 2006	February 15, 2006	\$ 0.11
February 2006	February 28, 2006	March 15, 2006	0.12
March 2006	March 31, 2006	April 13, 2006	0.12
April 2006	April 28, 2006	May 15, 2006	0.12
May 2006	May 31, 2006	June 15, 2006	0.13
June 2006	June 30, 2006	July 14, 2006	0.13
July 2006	July 31, 2006	August 15, 2006	0.13
August 2006	August 31, 2006	September 15, 2006	0.13
September 2006	September 29, 2006	October 13, 2006	0.13
October 2006	October 31, 2006	November 15, 2006	0.13
November 2006	November 30, 2006	December 15, 2006	0.13
December 2006	December 29, 2006	January 15, 2007	0.13
Special Distribution	December 29, 2006	January 26, 2007	0.17
Total:			\$ 1.68

2007 Distributions

Period	Record Date	Payment Date	Per Unit
January 2007	January 31, 2007	February 15, 2007	\$ 0.13
February 2007	February 28, 2007	March 15, 2007	0.13
March 2007	March 30, 2007	April 13, 2007	0.13
April 2007	April 30, 2007	May 15, 2007	0.13
May 2007	May 31, 2007	June 15, 2007	0.13
June 2007	June 29, 2007	July 13, 2007	0.13
July 2007	July 31, 2007	August 15, 2007	0.13
August 2007	August 31, 2007	September 14, 2007	0.13
September 2007	September 28, 2007	October 15, 2007	0.13
October 2007	October 31, 2007	November 15, 2007	0.14
November 2007	November 30, 2007	December 14, 2007	0.14
December 2007	December 31, 2007	January 15, 2008	0.14
Special Distribution	December 31, 2007	January 25, 2008	0.17
Total:			\$ 1.76

2008 Distributions

Period	Record Date	Payment Date	Per Unit
January 2008	January 31, 2008	February 15, 2008	\$ 0.15
February 2008	February 29, 2008	March 14, 2008	0.15
March 2008	March 31, 2008	April 15, 2008	0.15
April 2008	April 30, 2008	May 15, 2008	0.15
May 2008	May 31, 2008	June 15, 2008	0.17
June 2008	June 30, 2008	July 15, 2008	0.17
July 2008	July 31, 2008	August 15, 2008	0.17
August 2008	August 29, 2008	September 15, 2008	0.18
September 2008	September 30, 2008	October 15, 2008	0.18
October 2008	October 31, 2008	November 14, 2008	0.18
November 2008	November 28, 2008	December 15, 2008	0.18
December 2008	December 31, 2008	January 15, 2009	0.18
Special Distribution	December 31, 2008	January 30, 2009	0.05
Total:			\$ 2.06

Of the distributions declared in 2008, 100% was subject to income tax in the hands of the Unitholders.

Material Debt

Pursuant to an amended and restated credit agreement dated as of July 31, 2008 between AOT and ALP, as borrowers, and The Bank of Nova Scotia, Bank of Montreal, The Toronto-Dominion Bank and Alberta Treasury Branches, as lenders, the lenders provided a credit facility in an aggregate maximum principal amount of \$240 million to AOT and ALP, comprised of a term loan facility in the maximum principal amount not to exceed \$140 million in favour of AOT, a revolving loan facility in the maximum principal amount of \$50 million in favour of ALP and a bridge facility in the maximum principal amount of \$50 million in favour of AOT (the "Credit Facilities"). The purpose of the revolving loan facility is for ALP's general business purposes. The term loan facility is available to AOT for general business purposes which include funding certain acquisitions by AOT or other Fund Entities permitted pursuant to the Credit Facilities. The purpose of the bridge facility was to fund the acquisition of 1219316. As at the date of this AIF there was \$190.0 million outstanding under the Credit Facilities.

The Credit Facilities bear interest at rates calculated with regard to a certain financial ratio of Armtec and vary in accordance with borrowing rates in Canada and the United States. The Credit Facilities are secured by a first charge on the assets of the Fund and its subsidiaries subject to certain exceptions. The terms of the Credit Facilities provide for restrictions on the operations and activities of the Fund. Generally, the most significant restrictions relate to permitted investments and distributions, as well as the occurrence and maintenance of certain financial ratios primarily linked by operating earnings before interest, taxes, depreciation and amortization.

The term loan and revolving loan facilities under the Credit Facilities will mature in October, 2012 and the bridge facility under the Credit Facilities will mature in June, 2009, with full repayment of each of the Credit Facilities due on its applicable maturity date, at which time AOT and ALP will have to refinance such credit facilities.

The Fund is required to enter into an interest rate swap having the effect of converting the interest rate on a minimum of 50% of the aggregate amount of the term loan facility under the Credit Facilities to a fixed rate of interest.

Redemption at the Option of Unitholders

Units are redeemable at any time on demand by the holders thereof upon delivery to the Fund of a duly completed and properly executed notice requesting redemption in a form approved by the Trustees specifying the number of Units to be redeemed. As the Units will be issued in book entry form, a Unitholder who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer, who will be required to deliver the completed redemption notice form to the Fund at its head office and to the Canadian Depository for

Securities Limited ("CDS"). As of the close of business on the date the Units are tendered for redemption, all rights to and under the Units tendered for redemption shall (subject to the following) be surrendered and the holder thereof shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

- (i) 90% of the Market Price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 trading days on such stock exchange or market ending immediately prior to the date on which the Units were tendered for redemption; and
- (ii) the Closing Market Price of the Units on the date on which the Units were tendered for redemption on the principal stock exchange on which Units are listed (or, if Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading).

For the purposes of determining the Redemption Price, "Market Price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade of Units during the specified trading day period; provided that if there was trading of Units on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, "Market Price" will be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and ask prices of Units for each trading day on which there was no trading of Units and the weighted average trading prices of the Units for each trading day on which there was trading of Units. For the purposes of determining the Redemption Price, "Closing Market Price" will be: (i) an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade of Units on the specified date and the applicable market or exchange provides a closing price; (ii) an amount equal to the average of the highest and lowest prices of Units on the applicable market or exchange if there was trading of Units on the specified date and the applicable market or exchange provides only the highest and lowest trading prices of Units traded on a particular day; or (iii) the average of the last bid and ask prices on the applicable market or exchange if there was no trading of Units on the specified date.

The aggregate Redemption Price payable by the Fund in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the Fund no later than the last day of the calendar month following the calendar month in which the Units were tendered for redemption, provided that the entitlement of the Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

- (i) the total amount payable in cash by the Fund in respect of such Units and all other Units tendered for redemption in the same calendar month may not exceed \$50,000 (the "Monthly Limit"), provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month;
- (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market that, in the sole discretion of the Trustees, provides a representative fair market value price for the Units; and
- (iii) the normal trading of Units must not be suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the date that the Units are tendered for redemption or for more than five trading days during the 10 trading day period prior to the date on which the Units are tendered for redemption.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the Monthly Limit, then the Redemption Price for each Unit tendered for redemption will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* of the assets of the Fund. If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the other specified limitations, then each redeeming Unitholder will be entitled to receive a price per Unit equal to the fair market value thereof as determined by the Trustees, which may be satisfied by way of a distribution *in specie* of the assets of the Fund.

Repurchase of Units

The Fund is allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities laws and the rules prescribed under applicable stock exchange or regulatory policies.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders will be required to be called and held annually, for the purpose of: (i) the election of Trustees, (ii) the appointment of auditors of the Fund for the ensuing year, (iii) generally, any other matter that requires a resolution of Unitholders, and (iv) transacting such other business as the Trustees may

determine or as may be properly brought before the meeting. The Declaration of Trust provides that Unitholders will be entitled to pass resolutions that will bind the Fund with respect to:

- (a) the election or removal of Trustees of the Fund;
- (b) any amalgamation, arrangement, other merger or capital reorganization of the Fund, or the Fund Entities with any other entity;
- (c) the appointment or removal of nominees of the Fund chosen by the Unitholders to serve as trustees of AOT (provided that casual vacancies may be filled by the remaining Trustees);
- (d) the appointment or removal of the auditors of the Fund;
- (e) the appointment of an inspector to investigate the performance by the Trustees of their respective responsibilities and duties in respect of the Fund;
- (f) the approval of amendments to the Declaration of Trust (as described under "Description of the Business — Amendments to the Declaration of Trust");
- (g) the sale, lease or exchange of all or substantially all of the assets of the Fund (other than in connection with an *in specie* redemption of Units by the Fund);
- (h) the exercise of certain voting rights attached to the securities of AOT or other Fund Entities held directly or indirectly by the Fund;
- (i) the ratification of any Unitholder rights plan, distribution reinvestment plan and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Declaration of Trust requiring Unitholder approval;
- (j) the dissolution of the Fund prior to the end of its term; and
- (k) such other business as the Trustees may determine or as may properly be brought before a meeting, including, without limitation, any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders for their approval.

