

**ANNUAL
INFORMATION
FORM**

April 10, 2003

IAT Air Cargo Facilities Income Fund

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IAT AIR CARGO FACILITIES INCOME FUND

The IAT Air Cargo Facilities Income Fund (the “Fund”) is an unincorporated, limited purpose trust under the laws of British Columbia. The Fund owns all of the common shares (the “Common Shares”) and \$53.0 million aggregate principal amount of 12.5% subordinated notes (the “Notes”) of International Aviation Terminals Inc. (“IAT”). The Fund distributes to Unitholders on a quarterly basis available cash received from IAT less the Fund’s expenses. The Fund’s principal office is located at Suite 2000 - 5000 Miller Road, Richmond, British Columbia V7B 1K6.

GENERAL DEVELOPMENT OF THE BUSINESS

The Fund was established by a Declaration of Trust dated March 15, 1997, as amended on June 10, 1997 and March 7, 2002. On June 10, 1997, the Fund completed a public offering of 5,285,168 Trust Units at a price of \$10 per unit, of which \$6 was payable on closing and \$4 was payable on or before June 12, 1998. The net proceeds of approximately \$50,876,000 were used to acquire \$41,500,000 of Notes and all of the Common Shares of IAT. The Declaration of Trust restricts the Fund to holding securities of IAT or certain short-term investments, and to making distributions to Unitholders.

At the time of its acquisition by the Fund, IAT held approximately 916,000 square feet of air cargo and related space at airports in Vancouver, Calgary, Edmonton, Saskatoon and Winnipeg. This space comprised 14 buildings on land leased under long-term leases, occupied by approximately 120 tenants.

Since then, IAT has developed or acquired additional properties in Edmonton and Vancouver for a total of over \$15 million as follows:

- October 1997 – acquisition of an approximately 46,000 square foot facility in Edmonton for \$2.2 million, financed by mortgage debt;
- March 1998 – acquisition of an approximately 30,000 square foot facility at Vancouver for \$2.2 million, financed by mortgage debt;
- February 2000 – completion of development of a 52,000 square foot facility at Vancouver at a cost of \$3.7 million, financed by mortgage debt; and
- June 2000 – acquisition of 210,000 square feet of hangar, office, shop and ramp facility at Vancouver for approximately \$6.1 million, financed primarily by mortgage debt.

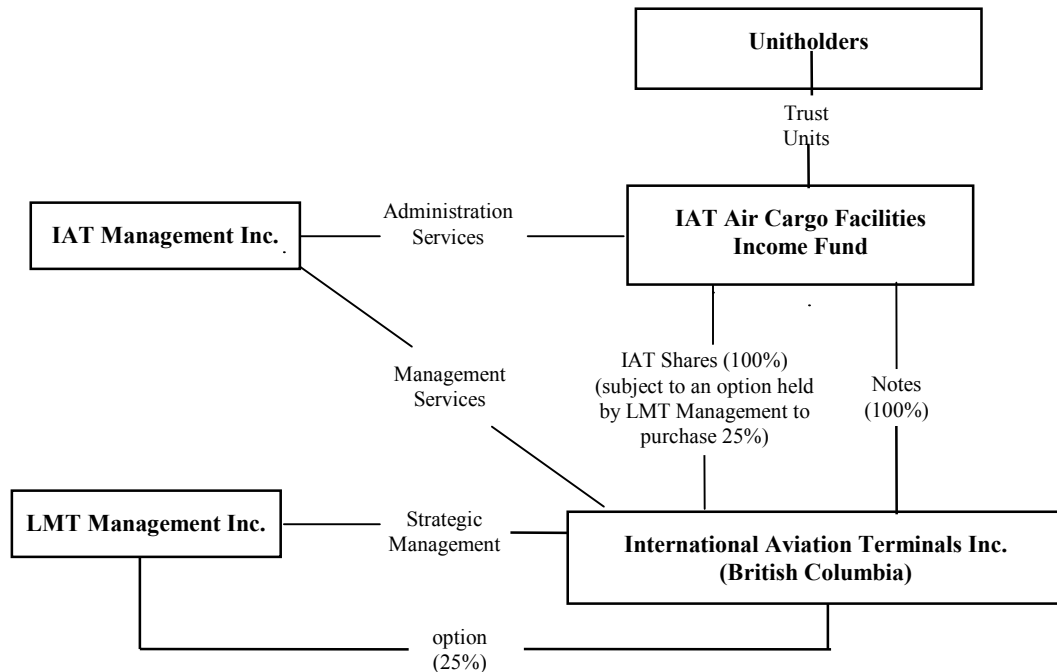
IAT now holds a total of 19 buildings comprising approximately 1.25 million square feet of facilities and space which is leased to approximately 140 tenants at airports in Western Canada.

