ITEM 1. COVER PAGE

PRT FOREST REGENERATION INCOME FUND

ANNUAL INFORMATION FORM

Financial year ended December 31, 2008

1.1 DATE March 31, 2009

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ITEM 3: CORPORATE STRUCTURE

ITEM 3.1 Name, Address and Incorporation

PRT Forest Regeneration Income Fund (the "Fund") is an open ended, single purpose unit trust, created under the laws of the Province of British Columbia, on May 14, 1997 to own all the common shares and subordinated notes of Pacific Regeneration Technologies Inc. ("PRT" or the "Company"), a company amalgamated under the laws of British Columbia. The Fund is restricted to investing in securities of the Company, making distributions to the Trust Unitholders and performing matters incidental thereto.

On July 11, 1997, the Fund acquired all of the shares of PRT from its former shareholders. The Fund owns 100% of the shares and the variable rate unsecured subordinated notes of PRT.

PRT USA Inc, a wholly owned Delaware subsidiary of PRT, was formed on December 20, 2002.

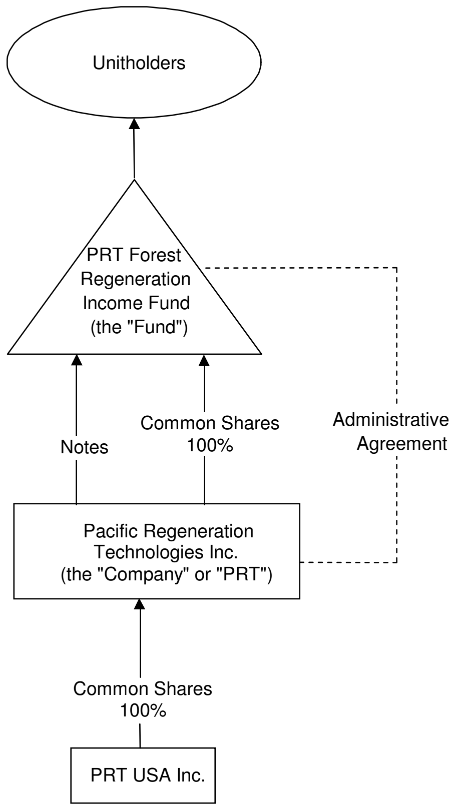
The head and registered office of the Fund and PRT is located at #101-1006 Fort Street, Victoria, British Columbia, V8V 3K4, and the website is www.prt.com.

During the fourth quarter of 2007, as previously reported, the Fund executed a definitive agreement providing for the internalization of its management through the acquisition of PRT Management Inc. ("PMI"), the Fund's external manager. The transaction was completed by way of amalgamation of PMI with 6844189 Canada Ltd. a newly-incorporated, wholly-owned subsidiary of PRT formed under the Canada Business Corporations Act on September 21, 2007.

On January 1, 2009 PMI was amalgamated into PRT. Under an Administration Agreement with the Fund, PRT (following assumption of the agreements of PMI) manages the administrative affairs of the Fund and is entitled to reimbursement of out-of-pocket expenses, but does not earn a fee for providing these services.

ITEM 3.2 Inter-corporate Relationships

The following chart illustrates the primary structural and contractual relations between the Unitholders, the Fund, and PRT, after giving effect to the amalgamation of PMI with PRT which occurred on January 1, 2009.



ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

ITEM 4.1 Three Year History

PRT is a leading producer of forest seedlings in North America and operates nurseries in British Columbia, Alberta, Saskatchewan, Ontario, and Oregon. In the 20 years since its inception, PRT has expanded its markets, capacity, and geographic presence and has grown from six nurseries in British Columbia to a network of 15 nurseries located in Canada and the United States.

Over the past three years, PRT has slightly decreased capacity at existing sites from 3.2 million blocks[1] in 2006 to 3.1 million blocks in 2008; this was due to the temporary

[1] PRT measures production volumes in seedling blocks, which is a uniform measure of growing space represented by a standard Styroblock™ growing container. This measure is considered to have a more meaningful relationship to

closure of PRT's Coldstream facility in 2008. Additional information on productive capacity can be found in the section entitled "Productive Capacity" of the Fund's Management's Discussion and Analysis dated March 31, 2009, which is incorporated herein by reference.

In the spring of 2007 PRT closed its Nevada nursery facility to improve crop reliability and economies of scale. The Nevada nursery was an important pilot project stemming from PRT's strategy to develop more energy-efficient growing techniques. Customer orders and capacity were relocated to other PRT facilities.

In October 2008, PRT announced the closure of its Maple Ridge nursery facility upon completion of the current year crops expected in mid-2009. The Maple Ridge facility has the highest cost structure of PRT's 15 nurseries and, following the closure, management expects that overall efficiency will improve because new orders will be produced in lower cost facilities at other sites. Overall capacity once the closure is completed will be approximately 2.0 million blocks.

Business difficulties in the forest industry have increased competition and margin pressures in the forest seedling market. These factors combined with increasing input costs, particularly for energy, have led PRT to focus on customer service, cost reduction, and expanding markets in new geographic regions. Accordingly, PRT has developed innovative ways to lower the costs of seedling production while maintaining a high level of customer service. In recent years, new methods of growing seedlings were developed through trials and other research and development endeavors. The findings of completed trials have demonstrated that certain outdoor growing regimes and specialized automation techniques can result in lower nursery maintenance and energy consumption, and reduced capital requirements while maintaining superior seedling quality.

PRT has continued to pursue new markets in Canada and the United States to diversify its nursery business base. In 2008, PRT entered the promotional products market in North America with individually packaged and branded tree seedlings. Additionally PRT has identified promising opportunities related to climate changes. The increasing interest worldwide in producing clean bio-energy from woody biomass dovetails with our experience operating large-scale nursery plantations, and therefore PRT plans to expand trials of growing woody biomass.

