PARK LAWN INCOME TRUST

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2008

APRIL, 2009

TABLE OF CONTENTS

Glossary of Terms

The following is a glossary of terms used frequently through this report.

"Act" means the *Business Corporations Act* (Ontario), as amended.

"Board of Directors" or **"Board"**, means the Board of Directors of Park Lawn Company Limited

"Business" means the business of selling cemetery plots, niches and mausoleum crypts, monuments, markers, crypt accessories, cremations, openings and other sundry cemetery products including after-sale support including ownership, maintenance and other related matters.

"Business Day" means any day other than a Saturday, Sunday or civic or statutory holiday in the City of Toronto.

"Effective Date" means the date the Plan of Arrangement was completed, which was September 15, 2006.

"Fund" means Park Lawn Income Trust.

"Fund Group" means the Fund and its subsidiaries.

"Fund Trustees" means the trustees of the fund.

"Park Lawn" means Park Lawn Company Limited.

"Park Lawn GP" means Park Lawn Management Services Inc., the general partner of Park Lawn Limited Partnership.

"Park Lawn LP" means Park Lawn Limited Partnership.

"Promissory Note" means the subordinate, secured promissory note issued by Park Lawn LP to Park Lawn.

"Shares" means the common shares of Park Lawn.

"Shareholders" means the holders of shares of Park Lawn Company Limited.

"Trust" means Park Lawn Subsidiary Trust.

"Trust Trustee" means the trustees of the Trust.

"TSX-V" means the TSX Venture Exchange.

"Units" means a unit of the Fund.

"Unitholders" means holders of units of Park Lawn Income Trust.

"Westside" means Westside Cemeteries Limited.

ANNUAL INFORMATION FORM

Forward-looking Statements

This Annual Information Form may contain forward-looking statements. Forward-looking statements may include words such as “expects”, “believes”, “anticipates”, “should”, “intends”, “projects”, “estimates”, “plans”, and similar expressions. Forward-looking statements are based on current expectations and are subject to certain risks and uncertainties which cause results to differ materially from those expressed in forward-looking statements. These forward-looking statements are made as of the date of this report and the Fund assumes no obligation to update and revise them.

GENERAL DEVELOPMENT OF THE BUSINESS

History of the Business

Park Lawn Company Limited was established as a company with ownership of one cemetery in the city of Toronto and in May 2002 acquired Westside Cemeteries. Park Lawn owned and operated six cemeteries in the Greater Toronto area. Additionally it was also a 50% owner of Bloorpark Developments Inc., established for the development of a condominium project on Bloor Street in Toronto.

On June 19, 2006, the Board of Park Lawn announced that it had approved in principal a plan to transfer all of Park Lawn’s cemetery-related assets and its 50% interest in Bloorpark Developments Inc. to an income trust to be called Park Lawn Income Trust subject to the recommendation of the Independent Committee established by the Board. On July 20, 2006 the Board announced that it had approved the recommendations of the Independent Committee to create Park Lawn Income Trust. The transaction would be affected by way of Plan of Arrangement and a special meeting of Shareholders unanimously approved the transaction on August 14, 2006. On September 15, 2006, Park Lawn announced the completion of the Arrangement.

The arrangement provided that on the Effective Date, the following occur:

- Shareholders of Park Lawn Company Limited would be deemed to be paid a capital dividend of $2.655 per share.
- The shareholders of Park Lawn would be deemed to have paid the proceeds of the capital dividend to the Fund as consideration for the purchase of three (3) units for every share held.
- Park Lawn LP purchases from Park Lawn all of the cemetery-related assets held directly or indirectly by Park Lawn as well as Park Lawn’s 50% interest in Bloorpark Developments Inc. pursuant to the Asset Transfer Agreement in exchange for a promissory note and the assumption by Park Lawn LP of any liabilities in respect of such assets.

INFORMATION CONCERNING PARK LAWN INCOME TRUST

(The "Fund")

Structure of the Fund

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Fund Declaration of Trust. The Fund qualities as a "mutual fund" trust for the purposes of the Tax Act. The Fund owns all of the issued and outstanding Trust Units and common shares of Park Lawn GP.

Activities of the Fund

The Declaration of Trust provides that the Fund is a limited purpose Trust and its activities are restricted to:

1) Investing in securities issued by the Trust and Park Lawn GP and activities incidental to such investment including, where permitted under the rules applicable to mutual fund trusts under the Tax Act, guaranteeing the debt of certain other entities;
2) Temporarily holding cash in interest bearing accounts, short-term government debt or short-term investment grade corporate debt for the purposes of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units or other securities of the fund and making distributions to Unitholders;
3) Issuing Units or securities convertible into Units (i) for cash, (ii) in satisfaction of any non-cash distribution, (iii) in order to acquire securities, and (iv) pursuant to any distribution reinvestment plans, incentive option plans or other compensation plans, if any, established by the fund;
4) Issuing debt securities;
5) Disposing of any part of the assets of the Fund;
6) Issuing rights and Units pursuant to any unitholder rights or incentive plans adopted by the Fund;
7) Purchasing securities pursuant to any issuer bid made by the Fund;
8) Satisfying the obligations, liabilities or indebtedness of the Fund;
9) Guaranteeing the payment of any indebtedness or obligation of Park Lawn LP, the performance of any obligation of Park Lawn LP, and mortgaging, pledging, charging and granting a security interest in or otherwise encumbering all or any part of its assets as security for such guarantee; and
10) Undertaking all other usual and customary actions for the conduct of the activities of the Fund in the ordinary course as are approved by the Fund Trustees from time to time, or as are contemplated by the Fund Declaration of Trust,

provided that the Fund will not undertake any activity, take any action, omit to take any action or make any investment which would result in the Fund not being considered a mutual fund trust for the purposes of the Tax Act.

Units

An unlimited number of Units may be issued pursuant to the Fund Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund.

All Units are of the same class with equal rights and privileges. The Units are not subject to future calls or assessments, and entitle holders thereof to one vote for each whole Unit held at all meetings of the Unitholders. Except as set out under “Redemption at the Option of Unitholders” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Issuance of Units

The Fund Declaration of Trust provides that the Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Fund Trustees determine, including pursuant to any Unitholder rights plan or any incentive option or other compensation plan established by the fund. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a pro rata basis to the extent that the fund does not have available cash to fund such distributions. The Fund Declaration of Trust also provides, unless the Fund Trustees determine otherwise, that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding units will be consolidated such that each Unitholder will hold after the consolidation the same number of units the Unitholder held before the non-cash distribution, except where tax was required to be withheld in respect of the Unitholders share of the distribution. In this case, each certificate, if any, representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution. Where amounts so distributed representing income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units. Such non-resident Unitholders will be required to surrender the certificates, if any, representing their original Units in exchange for a certificate representing their post-consolidation Units.

Trustees

The Fund will have a minimum of one Fund Trustee and a maximum of ten Fund Trustees, the majority of whom must be residents of Canada (within the meaning of the Tax Act). The current number of Fund Trustees is three. The Fund Trustees are elected at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. The following are the current Fund Trustees:

Frank Mills
Residence: Toronto, Ontario, Canada
Trustee Since: July 12, 2006

Mr. Mills is the Chief Executive Officer and a Director of Park Lawn GP and has been actively involved in the cemetery industry since 1989. Mr. Mills is also President (since 1998) and a Director (since 1994) of Park Lawn Company Limited.

Thomas P. Falus
Residence: Malden Bridge, New York, U.S.A.
Trustee Since: July 12, 2006

Mr. Falus is Chairman of the Corporate Governance and Compensation Committee and a member of the Audit Committee. Mr. Falus is President of Sienna Capital LLC, Investment Managers. Mr. Falus is also a Director (since 2005) of Park Lawn Company Limited.

Yvon Rodrigue
Residence: Quebec City, Quebec, Canada
Trustee Since: July 12, 2006

Mr. Rodrigue is Chairman of the Audit Committee and a member of the Corporate Governance and Compensation Committee. Mr. Rodrigue is also a Director (since 2002) of Park Lawn Company Limited and has extensive knowledge and experience in the cemetery industry. Mr. Rodrigue is President of Harmonia Inc., Alternative Funerals and Cremation Services.

The board of directors of Park Lawn GP, upon the recommendation of its corporate governance and compensation committee, will nominate the Fund Trustees. All nominees for Fund Trustee proposed by the board of Park Lawn GP will be subject to approval by the Unitholders of the Fund at the annual meeting of the Fund.

The Fund Declaration of Trust provides that, subject to its terms and conditions, the Fund Trustees will have full, absolute and exclusive power, control and authority over the trust assets and over the affairs of the Fund to the same extent as if the Fund Trustees were the sole and absolute legal and beneficial owners of the trust assets and will supervise the investments and conduct the affairs of the Fund. Subject to such terms and conditions, the Fund Trustees are responsible for, among other things:

- Acting for, voting on behalf of and representing the Fund as holder to Trust Units and other securities of the Trust;
- Maintaining records and providing reports to Unitholders;
- Supervising the activities and managing the investment and affairs of the Fund;
- Effecting payments of distributable cash from the Fund to Unitholders; and
- Voting in favour of the Fund's nominees to serve as trustees of the Trust.

Any one or more of the Fund Trustees may resign upon 30 days' written notice to the Fund, unless such resignation would cause the number of remaining Fund Trustees to be less than quorum, and may be removed by resolution passed by a majority of votes cast at a meeting of the Unitholders ("Ordinary Resolution") and the vacancy created by the removal or resignation must be filled at the same meeting, failing which it may be filled by the affirmative vote of a quorum of the Fund Trustees.

The Fund Trustees will be elected at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of Fund Trustees, being the majority of Fund Trustees then holding office, may fill a vacancy in the Fund Trustees, other than a vacancy resulting from an increase in the number of Fund Trustees or from a failure of the Unitholders to elect the required number of Fund Trustees, the Fund Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Fund Trustees fail to call that meeting or if there are not Fund Trustees then in office, any Unitholder may call the meeting. The Fund Trustees may, between annual meetings of Unitholders, appoint one or more additional fund Trustees to serve until the next annual meeting of Unitholders, but the number additional Fund Trustees will not at any time exceed one-third of the number of fund Trustees who held office at the expiration of the immediately preceding annual meeting.