On March 22, 2002, the Fund completed an offering of 1,321,200 additional Trust Units at a price of \$11.05 per unit. The net proceeds of the offering were used to acquire \$11,500,000 of Notes and \$2,648,143 of Common Shares of IAT at a subscription price of \$1.72 per share. The Declaration of Trust was amended in connection with this offering to permit quarterly distributions to Unitholders to be made on a proportionate basis to the number of days in the quarter that the Trust Units held by them have been outstanding.

Structure of the Fund

The Fund does not carry on any active business but rather is restricted to holding the Common Shares and Notes of IAT and, on a temporary basis, cash and short term investments. The affairs of the Fund are supervised by three Trustees. The affairs and operations of IAT are supervised by its Board of Directors and management is provided under certain management and governance agreements made with IAT Management Inc. (“IAT Management”) and LMT Management Inc. (“LMT Management”), which are companies controlled by former shareholders of IAT. Under a corporate governance agreement, LMT Management is entitled to designate three of IAT’s five directors and the Fund is entitled to designate the other two directors.

The following chart illustrates the primary structural and contractual relations between the Unitholders, the Fund, IAT, IAT Management and LMT Management.



BUSINESS OF IAT

General

IAT is in the business of developing and leasing buildings and related space at airports, which are designed for use by businesses involved in air transport services including air cargo, aircraft maintenance and ground handling. IAT leases land at airports in Vancouver, Calgary, Edmonton, Saskatoon and Winnipeg under long-term ground leases from airport authorities or the Government of Canada in these cities. It leases the facilities developed on these lands, which comprise a total of approximately 1,246,000 square feet, to approximately 140 tenants.

The Facilities

IAT has approximately 1,246,000 square feet of air cargo, hangar, shop, ramp and related space for lease in 19 buildings either developed or acquired by IAT on land leased by IAT. At the end of 2002, approximately 1,113,000 square feet (89.3%) was leased by IAT to approximately 140 tenants (27 of whom occupy space in IAT’s buildings at more than one airport). Eleven of these buildings, comprising

approximately 850,000 square feet of space, are on approximately 61 acres of land at the Vancouver International Airport.

IAT has been in the business of developing and leasing buildings and related space since 1966 and has developed relationships with its tenants over many years which give it a thorough knowledge of its tenants' needs. This has allowed IAT to maintain overall occupancy rates for the Air Cargo Facilities which have exceeded 89% since 1993.

The Airside Facilities

In June 2000, IAT acquired approximately 210,000 square feet of hangar, office, shop and ramp space (the "Airside Facilities") at the Vancouver International Airport. The Airside Facilities have been in operation at the Vancouver International Airport since the 1940's. At the end of 2002, 172,929 square feet (82.3%) of these facilities were leased to approximately 15 tenants which operate primarily in the business of aircraft maintenance and ground handling.

The Airside Facilities comprise approximately 99,000 square feet of post and beam constructed hangar, shop and office space and approximately 111,000 square feet of aircraft ramp. The majority of this space is leased on a "fully net" basis which provides for full recovery of operating costs including ground rent under leases which expire in the next two to three years. The remainder of the leases are of shorter duration and do not provide for full recovery of all operating costs.

The Air Cargo Industry

The air cargo industry is a subsector of the aviation industry. The aviation industry includes the air passenger and air cargo businesses, together with supporting businesses. Prior to September 2001, the air cargo industry had been growing as a result of a number of factors, including:

- growth in North American and transcontinental passenger traffic, resulting in growth in space available for air cargo;
- growth in domestic and international trade, including e-commerce, resulting in increased volumes of goods required to be shipped; and
- the continuing adoption by manufacturers and retailers of "just-in-time" inventory, generating increased demand for air freight delivery.