In 2008 PRT produced 170 million seedlings for more than 100 contracted customers located in Canada and the United States, as compared to over 205 million seedlings in 2007. PRT expects to produce between 130 and 140 million seedlings in 2009. The decline in 2008 and again in 2009 is a result of a severe downturn in the forest industry, caused by the combined effects of a sharp falloff in US housing starts, and resulting lower lumber prices. The reasons for the decline are more fully described in the section entitled "Outlook" of PRT Forest Regeneration Income Fund's Management's

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revenue than the number of trees since tree sizes vary widely between markets and customers, and tree prices vary accordingly.

Discussion and Analysis for the year ended December 31, 2008, which section is incorporated herein by reference.

During 2007 the Trustees of the Fund appointed CIBC World Markets to assist in a review of strategic alternatives for the Fund. The review considered the alternatives of a continuation of the Fund's current strategy within the forest seedling sector, implementation of a broader growth strategy, and a sale or restructuring of the Fund. The Trustees concluded that Unitholders' interests would be best served by the Fund remaining independent and focused on the forest seedling sector. While the Fund's advisors engaged in strategic discussions with several potential purchasers of the Fund's business, they did not receive indications of interest which generated values superior to the value inherent in the Fund's then current strategic plan.

Also during 2007, the Fund internalized its management through the acquisition PMI, the Fund's external manager. The subsidiary, PMI, was amalgamated into PRT on January 1, 2009.

Since its IPO in 1997, the Fund has completed three equity issues. In 2002, it completed the issuance of 1,650,000 Trust Units at $10 per Unit, for net proceeds to the fund of $14,960,000. The proceeds were used to retire long term debt and build working capital. In 2004, the Fund issued 317,595 units at $9.45 each for net proceeds of $3,000,000 as part of the purchase price for a nursery acquisition. In 2005, the Fund issued an additional 2,000,000 units at $10.15 each for net proceeds of $18,900,000, which were used to retire indebtedness that was incurred to finance previous acquisitions.

Financing for growth initiatives is generally provided by PRT's amortizing term loan facilities with major Canadian and US banks. Equity financing may be raised to retire term debt if management and the Board consider it advantageous to do so.

ITEM 4.2 Significant Acquisitions and Dispositions

The Fund has completed no significant acquisition requiring disclosure under Part 8 of National Instrument 51-102, during 2006 through 2008. Acquisitions and dispositions over the past three years include:

- In the first quarter of 2007 PRT closed its Nevada nursery, and consolidated capacity and customer orders at other PRT facilities.

- In the fourth quarter of 2007, the Fund internalized its management with the acquisition of PMI, the Fund's external manager. The transaction was completed by way of amalgamation of PMI with a newly-incorporated, wholly-owned subsidiary of PRT. The subsidiary was amalgamated into PRT on January 1, 2009.

- In the fourth quarter of 2008, PRT announced the permanent closure of its Maple Ridge facility once existing crops are completed, which is expected by mid-2009.

Additional financial information on certain of these transactions is included in Notes 3, 5, 6 and 14 of the Fund's Annual Financial Statements for the year ended December 31, 2008, and in the section entitled "Operating Results" of the Fund's Management's Discussion and Analysis dated March 31, 2009, which are incorporated herein by reference.

ITEM 5: DESCRIPTION OF THE BUSINESS

ITEM 5.1 General

Summary

PRT conducts its business in one operating segment and focuses on its principal service, the production of forest seedlings. The Company grows forest seedlings in nurseries in Canada and Oregon.

PRT produces seedlings as a service in accordance with specifications outlined in customer contracts. These specifications define the species, size and timing appropriate to the relevant soil, climatic and topographical conditions of customers' harvesting regions. The growing regime is tailored for each species and stock type to meet customers' expectations. In most cases, the required seed is supplied by the customer or by government owned seed centers.

PRT primarily enters into negotiated contracts, which generally result in a greater understanding of the customer's needs, including their specific product specifications and service preferences, and consequently develops a close working relationship with the customer. Most of PRT's contracts are entered into by March of the year in which the seedlings are sown.

(a) Principal markets

The forest industry is important to Canada's economy and accounts for a significant portion of the value of Canada's exports. Enhancing productivity and sustainability of this renewable resource is a high priority for Canada, and generally provincial forest management policies require that reforestation occurs over time. The forest industry manages its forests and reforestation through the process of silviculture. An integral component of silviculture involves ensuring logged areas are reforested, either through natural regeneration, or by planting high quality seedlings appropriate to the geographical area and future harvesting needs. As such, forest seedling production is critical to the forest industry.

Government and forest company participation in the production of seedlings in Canada has declined and is no longer a significant part of the overall seedling production volume and, as a result, the commercial reforestation industry in general has grown significantly over the past 20 years.

Over the past decade, the Canadian market for forest seedlings has typically been relatively stable at between approximately 600 to 700 million seedlings per year, over 65% of which are planted in PRT's principal market areas of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. However, industry conditions over the past three years indicate market volatility has increased. The majority of the seedlings produced in these provinces are grown at commercial nurseries, with a small portion cultivated at a few nurseries owned by forest companies. Commercial nurseries are typically owner-operated while their customer base is primarily concentrated in large forest companies. In the United States, where privately owned forest lands are more prevalent, forest company participation in seedling production is more significant.

The market for forest seedlings in Canada is driven not only by the number of seedlings required by the forest sector, but also the quality, stock type and size of the seedlings ordered. Larger and higher quality seedlings allow forest companies to achieve their reforestation obligations sooner and more reliably and generally command higher prices. The demand for these larger seedlings has increased over time, but this trend appears to have leveled off or declined in recent years. Virtually all of PRT's seedlings are container-grown, which generally increases survival and growth rates after planting compared to bare root (field grown) seedlings. Bare root crops are still extensively grown by many nurseries in the United States.

