A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada other than Quebec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or any state securities laws. Accordingly, except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws, these securities may not be offered or sold within the United States. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

***Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Armtec Holdings Limited, the general partner of Armtec Limited Partnership, the administrator of Armtec Infrastructure Income Fund, at 370 Speedvale Avenue West, Suite 3, Guelph, Ontario N1H 7M7, and are also available electronically at www.sedar.com.*

New Issue **June 17, 2010**

PRELIMINARY SHORT FORM PROSPECTUS

armtec

$40,000,000
6.50% Convertible Unsecured Subordinated Debentures
Due June 30, 2017

Armtec Infrastructure Income Fund (the "**Fund**", "**Armtec**", "**us**", "**we**" or "**our**" and, where the context requires, also includes the Fund's subsidiaries) is hereby qualifying for distribution an aggregate of $40,000,000 principal amount of 6.50% convertible unsecured subordinated debentures ("**Debentures**") at a price of $1,000 per Debenture (the "**Offering**"). See "*Plan of Distribution*".

The Debentures will bear interest at an annual rate of 6.50% payable in equal instalments semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2010. The maturity date of the Debentures will be June 30, 2017 (the "**Maturity Date**").

Debenture Conversion Privilege

Each Debenture will be convertible into trust units of the Fund (the "**Units**" or "**Fund Units**") at the option of the holder (a "**Debentureholder**") at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; or (ii) if called for redemption, on the business day immediately preceding the date specified by the Fund for redemption of the Debentures, at a conversion price of $26.90 per Fund Unit (the "**Conversion Price**"), being a conversion rate of 37.1747 Fund Units per $1,000 principal amount of Debentures, subject to adjustment in certain events as described in the Indenture (as defined herein).

Amendments have been made to the Tax Act (as defined herein) to facilitate tax deferred conversions to corporations of specified investment flow-through trusts or partnerships ("**SIFTS**") for the purposes of the Tax Act.

See "*Certain Canadian Federal Income Tax Considerations – SIFT Rules*". As previously disclosed by the Fund, the Fund intends to complete a conversion (a "**Corporate Conversion**") to a corporation ("**Armtec Newco**"). See "*Proposed Corporate Conversion*". In the event that the Fund converts to Armtec Newco pursuant to a Corporate Conversion, adjustments will be made to the terms of the conversion privilege as described herein. Among other things, these adjustments will be necessary to reflect the fact that, in connection with the Corporate Conversion, Unitholders (as defined herein) will receive common shares of Armtec Newco in exchange or otherwise as consideration or in substitution for Units. More specifically, as further described herein, following completion of a Corporate Conversion, Debentures will be convertible into the number of common shares of Armtec Newco which a holder of Debentures would have been entitled to receive had it been a holder of the number of Units into which the Debentures were convertible prior to the effective date of the Corporate Conversion. **In addition, in connection with the Corporate Conversion, the Debentures will become obligations of Armtec Newco without the consent of any holders of Debentures.** See "*Details of the Offering*". Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price in certain events, are set out under "*Details of the Offering—Conversion Privilege*". A holder of Debentures will not be entitled to deferred tax treatment on the conversion, redemption or repayment at maturity of such Debentures. See "*Certain Canadian Federal Income Tax Considerations*".

The issued and outstanding Units are listed on the Toronto Stock Exchange (the "**TSX**") under the trading symbol ARF.UN. On June 15, 2010, the last trading day prior to the public announcement of the Offering, the closing price of the Fund Units on the TSX was $19.90 and on June 16, 2010, the last trading day prior to the filing of this short form prospectus, the closing price of the Fund Units on the TSX was $19.96. The Fund has applied to list the Debentures and the Fund Units issuable upon conversion, redemption or maturity of the Debentures on the TSX. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX. **There is currently no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation**. See "*Risk Factors*".

The terms and offering price of the Debentures was determined by negotiation between Armtec Limited Partnership (the "**Administrator**" or "**ALP**") on behalf of the Fund, and Scotia Capital Inc., on its own behalf and on behalf of BMO Nesbitt Burns Inc., TD Securities Inc., National Bank Financial Inc., Canaccord Genuity Corp., M Partners Inc. and Raymond James Ltd. (collectively, the "**Underwriters**").

Price: $1,000 per Debenture

	Price to the Public	Underwriters' Fee(1)	Net Proceeds to the Fund(2)
Per Debenture	$1,000	$40	$960
Total	$40,000,000	$1,600,000	$38,400,000

Notes:
(1) The Underwriters' fee is payable upon the closing of the Offering.
(2) Before deducting expenses of the Offering estimated to be $500,000, which will be paid from the net proceeds of the Offering.

The Debentures may not be redeemed by the Fund before July 1, 2013. On or after July 1, 2013 and prior to July 1, 2015, the Fund may at its option redeem the Debentures, in whole or in part, from time to time, provided that the Current Market Price (as defined herein) is not less than 125% of the Conversion Price, at a price equal to the principal amount thereof plus accrued and unpaid interest. On or after July 1, 2015 and prior to the Maturity Date, the Fund may at its option redeem the Debentures, in whole or part, from time to time at a price equal to the principal amount thereof plus accrued and unpaid interest. Notice of redemption must be provided by the Fund not more than 60 days and not less than 30 days prior to the redemption date.

Subject to required regulatory approval and provided that there is not a current Event of Default (as defined herein), the Fund may, at its option, elect to satisfy its obligation to pay the principal amount of the Debentures on redemption or at maturity through, in whole or in part, the issuance of Fund Units upon at least 30 days and not more than 60 days prior notice, by delivering that number of Fund Units obtained by dividing the principal amount of the Debentures by 95% of the Current Market Price. In addition, subject to regulatory approval, Fund Units may be issued to the Debenture Trustee (as defined herein) and sold, with the proceeds used to satisfy the obligations to pay interest on the Debentures. Further particulars concerning the interest, repurchase and maturity provisions of the Debentures are set out under "*Details of the Offering*".

The Underwriters, as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Fund and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to approval of certain legal matters relating to the Offering on behalf of the Fund by Fraser Milner Casgrain LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP.

The head office of the Fund, and the head and registered office of the Administrator, are located at 370 Speedvale Avenue West, Suite 3, Guelph, Ontario N1H 7M7.

Scotia Capital Inc., BMO Nesbitt Burns Inc., TD Securities Inc. and National Bank Financial Inc. are direct or indirect wholly-owned subsidiaries of Canadian chartered banks which are lenders to the Fund. Consequently, the Fund may be considered to be a connected issuer of these Underwriters within the meaning of applicable Canadian securities legislation. See "*Credit Facilities*" and "*Relationship Among the Fund and Certain Underwriters*".

The return on an investment in Fund Units in the event that the Debentures are converted into Fund Units in accordance with their terms, is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in the Fund is at risk, and the anticipated return on such investment is based on many performance assumptions. **Although the Fund intends to make distributions of its available cash to holders of Fund Units ("Unitholders"), these cash distributions are not guaranteed and may be reduced or suspended.** The ability of the Fund to make cash distributions and the actual amount distributed will depend on numerous factors disclosed in the Fund's continuous disclosure obligations, including the financial performance of the subsidiaries of the Fund, debt covenants and obligations, commodity prices, production levels, working capital requirements, future capital requirements, the completion of a Conversion Transaction, applicable law and other factors beyond the control of the Fund. In addition, the market value of the Fund Units may decline if the Fund is unable to meet its cash distribution targets in the future and that decline may be significant. See "*Risk Factors*".

It is important for an investor to consider the particular risk factors that may affect the Fund, its subsidiaries and the industries in which the Fund's subsidiaries operate, and therefore the stability of the cash distributions on the Fund Units. See, for example, the risks described under "*Risk Factors*" herein and in the AIF (as defined herein) and in the Information Circular (as defined herein), both of which are incorporated by reference in this short form prospectus and are available electronically at www.sedar.com. These sections also describe the Fund's assessment of those risk factors, as well as the potential consequences to an investor if a risk should occur. The Fund has not obtained a stability rating from an independent rating agency regarding the relative stability and sustainability of the Fund's cash distribution stream. **Cash distributions by the Fund to Unitholders are not guaranteed.**

The after tax return from an investment in Fund Units to Unitholders subject to Canadian income tax can be made up of both a return on capital and a return of capital. That composition may change over time, thus affecting an investor's after tax return. Recent changes to the *Income Tax Act* (Canada) and regulations promulgated thereunder (collectively, the "**Tax Act**") will affect the taxation of certain publicly traded trusts and partnerships and their unitholders (the "**SIFT Rules**"). Subject to the SIFT Rules, returns on capital are generally taxed as ordinary income in the hands of a Unitholder who is resident in Canada for purposes of the Tax Act. Pursuant to the SIFT Rules, commencing January 1, 2011 (or earlier if the Fund experiences more than "normal growth" or "undue expansion" before then) certain distributions from the Fund which would have otherwise been taxed as ordinary income generally will be characterized as dividends in addition to being subject to tax at corporate rates at the Fund level. Returns of capital generally are (and under the SIFT Rules will continue to be) tax-deferred for Unitholders who are resident in Canada for purposes of the Tax Act (and reduce such Unitholder's adjusted cost base in the Fund Unit for purposes of the Tax Act). If the Corporate Conversion is completed prior to January 1, 2011, and the Fund has not exceeded its "normal growth" limits prior to the Corporate Conversion being completed, the SIFT Rules will not apply to the Fund or the Unitholders. After the Corporate Conversion has been completed, distributions by Armtec Newco will be in the form of taxable dividends. Prospective purchasers should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their own circumstances. See "*Certain Canadian Federal Income Tax Considerations*".

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will occur on or about June 30, 2010. The Debentures will be represented by a global certificate issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee under the book-based system administered by CDS. No certificates evidencing the Debentures will be issued to subscribers except in certain limited circumstances, and registration will be made in the depositary service of CDS. Subscribers for Debentures will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Debentures or the Fund Units at levels other than those that might otherwise prevail on the open market. **The Underwriters may offer the Debentures at a price lower than the price noted above.** See "*Plan of Distribution*".

The Debentures and the Fund Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unless otherwise indicated, references in this short form prospectus to "$" or "dollars" are to Canadian dollars.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein may contain "forward-looking" statements within the meaning of applicable securities legislation which involve known and unknown risks, uncertainties and other factors which may cause the actual results, events, expectations, performance or achievements of the Fund, Armtec Newco or the industry in which they participate, to be materially different from any future results, events, expectations, performance or achievements expressed or implied by such forward-looking statements. All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Fund's objectives, strategies to achieve those objectives, expected financial results, the Corporate Conversion, the anticipated benefits of the Corporate Conversion, the outlook for the business of the Fund and/or Armtec Newco, the expected completion of the Offering and the Fund's expected use of proceeds. Forward-looking statements typically contain words or phrases such as "may", "outlook", "objective", "intend", "estimate", "anticipate", "should", "could", "would", "will", "expect", "believe", "plan" and other similar terminology suggesting future outcomes or events. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Forward-looking statements involve numerous assumptions and should not be read as guarantees of future performance or results. Such statements will not necessarily be accurate indications of whether or not such future performance or results will be achieved. You should not unduly rely on forward-looking statements as a number of factors, many of which are beyond the control of the Fund, could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to the factors listed below and those discussed in the Fund's materials filed with the Canadian securities regulatory authorities from time to time including the AIF (as defined herein) and the Information Circular (as defined herein) and the closing conditions for the Offering may or may not be satisfied or waived within the time contemplated by the Fund or otherwise. Although the forward-looking statements contained in this short form prospectus are based upon what management of the Fund believes are reasonable assumptions, the Fund cannot assure investors that actual performance or results will be consistent with these forward-looking statements. These statements reflect current expectations regarding future events and operating performance and are based on information currently available to the Fund's management. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur.

