ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 7th day of May, 2010.

AMONG:

ARMTEC INFRASTRUCTURE INCOME FUND, a trust established under the laws of the Province of Ontario

(the "**Fund**")

- and -

ARMTEC EXCHANGEABLE PARTNERSHIP, a limited partnership established under the laws of the Province of Ontario

("**AEP**")

- and -

ARMTEC AEP GP LIMITED, a corporation incorporated under the laws of the Province of Ontario

("**AEP GP**")

- and -

ARMTEC INFRASTRUCTURE INC., a corporation incorporated under the laws of the Province of Ontario

("**Armtec Newco**")

WHEREAS the parties hereto wish to propose an arrangement involving the holders of the trust units of the Fund (the "**Fund Units**") and the holders of Class B units of AEP (the "**AEP Exchangeable Units**");

AND WHEREAS the parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the *Business Corporations Act* (Ontario);

AND WHEREAS AEP, AEP GP and Armtec Newco are currently indirectly wholly-owned by the Fund;

AND WHEREAS the parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for the other matters relating to such arrangement;

AND WHEREAS as a result of the transactions contemplated herein, the holders of Fund Units and AEP Exchangeable Units will become the shareholders of Armtec Newco;

NOW THEREFORE in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**AEP Exchangeable Unitholders**" means the holders from time to time of AEP Exchangeable Units.

"**AEP Exchangeable Units**" has the meaning ascribed thereto in the recitals to this Agreement.

"AEP Limited Partnership Agreement" means the limited partnership agreement of AEP dated as of and with effect from September 26, 2007 between AEP GP, as the general partner, and AOT, as a limited partner, and each person who is admitted to AEP as a limited partner, as may be amended, modified or supplemented from time to time.

"**ALP**" means Armtec Limited Partnership, a limited partnership established under the laws of the Province of Ontario on July 16, 2004.

"**AOT**" means Armtec Operating Trust, an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario on July 16, 2004.

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the exhibit hereto) as may be supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof.

"**Arrangement**" means the proposed arrangement under the provisions of Section 182 of the OBCA, on the terms and conditions set forth in the Plan of Arrangement as may be supplemented, modified or amended.

"**Arrangement Resolution**" means the special resolution of the Unitholders approving the Arrangement.

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 183(1) of the OBCA to be filed with the OBCA Director after the Final Order has been granted giving effect to the Arrangement.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business.

"**Certificate of Arrangement**" means the certificate of arrangement which may be issued by the OBCA Director pursuant to subsection 183(2) of the OBCA upon the filing of the Articles of Arrangement giving effect to the Arrangement.

"**Credit Facilities**" means the amended and restated credit agreement dated as of May 11, 2009 between AOT and ALP, as borrowers, and a number of Canadian chartered banks, as lenders.

"**Court**" means the Ontario Superior Court of Justice.

"**Effective Date**" means the date the Arrangement is effective under the OBCA.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by Armtec Newco.

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, supplemented, modified or amended by any court of competent jurisdiction.

“**Fund Declaration of Trust**” means the declaration of trust dated June 15, 2004, as amended and restated on July 27, 2004, pursuant to which the Fund was established, as may be supplemented, modified or amended from time to time.

“**Fund Units**” has the meaning ascribed thereto in the recitals to this Agreement.

“**Information Circular**” means the management information circular of the Fund, together with all appendices thereto, to be distributed to Unitholders in respect of the Meeting.

“**Interim Order**” means an interim order of the Court under subsection 182(5) of the OBCA containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, supplemented, modified or amended by any court of competent jurisdiction.

“**Meeting**” means the annual and special meeting of the Unitholders to be held on June 24, 2010, and any adjournment(s) thereof, to, among other things, consider and vote on the Arrangement Resolution.

“**Newco Shares**” means the common shares in the capital of Armtec Newco.

“**OBCA**” means the *Business Corporations Act*, R.S.O. 1990, c. B-16, including the regulations promulgated thereunder, in either case as amended.

“**OBCA Director**” means the director appointed under Section 278 of the OBCA.

“**Person**” means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof.