In an effort to diversify and expand its business base, PRT has had a strategy to penetrate new regional markets in Canada and in some areas of the US. PRT's customers are principally forest companies which contract with PRT to produce seedlings according to their specifications, 7 to 18 months in advance of reforestation.

At the forefront of PRT's current selling strategy are customer support representatives, who develop and maintain close relationships with customers at the regional level, where purchasing decisions are made. Senior management also participates in marketing the Company's services when appropriate.

In 2008 and 2009, PRT estimates its participation as a percentage of its total seedling production in each of these markets as follows:

	Seedling orders by geographic area			
Geographic area	Results for 2008		Anticipated for 2009	
	Seedling orders in millions of trees	Percentage of total PRT production	Seedling orders in millions of trees[1]	Percentage of total PRT production
Saskatchewan and Manitoba	4.0	2%	2	2%
Ontario and New Brunswick	35.0	21%	23	17%
Alberta and Yukon Territories	22.9	14%	19	15%
British Columbia	76.6	45%	66	50%
Total Canadian production:	138.4	82%	110	83%
United States	30.7	18%	23	17%
Total production:	169.1	100%	133	100%

[1] Total seedling orders for 2009 are estimated in the 130 - 140 million range

Summary of sales

All of the Company's sales are made to third party customers outside the PRT organization. In addition to seedling growing services, the Company also generates revenues from related services such as cold storage, shipping, seed orchard management, and regional tree planting services. Reference is made to the section entitled "Selected Annual Information" of PRT Forest Regeneration Income Fund's Management's Discussion and Analysis for the year ended December 31, 2008, which section is incorporated herein by reference.

(b) Production, Distribution, and Components

Production of seedlings starts with the seed. Forest industry and government agencies collect seeds from natural forests and seed orchards. After PRT contracts with a customer to provide the services to grow a certain number of seedlings for a specific geographic area, seeds are obtained from the customer or other reputable seed suppliers.

Substantially all of PRT's seedlings are containerized stock, and are grown in Styroblock™ containers. The use of Styroblock™ containers is a cost-effective method of producing seedlings with consistently shaped and protected root systems that facilitate harvesting, packaging, storing and planting. Container-grown seedlings have improved survival and growth rates following planting compared to bare root seedlings.

The principal growing medium is peat, supplemented with various growth enhancement materials as required. Skilled growers irrigate and fertilize container-grown seedling crops to facilitate optimal seedling growth. PRT's nurseries use misting to cool crops during hot weather, employ photo-period lights and blackout curtains to artificially manipulate the length of the growing day, and use heating and ventilation equipment as well as CO_2 generators to enhance seedling growth. PRT's nutritional programs include regular applications of balanced fertilizers providing all nutrient elements in the appropriate proportions relative to the desired foliar nutrient levels.

The Company grows many of its container-grown seedlings in greenhouses. However, an increasing portion of PRT's seedlings are being grown in outdoor compounds, using similar nursery techniques as greenhouse grown crops. This avoids the necessity to heat and maintain greenhouse space and has a lower capital cost for similar growing capacity. Open compound crops are only feasible in certain warmer climatic regions, and the company has located several nursery sites in regions where this is possible.

Each PRT nursery uses computer systems to monitor and manage many aspects of the seedling environment. These systems are equipped with automated alarms that will alert staff of problems, and allow ample time for staff to make adjustments if needed. In addition, seedling growth is monitored against standard growth curves and point-in-time measurements are recorded on scatter diagrams. This information is especially important for managing seedling growth and the timing of harvesting, and for providing customers with timely crop status and inventory reports.

After seedlings are harvested, they are packed in the PRT "cool box", which has become the industry standard. Seedlings are then either shipped to customers for immediate planting or placed in cold storage for planting in the future.

PRT's seedling production is distributed across a number of nursery locations which reduces the risk of a large scale crop loss to both the Company and its customers.

PRT is always looking for ways to increase efficiency and reduce costs. Various suppliers provide production input materials, such as peat, fertilizers, and packaging supplies, to the Company. These are normally purchased in significant volumes enabling PRT to obtain discounts where possible and appropriate. A large component of PRT's growing costs originates from the energy required to heat and maintain greenhouse operations. PRT procures energy for greenhouse heating from a variety of regulated and non-regulated sources, which helps to dampen the effect of short-term changes in commodity prices. In addition, the Company consults with energy brokers and may enter into forward purchase contracts for future energy requirements, when it is considered advantageous to do so.

(c) Competitive Conditions and Specialized Skill and Knowledge

The forest industry is highly competitive and sensitive to cyclical changes in industry capacity, wood products demand and prices. However, the demand for seedlings has not historically followed the same degree of deep cyclicality of the forest industry. Current conditions in the forest industry are unusually weak which has increased cyclicality in demand for seedlings, while other factors such as government sponsored silviculture programs, regulation and legal requirements to reforest logged areas helps provide some offsetting stability in seedling demand.

Most competing nurseries are single-location and owner-operated, and some may have limited access to capital. In general, these nurseries grow and supply seedlings within a specific area. PRT is unique in the forest seedling industry in that it operates in diverse geographic locations and is relatively large in size and infrastructure. PRT's management team has extensive industry experience, including knowledge of customer needs, seedling growing technology and forest regeneration management practices. The Company has specialized knowledge in small container (mini-plug) production technology as well as outdoor growing techniques.

(d) Seasonality

Revenues and cash flow are affected by both seedling crop cycles and the timing of PRT's customers' planting season. PRT recognizes seedling contract revenue on a percentage of completion basis, based on the percentage of total direct expenses incurred to date relative to total expected direct costs for the year. As such, revenues are driven by the costs incurred and these, in turn, reflect the activity in the crop cycle. Some activities involve more labour, the most significant direct expense, and as such, revenues recognized during labour intensive periods such as harvesting season are comparatively high. Most harvesting occurs in the second and fourth quarters and consequently these quarters reflect a higher proportion of annual costs and revenues.