All forward-looking statements in this short form prospectus are qualified by these cautionary statements. These forward-looking statements and outlook are made as of the date of this short form prospectus and, except as required by applicable law, the Fund assumes no obligation to update or revise them to reflect new events or circumstances. See "*Forward-Looking Information*" in the AIF and the Information Circular.

NON-GAAP MEASURES

Certain of the information included herein or in the documents incorporated by reference in this short form prospectus refer to "net revenues", "earnings before interest, tax, depreciation of property, plant and equipment and amortization" ("**EBITDA**"), "distributable cash" and "payout ratio" which are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. "EBITDA", "net revenues", "distributable cash" and "payout ratio" may not be comparable to similar measures presented by other issuers.

References to EBITDA are to earnings before interest, tax (other than capital tax), depreciation of property, plant and equipment and amortization. Since the Fund distributes its available cash on an ongoing basis (after providing for certain amounts), the Fund believes that in addition to net earnings for the year, EBITDA is a supplemental measure of cash available for distribution prior to debt service, changes in working capital, capital expenditures and income taxes. However, EBITDA is not a recognized measure and does not have a standardized meaning under GAAP. Investors are cautioned that EBITDA should not be construed as an alternative to net and comprehensive earnings for the year (as determined in accordance with GAAP) as an indicator of the Fund's performance, or as an alternative to cash flows from operating, financing and investing activities as a measure of the Fund's liquidity and cash flows. The Fund's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, the Fund's EBITDA may not be comparable to similar measures reported by other issuers.

References to distributable cash are to cash provided by operating activities adjusted for items not affecting cash and not affecting operating cash flow. Distributable cash is not a recognized measure and does not have standardized meaning prescribed by GAAP, but is a measure generally used by Canadian open-ended income funds as an indicator of financial performance. Investors are cautioned that distributable cash should not be construed as an alternative to using net and comprehensive earnings as a measure of profitability or the statement of cash flows. The Fund's method of calculating distributable cash may differ from similar computations as reported by other issuers and, accordingly, the Fund's distributable cash may not be comparable to similar measures reported by other issuers.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Fund, filed with the various securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

(a) the Fund's Business Acquisition Report dated August 13, 2009 relating to the acquisition of Pre-Con Inc.;

(b) the Fund's audited annual comparative consolidated financial statements, together with the accompanying report of the auditors, for the years ended December 31, 2009 and December 31, 2008;

(c) management's discussion and analysis of results of operations and financial condition of the Fund for the year ended December 31, 2009;

(d) the Fund's Annual Information Form dated March 25, 2010 (the "**AIF**");

(e) the Fund's unaudited interim comparative consolidated financial statements for the three months ended March 31, 2010 and March 31, 2009;

(f) management's discussion and analysis of results of operations and financial condition of the Fund for the three months ended March 31, 2010;

(g) a material change report of the Fund dated April 30, 2010 regarding the proposal to convert the Fund from an income trust structure to a corporate structure; and

(h) the Fund's Information Circular dated May 18, 2010 relating to the annual and special meeting of Unitholders to be held on June 24, 2010 (the "**Information Circular**").

Any documents of the type described in Section 11.1(1) of Form 44-101F1 - *Short Form Prospectus*, if filed by the Fund with the securities commissions or similar authorities in the provinces of Canada after the date of this short form prospectus and before the termination of this distribution, are deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

SUMMARY DESCRIPTION OF THE BUSINESS

The Fund is a leading manufacturer and marketer of a comprehensive range of infrastructure products and engineered construction solutions for customers in a diverse cross-section of industries that are located in every region of Canada, as well as in selected markets globally. These markets include Canada's national and regional public infrastructure markets and private sector markets in residential construction, commercial building, agricultural drainage and natural resources.

Operating through its network of regional offices and production facilities across the country, Armtec's broad range of engineered solutions include products for drainage, bridge applications, soil retention, rehabilitation and water management systems including corrugated high-density polyethylene, corrugated steel and concrete pipe; an array of architectural and structural precast and pre-stressed concrete products from steps, paving stones, slabs and wall panels to highly engineered structural components designed and installed for projects such as bridges, sports venues and parking garages; and, a full suite of noise barriers, acoustic enclosure and wall systems along with associated retaining and traffic barrier systems. See "*Description of the Business*" in the AIF.

PROPOSED CORPORATE CONVERSION

At the annual and special meeting of the Unitholders to be held on June 24, 2010, in addition to the regular annual meeting matters, Unitholders will be asked to consider a special resolution to approve a proposed plan of arrangement (the "**Arrangement**"). The purpose of the Arrangement is to convert the Fund from its current income trust structure to a corporate structure effective on or about January 1, 2011. Under the Arrangement, each Unitholder and each holder of Class B units of Armtec Exchangeable Partnership ("**AEP**") will receive one common share of Armtec Newco for each Unit or Class B unit held. In order to complete the Arrangement, the Arrangement must be approved by at least 66 2/3% of the votes cast by Unitholders, in person or by proxy, at the meeting. The Arrangement is also subject to approval by the Ontario Superior Court of Justice and other regulatory and stock exchange approvals. See "*Special Business of the Meeting* " in the Information Circular.

CONSOLIDATED CAPITALIZATION

Other than as discussed below, there have been no material changes in the Unit capitalization or in the indebtedness of the Fund since March 31, 2010.

	Authorized	**As at March 31, 2010**	**As at March 31, 2010 After Giving Effect to the Offering**
		(in thousands of dollars)	
Long-term debt (including current portion)	-	$229,147	$191,247
Debentures			
Discounted obligation		-	35,840
Equity component		-	2,060
Units of the Fund	Unlimited	$271,527 (19,955,295 Units)	$271,527 (19,955,295 Units)
Securities exchangeable for Units of the Fund	Unlimited	$9,500 (392,489 exchangeable units)	$9,500 (392,489 exchangeable units)

USE OF PROCEEDS

The net proceeds to the Fund from the sale of the Debentures hereunder are estimated to be $37,900,000 after deducting the fees of $1,600,000 payable to the Underwriters and the estimated expenses of the issue of $500,000. See "*Plan of Distribution*" and "*Details of the Offering*".

The net proceeds of the Offering will be used by Armtec to reduce bank indebtedness under the Credit Facilities (as defined herein) and for general corporate purposes. See "*Relationship Among the Fund and Certain Underwriters*".

Armtec's current indebtedness under the Credit Facilities has been incurred in the normal course of business and operations and in connections with previous capital and other expenditures made by Armtec.

While the Fund intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Fund's best interests.

CREDIT FACILITIES

Pursuant to an amended and restated credit agreement dated as of May 11, 2009, among Armtec Operating Trust ("**AOT**") and ALP, as borrowers, and a syndicate of Canadian financial institutions, as lenders, the lenders have provided a credit facility in an aggregate maximum principal amount of $273,000,000 to AOT and ALP comprised of term loan facilities in the aggregate maximum principal amount not to exceed $223,000,000 in favour of AOT and a revolving loan facility in the maximum principal amount of $50,000,000 in favour of ALP (as amended, the "**Credit Facilities**"). The term loan facilities were utilized by AOT for general business purposes which included funding certain acquisitions by AOT or other Armtec entities permitted pursuant to the Credit Facilities. The purpose of the revolving loan facility is for ALP's general business purposes.

The Credit Facilities bear interest at rates calculated with regard to certain financial ratios of the Fund and vary in accordance with borrowing rates in Canada and the United States. The Credit Facilities are secured by a charge on the assets of the Fund and its subsidiaries subject to certain exceptions. The terms of the Credit Facilities include certain covenants relating to the operations and activities of Armtec, including, among other items, restrictions with respect to investments and distributions, as well as covenants to maintain certain financial ratios primarily linked to earnings before interest, taxes, depreciation and amortization.

The term loan and revolving loan facilities under the Credit Facilities will mature on October 1, 2012, with full repayment of each of the Credit Facilities due on its applicable maturity date, at which time AOT and ALP will have to refinance such credit facilities.

AOT is required to enter into an interest rate swap or equivalent transaction having the effect of converting the interest rate on 50% of the aggregate amount of the term loan facility under the Credit Facilities to a fixed rate of interest.

DETAILS OF THE OFFERING

The Offering consists of $40,000,000 aggregate principal amount of Debentures at a price of $1,000 per Debenture. The Debentures will be issued under an indenture (the "**Indenture**") to be entered into among the Fund and Computershare Trust Company of Canada (the "**Debenture Trustee**"). The following statements are subject to the detailed provisions of the Indenture and are qualified in their entirety by reference to the Indenture. After execution, the Indenture will also be available for inspection at the offices of the Fund and will be filed on SEDAR.

General

The Debentures are limited to $40,000,000 aggregate principal amount. The Debentures will be issued in denominations of $1,000 or in integral multiples thereof. The Debentures will be dated as of the date of closing of the Offering (the "**Closing Date**") and unless previously converted, redeemed or purchased, as described below, the Debentures will mature on June 30, 2017. The principal amount of the Debentures is payable at maturity in cash or, at the Fund's option and subject to satisfaction of certain conditions, by delivery of Fund Units or a combination of cash and Fund Units as further described below under "*Method of Payment*". The Debentures will be payable at the principal corporate trust office of the Debenture Trustee.

The Debentures will bear interest from the date of issue at 6.50% per annum, which will be payable semi-annually in arrears on June 30 and December 31 in each year, commencing on December 31, 2010, to holders of record at the close of business on the preceding June 15 or the preceding December 15, respectively (or the first business day prior to such date if not a business day). The first interest payment will include interest accrued from (and including) the Closing Date to (but excluding) December 31, 2010. It is estimated that the first interest payment, payable on December 31, 2010, will be $32.50 per $1,000 principal amount of Debentures based on an anticipated closing date of June 30, 2010. Each payment of cash interest on the Debentures will include interest accrued for the period commencing on and including the immediately preceding Interest Payment Date (or, if none, the initial issuance date of the Debentures) through the day before the applicable Interest Payment Date (or redemption or purchase date, as the case may be). Any payment required to be made on any day that is not a business day will be made on the next succeeding business day. Interest for all periods shall be computed on the basis of a 365 day year (or 366 days in the case of a leap year).