No other action taken by Unitholders or any other resolution of the Unitholders will in any way bind the Trustees.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened if requisitioned in writing by the holders of not less than 5% of the Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person and either holding personally or representing by proxy in the aggregate at least 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders, will be terminated (not adjourned), but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at the resumption of such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a "mutual fund trust" under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 49% of the Units then outstanding. This 49% limitation will be applied with respect to the issued and outstanding Units on both a non-diluted basis and a fully-diluted basis. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware that the beneficial owners of at least 49% of the Units then outstanding are, or may be, non-residents of Canada or that such a situation is imminent, the Trustees or the transfer agent and registrar shall make a public announcement thereof and thereafter the transfer agent and registrar shall not accept a subscription for Units from or issue or register a transfer of such Units to a person unless the person provides a declaration that he or she is not a non-resident of Canada within the meaning of the Tax Act. If, notwithstanding the foregoing, the Trustees determine that 49% or more of the Units are held by non-residents of Canada, the Trustees may direct the transfer agent and registrar to send a notice to non-resident holders of Units chosen (to the extent possible) in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the persons receiving such notice have not sold the specified number of

Units or provided the Trustees with satisfactory evidence that they are not non-residents of Canada within the meaning of the Tax Act within such period, the Trustees may, on behalf of such persons, sell such Units and, in the interim, shall suspend the voting and distribution rights, if any, attached to such Units. Upon such sale, the affected holders shall cease to be holders of the Units so sold and their rights shall be limited to receiving the net proceeds of such sale.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time by resolution passed by the affirmative votes of the holders of more than 66⅔% of the Units represented at the meeting and voted upon such resolution, or a resolution in writing executed by Unitholders holding more than 66⅔% of the outstanding Units entitled to be voted on such resolution ("Special Resolution").

The Trustees may, at their discretion and without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments for the purpose of:

- (i) ensuring continuing compliance and conformity of the Declaration of Trust with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or the Fund; or
- (ii) providing additional protection or added benefits for Unitholders, in the opinion of counsel to the Trustees; or
- (iii) removing any conflicts or inconsistencies in the Declaration of Trust or making minor changes or corrections that are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders; or
- (iv) making amendments that, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws or policies of any governmental authority having jurisdiction over the Trustees or the Fund; or
- (v) for purposes of ensuring that the Fund continues to qualify as a mutual fund trust under the Tax Act; or
- (vi) as may be otherwise specifically contemplated in the Declaration of Trust.

The Trustees may not amend the Declaration of Trust in a manner, which would result in the Fund failing to qualify as a "mutual fund trust" under the Tax Act.

Exercise of Certain Voting Rights Attached to the Securities of the Fund Entities

The Declaration of Trust provides that the Fund will not vote, nor will it permit the AOT Trustees to vote, or cause to be voted, securities of any of the Fund Entities to authorize, among other things:

- (i) any matter that, under the AOT Declaration of Trust, requires or permits the approval of the holders of AOT Units by Special Resolution;
- (ii) any material amendment to the note indenture pursuant to which the AOT Notes are issued (the "AOT Note Indenture") other than in contemplation of a further issue of AOT Notes;
- (iii) any sale, lease, exchange or other distribution of all or substantially all of the direct or indirect assets of any of the Fund Entities except: (a) in conjunction with an internal reorganization, (b) pursuant to a good faith charge, pledge, mortgage, lien, security interest or other encumbrance granted by the Fund Entities over any assets of the Fund Entities in the ordinary course of business, or (c) pursuant to any guarantee of any obligation of the Fund Entities, or any charge, mortgage, lien, security interest or other encumbrance, in each case, granted by the Fund Entities over any of the assets of the Fund Entities,
- (iv) any amalgamation, arrangement, other merger, combination or capital reorganization of any of the Fund Entities with any other entity, except: (a) in conjunction with an internal reorganization; or (b) the acquisition by any of the Fund Entities of the securities or assets of another entity;
- (v) the winding-up or dissolution of any of the Fund Entities prior to the end of the term of the Fund, except in connection with an internal reorganization; or
- (vi) any material amendment to the limited partnership agreement of ALP, or the articles of incorporation of ALPC, or the articles of amalgamation of AHL in any manner that may be prejudicial to the Fund or the Unitholders,

without the authorization of the Unitholders by Special Resolution.

The Trustees will be required to vote the AOT Units held by the Fund to cause the election of the Trustees as AOT Trustees.

Term of the Fund

The Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on June 15, 2004. On a date selected by the Trustees, which is not more than two years prior to the expiry of the term of the Fund, the Trustees are obligated to commence to wind up the affairs of the Fund so that it will terminate on the expiration of the term. In addition, at any time prior to the expiry of the term of the Fund, the Unitholders may by a Special Resolution require the Trustees to commence the termination, liquidation or wind up of the affairs of the Fund.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding up of the affairs of the Fund, the Trustees will give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Trustees will proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money the AOT Units, AOT Notes and all other assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees will distribute the remaining part of the proceeds of the sale of the AOT Units, AOT Notes and other assets comprising the Fund together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their pro rata interests. If the Trustees are unable to sell all or any of AOT Units, AOT Notes or other assets which comprise part of the Fund by the date set for termination, the Trustees may distribute the remaining AOT Units, AOT Notes or other assets *in specie* directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made and not less than 90% of the Units, on a fully diluted basis, (other than Units held at the date of the takeover bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by holders who did not accept the take-over bid, on the same terms on which the offeror acquired Units pursuant to the take-over bid.

Information and Reports

In accordance with and subject to applicable securities laws, the Fund will furnish to Unitholders such consolidated financial statements of the Fund (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law and the Declaration of Trust to be provided to such holders. ALP will undertake to provide the Fund with: (i) a report of any material change that occurs in the affairs of ALP in form and content that it would file with applicable regulatory authorities were it a reporting issuer (or equivalent); and (ii) all financial statements (and accompanying management's discussion and analysis) that it would be required to file with applicable regulatory authorities if it were a reporting issuer (or equivalent) under applicable securities laws. All such reports and statements will be provided to the Fund in a timely manner so as to permit the Fund to comply with the continuous disclosure requirements relating to reports of material changes in its affairs and the delivery of financial statements and other materials as required under applicable securities laws.

The Fund will compare financial information for the business carried on by AHL and its subsidiaries prior to the acquisition by the Fund with the business to be carried on by the Fund (through ALP) in future management's discussion and analysis as part of the Fund's continuous disclosure record.

Conflicts of Interest

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on the Fund. 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 (other than an Armttec Entity) who is a party to a material contract or transaction or proposed material contract or transaction with the Fund, such Trustee or officer of the Fund 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. These provisions in the Declaration of Trust are intended to be equivalent to the relevant provisions of the Ontario Business Corporations Act applicable to directors and officers of a corporation.

Book-Entry Only System

Registration of interests in and transfers of the Units will be made only through a book-entry system administered by CDS. Units must be purchased, transferred and surrendered for redemption through a participant in the CDS depository service (a "CDS Participant"). All rights of Unitholders must be exercised through, and all payments or other property to which the Unitholder is entitled will be made or delivered by CDS or the CDS Participant through which the Unitholder holds the Units. Upon a purchase of any Units, the Unitholder will receive only a customer confirmation from the registered dealer, which is a CDS Participant, and from or through which the Units are purchased.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to the Unitholder's interest in those Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate. The Fund has the option to terminate registration of the Units through the book-entry only system, in which case certificates for the Units in fully registered form would be issued to beneficial owners of those Units or their nominees.

ESCROWED SECURITIES

In connection with the completion of the acquisition of the Con-Force Business, 1,067,073 Class B exchangeable partnership units of AEP were issued to the Con-Force Vendors. Under the terms of an escrow agreement, all of the Class B exchangeable partnership units of AEP held by the Con-Force Vendors are held in escrow for a period of 18 months from October 1, 2007 (subject to the provisions of the escrow agreement). Certain of the Con-Force Vendors have also agreed that 415,734 Units of the Fund will become saleable over the 6 month period following their release from escrow. On March 31, 2009, 651,339 of the Class B exchangeable partnership units of AEP were exchanged into 651,339 Units of the Fund.

In connection with the acquisition of the Bruce Tile assets, 87,834 Class B exchangeable partnership units were issued to Bruce Tile. Under the terms of an escrow agreement, all of the Class B exchangeable partnership units issued to Bruce Tile are held in escrow for a period of 2 years from March 20, 2008 (subject to the provisions of the escrow agreement).

In connection with the acquisition of the Durisol business, 208,855 Class B exchangeable partnership units were issued to Durisol Materials Limited. Under the terms of an escrow agreement, all of the Class B exchangeable partnership units issued to Durisol Materials Limited are held in escrow for a period of 2 years from June 5, 2008, provided that 50% of the escrowed units shall be released early in the event that certain EBITDA targets are achieved in 2008 (subject to the provisions of the escrow agreement). Such EBITDA targets have been achieved for 2008.

In connection with the acquisition of the Brooklin business, 117,371 Class B exchangeable partnership units of AEP were issued to Clearford. Under the terms of an escrow agreement, the Class B exchangeable partnership units of AEP issued to Clearford are held in escrow for a period of 2 years from July 31, 2008, subject to a release schedule that provides that 25% of the escrowed units are to be released every 6 months starting with a release on January 31, 2009 (subject to the provisions of the escrow agreement). On January 2, 2009, Clearford converted 58,686 Class B exchangeable partnership units into Units. On March 13, 2009, 27,000 of the Class B exchangeable partnership units issued to Clearford were cancelled pursuant to the terms of an acknowledgement and amending agreement.

As at the date hereof, there are 841,308 Class B exchangeable partnership units of AEP issued and outstanding of which 744,108 are held in escrow in accordance with the foregoing escrow agreements. The Class B exchangeable partnership units are exchangeable on a one-for-one basis for the Units of the Fund. The Class B exchangeable partnership units entitle holders thereof to receive distributions from AEP in the same amount and at the same time, on a unit for unit basis, as distributions made by the Fund to the holders of the Units.