Reference is made to the sections entitled “Operating Results” and “Summary of Quarterly Results” in PRT Forest Regeneration Income Fund's annual Management's Discussion and Analysis for the year ended December 31, 2008 and dated March 31, 2009, which sections are incorporated herein by reference.

(e) Environmental Protection

Growing seedlings for reforestation has a positive environmental impact in the management of our forest resources. In addition, the production of forest seedlings creates little risk to the environment. Seedlings are grown in controlled greenhouses or in defined open compounds. To manage potential environmental risks, PRT has established an Environmental Management System (EMS). The EMS consists of an environmental policy, codes of conduct, periodic site audits, employee training and awareness, environmental monitoring, emergency prevention and response procedures, and periodic reporting.

PRT is classified as an agricultural business and believes it is in substantial compliance with all applicable environmental regulatory requirements. PRT constantly monitors its nursery operations to ensure they are in accordance with appropriate environmental practices.

Sound agricultural and sanitation practices and integrated pest management programs are used by PRT to control pests. Approved pesticides are used only when they are necessary, and many of PRT's container seedling crops are shipped pesticide-free. All nurseries adhere to comprehensive crop risk management programs.

(f) Employees

In 2008, PRT employed an average of 515 employees, the majority of whom were casual seasonal employees. The total monthly number of employees in 2008 ranged between 326 and 753.

Certain employees in some nursery sites are members of labour unions, including employees at six locations who belong to the British Columbia Government Employees Union ("BCGEU"), at one location who belong to the Saskatchewan Government Employees Union ("SGEU"), and at the Maple Ridge location who belong to the United Steelworkers ("Steelworkers"). The BCGEU contract expired December 31, 2008 and the Company expects to enter into normal contract negotiations for its renewal shortly. The contract with the SGEU expires on December 31, 2010. Resulting from the announcement in October 2008 to permanently close the Maple Ridge location in 2009, a Memorandum of Agreement pursuant to Section 54 (Adjustment Plan) of the Labour Relations Code of BC and the Employment Standards Act of BC was made in November 2008 between PRT and the Steelworkers. The contract with the Steelworkers would otherwise have expired on June 15, 2010. PRT has a good relationship with all three unions and has experienced no labour disruptions.

(g) Foreign Operations

The Fund is not dependent upon any foreign operation. PRT's expansion into the US through its subsidiary PRT USA has facilitated growth in the US market. Revenues from US customers have grown from $4.0 million in 2004 to $6.6 million in 2008, which was 11.5% and 17% of PRT's total revenue in each year respectively.

ITEM 5.2 Risk Factors

Forward Looking Statements

This discussion contains forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, expectations for future order volumes, pricing, operating costs and other expenditures; the future impact of acquisitions; the outlook for future energy prices; plans and opportunities for capital spending; and other statements contained in this discussion that are not historical fact. Words such as "anticipate", "expect," "potential," "intends," "opportunity," "believes," "may," "will" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and actual events or results may differ materially. Risks and uncertainties include, but are not limited to, agricultural risks and crop yields, future commodity prices, exchange rate risks, customer credit risks, liquidity risks, the ability of PRT to comply with its debt covenants, the outlook for the forest industry, the risk that acquisitions and new business initiatives may not be integrated or executed as planned, the impact of changes to income trust taxation, and other risks identified from time to time in the Fund's annual report, annual information return, prospectus, and other filing documents. These documents are available in electronic form at www.sedar.com, or by contacting the Fund directly. Forward-looking statements are based on current expectations and the Company assumes no obligation to update such information to reflect later events or developments, except as required by law.

Readers are cautioned not to place undue reliance on forward looking statements.

Liquidity

The market for forest seedlings and market outlook has continued to weaken as a result of the severe cyclical downturn in the forest industry. The forest industry is being impacted by the combined effects of a sharp falloff in US housing starts, and low realized lumber prices; this has resulted in mill closures, reduced logging activity and cost reduction initiatives, which in turn reduces the demand for seedlings. Seedling order volumes declined by more than 20% in 2008 relative to 2007, and were approximately 30% below their level in 2006. With a further weakening in the US housing market, and a deepening economic recession, management expects that seedling orders could decline by a further 20% or more in 2009. In anticipation of the weaker outlook for 2009, the Fund suspended monthly distributions commencing in January 2009.

PRT (the "Company") has forecasted its financial results and cash flows for 2009 using its best estimates of market and operating conditions. As detailed in note 20 to the Fund's December 31, 2008 financial statements, the Company is currently in compliance with all externally imposed capital requirements which includes four financial covenants. One covenant includes a requirement to maintain a ratio of total debt (excluding the Notes issued under the Trust Deed) to earnings before interest, taxes depreciation and amortization ("EBITDA") less cash taxes and sustaining capital expenditures not to exceed 3.5:1 ("debt to adjusted EBITDA"). Based on forecasted financial results for 2009, the Company may not generate sufficient adjusted EBITDA over the next 12 months to maintain the required debt to adjusted EBITDA ratio. As a result, management has met with PRT's lender and has negotiated a waiver to this covenant for 2009. As a condition of the waiver, no new term debt advances will be authorized by the lender, which could require management to seek other credit facilities or capital should that become necessary. However, the Company currently forecasts that no new term debt advances will be required for 2009 and none are currently planned.

Non-GAAP Measures

References in this annual information form, and any documents incorporated by reference herein, to "Cash Available for Distribution" are to the amount defined as: cash flow from operating activities before changes in non-cash working capital items adjusted for expenditures for seedling container replacement, other sustaining capital expenditures, long-term debt repayment, and such other reserves as the board of PRT and the Trustees of the Fund may consider appropriate. Expenditures incurred as part of earnings enhancing projects are excluded from the determination of cash available for distribution if the overall project return meets internal investment hurdle rates to be eligible for funding from external sources, such as term debt or equity financing.