“**Plan of Arrangement**” means the plan of arrangement attached hereto as Exhibit “A”, as may be supplemented, modified or amended from time to time in accordance with the terms thereof.

“**Subsidiary**” means, with respect to any Person, a subsidiary (as that term is defined in the OBCA (for such purposes, if such Person is not a corporation, as if such Person were a corporation)) of such Person and includes any limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a subsidiary (as described above) if such entity were a corporation.

“**TSX**” means the Toronto Stock Exchange.

“**Trustees**” means the trustees of the Fund.

“**Unitholders**” means the holders from time to time of Fund Units.

“**Unitholder Rights Plan**” means the unitholder rights plan adopted by the Trustees on December 1, 2006 and ratified and confirmed by the Unitholders on May 17, 2007.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Article References

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and exhibits are to articles, sections and exhibits of this Agreement.

1.4 Extended Meanings

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders.

1.5 Entire Agreement

This Agreement, together with the exhibit attached hereto, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.

1.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable in Ontario and shall be treated in all respects as an Ontario contract.

1.7 Exhibit

Exhibit “A” annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into this Agreement and forms a part hereof.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

As soon as reasonably practicable, the Fund, AEP, AEP GP and Armtec Newco shall apply to the Court pursuant to Section 182 of the OBCA for an order approving the Arrangement and in connection with such application shall:

(a) forthwith file, proceed with and prosecute an application for an Interim Order under Section 182 of the OBCA providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if thought advisable, approving the Arrangement Resolution; and

(b) subject to obtaining all necessary approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order.

Subject to satisfaction or waiver of the conditions set forth in this Agreement, Armtec Newco shall deliver to the OBCA Director the Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, and the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date.

ARTICLE 3
COVENANTS

3.1 Covenants of the Fund, AEP and AEP GP

Each of the Fund, AEP and AEP GP covenants and agrees that it will:

(a) take, and, to the extent applicable to it, cause its Subsidiaries to take, all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;

(b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;

(c) to the extent applicable to it, solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare the Information Circular and proxy solicitation materials and any supplements, modifications or amendments thereto as required by, and in compliance with, the Interim Order, applicable corporate and securities laws, the Fund Declaration of Trust and/or the AEP Limited Partnership Agreement, and file and distribute the same to the Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;

(d) to the extent applicable to it, convene the Meeting as contemplated by the Interim Order and conduct such Meeting in accordance with the Interim Order and as otherwise required by law;

(e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;

(f) subject to the approval of the Arrangement Resolution by the Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, in conjunction with the other parties to this Agreement, for the Final Order;

(g) to the extent applicable to it, carry out the terms of the Final Order;

(h) to the extent applicable to it, upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the Final Order and all related documents with the OBCA Director pursuant to subsection 183 of the OBCA;

(i) subject to Section 7.3, not perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement; and

(j) in the case of the Fund, prior to the Effective Date, make application for approval of the substitutional listing of the Newco Shares issuable pursuant to the Arrangement on the TSX.

3.2 Covenants of Armtec Newco

Armtec Newco covenants and agrees that it will:

(a) take all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;

(b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;

(c) until the Effective Date, other than as contemplated herein, in the Plan of Arrangement or in the Information Circular, not carry on any business or enter into any transaction without the prior written consent of the Fund;

(d) until the Effective Date, not issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities, except as approved by the Fund;

(e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;

(f) subject to approval of the Arrangement Resolution by Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, in conjunction with the Fund, AEP and AEP GP, for the Final Order;

(g) to the extent applicable to it, carry out the terms of the Final Order;

(h) upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the Final Order and all related documents with the OBCA Director pursuant to section 183 of the OBCA;

(i) reserve and authorize for issuance the Newco Shares issuable pursuant to the Arrangement; and

(j) prior to the Effective Date, co-operate with the Fund in making the application for approval of the substitutional listing of the Newco Shares on the TSX.

