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

December 2, 2008

3. News Release

A news release was issued on December 2, 2008 through CNW Group and was filed with regulatory authorities in Canada.

4. Summary of Material Change

The Fund announced on December 2, 2008 that management of the assets and operations of International Aviation Terminals Inc. (“IAT”), a wholly owned subsidiary of the Fund, will be assumed from AMB Property Canada Ltd. (“AMB Canada”). The Fund is targeting to finalize this internalization of management no later than March 31, 2009.

5. Full Description of Material Change

The Fund has incorporated IAT Management GP Ltd., a British Columbia company, as a wholly owned subsidiary of the Fund. In addition, the Fund (as sole limited partner) has entered into a limited partnership agreement with IAT Management GP Ltd. (as general partner) to form IAT Management Limited Partnership (“IAT LP”).

On December 2, 2008, AMB Canada entered into an asset purchase agreement (the “Purchase Agreement”) with IAT LP and IAT, pursuant to which IAT LP will assume from AMB Canada certain management and administration agreements relating to IAT and the Fund.

AMB Canada is currently the administrator of the Fund and the manager of IAT and 3051350 Nova Scotia Company (the “NSULC”), a joint venture in which IAT holds a 50% interest. Under the terms of the Purchase Agreement, AMB Canada will assign to IAT LP all of the agreements relating to its role as administrator of the Fund and manager of IAT and the NSULC, other than the non-competition agreement dated September 14, 2005 between the Fund, IAT and AMB Property, L.P. (the “Non-Competition Agreement”). AMB Canada will also transfer to IAT LP the assets located at AMB Canada’s Richmond, British Columbia office that are related to the provision of administration and management services to the Fund, IAT and the NSULC.

IAT LP has made offers to AMB Canada’s Richmond-based employees that currently provide management services to IAT to become employees of IAT LP upon the completion of the asset transfer. The parties to the Purchase Agreement have also agreed that the Non-Competition Agreement will be terminated upon the completion of the transaction. The Fund is targeting to finalize the asset transfer no later than March 31, 2009. No termination fees are payable to AMB Canada in connection with these transactions.

In connection with the execution of the Purchase Agreement, Zachary R. George, a director of IAT and trustee of the Fund, has been named as the next President and Chief Executive Officer of IAT, effective upon the completion of the asset transfer. Mr. George is a managing member of FrontFour Capital Group LLC, which owns 44.5% of the Fund's outstanding units.

Under the existing administration agreement between the Fund and AMB Canada, AMB Canada currently provides IAT's executive officers and other executive management services to the Fund and IAT through San Francisco-based employees of AMB Canada or its affiliates. These employees will remain as employees of the AMB group and, following the asset transfer, the services they have been providing will be provided by IAT LP.

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

Zachary R. George
Trustee
Tel: (604) 685-3456

9. Date of Report

December 10, 2008