Cash Available for Distribution is a term which does not have standardized meaning under Canadian generally accepted accounting principles, and may not be comparable to similar measures provided by other reporting entities.

The Fund considers cash available for distribution as defined to be a useful measure of the free cash flow from operations available for making unitholder distributions, as it is determined after providing for the maintenance and replacement of PRT's underlying asset base, as well as providing for the financing of expansion through amortization of long-term debt arising from expansionary project spending.

Income Trust Taxation

On October 31, 2006, the Minister of Finance announced proposed changes to the income tax treatment of "flow-through entities" including income trusts ("Income Trust taxation"); these proposals were passed into law during 2007. Income Trust taxation applies a tax at the trust level on distributions of certain income from publicly traded mutual fund trusts at rates of tax comparable to the combined federal and provincial corporate tax, and treats such distributions as dividends to the Unitholders. The dividend tax credit applicable to certain "eligible dividends" will increase. The dividend deemed to be paid by a trust pursuant to these rules will also be deemed to be an "eligible dividend" and would therefore benefit from the enhanced gross-up and dividend tax credit rules of the Tax Act. Existing trusts have a four-year transition period and, subject to the qualification below, will not be subject to the new rules until 2011. However, the implementation of Income Trust taxation is expected to result in adverse tax consequences to the Fund and certain Unitholders (including most particularly Unitholders that are tax exempt or non-residents of Canada) and may impact cash distributions from the Fund.

In light of the foregoing, Income Trust taxation may reduce the value of the Units, which would be expected to increase the cost to the Fund of raising capital in the public capital markets. The Income Trust taxation is also expected to make the Units less attractive as an acquisition currency. As a result, it may become more difficult for the Fund to compete effectively for acquisition opportunities. There can be no assurance that the Fund will be able to reorganize its legal and tax structure to substantially mitigate the expected impact of Income Trust taxation.

Other Risk Factors

Reference is made to the section entitled “Risks and Risk Management” of the Fund’s Management’s Discussion and Analysis for the year ended December 31, 2008 which section is incorporated herein by reference.

ITEM 6: DISTRIBUTION POLICY

Reference is made to the Note 12 of the Fund’s Annual Financial Statements for the year ended December 31, 2008, which section is incorporated herein by reference.

Cash Distributions Declared per Unit for 2006 – 2008

Reference is made to the section entitled “Selected Annual Information” of the Fund’s Management’s Discussion and Analysis for the year ended December 31, 2008, which section is incorporated herein by reference.

As a result of weakness in the Fund’s market outlook for 2008, on December 19, 2008 the Board of Trustees announced suspension in monthly distributions from the Fund in 2009 in light of anticipated lower order volumes and in order to preserve cash flow for debt coverage.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

ITEM 7.1 General Description of Capital Structure

Reference is made to the Notes 1, 11 and 20 of the Fund’s Annual Financial Statements for the year ended December 31, 2008, which section is incorporated herein by reference.

ITEM 7.2 Constraints

At no time may non-residents of Canada (as determined for the purposes of the Tax Act) be the beneficial owners of a majority of the Trust Units outstanding. If the Fund’s transfer agent and registrar becomes aware, as a result of requiring declarations as to jurisdictions in which beneficial owners of Trust Units are resident, that the beneficial owners of 49% of the Units outstanding are, or may be, non-residents of Canada, or that such a situation is imminent, the Trustees may direct the transfer agent and registrar to not accept a subscription for, or issue or register a transfer of Units to a person unless the person provides a declaration of Canadian residency. If the Trustees determine that a majority of Units are held by non-residents, the Trustees may direct the transfer agent and registrar to send notice to non-resident Unitholders requiring them to sell their Trust Units or portion thereof within a specified period of time not less than 60 days. If Unitholders receiving such notice have not sold the specified number of Units or provided satisfactory evidence that they are Canadian residents, the Trustees may on behalf of such Unitholders, sell such Trust Units and in the interim suspend the voting and distribution rights of such Trust Units.

ITEM 8: MARKET FOR UNITS

PRT Forest Regeneration Income Fund units are listed and posted for trading on the Toronto Stock Exchange. As at March 23, 2009 there were 9,610,850 units outstanding.

The following table lists the volume of trading and high, low and closing sales prices on the Toronto Stock Exchange for the Fund's units for each month in the most recently completed financial year.

PRT Forest Regeneration (PRT.UN)
Trading Summary - Annual

Month Ended	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
1/31/2008	6.910	6.990	6.350	6.420	802	564,202	$ 3,695,159
2/29/2008	6.350	6.600	4.330	4.480	467	300,529	$ 1,767,599
3/31/2008	4.400	5.100	4.330	4.570	501	327,857	$ 1,528,240
4/30/2008	4.550	4.740	3.730	4.250	457	258,004	$ 1,089,339
5/31/2008	4.050	4.470	3.920	3.960	422	488,377	$ 1,994,107
6/30/2008	3.870	3.900	2.470	3.720	1,069	1,286,436	$ 4,054,426
7/31/2008	3.690	3.800	3.500	3.500	239	151,866	$ 543,236
8/31/2008	3.540	4.170	3.500	3.500	190	462,638	$ 1,730,721
9/30/2008	3.270	3.490	3.250	3.440	204	253,750	$ 838,032
10/31/2008	3.380	3.560	1.520	2.140	349	222,781	$ 579,628
11/30/2008	2.150	2.320	1.020	1.180	378	808,354	$ 1,036,716
12/31/2008	1.450	1.650	1.000	1.200	490	711,631	$ 837,200

ITEM 9: DIRECTORS AND OFFICERS

As of March 23, 2009, the trustees of the Fund, and directors and officers of PRT were as follows:

Name and Residence	Office held with the Fund or PRT	Principal Occupation	Director or Executive Officer since
Colin A.C. Dobell (1) (2) (6) Vancouver, British Columbia	Chairman, the Fund and PRT	President, C. Dobell Inc. (financial consulting firm)	May 14, 1997
John G. Taylor, CA (1) (2) (5) Vancouver, British Columbia		Consultant	February 26, 2008
Stuart Wolfe (1) (2) (6) Vancouver, British Columbia		Consultant	September 10, 2008
Robert K. Withers (1) (2) (3) (4) Vancouver, British Columbia		Consultant	September 10, 2008

Mark Gardhouse[(1) (2) (3)] Toronto, Ontario		President, CA Bancorp	September 10, 2008
Robert A. Miller[(1) (2)] Victoria, British Columbia	President and CEO, PRT		October 17, 1998
Antony A. Pollard Victoria, British Columbia	Vice President Finance & Administration, CFO, PRT		July 7, 2008
Herb Markgraf Victoria, British Columbia	Vice President, Marketing, PRT		January 6, 2003
Robert Maxwell Vernon, British Columbia	Vice President, Production, PRT		September 1, 2004
John H. Kitchen Vancouver, British Columbia	Vice President, Business Development, PRT		January 1, 1995

NOTES:

(1) Member of the Board of Directors of PRT
(2) Member of the Board of Trustees of the Fund
(3) Member of the Audit Committee of the Fund
(4) Chairman of the HR Committee of the Fund
(5) Chairman of the Audit Committee of the Fund
(6) Member of the HR Committee of the Fund

The term of each Trustee and Director runs from the time of his election to the next succeeding annual general meeting of shareholders or until his successor is elected or appointed.

During the past five years, the Trustees of the Fund and directors of PRT have been engaged in the same or similar occupations with the organizations indicated above, except John Taylor who until 2005 was employed as the Senior Vice President and Chief Financial Officer of Teck Cominco Ltd., and Stuart Wolfe who was President and CEO of Graymont Limited until his retirement in 2007.

During the past five years, the officers of the Company have been engaged in the same or similar occupations with the organizations indicated above, except as follows:

- Mr. Kitchen who from September 2001 to July 2002 was the Chief Operating Officer of PRT, and from August 2002 to July 2008 was the President and Chief Executive Officer of PRT.
- Mr. Miller who until July 2008 was the Vice President Finance and Administration, CFO and Secretary of PRT.
- Mr. Maxwell who was Eastern Regional Manager of the Company from 1998 to September 2004.
- Mr. Pollard who was Corporate Controller of PRT from July 2007 to July 2008.

As at March 23, 2009, all directors and officers, as a group, own 77,908 units in the Fund, representing 0.81% of the total units outstanding.

ITEM 11: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Neither the Company nor the Fund is aware of any material active or pending legal proceedings or regulatory actions against the Fund or PRT; nor is the Fund or PRT involved as a plaintiff in any material proceeding or pending litigation.

ITEM 12: TRANSFER AGENTS AND REGISTRARS

The fund's transfer agent and registrar for the Fund is the Valiant Trust Company. The register of transfers is maintained by the Valiant Trust Company located at its offices in Vancouver, BC.

ITEM 13: INTERESTS OF EXPERTS

The audited consolidated financial statements of the Fund for the year ended December 31, 2008 filed with the Canadian securities administrators were audited by PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP also performed specified procedures on the financial statements of PMI in connection with its acquisition in 2007. The partners of PricewaterhouseCoopers LLP do not beneficially own, directly or indirectly, any securities of the Fund.

ITEM 14: AUDIT COMMITTEE

(a) Audit Committee Charter

The Fund's Audit Committee Charter is attached in Appendix A.

(b) Composition

The Fund has an Audit Committee, which currently consists of Messrs. John G. Taylor, CA (chairman), Robert K Withers, and Mark Gardhouse, all of whom are considered "independent" and "financially literate" within the meaning of Multilateral Instrument 52-100 – Audit Committees.

(c) Relevant Education and Experience of the Audit Committee Members:

John G. Taylor, CA

> Mr. Taylor is a Chartered Accountant with an extensive resource industry background. Between 1977 and 2005 he was employed in senior financial management roles with Teck Cominco Ltd., including ten years as Senior Vice President and Chief Financial Officer until his retirement in 2005.

Robert K Withers

Mr. Withers is an investment professional with over 15 years of experience in the areas of investment banking at CIBC World Markets and subordinated debt and private equity investment at HSBC Capital (Canada) Inc. In these roles, Mr. Withers has advised senior management teams across a broad range of industries with respect to key corporate decisions and events including acquisitions, financings and divestitures. He has recently formed WhyteCliff Capital Partners to advise and invest in small-cap enterprises. He is an Honours graduate of the University of British Columbia Bachelor of Commerce program.

Mark Gardhouse

Mr. Gardhouse is the President and a director of C.A. Bancorp. Mr. Gardhouse has over 24 years experience as a merchant banker both at financial institutions and as a principal. Mr. Gardhouse has experience in various industries including distribution, auto parts manufacturing, heavy industrial products and food manufacturing and wholesaling. He received a Bachelor of Arts (Honours) degree in Economics from the University of Toronto and a Masters of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario in 1983.

(d) Pre-approval Policies and Procedures:

The Fund's audit committee has adopted a pre-approval policy for services provided by external auditors which set forth the procedures and conditions pursuant to which permissible services proposed to be performed by external auditors are pre-approved. Under the terms of the policy, services which involved fees of less than 15% of the previous years audit fees are pre-approved.

(e) External Auditor Service Fees

The following table shows proposed or actual fees paid or payable to PricewaterhouseCoopers LLP in the past two fiscal years, for various services provided to the Fund and its subsidiaries:

	Year ended December 31	
	2008*	2007
Audit Fees	$ 110,000	$ 90,000
Tax Fees	31,500	26,000
Other	5,000	18,209
Total	$ 146,500	$ 134,209

* Proposed fees for 2008 - actual amounts not yet available

Audit Fees – These fees include professional services rendered by the external auditors for statutory audits of the annual financial statements.