The Debentures are general unsecured obligations of Armtec and are subordinated in right of payment to all existing and future Senior Indebtedness as described under "*Subordination*" and are convertible into Fund Units as described under "*Conversion Privilege*". The Debentures will be direct unsecured indebtedness of Armtec, ranking subordinate to all present and future Senior Indebtedness (as defined herein) and ranking equally and rateably with all other unsecured indebtedness that is not Senior Indebtedness.

Amendments have been made to the Tax Act to facilitate tax deferred conversions of SIFTS for the purposes of the Tax Act. See "*Certain Canadian Federal Income Tax Considerations – SIFT Rules*". As previously disclosed by the Fund, the Fund intends to complete a Corporate Conversion. In the event that the Fund converts to Armtec Newco pursuant to a Corporate Conversion, adjustments will be made to the terms of the conversion privilege as described herein. Among other things, these adjustments will be necessary to reflect the fact that, in connection with the Corporate Conversion, Unitholders will receive common shares of Armtec Newco in exchange or otherwise as consideration or in substitution for Units. More specifically, as further described herein, following completion of a Corporate Conversion, Debentures will be convertible into the number of common shares of Armtec Newco which a holder of Debentures would have been entitled to receive had it been a holder of the number of Units into which the Debentures were convertible prior to the effective date of the Corporate Conversion. **In addition, in connection with a Corporate Conversion, the Debentures will become obligations of Armtec Newco without the consent of any holders of Debentures.**

Rank

The Debentures will be direct, unsecured obligations of the Fund and will rank equally with one another and with all other existing and future unsecured indebtedness of the Fund, other than Senior Indebtedness, and except as prescribed by law as described below under "*Subordination*". Provided that the Fund shall not issue additional convertible debentures ranking higher in priority to the Debentures, the Indenture will not restrict the Fund or its subsidiaries from incurring additional Senior Indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities.

Subordination

The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, to the extent and in the manner set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Fund which is then due and payable. "**Senior Indebtedness**" of the Fund will be defined in the Indenture but will include all obligations, liabilities and indebtedness of the Fund and its subsidiaries (other than the indebtedness of the Fund evidenced by the Debentures) which would, in accordance with GAAP, be classified upon a consolidated balance sheet of the Fund as liabilities of the Fund and its subsidiaries and, whether or not so classified, shall include (without duplication): (a) indebtedness of the Fund and its subsidiaries for borrowed money; (b) obligations of the Fund and its subsidiaries evidenced by bonds, debentures (other than the Debentures), notes or other similar instruments; (c) obligations of the Fund and its subsidiaries arising pursuant or in relation to bankers' acceptances, letters of credit and letters of guarantee (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (d) obligations of the Fund and its subsidiaries under any swap, hedging or other similar contracts or arrangements; (e) obligations of the Fund and its subsidiaries under Guarantees (as defined in the Indenture), indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (f) all indebtedness of the Fund and its subsidiaries representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (g) accounts payable to trade creditors; (h) all renewals, extensions and refinancing of any of the foregoing; and (i) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same. "Senior Indebtedness" shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Fund, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Fund, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Fund, then holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that the Fund will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures or (b) at any time when a default or an event of default has occurred under certain Senior Indebtedness and is continuing or upon the acceleration of certain Senior Indebtedness and the notice of such default, event of default or acceleration has been given by or on behalf of holders of such Senior Indebtedness to the Fund, unless such Senior Indebtedness has been repaid in full as defined in the Indenture.

The Debenture Trustee and the Fund will also be authorized (and obligated upon any request from certain holders of Senior Indebtedness) under the Indenture to enter into subordination agreements on behalf of the holders of Debentures with any holder of Senior Indebtedness.

Optional Redemption

The Debentures are not redeemable by the Fund before July 1, 2013. On and after July 1, 2013 and prior to July 1, 2015, the Debentures may be redeemed at the option of the Fund, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest thereon up to but excluding the date set for redemption, provided that the Current Market Price at the date of notice is at least 125% of the Conversion Price. The "**Current Market Price**" means, generally, the volume weighted average trading price of the Fund Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date. On or after July 1, 2015 and prior to the Maturity Date, the Fund may at its option redeem the Debentures, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest thereon up to but excluding the date set for redemption.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to regulatory approvals.

In the event that a holder of Debentures exercises its conversion privilege following a notice of redemption being given by the Fund and during the period from the close of business on any regular record date to the opening of business on the next succeeding Interest Payment Date, such holder shall be entitled to receive accrued and unpaid interest in addition to the applicable number of Fund Units, for the period from the last Interest Payment Date to (but excluding) the date of conversion.

Conversion Privilege

Holders may convert their Debentures into Fund Units at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; or (ii) if called for redemption, on the business day immediately preceding the date specified by the Fund for redemption of the Debentures; based on an initial conversion ratio of 37.1747 Fund Units per $1,000 principal amount of Debentures (equivalent to an initial conversion price of $26.90 per Unit). The conversion rate is subject to adjustment in certain circumstances described below.

A Debenture in respect of which a holder has accepted a Change of Control Purchase Offer, as described below, requiring the Fund to purchase the Debenture may be surrendered for conversion only if such Change of Control Purchase Offer is withdrawn in accordance with the Indenture.

A holder may convert fewer than all of such holder's Debentures so long as the Debentures converted are an integral multiple of $1,000 principal amount of Debentures. A holder of a Debenture otherwise entitled to a fractional Unit will receive cash equal to the fraction of the Unit multiplied by the Current Market Price thereof as at the date of conversion.

No adjustment to the Conversion Price for the Debentures will be made for distributions or dividends (except as set forth below) on Fund Units issuable upon conversion or for interest accrued on Debentures surrendered for conversion; however, holders converting their Debentures shall be entitled to receive, in addition to the applicable number of Fund Units, accrued and unpaid interest (less any taxes required to be deducted) in respect thereof for the period up to, but excluding, the date of conversion from, and including, the most recent Interest Payment Date. For clarity, payment of such interest, whether in cash or by delivery of Fund Units pursuant to the exercise of the Unit Interest Payment Election, may, at the option of the Fund, be paid on the next regularly scheduled Interest Payment Date following the date of conversion. The conversion rate will not be adjusted for accrued interest.

Holders of Debentures surrendered for conversion during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date will receive the semi-annual interest payable on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion. In the event that a holder of Debentures exercises their conversion right following a notice of redemption by the Fund (as further described under "*Optional Redemption*") and during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Fund Units to be received on conversion, for the period from the last Interest Payment Date to the date of conversion.

For a discussion of the tax treatment of a holder receiving Fund Units upon converting Debentures see "*Certain Canadian Federal Income Tax Considerations*".

Subject to the provisions thereof, the Indenture will provide for the adjustment of the conversion rate in certain events provided that, and only in the event that, the cumulative effect of such adjustment would change the Conversion Price by at least 1% including:

- the subdivision or consolidation of the outstanding Fund Units;
- the distribution of Fund Units to Unitholders by way of dividend or distribution or otherwise (other than the issue of Fund Units to holders of Fund Units who have elected to receive dividends or distributions in the form of Fund Units in lieu of cash dividends or cash distributions paid in the ordinary course on the Fund Units);

- the issuance of certain options, rights or warrants to Unitholders entitling them to acquire Fund Units or other securities convertible into Fund Units at less than 95% of the then Current Market Price of the Fund Units;

- the distribution to Unitholders of units in the capital of the Fund, other than Fund Units, or evidences of indebtedness or other assets of the Fund, including securities (except to the extent the conversion rate has already been adjusted for the distribution of such securities); and

- the payment to all Unitholders of cash or any other consideration in respect of an issuer bid for Fund Units by the Fund or any of the Fund's subsidiaries to the extent that the cash and fair market value of any other consideration included in the payment per Unit exceeds the Current Market Price of the Fund Units on the date of expiry of any such offer (provided that no adjustment will be made for a normal course issuer bid through the facilities of the TSX).

In the event that the Fund pays a dividend or makes a distribution to all Unitholders consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of the Fund, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of Fund Units, in each case based on the weighted average trading price of those securities for the 20 consecutive trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the TSX, or such other national or regional exchange or market on which the securities are then listed or quoted. No conversion rate adjustment will be made to the extent that the Fund makes an equivalent distribution to holders of Debentures.

There will be no adjustment of the Conversion Price in respect of any event described above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. The Fund will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, the Fund will carry forward any adjustments that are less than 1% of the Conversion Price and take them into account when determining subsequent adjustments.

If there is (i) a reclassification of the Fund Units or capital reorganization of the Fund (including the Corporate Conversion), (ii) a consolidation, amalgamation, arrangement, merger, binding unit exchange, acquisition of the Fund or other combination pursuant to which the Fund Units are converted into or acquired for cash, securities or other property, or (iii) any sale or conveyance of all or substantially all of the property and assets of the Fund as an entirety or substantially as an entirety to any person (other than a direct or indirect wholly owned subsidiary), at the effective time of the transaction the right to convert a Debenture into Fund Units will be changed into the right to convert it into the kind and amount of cash, securities or other property which the holder would have received if the holder had converted its Debenture immediately prior to the transaction. The Fund will give notice to the holder of Debentures at least 30 days prior to the effective date of such transaction in accordance with the terms of the Indenture of the consideration into which Debentures will be convertible following such transaction.

Change of Control

In the event of a Change of Control (as hereinafter defined), the Fund shall be required to offer to purchase all of the outstanding Debentures (a "**Change of Control Purchase Offer**") on a date (the "**Change of Control Purchase Date**") that is 30 days after the date that such offer is delivered or mailed to holders of the Debentures, at a purchase price equal to 101% of the principal amount of the Debentures ("**Change of Control Purchase Price**"), plus accrued and unpaid interest, if any, to, but not including, the purchase date. If such Change of Control Purchase Date is after a record date but on or prior to an

Interest Payment Date, however, then the interest payable on such date will be paid to the holder of record of the Debentures on the relevant record date.

Within 30 days following the occurrence of a Change of Control, the Fund shall be required to give notice to all holders of record of Debentures, as provided in the Indenture, stating among other things, the occurrence of a Change of Control, together with the Change of Control Purchase Offer. The Fund must also deliver a copy of the notice to the Debenture Trustee.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Fund pursuant to the Change of Control Purchase Offer, the Fund will have the right to redeem all the remaining Debentures at the Change of Control Purchase Price. Notice of such redemption must be given by the Fund to the Debenture Trustee within 10 days following the expiry of the Change of Control Purchase Offer and by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Change of Control Purchase Offer.

Under the Indenture, a "**Change of Control**" of the Fund will be deemed to have occurred at such time after the original issuance of the Debentures upon the occurrence or acquisition by any person, or group of persons acting jointly or in concert (within the meaning of Multilateral Instrument 62-104 – *Take Over Bids and Issuer Bids* ("**MI 62-104**")), of voting control or direction of an aggregate of more than 66 2/3% of the votes attaching to the outstanding Fund Units, but shall not include the Corporate Conversion, and no person or group of persons acting jointly or in concert, following completion of the Corporate Conversion has voting control or direction over more than 66 2/3% of the voting shares of Armtec Newco.