As a result of the overall slowdown in world economic growth in 2001, the volume of air freight worldwide decreased in 2001. While volumes stabilized in the spring of 2002 at reduced levels, recent difficulties in the airline industry in late 2002 and early 2003 are once again putting pressure on volumes of air cargo worldwide and on the profits IAT's tenants are able to achieve because of increased competition for less air cargo. In Vancouver, from which IAT derives 74% of its revenues, air cargo volumes declined by approximately 6% and 9% in 2000 and 2001, respectively, compared to the prior year, before increasing marginally in 2002. The level of air cargo volumes appeared to be stabilizing in 2002, prior to the effects on air travel in 2003 of war in the Middle East and health issues.

Businesses that operate in the aviation industry, and who are tenants of IAT, include passenger airlines, integrated freight carriers, air cargo handlers, freight forwarders and customs brokers, government agencies and other providers of services and products to airlines. These businesses rely on access to air cargo transfer point facilities for the movement of goods and the delivery of services.

The Vancouver International Airport reported the following information for volume of air cargo shipped in the years 1998 through 2002:

<u>Year</u>	<u>Metric Tonnes</u>
1998	249,000
1999	269,000
2000	252,000
2001	229,000
2002	235,000

IAT's Business Strategy and Outlook

IAT's strategy is to be responsive to its tenants' needs and to be the largest and lowest cost provider of airside space to the air cargo industry in the cities in which IAT operates. IAT's strategy has been to develop properties slightly in excess of current demand for its space. IAT has adopted this approach, particularly at the Vancouver International Airport, in order to meet tenants' needs for additional space while seeking to maintain vacancies in its air cargo buildings at less than 10%. This approach allows IAT to expand, contract or reconfigure space in order to respond to the requirements of its tenants. At times, these changes require renegotiation of the terms of existing leases with tenants.

As an additional service to tenants, IAT (through its contracts with IAT Management) provides experts in the fields of property management, leasing and marketing and design and construction. This integrated approach ensures that IAT is aware of the current trends in design and construction and management, thus positioning IAT to better respond to the changing needs of its tenants.

IAT also strives to maintain close relationships with the airport authorities (local authorities in Vancouver, Calgary, Edmonton and Winnipeg and the Government of Canada in Saskatoon) which own the land leased by IAT. By constructing buildings designed to meet the needs of its tenants and maintaining space for the future expansion of existing tenants or for lease to new tenants, IAT assists the airports to capitalize upon growth opportunities.

The Vancouver International Airport has undergone substantial expansion in recent years, as the Vancouver International Airport Authority has positioned Vancouver International Airport as a major North American gateway to Asia. Consistent with the expansion of the Vancouver International Airport in 1996, IAT expanded its space in Vancouver in early 1998 by acquiring an additional 30,000 square foot building. In addition, in early 2000, IAT completed the development of a new 52,000 square foot facility. In 2002, 74.5% of IAT's gross rental revenue was earned from space leased in Vancouver (which accounted for 63.4% of all space leased by IAT during the year).

Tenants And Lease Terms

Tenants of IAT's Air Cargo Facilities operate businesses within the air cargo industry and include passenger airlines, integrated freight carriers (including Federal Express, UPS, DHL International, Emery Worldwide and BAX Global), air cargo handlers, freight forwarders, customs brokers, government agencies and others. Tenants of IAT's Airside Facilities comprise Ogden Ground Services, Pacific Coastal Airlines, Western Express Airlines, AeroFlite Industries Ltd. and other companies generally involved in either general aviation maintenance or aircraft ground handling. Air Canada is the only tenant which leases more than 10% of IAT's total rentable area (23.2% of leased space at December 31, 2002 and 19.1% of revenue for the year).

These businesses generally require direct access to airport infrastructure such as runways, passenger terminals, taxiways and secure service roads. Most of IAT's buildings are "airside" (buildings that are contiguous to or have direct access to airport infrastructure). Generally, "airside" buildings do not compete directly for tenants with "non-airside" buildings (buildings lacking such access). Consequently, IAT's results are more sensitive to the level of activity in the aviation industry rather than to the overall real estate cycle.