The Fund Declaration of Trust provides that the Fund Trustees will act honestly and in good faith with a view to the best interests of the Unitholders and in connection with that duty will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The fund Declaration of Trust provides that each Fund Trustee will be entitled to indemnification from the Fund in respect of the exercise of the Fund Trustee's power and the discharge of the fund Trustee's duties, provided that the Fund Trustee acted honestly and in good faith with a view to the best interests of all the Unitholders or, in the case of a criminal or administrative action or proceeding that is in force by a monetary penalty, where the fund Trustee had reasonable grounds for believing that his/her conduct was lawful.

As of the date hereof, the Trustees and officers of the Fund and the Directors and officers of Park Lawn GP as a group beneficially own, directly or indirectly, or exercise control or direction over approximately **50%** of the outstanding units.

Corporate Governance and Compensation Committee

The Committee shall consist of as many members as the Fund Trustees shall determine from time to time but in any event, not fewer than two trustees of the Fund. The members of the Committee are Tom Falus (Chairman), John Mills and Yvon Rodrigue, two of whom, Mr. Falus and Mr. Rodrigue, are Independent. Each member of the Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a trustee of the Fund. The Fund Trustees may fill a vacancy in the Committee at any time.

At least two members of the Committee shall be selected based upon the following and in accordance with applicable laws, rules and regulations. Each member shall be independent and unrelated in accordance with applicable legal and regulatory requirements and in such regard shall have not direct or indirect material relationship with the Fund that could, in the view of the Fund Trustees, reasonably interfere with the exercise of a member's independent judgment.

The Corporate Governance and Compensation Committee of the Fund will, among other things:

- make recommendations concerning the remuneration of Fund Trustees;
- administer and make recommendations regarding the operation of any Fund incentive plans;
- develop the Fund's approach to governance issues;
- periodically review the effectiveness of the Fund Trustees; and
- nominate the directors for the Board of Park Lawn Management Services Inc. as General Partner of Park Lawn Limited Partnership.

The Corporate Governance and Compensation Committee will also be responsible for adopting and periodically reviewing and updating the Fund's written disclosure policy. This policy will, among other things:

- articulate the legal obligations of the Fund, its subsidiaries and their respective trustees, directors, officers and employees with respect to confidential information;
- identify spokespersons of the Fund and its Subsidiaries, who will be the only persons authorized to communicate with third parties such as analysts, media and investors;
- provide guidelines on the disclosure of forward-looking information;
- require advance review of any selective disclosure of financial information to ensure the information is not material, to prevent the selective disclosure of material information and to ensure that, if selective disclosure does occur, a news release is issued immediately; and

- establish "black-out" periods immediately prior to and following the disclosure of quarterly and annual financial results and immediately prior to the disclosure of certain material changes, during which periods the Fund, its Subsidiaries and their respective trustees, directors, officers and employees may not purchase or sell Units.

Audit Committee

The audit committee is a committee of the Board of Trustees to which the Fund Trustees delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits. The external auditor shall report directly to the committee. The members of the audit committee are Mr. Yvon Rodrigue (Chairman), Mr. Tom Falus and Mr. John Mills, two of whom, Mr. Rodrigue and Mr. Falus, are Independent.

The responsibilities and duties of the audit committee are set out in the audit committee charter, the text of which is set forth in Appendix "A" to this Annual Information Form.

Remuneration of Trustees

Park Lawn GP's directors receive an annual fee of $7,500 for their services as directors and an annual fee of $2,500 for their services as Chair of a committee of Park Lawn GP. In addition, with the exception of Frank Mills, Patricia Mills and Larry Boland, directors receive $600 in respect of attending in person any meeting of the directors of Park Lawn GP, and $300 for attending any such meeting by telephone. To the extent that any individuals serve concurrently as Fund Trustees and directors of Park Lawn GP, the foregoing payments will be made to such individuals only in respect of their duties as directors. Fund Trustees and directors of Park Lawn GP will also be reimbursed for expenses incurred in attending meetings of the board of trustees of the Fund or of the board of directors of Park Lawn GP or any committee meetings.

Distributions

The Fund intends to make monthly cash distributions of all or substantially all of its available cash to the Unitholders of record on the last Business Day of each month, to be paid on the 15th day following each month end, or, if not a Business Day, the next Business Day thereafter. The amount to be distributed on a *pro rata* basis per month per Unit will be equal to the Fund's net monthly cash receipts, less estimated amounts required for the payment of expenses and other obligations of the Fund and cash redemptions of Units and any tax liability. The Fund may make additional distributions in excess of the monthly distributions during the year, as the Fund Trustees may determine from time to time, and may increase or decrease or halt cash distributions from time to time as they see fit.

The distribution payable in respect of the month ending December 31 in each calendar year will be required to include such amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such calendar year as is necessary to ensure that the Fund will not be liable to ordinary income taxes under the Tax Act in such year, and will also be required to include the non-taxable portion of any capital gains realized by the Fund in such year.

Any income of the Fund which is applied to any cash redemptions of Units or is otherwise unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not on an annual basis have an income tax liability under Part I of the Tax Act, be required to be distributed to Unitholders in the form of additional Units. Those additional Units are required to be issued under exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

Unitholders who are non-residents of Canada may be subject to withholding taxes payable in respect of distributions by the Fund, whether those distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

From January 1, 2008 to December 31, 2008, the Fund made cash distributions to Unitholders totaling $0.66. The following table sets forth the per unit amount of monthly cash distributions declared and paid by the Fund since January 1, 2007.

Period	Record Date	Payment Date	$ per Unit
December. 2008	December 31, 2008	January 15, 2009	0.055
November, 2008	November 30, 2008	December 15, 2008	0.055
October, 2008	October 31, 2008	November 14, 2008	0.055
September, 2008	September 30, 2008	October 15, 2008	0.055
August, 2008	August 31, 2008	September 15, 2008	0.055
July, 2008	July 31, 2008	August 15, 2008	0.055
June, 2008	June 30, 2008	July 15, 2008	0.055
May, 2008	May 31, 2008	June 16, 200	0.055
April, 2008	April 30, 2008	May 15, 2008	0.055
March, 2008	March 31, 2008	April 15, 2008	0.055
February, 2008	February 29, 2008	March 14, 2008	0.055
January, 2008	January 31, 2008	February 15, 2008	0.055

.

Redemption at the Option of Unitholders

Units are redeemable at any time on demand by the holders thereof. As the Units will be issued in book-entry form, a Unitholder who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the Fund at its head office and to CDS. Upon receipt of the redemption notice by the Fund, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit (the **"**Redemption Price**"**) equal to the lesser of:

(i) 90% of the market price of a Unit calculated as of the date on which the Units were surrendered for redemption (the **"**Redemption Date**"**); and

(ii) 100% of the closing market price on the Redemption Date.

For purposes of this calculation, the market price of a Unit as at a specified date will be:

(i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;

(ii) an amount equal to the weighted average of the closing prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or

(iii) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the weighted average of the following prices established for each of the 10 consecutive trading days ending on such date: the weighted average of the last bid and last asking prices of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the weighted average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The closing market price of a Unit for the purpose of the foregoing calculations, as at any date, will be:

(i) in amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date if the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;

(ii) an amount equal to the closing price of a Unit on the principal market or exchange, if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;

(iii) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or

(iv) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

The aggregate Redemption Price payable by the Fund in respect of all Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

(i) the total amount payable by the Fund in respect of those Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000 (the "Monthly Limit"), provided that the Trustees may, in their sole discretion, waive or increase this limitation in respect of all Units tendered for redemption in any calendar month;

(ii) at the time the Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; and

(iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period ending on the Redemption Date.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the Monthly Limit, then the Redemption Price for each Unit tendered for redemption will, subject to any applicable regulatory approvals, be paid and satisfied by way of a payment, on a proportionate basis, of cash up to the Monthly Limit, and the balance by an *in specie* distribution of assets of the Fund. If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the other foregoing limitations, then each Unit tendered for redemption will, subject to any applicable regulatory approvals, be redeemed by way of a distribution *in specie*. In such circumstances, Trust Units will be redeemed by the Trust in consideration for the issuance of Trust Notes. The Trust Notes will then be distributed in satisfaction of the Redemption Price.

The Fund will be entitled to all distributions paid on the Trust Units on or before the date of the distribution *in specie*. Where the Fund makes a distribution in specie of a *pro rata* number of securities on the redemption of Units of a Unitholder, the Fund currently intends to designate to that Unitholder any income or capital gain realized by the Fund as a result of the redemption and the distribution of those securities to the Unitholder. See “Certain Canadian Federal Income Tax Considerations”.

Repurchase of Units

The Fund will be allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such repurchase will constitute an **“**issuer bid**”** under applicable Canadian securities legislation and must be conducted in accordance with the applicable requirements thereof.

On December 8, 2008 the Fund announced that it had received regulatory approval to make a normal course issuer bid through the facilities of the TSX Venture Exchange. The Fund will purchase up to 172,033 units representing 5% of the 3,440,666 units currently issued and outstanding. Any purchases made by the Fund will be at the prevailing market prices of the units at the time of purchase. All units will be cancelled. At December 31, 2008, the Fund had repurchased 6,600 units at a purchase price of $5.25 per unit.

Meetings of Unitholders

The Fund Declaration of Trust provides that meetings of Unitholders will be called and held annually for the election of Fund Trustees and the appointment of auditors of the Fund. The Fund Declaration of Trust provides that the Unitholders will be entitled to pass resolutions that will bind the Fund only with respect to:

- the election or removal of Fund Trustees;
- the appointment or removal of nominees of the Fund chosen by the Unitholders to serve as trustees of the Trust (except filling casual vacancies);
- the appointment or removal of the auditors of the Fund;
- the appointment of an inspector to investigate the performance by the Fund Trustees in respect of their respective responsibilities and duties in respect of the Fund;

- the approval of amendments to the Fund Declaration of Trust (but only in the manner described below under "Amendments to Fund Declaration of Trust");
- the termination of the Fund;
- the sale of all or substantially all of the assets of the Fund;
- the exercise of certain voting rights attached to the securities of the Trust held by the Fund and securities of subsidiaries of the Trust held by the Trust (see "Exercise of Certain Voting Rights Attached to Securities of the Trust");
- the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Fund Declaration of Trust requiring Unitholder approval;
- the dissolution of the Fund prior to the end of its term; and
- any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders for their approval,

provided that any resolution of the Unitholders that would cause the Fund or the Trust to breach the terms of any material contract will not be binding on the Fund Trustees.