Beneficial ownership will be determined in accordance with MI 62-104. The term "person" includes any syndicate or group that would be deemed to be a "person" under MI 62-104.

The Fund could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a Change of Control for purposes of the Indenture but that could increase the amount of the Fund's or its subsidiaries' outstanding indebtedness.

The Fund's ability to purchase Debentures upon a Change of Control may be limited by the terms of its then outstanding credit agreements. See "*Risk Factors – Credit Facilities Risk*".

As noted above, a Corporate Conversion will not constitute a Change of Control.

Method of Payment

On redemption or at maturity of the Debentures to the extent and in the manner set forth in the Indenture, the Fund will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada the amount required to repay the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. Subject to required regulatory approvals and to the "normal growth" guidelines issued by the Minister of Finance (Canada) on December 15, 2006 as amended on December 4, 2008 and February 25, 2009, as further amended from time to time (the "**Normal Growth Guidelines**"), the Fund may, at its option, elect to satisfy its obligation to pay all or a portion of the principal amount of the Debentures, together with accrued and unpaid interest thereon, on redemption or at maturity through, in whole or in part, by the issuance of Freely Tradeable (as such term is defined in the Indenture) Fund Units. See "*Interest Payment Option*".

The number of Freely Tradeable Fund Units a holder will receive in respect of each Debenture will be determined by dividing the principal amount of the Debentures that are to be redeemed or repaid at maturity, as the case may be, and that are to be paid in Freely Tradeable Fund Units, together with accrued and unpaid interest, by 95% of the Current Market Price of the Freely Tradeable Fund Units as at the date of redemption or maturity. No fractional Freely Tradeable Fund Units will be issued on redemption or repayment at maturity but in lieu thereof, the Fund shall satisfy fractional interests by a cash payment equal to the fraction of the Freely Tradeable Fund Unit multiplied by the Current Market Price of the Freely Tradeable Fund Units.

The Fund may not satisfy its obligation to pay the principal amount of a Debenture, together with accrued and unpaid interest thereon, by delivering Freely Tradeable Fund Units or a combination of cash and Freely Tradeable Fund Units unless the Fund satisfies the requirements of applicable securities laws, the Normal Growth Guidelines, and certain other conditions, as provided in the Indenture, prior to the maturity date, the redemption date or the purchase date, as applicable, including the following conditions:

- there is not a current Event of Default under the Indenture;
- the Fund Units to be issued upon redemption or repayment at maturity of Debentures shall be Freely Tradeable Fund Units;
- the Fund shall be a reporting issuer in good standing in all provinces in which it is a reporting issuer on the date of the Indenture; and
- the Fund Units to be issued upon redemption or repayment at maturity of Debentures shall be listed on the TSX or a national securities exchange or quoted in an inter-dealer quotation system of any registered national securities association.

If the conditions are not satisfied (or waived) with respect to a holder prior to the close of business on the business day preceding the applicable payment date, the Fund will make the required payment entirely in cash. If the Fund elects to satisfy any amount payable on redemption of the Debentures by issuing Fund Units, the Fund will advise the holders of Debentures of such election in the applicable redemption notice. If the Fund elects to satisfy any amount payable on repayment or maturity of the Debentures by issuing Fund Units, the Fund will provide notice of such election to the holders of Debentures not more than 60 days and not less than 30 days before the payment date.

When the Fund determines the actual number of Fund Units in accordance with the foregoing procedures, it will issue a press release on a national newswire.

As the Current Market Price of the Fund Units will be determined prior to the applicable payment date, holders of the Debentures will bear the market risk with respect to the value of the Fund Units to be received from the date such price is determined to such payment date.

Corporate Conversion

The Indenture will provide that the Fund may, without the consent of the Debentureholders, complete the Corporate Conversion provided that, contemporaneously with completion of the Corporate Conversion;

- Armtec Newco will have assumed all of the covenants and obligations of the Fund under the Indenture in respect of the Debentures;
- (i) the common shares of Armtec Newco shall be issuable in lieu of Units pursuant to the Debentures as fully paid, non-assessable securities that are freely tradeable under applicable securities laws and listed on the TSX; and (ii) Armtec Newco shall have reserved a sufficient

number of common shares for issuance to satisfy its obligations to issue common shares under the Debentures; and

- the Debentures will be valid and binding obligations of Armtec Newco entitling the holders thereof, as against Armtec Newco, to all the rights of Debentureholders under the Indenture.

Upon the assumption of the Fund's obligations by Armtec Newco in such circumstances, subject to certain exceptions, the Fund shall be discharged from all obligations under the Debentures and the Indenture. An assumption of the Fund's obligations under the Debentures and the Indenture by Armtec Newco might be deemed for Canadian federal income tax purposes to be an exchange of the Debentures for new Debentures by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Interest Payment Option

The Fund may elect, from time to time and subject to regulatory approval and to the Normal Growth Guidelines, provided that there is not a current Event of Default under the Indenture, to satisfy its obligation to pay interest on the Debentures (the "**Interest Obligation**"), on an Interest Payment Date (including following conversion, at the time of redemption, or at the time of maturity) by delivering sufficient Fund Units to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the "**Unit Interest Payment Election**"). The Indenture will provide that, upon such election, the Debenture Trustee shall: (i) accept delivery of the Fund Units; (ii) accept bids with respect to, and consummate sales of, such Fund Units on behalf of the Fund by registered brokers or dealers, each as the Fund shall direct in its absolute discretion; (iii) invest the proceeds of such sales in short-term Canadian Government Obligations (as defined in the Indenture), which mature prior to the applicable Interest Payment Date; (iv) use the proceeds received from such permitted Canadian Government Obligations, together with any proceeds from the sale of Fund Units not invested as aforesaid, to satisfy the Interest Obligation; and (v) perform any other action necessarily incidental thereto.

The Indenture will set forth the procedures to be followed by the Fund and the Debenture Trustee in order to effect the Unit Interest Payment Election. If a Unit Interest Payment Election is made, the sole right of a holder of Debentures in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Fund Units (plus any amount received by the Debenture Trustee from the Fund attributable to any fractional Fund Units) in an amount equal to the applicable interest payment in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Fund in respect of the Interest Obligation.

Neither the Fund's making of the Unit Interest Payment Election nor the consummation of sales of Fund Units will: (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date; or (ii) entitle such holders to receive any Fund Units in satisfaction of the Interest Obligation.

Purchase for Cancellation

The Fund may, to the extent permitted by applicable law, at any time purchase the Debentures in the open market or by tender at any price or by private agreement. Any Debenture purchased by the Fund will be surrendered to the Debenture Trustee for cancellation. Any Debentures surrendered to the Debenture Trustee may not be reissued or resold and will be cancelled promptly.

Events of Default

The Indenture will provide that an event of default ("**Event of Default**") in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (a) failure for 30 days to pay interest on the Debentures when due; (b) failure to pay principal or premium (whether by way of payment of cash or delivery of Fund Units), if any, on the Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (c) default in the delivery, when due, of any Fund Units or other consideration, including any make whole premium, payable upon conversion with respect to the Debentures, which default continues for 15 days; (d) default in the observance or performance of any covenant or condition of the Indenture and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or from holders of not less than 25% in aggregate principal amount of the Debentures to the Fund specifying such default and requiring the Fund to rectify or obtain a waiver for same; (e) certain events of bankruptcy, insolvency or reorganization of the Fund under bankruptcy or insolvency laws; or (f) if a resolution is passed for the winding-up or liquidation of the Fund except as permitted under the Indenture (save and except in connection with a Corporate Conversion). If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon request of holders of not less than 25% in aggregate principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In the case of certain events of bankruptcy or insolvency, the principal amount of the Debentures, together with any accrued and unpaid interest through the occurrence of such event, shall automatically become due and payable. In certain cases, the holders of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Consolidation, Mergers or Sales of Assets

The Indenture will provide that the Fund may not without the consent of the holders of the Debentures enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the direct or indirect property of any other person (the "**Successor**") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:

- prior to or contemporaneously with the consummation of such transaction the Fund and the Successor shall have executed such instruments and done such things as are necessary or advisable to establish that upon the consummation of such transaction:
    - the Successor will have assumed all the covenants and obligations of the Fund under the Indenture in respect of the Debentures;
    - the securities of the Successor to be issued upon the conversion, redemption or maturity of the Debentures will be freely tradeable under applicable securities laws and listed on the TSX;
    - the Successor shall have reserved for issuance a sufficient number of securities to satisfy the Successor's obligations to issue such securities under the Indenture;
    - the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Debentureholders under this Indenture; and

    - in the case of an entity organized otherwise than under the laws of the Province of Ontario, the Successor shall attorn to the jurisdiction of the courts of the Province of Ontario;

- such transaction, in the opinion of counsel, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Debenture Trustee or of the holders of Debentures; and

- no condition or event shall exist as to the Fund (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would constitute an Event of Default.

Upon the assumption of the Fund's obligations by such Successor in such circumstances, subject to certain exceptions, the Fund shall be discharged from all obligations under the Debentures and the Indenture. An assumption of the Fund's obligations under the Debentures and the Indenture by such Successor might be deemed for Canadian federal income tax purposes to be an exchange of the Debentures for new Debentures by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Modifications of the Indenture

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions which will make binding on all Debenture holders resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the Debentures then outstanding. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for the Debentures which is a take-over bid or issuer bid for Debentures within the meaning of MI 62-104 and within the time provided in the offer or within 120 days after the date the offer is made, not less than 90% of the outstanding principal amount of the Debentures (other than Debentures beneficially owned or controlled at the date of the take-over bid or issuer bid, as applicable, by or on behalf of the offeror or associates, affiliates of the offeror or persons acting jointly or in concert with the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer for the same consideration per Debenture paid under such offer.

Discharge of the Indenture

The Fund may satisfy and discharge the Fund's obligations under the Indenture in certain circumstances, including by delivering to the Debenture Trustee for cancellation all outstanding Debentures or by depositing with the Debenture Trustee, as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Fund Units, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal of, premium, if any, and interest, if any, to maturity, or any repayment date or redemption dates, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures. Despite such discharge, the holders of Debentures and the Fund shall continue to have and be subject to their respective rights, duties and obligations under certain provisions of the Indenture including the provisions relating to conversion and redemption.

Calculations in Respect of Debentures

The Fund is responsible for making all calculations called for under the Debentures. These calculations include, but are not limited to, determination of the Current Market Price of Fund Units. The Fund will make all these calculations in good faith and, absent manifest error, the Fund's calculations are final and binding on holders of Debentures and the Debenture Trustee. The Fund will provide a schedule of the Fund's calculations to the Debenture Trustee, and the Debenture Trustee is entitled to conclusively rely upon the accuracy of the Fund's calculations without independent verification.

No Personal Liability of Directors, Officers, Employees, Subsidiaries, Incorporators and Unitholders

No trustee, director, officer, employee, subsidiary, incorporator or unitholder of the Fund or its subsidiaries, as such, shall have any liability for any of the obligations of the Fund under the Debentures or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Debentures by accepting a Debenture waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Debentures.