IAT's air cargo buildings are specifically designed for the needs of the air cargo industry with a flexible, modular design which permits a variety of configurations and expansion or contraction depending upon the needs of current and potential tenants. A combination of specialized facilities and limited availability of suitable land means that "airside" buildings generally achieve rents above those paid for industrial or warehouse buildings in non-airport locations.

Typically, IAT enters into leases with tenants for terms of five to ten years. Depending on the needs of the tenant, some leases are of shorter duration. Leases of approximately 15% to 20% of IAT's rentable space expire each year.

Property Management

IAT contracts its day to day property management and leasing and marketing activities to IAT Management pursuant to a Property Management Agreement and a Leasing and Marketing Agreement, each of which had an initial ten-year term.

The Property Management Agreement provides for payment of property management fees to IAT Management in the amount equal to 5.75% of the gross rental revenue of IAT (the gross amount received or receivable from the properties of IAT including minimum and percentage rents, taxes, operating and all other cost recoveries and items payable as additional rents by tenants), which are calculated and payable monthly. This fee is recoverable from tenants of IAT under the terms of its leases with its tenants. The Leasing and Marketing Agreement provides for payment of leasing and marketing fees in an amount equal to 2.1% of such gross rental revenue. This fee is not recoverable from tenants of IAT. IAT Management is also entitled to receive payment for constructing or causing to be constructed all improvements to the properties of IAT at the rate of 6% of the cost of such improvements. In 2002, IAT paid aggregate fees of \$1,314,903 to IAT Management, of which \$954,066 was for property management services and \$360,837 was for leasing and marketing and construction management services. IAT Management is responsible for all its own costs, including employee expense, rent and other office and administration costs.

During 2002, the Directors of IAT determined to extend the term of the Property Management Agreement and the Leasing and Marketing Agreement in order to ensure continuity in the existing management arrangements. In addition, to facilitate consideration of various strategic alternatives and, at the same time, better align the interests of the Unitholders and those of IAT Management, the Directors decided to provide for the ability to terminate these agreements at any time on 90 days' notice, subject to payment of a termination fee based on a 2.25 multiple of the basic management fees payable. This arrangement is intended to provide some sharing of the potential benefit of any sale of the business, while recognizing that IAT Management has ongoing commitments and will incur substantial costs in the event of a termination of its management as it employs all of the management personnel.

Accordingly, these agreements have been amended to provide for an "evergreen" ten year term, automatically extending unless otherwise terminated in accordance with its provisions. IAT may terminate these agreements at any time on 90 days' notice and payment of a termination fee equal to 2.25 times the annual amount of the fees payable for property management and leasing and marketing services (other than construction management). IAT Management may terminate on one year's notice.

IAT may also terminate the property management and leasing and marketing arrangements on individual properties that may be sold. If the remaining total area of properties under management is less than a minimum area (916,000 square feet prior to any change of control of the Fund or IAT), a termination fee may also become payable in respect of the property disposed of, based on a multiple of 2.25 times the management fees paid for that property. No other amount is payable by IAT in respect of any such termination for the costs and expenses that may be incurred by IAT Management or its obligations to its employees as a result of any such termination.

Employees

IAT has no full time employees. All of its business activities are conducted by 15 employees of IAT Management, and by IAT Services Inc., a company owned by a former employee of IAT.

Properties

IAT holds ground leases from the local airport authority or the Government of Canada. These leases are for original terms varying from five years to 40 years, in some cases with options to renew or the right of first refusal to lease. Current expiry dates range from 2008 to 2029. Rents payable are generally reviewed every five years although these rents are recoverable from IAT's tenants under the terms of IAT's leases.

The following table contains a summary of the principal properties of IAT, and the principal terms of the ground leases held by IAT at each of these properties.