No other action taken by Unitholders or any other resolution of the Unitholders at any meeting will in any way bind the Fund Trustees.

A resolution electing or removing nominees of the Fund to serve as Fund Trustees (except filling casual vacancies) or with respect to the exercise of certain voting rights attached to the securities of the Trust held by the Fund, and a resolution appointing or removing the Fund Trustees or the auditors of the Fund must be passed by a simple majority of the votes cast by Unitholders. The balance of the foregoing matters must be passed by a resolution passed by the affirmative vote of the holders of not less than 66 $^{2}/_{3}$% of the units who voted in respect of that resolution at a meeting at which a quorum was present or a resolution or instrument signed in one or more counterparts by the holders of not less than 66 $^{2}/_{3}$% of the units entitled to vote on such resolution (**"**Special Resolution**"**).

A meeting of Unitholders may be convened at any time and for any purpose by the Fund Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 10% of the Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy holder need not be a Unitholder. Two persons present in person or represented by proxy and representing in total at least 15% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all meetings.
The Fund Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act, and pursuant to proposed amendments to the Tax Act, not more than 50% of the fair market value of the Units may be held by non-residents of Canada and/or partnerships (other than Canadian partnerships as defined in the Tax Act) (collectively referred to below as **"**non-residents of Canada**"**). Accordingly, the Fund Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 40% of the Units. This 40% limitation will be applied with respect to the issued and outstanding Units of the Fund on both a non-diluted basis and a fully diluted basis.

The Fund Trustees, in their sole discretion, may require declarations as to the jurisdictions in which beneficial owners of Units are resident, or, in the case of partnerships, as to their status as Canadian partnerships. If the Fund Trustees become aware, as a result of requiring such declarations as to beneficial ownership, that the beneficial owners of at least 40% of the Units then outstanding are, or may be, non-residents of Canada or that such a situation is imminent, the transfer agent and registrar may make a public announcement thereof and will not accept a subscription for Units from, or issue or register a transfer of Units to, a person unless the person provides a declaration that the person is not a non-resident of Canada.

If, notwithstanding the foregoing, the Fund Trustees, in their sole discretion, determine that 40% or more of the Units are held by non-residents of Canada, the Fund Trustees may send a notice to holders of Units who are non-residents of Canada, chosen in inverse order to the order of acquisition or registration or in such manner as the Fund Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the persons receiving such notice have not sold the specified number of Units or provided the Fund Trustees with satisfactory evidence that they are not non-residents of Canada within such period, the Fund Trustees may, on behalf of such persons, sell such Units and, in the interim, the voting and distribution rights attached to such Units will be suspended.

Upon such sale, the affected holders will cease to be holders of the Units and their rights shall be limited to receiving the net proceeds of such sale. Notwithstanding the foregoing, the Fund Trustees may determine not to take any of the actions described above if the Fund Trustees have been advised that the failure to take any of such actions would not adversely impact the status of the Fund as a mutual fund trust for purposes of the Tax Act or alternatively may take such other action as may be necessary to maintain the status of the Fund as a mutual fund trust for purposes of the Tax Act.

Amendments to Fund Declaration of Trust

The Fund Declaration of Trust contains provisions that allow it to be amended or altered from time to time by the Fund Trustees with the consent of the Unitholders by a Special Resolution.
The Fund Trustees, at their discretion and without the approval of the Unitholders, will be entitled to make certain amendments to the Fund Declaration of Trust, including amendments:

(i) which are required for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Fund Trustees or over the Fund, including ensuring that the Fund continues to qualify as a **"**mutual fund trust**"** within the meaning of the Tax Act;
(ii) which, in the opinion of the Fund Trustees on the advice of counsel, provide additional protection or added benefits for the Unitholders;
(iii) to remove any conflicts or inconsistencies in the Fund Declaration of Trust or to make minor corrections which are necessary or desirable and not prejudicial to the Unitholders; and
(iv) which are necessary or desirable as a result of changes in Canadian taxation laws.

Notwithstanding the previous sentence, the Fund Trustees may not amend the Fund Declaration of Trust in a manner which would result in the Fund failing to qualify as a **"**mutual fund trust**"** under the Tax Act.

Term of the Fund

Unless the Fund is sooner terminated as otherwise provided herein, the Fund shall continue in full force and effect so long as any property of the Fund is held by the Fund Trustees and the Fund Trustees shall have all the powers and discretions, express and implied, conferred upon them by law or by the Fund Declaration of Trust.

The Fund Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Fund, the Fund Trustees will give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Fund Trustees shall proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money the assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund.

After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Fund Trustees shall distribute the remaining part of the proceeds of the assets of the Fund together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their *pro rata* interests. If the Fund Trustees are unable to sell all or any of the assets which comprise part of the Fund by the date set for termination, the Fund Trustees may distribute the remaining assets *in specie* directly to the Unitholders in accordance with their *pro rata* interests subject to obtaining all required regulatory approvals.

Exercise of Certain Voting Rights Attached to Securities of the Trust

The Fund Declaration of Trust provides that, without the approval of Unitholders by Special Resolution, the Fund will not vote any securities of the Trust, and will not permit the Trust to vote its securities of Park Lawn LP, to authorize:

(i) any sale, lease or other disposition of all or substantially all of the assets of the Trust or Park Lawn LP, except in conjunction with an internal reorganization of the Trust or Park Lawn LP;

(ii) any amalgamation, arrangement or other merger of the Trust or Park Lawn LP with any other entity, except in conjunction with an internal reorganization of the Trust or Park Lawn LP;

(iii) any material amendment to the Note Indenture that would be prejudicial to the holders of notes issued under the Note Indenture;

(iv) the winding-up or dissolution of the Trust, Park Lawn GP or Park Lawn LP;

(v) any material amendment to the constating documents of the Trust, Park Lawn GP or Park Lawn LP to change the authorized Units, Trust units or partnership interests in a manner which may be prejudicial to the Fund; or

(vi) any change to the allocation or priority of distributions or the allocation or priority of the distribution of proceeds of liquidation, dissolution or winding up of Park Lawn LP.

The Fund may not be entitled, or may choose not to exercise its entitlement, to vote in respect of the foregoing matters, in either of which case the approval of the Unitholders by Special Resolution will not be sought.

Take-Over Bids

The Fund Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the Units are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the take-over bid on the terms on which the offeror acquired Units from Unitholders who accepted the take-over bid.

Conflicts of Interest Restrictions and Provisions

The Fund Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on the Fund. The Fund Declaration of Trust contains provisions, similar to those contained in the OBCA, that require each Fund Trustee to disclose to the Fund, as applicable, any interest in a material contract or transaction or proposed material contract or transaction with the Fund, or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund. In any case, a Fund Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to (i) his remuneration as a Fund Trustee or officer of the Park Lawn GP, as applicable, (ii) insurance or indemnity, or (iii) a contract or transaction with Park Lawn.

Trustees

The following table sets certain information with respect to the Fund Trustees.

Name and Municipality of Residence	Position with the Fund	Principal Occupation	Securities Held of Park Lawn Income Trust
Frank Mills Ontario, Canada	Fund Trustee	CEO, Park Lawn Management Services Inc. and President, Park Lawn Company Limited	**718,638**[1]
Tom Falus New York, U.S.A.	Fund Trustee	CEO, Sienna Capital LLC	**158,852**[2]
Yvon Rodrigue Quebec, Canada	Fund Trustee	President, Harmonia Inc., Alternative Funerals and Cremation Services	**37,277**

[1] Frank Mills owns 353,096 trust units personally and 365,542 trust units are owned by the Frank Mills and Patricia Mills Settlement Trust

[2] Tom Falus owns his trust units through a wholly owned Canadian company.

Frank Mills is a Trustee of Park Lawn Income Trust and the CEO and a director of Park Lawn Management Services Inc. and has been since September 16, 2006. Mr. Mills is also President and a director of Park Lawn and has been since 1999. Mr. Mills is also President of Edgemark Developments Ltd., a private company that has been active in real estate and other ventures for the past eleven years.

Tom Falus is a Trustee of Park Lawn Income Trust and a director of Park Lawn Managements Services Inc. and has been since September 16, 2006. Mr. Falus is also a director of Park Lawn and has been since October 2005. Mr. Falus has served as the CEO of Sienna Capital LLC, a privately held real estate company, since 2003. Between 1997 and 2003, Mr. Falus held senior executive positions with Cushman and Wakefield Real Estate, New York, including President of Cushman and Wakefield and President of the Strategic Ventures Group and the Global Executive Management Committee of Cushman and Wakefield.

Yvon Rodrigue is a Trustee of Park Lawn Income Trust and a director of Park Lawn Managements Services Inc. and has been since September 16, 2006. Mr. Rodrigue is also a director of Park Lawn and has been since May 2002. Mr Rodrigue is the President of Harmonia Inc., Alternative Funerals and Cremation Services. Mr. Rodrigue was Vice President and CFO of Centre funéraire Côte-des-Neiges in Montreal owned by Service Corporation International between 1996 and 1999. He served as COO and CFO of Lépine-Cloutier, a large funeral home operator in the Province of Quebec between 1981 and 1996. In 1973, he co-founded the memorial park La Souvenance in Quebec City which became the first combination funeral home and cemetery on the same site in Canada. Mr. Rodrigue has more than 30 years experience in the death care industry.

Fiscal Year End

The fiscal year end of the Trust is December 31.

INFORMATION CONCERNING PARK LAWN SUBSIDIARY TRUST

(The "Trust")

The Trust Declaration of Trust contains provisions substantially similar to those of the Fund Declaration of Trust relating to the Fund. The principal differences between the Trust Declaration of Trust and Fund Declaration of Trust are those described below. The description below is a summary only and is qualified in its entirety by reference to the text of the Trust Declaration of Trust.

General

The Trust is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Trust Declaration of Trust. It is a limited purpose trust and its activities are restricted essentially to holding investments in Park Lawn LP and such other investments as the Trust Trustees may determine, including all activities ancillary or incidental thereto.