As at the date hereof, there are 19,371,825 Units of the Fund issued and outstanding and an additional 841,308 Units of the Fund or 4.34% of the total number of issued and outstanding Units of the Fund are reserved for issuance upon the exchange of the 841,308 Class B exchangeable partnership units of AEP.

TRUSTEES AND EXECUTIVE OFFICERS

Trustees of the Fund

The Fund is required to have a minimum of three and a maximum of 10 Trustees. The current number of Trustees has been fixed at five. The term of office for each of the Trustees will expire at the time of the next annual meeting of Unitholders or until a successor is appointed. As at the date hereof, the name, province or state and country of residence and principal occupation of each of the Trustees, the period during which each Trustee has served as a trustee of the Fund, and the number of Units beneficially owned, directly or indirectly, or over which control or direction is exercised by each Trustee are as set out below. Robert H.R. Dryburgh resigned as a Trustee of the Fund on August 12, 2008.

Name, Province or State and Country of Residence	Principal Occupation	Trustee Since	Number of Units Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised (4)
Robert J. Wright, C.M., Q.C. ^{(2), (3)} Ontario, Canada	President, Edinglen Holdings Inc.	July 2004	25,000
Brian W. Jamieson, B. Com., A.C.A.N.Z. ^{(1) (5)} Ontario, Canada	Chief Financial Officer and Secretary, Jannock Properties Limited	July 2004	2,000
Michael Lay, C.A. ⁽¹⁾ Ontario, Canada	Managing Partner, ONCAP Management Partners L.P.	July 2004	3,000
John E. Richardson, FCA ⁽¹⁾ Ontario, Canada	Corporate Director	July 2004	2,300
Michael Skea, B.A. ^{(2) (6)} Ontario, Canada	President and Chief Operating Officer, Blue Mountain Wallcoverings	July 2004	5,000

(1) Member of the Audit Committee

(2) Member of the Corporate Governance and Compensation Committee

(3) Chair of the Board of Trustees

(4) Information has been provided by each Trustee. The number of units presented excludes any units from the Phantom Unit Plan.

(5) Chair of the Audit Committee

(6) Chair of the Corporate Governance and Compensation Committee

The following is a brief biography of each of the Trustees:

Robert J. Wright, C.M., Q.C. Mr. Wright is currently the President of Edinglen Holdings Inc. and Honourary Director of Teck. He was the Deputy Chairman of Teck Cominco Limited (a major Canadian diversified mining company) from June 2000 until April 2008. He was Chairman of Teck Corporation from 1994 to June 2000. From 1989 to 1993, he 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 Chairman of the Mutual Fund Dealers Association, Vice-Chair of the Arthritis & Autoimmunity Research Centre Foundation and Vice-Chair of Pathways to Education Canada. He is also a member of the Pension Fund Committee of Air Liquide Canada Inc. and chairman and trustee of Resolve Business Outsourcing Income Fund. Mr. Wright was the 1961 Gold Medalist of the Osgoode Hall Law School and was appointed a Member of the Order of Canada in April 1997.

Brian W. Jamieson, B. Com., A.C.A.N.Z. 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 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.

Michael Lay, C.A. 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.

John E. Richardson, FCA. Mr. Richardson is a corporate director. He was formerly the chairman of the Ontario Pension Board (the administrator of the Public Service Pension Plan), a position he held from July 2004 to June 2007. Mr. Richardson was Deputy Chairman of London Insurance Group from 1986 to 1995 and then became Executive Vice President, Corporate Development. Prior to 1986, Mr. Richardson was a senior partner at Ernst & Young (chartered accountants). Mr. Richardson is the lead director and a member of both the nominating, and governance committee and audit committee of Research in Motion Limited. During 2007, the directors and officers of Research in Motion Limited were subject to a cease trade order pending resolution of a stock option review by the Securities Commissions. The cease trade order was revoked in October 2007. Mr. Richardson is also the chairman and a director of Boiler Inspection and Insurance Company, and a trustee and chairman 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 Harvard Business School.

Michael Skea, B.A. Mr. Skea is the President and Chief Operating Officer of Blue Mountain Wallcoverings, a position he has held since September 2008. On March 20, 2009, Blue Mountain Wallcoverings was granted creditor protection under the *Companies' Creditors Arrangement Act* (Canada). Mr. Skea was formerly an independent consultant providing strategic planning and marketing solutions, a position he had 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 is a director of the St. Joseph's Health Centre Foundation. Mr. Skea holds a Bachelor of Arts degree from Queen's University.

The Trustees also act as trustees of AOT and, together with Charles M. Phillips and James R. Newell, also act as directors of AHL and ALPC. Mr. Wright is the non-executive Chairman of AHL and ALPC.

Executive Officers of the Fund

As at the date hereof, the name, province and country of residence, and position and office held with the Fund of each of the executive officers of the Fund and the number of Units beneficially owned, directly or indirectly, or over which control or direction is exercised by each executive officer are as follows:

Name, Province and Country of Residence	Position(s) with the Fund	Number of Units Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽¹⁾
Charles M. Phillips Ontario, Canada	President & Chief Executive Officer	113,127
Ron Adams British Columbia, Canada	Executive Vice President, Armtec & President, Con-Force Division	302,076 ⁽²⁾
Kevin Young Ontario, Canada	President, Armtec Division	1,800
Hans Rerup Ontario, Canada	President, Durisol Division	208,855 ⁽³⁾
James R. Newell Ontario, Canada	Chief Financial Officer	2,145
Carrie Boutcher Ontario, Canada	Vice President, Finance	658
Thomas Cannon Ontario, Canada	Vice President, Operations	27,926
Gregory Pinks Ontario, Canada	Vice President, Human Resources	Nil
Lisa Kissick Ontario, Canada	Vice President, Information Technology	1,000

(1) Information has been provided by each executive officer.

(2) AEP Class B exchangeable partnership units (exchangeable on a one-for-one basis for Units) held through Vair Holdings Inc.

(3) AEP Class B exchangeable partnership units (exchangeable on a one-for-one basis for Units) held through Durisol Materials Limited

The following is a brief biography of each of the executive officers of the Fund:

Charles M. Phillips, President & Chief Executive Officer — Mr. Phillips has been the President and Chief Executive Officer of Armtec since January 1999. Mr. Phillips was President of the Big 'O' Division of Jannock Limited from February 1998 to January 1999, the Vice President, Finance of the Jenisys Engineered Products Division of Jannock Limited from October 1995 to February 1998 and the Director of Finance of the Jannock Steel Division from February 1990 to October 1995. Mr. Phillips held successively senior positions in Jannock Limited during his tenure with that company, which began in 1987. Mr. Phillips is a trustee of Strongco Income Fund, a director of Canadian Wireless Limited, and a board member of Cambridge Memorial Hospital. Mr. Phillips is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Toronto.

Ron Adams, Executive Vice President, Armtec & President, Con-Force Division — Mr. Adams joined Armtec on October 1, 2007 as Executive Vice President, Armtec & President, Con-Force division. Prior to joining Armtec, Mr. Adams was President and Chief Executive Office of Con-Force since 1993. Mr. Adams began his career with Con-Force in 1973 and had held various successively senior roles in the company, including, Sales Manager, Production Manager and General Manager for the Pacific Region. Mr. Adams is a Governor of the Business Council of British Columbia and a member of the Cabinet of the United Way Campaign for the Lower Mainland of British Columbia. Mr. Adams is a Professional Engineer and holds a Bachelor of Applied Science degree from the University of British Columbia.

Kevin Young, President, Armtec Division — Mr. Young joined Armtec on February 19, 2008 as President, Armtec. Prior to joining Armtec, Mr. Young was an independent consultant in areas such as corporate and business strategy, mergers and acquisitions, marketing and sales. Mr. Young was President of Unisync Group Limited from February 2004 to November 2006 and from 1995 until that time was employed by Indalex Aluminum Solutions Group in progressively senior roles including the position of President, Western Region. Mr. Young is a director of the Toronto

Rehabilitation Institute as well as pVelocity Inc. Mr. Young holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

Hans Rerup, President, Durisol Division — Educated in Civil Engineering at the University of Toronto he practised as a Consulting Engineer in structural engineering, building science, materials science and new product development. For the last twenty years, he led the Durisol Group of Companies. On June 5, 2008, Mr. Rerup sold his interest in the Canadian Durisol Operations, which includes the Durisol Licensing rights to the North, Central and South Americas, to Armtec Infrastructure Income Fund and continues as president of the Division. Mr. Rerup is also President of Durisol International Corporation, headquartered in Hamilton, Ontario, that links the Canadian operation with Durisol Partners in Europe, Asia, Australia, Russia and the Middle East.

James R. Newell, Chief Financial Officer — Mr. Newell joined Armtec on March 3, 2008 and was appointed Chief Financial Officer on March 6, 2008. Prior to joining Armtec, Mr. Newell had been employed since 2005 as Chief Financial Officer of Grafikom L.P. Mr. Newell was the Senior Vice President Business Development, CFO at Star Data Systems from 2000 – 2001 and held the position of Senior Vice President Finance, CFO from 1998 – 2000. Mr. Newell joined NetStar Communications Inc. in 1993 where he held successive senior roles in the company including Vice President, Finance and CFO and Senior Vice President, Finance and CFO. Mr. Newell was the Vice President Finance, Treasurer and CFO at Gandalf Technologies Inc. from 1986 to 1993. Subsequent to resigning his position at Grafikom L.P. in January, 2008, an interim receiver and manager was appointed in respect of that company in November, 2008. Mr. Newell is a Chartered Accountant with a Bachelor of Commerce degree from the Carleton University of Ottawa.