ARTICLE 4
<u>REPRESENTATIONS AND WARRANTIES</u>

4.1 Representations and Warranties of the Fund

The Fund represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

(a) the Fund is a trust duly settled and validly existing under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;

(b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to the approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the Fund Declaration of Trust;

(c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the trustees of the Fund and this Agreement constitutes a valid and binding obligation of the Fund enforceable against it in accordance with its terms;

(d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the Fund, contemplated or threatened against or affecting the Fund or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the Fund, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of the Fund and its Subsidiaries taken as a whole; and

(e) as at the date hereof, there are 19,955,295 Fund Units issued and outstanding and, except as may be contemplated by this Agreement and the Plan of Arrangement, the only obligation, contractual or otherwise, of the Fund to issue any Fund Units or other securities is pursuant to (i) the exercise of exchange rights applicable to the AEP Exchangeable Units, and (ii) the Unitholder Rights Plan.

4.2 Representations and Warranties of AEP

AEP represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

(a) AEP is a limited partnership established under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;

(b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the AEP Limited Partnership Agreement;

(c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of AEP GP in its capacity as general partner of AEP and this Agreement constitutes a valid and binding obligation of AEP enforceable against it in accordance with its terms;

(d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of AEP, contemplated or threatened against or affecting AEP or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of AEP, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of AEP and its Subsidiaries taken as a whole; and

(e) on the date hereof, the general partnership interest of AEP is held by AEP GP, all of the Class A units of AEP are held by AOT and, as at the date hereof there are 392,489 AEP Exchangeable Units issued and outstanding and there is no obligation, contractual or otherwise, of AEP to issue any partnership units or other securities.

4.3 Representations and Warranties of AEP GP

AEP GP represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

(a) AEP GP is a corporation incorporated under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;

(b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, and subject to approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles of incorporation or by-laws of AEP GP;

(c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of AEP GP and this Agreement constitutes a valid and binding obligation of AEP GP enforceable against it in accordance with its terms;

(d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of AEP GP, contemplated or threatened against or affecting AEP GP or its Subsidiaries in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of AEP GP, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of AEP GP and its Subsidiaries taken as a whole; and

(e) on the date hereof, all of the shares of AEP GP are held by AOT and there is no obligation, contractual or otherwise, of AEP GP to issue any shares or other securities.

4.4 Representations and Warranties of Armtec Newco

Armtec Newco represents and warrants to and in favour of the other parties hereto as follows, and acknowledges that the other parties hereto are relying upon such representations and warranties:

(a) Armtec Newco is a corporation incorporated under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;

(b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, and subject to the approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles of incorporation or by-laws of Armtec Newco;

(c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of Armtec Newco and this Agreement constitutes a valid and binding obligation of Armtec Newco enforceable against it in accordance with its terms;

(d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of Armtec Newco contemplated or threatened against or affecting Armtec Newco in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of Armtec Newco, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of Armtec Newco; and

(e) on the date hereof, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of Armtec Newco to issue any shares or other securities.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Fund, AEP, AEP GP and Armtec Newco to complete the transactions contemplated by this Agreement shall be subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

(a) the Interim Order shall have been granted in form and substance satisfactory to the Fund, AEP, AEP GP and Armtec Newco, acting reasonably, not later than June 24, 2010 or such later date as the parties hereto may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

(b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Unitholders at the Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;

(c) the Final Order shall have been granted in form and substance satisfactory to the Fund, AEP, AEP GP and Armtec Newco acting reasonably, not later than January 1, 2011 or such later date as the parties hereto may agree;

(d) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the Fund, AEP, AEP GP and Armtec Newco acting reasonably, shall have been accepted for filing by the OBCA Director together with the Final Order in accordance with subsection 183 of the OBCA;

(e) the Credit Facilities shall have been amended in form and substance satisfactory to the parties thereto in order to effect the transactions contemplated under the Arrangement;

(f) no material action or proceeding shall be pending or threatened by any Person and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

    (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or

    (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;

(g) all necessary material third party and regulatory consents, exemptions and approvals considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained; and

(h) the TSX shall have conditionally approved the substitutional listing of the Newco Shares to be issued pursuant to the Arrangement, subject only to the filing of required documents which cannot be filed prior to the Effective Date.

