



ANNUAL INFORMATION FORM

For the year ended December 31, 2009

Dated March 12, 2010

TABLE OF CONTENTS

1.	CORPORATE STRUCTURE	4
1.1	NAME, ADDRESS AND INCORPORATION	4
1.2	INTERCORPORATE RELATIONSHIPS.....	5
2.	GENERAL DEVELOPMENT OF THE BUSINESS.....	6
2.1	THE BUSINESS.....	6
2.2	SIGNIFICANT ACQUISITIONS AND RECENT EVENTS	6
2.3	CREATION OF BIRD CONSTRUCTION INCOME FUND	7
2.4	INITIAL PUBLIC OFFERING AND SECONDARY OFFERING	7
2.5	AMENDED AND RESTATED DECLARATION OF TRUST	7
	<i>2.5.1 Activities of the Fund.....</i>	<i>8</i>
	<i>2.5.2 Issuance of Units.....</i>	<i>8</i>
	<i>2.5.3 Trustees.....</i>	<i>8</i>
	<i>2.5.4 Meetings of Unitholders.....</i>	<i>9</i>
	<i>2.5.5 Amendments to the Declaration of Trust.....</i>	<i>9</i>
	<i>2.5.6 Take-Over Bids.....</i>	<i>10</i>
	<i>2.5.7 Information and reports.....</i>	<i>10</i>
	<i>2.5.8 Conflicts of Interest.....</i>	<i>10</i>
	<i>2.5.9 Rights of Unitholders.....</i>	<i>10</i>
3.	DESCRIPTION OF THE BUSINESS	11
3.1	GENERAL	11
	<i>3.1.1 General Information</i>	<i>11</i>
	<i>3.1.2 Industry Sectors</i>	<i>11</i>
	<i>3.1.3 Competitive Conditions</i>	<i>12</i>
	<i>3.1.4 Cyclicity</i>	<i>12</i>
	<i>3.1.5 Seasonality</i>	<i>12</i>
	<i>3.1.6 Environmental.....</i>	<i>12</i>
	<i>3.1.7 Employees</i>	<i>12</i>
	<i>3.1.8 Geographic Markets</i>	<i>12</i>
	<i>3.1.9 Surety Support</i>	<i>12</i>
	<i>3.1.10 Working Capital and Investments.....</i>	<i>13</i>
	<i>3.1.11 Subcontractors and Suppliers.....</i>	<i>13</i>
	<i>3.1.12 Specialized Skills and Knowledge.....</i>	<i>13</i>
3.2	RISKS RELATING TO THE BUSINESS	13
	<i>3.2.1 Ability to Secure Work.....</i>	<i>13</i>
	<i>3.2.2 Economy and Cyclicity.....</i>	<i>14</i>
	<i>3.2.3 Potential for Non-Payment.....</i>	<i>14</i>
	<i>3.2.4 Ability to Hire and Retain Qualified & Capable Personnel.....</i>	<i>14</i>
	<i>3.2.5 Completion & Performance Guarantees/Design-Build Risks</i>	<i>14</i>
	<i>3.2.6 PPP Project Risk</i>	<i>15</i>
	<i>3.2.7 Performance of Subcontractors</i>	<i>15</i>
	<i>3.2.8 Competitive Factors.....</i>	<i>15</i>
	<i>3.2.9 Estimating Costs/Assessing Contract Risks.....</i>	<i>15</i>
	<i>3.2.10 Access to Surety Support and Other Contract Security.....</i>	<i>16</i>
	<i>3.2.11 Litigation/Potential Litigation.....</i>	<i>16</i>
	<i>3.2.12 Quality Assurance and Quality Control.....</i>	<i>16</i>
	<i>3.2.13 Maintaining Safe Work Sites.....</i>	<i>16</i>
	<i>3.2.14 Accuracy of Cost to Complete Estimates</i>	<i>16</i>
	<i>3.2.15 Work Stoppages, Strikes and Lockouts.....</i>	<i>17</i>
	<i>3.2.16 Potential Fluctuations in Quarterly Financial Results.....</i>	<i>17</i>
	<i>3.2.17 Compliance with Environmental Laws.....</i>	<i>17</i>