Carrie Boutcher, Vice President, Finance — Ms. Boutcher joined Armtec in August 2006 and was appointed Vice President, Finance. She acted as the Interim Chief Financial Officer from July 1, 2007 to March 6, 2008. Prior to joining Armtec, Ms. Boutcher was employed by Linamar Corporation where from 1996 to 2006, she held progressively senior roles in the company and most recently served as Director of Corporate Finance. Prior to her time at Linamar, Ms. Boutcher held the position of Controller for the Howden Fan Company, Cambridge manufacturing division. Ms. Boutcher is a Chartered Accountant with a Master of Accounting degree from the University of Waterloo.

Thomas Cannon, Vice President, Operations — Mr. Cannon has been the Vice President, Operations of Armtec since August 2003. He was Operations Manager of the Kilian Manufacturing Division of The Timken Company (a manufacturing company) from March 2000 to August 2003. Mr. Cannon was Plant Manager for Spacemaker Limited (a home and garden supply company) from 1997 to March 2000 and was Plant Manager of Jet Composites Inc. (a manufacturing company) from August 1991 to 1997. He taught Mechanical Engineering Technology at Fanshawe College from 1981 to 1984. Mr. Cannon holds a Mechanical Engineering diploma from Glasgow University, a Tool & Die Engineering certificate from Motherwell Engineering School and a Teaching Master of Engineering certificate from Fanshawe College.

Gregory Pinks, Vice President, Human Resources — Mr. Pinks joined Armtec in July 2007 in the newly created position of Vice President, Human Resources. In this role, Mr. Pinks works to integrate our acquisitions into the operations of the Fund and to continuously improve the Fund's overall people practices. Prior to joining Armtec Mr. Pinks was the Vice President, Human Resources at Corporate Express Canada, a company that grew substantially during his 9-year tenure. Mr. Pinks helped Corporate Express achieve a competitive advantage by creating a highly engaging work environment for employees, who in turn created an exceptional experience for customers. This work culminated in Corporate Express being recognized by the Globe & Mail as one of Canada's 50 Best Employers. Mr. Pinks holds a Master of Industrial Relations degree from Queen's University.

Lisa Kissick, Vice President, Information technology — Ms. Kissick joined Armtec on April 21, 2008 and was appointed Vice President, Information Technology. Prior to joining Armtec, Ms. Kissick was most recently with world-wide building products producer Saint-Gobain in the Gypsum division, where she filled the positions of IT Project Director (U.K. and Ireland) and European Director, IT (Paris). Prior to her European assignments, Lisa was the North American IT Director for BPB (later acquired by Saint-Gobain). Ms. Kissick holds a Bachelor of Commerce obtained from the University of Saskatchewan.

Voting Securities

As at the date hereof, the Trustees and executive officers of the Fund as a group, beneficially own directly or indirectly, or exercise control over, 694,887 Units, being approximately 3.4% of the outstanding Units.

Long-Term Incentive Plan

In July 2004, the Trustees established the Long-Term Incentive Plan (the "LTIP"). Under the LTIP the Fund provides, to the extent certain conditions are met (see below), for a pool of 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 (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.

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, adjusted for the expected pro-forma impact of acquisitions in the in 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 less, 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 and certain impacts resulting from purchase accounting for the Fund for such Performance Period, less interest expenses and maintenance capital expenses of the Fund, determined based on the consolidated financial statements and management discussion and analysis of the Fund for such Performance Period.

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.

As a result of the Fund's per Unit 2006 distributions exceeding threshold amounts, an Incentive Amount of \$409,582 was approved in respect of the 2006 Performance Period with the acquisition of 21,999 Units completed by the LTIP Administrator in April 2007. As a result of the Fund's per Unit 2005 distributions exceeding threshold amounts, an Incentive Amount of \$540,900 was approved with respect to the 2005 distributions with the acquisition of 28,995 Units completed by the LTIP Administrator in May 2006.

Under the amended incentive amounts calculation (as noted above), the 2007 Incentive Amount of \$366,012 was approved in respect of the 2007 Performance Period with the acquisition of 15,786 Units completed by the LTIP Administrator in April 2008.

The 2008 Incentive Amount will be \$673,483 which will be used by the LTIP Administrator to purchase Units in April 2009. As at the date hereof, 86,795 Units have been purchased by the LTIP Administrator and 69,266 Units have vested and have been transferred to the respective LTIP participants.

Trustees' Phantom Unit Plan

On June 14, 2006, Unitholders of the Fund approved the adoption of a Phantom Unit Plan, which provides the Trustees with the opportunity to receive authorized but unissued Phantom Units in lieu of cash consideration. Each Unit awarded is equivalent in value to a Unit of the Fund. The Units vest immediately and are reflected as a liability in the balance sheet and compensation expense in the income statement.

Unitholders Rights Plan

In December 2006, the Trustees adopted a Unitholder Rights Plan (the "Rights Plan") which was ratified and confirmed by the Fund's unitholders on May 17, 2007. 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 provide the Trustees and the Unitholders with adequate time to evaluate and respond to any unsolicited take-over bid. The Rights Plan contains a standard "permitted bid" exclusion which makes it inapplicable to a take-over bid made to all Unitholders that is open for acceptance for at least 60 days and otherwise complies with customary "permitted bid" requirements. 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 contained in the Rights Plan or without approval of the Board of 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. The amended and restated rights plan agreement made as of the 17th day of May, 2007 (the "Rights Plan Agreement") between the Fund and Computershare Investor Services, Inc., as rights agent, providing for the Rights Plan, is available on SEDAR at www.sedar.com.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The responsibilities and duties of the Audit Committee of the Fund are set out in the Audit Committee's Charter, the full text of which is set forth in Appendix A to this AIF.

Composition of the Audit Committee

Each of the members of the Audit Committee has been determined by the Trustees to be "independent" and "financially literate" as such terms are defined under Canadian securities laws. Each member of the Audit Committee has the ability to perform his responsibilities as an Audit Committee member based on his education and/or experience as summarized under "Trustees of the Fund" above. The Audit Committee is composed of Mr. Jamieson (Chair), Mr. Lay and Mr. Richardson.

Pre-approval of Non-audit Services

The Audit Committee Charter grants the Audit Committee the authority to review and recommend any non-audit engagements with the external auditors to the Trustees.

External Auditor Service Fees

The following table sets forth the aggregate fees billed by PricewaterhouseCoopers LLP, the Fund's external auditors, for services rendered in each of the fiscal years 2008 and 2007:

Description of Fees	2008 (\$)	2007 (\$)
Audit Fees ⁽¹⁾	358,695	217,000
Audit-related Fees ⁽²⁾	-	4,000
Tax Fees ⁽³⁾	145,503	61,790
All Other Fees ⁽⁴⁾	346,262	430,010
TOTAL	850,460	712,800

Notes:

- (1) "Audit fees" include the aggregate fees billed by PricewaterhouseCoopers LLP for the audit of the annual consolidated financial statements and other regulatory audits and filings.
- (2) "Audit-related fees" include the aggregate fees billed by PricewaterhouseCoopers LLP for the provision of technical, accounting and financial reporting advice and review services.
- (3) "Tax fees" include the aggregate fees billed by PricewaterhouseCoopers LLP for the provision of corporate tax compliance, and related tax services.
- (4) "All other fees" include the aggregate fees billed by PricewaterhouseCoopers LLP for the provision of assistance with regulatory filings including compliance with legislative and regulatory initiatives and the provision of tax and other services in the investigation of alternative corporate structures, assistance with structuring, investigating potential and completed business opportunities. For 2008 the majority of these costs related to acquisition transaction services.

Disclosure Committee

In November 2005, the Audit Committee and Trustees of the Fund approved the formation of a Disclosure Committee (the "Committee"). This Committee consists of six members: the Vice President, Finance (Chair); President, Con-Force Division; President, Armtec Division; President, Durisol Division; Vice President of Operations and the Manager of Treasury and Administration. The purpose of this Committee is to ensure that information presented (both financial

and non-financial) in all disclosure documents is materially complete and accurate and to ensure that these documents are filed in a timely fashion in accordance with securities regulations. The Committee will also review all other material publicly disclosed information in order to ensure compliance with the Fund's corporate policies and practices. The Chair of the Committee reports to the Audit Committee on a quarterly basis.

MARKET FOR SECURITIES

The total number of issued and outstanding Units as at the date hereof is 19,371,825 and total number of issued and outstanding Class B exchangeable partnership units of AEP (which are exchangeable on a one-for-one basis for Units) as at the date hereof is 841,308. The monthly price ranges and total monthly trading volumes for the Units traded on the Toronto Stock Exchange during 2008 were as follows:

January 1, 2008 – December 31, 2008	Unit Price (\$'s per Unit)		Total Trading Volume
	High	Low	
January	24.58	19.65	1,617,800
February	24.94	21.66	427,940
March	23.50	21.61	440,120
April	23.47	22.55	413,790
May	24.18	23.00	370,240
June	26.19	23.48	589,230
July	25.99	23.79	627,910
August	27.41	25.01	748,270
September	27.84	19.01	725,040
October	21.09	13.44	1,325,180
November	18.89	12.21	1,230,140
December	18.79	11.84	2,029,030

The Fund is subject to certain risks and uncertainties that could have a material adverse effect on the Fund's results of operations, business prospects, financial condition, cash distributions to unitholders and the trading price of the Fund's units.