5.2 Additional Conditions to Obligations of the Fund, AEP and AEP GP

In addition to the conditions contained in Section 5.1, the obligation of the Fund, AEP and AEP GP to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by them without prejudice to their right to rely on any other condition:

(a) each of the covenants, acts and undertakings of Armtec Newco to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and

(b) the trustees of the Fund and the board of directors of AEP GP on behalf of itself and in its capacity as general partner of AEP, shall not have determined in their sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of the Unitholders.

5.3 Additional Conditions to Obligations of Armtec Newco

In addition to the conditions contained in Section 5.1, the obligation of Armtec Newco to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by Armtec Newco without prejudice to its right to rely on any other condition:

(a) each of the covenants, acts and undertakings of the Fund, AEP and AEP GP to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and

(b) the board of directors of Armtec Newco shall not have determined in its sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of Armtec Newco.

5.4 Notice and Effect of Failure to Comply with Conditions

If any of the conditions precedent set forth in Sections 5.1, 5.2 or 5.3 hereof shall not be satisfied or waived by the party or parties for whose benefit such conditions are provided on or before the date required for the satisfaction thereof, then a party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement; provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the party intending to rely thereon has delivered a written notice to the other parties, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-satisfaction of the applicable conditions precedent and the parties in breach shall have failed to cure such breach within ten (10) Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, Articles of Arrangement are filed under the OBCA to give effect to the Arrangement.

ARTICLE 6
AMENDMENT AND TERMINATION

6.1 Amendments

This Agreement may, at any time and from time to time before or after the Meeting, be amended in any respect whatsoever by written agreement of the parties hereto without further notice to or authorization on the part of their respective securityholders; provided that if any such amendment before the Meeting would, if disclosed, reasonably be expected to affect a Unitholder's decision to vote for or against the Arrangement Resolution, notice of such amendment shall be distributed by press release, newspaper advertisement, prepaid ordinary mail or by the method most reasonably practicable in the circumstances that the parties may determine. Any such amendment made after the Meeting shall be subject to review and, if appropriate, further direction of the Court.

6.2 Termination

This Agreement shall be terminated in each of the following circumstances:

(a) the mutual agreement of the parties hereto;

(b) the Arrangement shall not have become effective on or before January 1, 2011 or such later date as may be agreed to by the parties hereto; and

(c) termination of this Agreement under Article 5 hereof.

ARTICLE 7
GENERAL

7.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

7.2 No Assignment

No party may assign its rights or obligations under this Agreement.

7.3 Exclusivity

None of the covenants of the Fund, AEP, AEP GP or Armtec Newco contained herein shall prevent the Trustees from responding as required by law to any unsolicited submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement, reorganization or similar transaction or any unsolicited acquisition proposal generally or make any disclosure to its securityholders with respect thereto.

7.4 Equitable Remedies

All representations, warranties and covenants herein or to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may only be ordered at the discretion of the court.

7.5 Survival of Representations and Warranties

The representations and warranties contained herein shall survive the performance by the parties of their respective obligations hereunder for a period of one year.

7.6 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

7.7 Further Assurances

Each party hereto shall, from time to time and at all times hereafter, at the request of any other party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

7.8 Time of Essence

Time shall be of the essence.

7.9 Liability of the Fund

Each of the parties acknowledges the obligations of the Fund under this Agreement and that such obligations will not be personally binding upon any of the Trustees, any registered or beneficial holder of Fund Units or any beneficiary under a plan of which a holder of such Fund Units acts as a trustee or carrier, and that resort will not be had to, nor will recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the Fund arising hereunder, and recourse for such indebtedness, obligations or liabilities of the Fund will be limited to, and satisfied only out of, the assets of the Fund.

7.10 Liability of AEP

AEP is a limited partnership formed under the laws of the Province of Ontario, a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to its capital and the limited partner’s pro rata share of any undistributed income. Each of the parties acknowledges that the obligations of AEP shall not be personally binding upon, nor shall resort be had to, the property of any of the limited partners, their heirs, successors and assigns, and that resort shall only be had to the property of AEP or the property of AEP’s general partner.