<u>Property</u>	<u>Year Completed / Acquired</u>	<u>Area of Leased Land (sq. ft.)</u>	<u>Net Rentable Area (sq. ft.)</u>	<u>Percentage Leased at December 31, 2002</u>
Vancouver I - III	1971-74	511,053	166,121	100.0
Vancouver IV	1984	267,329	126,705	90.2
Vancouver V	1988-89	(total	131,226	95.5
Vancouver VI	1989-90	506,785)	81,604	97.2
Vancouver VII	1996	84,108	25,842	100.0
Vancouver VIII ⁽¹⁾	1996	68,890	26,440	100.0
Vancouver IX	1998	75,466	29,241	92.6
Vancouver X ⁽²⁾	2000	154,994	52,000	100.0
Vancouver XI (Airside Facility)	2000	343,264	210,000	82.3
Edmonton I – II	1968 and 1992-93	102,688	40,389	77.4
Edmonton III	1997	293,108	45,693	75.8
Calgary I - II	1978-81	401,693	102,490	87.2
Calgary III	1988-89	302,750	75,997	100.0
Saskatoon	1981	205,377	30,363	81.1
Winnipeg	1982-83	334,398	101,604	66.2

Notes:

- (1) Under certain circumstances, the tenant has a right to acquire this building for a pre-established price if IAT chooses to sell it, and has an option to acquire this building in 2011.
- (2) IAT transferred this property into a joint venture company effective December 31, 2000 and has a 50% interest.

In the design and construction of its properties, IAT focuses on providing its tenants with functional space which is flexible, durable and cost efficient. Features have been incorporated into the building designs which are not commonly found in conventional warehouse/office facilities. The facilities are modular in nature with many openings on the street and runway sides to provide for a variety of configurations of overhead dock doors, overhead grade level doors and office storefront sections. The electrical and mechanical systems have also been designed and constructed to allow for a variety of uses and configurations. While these approaches result in a higher initial capital cost of facilities, in the long run, changes to accommodate tenant changeovers and renewals are greatly reduced and, therefore, the operating costs of the buildings are reduced and the useful life of the buildings is increased.

Environmental Matters

IAT has obtained phase one environmental assessments of each of its properties from a variety of independent environmental consultants. Most of these assessments were conducted in 1997 or late 1996, except for assessments of Phase I - III, Vancouver (1994), Phase VIII, Vancouver (1995), Edmonton (1993) and Winnipeg (1993). These assessments did not indicate any significant environmental concerns in any of IAT's properties. Phases I - III in Vancouver contain some asbestos fireproofing and PCBs in lighting ballasts and transformers.

Occasionally, the activities of tenants of IAT involve the handling of hazardous substances. IAT monitors the activities of its tenants and its leases with its tenants require tenants to abide by environmental laws and to indemnify IAT for damages from hazardous substances handled by tenants. IAT carries limited insurance against unexpected or unintentional discharge, disposal, release or escape of pollutants.

Capital Expenditures

IAT makes capital expenditures upon its existing buildings from time to time. These capital expenditures are incurred for construction of demising walls and offices required by tenants, maintenance of existing facilities and general refurbishing or cleaning of existing tenant areas (normally at the expiry of a lease).

The following table outlines capital expenditures for maintenance and refurbishment for the years 1998 to 2002 inclusive:

<u>Year</u>	<u>Maintenance⁽¹⁾</u>	<u>Expenditures for Tenant Area Refurbishment⁽²⁾</u>
1998	\$304,000	\$311,000
1999	\$125,000	\$122,000
2000	\$437,000	\$234,000
2001	\$33,000	\$348,000
2002	\$70,923	\$474,567

Notes:

- (1) Maintenance capital expenditures which are recoverable from tenants.
- (2) Refurbishment capital expenditures which are not recoverable from tenants. The 2002 amount includes \$445,000 spent on a facility at the Edmonton airport in connection with a 5 year lease commitment.

In addition to capital expenditures, IAT also makes expenditures to paint, repair and otherwise clean tenant areas from time to time. These expenditures are operating costs which are not recoverable from tenants, and amounted to approximately \$95,566 in 2002. On occasion, IAT also makes capital expenditures to improve its facilities or to acquire properties such as the Airside Facilities or construct

new facilities such as Phase X at Vancouver. Capital expenditures for acquisition and developments have been financed by mortgage loans.