Risks Related to the Business and the Industry

Industry Cyclicity

The demand for pipe, engineered solutions, precast and pre-stressed concrete, highway noise barriers, as well as related infrastructure products, is cyclical and is driven by public infrastructure spending, commercial development, natural resources activity, residential construction and agricultural drainage requirements. The diverse factors driving infrastructure investment activity in these end-markets result in stability of overall demand for suppliers such as the Fund. To the extent that these investments decline or these markets experience a downturn, it is likely a negative impact will be felt on the infrastructure industry and the Fund's financial condition.

Competition

The Fund believes that the Armtec division is a market leader in the corrugated HDPE pipe, CSP and related engineered products markets in Canada. There are several large companies based in the U.S. that offer similar products in comparable markets. Certain of these companies currently compete in Canada in the same regional markets but currently lack the network of facilities in Canada close to the Armtec division's customers to compete on a broader scale. However, a rising Canadian dollar exchange rate or a change in regulations may make the Canadian market more attractive to these companies.

The Con-Force division, with its structures and concrete products group, has been providing product to customers for many years and is a respected, proven quality supplier. With its proximity to customers and established supplier and customer relationships, the Fund believes that the Con-Force division can continue to compete successfully. To the extent that alternatives to precast and pre-stressed concrete are developed by competitors that offer similar construction qualities, the business of the Con-Force division could be materially affected.

The Fund's Durisol division, established in June of 2008 primarily serves the infrastructure market manufacturing highway noise barriers and related highway and infrastructure products, such as retaining walls and acoustic enclosures. The

division's customers are primarily located in Southern Ontario and the North eastern U.S. Certain companies compete in the noise barrier market in these regional markets and to the extent that these companies develop alternatives to Durisol's products that offer similar acoustic and engineering qualities, the Durisol division could be materially affected.

The Fund believes that the success of its business depends on its ability to continue to anticipate and respond to changing customer demands and market conditions by offering a constantly evolving array of solutions with an emphasis on quality and value-added products and services. However, there can be no assurance that superior competing products will not be developed by its competitors.

Acquisition and Expansion Risk

The Fund may expand its operations, depending on certain conditions, by acquiring additional businesses, products or technologies. There can be no assurance that the Fund will be able to identify, acquire or profitably manage additional businesses, or successfully integrate any acquired business, products, or technologies into the business without substantial expenses, delays or other operational or financial difficulties. There can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income.

In connection with acquisitions completed by the Fund, there may be liabilities and contingencies that the Fund failed to discover or were unable to quantify in its due diligence which it conducted prior to the execution of the acquisition, and the Fund may not be indemnified for some or all of these liabilities and contingencies. The existence of any material liabilities or contingencies could have a material adverse effect on the Fund's business, financial condition and results of operations. Furthermore, acquisitions may involve a number of special risks including diversion of management's attention, failure to retain key personnel and unanticipated events or circumstances, some or all of which could have a material adverse effect on the Fund's performance.

The failure of the Fund to manage its acquisition or expansion strategy successfully could have a material adverse effect on the Fund's results of operations and financial condition.

On October 31, 2006, the Minister of Finance announced restrictions to the growth of income trusts. These restrictions, which are set out in the Normal Growth Guidelines issued by the Department of Finance on December 15, 2006, and which were enacted as part of Bill C-52, received Royal Assent on June 22, 2007, as amended on December 4, 2008 and February 25, 2009. These restrictions, which are discussed in more detail under the heading "Risks Related to the Structure of the Fund – Income Tax Matters" below, could have an adverse effect on the ability of the Fund to raise further equity or re-finance existing credit facilities in support of further growth.

Capital and Liquidity Risk

The amount of financial resources available to invest in the Fund's growth is dependent upon the ability to utilize debt and issue additional units. As the Fund operates it will likely require access to debt and equity markets. There is no assurance that the Fund will be able to obtain additional financial resources that may be required to successfully compete in its markets on favourable commercial terms. Failure to obtain such financing could result in the delay or abandonment of certain strategic plans for product manufacturing and development. On October 31, 2006, the Canadian Federal government introduced restrictions to the growth of income funds. These restrictions, which are set out in the Normal Growth Guidelines issued by the Department of Finance on December 15, 2006 and which were enacted as part of Bill C-52, received Royal Assent on June 22, 2007, as amended on December 4, 2008 and February 25, 2009. These restrictions could impact the Fund's ability to raise funds required to execute on all potential opportunities. Please see below under the heading "Risks Related to the Structure of the Fund – Income Tax Matters" for a more detailed discussion of the issue.

The Fund's current credit facilities require it to comply with certain financial covenants. Additionally, certain of the Fund's credit facilities become due for renewal from time to time. There can be no assurance of the Fund's ability to continue to comply with the financial covenants to appropriately service its debt or obtain continued commitments from debt providers given unforeseen events.

Current Global Financial Conditions

Current challenging global financial conditions have been characterized by increased volatility and numerous financial institutions have gone into bankruptcy or have had to be rescued by governmental authorities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. These factors may impact the ability of the Fund to obtain equity or debt financing on terms favourable to the Fund. As such, continued increased levels of volatility and market turmoil may impact the Fund's operations and adversely affect the price of the Fund units.

Reduction in Demand for Products

The Fund derives revenue from customers in a diverse cross-section of industries, including the public infrastructure markets and private sector markets such as natural resources, commercial development, residential construction, and agricultural drainage in Canada. Its sales to the public infrastructure markets could be adversely affected by changes in government, reductions in government spending or changes in governmental policies, regulations or standards, including changes made by the Canadian Standards Association. With respect to the private sector markets, there is a risk that the Fund will not continue to receive the level of order volumes from customers in such markets in the future due to a general economic downturn, delays in government infrastructure spending increased competition or other factors. In addition, demand for the Fund's products in a particular period may be adversely affected if the weather conditions experienced in the period are not conducive to the installation of such products.

Information Management

The integrity, reliability and security of information in all its forms are critical to the Fund's daily and strategic operations. Inaccurate, incomplete or unavailable information and/or inappropriate access to information could lead to incorrect financial and/or operational reporting, poor decisions, privacy breaches and/or inappropriate disclosure or leaks of sensitive information.

Credit Risk

The Fund's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable. The Fund's credit risk for cash and cash equivalents is reduced as balances are held with major financial institutions. The Fund is also exposed to credit risk from potential default by any of its counterparties on its foreign exchange forward contracts and interest rate swaps. The Fund manages this credit risk by dealing with counterparties that are major financial institutions and which the Fund anticipates will satisfy its obligations under the contracts.

The Fund is dependent in part on the viability of its customers for collections of trade accounts receivable. Exposure to credit risk with respect to its accounts receivables is minimized by the Fund's large customer base, which covers a diverse range of business sectors primarily in Canada. The Fund follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Fund maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Fund cannot ensure that its customers will not experience financial difficulties in the future and the Fund may not collect all of its accounts receivable.

Relationships with Suppliers

The Fund currently relies on a limited number of suppliers for its raw materials. The Fund has maintained long-term relationships with key suppliers of raw materials, which have resulted in a competitive advantage in procurement and reliability of supply.

There is no assurance that the Fund's raw material suppliers will be able to continue supplying it with the same quantity of materials, or on the same terms, under existing arrangements. There can be no assurance that, in the event the Fund is required to change from current suppliers (whether as a result of a significant deterioration in the suppliers' financial position or otherwise), alternative sources of supply will be available on terms comparable to existing arrangements.

Lack of Long-Term Agreements

Historically, the Fund has typically not entered into written long-term agreements with any customers or suppliers. As a result, customers or suppliers may, with little or no notice or penalty, terminate their relationship with the Fund at any time. In addition, even if customers or suppliers should decide to continue their relationship with the Fund, there can be no guarantee that customers will purchase or suppliers will supply the same amount of product as in the past, or that the purchase or supply, as the case may be, will be on similar terms.

Expiration of Rights under Licence and Distribution Arrangements

A portion of the Fund's revenue is generated from the sale of products which are subject to licence arrangements or are distributed by the Fund pursuant to distribution arrangements. The Fund will need to take steps to either negotiate the renewals or extensions of its current licence and distribution arrangements when they expire or to otherwise compensate for the lost revenue from the sale of such products.

There can be no assurance that the Fund will be able to successfully negotiate extensions or renewals of the relevant licence or distribution arrangements or develop alternate sources of revenue under any licence or distribution arrangements, which may be terminated or not renewed.

Furthermore, the Fund's licence arrangement with Isola AS concerning its Platon (foundation wrap) product contains a non-competition covenant applicable to the Fund pursuant to which the Fund has agreed to not manufacture or sell any products that are competitive with Platon for a period of two years following termination of such arrangement. Assuming that the non-competition covenant is enforced against the Fund, the Fund will be prohibited from being involved in a market in which it currently competes for a two-year period if the licence arrangement with Isola AS is terminated.