Governing Law

The Indenture and the Debentures will be governed by and construed in accordance with the laws of the Province of Ontario. The Fund will submit to the non-exclusive jurisdiction of any court of the Province of Ontario for purposes of all legal actions and proceedings instituted in connection with the Indenture and the Debentures.

Global Debentures

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "**Participant**"). On the closing date of the Offering, the Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures will be evidenced by a single book-entry only certificate ("**Global Debenture**"). Registration of interests in and transfers of the Global Debenture will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Global Debenture (a "**Beneficial Owner**") will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Such purchaser will receive a confirmation of purchase from the Underwriter or other registered dealer from whom Debentures are purchased.

Neither the Fund nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depositary for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Fund to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form (the "**Debenture Certificates**") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Fund or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to the Debentures and the Fund has not appointed a qualified successor depositary; (d) the Fund, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, provided that Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, and provided further that the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the single certificate representing the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Fund will recognize the holders of such Debenture Certificates as debentureholders under the Indenture.

Transfer and Exchange of Debentures

Transfers of beneficial ownership in Debentures represented by Global Debentures will be effected through records maintained by CDS for such Global Debentures or its nominees (with respect to interests of Participants) and on the records of participants (with respect to interests of persons other than Participants). Unless the Fund elects in its sole discretion to prepare and deliver Debenture Certificates, beneficial owners who are not Participants in CDS' book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Debentures may do so only through Participants in CDS' book-entry system.

The ability of a beneficial owner of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner's interest in a Debenture represented by a Global Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

Registered holders of Debenture Certificates, if issued, may transfer such Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debenture Certificates to the Debenture Trustee for the Debentures at its principal office in Toronto, or such other city or cities as may from time to time be designated by the Fund whereupon new Debenture Certificates will be issued in authorized denominations in the same aggregate principal amount as the Debenture Certificates so transferred, registered in the names of the transferees. Neither the Fund nor the Debenture Trustee nor any registrar shall be required to (a) make transfers or exchanges of, or convert any Debentures on any Interest Payment Date for such Debentures or during the five preceding business days; (b) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Debenture Trustee of Debentures to be redeemed or during the five preceding business days; or (c) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed.

Payments

Payments of interest and principal on each Global Debenture will be made to CDS or its nominee, as the case may be, as the registered holder of the Global Debenture, so long as the book entry only system is in effect. As long as CDS or its nominee is the registered owner of a Global Debenture, CDS or its nominee, as the case may be, will be considered the sole legal owner of the Global Debenture for the purposes of receiving payments of interest and principal on the Debentures evidenced by the Global Debenture and for all other purposes under the Indenture and the Global Debentures. The record dates for the payment of interest will be June 15 and December 15 in each year (or the first business day prior to such date if not a business day). Interest payments on Global Debentures will be made by electronic funds transfer on the day interest is payable and delivered to CDS or its nominee, as the case may be.

The Fund understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of a Global Debenture, will credit Participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Debenture as shown on the records of CDS or its nominee. The Fund also understands that payments of interest and principal by Participants to the owners of beneficial interests in such Global Debenture held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants. The Fund's responsibility and liability in respect of payments on Debentures represented by the Global Debentures is limited solely and exclusively, while the Debentures are registered in global form, to making payment of any interest and principal due on such Global Debenture to CDS or its nominee.

If Debenture Certificates are issued instead of or in place of a Global Debenture, payments of interest on each Debenture Certificate will be made by the Fund or by the Debenture Trustee as paying agent for the Fund. Payment of principal at maturity will be made at the principal office of the Debenture Trustee in Toronto (or in such other city or cities as may from time to time be designated by the Fund) against surrender of the Debenture Certificates, if any, or the Global Debenture.

PLAN OF DISTRIBUTION

Pursuant to the agreement dated as of June 17, 2010 among the Fund, Armtec Newco and the Underwriters in respect of the Offering (the "**Underwriting Agreement**"), the Fund has agreed to issue and sell an aggregate of $40,000,000 principal amount of Debentures to the Underwriters, and the Underwriters have severally agreed to purchase such Debentures on or about June 30, 2010. Delivery of the Debentures is conditional upon payment on closing of $1,000 per Debenture by the Underwriters to Armtec. The Underwriting Agreement provides that the Fund will pay the Underwriters' fee of $40 per Debenture for Debentures issued and sold by the Fund, for an aggregate fee payable by the Fund of $1,600,000, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Debentures is payable upon the closing of the Offering.

The Underwriters propose to offer the Debentures initially at the public offering price on the face page of this short form prospectus. The offering price for the Debentures was determined by negotiation by the Fund and Scotia Capital Inc., on its own behalf and on behalf of the Underwriters. After the Underwriters have made a reasonable effort to sell all the Debentures offered by this short form prospectus at the price specified herein, the offering price may be decreased, and further changed from time to time to an amount not greater than the offering price specified herein and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Debentures is less than the gross proceeds paid by the Underwriters to the Fund.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Debentures that it has agreed to purchase and the number of such Debentures is not more than 10% of the aggregate number of Debentures, the other Underwriters are obligated to, purchase such Debentures. The Underwriters are, however, obligated to take up and pay for all Debentures if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Fund and Armtec Newco will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS. See "*Details of the Offering*".

The Fund has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures or the Units at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Fund has agreed that, subject to certain exceptions, it will not offer or issue, or enter into an agreement to offer or issue, Units or any securities convertible or exchangeable into Units for a period of 90 days subsequent to the closing date of the Offering without the consent of Scotia Capital Inc., on behalf of the Underwriters, which consent may not be unreasonably withheld.

The Fund has applied to list the Debentures and the Units issued upon the conversion, redemption or maturity of the Debentures on the TSX. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX.

Neither the Debentures nor the Fund Units issuable upon conversion, redemption or maturity thereof have been, or will be, registered under the 1933 Act or any state securities laws. Accordingly, the Debentures and such Fund Units may not be offered or sold within the United States (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

EARNINGS COVERAGE RATIOS

The following interest coverages are calculated on a consolidated basis for the twelve month periods ended December 31, 2009 and March 31, 2010 and are derived from audited financial information in the case of December 31, 2009 and unaudited financial information in the case of March 31, 2010. Interest expense is on a pro forma basis and includes interest expense on the Debentures.

The pro-forma interest expense of the Fund on a consolidated basis for the twelve month periods ended December 31, 2009 and March 31, 2010 was $14.5 million and $15.3 million, respectively. The earnings of the Fund on a consolidated basis before interest and income taxes for the twelve-month periods ended December 31, 2009 and March 31, 2010 was $48.4 million and $44.7 million, respectively, for a pro-forma interest coverage of 3.34 and 2.92, respectively.

Under GAAP, the Debentures are and will be classified as a liability with a portion allocated to equity related to the conversion feature, and with the related interest expensed as incurred, and financing charges included in interest expense using the effective interest rate method over the term of such Debentures. Additional interest expense in an amount equal to the portion of the Debentures allocated to equity will be accreted over the term of the Debentures to increase the carrying value of the liability to the face value of the Debentures. The entire amount of the annual carrying charges for the Debentures is reflected in interest expense and, accordingly, the coverage ratios described above would be essentially unchanged had the entire amount of the Debentures been classified as a liability.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

A description of the Debentures being distributed pursuant to this short form prospectus is contained in this short form prospectus under the heading "*Details of the Offering*" above.

A description of the Fund Units issued pursuant to the Debentures is contained in the AIF under the headings "*Description of the Fund - Units*" and "*Description of the Fund – Redemption at the Option of Unitholders*".

PRIOR SALES

Prior Sales

The following table summarizes the issuances by the Fund of Units and securities convertible into Units within the 12 month period prior to the date of this prospectus.

Date(2)	Security	Price Per Security ($)	Number of Securities
March 31, 2010 (1)	Units	24.27	133,110

Note:
(1) Units were issued upon the exercise of a Warrant granted on May 11, 2009.
(2) In addition, during the 12 month period prior to the date of this prospectus, an aggregate of 422,636 Units were issued upon the exchange of AEP units.

Trading Price and Volume

The outstanding Fund Units are listed and posted for trading on the TSX under the trading symbol "ARF.UN". The following table sets forth the closing price range and trading volume of the Fund Units for the periods indicated.

	Price Range		
	High ($)	**Low ($)**	**Volume**
2009			
January	19.30	17.01	1,625,154
February	18.54	14.70	1,303,595
March	17.07	14.37	1,337,038
April	17.20	16.00	1,752,733
May	18.50	17.32	2,266,677
June	19.00	16.89	1,632,052

	Price Range		
	High ($)	**Low ($)**	**Volume**
July	18.65	17.15	1,504,610
August	19.28	17.90	1,379,289
September	20.23	18.64	1,779,652
October	22.90	19.20	2,109,491
November	23.52	22.13	1,627,793
December	25.97	23.17	1,668,811
2010			
January	25.51	22.95	1,583,541
February	24.57	23.22	1,145,413
March	25.55	21.29	3,674,354
April	23.15	21.44	1,563,130
May	22.13	18.40	1,834,902
June 1 to 16	19.96	17.50	772,903

Source: Bloomberg

RELATIONSHIP AMONG THE TRUST AND CERTAIN UNDERWRITERS

Scotia Capital Inc., BMO Nesbitt Burns Inc., TD Securities Inc. and National Bank Financial Inc. are direct or indirect wholly-owned subsidiaries of Canadian chartered banks which are lenders under the Credit Facilities. Consequently, the Fund may be considered a connected issuer of these Underwriters within the meaning of applicable Canadian securities legislation. As at June 16, 2010, approximately $252.4 million was outstanding under the Credit Facilities.

The terms of the Credit Facilities are described under "*Credit Facilities*". The Fund and its subsidiaries are presently in compliance with the terms of the Credit Facilities.

The decision to distribute the Debentures offered hereunder and the determination of the terms of the distribution were made through negotiations primarily between the Fund and Scotia Capital Inc. on its own behalf and on behalf of the other Underwriters. The lenders under the Credit Facilities did not have any involvement in such decision or determination, but have been advised of the issuance and terms thereof. As a consequence of the sale of the Debentures under this prospectus, each of the Underwriters will receive a fee on the principal amount of any Debentures sold through such Underwriter.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fraser Milner Casgrain LLP, counsel to the Fund and Blake, Cassels & Graydon LLP, counsel to the Underwriters, (together, "**Tax Counsel**"), the following summary describes, as of the date hereof, the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a prospective purchaser of Debentures pursuant to this short form prospectus who, for the purposes of the Tax Act and at all relevant times is resident in Canada, holds the Debentures and any Units acquired under the terms of the Debenture (collectively the "**Securities**") as capital property and deals at arm's length and is not affiliated with the Fund for purposes of the Tax Act. Generally, Securities will be considered to be capital property to a Holder provided the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have them and every other "Canadian security" as defined in the Tax Act owned by the Holder treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder that is a "financial institution" for purposes of the mark-to-market rules, to a Holder that is a "specified financial institution", to a Holder an interest in which is a "tax shelter investment", or to a Holder who has elected to determine its Canadian tax results in a "functional currency" all within the meaning of the Tax Act. In addition, the summary does not address the deductibility of interest by a holder of Securities who has borrowed money to acquire a Debenture.