7.11 Counterparts

This Agreement may be executed in counterparts, in original, facsimile or electronic form, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF this Agreement has been executed and delivered by the parties hereto effective as of the date first above written.

ARMTEC INFRASTRUCTURE INCOME FUND, by its administrator ARMTEC LIMITED PARTNERSHIP, by its general partner ARMTEC HOLDINGS LIMITED

By: (Signed) "*Charles M. Phillips*"
Name: Charles M. Phillips
Title: President and Chief Executive Officer

ARMTEC EXCHANGEABLE PARTNERSHIP, by its general partner ARMTEC AEP GP LIMITED

By: (Signed) "*Charles M. Phillips*"
Name: Charles M. Phillips
Title: President and Chief Executive Officer

ARMTEC AEP GP LIMITED

By: (Signed) "*Charles M. Phillips*"
Name: Charles M. Phillips
Title: President and Chief Executive Officer

ARMTEC INFRASTRUCTURE INC.

By: (Signed) "*James R. Newell*"
Name: James R. Newell
Title: President and Secretary

EXHIBIT A
PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)

ARTICLE 1
INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

(a) "**AEP**" means Armtec Exchangeable Partnership, a limited partnership established under the laws of the Province of Ontario on September 26, 2007 pursuant to the AEP Limited Partnership Agreement.

(b) "**AEP Exchangeable Units**" means the Class B units of AEP which are exchangeable for Fund Units.

(c) "**AEP Exchangeable Unitholders**" means the holders from time to time of AEP Exchangeable Units.

(d) "**AEP GP**" means Armtec AEP GP Limited, a corporation incorporated under the OBCA on September 21, 2007 to act as general partner of AEP.

(e) "**Armtec Newco**" means Armtec Infrastructure Inc., a corporation incorporated under the OBCA and a wholly-owned subsidiary of the Fund prior to the Effective Time;

(f) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to Section 182 of the OBCA set forth in this Plan of Arrangement as may be supplemented, modified or amended, and not to any particular article, section or other portion hereof;

(g) "**Arrangement Agreement**" means the agreement dated as of May 7, 2010, among the Fund, AEP, AEP GP and Armtec Newco with respect to the Arrangement as may be supplemented, modified or amended;

(h) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 183(1) of the OBCA to be filed with the OBCA Director after the Final Order has been granted giving effect to the Arrangement;

(i) "**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

(j) "**Certificate of Arrangement**" means the certificate of arrangement which may be issued by the OBCA Director pursuant to Subsection 183(2) of the OBCA upon the filing of the Articles of Arrangement giving effect to the Arrangement;

(k) "**Court**" means the Ontario Superior Court of Justice;

(l) "**Effective Date**" means the date the Arrangement is effective under the OBCA;

(m) "**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by Armtec Newco;

(n) “**Final Order**” means the final order of the Court approving the Arrangement pursuant to Subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

(o) “**Fund**” means Armtec Infrastructure Income Fund, an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Fund Declaration of Trust;

(p) “**Fund Declaration of Trust**” means the declaration of trust dated June 15, 2004, as amended and restated on July 27, 2004, pursuant to which the Fund was established, as may be supplemented, modified or amended from time to time.

(q) “**Fund Units**” means the units of the Fund;

(r) “**Information Circular**” means the management information circular of the Fund, together with all appendices thereto, distributed to Unitholders in connection with the Meeting;

(s) “**Interim Order**” means the interim order of the Court under Subsection 182(5) of the OBCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, supplemented, modified or amended by any court of competent jurisdiction;

(t) “**Meeting**” means the annual and special meeting of Unitholders of the Fund to be held on June 24, 2010 and any adjournment(s) thereof, to, among other things, and consider and vote on the Arrangement Resolution;

(u) “**Newco Shares**” means the common shares in the capital of Armtec Newco;

(v) “**OBCA**” means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, including the regulations promulgated thereunder, in either case as amended;

(w) “**OBCA Director**” means the director appointed under Section 278 of the OBCA;

(x) “**Person**” means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;

(y) “**TSX**” means the Toronto Stock Exchange; and

(z) “**Unitholders**” means holders from time to time of Fund Units.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders.