Availability and Price Volatility of Raw Materials

Raw materials supply factors such as allocations, economic cyclicalities, seasonality, pricing, quality, timeliness of delivery, transportation and warehousing costs may affect the raw materials sourcing decisions made by the Fund. In the event of significant unanticipated increase in demand for the Fund's products and the supply of raw materials, the Fund may in the future be unable to manufacture certain products in a quantity sufficient to meet customer demand in any particular period.

Various raw materials are used in the products manufactured by the Armtec division. In particular, the primary raw materials used in the Armtec division's products are various types and grades of resins and steel. The Con-Force and Durisol divisions use cement, aggregates, rebar and steel strand. These raw materials are sourced and traded throughout the world and are subject to pricing volatility. Consistent with past and current practices within the industry, the Fund manages its exposure to raw materials price volatility by considering this impact in its pricing strategy. However, there can be no assurance that the industry dynamics will allow the Fund to continue to reduce its exposure by passing on raw materials price increases to its customers.

Product Liability

Difficulties in product design, performance and reliability could result in lost revenue, delays in customer acceptance of the Fund's products or lawsuits and could be detrimental to the Fund's market reputation. The Fund's products and the products incorporated from third parties may not be defect-free. Undetected defects or performance problems may be discovered in the future. The Fund may not be able to successfully complete the development of planned or future products in a timely manner or to adequately address product defects, which could harm the Fund's business and prospects. In addition, product defects may expose the Fund to product liability claims, for which it may not have sufficient product liability insurance.

Intellectual Property

The Fund uses various manufacturing processes to produce drainage products, precast and pre-stressed concrete products, highway noise barriers, as well as other engineered solutions for infrastructure applications. There can be no assurances that such processes and products do not violate any third-party intellectual property rights. If they do, the Fund may be liable for potentially substantial damages relating to a patent or other intellectual property infringement action against it or may be prohibited from using the affected processes and producing the affected products unless it obtains an appropriate licence from the relevant party. The Fund cannot be assured of obtaining any such licence on commercially favourable terms, or at all.

The Fund relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures, licences and agreements to protect its proprietary rights and certain proprietary rights licensed to the Fund under various distribution arrangements (collectively, the "Proprietary Technologies"). Despite efforts to protect the Proprietary Technologies by the Fund or the licensor of any of the Proprietary Technologies (the "Licensor"), unauthorized parties may attempt to copy aspects of the Fund's products or obtain information that the Fund regards as proprietary. Policing unauthorized use of the Proprietary Technologies may be difficult, time-consuming and costly. There can be no assurance that the Fund's or the Licensor's means of protecting the Proprietary Technologies will be adequate. Furthermore, the patents on the Proprietary Technologies may be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage to the Fund.

Reliance on Key Personnel

The Fund's operations are dependent on the abilities, experience and efforts of its senior management and key sales and support personnel. While the Fund has entered into employment agreements and/or confidentiality and non-compete agreements with some of its key employees, should any of its key employees be unable or unwilling to continue his or her employment with the Fund, the financial performance of the Fund could be significantly adversely affected until a replacement is found. The Fund may be unable to attract, assimilate, retrain or train other necessary qualified employees, which may restrict growth potential and disrupt operations.

Labour Markets

The success of the Fund is dependent on retaining qualified experienced people to operate its manufacturing facilities. Competition for labour in Canada and within the industry as a whole may limit the ability of the Fund to take advantage of opportunities otherwise available or alternatively may affect the profitability of such endeavours going forward.

Environmental

The Fund is subject to a wide range of federal, provincial and municipal environmental laws and regulations that govern the discharge of materials into the environment and the investigation and clean up of environmental contamination. The Fund believes that the conduct of its operations is currently in material compliance with existing environmental laws and regulations. In conjunction with independent engineering firms, the Fund has examined its manufacturing facilities to identify potential clean-up obligations and other environmental issues. To date, the costs incurred in complying with environmental laws and regulations, including the cost of clean up and remediation, have not had an adverse effect on the Fund's financial condition.

Management believes that the Fund has appropriately provided for expected environmental obligations that it may incur. However, estimating environmental liabilities at any site is complex and is dependent on the nature and extent of the information that is available about the site, the complexity and nature of any contamination and other matters. The Fund cannot predict with certainty the amount of future costs that may be incurred to satisfy its environmental obligations. Changes in laws and regulations are ongoing and may make environmental compliance, such as emission control and clean-up obligations, increasingly expensive.

Collective Bargaining

On average during the year, 679 employees at 18 manufacturing plants are subject to collective bargaining agreements. While management believes that the Fund's relations with its employees are in good standing, there are no assurances that a strike or other disruption by its unionized employees will not occur and adversely affect the results of operations of the Fund.

Currency Fluctuations

The Fund is exposed to currency risk primarily of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. There is a risk to the Fund's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Fund's financial results are reported in Canadian dollars. The Fund's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to that of the U.S. dollar as a portion of the Fund's transactions occur with customers and suppliers in U.S. dollars.

Interest Rates

The Fund's credit facilities, a portion of which remain un-hedged with a floating to fixed interest rate swap, are subject to fluctuations in interest rates. Interest rate fluctuations are beyond the Fund's control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on the Fund's financial performance. The Fund is subject to interest rate risk on the portion of the outstanding balance of the credit facilities.

Uninsured and Underinsured Losses

The Fund maintains insurance policies with insurers in amounts and with coverages and deductibles that management of the Fund believes are reasonable and prudent. The Fund maintains comprehensive property, casualty and liability insurance with coverages and amounts that it believes are sufficient to repair or replace any assets physically damaged or destroyed, resultant business interruption losses or extra expenses sustained, and to cover claims with respect to bodily injury or property damage arising from assets or operations. However, not all risks are covered by insurance and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Fund.

Operating Hazards

The Fund's revenue is dependent on the continued operation of its facilities. The operation of facilities involves risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. The operations of the Fund are also subject to various hazards incidental to the production, use, handling, processing, storage and transportation of certain hazardous materials, including industrial chemicals. These hazards can cause fatal injury, severe damage to and destruction of property and equipment and environmental damage. There can be no assurance that as a result of past or future operations, there will

not be claims of injury by employees or members of the public due to exposure, or alleged exposure, to these materials. There can be no assurance as to the actual amount of these liabilities or the timing of them.

Risk of Future Legal Proceedings

The Fund may be threatened from time to time with, or may be named as a defendant in, various legal proceedings, including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damages claims in the ordinary course of conducting its business. A significant judgment against the Fund, or the imposition of a significant fine or penalty, as a result of a finding that the Fund has failed to comply with laws or regulations could have a material adverse effect on the Fund.

Securities Laws Compliance and Corporate Governance Standards

The securities laws in Canada may be subject to change at any time. The impact on the Fund of any changes cannot be predicted.

Geographical Risk

With the recent acquisitions, the Fund has a significant portion of its business located in Western Canada. Growth in the oil and gas and natural resources sectors and in public works projects in anticipation of the 2010 Winter Olympics have resulted in significant economic activity in the areas that the Fund's manufacturing plants service. It is likely that at some point in the future economic activity will normalize and due to the nature of Fund's products and the associated freight costs, it is unlikely that a regional slowdown in activity could be offset by exporting product outside the traditional service areas.

Seasonality and Adverse Weather

Construction projects are susceptible to delays as a result of extended periods of poor weather, which can have an adverse effect on profitability arising from either late completion penalties imposed by certain contracts or from the incremental costs arising from loss of productivity, compressed schedules, or overtime work utilized to offset the time lost due to adverse weather.

Geopolitical

Changes in the domestic and international political environment could affect the Fund's strategic and operational capabilities. The Fund's ability to source products and services could be compromised. These risks can arise from domestic and foreign trade agreements, policies, laws and regulations and other political events and could result in significant material losses or damage to our reputation. The Fund also monitors political changes that could affect the ability to remain competitive.

Risks Related to the Structure of the Fund

Dependence on Fund Entities

The Fund is an unincorporated, open-ended limited purpose trust, which is entirely dependent on the operations and assets currently owned by AOT through its direct and indirect ownership interests in AHL and ALP. Cash distributions to Unitholders are dependent on the ability of ALP to make distributions, which are ultimately paid to the Fund. There can be no assurance regarding the amounts of income to be generated by ALP and amounts paid to the Fund. The actual amount distributed in respect of the Units depends upon numerous factors, including profitability, fluctuations in working capital, capital expenditures and compliance with covenants under the credit facility.

Income Tax Matters

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner, which adversely affects the holders of Units. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations of the Fund would be materially and adversely different in certain respects. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act or if the Units cease to be listed on a "designated stock exchange" (as defined in the Tax Act) in Canada, the Units will cease to be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and the proposed tax-free savings accounts (collectively, "Deferred Income Plans"). The Fund will endeavour to ensure that the Units continue to be qualified investments for Deferred Income Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments in such plans and there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. Finally, if the Fund ceases to qualify as a mutual fund trust for purposes of the Tax Act, the Fund will be required to pay tax under Part XII.2 of the Tax Act. The payment of Part XII.2

tax by the Fund will affect the amount of cash available for distribution by the Fund and may have adverse consequences for Unitholders. There can also be no assurance that taxation authorities will accept other tax positions adopted by the Fund, including its determination of the amounts of federal and provincial income and capital taxes and interest expense, which could adversely affect the amount of distributable cash.