Trustees

The Trust will have a minimum of one Trust Trustee and a maximum of ten Trust Trustees, the majority of whom must be residents of Canada (within the meaning of the Tax Act); provided that until otherwise determined, the number of Fund Trustees is three. The Trust Trustees are Frank Mills, Tom Falus and Yvon Rodrigue.

The board of directors of Park Lawn GP, upon the recommendation of its corporate governance and compensation committee, will nominate the Trust Trustees.

Restrictions on Powers of the Trust Trustees

The Trust Declaration of Trust provides that the Trust Trustees may not, without approval by ordinary resolution of the holders of units of Trust Units:

(i) take any action upon any matter which under applicable law (including policies of the Canadian securities regulating authorities) or applicable stock exchange rules would require approval by ordinary resolution of the holders of Trust Units had the Trust been a reporting issuer (or the equivalent) in the jurisdictions in which the Fund is a reporting issuer (or the equivalent) and had the Trust Units been listed for trading on the stock exchange where the Units are listed for trading; and

(ii) subject to certain exceptions, appoint or change the auditors of the Trust.

Furthermore, the Trust Declaration of Trust states that the Trust Trustees may not, without approval by special resolution of the holders of Trust Units:

(i) take any action upon any matter which under applicable law (including policies of the Canadian securities regulating authorities) or applicable stock exchange rules would require approval by special resolution or supermajority (as defined or described therein) of the holders of Trust Units had the Trust been a reporting issuer (or the equivalent) in the jurisdictions in which the Fund is a reporting issuer (or the equivalent) and had the Trust Units been listed for trading on the stock exchanges where the Units are listed for trading;

(ii) materially amend the Trust Declaration of Trust except in certain limited circumstances similar to those under which Fund Declaration of Trust may be amended without consent of voting Unitholders;

(iii) materially amend the Note Indenture other than in contemplation of a further issuance of Notes issued under the Note Indenture or in connection with an internal reorganization of the Trust;

(iv) sell, lease or exchange all or substantially all of the property of the Trust or Park Lawn LP other than in connection with an internal reorganization of the Trust;

(v) authorize the termination, liquidation or winding-up of the Trust or Park Lawn LP, other than at the end of the term of the Trust; or

(vi) authorize a combination, merger or similar transaction of the Trust or Park Lawn LP with any other person except in connection with an internal reorganization of the Trust.

The Trust Declaration of Trust provides that the Trust Trustees will act honestly and in good faith with a view to the best interests of the Trust and in connection with that duty will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration of Trust provides that each of the Trust Trustees will be entitled to indemnification from the Trust in respect of the exercise of the Trust Trustee's power and the discharge of the Trust Trustee's duties, provided that the Trust Trustee acted honestly and in good faith with a view to the best interests of the Trust or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trust Trustee had reasonable grounds for believing that such conduct was lawful.

The Trust Declaration of Trust contains customary provisions limiting the liability of the Trust Trustees. The Trust Trustees will not be liable in tort, contract or otherwise, for: any action taken or not taken in good faith in reliance on any documents that are, prima facie, properly executed; any depreciation of, or loss to, the Trust incurred by reason of the sale of any asset; the loss or disposition of money or securities: any action or failure to act of any other Person to whom the Trust Trustees have delegated any of their duties under the Trust Declaration of Trust; or any other action or failure to act (including failure to compel in any way any former Trust Trustee to redress any breach of trust or any failure by any person to perform its duties under or delegated to it under the Trust Declaration of Trust), unless, in each case, such liabilities arise out of a breach of the Trust Trustees' standard of care, diligence and skill or breach of the restrictions on the Trust Trustees of the Trust's powers as set out in the Trust Declaration of Trust.

If the Trust Trustees have retained an appropriate expert, advisor or legal counsel with respect to any matter connected with their duties under the Trust Declaration of Trust, the Trust Trustees may act or refuse to act based on the advice of such expert, advisor or legal counsel, and the Trust Trustees will not be liable for and will be fully protected from any loss or liability occasioned by any action or refusal to act based on the advice of such expert, advisor or legal counsel. In the exercise of the powers, authorities or discretion conferred on the Trust Trustees under the Trust Declaration of Trust, the Trust Trustees are and will be conclusively deemed to be acting as the Trust Trustees of the Trust's assets and will not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust or the Trust's assets.

Redemption Right

The Trust Units will be redeemable at any time on demand by the holders thereof upon delivery to the Trust of a duly completed and properly executed notice requiring the Trust to redeem the Trust Units, in a form reasonably acceptable to the Trust Trustees, together with the certificates for the Trust Units representing the Trust Units to be redeemed and written instructions as to the number of Trust Units to be redeemed. Upon tender of Trust Units by a holder thereof for redemption, the holder of the Trust Units tendered for redemption will no longer have any rights with respect to such Trust Units other than the right to receive the redemption price for such Trust Units. The redemption price for each Trust Unit tendered for redemption will be equal to:

$$\frac{(A \times B) - C}{D}$$

Where:
A = the cash redemption price per Unit calculated as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units,

B = the aggregate number of Units outstanding as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units,

C = (a) the aggregate unpaid principal amount of the issued Trust Notes (if any) and accrued interest thereon and any other indebtedness of the Trust held by or owed to the Fund and the fair market value of any other assets or investments held by the Fund (other than Trust Units and any indebtedness of the Trust held by or owed to the Fund) as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units, minus (b) the aggregate principal amount of any indebtedness and any accrued liabilities owed by the Fund as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units, and

D = the aggregate number of Trust Units outstanding held by the Fund as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units.

The Trust Trustees will also be entitled to call for redemption, at any time, all or part of the outstanding Trust Units registered in the name of the holders thereof other than the Fund at the same redemption price as described above for each Trust Unit called for redemption, calculated with reference to the date the Trust Trustees approved the redemption of Trust Units.

The aggregate redemption price payable by the Trust in respect of any Trust Units tendered for redemption by the holders thereof during any month will be satisfied, at the option of the Trust Trustees, in their sole discretion, (i) in immediately available funds by cheque, (ii) by the issuance to or to the order of the holder whose Trust Units are to be redeemed of such aggregate amount of Trust Notes as is equal to the aggregate redemption price payable to such holder of Trust Units rounded down to the nearest $100, with the balance of any such aggregate redemption price not paid in Trust Notes to be paid in immediately available funds by cheque, or (iii) by any combination of funds and Trust Notes as the Trust Trustees shall determine in their sole discretion, in each such case payable or issuable on the last day of the calendar month following the calendar month in which the Trust Units were so tendered for redemption.

A holder of Trust Units whose Trust Units are tendered for redemption may elect, at any time prior to the payment of the redemption price, to receive Trust Notes pursuant to (ii) above in the place of all or part of the funds otherwise payable, the amount of such Trust Notes payable to be equal to the funds otherwise payable, rounded down to the nearest $100.

Distributions

The Trust intends to make monthly cash distributions to the holders of Trust Units of its net monthly cash receipts, after satisfaction of its interest obligations, if any, and less any estimated amounts required for expenses and other obligations of the Trust, any cash redemptions or repurchases of Trust Units and any tax liability. Such distributions will be paid within 10 days following each calendar month end and are intended to be received by the Fund prior to its related cash distribution to Unitholders. The Trust Trustees may increase or decrease or halt cash distributions from time to time as they see fit.

The distribution declared in respect of the month ending December 31 in each year will include such amount in respect of the taxable income and net realized capital gains, if any, of the Trust for such year as is necessary to ensure that the Trust will not be liable for ordinary income taxes under the Tax Act in such year and will also include the non-taxable portion of any capital gains realized by the Trust in such year.

If the Trust Trustees determine that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Trust Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trust Trustees to be available for the payment of such distribution. The value of each Trust Unit so issued will be the redemption price thereof.

Any Trust Units transferred to Unitholders pursuant to a distribution *in specie* may be subject to resale and transfer restrictions and cannot be resold or transferred except as permitted by applicable securities laws.

Trust Notes

The following is a summary of the material attributes and characteristics of the Trust Notes which may be issued by the Trust under the Note Indenture. This summary is qualified in its entirety by reference to the provisions of the Note Indenture which contains a complete statement of those attributes and characteristics. Trust Notes will be issuable in Canadian currency. Trust Notes are issuable in denominations of $100 and integral multiples of $100. No fractional Trust Notes will be issued or distributed and where the number of Trust Notes to be received by a Unitholder includes a fraction, such number shall be rounded to the next lowest whole number.

Trust Notes will be reserved by the Trust to be issued exclusively to holders of Trust Units as full or partial payment of the redemption price of Trust Units, as the Trust Trustees may decide or, in certain circumstances, be obliged to issue.

<u>Interest and Maturity</u>

Each Trust Note will mature on a date which is no later than the tenth anniversary of the date of issuance thereof and bear interest at a market rate for debt comparable to the Trust Notes to be determined by the Trust Trustees at the time of issuance thereof, payable monthly in arrears on the 10th day of each calendar month that such Trust Note is outstanding.

<u>Payment upon Maturity</u>

On maturity, the Trust will repay the Trust Notes by paying to the trustee under the Note Indenture in cash an amount equal to the principal amount of the outstanding Trust Notes which have then matured, together with accrued and unpaid interest thereon.

<u>Redemption</u>

The Trust Notes will be redeemable (at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, payable in cash) at the option of the Trust prior to maturity.
Ranking and Postponement

The Trust Notes will be direct, unsecured obligations of the Trust ranking pari passu with all other unsecured obligations of the Trust. Payment of the principal amount and interest on the Trust Notes will be postponed in right of payment to the prior payment in full of the principal of and accrued and unpaid interest on, and all other amounts owing in respect of, all senior indebtedness which will be defined as all indebtedness, liabilities and obligations of the Trust which, by the terms of the instrument creating or evidencing the same, will be expressed to rank in right of payment in priority to the indebtedness evidenced by the Note Indenture. The Note Indenture provides that upon any distribution of the assets of the Trust in the event of any dissolution, liquidation, reorganization or other similar proceedings relative to the Trust, the holders of all such senior indebtedness will be entitled to receive payment in full before the holders of the Trust Notes are entitled to receive any payment.