This summary is based upon the facts set out in this short form prospectus, the current provisions of the Tax Act, Tax Counsel's understanding of the administrative and assessing practices of the Canada Revenue Agency (the "**CRA**") publicly available prior to the date hereof and the specific proposals to amend the Tax Act announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and a certificate of the Fund as to certain factual matters. This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or in the administrative or assessing policies of the CRA, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. No assurance can be given that the Proposed Amendments will be enacted as currently proposed or at all.

This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser of the Debentures. Consequently, prospective purchasers of Debentures should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Debentures based on their particular circumstances.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of the Debentures or the Units. Interest paid or deemed to be paid on the Debentures or distributions on the Units or amounts paid in respect thereof, whether paid in cash or Units, will be paid net of any applicable withholding taxes.

Qualification as a Mutual Fund Trust

This summary assumes that the Fund qualifies as a "mutual fund trust" as defined in the Tax Act and will thereafter continuously qualify as a mutual fund trust. In order for the Fund to qualify as a mutual fund trust at a particular time, in addition to being a unit trust resident in Canada, it must meet certain prescribed conditions relating to the number of Unitholders, the dispersal of ownership of Units and public distribution of Units at such time; its only undertaking must be the investing of its funds in property (other than real property); and it must not be established or maintained primarily for the benefit of non-residents.

Under the current provisions of the Tax Act, the Fund will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than "taxable Canadian property" as defined in the Tax Act. If proposed amendments to the Tax Act released by the Minister of Finance (Canada) on September 16, 2004 are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents of Canada or partnerships which are not "Canadian partnerships" for purposes of the Tax Act is more than 50% of the fair market value of all issued and outstanding Units unless no more than 10% (based on fair market value) of the Fund's property is at any time taxable Canadian property within the meaning of the Tax Act and certain other types of specified property. A partnership will only qualify as a Canadian partnership at a particular time if all of its members at that time are resident in Canada. The proposed amendments do not currently provide any means of rectifying a loss of mutual fund status. On December 6, 2004, the

Minister of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these proposed amendments, and it is Tax Counsel's understanding that further discussions will take place with the private sector before a decision is made concerning whether the proposed amendments will be enacted. Bill C-52, which received Royal Assent on June 22, 2007 amended the relevant provisions of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the proposed amendments released on September 16, 2004.

If the Fund were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially and adversely different.

SIFT Rules

On October 31, 2006, the Minister of Finance (Canada) announced the "Tax Fairness Plan" which, in part, proposed to significantly change the taxation of most publicly traded trusts and partnerships, including income trusts such as the Fund, and distributions and allocations from these entities to their investors. Legislation to implement the proposed changes was contained in Bill C-52 which received Royal Assent on June 22, 2007. No assurance can be given that Canadian federal income tax law respecting the taxation of income trusts and other flow-through entities will not be further changed in a manner that adversely affects the Fund and its Unitholders.

The SIFT Rules apply a tax on certain income (other than taxable dividends) earned by a SIFT trust or a SIFT partnership, and would treat the taxable distributions of such income received by unitholders of a SIFT trust or the partnership income entitlement of SIFT partners in respect of such income as dividends. Pursuant to the SIFT Rules, the Fund will constitute a SIFT trust and, as a result, the Fund and its Unitholders will be subject to the SIFT Rules. The SIFT Rules generally do not apply until the 2011 taxation year for income trusts that would have been SIFT trusts on October 30, 2006 had the definition been in force and applied to the trust on that date, such as the Fund. However, the SIFT Rules will apply commencing January 1st of a taxation year ending after 2006 if the SIFT trust does not comply in that taxation year with the Normal Growth Guidelines, unless the excess growth arose as a result of a prescribed transaction. The background paper to the October 31, 2006 announcement indicates that there are circumstances under which the deferral until 2011 may be rescinded, and that while there is currently no intention to prevent normal growth of an existing SIFT during the transitional period, any undue expansion of an existing SIFT could cause the deferral to be revisited. On December 15, 2006, the Department of Finance issued the Normal Growth Guidelines that provide guidance as to what is meant by normal growth versus undue expansion and the Normal Growth Guidelines were amended on February 25, 2009. The Normal Growth Guidelines indicate that the deferral until 2011 will not be rescinded in respect of a SIFT trust whose equity capital grows in a period as a result of issuances of new equity (which includes trust units, debt that is convertible into trust units, and potentially other substitutes for such equity) before 2011 by an amount that does not exceed the greater of $50 million and an objective "safe harbour" amount that is based on a percentage of the SIFT trust's market capitalization on October 31, 2006. Market capitalization, for these purposes, is to be measured in terms of the value of the SIFT trust's issued and outstanding publicly-traded units. The Normal Growth Guidelines provide that a SIFT trust's "safe harbour" will be 40% of the October 31, 2006 market capitalization for the period from November 1, 2006 until the end of 2007, 20% of that benchmark for 2008 and 40% of that benchmark for the period December 4, 2008 to December 31, 2010. These safe harbour growth limits are cumulative such that any unused limit for a given period is carried over to the next period until the end of 2010 (the $50 million annual growth limit for each period is not cumulative). Pursuant to the amendments to the Normal Growth Guidelines, the $50 million annual growth limits for 2009 and 2010 were accelerated such that after December 4, 2008 they became immediately available. For these purposes, new equity will include units and debt that is convertible into units, but will generally not include new non-convertible debt or the replacement of debt outstanding on October 31, 2006 with equity. Also excluded from new equity are units that are issued on the exercise of exchangeable interests that were outstanding on October 31, 2006. The Normal Growth Guidelines may be amended from time to time.

Management has advised Counsel that the Fund's October 31, 2006 market capitalization determined in accordance with the Normal Growth Guidelines was approximately $196,394,240. Management has further advised Counsel that the total amount of the Offering and all previous equity issuances and all currently contemplated issuances, determined in accordance with the Normal Growth Guidelines and on the assumption that the issuance of warrants by the Fund and exchangeable partnership units by AEP constitutes an issuance of equity by the Fund, should not cause the Fund to exceed the amount permitted by the Normal Growth Guidelines. It is assumed, for the purposes of this summary, that the Fund, ALP and AEP will not currently be subject to the SIFT Rules. However, in the event that the Fund, ALP or AEP issues additional Units, partnership interests or convertible debentures (or other equity substitutes) on or before 2011, the Fund, ALP or AEP may become subject to the SIFT Rules prior to its 2011 taxation year. No assurance can be given that the SIFT Rules will not apply to the Fund, ALP or AEP prior to its 2011 taxation year.

If the Corporate Conversion is completed prior to January 1, 2011, and the Fund has not exceeded its "normal growth" limits prior to the Corporate Conversion being completed, the SIFT Rules will not apply to the Fund or the Unitholders.

The remainder of this summary is subject to the SIFT Rules as discussed above.

Taxation of the Fund

In general, subject to the SIFT Rules, the Fund is treated as an individual for tax purposes and is taxable on its income determined under the Tax Act from sources inside or outside Canada. The Fund is subject to tax in each taxation year (which is the calendar year) on its taxable income for the year which will include all interest on the debt owed by AOT that accrues to the Fund to the end of the year or that becomes receivable or is received by it before the end of the year (except to the extent such interest was included in computing income for a preceding year), such amount of AOT's income as became payable in the year to the Fund as a distribution on the units of AOT (the "AOT Units") and net realized taxable capital gains. The Fund will not be subject to tax on any payments of principal on the debt owed by AOT to the Fund nor on any amount received as a return of capital (and not income) on the AOT Units to the extent such amount does not exceed the adjusted cost base of the AOT Units immediately prior to the payment. Subject to the SIFT Rules, the Fund may deduct in computing income for a taxation year amounts paid or payable or deemed to be paid or payable in such year to the Unitholders, including income paid in the form of additional Units, as discussed below.

In computing its income, the Fund will generally be entitled to deduct reasonable expenses incurred for the purpose of earning such income. The Fund may deduct in computing its income for a year a portion of the reasonable expenses incurred by it in connection with the issuance of the Debentures. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

Under the Declaration of Trust, an amount equal to all of the income of the Fund for each year, together with the non-taxable portion of any net capital gains realized by the Fund in the year, but excluding capital gains which may be realized by the Fund upon a distribution in specie of assets of the Fund in connection with a redemption of a Unit (or the disposition of any assets of the Fund that are exchanged for assets so distributed) which are payable and designated to the redeeming Unitholders and excluding capital gains in respect of which the Fund is entitled to a Capital Gains Refund (as defined below), will be payable in the year to the Unitholders by way of cash distributions, subject to the exceptions described below. Under the Declaration of Trust, income of the Fund may be used to finance cash redemptions of Units and such income will not be payable to Unitholders by way of cash distributions but rather, to the extent not treated as paid to a redeeming Unitholder, will be payable in the form of additional Units.

A distribution by the Fund to a Unitholder of assets of the Fund upon a redemption of Units (or the exchange of assets of the Fund for assets so distributed) will be treated as a disposition of such assets by the Fund for proceeds equal to their fair market value. The Fund's proceeds from the disposition of debt owed by AOT to the Fund will be reduced by any accrued but unpaid interest in respect thereof, which interest will generally be included in the Fund's income in the year of disposition to the extent it was not included in the Fund's income in a previous year. The Fund will realize a capital gain (or loss) to the extent that such proceeds exceed (or are exceeded by) the cost amount to the Fund of such assets and reasonable costs of disposition.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "**Capital Gains Refund**"). In certain circumstances, the Capital Gains Refund, in a particular taxation year, may not completely offset the Fund's tax liability for such taxation year arising as a result of the distribution of assets of the Fund on the redemption of Units. The Declaration of Trust provides that any capital gain of the Fund attributable to an in specie distribution of assets of the Fund may be treated as being paid to redeeming Unitholders and the taxable portion thereof designated as a taxable capital gain of the redeeming Unitholder and subject to the SIFT Rules any amount so designated will be deductible by the Fund.

Tax Counsel has been advised that the Fund intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that subject to the SIFT Rules, the Fund would generally not be liable in such year for income tax under Part I of the Tax Act.

If the Corporate Conversion is not completed prior to the Fund becoming subject to the SIFT Rules (which is anticipated to be, subject to any "undue expansion", deferred until January 1, 2011), the Fund will no longer be able to deduct any part of the amounts payable to Unitholders in respect of its "non-portfolio earnings", which will include: (i) income, other than taxable dividends, from its "non-portfolio properties" (exceeding any losses for the taxation year from non-portfolio properties), and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from the disposition of such properties). For this purpose, "non-portfolio properties" include: (i) certain Canadian real and resource properties, (ii) a property that the SIFT trust (or a non-arm's length person or partnership) uses in the course of carrying on a business in Canada, and (iii) securities of a "subject entity" if the SIFT trust holds securities of the subject entity that have a total fair market value that is greater than 10% of the subject entity's equity value or if the SIFT trust holds securities of the subject entity which, together with all securities held of affiliates of the subject entity, have a total fair market value that is greater than 50% of the SIFT trust's equity value. A "subject entity" includes corporations resident in Canada, trusts resident in Canada, and Canadian resident partnerships. Under the SIFT Rules, "securities" of a subject entity which is a trust include liabilities of and income and capital interests in such trust. It is expected that the securities of AOT will be non-portfolio properties for this purpose. Income which a SIFT trust is unable to deduct will be taxed in the SIFT trust at rates of tax similar to the combined federal and provincial corporate tax rate. The SIFT Rules do not change the tax treatment of distributions that are in excess of the Fund's taxable income.