3.2.18	<i>Performance of Investment Portfolio</i>	17
3.2.19	<i>Joint Venture Risk</i>	17
3.2.20	<i>Insurance Risk</i>	18
3.2.21	<i>Adjustments and Cancellations of Backlog</i>	18
3.3	RISKS RELATING TO THE UNITS	18
3.3.1	<i>Cash Distributions</i>	18
3.3.2	<i>Unpredictability and Volatility of Unit Price</i>	18
3.3.3	<i>Nature of Units</i>	18
3.3.4	<i>Unitholder Liability</i>	19
3.3.5	<i>Structural Subordination of the Units</i>	19
3.3.6	<i>Restrictions on Potential Growth</i>	19
3.4	INCOME TAX RELATED RISKS	19
4.	DIVIDENDS AND DISTRIBUTIONS	20
5.	DESCRIPTION OF CAPITAL STRUCTURE	21
5.1	GENERAL	21
5.2	LIMITATION ON NON-RESIDENT OWNERSHIP	22
6.	MARKET SECURITIES OF THE ISSUER	22
7.	ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER	23
8.	TRUSTEES, DIRECTORS AND OFFICERS	23
8.1	TRUSTEES, DIRECTORS AND EXECUTIVE OFFICERS	23
8.2	COLLECTIVE UNITHOLDINGS	27
8.3	CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES	27
8.4	PENALTIES OR SANCTIONS	27
8.5	CONFLICTS OF INTEREST	27
8.6	BOARD COMMITTEES	27
9.	AUDIT COMMITTEE INFORMATION	28
9.1	AUDIT COMMITTEE	28
9.2	PRE-APPROVAL POLICIES AND PROCEDURES	28
9.3	EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)	29
9.4	AUDIT COMMITTEE CHARTER	29
10.	PROMOTERS	29
11.	LEGAL PROCEEDINGS	29
12.	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	29
13.	TRANSFER AGENTS AND REGISTRARS	29
14.	MATERIAL CONTRACTS	30
15.	INTERESTS OF EXPERTS	30
16.	ADDITIONAL INFORMATION	30
17.	JOINT AUDIT COMMITTEE CHARTER, APPENDIX A	31

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

Bird Construction Income Fund (“Fund”) is an unincorporated open-ended investment trust governed by the laws of the Province of Ontario and created pursuant to an amended and restated declaration of trust. The Fund qualifies as a “mutual fund trust” for the purposes of the Income Tax Act (Canada) (“Tax Act”). The Fund owns all of the outstanding shares of Bird Construction Company Limited (“Company” or “Bird”).

The Company is a corporation existing under the laws of the Province of Saskatchewan resulting from the amalgamation of Bird Construction Company Limited and Bird Construction Acquisitionco Inc. on February 27, 2006 and continued as Bird Construction Company Limited.

The business was originally formed as a partnership in 1920 and was incorporated as Bird Construction Company Limited under the laws of the Province of Saskatchewan on February 15, 1930 and is governed by the Business Corporations Act (Saskatchewan). The Company first became a reporting issuer in 1973.

On February 27, 2006, the Fund acquired the Company as a wholly-owned subsidiary of the Fund and continued operations as an open-ended investment trust following the continuity of interests method of accounting, as there was no substantive change in the ownership interest of the Company.