Default

The Note Indenture provides that any of the following shall constitute an event of default:

- default in payment of the principal of the Trust Notes when the same becomes due and the continuation of such default for a period of 90 days;
- default in payment of any interest due on any Trust Notes and continuation of such default for a period of 90 days;
- default in the observance or performance of any other covenant or condition of the Note Indenture and continuance of such default for a period of 90 days after notice in writing has been given to the Trust Trustees specifying such default and requiring the Trust to rectify the same; and
- certain events of dissolution, liquidation, reorganization or other similar proceedings relative to the Trust.

The provisions governing an event of default under the Note Indenture and remedies available thereunder do not provide protection to the holders of Trust Notes which would be comparable to the provisions generally found in debt securities issued to the public.

Guarantee of Park Lawn LP's Indebtedness

The Trust shall guarantee the payment of any indebtedness or obligation of Park Lawn LP, the performance of any obligation of Park Lawn LP, and mortgage, pledge, charge, and grant a security interest in or otherwise encumber all or any part of its assets as security for such guarantee.

Trust Unit Certificates

As Trust Units are not intended to be issued or held by any Person other than the Fund, registration of interests in, and transfers of, the Trust Units will not be made through the Book-Entry System administered by CDS. Rather, holders of Trust Units will be entitled to receive certificates therefore.

Meetings of Holders of Trust Units

An annual meeting of holders of Trust Units may be held at such time and place in Canada as shall be prescribed for the purpose of transacting such business as the Trust Trustees may determine or as may properly be brought before the meeting.

Fiscal Year End

The fiscal year end of the Trust is December 31.

INFORMATION CONCERNING PARK LAWN MANAGEMENT SERVICES INC.

("Park Lawn GP")

Structure of Park Lawn GP

Park Lawn GP is a corporation existing under the laws of Canada which acts as the general partner of Park Lawn LP. Following the Effective Date, the Fund will own 100% of the outstanding GP Shares. At the Effective Date, Park Lawn GP will hold a 0.01% interest in Park Lawn LP.

Functions and Powers of Park Lawn GP

Park Lawn GP has exclusive authority to manage the business and affairs of Park Lawn LP, to make all decisions regarding the business of Park Lawn LP and to bind Park Lawn LP. Park Lawn GP is to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Park Lawn LP and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. The authority and power vested in Park Lawn GP to manage the business and affairs of Park Lawn LP includes all authority necessary or incidental to carry out the objects, purposes and business of Park Lawn LP, including without limitation, the ability to engage agents to assist Park Lawn GP to carry out its management obligations or substantially administrative functions. Park Lawn GP cannot dissolve Park Lawn LP or wind up Park Lawn LP's affairs except in accordance with the provisions of the Park Lawn LP Agreement.

Withdrawal or Removal of Park Lawn GP

Park Lawn GP may resign on not less than 180 days' written notice to the limited partners of Park Lawn LP provided that Park Lawn GP will not resign if the effect would be to dissolve Park Lawn GP. Park Lawn GP may not be removed as general partner of Park Lawn LP unless: (i) Park Lawn GP has committed a material breach of the Park Lawn LP Agreement, which breach has continued for 30 days after notice, and that removal is also approved by a Park Lawn LP Special Resolution; or (ii) the shareholders or directors of Park Lawn GP pass a resolution in connection with the bankruptcy, dissolution, liquidation or winding-up of Park Lawn GP , or Park Lawn GP commits certain other acts of bankruptcy or ceases to be a subsisting corporation, provided that certain other conditions are satisfied, including a requirement that a successor general partner with the same ownership and governance structure at the relevant time agrees to act as general partner under the Park Lawn LP Agreement.

Management of Park Lawn GP

The following table sets out certain information with respect to the directors and senior executive officers of Park Lawn GP.

Name and Municipality of Residence	Position with Park Lawn GP	Principal Occupation	Securities Held of Park Lawn Income Trust
Frank Mills Toronto, Ontario, Canada	Director and Chief Executive Officer	President, Park Lawn and CEO, Park Lawn GP	718,638[1]
Larry Boland Richmond Hill, Ontario, Canada	Director & Chief Financial Officer	Vice President, Treasurer, Park Lawn and Chief Financial Officer, Park Lawn GP	375,350[2]
Patricia K. Mills Toronto, Ontario, Canada	Director	Psychotherapist Consultant	783,913 [1]

John Mills Oakville, Ontario, Canada	Director	President, The Mills Group Inc., Management Consulting	600
Tom Falus Malden Bridge, New York, U.S.A.	Director	CEO, Sienna Capital LLC	158,852[3]
Yvon Rodrigue Quebec City, Quebec, Canada	Director	President, Harmonia Inc., Alternative Funerals and Cremation Services	37,277

[1] The Frank Mills and Patricia Mills Settlement, a family trust, owns 365,542 trust units. Frank Mills owns 353,096 trust units personally and Patricia Mills owns 418,371 trust units personally.
[2] Larry Boland, in addition to the 27,215 trust units he owns personally, indirectly owns 348,135 trust units through Micasasuerte Inc, a company owned by Larry Boland and Yvonne Boland.
[3] Tom Falus owns 158,852 trust units through a Canadian company that he wholly owns.

The following are brief biographies of the directors of Park Lawn GP

Frank Mills is a Trustee of Park Lawn Income Trust and has been since September 16, 2006. Mr. Mills is the President and a director of Park Lawn and has been since 1999. Mr. Mills is also President of Edgemark Developments Ltd., a private company that has been active in real estate and other ventures for the past eleven years.

Larry Boland is the Vice-President & Treasurer and a director of Park Lawn Company Limited and has been since March 1998. Mr. Boland has been active in real estate development and other business ventures for more than 20 years. He is President of Scotchbrook Holdings Inc., a privately owned company.

Patricia Mills is the Vice-President and a director of Park Lawn Company Limited and has been since September 1989. Mrs. Mills is a phsycotherapist consultant.

Tom Falus is a Trustee of Park Lawn Income Trust and has been since September 16, 2006. Mr. Falus has been a director of Park Lawn Company Limited since October 2005. Mr. Falus has served as the CEO of Sienna Capital LLC, a privately held real estate company, since 2003. Between 1997 and 2003, Mr. Falus held senior executive positions with Cushman and Wakefield Real Estate, New York, including President of Cushman and Wakefield and President of the Strategic Ventures Group and the Global Executive Management Committee of Cushman and Wakefield.

John Mills has been a director of Park Lawn Company Limited since November 2001. Mr. Mills is President of The Mills Group Inc., a private company involved in the management and consulting business.

Yvon Rodrigue is a Trustee of Park Lawn Income Trust and has been since September 16, 2006. Mr. Rodrigue has been a director of Park Lawn Company Limited since May 2002. Mr Rodrigue is the President of Harmonia Inc., Alternative Funerals and Cremation Services. Mr. Rodrigue was Vice President and CFO of Centre funéraire Côte-des-Neiges in Montreal owned by Service Corporation International between 1996 and 1999. He served as COO and CFO of Lépine-Cloutier, a large funeral home operator in the Province of Quebec between 1981 and 1996. In 1973, he co-founded the memorial park La Souvenance in Quebec City which became the first combination funeral home and cemetery on the same site in Canada. Mr. Rodrigue has more than 30 years experience in the death care industry.

Committees of the Board of Directors of Park Lawn GP

Corporate Governance and Compensation Committee

The responsibilities and duties of the corporate governance and compensation committee of Park Lawn GP are, among other things:

- to make recommendations concerning the remuneration of directors and officers of Park Lawn GP;
- to make recommendations concerning the remuneration payable under the Cemetery Management Contract;
- to administer and make recommendations regarding the operation of any Fund incentive plans and any other employee incentive plans;
- to develop Park Lawn GP's approach to governance issues;
- to periodically review the effectiveness of the directors of the board of Park Lawn GP Co; and
- to nominate individuals to serve as Fund Trustees and Trust Trustees.

The members of the corporate governance and compensation committee of Park Lawn GP are Tom Falus (Chair), Yvon Rodrigue and John Mills, two of whom, Mr. Falus and Mr. Rodrigue, are Independent.

Investment Management Committee

The investment management committee is responsible for the preparation and recommendation of investment policies in respect of the investment of funds by the three trusts maintained by Park Lawn - the Care and Maintenance Trust, the Pre-Need Pre-1992 Trust and the Pre-Need Post-1992 Trust. The committee shall also monitor the performance of each of these trusts on a regular basis. The members of the investment management committee of Park Lawn GP are John Mills (Chair), Tom Falus, Yvon Rodrigue, Frank Mills and Larry Boland, two of whom, Mr. Falus and Mr. Rodrigue, are Independent.

Remuneration of Directors

Park Lawn GP's directors receive an annual fee of $7,500 for their services as directors and an annual fee of $2,500 for their services as Chair of a committee of Park Lawn GP. With the exception of Frank Mills, Patricia Mills and Larry Boland, the directors receive $600 in respect of attending in person any meeting of the directors of Park Lawn GP, and $300 for attending any such meeting by telephone. To the extent that any individuals serve concurrently as Fund Trustees and directors of Park Lawn GP, the foregoing payments will be made to such individuals only in respect of their duties as directors. Fund Trustees and directors of Park Lawn GP will also be reimbursed for expenses incurred in attending meetings of the board of trustees of the Fund or of the board of directors of Park Lawn GP or any committee meetings.

Year End

The fiscal year end of Park Lawn GP is December 31.

INFORMATION CONCERNING PARK LAWN LIMITED PARTNERSHIP
(“Park Lawn LP”)

Name and Incorporation

Park Lawn Limited Partnership is a limited partnership established under the laws of the Province of Ontario to directly or indirectly acquire and hold all the cemetery-related assets and the 50% interest in Bloorpark Developments Inc. (“Transferred Assets”) of Park Lawn Company Limited. The transfer was affected by way of Plan of Arrangement and was completed on September 15, 2006.

The head office of Park Lawn Limited Partnership is located at 57 Linelle Street, Toronto, Ontario M2N 2J4.

Capitalization

Park Lawn LP is entitled to issue various classes of partnership units for consideration and on such terms and conditions as are established by Park Lawn GP

Distribution Policy

Park Lawn GP adopted a policy to make monthly cash distributions to holders of record of Park Lawn LP Units on the last Business Day of each month on a pro rata basis in an amount equal to Park Lawn LP's distributable cash. Distributions will be paid within 10 days of the end of each month and are intended to be received by the Trust prior to its related cash distribution to holders of its Trust Units. Park Lawn LP may, in addition, make distributions at any other time.