Taxation of AOT, ALP, AEP, Armtec Limited Partner Corp. ("ALPC"), Armtec Holdings Limited ("AHL") and Armtec AEP GP Limited ("AEP GP")

AOT is taxable on its income determined under the Tax Act for each taxation year (which is the calendar year), which will include its allocated share of the income of ALP as well as interest on debt owed by Armtec.

Similar to the Fund, income that is paid or payable or deemed to be paid or payable in a year to its Unitholders may be deducted by AOT in computing its income for tax purposes for such year. Under the AOT Declaration of Trust, an amount equal to all of the income of AOT for each year, together with the non-taxable portion of any net capital gains realized by AOT in the year, will generally be payable in the year to holders of AOT Units. Tax Counsel has been advised that AOT intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that AOT would generally not be liable in such year for any material amount of tax under Part I of the Tax Act.

Each of AEP and ALP is not subject to income tax under the Tax Act so long as it is not a SIFT partnership. The taxation of SIFT partnerships is discussed above. It is the position of the Fund based on advice from its tax advisors that each of AEP and ALP is not a SIFT partnership and the balance of this commentary dealing with partnerships is made on the assumption that each of AEP and ALP is not a SIFT partnership. However, it should be noted that if AEP or ALP is a SIFT partnership at any time, there would be materially adverse tax consequences because certain income earned by the partnership would be subject to tax in a manner similar to a SIFT trust as discussed above. Each partner of AEP and ALP is required to include in computing the partner's income, the partner's share of the income or, subject to the at risk rules in the case of a "limited partner" for the purposes of the Tax Act, loss of AEP and ALP for each partnership's fiscal year ending in the partner's taxation year, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of AEP and ALP will be computed for each fiscal year as if each partnership were a separate person resident in Canada. In computing the income or loss of AEP and ALP, deductions will be claimed in respect of each partnership's administrative and other expenses and available capital cost allowance. The income or loss of AEP and ALP for a fiscal year will be allocated to its partners on the basis of the partner's share of such income or loss as determined under the AEP and ALP partnership agreements subject to the detailed rules in the Tax Act in that regard.

Each of AHL, ALPC and AEP GP is subject to tax on its taxable income determined under the Tax Act for each taxation year, including in the case of AHL and ALPC, its share of the income or loss of ALP, whether or not any such income is distributed to AHL or ALPC and in the case of AEP GP its share of the income or loss of AEP, whether or not any such income is distributed to AEP GP.

Proposed Corporate Conversion

On April 26, 2010 the Fund announced its plans to reorganize its income trust structure into a dividend-paying corporation. The tax consequences to a Debentureholder or a Unitholder under such reorganization will depend upon the manner in which it is carried out. The Corporate Conversion is described in an Information Circular dated May 27, 2010 that has been provided by the Fund to Unitholders in connection with the proposed Corporate Conversion. Debentureholders should consult their own advisors regarding the tax consequences arising from the proposed Corporate Conversion.

Debentures

Interest on Debentures

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues (or is deemed to accrue) to it to the end of the particular taxation year (or if the Holder disposes of the Debentures in the year, that accrues or is deemed to accrue to it until the time of disposition) or that has become receivable by or is received by the Holder before the end of that taxation year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a conversion, redemption or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year. However, such a Holder may be required to include in computing the Holder's income for a taxation year all interest (not otherwise required to be included in income) that accrues or is deemed to accrue on the Holder's Debentures to the end of any "anniversary day" (as defined in the Tax Act) in that year where payments under those Debentures are deferred as described under "*Details of the Offering — Subordination*".

In the event that a premium is paid to a Holder upon repayment of the principal of the Debentures, the fair market value of such premium will generally be deemed to be interest received at that time by such Holder if such premium is paid by the Fund because of the repayment by it to the Holder of Debentures before their maturity and to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at that time of, the interest that would have been paid or payable by the Fund on the Debentures for taxation years of the Fund ending after that time.

A Holder of Debentures that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain investment income for the year including interest.

Exercise of Conversion Privilege

A Holder of Debentures that converts a Debenture into Units pursuant to the conversion privilege will be considered to have disposed of the Debenture for proceeds of disposition equal to the aggregate of the fair market value of the Units so received at the time of the conversion and the amount of any cash received in lieu of fractional Units. The Holder will realize a capital gain or capital loss computed as described below under "Dispositions of Debentures". The cost to the Holder of the Units so received will also be equal to their fair market value at the time of the acquisition, and must be averaged with the adjusted cost base of all other Units held as capital property by the Holder for the purposes of calculating the adjusted cost base of each such Unit.

Redemption or Repayment of Debentures

If the Fund redeems a Debenture prior to maturity or repays a Debenture upon maturity and the Holder does not exercise the conversion privilege prior to such redemption or repayment, the Holder will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the Holder (other than the amount received on account of interest) on such redemption or repayment. If the Holder receives Units on redemption or repayment, the Holder will be considered to have proceeds of disposition equal to the aggregate of the fair market value of the Units so received and the amount of any cash received in lieu of fractional Units. The Holder may realize a capital gain or capital loss computed as described below under "Dispositions of Debentures". The cost to the Holder of the Units so received will also be equal to their fair market value at the time of acquisition, and must be averaged with the adjusted cost base of all other Units held as capital property by the Holder for the purpose of calculating the adjusted cost base of each such Unit.

Dispositions of Debentures

A disposition or deemed disposition by a Holder of Debentures will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. See "*Taxation of Capital Gains and Capital Losses*".

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Holder's income, except to the extent such amount was otherwise included in the Holder's income, and will be excluded in computing the Holder's proceeds of disposition of the Debenture. A Holder of a Debenture who has over accrued interest income will generally be entitled to a deduction in computing the Holder's income for a taxation year in which a Debenture is disposed of (including on conversion) for an amount equal to such over accrued income.

Units

Subject to the application of the SIFT Rules, income of a Holder of Units (a "**Unitholder**") will be considered to be income from property for the purposes of the Tax Act. Any loss of the Fund for the purposes of the Tax Act cannot be allocated to and treated as a loss of such Unitholder. A Unitholder will generally be required to include in computing income for a particular taxation year the portion of the net income of the Fund for a taxation year, including taxable dividends and net realized taxable capital gains, that is paid or payable to the Unitholder in that particular taxation year, whether such amount is payable in cash or in Units.

Provided that appropriate designations are made by the Fund, such portions of its net taxable capital gains and taxable dividends from taxable Canadian corporations as are paid or payable to a Unitholder will retain their character as taxable capital gains and taxable dividends from taxable Canadian corporations, respectively, in the hands of the Unitholder for purposes of the Tax Act. Such dividends will be subject, inter alia, to the gross-up and dividend tax credit provisions in respect of individuals, the refundable tax under Part IV of the Tax Act applicable to "private corporations" and "subject corporations" (as defined under the Tax Act) and the deduction in computing taxable income in respect of dividends received by taxable Canadian corporations. In general, net income of the Fund that is designated as taxable dividends from taxable Canadian corporations or as net realized capital gains may give rise to an individual Unitholder's liability for alternative minimum tax.

The non-taxable portion of net realized capital gains of the Fund (the taxable portion of which is designated by the Fund in respect of the Unitholder) that is paid or payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable by the Fund to a Unitholder in a year will not generally be included in the Unitholder's income for the year; however, where such an amount becomes payable to a Unitholder, other than as proceeds of disposition of Units or fractions thereof, the adjusted cost base of the Units held by such Unitholder will be reduced by such amount. To the extent that the adjusted cost base of a Unitholder's Unit is less than zero, the negative amount will be deemed to be a capital gain of the Unitholder from the disposition of the Unit in the year in which the negative amount arises.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. Units issued to a Unitholder in lieu of a cash distribution will have a cost equal to the amount distributed by the issue of such Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of a newly acquired Unit will be averaged with the adjusted cost base of all other Units owned by the Unitholder as capital property immediately before such acquisition.

Upon the disposition or deemed disposition by a Unitholder of a Unit, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs incurred by the Unitholder in connection with the disposition. A Unitholder will also realize a capital gain in respect of the amount of any net taxable capital gains designated by the Fund in respect of the Unitholder. The taxation of capital gains or capital losses is described below under "*Taxation of Capital Gains and Capital Losses*."

A redemption of Units in consideration for cash will be a disposition of such Units for proceeds equal to the amount of such cash, less any portion thereof that is considered to be a distribution out of the income of the Fund. Redeeming Unitholders will consequently realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceeds (or is less than) the aggregate of the Unitholder's adjusted cost base of the Units and any reasonable costs incurred by the Unitholder in connection with the disposition.

Where Units are redeemed and any assets of the Fund are distributed in specie to the Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the assets so distributed (less the amount of any capital gain or income realized by the Fund as a result of the redemption of those Units which has been designated and made payable by the Fund to the Unitholder). Subject to the SIFT Rules, where income or a capital gain realized by the Fund as a result of the in specie distribution of assets owned by the Fund including debt on the redemption of Units (or the exchange of any assets of the Fund for the assets so distributed) has been made payable and, in the case of capital gains, designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so payable.

The cost to a Unitholder, immediately after a redemption of Units of the Unitholder, of assets distributed to the Unitholder by the Fund upon such redemption including debt securities will be equal to the fair market value of such assets at the time of the distribution. The redeeming Unitholder will be required to include in income interest on any debt acquired, in accordance with the provisions of the Tax Act.

Where a Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends from taxable Canadian corporations previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by such dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

Notwithstanding the foregoing, if the Fund becomes subject to the SIFT Rules, taxable distributions from the Fund received by Unitholders and paid from the Fund's Canadian business income and non portfolio earnings will generally be deemed to be received as taxable dividends from a taxable Canadian corporation. Under the SIFT Rules, the dividends deemed to be paid by the Fund will be deemed to be "eligible dividends" and individual Unitholders will therefore benefit from the enhanced gross-up and dividend tax credit rules of the Tax Act. Such dividends received by corporations resident in Canada will be eligible for full deduction as tax free inter-corporate dividends and potentially subject to a 33⅓%

refundable tax if received by a “private corporation” or a “subject corporation”, within the meaning of the Tax Act.