Income fund structures generally involve significant amounts of inter-company or similar debt, generating substantial interest expense, which serves to reduce earnings and therefore income tax payable. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed against one or more of the subsidiaries of the Fund, it could materially adversely affect the amount of distributable cash available. The Fund believes that the interest expense inherent in the structure of the Fund is supportable and reasonable in light of the terms of the indebtedness.

Further, there can be no assurance that tax authorities will not seek to challenge the allocation of income or loss from ALP and AEP to their partners or the value of the Class B limited participation partnership units of ALP. If such a challenge were to succeed, it could adversely affect the distributable cash available or the allocation of income by the Fund. The Fund believes that the provisions regarding allocation of income or loss of ALP and AEP and the value of the Class B limited participation partnership units of ALP are supportable and reasonable in light of the attributes of the partnership interests and the other circumstances.

Interest on the AOT Notes accrues at the Fund level for Canadian federal income tax purposes whether or not actually paid. The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be distributed each year to Unitholders in order to reduce the Fund's net income tax liability to zero. Where interest payments on the AOT Notes are due but not paid in whole or in part, the Declaration of Trust provides that additional Units must be distributed to unitholders in lieu of cash distributions. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their income in circumstances when they do not directly receive a cash distribution.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than "taxable Canadian property" as defined in the Tax Act. If the proposed amendments to the Tax Act released by the Minister of Finance (Canada) on September 16, 2004 (the "Proposed Amendments") are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents of Canada or partnerships which are not "Canadian partnerships" for purposes of the Tax Act is more than 50% of the fair market value of all issued and outstanding Units -unless no more than 10% (based on fair market value) of the Fund's property is at any time taxable Canadian property within the meaning of the Tax Act and certain other types of specified property. A partnership will only qualify as a Canadian partnership at a particular time if all of its members at that time are resident in Canada. The Proposed Amendments do not currently provide any means of rectifying a loss of mutual fund status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these Proposed Amendments, and it is counsels' understanding that further discussions will take place with the private sector before a decision is made concerning whether the proposed amendments will be enacted. Bill C-52, which received Royal Assent on June 22, 2007 amended the relevant provisions of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the proposed amendments released on September 16, 2004. It should be noted that the restrictions on non-resident Unitholders may limit the demand for Units and therefore adversely affect the value of the Units.

On October 31, 2006, the Minister of Finance (Canada) announced the "Tax Fairness Plan" which, in part, proposed to significantly change the taxation of most publicly traded trusts and partnerships, including income trusts such as the Fund, and distributions and allocations from these entities to their investors. Legislation to implement the proposed changes received Royal Assent on June 22, 2007 (the "SIFT Rules"). The SIFT Rules apply a tax on certain income (other than taxable dividends) earned by a SIFT trust as defined in the Tax Act, and would treat the taxable distributions of such income received by Unitholders of a SIFT trust as dividends. Pursuant to the SIFT Rules, the Fund will constitute a SIFT trust and, as a result, the Fund and its Unitholders will be subject to the SIFT Rules. The SIFT Rules generally do not apply until the 2011 taxation year for income trusts, the units of which were publicly traded prior to November 1, 2006, such as the Fund. However, the SIFT Rules will apply immediately in any taxation year ending after 2006 if the SIFT trust does not comply with the Normal Growth Guidelines issued by the Department of Finance

on December 15, 2006 and amended on December 4, 2008 and February 25, 2009, unless the excess growth arose as a result of a prescribed transaction.

There can be no assurance that the Fund will be able to retain the benefit of the deferred application of the SIFT Rules until 2011. Loss of the benefit of the deferred application of the SIFT Rules before 2011 could have a material and adverse effect on the value of the Units. When the SIFT rules apply to the Fund, the return to Unitholders may be adversely affected.

No assurance can be given that Canadian federal or provincial income tax law respecting the taxation of income trusts and other flow-through entities will not be further changed in a manner that adversely affects the Fund and its Unitholders.

Unitholder Limited Liability

The Declaration of Trust provides that no unitholder will incur or be subject to any liability, direct or indirect, absolute or contingent, in connection with the Fund or its assets or obligations and, in the event that Unitholders are subject to any such liabilities, the liabilities will be enforceable only against and will be satisfied only out of, the Unitholder's share of the Fund's assets.

The Declaration of Trust further provides that the Trustees and the Fund shall make all reasonable efforts where practicable to cause to be inserted in any written agreement, undertaking or obligation made or issue on behalf of the Fund an appropriate statement of the disavowal and limitation of liability of the Unitholders and Trustees. Personal liability may also arise in respect of claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely.

On December 16, 2004, the Government of Ontario passed the *Trust Beneficiaries' Liability Act, 2004* which limits the liability of holders of trust units, in a manner similar to that afforded to holders of shares of Ontario incorporated limited liability corporations. The legislation provides that the beneficiaries of a trust are not as beneficiaries, liable for any act, default, obligation or liability of the trust or any of its trustees that arises after the Act became law if, when the act or default occurs or the obligation or liability arise: (a) the trust is a reporting issuer under the *Securities Act, (Ontario)* and (b) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the *Securities Act, (Ontario)* and is governed by the laws of Ontario. However, the courts have not yet had an opportunity to consider this legislation.

The operation of the Fund will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on the Unitholders for claims against the Fund.

Leverage and Restrictive Covenants

The ability of the Fund Entities to make distributions, pay dividends or make other payments or advances will be subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of those entities. The degree to which the Fund Entities are leveraged could have important consequences to the holders of the Units, including: (1) the fact that the Fund Entities' ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (2) a significant portion of the Fund Entities' cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations and to pay distributions; (3) certain of the Fund Entities' borrowings will be at variable rates of interest, which exposes the Fund Entities to the risk of increased interest rates; and (4) the Fund Entities may be more vulnerable to economic downturns and be limited in their ability to withstand competitive pressures. These factors may increase the sensitivity of distributable cash to interest rate variations. The credit facility contains numerous restrictive covenants that limit the discretion of the Fund's management with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Fund Entities to incur additional indebtedness, to create liens or other encumbrances, to pay distributions on its shares or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facility contains a number of financial covenants that require the Fund Entities to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the credit facility could result in a default which, if not cured or waived, could result in a termination of distributions by the Fund Entities and permit acceleration of the relevant indebtedness. If the indebtedness under the credit facility, including any hedge contracts with the lenders, were to be accelerated, there can be no assurance that the assets of the Fund Entities would be sufficient to repay in full that indebtedness.

Credit Facilities

Effective July 31, 2008, Armtec entered into an amended and restated credit facility in the aggregate maximum principal amount of \$240 million with a syndicate of lenders, which includes The Bank of Nova Scotia, Bank of Montreal, The Toronto-Dominion Bank and Alberta Treasury Branches. This credit facility replaced the prior bank facility.

The term loan and revolving loan facilities under the credit facilities will mature in October, 2012 and the bridge facility under the credit facilities will mature in June, 2009, with full repayment of each of the credit facilities due on its applicable maturity date, at which time AOT and ALP will have to refinance such credit facilities. The Fund Entities will have to refinance or repay the credit facilities when such credit facilities expire. If the credit facilities are replaced by new debt that has less favourable terms or if the Fund Entities cannot refinance their debt, funds available for distribution to the Fund and cash distributions to Unitholders may be adversely impacted.

In addition, any failure by any of the Fund Entities to comply with its obligations under the credit facilities (including the failure to meet certain covenants and financial ratios) may restrict the ability of each of the Fund Entities to pay interest or dividends or make distributions, each of which could adversely impact cash distributions on the Units.

Nature of Units

Securities like the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in Armtec's business and should not be viewed by investors as shares or debt in any of the Fund Entities.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporations Act* (Canada) and are not insured under the provisions of that act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Distribution of Securities on Redemption or Termination of the Fund

Upon redemption of Units or termination of the Fund, the Trustees may distribute notes of an affiliate of the Fund directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for such notes. In addition, such notes are not expected to be freely tradable or listed on any stock exchange. Such notes or other securities so distributed may not be qualified investments for Deferred Income Plans.

Restrictions on Potential Growth

The payout by ALP of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of ALP and the related cash flow to the Fund.

Effect of Market Interest Rates on Price of Units

One of the factors that may influence the price of the Units in public trading will be the annual return from distributions by the Fund on the Units as compared to returns on other financial instruments. An increase in market interest rates will result in higher returns on other financial instruments, which could adversely affect the market price of the Units.

Undiversified and Illiquid Holdings in AOT

The Fund's holding of AOT Units and AOT Notes is undiversified, and such securities are illiquid, as they are not expected to be listed or quoted on any stock exchange or other market.

Potential Dilution

The Declaration of Trust authorizes the Fund to issue an unlimited number of Units for such consideration and on such terms and conditions as shall be established by the Trustees without the approval of Unitholders.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal office in Toronto.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by the Fund, or any of its subsidiaries or their predecessors within the most recently completed financial year or before the most recently completed financial year but are still in effect.