Distributable cash will represent, in general, all of Park Lawn LP's cash, after:

(i) satisfaction of its debt service obligations (principal and interest) under credit facilities or other agreements with third parties, including, without limitation, the Promissory Note;

(ii) satisfaction of general and administrative expenses and other expense obligations (including taxes, if any); and

(iii) retaining reasonable reserves as may be considered appropriate by the board of directors of Park Lawn GP, including for administrative and other expenses.

LP Units

Holders of the LP Units will be entitled to receive the distributions described above. In addition, such holders will be entitled to one vote for each such unit held at any meeting of the limited partners of Park Lawn LP.

Allocation of Net Income and Losses

The income or loss for tax purposes of Park Lawn LP for a particular fiscal year will be allocated to each partner in an amount calculated by multiplying the total income or loss for tax purposes to be allocated to the partners by a fraction, the numerator of which is the sum of the cash distributions or advances received by that partner with respect to that fiscal year and the denominator of which is the total amount of the cash distributions or advances made by Park Lawn LP to all partners with respect to that fiscal year (other than distributions that are used by the partner to repay advances to Park Lawn LP). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced by Park Lawn LP to that partner.

Income and loss of Park Lawn LP for accounting purposes is allocated to each partner in the same proportion as income or loss is allocated for tax purposes.

Limited Liability

Park Lawn LP will operate in a manner as to ensure to the greatest extent possible the limited liability of the limited partners. The limited partners may lose their limited liability in certain circumstances. If limited liability is lost by reason of the negligence of Park Lawn GP in performing its duties and obligations under the Park Lawn LP Agreement, Park Lawn GP has agreed to indemnify holders of LP Units against all claims arising from assertions that their liability is not limited as intended by the Park Lawn LP Agreement. However, since Park Lawn GP has no significant assets or financial resources, this indemnity may have nominal value.

Transfer of LP Units

The LP Units are not transferable except in accordance with the Park Lawn LP Agreement and, subject to compliance with applicable securities restrictions and provided that LP Units may not be transferred, inter alia, to any person that is a non-resident of Canada for purposes of the Tax Act or to a partnership other than a Canadian partnership (as defined in the Tax Act). An LP Unit is not transferable in part.

No transfer of LP Units will be permitted unless an equal number or proportionate percentage of GP Shares is transferred at the same time. No transfer of an LP Unit will be accepted by Park Lawn GP unless a transfer form, duly completed and signed by the registered holder of the LP Unit and the transferee, has been remitted to the registrar and transfer agent of Park Lawn LP. A transferee of an LP Unit will become a partner, and will be subject to the obligations and entitled to the rights of a partner under the Park Lawn LP Agreement, on the date on which the transfer is recorded.

Amendment

The Park Lawn LP Agreement may be amended with the prior consent of the holders of at least 66 2/3% of the LP Units voted on at a duly constituted meeting or by a written resolution of partners holding all the LP Units which would have been entitled to vote at a duly constituted meeting (a "Park Lawn LP Special Resolution"), except for certain amendments, which require unanimous approval of holders of LP Units, including: (i) affecting or purporting to affect any limited partner differently than any other limited partner; (ii) allowing any limited partner to take part in the management or control of the business of Park Lawn LP; (iii) changing the right of a limited partner to vote at any meeting; or (iv) changing Park Lawn LP from a limited partnership to a general partnership.

Notwithstanding the foregoing,

(i) no amendment which would adversely affect the rights and obligations of Park Lawn GP Co., as general partner, may be made without its consent; and

(ii) Park Lawn LP by Park Lawn GP may make amendments to the Park Lawn LP Agreement to reflect: (i) a change in the name of Park Lawn LP or the location of the principal place of business of Park Lawn LP or the registered office of Park Lawn LP; (ii) admission, substitution, withdrawal or removal of limited partners in accordance with the Park Lawn LP Agreement; (iii) a change that, as determined by Park Lawn GP., is reasonable and necessary or appropriate to qualify or continue the qualification of Park Lawn LP as a limited partnership in which the limited partners have limited liability under applicable laws; (iv) a change that, as determined by Park Lawn GP, is reasonable and necessary or appropriate to enable Park Lawn LP to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; (v) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the Park Lawn LP Agreement which may be defective; or (vi) a change that in the sole discretion of Park Lawn GP does not materially adversely affect the limited partners.

Meetings

Park Lawn GP may call meetings of limited partners and will be required to convene a meeting on receipt of a request in writing of the holder(s) of not less than 10% of the outstanding LP Units. A quorum at any meeting of the limited partner or, if there is more than one limited partner, at least two limited partners holding at least 25% of the outstanding LP Units, in either case present in person or by proxy. If, within half an hour after the time fixed for the holding of such meeting, a quorum for the meeting is not present, the meeting will be held at the same time and place on the day which is fourteen (14) days later (or if that date is not a Business Day, the first Business Day after that date). At such meeting the quorum will consist of the limited partners then present in person or represented by proxy.

Year End

The fiscal year end is September 30

Description of the Business

The Company's primary operating business is the operation of six cemeteries in the Greater Toronto Area. The cemeteries have been in existence and in operation since 1892. The Company provides goods and services associated with the burial of human remains. Products and services are sold to people on a pre-planned basis (pre-need) or at the time of a death (at-need). The properties and their locations are as follows:

Park Lawn Cemetery	West Central Toronto
Riverside Cemetery & Crematorium	North-West Central Toronto
Sanctuary Park Cemetery	North-West Central Toronto
Westminster Cemetery, Crematorium & Mausoleum	North-West Toronto
Forest Lawn Crematorium & Mausoleum	North Central Toronto
Hillcrest Cemetery	Woodbridge

Park Lawn cemeteries and crematoria offer products and services associated with cremation and burials rights and services. The primary services and products are:

Sale of lots, cremation lots and niches
Sale of markers and monument for lots
Sale of crypts in mausoleums and related accessories
Interment Services & Cremation Services

The six cemeteries service somewhat different areas and provide different customer products and services. These are described below.

Park Lawn Cemetery has provided for traditional in-ground burial for over 100 years. The total area of the cemetery is approximately 73 acres. In 1999, the Cemetery introduced a new product with the launch of Paradise Mausoleum, a fully enclosed building containing crypts, niches and a chapel for services. In July, 2007, the addition to the mausoleum was completed adding an additional 1,100 crypts and 353 niches.

Riverside Cemetery & Crematorium provides traditional burial and in-ground cremation lots and indoor and outdoor niches. In addition, the cemetery operates a crematorium which serves the needs of customers in Toronto and the funeral homes operating in the Toronto area.

Sanctuary Park Cemetery is located immediately across the road from Riverside Cemetery & Crematorium and provides similar in-ground and burial products as Riverside Cemetery.

Westminster Cemetery is located in northeast Toronto and provides a variety of services. It provides in-ground burial services and products similar to Riverside and Sanctuary Park cemeteries, but is best known for its extensive mausolea buildings which have served the community for many years. In 2004, construction was completed on Padre Pio Mausoleum. In December, 2006 construction was completed on a new two-storey mausoleum known as Light of Christ Mausoleum adding approximately 3,100 crypts.

Forest Lawn Mausoleum & Cemetery is situated at Yonge Street and Highway 401. The site is modest in size and contains a mausoleum originally built in 1912. The property has seen a number of additions of mausolea and continues to be a popular choice for customers seeking a crypt. In addition, there is a crematorium that serves customers and funeral homes in the northern area of Toronto.

Hillcrest Cemetery is a modest size cemetery in the centre of the City of Woodbridge. The cemetery provides in-ground burial only.

In 2002, Park Lawn Company Limited entered into a joint venture for the development of a 135 unit condominium project on Bloor Street. Under the terms of the agreement, the Company is a 50% owner of the development. It has received one-half of the land value as a payment from the joint venture partner and an advance of $1,625,000 from proceeds of a loan secured against the property. The payments received for the 50% of land value and the advance of $1,625,000 were one-time payments with regard to land development.

The co-tenancy has closed on all the condominium units. Certain amounts have been held back by the co-tenancy to cover disputes with the contractor, Tarion warranties and hydro guarantees. These amounts have no certainty of positive resolution and a provision of $720,000 was recorded in 2006. In October, 2008 $400,000 was received and recorded as income, leaving a balance of approximately $200,000 remaining.. The amounts will be brought into income at the time positive resolution should occur.

Employees

Park Lawn currently employs approximately 50 employees.

Regulation

Cemeteries in Ontario are regulated under The Cemeteries Act by the Cemeteries Regulation Unit of the Minister of Small Business and Consumer Services. In late 2002, a Bill was passed in the Ontario Legislature which will permit, among other things, the locating of funeral homes within cemeteries and will permit the licensing of crematoria on lands outside of cemeteries. The full impact of the legislation is not known at this time and it is partly dependent on the regulations. The regulations are currently being completed.

The Company is subject to current regulations with regard to the establishment and administration of Trust Funds. The Company currently operates two types of funds: Care & Maintenance Funds and Pre-Need Trust Funds.

The Company's Care and Maintenance Trust Funds were established, as required by the Cemeteries Act of Ontario (the Act), to receive principal contributions from the Company upon the sale of cemetery lots, mausoleum crypts and niches.

Pursuant to the requirements of the Act, the cemetery deposits 40% of all monies received from the sale of burial lots, 20% of all monies received from the sale of mausoleum crypts and 15% of all monies received from the sale of niches with a trustee. Such amounts are treated as a cost of sale at the time of the sale.

The investment income from these trust funds is paid to the Company each year to provide for the perpetual care of the cemetery properties as required under the Act. Such income amounts are recorded in investment income on the statement of revenue and expenses.

The financial instruments, at market value, comprising this trust are as follows:

Cash & Cash Equivalents	$ 1,004,798
Equities	19,335,552
Fixed income	20,921,232
	$41,261,582

The Company's Pre-Need Trust Funds were established, as required by the Cemeteries Act of Ontario to hold funds to purchase on a pre-need basis services such as grave and crypt openings, monuments, markers, inscriptions and lamps, vases and lettering for crypts. Income and capital gains are allocated on a pro-rata basis to these individual trusts for pre-need services. When the services are performed on an at needed basis the Company may apply the trust funds to pay the current market value of the services. Any surplus income earned is refunded to the customers; deficiency of funds would be absorbed by the Company by recording a lower revenue for services.