1.5 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.

2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate of Arrangement, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) Unitholders; (ii) AEP Exchangeable Unitholders; (iii) the Fund; (iv) AEP; (v) AEP GP; and (vi) Armtec Newco.

2.3 The Articles of Arrangement and Certificate of Arrangement shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence set out therein.

2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:

(a) Exchange of Fund Units and AEP Exchangeable Units for Newco

The following transactions will occur:

(i) the Fund Units held by Unitholders shall be transferred to Armtec Newco, free and clear of any claims, solely in consideration for Newco Shares on the basis of one Newco Share for each Fund Unit so transferred; and

(ii) the AEP Exchangeable Units held by AEP Exchangeable Unitholders shall be transferred to Armtec Newco, free and clear of any claims, solely in consideration for Newco Shares on the basis of one Newco Share for each AEP Exchangeable Unit so transferred;

(b) Reduction of Stated Capital of Armtec Newco

There shall have been added to the stated capital account maintained for the Newco Shares of Armtec Newco an amount determined by the directors of Armtec Newco in accordance with Section 24(2) of the OBCA in respect of the Newco Shares issued under the Arrangement, and Armtec Newco shall be authorized to subsequently reduce its stated capital in an amount determined by the directors of Armtec Newco, in respect of which no amount is to be distributed to the shareholders of Armtec Newco as contemplated by Sub-section 34(1)(b)(ii)(B) of the OBCA.

(c) Cancellation of the Initial Newco Share

The one common share of Armtec Newco issued to the Fund in connection with the organization of Armtec Newco shall be purchased for cancellation by Armtec Newco for consideration of $1.00 and shall be cancelled.

(d) **Amendment to the Articles of Armtec Newco**

The Articles of Incorporation of Armtec Newco will be amended to provide that the minimum number of directors of Armtec Newco will be three and the maximum number of directors of Armtec Newco will be ten.

ARTICLE 4
OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

4.1 From and after the Effective Time, any certificates formerly representing Fund Units and AEP Exchangeable Units shall represent only the right to receive Newco Shares in respect thereof as provided in this Plan of Arrangement.

4.2 No fractional Newco Shares, and no certificates representing fractional Newco Shares, shall be issued pursuant to the Plan of Arrangement.

ARTICLE 5
AMENDMENTS

5.1 The Fund, AEP, AEP GP and Armtec Newco may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, subject to the Interim Order and Sections 5.2, 5.3 and 5.4, provided that each such amendment must be: (i) set out in writing; and (ii) approved by the other parties to the Arrangement Agreement.

5.2 Subject to Section 5.3 and the Interim Order, any supplement, modification or amendment to this Plan of Arrangement may be made prior to the Effective Time by the Fund, AEP, AEP GP and Armtec Newco (or, following the Effective Time, by Armtec Newco) without the approval of the Court or the Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Fund, AEP, AEP GP and Armtec Newco (or, following the Effective Time, Armtec Newco), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former holder of Fund Units or AEP Exchangeable Units.

5.3 Subject to the Interim Order, any amendment to this Plan of Arrangement may be proposed by the Fund, AEP, AEP GP or Armtec Newco at any time prior to or at the Meeting (provided that the other parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to Unitholders, provided that if any such amendment would, if disclosed, reasonably be expected to affect a Unitholder's decision to vote for or against the Arrangement Resolution, notice of such amendment shall be distributed by press release, newspaper advertisement, prepaid ordinary mail or by the method most reasonably practicable in the circumstances that the parties to the Arrangement Agreement may determine, and if so proposed and accepted by the Persons voting at the Meeting shall become part of this Plan of Arrangement for all purposes.

5.4 Subject to Section 5.2 and the Interim Order, the Fund, AEP, AEP GP and Armtec Newco may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time, provided such amendment is subject to review, and any further direction by the Court.

ARTICLE 6
GENERAL

6.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

6.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any party, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

6.3 This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.