Competition

There is potential competition in the leasing of facilities to tenants of IAT, and other commercial users of airports, in the various markets in which IAT carries on business. This competition comes from a number of sources which vary in the particular situation of each airport, including owners of industrial, commercial and warehouse buildings. Generally, IAT has a strong competitive position relative to other landlords because of the proximity of its facilities to the airport and because these buildings are “airside” with direct access to airport infrastructure. Also, IAT has buildings which are specifically designed on a modular basis with flexible configuration specifically for the needs of the air cargo industry. To date, IAT’s landlords, the local airport authorities, have not developed competing air cargo facilities although this possibility has been announced by the Vancouver International Airport Authority.

TRENDS, COMMITMENTS, EVENTS OR UNCERTAINTIES

For a discussion regarding changes to the Fund’s business expected in 2003 and known trends, commitments, events or uncertainties, in addition to the information in this annual information form, see the “Discussion and Analysis of Financial Condition and Results of Operation” of the Fund’s 2002 Annual Report, which is incorporated by reference herein.

SELECTED FINANCIAL INFORMATION

Following is certain selected financial information related to the Fund.

Statement of Earnings (unaudited) (\$000's except per unit)	Quarter Ending <u>31 Dec 02</u>	Quarter Ending <u>30 Sept 02</u>	Quarter Ending <u>30 Jun 02</u>	Quarter Ending <u>31 Mar 02</u>	Quarter Ending <u>31 Dec 01</u>	Quarter Ending <u>30 Sept 01</u>	Quarter Ending <u>30 Jun 01</u>	Quarter Ending <u>31 Mar 01</u>
Income								
Interest Income from IAT	\$1,657	\$1,656	\$1,656	\$1,336	\$1,297	\$1,297	\$1,297	\$1,297
Equity in Gain (Net Loss) from IAT	(2,091)	1,742	(784)	(197)	51	1,123	60	(31)
Amortization of Fund's Purchase Price Discrepancy ⁽¹⁾	(263)	(263)	(263)	(263)	2,615	(229)	(229)	(228)
Expenses								
Administrative Costs	(38)	(36)	(60)	(56)	(21)	(44)	(79)	(33)
Net Earnings	(735)	3,099	549	820	3,942	2,147	1,049	1,005
Add:								
Dividends Receivable	269	269	269	220	215	215	215	215
Equity in Net Loss (Gain) of IAT	2,091	(1,742)	784	197	(51)	(1,123)	(60)	31
Amortization of Fund's Purchase Price Discrepancy ⁽¹⁾	263	263	263	263	(2,615)	229	229	228
Distributable Cash	\$1,888	\$1,889	\$1,865	\$1,500	\$1,491	\$1,468	\$1,433	\$1,479
Declared Distributions:								
Interest on Notes	1,630	1,593	1,598	1,290 ⁽²⁾	1,263	1,260	1,233	1,268
Per Unit	0.247	0.2412	0.2420	0.238 ⁽³⁾	0.239	0.239	0.233	0.240
Dividends	269	269	269	220 ⁽²⁾	215	215	215	215
Per Unit	0.041	0.041	0.041	0.041 ⁽³⁾	0.041	0.041	0.041	0.041
Total Declared Distribution	1,899	1,862	1,867	1,510 ⁽²⁾	1,478	1,475	1,448	1,483
Per Unit Declared and Paid in Subsequent Period	0.287	0.282	0.283	0.278 ⁽³⁾	0.280	0.279	0.274	0.281

Notes:

- (1) The excess of the Fund's cost of investment in IAT's common shares and subordinated notes over the net book value at the date of acquisition has been allocated to land leases, buildings and future income taxes. The amount for the fourth quarter of 2001 reflects a reduction to future income taxes to reflect a reduction of tax rates.
- (2) An additional distribution equal to \$0.0326 per unit was made on a pro rata basis for the period ending on March 31, 2002 for which the 1,321,200 Trust Units issued on March 22, 2002 were outstanding.
- (3) Based on the weighted average number of Trust Units outstanding for the quarter of 5,431,968.