The financial instruments, at market value, comprising this trust are as follows:

Cash & Cash Equivalents	$ 1,668,969
Equities	3,566,365
Fixed income	10,973,509
	$16,208,843

Competition

The competitive market area is the Greater Toronto Area. Within this area there are sub-markets associated with geographic areas and locational convenience for customers. Currently there are three large competitors within the Greater Toronto Area: Toronto Catholic Cemeteries, The Mount Pleasant Group, and Arbor Memorial. All three are considerably larger than Park Lawn and have a significant presence within the Greater Toronto Area markets and provide competition to Park Lawn within its sub-markets.

Selected Consolidated Financial Information

The following represents a summary of information derived from the annual financial statements included in the Annual Report for 2007. Please note that the 2006 figures show below are for the period September 16, 2006 to December 31, 2006 representing the period when the Fund began its operations.

For the Year Ended December 31	**2008**	**2007**	**2006**
Gross Revenue	$17,508,666	$18,114,669	$4,121,235
Selling, General & Adminstrative Expenses	9,245,273	9,414,111	2,364,314
Income Before Discontinued Operations & Unusual Items	1,962,468	1,802,069	463,016
Per Share - Basis	0.570		0.137
Per Share - Fully Diluted	0.570		0.137
Income After Unusual Items	2,362,468	2,121,539	2,199,922
Per Share - Basis	0.687		0.649
Per Share - Fully Diluted	0.687		0.649
Distributions to Unitholders	2,362,468	2,121,539	847,500
Total Assets	77,848,710	83,068,754	77,026,832
Total Long Term Financial Liabilities	11,103,097	11,142,288	12,318,534

Management's Discussion & Analysis

Results of Operations

Gross revenue from operations for the period ending December 31, 2008 totaled $17,508,666, a decrease of $606,303 or 3% from the year ending December 31, 2007 ($18,114,669). Revenue from operations was derived from the following sources:

	2008	2007
• Sales	$13,096,183	$14,438,561
• Interments	1,007,661	981,624
• Investments	3,404,822	2,694,484

Cost of sales for the period was $6,300,925, a decrease of $597,564 or 9% from December 31, 2007 ($6,898,489) for a gross profit from operations of $11,207,741 (2007 - $11,216,180). Expenses at December 31, 2008 totaled $9,245,273 (2007 - $9,414,111) and were as follows:

	2008	2007
• Selling, General & Administrative	$4,598,647	$ 4,909,556
• Maintenance	3,871,054	3,630,715
• Investment & Loan/Mortgage Interest	775,572	873,840

In addition, $400,000 of income was realized in the fourth quarter from Bloorpark Developments Inc. related to the resolution of certain holdbacks in the condominium project. As a result, net income after unusual items at December 31, 2008 was $2,362,468, an increase of $240,929 or 11% from December 31, 2007 ($2,121,539).

Net earnings from operations were $1,962,468 at December 31, 2008 ($1,802,069 – 2007). The gross profit margin on operating revenue was 64% at December 31, 2008 and 62% at December 31, 2007. Cost of sales as a percentage of cemetery sales was 45% at December 31, 2008, the same as at December 31, 2007.

Consolidated Balance Sheet: Liquidity and Capital Resources

Current Assets & Liabilities

Current assets were $14,840,449 at December 31, 2008 (2007 - $17,303,209), a reduction of $2,462,760 from December 31, 2007. The reduction is due to an increase in cash and cash equivalents of $145,067 and a decrease in accounts receivable of $190,485 and burial space inventory (cemetery lot and mausoleum crypt inventory) of $2,476,220.

Current liabilities were $4,953,389 at December 31, 2008 (2007 - $5,529,839), a reduction of $576,450 from December 31, 2007 due to a reduction in accounts payable/accrued liabilities and the final principal payment of $500,000 to Beth Tzedec Congregation for the initial land purchase at Westminster Cemetery.

Net working capital at December 31, 2008 was $9,887,060, a decrease of $1,886,310 from December 31, 2007.

Unaudited Quarterly Information

	2008 Q4	2008 Q3	2008 Q2	2008 Q1	Ending Dec. 31, 2008
Gross Revenue	$5,026,654	$3,426,840	$4,824,737	$4,230,435	$17,508,666
Cost of Sales	1,416,768	1,594,569	1,853,567	1,436,021	6,300,925
Selling, General and administrative expenses	2,287,906	2,192,602	2,751,624	2,013,141	9,245,273
Operating Income	1,321,980	(360,331)	219,546	781,273	1,962,468
Profit from Bloorpark Developments Inc.	400,000				400,000
Total Net Income (Loss)	1,721,980	(360,331)	219,546	781,273	2,362,468
Earnings Per Unit-Operations	0.384	(0.105)	0.064	0.227	0.570
Earnings Per Unit-All Sources	0.500	(0.105)	0.064	0.227	0.687

	2007 Q4	2007 Q3	2007 Q2	2007 Q1	Ending Dec. 31, 2007
Gross Revenue	$4,851,817	$3,931,469	$4,399,784	$4,931,599	$18,114,669
Cost of Sales	1,451,584	1,497,419	1,925,352	2,024,134	6,898,489
Selling, General and administrative expenses	2,108,446	2,660,103	2,428,355	2,217,207	9,414,111
Operating Income	1,291,787	(226,053)	46,077	690,258	1,802,069
Profit from Bloorpark Developments Inc.	319,470				319,470
Total Net Income (Loss)	1,611,257	(226,053)	46,077	690,258	2,121,539
Earnings Per Unit-Operations	0.375	(0.067)	0.014	0.204	0.526
Earnings Per Unit-All Sources	0.468	(0.067)	0.014	0.204	0.619

RISK FACTORS RELATING TO THE FUND GROUP

The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. These risks and uncertainties are not the only ones facing the Fund Group. Additional risks and uncertainties not currently known to the Fund Group, or that the Fund Group currently considers immaterial, may also impair the operations of the Fund Group. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Fund Group, and the ability of the Fund to make distributions on the Units, could be materially adversely affected.

Risks relating to the Business

Declines in the Number of Deaths in the Fund Group's Markets

Declines in the number of deaths in the Fund Group's markets in the Greater Toronto Area could cause sales of cemetery services to decline, which could decrease the Fund Group's revenues and margins. In addition, variations in the number of deaths in such markets or from quarter to quarter are not predictable. However, generally the number of deaths fluctuates with the seasons with more deaths occurring during the winter months primarily resulting from pneumonia and influenza. These variations can cause revenue to fluctuate over short periods of time.

If the Fund Group is not able to respond effectively to changing consumer preferences, its market share, revenue and profitability could decrease.

Future market share, revenue and profit will depend in part on the Fund Group's ability to anticipate, identify and respond to changing consumer preferences. Although the Fund Group continually monitors consumer preferences, it may not correctly anticipate or identify trends in consumer preferences, or it may identify them later than its competitors do. In addition, any strategies the Fund Group may implement to address these trends may prove incorrect or ineffective, which could have a material adverse effect on its financial condition, results of operations and cash flows.

The Fund Group is entirely focused on cemetery services and has no interest in funeral services. The current trend in the industry is towards "combinations" - combined cemetery and funeral operations. In late 2002, a bill was passed in the Ontario Legislature which will permit, among other things, the locating of funeral homes within cemeteries thereby permitting combinations. The impact of the legislation is not known at this time and it is partly dependent on the regulations which have not been completed. The Fund Group will continue to monitor the situation and the impact that this may have on the industry. The Fund Group has no plans to develop "combinations".

Increase in price competition in the cemetery markets in which the Fund Group operates could reduce its market share or cause it to reduce prices to retain or recapture market share, either of which could reduce our revenue and margins.

The Fund Group is subject to competition, particularly in the Greater Toronto Area, where there are three major competitors in the industry. To compete successfully, our cemeteries must maintain good reputations and high professional standards in the industry, as well as offer attractive products and services at competitive prices. Management is monitoring the impact of competitors and new initiatives undertaken by them in order to respond where appropriate.

The Fund Group May Be Required to Make Significant Capital Expenditures

As current crypt inventory is modest, the Fund Group is required to make a substantial investment in the provision of additional mausolea. There is no certainty that sales will be sufficient and timely to provide an adequate return on the investment.

The Fund Group depends on its key personnel for the future success of the business and may have difficulty retaining or attracting such persons.

The Fund Group's future success and our ability to manage future growth depend, in large part, upon the continued services of its senior management and the ability to attract and retain key officers and other highly qualified personnel. Competition for such personnel is intense. There can be no assurance that the Fund Group will continue to be successful in attracting and retaining qualified personnel, and the loss of the services of any of these individuals could have a material adverse effect on its revenue, financial performance and results of operations.

Risks Relating to the Units

Dependence on Park Lawn LP

The Fund is an open-ended, limited purpose trust, which will, for purposes of its income, be entirely dependent on the Park Lawn LP. Although the Fund intends to distribute the interest on the Trust Notes and distributions on the Trust Units earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the Fund's ability to make distributions, which remains dependent upon the ability of the Trust to pay its interest obligations under the Trust Notes and to pay distributions or other returns of capital in respect of the Trust Units, which ability, in turn, is dependent upon the Park Lawn LP.

Unpredictability and Volatility of Unit Price

A publicly-traded income trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Units will trade cannot be predicted. The market price of the Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of Units in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units.

Nature of Units

The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, 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. In addition, although the Fund qualifies as a "mutual fund trust" as defined by the Tax Act, the Fund will not be a "mutual fund" as defined by applicable securities legislation.

Securities like the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in the business of Park Lawn LP and should not be viewed by investors as shares or interests in Park Lawn GP or any other company. The Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Units. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. Each Unit represents an equal, undivided, beneficial interest in the Fund. The Fund's principal assets will be Trust Units and Trust Notes. The price per Unit is a function of the Fund's anticipated distributable cash at any time, which is, in turn dependent on the distributable cash distributed upstream by Park Lawn LP.