Tax Fees – These fees include professional services for tax compliance, tax advice and tax planning.

Other Fees – These fees include professional services for specified procedures on interim reports. In 2007 these fees also included professional services related to the internalization and amalgamation of PRT Management.

Fees noted above for either year do not include disbursements (estimated at $18,000 for 2008), administrative overhead charges at 5% of professional fees, or GST.

ITEM 15: MATERIAL CONTRACTS

The material contracts other than contracts entered into in the ordinary course by the Fund in 2008, or if entered into after January 1, 2002, but still in effect, included the following:

Acquisition Agreement

On September 14, 2005, PRT entered into a purchase agreement with the former shareholders of Pelton Reforestation Ltd. to acquire Pelton for $18,500,000. The acquisition closed on October 1, 2005. (Note – this site became the PRT Maple Ridge nursery see item 4.2).

Underwriting Agreement

On December 8, 2005 the Fund and PRT entered into an Underwriting Agreement with the National Bank Financial Inc. and RBC Dominion Securities Inc. (the "Underwriters"). Under the terms of the agreement the Fund agreed to issue 2,000,000 Trust Units at a price of $10.15 per Trust Unit, for gross proceeds of $20,300,000. In addition the Underwriters were granted an over-allotment option of 200,000 Trust Units at the same price. The transaction closed on December 22, 2005 and the Funds were used by the Trust to purchase additional common shares and 12% unsecured subordinated notes of PRT (see "Seventh Supplemental Note Indenture" below).

Amendments to Note Indenture

At the Fund's Annual Meeting in June 2008, the Unitholders approved an amendment to the Note Indenture to change the interest rate on the unsecured subordinated notes from a fixed rate of 12% to a variable rate of between 4.5% and 12% as determined by the Fund and PRT. This change will be documented in the Eighth Supplemental Note Indenture once finalized. The amendment is described Appendix D of the Information Circular of the Fund dated March 25, 2008, which is hereby incorporated by reference.

Seventh Supplemental Note Indenture

On December 22, 2005, PRT entered into a Supplemental Note Indenture with Computershare Trust Company of Canada, as Trustee. Under the agreement PRT issued $15,148,000 in 12% unsecured subordinated notes with a maturity date of July 11, 2027. The notes were subscribed to by the Fund in connection with the financing noted under “Underwriting Agreement” above. The proceeds from this note issue were used by PRT to repay certain indebtedness as well as for general corporate purposes.

Sixth Supplemental Note Indenture

On August 2, 2004, PRT entered into a Supplemental Note Indenture with Computershare Trust Company of Canada, as Trustee. Under the agreement PRT issued $3,000,000 in 12% unsecured subordinated notes with a maturity date of July 11, 2027. The notes were subscribed to by the Fund in connection with the issuance of 317,595 Trust Units to partially fund the acquisition of H.N. Hybrid Nurseries Ltd. by PRT (see item 4.2 above).

Fifth Supplemental Note Indenture

On December 15, 2002, PRT entered into a Supplemental Note Indenture with Computershare Trust Company of Canada, as Trustee. Under the agreement PRT agreed to increase the interest payment frequency under its existing and subsequently issued unsecured subordinated notes (the “Notes”) to monthly from quarterly. The Fifth Supplemental Note Indenture gave effect to an extraordinary resolution of the holders of the Notes dated December 16, 2002 authorizing this change.

Fund Unit Option Plan

The Fund has established a Unit option plan (the “Plan”), which was approved by the Fund’s Unitholders on May 17, 2001, whereby the Trustees of the Fund may from time to time grant options to purchase Units to eligible officers, employees and consultants of the Fund or any subsidiary and to directors of any subsidiary. The Plan is described on page 9 of the Information Circular of the Fund dated March 25, 2008, under the section titled “Option Plan”, which is hereby incorporated by reference.

Employee Share Ownership Plan

During the year ended December 31, 2003 PRT and PRT Management established an Employee Stock Ownership Plan (“ESOP”) to facilitate the purchase of Trust Units by certain eligible employees and directors of PRT and PRT Management. The ESOP is described on page 9 of the Information Circular of the Fund dated March 25, 2008, under the section titled “Employee Share Ownership Plan”, which is hereby incorporated by reference.

Unitholder Rights Plan

In December 2008 the Fund established a Unitholder Rights Plan ("Rights Plan") agreement with Valiant Trust Company as Rights Agent. The Rights Plan was established to ensure, to the extent possible, that all Unitholders are treated fairly in connection with any take-over bid for the Units of the Fund, and to ensure that the Trustees are provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize Unitholder value. The Rights Plan is described in detail in the Unitholder Rights Plan Agreement Date As Of December 19, 2008 filed on SEDAR on January 9, 2009 which is hereby incorporated by reference.

ITEM 16: ADDITIONAL INFORMATION

Additional information relating to PRT and the Fund, including copies of documents incorporated herein by reference, may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Fund's securities and securities authorized for issuance under equity compensation plans, is contained in the Fund's Information Circular dated August 8, 2008 for a Special Meeting of the Unitholders on September 10, 2008, and in the Fund's Information Circular dated March 25, 2008 for the Annual and Special Meeting of the Unitholders on June 9, 2008.

Additional financial information, including comparative financial statements for the year ended December 31, 2008, is also provided in the Fund's Annual Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2008.

APPENDIX A

Audit Committee Mandate and Charter

Audit Committee Mandate

The Board of Trustees (the “Board”) of PRT Forest Regeneration Income Fund (the “Fund”) bears responsibility for the stewardship of the Fund. Such stewardship requires the Board to supervise and oversee the management of the business and affairs of the Fund. To more effectively discharge this responsibility, the Board has created the Audit Committee (the “Committee”) to assist in the monitoring of the Fund’s financial reporting and disclosure.

