Form 51-102F3

Material Change Report

1. Name and Address of Company

IAT Air Cargo Facilities Income Fund (the “issuer” or the “Fund”)
Suite 2000 - 5000 Miller Road
Richmond, British Columbia
V7B 1K6

2. Date of Material Change

August 29, 2008

3. News Release

A news release was issued on August 29, 2008 through CNW Group and was filed with regulatory authorities in Canada.

4. Summary of Material Change

The Fund announced that FrontFour Holdings Inc. (“FrontFour”) issued a news release on August 29, 2008 disclosing that it has taken up 2,415,553 units of the Fund deposited to its offer dated June 24, 2008, representing approximately 34.7% of the outstanding units of the Fund.

The Fund has been advised that an affiliate of AMB Property Canada Ltd., the manager of the Fund’s subsidiary International Aviation Terminals Inc. (“IAT”) and the administrator of the Fund, that held 360,000 (approximately 5.2%) of the Units, tendered all of its Units to the Offer.

Also on August 29, 2008, an early warning report was filed by Distressed Securities & Special Situations-1 (“DSSS”), a fund managed by FrontFour Capital Group LLC (“FrontFour Capital”), with respect to the acquisition of the units of the Fund, describing its intentions to conduct a detailed review of the Fund and IAT in order to determine if changes would be desirable based on such review and the circumstances which then exist.

5. Full Description of Material Change

Completion of Take-Over Bid

The Fund announced that FrontFour issued a news release on August 29, 2008 disclosing that it has taken up and agreed to pay for all 2,415,553 units of the Fund deposited to its offer dated June 24, 2008 to purchase for cash 2,801,184 units (“Units”) of the Fund (the “Offer”). The 2,415,553 Units validly deposited to the Offer and not withdrawn by Fund unitholders prior to the take up by FrontFour on August 29, 2008 represent approximately 34.7% of the outstanding Units of the Fund, or approximately 38.4% of the Units outstanding that were not already owned by FrontFour and its affiliates prior to the take up. Following take-up of the 2,415,553 Units, FrontFour and its affiliates beneficially own a total of approximately 3,098,653 Units or approximately 44.5% of the outstanding Units of the Fund.

The Fund has been advised that an affiliate of AMB Property Canada Ltd., the manager of IAT and the administrator of the Fund, that held 360,000 (approximately 5.2%) of the Units, tendered all of its Units to the Offer.

Future Intentions of FrontFour Capital

On August 29, 2008, DSSS filed an early warning report with respect the acquisition of the Units, describing its future intentions as follows:

"FrontFour Capital has acquired control over the Units owned by FrontFour Holdings and DSSS for investment purposes. FrontFour Capital intends to conduct a detailed review of the Fund and IAT, a company wholly owned by the Fund, and their respective operations, assets, corporate structure, capitalization, policies, management and personnel to determine what changes, if any, would be desirable in light of such review and the circumstances which then exist. Such changes may result in a revision of the distribution policy of the Fund, the raising of additional capital to pursue higher return growth opportunities for the Fund, and may also include effecting changes in management, including the number and identity of trustees of the Fund. The specific changes, if any, to be made in respect of the Fund or International Aviation Terminals Inc. have not been, and will not be, determined until FrontFour Capital completes its review of such entities.

FrontFour Capital, DSSS and FrontFour Holdings may in the future take such actions in respect of their holdings of Units of the Fund as they deem appropriate in light of circumstances then existing, including the acquisition or disposition of Units. FrontFour Capital, DSSS and FrontFour Holdings may from time to time acquire additional Units in the open market or in privately negotiated transactions, subject to availability of Units at prices deemed favourable, the Fund's business or financial condition and other factors and conditions FrontFour Capital, DSSS and FrontFour Holdings deem appropriate. In addition, FrontFour Capital, DSSS and FrontFour Holdings may formulate other purposes, plans or proposals regarding the Units to the extent deemed advisable in light of general investment and trading policies, market conditions or other factors."

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

No significant facts otherwise required to be disclosed in this report have been omitted.

8. Executive Officer

W. John Dawson
Trustee
Tel: (604) 685-3456

9. Date of Report

September 8, 2008