- the Declaration of Trust referred to at page 14 of this AIF.
- the AOT Note Indenture referred to at page 21 of this AIF.
- the AOT Declaration of Trust referred to at page 1 of this AIF.
- the limited partnership agreement dated July 16, 2004 between AHL, ALPC and each person who is admitted to the limited partnership as a limited partner, pursuant to which ALP was established.
- the amended and restated credit agreement dated July 31, 2008 between AOT, ALP and The Bank of Nova Scotia, Bank of Montreal, Toronto-Dominion Bank and Alberta Treasury Branches (collectively, the "Lenders"), pursuant to which the Lenders have agreed to provide a credit facility in an aggregate maximum principal amount of \$240,000,000 to AOT and ALP comprised of a term loan facility in the maximum principal amount of \$140,000,000 in favour of AOT and a revolving loan facility in the maximum principal amount of \$50,000,000 in favour of ALP and a bridge facility in the maximum principal amount of \$50,000,000 in favour of AOT.
- the administration agreement dated July 27, 2004 among the Fund, AOT, AHL, ALPC and ALP pursuant to which ALP has agreed to provide (for no additional consideration, other than reimbursement by the Fund of out-of-pocket expenses for provision of such services) administrative and support services to the Fund, AOT, AHL and ALPC.
- the Long-Term Incentive Plan referred to at page 27 of this AIF.
- the Rights Plan Agreement dated May 17, 2007 between the Fund and Computershare Investor Services Inc. referred to at page 28 of this AIF.
- the 2007 Underwriting Agreement referred to at page 3 of this AIF.
- the Con-Force Purchase Agreement referred to at page 3 of this AIF.
- the 2008 Underwriting Agreement referred to at page 3 of this AIF.
- the 2009 Underwriting Agreement referred to at page 3 of this AIF.
- the Durisol Purchase Agreement referred to at page 4 of this AIF.
- the AE Concrete Purchase Agreement referred to at page 4 of this AIF.
- the Brooklin Purchase Agreement referred to at page 4 of this AIF.
- the Boucher Purchase Agreement referred to at page 5 of this AIF.
- the Boucher Assignment Agreement referred to at page 5 of this AIF.
- the 1219613 Purchase Agreement referred to at page 5 of this AIF.
- Each of the above-noted documents (except for the Long-Term Incentive Plan) has been filed on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, chartered accountants, have reported on the Fund's financial statements for the year ended December 31, 2008. PricewaterhouseCoopers LLP have no registered or beneficial interests, direct or indirect, in the Fund's securities.

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

Additional information including trustees' and officers' remuneration and indebtedness, principal holders of the Fund's securities and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the Fund's information circular for its annual meeting of Unitholders to be held on May 21, 2009. Additional financial information is provided in the Fund's financial statements and management's discussion and analysis for the financial year ended December 31, 2008.

APPENDIX A – AUDIT COMMITTEE CHARTER

ARMTEC INFRASTRUCTURE INCOME FUND Audit Committee Charter

PURPOSE

The trustees (the "Trustees") of Armtec Infrastructure Income Fund (the "Fund") have established an audit committee (the "Audit Committee") to assist them in fulfilling their responsibility for overseeing the Fund's financial reporting process. This Charter sets out the mandate and responsibilities of the Audit Committee. For the purpose of this Charter, any reference to "management" shall include officers and senior employees of Armtec Limited Partnership ("ALP") and Armtec Holdings Limited.

COMPOSITION

The Audit Committee shall be comprised of not fewer than three Trustees, each of whom is an independent Trustee, and a majority of whom must be resident Canadians. For purposes of this Charter, an "independent" Trustee is one who has no direct or indirect material relationship with the Fund. A "material relationship" is a relationship which could, in the view of the Trustees, reasonably interfere with the exercise of a Trustee's independent judgement. Examples of individuals with a material relationship to the Fund may include:

- (a) an individual who is, or who has been, or whose immediate family member is, or has been, an employee or executive officer of the Fund;
- (b) an individual who is, or has been, or whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Fund;
- (c) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Fund's current executive officers serve on the entity's compensation committee;
- (d) an individual who has a relationship with the Fund pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Fund or any subsidiary entity of the Fund, other than as remuneration for acting in his or her capacity as a Trustee or a member of any committee of the Trustees, or as a part-time chair or vice-chair of the Trustees or any committee of the Trustees;
- (e) an individual who receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the Fund, other than as remuneration for acting in his or her capacity as a Trustee or a member of any committee of Trustees, or as a part-time chair or vice-chair of the Trustees or any committee of Trustees; and
- (f) an individual who is an affiliated entity of the Fund or any of the Fund's subsidiary entities.

This list is not meant to be exhaustive. For further guidance on the issue of independence, Trustees should consult section 1.4 of Multilateral Instrument 52-110 - Audit Committees.

All members of the Audit Committee shall be financially literate. "Financial literacy" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund's financial statements.

AUTHORITY

In recognition of the fact that the external auditors are ultimately accountable to the Trustees and the Audit Committee as representatives of the Unitholders, the Audit Committee shall have the primary responsibility to select, evaluate and recommend to the Trustees the appointment or re-appointment and where appropriate, replacement of, the external auditors and shall review and recommend all audit engagement fees and terms and all non-audit engagements with the external auditors. The Audit Committee will also discuss the rotation of the engagement of the audit partners when required. The Audit Committee shall consult with management but shall not delegate its responsibilities.

RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

- (a) Review the accounting principles, policies and practices followed by the Fund and its subsidiaries and controlled entities in accounting for and reporting its financial results of operations and satisfy themselves as to the appropriateness thereof.
- (b) Review the Fund's audited annual consolidated financial statements and the unaudited quarterly financial statements.
- (c) Review and recommend to the Trustees for approval any accompanying report to Unitholders and related documents such as the Management's Discussion and Analysis and related press releases.

- (d) Make recommendations to the Trustees with respect to the selection of the external auditors to be put forward to the Unitholders at the annual meeting.
- (e) Obtain annually a formal written statement from the external auditors delineating all relationships between the audit firm and the Fund, and review and discuss with the external auditors such relationships to determine the "independence" of the auditors.
- (f) Review any management letter prepared by the external auditors concerning the Fund's internal financial controls, record keeping and other matters and management's response thereto.
- (g) Discuss with the external auditors their views about the quality of the implementation of Canadian generally accepted accounting principles, with a particular focus on the accounting estimates and judgments made by management and management's selection of accounting principles and meet in private with appropriate members of management and separately with the external auditors to share perceptions on these matters, discuss any potential concerns and agree upon appropriate action plans.
- (h) Approve the scope of the annual audit, the audit plan, the access granted to the Fund's records and the co-operation of management in any audit and review function and pre-approve the scope and cost of any non-audit services to be undertaken by the Fund's external auditors.
- (i) Review the effectiveness of the independent audit effort, including approval of the fees charged in connection with the annual audit, any quarterly reviews and any non-audit services being provided.
- (j) Assess the effectiveness of the working relationship of the external auditors with management and resolve any disagreements between management and external auditors regarding financial reporting.
- (k) Review key regulatory developments and their implications for the Fund.
- (l) Review the risk management policies followed by the Fund in operating its business activities and the completeness and fairness of any disclosure thereof.
- (m) Review annually this Charter for adequacy and recommend any changes to this Charter to the Trustees.
- (n) Report to the Trustees on the major items covered at each Audit Committee meeting and make recommendations to the Trustees and management concerning these matters.
- (o) Ensure that the appropriate internal controls over financial reporting are in place, and that the Fund's public disclosure of financial information is timely and accurate, so as to permit the Chief Executive Officer and the Chief Financial Officer to provide the required certification of the Fund's annual and interim filings.
- (p) Review and approve the Fund's hiring policies regarding partners, employees and former partners and employees of present and former external auditors of the Fund.
- (q) Ensure that the financial information required by the various committees of the Trustees is available to them so as to permit them to fulfil their mandates.
- (r) Perform any other activities consistent with this Charter, the Fund's Declaration of Trust and governing law as the Audit Committee or the Trustees deem necessary or appropriate.

RELATIONSHIP TO INTERNAL AUDIT

The Audit Committee will:

- (a) Review and approve management's decisions relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, approve the supplier of such service.
- (b) Ensure that an effective system of internal control over financial reporting has been designed and is being implemented.
- (c) Approve the mandate for the internal audit function.
- (d) Review annually the internal audit department's objectives, goals, staffing and financial budget.
- (e) Ensure that the Chief Financial Officer has direct and open communication with the Audit Committee with respect to planned audits, findings, recommendations and management response thereto, and that he or she meets with the Audit Committee without other management personnel present.
- (f) Ensure that, taken together, the work of the internal and external auditors provide an appropriate level of audit coverage and are effectively coordinated.

AUDIT COMMITTEE MEETINGS

The Audit Committee will meet on a regular basis, at least quarterly, and will hold special meetings as circumstances require. The timing of the meetings, and the calling of and procedure at meetings, shall be determined by the Chairman of the Audit Committee. A majority of the members of the Audit Committee present in person or participating by conference telephone shall constitute a quorum of the Audit Committee (provided that a majority of the members comprising such quorum shall not be non-residents of Canada).

The acts of the Audit Committee at a duly constituted meeting shall require no more than the vote of a majority of the members present. A resolution or other instrument in writing signed by all members of the Audit Committee shall constitute an act of the Audit Committee.

RESOURCES

The Audit Committee shall have the authority to retain independent legal, accounting and other consultants to advise it. The Audit Committee may request that any member of management or outside consultant attend a meeting of the Audit Committee or meet with any members of, or consultants to, the Audit Committee.

The Audit Committee shall advise the Trustees on the extent of funding, if any, that may be necessary for payment of compensation to any consultants retained to advise the Audit Committee.

**Approved by the Trustees on
September 29, 2004.**