Earnings (Loss) from Investment in IAT (\$000's except per unit)	Year ended December 31, 2002	Year ended December 31, 2001	Year ended December 31, 2000
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Interest Income on Subordinated Notes	6,305	5,188	5,188
Equity in Earnings of IAT	<u>(2,382)</u>	<u>3,132</u>	<u>(481)</u>
	3,923	8,320 ⁽¹⁾	4,707
Expenses			
Administration	190	177	130
Net Earnings for the Period	3,733	8,143	4,577
Net Earnings per Unit for the Period ⁽²⁾	0.591	1.541	0.866
Distributions declared to Unitholders	7,138	5,884	6,070
Distributions declared to Unitholders per Unit ⁽²⁾	1.130	1.113	1.148
Total Assets	59,238	48,079	45,835

Notes:

- (1) This amount includes a net recovery of \$2,843,000 by the Fund as a result of a reduction in the provision for future income taxes reflecting a reduction of income tax rates.
- (2) A weighted average of 6,316,790 Trust Units was used in calculations for the year 2002 due to the 1,321,200 Trust Units issued on March 22, 2002.

The following is certain selected financial information related to IAT.

(\$000's)	Year ended December 31, 2002	Year ended December 31, 2001	Year ended December 31, 2000
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Lease Revenue	\$ 10,503	\$10,622	\$10,147
Earnings before Interest on Notes, Depreciation, Amortization and Taxes ⁽¹⁾	7,880	7,546	7,086
Earnings	(1,330)	1,203	433
Assets	67,666	70,819	73,107
Long-Term Debt ⁽²⁾	68,467	70,709	71,189

Notes:

- (1) Earnings before interest on Notes, depreciation, amortization and income taxes ("EBITDA") is not a recognized measure under Canadian generally accepted accounting principles ("GAAP") but is a useful supplemental indicator of cash available for distribution prior to interest requirements on Notes, capital expenditures and income taxes. The Fund's method of calculating EBITDA may differ from other issuers and is not to be construed as an alternative to net earnings determined in accordance with GAAP.
- (2) Long-term debt includes \$53,000,000 of 12.5% unsecured subordinated notes held by the Fund and \$15,466,581 (2001 - \$29,209,141; 2000 - \$29,688,914) of mortgages (inclusive of the current portion).

CASH DISTRIBUTIONS

Approximate cash distributions in 2002 on the Trust Units were as follows:

<u>Record Date</u>	<u>(\$ per Unit)</u>			
	<u>Interest</u>	<u>Return on Capital</u>	<u>Dividend Income</u>	<u>Total</u>
December 31, 2001 ⁽¹⁾	.220301	.018690	.040680	.279671
March 31 ⁽²⁾	.228867	.007942	.040680	.277489
June 30	.235321	.006523	.040680	.282524
September 30	.234660	.006523	.040680	.281663
December 31 ⁽³⁾	.240271	.006523	.040680	.287474
TOTAL DISTRIBUTED	<u>.918949</u>	<u>.039678</u>	<u>.16272</u>	<u>1.121547</u>
TOTAL DECLARED	<u>.938919</u>	<u>.027511</u>	<u>.16272</u>	<u>1.12935</u>

Notes:

- (1) Paid January 15, 2002.
- (2) An additional distribution equal to \$0.032648 per unit, comprised of interest of \$0.028307 per unit, return on capital of \$0.000725 and dividend income of \$0.003616, was made on a pro rata basis for the period ending on March 31, 2002 for which the 1,321,200 Trust Units issued on March 22, 2002 were outstanding.
- (3) Paid January 15, 2003.

For further information on the dividend policy of and distributions paid by the Fund, see the “Dividend Policy and Distributions” section of the Fund’s 2002 Annual Report, which is incorporated by reference herein.

STOCK EXCHANGE LISTING

The Trust Units are listed for trading on The Toronto Stock Exchange under the symbol “ACF.UN”.