Cash Distributions Are Not Guaranteed and Will Fluctuate with the Performance of the Business

Although the Fund intends to distribute the income earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amounts of cash distributions distributed upstream by Park Lawn LP and, thus, eventually available for distribution. The actual amount of distributions paid in respect of the Units will depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of the Fund, and Park Lawn LP. Distributions are not guaranteed and will fluctuate with Park Lawn LP's performance. Park Lawn LP has the discretion to establish cash reserves (including regulatory capital reserves) for the proper conduct of their business. Adding to these reserves (including regulatory capital reserves) in any year would reduce the amount of distributable cash and, hence, of cash available for distributions in that year. Accordingly, there can be no assurance regarding the actual levels of distributions by the Fund.

Structural Subordination of the Units

In the event of a bankruptcy, liquidation or reorganization of a member of the Fund Group (other than the Fund), holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets from such entities before any assets are made available for upstream distribution, eventually to the Fund. Upon the Arrangement becoming effective, the Units will be effectively subordinated to the existing credit facilities and most of the other indebtedness and liabilities of the Fund Group. None of the members of the Fund Group will be limited (other than pursuant to the existing credit facilities) in their respective ability to incur secured or unsecured indebtedness.

Capital Investment

The timing and amount of capital expenditures by Park Lawn LP will directly affect the amount of distributable cash available for them to distribute, including, ultimately, the cash available for distributions to Unitholders. Such distributions may be reduced, or even eliminated, at times when Trustees deem it necessary to make significant capital or other expenditures.

Distributable cash may be dependent upon the ability of Park Lawn LP to fund a portion of their capital expenditures and working capital with cash generated from operations. The Fund may be required to reduce distributions or sell additional Units in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Fund for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

Restrictions on Potential Growth

The payout by Park Lawn LP of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of Park Lawn LP and its cash flow.
Limitation on Non-Resident Ownership

The Fund Declaration of Trust imposes various restrictions on Unitholders. Non-Resident Unitholders are prohibited from beneficially owning more than 40% of Units (on a non-diluted and fully-diluted basis). These restrictions may limit (or inhibit the exercise of) the rights of certain persons, including Non-Residents, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

Redemption Right

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. Upon a redemption of Units or termination of the Fund, the Trustees may distribute the Trust Units and/or the Trust Notes or any other assets of the Fund or of any of its other direct or indirect subsidiaries directly to the Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. Assets so distributed may not be qualified investments for trusts governed by Plans depending upon the circumstances at the time. Additionally, such securities will not be listed on any stock exchange and no established market is expected to develop in such securities and they may be subject to resale restrictions under applicable securities laws.

Dilution

The Fund Declaration of Trust authorizes the Fund to issue an unlimited number of Units for the consideration and on those terms and conditions as are established by the Trustees without the approval of any Unitholders. Any further issuance of Units will dilute the interests of existing Unitholders.

Distribution of Trust Units and Trust Notes on Termination of the Fund

Upon termination of the Fund, the Trustees may distribute the Trust Units and the Trust Notes and any other downstream assets owned directly by any of the Fund's subsidiaries (and, therefore, indirectly by the Fund) directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the Trust Units, the Trust Notes or any of the other foregoing assets. In addition, none of the foregoing assets are freely tradable, nor are any of them currently listed on any stock exchange or qualified investments for Plans.

Leverage and Restrictive Covenants

Park Lawn LP will have third-party debt service obligations under the Credit Facility, which obligations will rank in priority to Park Lawn's obligations to distribute cash to the Trust. In addition, Park Lawn LP may borrow additional funds from other third parties. The degree to which Park Lawn LP is leveraged could significantly impact the amount of income to be generated by such entity and therefore the cash available to the Fund.

The consequences of Park Lawn LP's borrowing activities to the Fund and to the Unitholders include (i) the fact that Park Lawn LP's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) the fact that a portion of Park Lawn LP's cash flow from operations will be dedicated to the payment of the interest on its indebtedness thereby reducing funds available for payment, ultimately, to the Fund; and (iii) the fact that certain of Park Lawn LP's borrowings could be at variable rates of interest, which could expose it to the risk of increased interest rates. Park Lawn LP's ability to make scheduled payments of interest on, or to refinance, its indebtedness will depend on its future cash flow, which is subject to the operations of its business, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. These factors might inhibit Park Lawn LP from refinancing the indebtedness on favourable terms, or at all.

The Credit Facility contains numerous restrictive covenants that limit the discretion of Park Lawn LP and Park Lawn GP with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of Park Lawn LP and Park Lawn GP to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Credit Facility will contain a number of financial covenants that require Park Lawn LP to meet certain financial ratios and financial condition tests.

A failure to comply with the obligations in the Credit Facility could result in a default which, if not cured or waived, could result in a termination of distributions by Park Lawn LP and permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Facility were to be accelerated, there can be no assurance that the assets of Park Lawn LP would be sufficient to repay in full that indebtedness. There can be no assurance that future borrowings or equity financing will be available to Park Lawn LP, or available on acceptable terms, in an amount sufficient to fund Park Lawn LP's needs.

Public Market

Units of a publicly-traded income fund will not necessarily trade at values determined solely by reference to the underlying value of its assets. One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield and this could adversely affect the market price of the Units. In addition, the market price for the Units may be adversely affected by changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of the Fund.

Tax Related Risks

Income Tax Matters

The income of the Fund and its related entities must be computed in accordance with Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of distributable cash available to Unitholders. There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations described herein under the heading "Certain Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects, including that Units may cease to be qualified investments for Plans. The Tax Act imposes penalties for the acquisition or holding by Plans of non-qualified investments.

Currently, a trust 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. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property.

If the draft amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of units of the Fund were held by non-residents and partnerships other than Canadian partnerships, the Fund would thereafter cease to be a mutual fund trust. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion which did not include these proposed changes. The news release that accompanied this Notice of Ways and Means Motion indicated that the implementation of the proposed changes would be suspended pending further consultation with interested parties.

The Declaration of Trust provides that a sufficient amount of the Fund's net income and net realized capital gains will be distributed each year to Unitholders in order to eliminate the Fund's liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains of the Fund in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, in circumstances when they do not directly receive a cash distribution.

On June 22, 2007 legislation which modifies the tax treatment for certain publicly traded income trusts and partnerships that are specified investment flow through trust or partnerships received Royal Assent. For existing income trusts, such as Park Lawn, there is a four year transition period which would result in the new tax measures being effective for the 2011 tax year. The legislation has also placed explicit limitations on growth during this four year period. The Fund is continuing to assess its options.

MARKET FOR SECURITIES

The units of Park Lawn Income Trust are listed and posted for trading on the TSX Venture Exchange under the symbol "PLC.UN". The following table sets forth the reported high and low prices and the trading volume for the units on the TSX Venture for the periods indicated:

Month	**High**	**Low**	**Volume**
2008	($)	($)	
December	5.45	5.15	8,600
November	5.74	5.36	2,100
October	5.85	5.25	16,946
September	6.00	5.75	9,187
August	6.00	5.75	5,592
July	6.00	6.00	2,900
June	6.00	5.97	10,052

May	5.85	5.70	9,450
April	5.82	5.71	5,000
March	6.00	5.65	10,850
February	5.90	5.90	10,000
January	5.95	5.95	13,200

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the units is Equity Transfer & Trust Company located at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by the Fund, or any of its subsidiaries or their predecessors with the most recently completed financial year or before the most recently completed financial year but are still in effect:

- the Declaration of Trust;
- the Note Indenture;
- the Administration Agreement;
- the Premises Agreement; and
- the General Security Agreement

The above documents have been filed at SEDAR (www.sedar.com).

EXPERTS

T. Robert Hambley, C.A., has prepared an audit report on the audited consolidated financial statements of the Fund as at December 31, 2008 and for the year then ended. T. Robert Hambley is independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found at SEDAR, which can be accessed at www.sedar.com. Additional information, including trustees' and directors' and officers' remuneration and indebtedness, principal holders of the Fund's securities and securities authorized for issuance and equity compensation plans, if applicable, is contained in the Fund's information circular for its annual meeting of Unitholders to be held on June 8, 2009 Additional financial information is provided in the Fund's financial statements and management's discussion and analysis for the financial year ending December 31, 2008.

APPENDIX "A"

PARK LAWN INCOME TRUST
(The Fund)

AUDIT COMMITTEE CHARTER

The audit committee is a committee of the board of trustees to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits. The external auditor shall report directly to the committee.

Responsibilities

The audit committee will:

a) recommend to the board of trustees:

(i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Trust, and
(ii) the compensation of the external auditor;

b) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Trust, including the resolution of disagreements between management and the external auditor regarding financial reporting;

c) review and report to the board of trustees of the Trust on the following before they are published:

(i) the financial statements and management discussion and analysis (MD&A) of the Trust;
(ii) the auditor's report, if any, prepared in relation to those financial statements;

d) review the Trust's annual and interim earnings press releases before the Trust publicly discloses this information;

e) satisfy itself that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted or derived from the Trust's financial statements;

f) pre-approve all non-audit services to be provided to the Trust or its subsidiaries by the Trust's external auditor;

g) establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls, or auditing matters, and

(ii) the confidential, anonymous submission by employees of the Trust of concerns regarding questionable accounting or auditing matters;

h) review and approve the Trust's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Trust;

i) annually, assess the performance of the committee and its members and consider

j) the need for any amendments to this charter.

Composition of the Committee

The committee will be composed of at least two trustees from the Trust's board of trustees, a majority of who shall not be officers or employees of the Trust or any of its affiliates.

Meetings

Meetings may be convened at the request of any member of the audit committee or at the request of the Trust's external auditor. The committee shall meet regularly, but not less frequently than quarterly.

A majority of the members of the committee shall constitute a quorum. The committee shall act on the affirmative vote of a majority of the members present at a meeting at which there is a quorum. Without a meeting, the committee may act by unanimous written resolution of all members.

The committee members shall, when deemed appropriate, meet in private session with the external auditor; with management and as committee members only to discuss matters relevant to the committee's mandate.

Authority

The external auditor shall report directly to the committee. The committee has the authority to communicate directly with the external auditor and the internal auditor, without management involvement.

The committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and the committee will set the compensation for such advisors.