A Unitholder that throughout the relevant taxation year is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay an additional refundable tax of 6⅔% on certain investment income, including income that was paid or payable by the Fund in the relevant taxation year and taxable capital gains.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized or deemed to be realized by a Holder in a taxation year will be included in the Holder’s income as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized or deemed to be realized by such a Holder generally is deducted from any taxable capital gains realized by the holder in the year of disposition, and any excess may be deducted against taxable capital gains in any of the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances allowed under the Tax Act.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” as defined in the Tax Act, may be liable to pay an additional refundable tax of 6⅔% on certain investment income, including taxable capital gains. Capital gains realized by a Holder who is an individual (including certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fraser Milner Casgrain LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, provided that, on the date of issue, (i) the Fund is a mutual fund trust under the Tax Act and the Units are listed on a designated stock exchange (which currently includes the TSX), or (ii) the Debentures are listed on a designated stock exchange, the Debentures, if issued on the date hereof, will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, tax-free savings accounts (a “**TFSA**”) and registered education savings plans (collectively, the “**Plans**”) (other than a deferred profit sharing plan for which the Fund, or a corporation with which the Fund does not deal at arm’s length, is the employer). In addition, provided that the Units are listed on a designated stock exchange or the Fund qualifies as a mutual fund trust for purposes of the Tax Act, the Units, including the Units issuable on a conversion, redemption or repayment at maturity of the Debentures, if issued on the date hereof, would be qualified investments for the Plans.

Notwithstanding that Units and Debentures may be qualified investments for a trust governed by a TFSA, the holder of a TFSA will be subject to a penalty tax on the Units or Debentures if such Units or Debentures, as the case may be, are a “prohibited investment” (as defined in the Tax Act) for the TFSA. Units or Debentures will generally be a “prohibited investment” (as defined in the Tax Act) if the holder of a TFSA does not deal at arm’s length with the Fund for purposes of the Tax Act or the holder of the TFSA has a “significant interest” (as defined in the Tax Act) in the Fund or a corporation, partnership or trust with which the Fund does not deal at arm’s length for purposes of the Tax Act.

RISK FACTORS

An investment in the Debentures and Units is subject to certain risks. Investors should carefully consider the risks described under “*Risk Factors*” in the AIF and the Information Circular and the additional risk factors set forth below.

The Debentures are Subordinate to Senior Indebtedness

The Debentures are subordinate to the present and future Senior Indebtedness. Under the terms of the subordination, the Fund may not make any payment of the principal amount of the Debentures and may not pay interest on the Debentures if an event of default occurs in respect of certain Senior Indebtedness, upon the maturity of certain Senior Indebtedness or upon any enforcement of certain Senior Indebtedness. In addition, the Debenture Trustee and the holders of the Debentures do not have the ability under the Indenture to demand repayment of the Debentures or to institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures in the event that repayment of certain Senior Indebtedness is accelerated or at any time that a default or event of default has occurred and is continuing in respect of such obligations and notice thereof has been given by or on behalf of the holders of such Senior Indebtedness to the Fund. As of the date of this short form prospectus there is indebtedness of approximately $252.4 million outstanding under the Credit Facilities.

Market for Debentures

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. Although the Fund has applied to list the Debentures distributed under this short form prospectus and the Fund Units issuable on the conversion, redemption or maturity of the Debentures on the TSX, such listing will be subject to the Fund fulfilling all of the listing requirements of the TSX. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected.

The market price of the Debentures will be based on a number of factors, including: (i) the prevailing interest rates being paid by entities similar to the Fund; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) the financial condition, results of operation and prospects of the Fund and Armtec Newco; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price and volatility of the Fund Units and the common shares of Armtec Newco; (viii) changes in the industry in which the Fund's subsidiaries operate and competition affecting the Fund's subsidiaries; and (ix) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Credit Risk

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Fund and Armtec Newco and their creditworthiness.

Earnings Coverage Ratios

See "*Earnings Coverage Ratios*", which is relevant to an assessment of the risk that the Fund may be unable to pay interest or principal on the Debentures when due.

Ranking of Debentures

The Debentures will be direct, unsecured obligations of the Fund and will rank equally with one another and, except as prescribed by law, will rank equally with all other unsecured subordinated indebtedness (other than Senior Indebtedness) of the Fund. The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinate in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Fund then due and payable, which includes all indebtedness for borrowed money, all obligations under swap and hedging arrangements, all trade payables, any guarantees of the foregoing, and all other obligations, liabilities and indebtedness which could be classified as liabilities of the Fund in accordance with generally accepted accounting principles. Furthermore, since the Debentures are unsecured obligations of the Fund, they are effectively subordinate to all of the Fund's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. Therefore, in the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the Fund, the Fund's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its secured creditors and all holders of Senior Indebtedness. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

Absence of Covenant Protection

Other than as described herein, the Indenture will not limit the Fund's ability to incur additional debt or liabilities (including Senior Indebtedness). The Indenture will not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction by the Fund.

Change of Control

The Fund is required to make an offer to holders of the Debentures to purchase all of their Debentures for cash in the event of certain transactions that would constitute a Change of Control. The Fund cannot assure holders of Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Fund's ability to purchase the Debentures in such an event may be limited by law, by the Indenture governing the Debentures, by the terms of other present or future agreements relating to the Fund's credit facilities and other indebtedness and agreements that the Fund may enter into in the future which may replace, supplement or amend the Fund's future debt. The Fund's credit agreements or other agreements may contain provisions that could prohibit the purchase by the Fund of the Debentures without the consent of the lenders or other parties thereunder. If the Fund's obligation to offer to purchase the Debentures arises at a time when the Fund is prohibited from purchasing or redeeming the Debentures, the Fund could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Fund does not obtain a consent or refinance these borrowings, the Fund could remain prohibited from purchasing the Debentures under its offer. The Fund's failure to purchase the Debentures would constitute an Event of Default under the Indenture, which might constitute a default under the terms of the Fund's other indebtedness at that time.

Payment Risk

In order for the Fund to make the interest payments set forth in the Indenture and to repay principal to the holders of Debentures, it is likely that a dividend, distribution or other similar payment in the amount of such interest or principal payment would be required to be made by a subsidiary of the Fund to the Fund. The ability of the subsidiaries of the Fund to make such a dividend, distribution or other similar payment may be limited by the terms of present or future agreements relating to the credit facilities of the Fund or its subsidiaries and other indebtedness and agreements that the Fund or its subsidiaries may enter into in the future which may replace, supplement or amend the future debt of the Fund or its subsidiaries. The credit agreements or other agreements of the Fund and its subsidiaries currently, and may in the future, contain provisions that restrict the making of such payments by the subsidiaries of the Fund without the consent of the lenders or other parties thereunder. If the Fund's obligation to make a payment of interest or principal arises at a time when the subsidiaries of the Fund are restricted from making such a dividend, distribution or other similar payment, the Fund could seek the consent of lenders to the making of such payment or could attempt to refinance the borrowings that contain this restriction. If the Fund does not obtain a consent or refinance these borrowings, the Fund could remain prohibited from making such a payment. The Fund's failure to make a payment of interest or principal would constitute (after a grace period in respect of a non-payment of interest) an Event of Default under the Indenture, which might constitute a default under the terms of the Fund's other indebtedness at that time.

Dilutive Effects on Unitholders

The Fund may decide to redeem outstanding Debentures for Fund Units or repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Fund Units or, subject to regulatory approval and to the Normal Growth Guidelines, to satisfy all or part of the Fund's obligation to pay interest on the Debentures in accordance with the Indenture by delivering sufficient Fund Units to the Debenture Trustee. Accordingly, Unitholders may suffer dilution. See "*Details of the Offering – Method of Payment*" and "*Details of the Offering – Interest Payment Option*".

Redemption Prior to Maturity

The Debentures may be redeemed, at the option of the Fund, in whole at any time or in part from time to time on or after July 1, 2013 and prior to July 1, 2015, subject to certain conditions, at a price equal to the principal amount thereof plus accrued and unpaid interest thereon up to but excluding the date of redemption. Holders of Debentures should understand that this redemption option may be exercised if the Fund is able to refinance at a lower interest rate or it is otherwise in the interests of the Fund to redeem the Debentures. See "*Details of the Offering – Optional Redemption*".

Prevailing Yields on Similar Securities

Prevailing yield on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Exchange of Units Pursuant to Corporate Conversion

On April 26, 2010, the Fund announced its plans to convert to a dividend-paying corporation. While it is anticipated that the Corporate Conversion will be completed on a tax-free rollover basis for holders of Debentures, there is no assurance that the Corporate Conversion will not result in a taxable disposition to such holders of their Debentures at the time of the Corporate Conversion. In addition, the Canadian federal income tax consequences of the exchange for and holding securities of Armtec Newco may be materially different than the Canadian federal income tax consequences of the exchange for and holding of Units as described under "*Certain Canadian Federal Income Tax Considerations*". Holders of Debentures should consult their own advisors regarding the tax consequences arising from the proposed Conversion Transaction.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Fraser Milner Casgrain LLP on behalf of the Fund, and by Blake, Cassels & Graydon LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of Fraser Milner Casgrain LLP, as a group and Blake, Cassels & Graydon LLP, as a group, each own, directly or indirectly, less than 1% of the Fund Units.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Waterloo, Ontario. The transfer agent and registrar for the Units and the Debentures is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the purchase price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of such purchaser’s province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of Armtec Infrastructure Income Fund (the "Fund") dated June ●, 2010 relating to the qualification for distribution of $40,000,000 principal amount of 6.50% convertible unsecured subordinated debentures of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned preliminary short form prospectus of our report to the Unitholders of the Fund on the consolidated balance sheets of the Fund as at December 31, 2009 and 2008 and the consolidated statements of earnings, comprehensive income, changes in unitholders' equity and cash flows for the years then ended. Our report is dated March 18, 2010.

We also consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the director of Pre-Con Inc. (the "Company") on the balance sheets of the Company as at December 31, 2008 and 2007 and the statements of earnings, changes in shareholder's equity and cash flows for the years then ended. Our report is dated August 13, 2009.

(signed) ●

Chartered Accountants
Licensed Public Accountants

Waterloo, Ontario
●, 2010

CERTIFICATE OF THE FUND

Dated: June 17, 2010

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada, other than Québec.

ARMTEC INFRASTRUCTURE INCOME FUND
by its administrator Armtec Limited Partnership
by its general partner Armtec Holdings Limited

By: "*Charles M. Phillips*"
Charles M. Phillips
President and Chief Executive Officer

By: "*James R. Newell*"
James R. Newell
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

By: "*Michael Skea*"
Michael Skea
Director

By: "*John E. Richardson*"
John E. Richardson
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 17, 2010

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces of Canada, other than Québec.

SCOTIA CAPITAL INC.

By: *"Anthony Aulicino"*
Anthony Aulicino

BMO NESBITT BURNS INC.

By: *"Stephen Shapiro"*
Stephen Shapiro

TD SECURITIES INC.

By: *"Joe Tassone"*
Joe Tassone

NATIONAL BANK FINANCIAL INC.

By: *"Glen Hirsh"*
Glen Hirsh

CANACCORD GENUITY CORP.

By: *"Justin Bosa"*
Justin Bosa

M PARTNERS INC.

By: *"Thomas Kofman"*
Thomas Kofman

RAYMOND JAMES LTD.

By: *"Ian G. MacKay"*
Ian G. MacKay