TRUSTEES

The following table sets out information concerning the Trustees of the Fund.⁽¹⁾

<u>Name and Municipality of Residence</u>	<u>Principal Occupation⁽²⁾</u>	<u>Trustee Since⁽³⁾</u>	<u>Trust Units Beneficially Owned or over which Control or Direction is Exercised⁽⁴⁾</u>
ROBERT J. MAIR, Q.C. Vancouver, B.C.	Partner Lawson Lundell (law firm)	March 15, 1997	1,000
THOMAS V. MILROY Toronto, Ontario	Vice-Chairman, Global Head of Investment & Corporate Banking BMO Nesbitt Burns Inc. (securities dealer)	March 15, 1997	1,000
H. BUD BOYER Vancouver, B.C.	Investment Advisor BMO Nesbitt Burns Inc. (securities dealer)	June 1, 1999	1,000

Notes:

- (1) The Fund has neither an audit committee nor an executive committee. The Trustees participate in the review and approval of the Annual Report (including preparation and approval of the audited financial statements) and discussions with external auditors concerning the preparation of the Annual Report.
- (2) Each of the foregoing persons has been engaged in the occupation set forth above or similar occupations with the same employer for the last five years.
- (3) Each Trustee's term of office expires at the 2003 Annual Meeting of the Fund.
- (4) As a group, the Trustees beneficially own or exercise control or direction over 10,000 Trust Units which is less than 1% of the total number of issued and outstanding Trust Units.

Conflicts of Interest

There are potential conflicts of interest as a result of the relationships between the Fund, IAT, LMT Management and IAT Management. Management, administration, leasing and marketing services are provided by IAT Management to IAT. LMT Management, which has options to acquire up to 25% of the common shares of IAT, provides strategic management advice to IAT.

Each of T. Richard Turner and William H. Levine, who are directors of IAT, are shareholders of LMT Management and as such are beneficially interested in the options held by LMT Management. In addition, Mr. Turner is a shareholder of, and beneficially interested in, IAT Management which is compensated for its ongoing leasing, property management and marketing services.

There may also be potential conflicts of interest in connection with financial services and advice which is provided to the Fund from time to time by BMO Nesbitt Burns Inc. BMO Nesbitt Burns Inc. acted as underwriter of offerings of Trust Units of the Fund in 1997 and in 2002. Mr. Thomas V. Milroy, a Trustee and a director of IAT, is the Vice-Chairman, Global Head of Investment & Corporate Banking, of BMO Nesbitt Burns Inc.

Directors and Trustees are required to abstain from voting on matters in which they have a conflict of interest.

For further information on the arrangements between the Fund, IAT, LMT Management and IAT Management, see the “Corporate Governance and Management of the Company” and the “Administrative Services Agreement” sections of the Fund’s Information Circular, which are incorporated by reference herein.

ADDITIONAL INFORMATION

Reference is made to the sections of the Fund’s 2002 Annual Report entitled “Discussion and Analysis of Financial Condition and Results of Operations” and “Operations of IAT”, which are incorporated by reference herein. Additional information, including trustees remuneration, corporate governance and management of IAT, options on securities, principal holders of the Fund’s securities and interests of insiders in material transactions, is contained in the Information Circular dated April 10, 2003 for the Fund’s Annual Meeting to be held on June 2, 2003, which is also incorporated by reference herein. Additional financial information is provided in the comparative audited financial statements of the Fund and IAT for the year ended December 31, 2002 which are also incorporated by reference herein and which are contained in the Fund’s 2002 Annual Report. A copy of any documents referred to in this paragraph can be obtained from the Fund’s administrator, IAT Management Inc.

In addition, the Fund will provide to any person or company, upon request to the Secretary of the Fund:

- (a) when the Fund’s securities are in the course of a distribution pursuant to a preliminary short form prospectus or a short form prospectus that has been filed in respect of such distribution:
 - (i) one copy of this annual information form together with a copy of any document, or the pertinent pages of any document, incorporated by reference in this annual information form;
 - (ii) one copy of the comparative financial statements for the year ended December 31, 2002 together with the accompanying report of the auditor and one copy of any interim financial statements that have been filed subsequent to December 31, 2002;
 - (iii) one copy of the Fund’s information circular in respect of its annual general meeting to be held on June 2, 2003; and
 - (iv) one copy of any other documents that are incorporated by reference into a preliminary short form prospectus or a short form prospectus and are not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any other documents referred to in (a) (i), (ii) and (iii) above, provided that the Fund may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Fund.