1. Mandate

The mandate of the Committee is to ensure:

a) That the Fund complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges related to financial reporting and disclosure.
b) That the accounting principles, significant judgments and disclosures used by management that underlie or are incorporated into the Fund’s financial statements and financial disclosure are the most appropriate in the circumstances.
c) That the Fund’s quarterly and annual financial statements are accurate and present fairly the Corporation’s financial position and results of operations in accordance with Canadian generally accepted accounting principles (“GAAP”).
d) The Fund disseminates information concerning its financial position and results of operations to the public in a timely fashion.
e) Any other financial information disseminated to the public is consistent with the information contained in the quarterly and annual financial statements and with the accounting principles adopted by the Fund.

2. Committee Composition

a) The Committee shall be appointed by the Board on an annual basis and will consist of a minimum of three (3) members from among the Trustees of the Fund.
b) All members of the Committee shall be unrelated Trustees. “Unrelated”, means free of any direct or indirect material relationship with the Fund, and specifically includes:
    - A person who is not currently or has not been in the past three years an officer (other than a non-executive Chairman or Vice-Chairman of the Board) or employee of the Fund or any of its subsidiaries or affiliates;
    - A person who is not a material service provider to the Fund or any of its subsidiaries of affiliates; and
    - A person who is not a director, officer (other than a non-executive Chairman or Vice-Chairman of the Board), employee or significant shareholder of an entity that has a material business relationship with the Fund.

c) The Board shall designate the Chairman of the Committee on an annual basis.
d) Each Committee member must be financially literate. "Financially Literate" 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.

Charter of the Audit Committee

The Charter of the Audit Committee outlines how the Committee will fulfill its responsibilities as set out in its mandate.

1. Operating Principles

The Committee will fulfill its responsibilities within the context of the following principles:

a) The Committee expects to have frank, open and direct communications throughout the year with management, the external auditors and other key Committee advisors as applicable.
b) All Committee members should be financially literate and have sufficient financial knowledge to understand the Fund's accounting policies and practices and the major judgments involved in the preparation of the financial statements.
c) The Committee shall communicate to management and the external auditors its expectations for the nature, timing and extent of its information needs. The Committee expects that all materials will be provided to members no later than four (4) days in advance of a meeting.
d) The Committee may, at the Fund's expense, retain external resources having special expertise where it is deemed necessary and beneficial to assist the Committee in fulfilling its responsibilities.
e) The Committee expects that, in discharging its responsibilities to the Fund, the external auditors shall be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

2. Operating Procedures

a) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be called and held at such time and at such place as the Chairman of the Committee or any two members of the Committee may determine, and any one member of the Committee or officer of the Fund may give notice of meetings when directed or authorized by such persons. Notice of each meeting of the Fund Trustees shall be given to each Fund Trustee not less than 48 hours before the time when the meeting is to be held.
b) A Committee member may participate in a meeting of the Committee by means of telephone or other communication facilities that permit all persons participating in

the meeting to hear each other. A Committee member in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

c) The quorum for the transaction of business at any meeting of the Committee shall consist of a majority of the Committee members. A quorum may exercise all of the powers of the Committee.
d) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
e) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and each member of the Board in a timely fashion.

3. Specific Responsibilities and Duties

The Committee shall:

Financial Reporting

a) Review the annual and quarterly consolidated financial statements of the Fund with management and, where applicable, the external auditors to gain reasonable assurance that the financial statements are accurate, complete and present fairly the financial position and results of operations of the Fund in accordance with Canadian GAAP.
b) Receive from the external auditors, where applicable, their report of their audit/review of the financial statements.
c) Report on their review of and recommend approval of the financial statements to the Board.
d) Review and recommend approval to the Board of all news releases announcing the Fund's annual or quarterly results.
e) Review and recommend approval to the Board of, management discussion and analysis and of financial information contained in prospectuses, annual information forms and similar disclosure documents of a financial nature.

Accounting Policies

a) Review the accounting policies of the Fund, including key estimates and judgments therein, to ensure that they are appropriate.
b) Obtain reasonable assurance that the accounting policies are in compliance with Canadian GAAP.
c) Review with management and the external auditors any proposed changes in major accounting policies, key estimate and judgments that may be material to the financial statements.
d) Review with management and the external auditors the impact of proposed changes in accounting standards or securities policies or regulation.

Risk and Uncertainty

a) Review management's assessment of the significant financial risks facing the Fund and assess plans and processes in place to control such risks.
b) Review all uses of derivative financial instruments.
c) Review the adequacy of insurance coverage maintained by the Fund.

d) Review with management, the external auditors and the Fund's legal counsel any claim or other contingency that could have a material effect on the financial statements, and the manner in which these matters have been disclosed in the financial statements.

Financial Controls and Control Deviations

a) Receive regular reports from management on all major control deviations, or indications/detections of fraud, and how such control breakdowns have been corrected.
b) Review with management and the external auditors all major points contained in the external auditors Management Letter resulting from control evaluation and testing.

Compliance with Laws and Regulations

a) Review regular reports from management and others regarding the Fund's compliance with financial related laws and regulations, including:
    a) tax and financial reporting laws and regulations;
    b) legal withholding requirements; and
    c) other matters for which the Trustees face liability exposure.

Relationship with External Auditor

a) Evaluate and recommend to the Board the nomination of the external auditors for the Fund.
b) Approve the proposed audit plan and proposed audit fee of the external auditor, as set out in the Engagement Letter.
c) Approve in advance any proposed non-audit services to be performed by the external auditor, where the estimated expenditure for such services exceeds 15% of the previous year's audit fee. This responsibility may be delegated to the Chairman who will report to the Committee on a periodic basis.
d) Establish a direct reporting relationship between the Committee and the external auditors.
e) Meet privately with them, as deemed necessary, to determine that no scope restrictions have been placed on them with respect to their examination or reporting of their findings to the Committee.