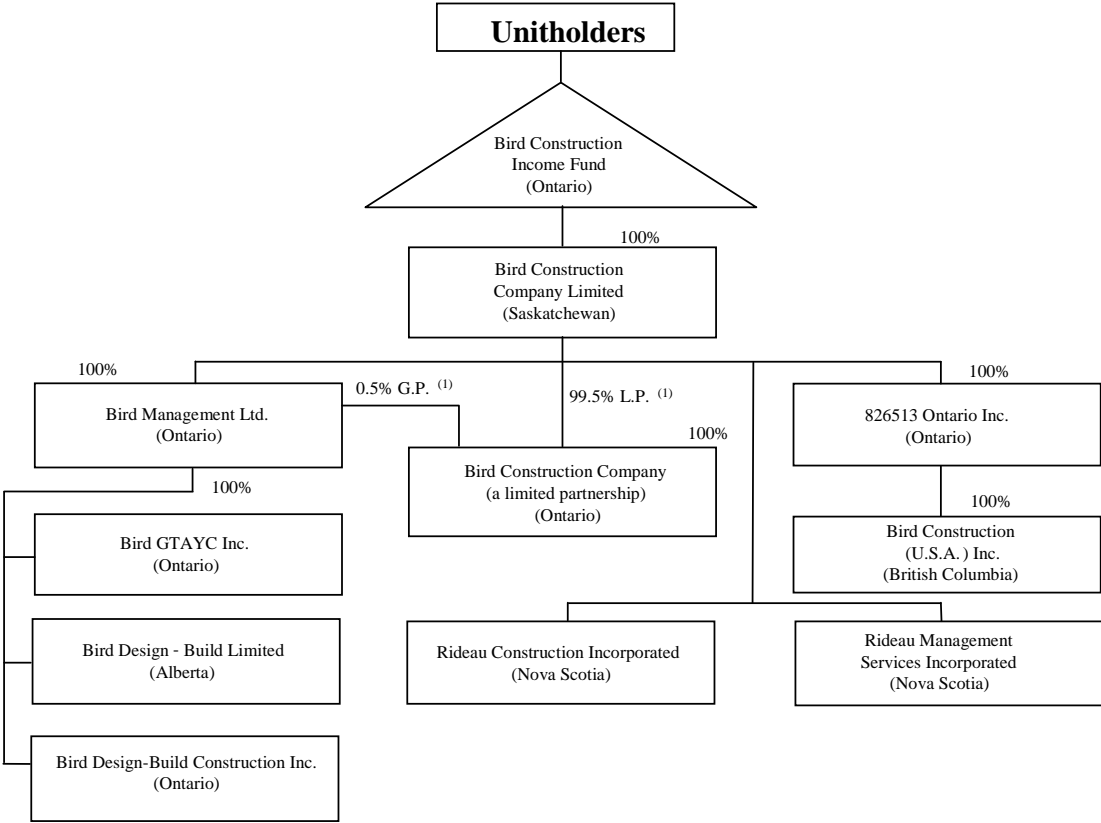
On February 27, 2006, the Fund was listed on the Toronto Stock Exchange (“TSX”) (symbol BDT.UN). Up to Friday February 24, 2006, the Company was listed on the TSX Venture Exchange (symbol BDT). Immediately following the conversion process, the Fund issued 2,500,000 new trust units under an initial public offering, raising \$27.6 million (net of offering costs and the related tax effect). In addition, certain unitholders, comprised of senior management, officers and directors of the Company, completed a secondary offering of units from which the Fund received no proceeds. The Fund had 13,789,180 units outstanding at that time. Immediately prior to the conversion, the Company paid a series or cash dividends totaling \$8.35 per share or \$31.4 million on the 3,763,060 common shares then outstanding.

With the acquisition of Rideau Construction on February 1, 2008 (see Significant Acquisitions section 2.2), the Fund increased its number of units outstanding to 14,051,282.

The Fund’s registered and principal office is located at 5403 Eglinton Avenue West, Toronto, Ontario M9C 5K6.

1.2 Intercorporate Relationships

The following diagram illustrates the organizational structure of the Fund and its principal subsidiaries and partnership.



⁽¹⁾ GP refers to the General Partner and LP refers to the Limited Partner.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 The Business

The Company is a wholly-owned subsidiary of the Fund. During 2009, the Company carried on business as a general contractor with offices in Calgary, Edmonton, Toronto, Vancouver and Winnipeg, as well as Seattle, Washington. In February 2008, the Company acquired Rideau Construction (see Significant Acquisitions section 2.2) which has offices in Halifax and Saint John. In February 2009, the Company announced that it was winding down its Seattle, Washington branch. The office is expected to close in early-2010 upon completion of its current contracts. The Company, which has been in operation for more than 90 years, focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry, using fixed price, design-build, unit price, cost reimbursable, guaranteed upset price, and construction management contract delivery methods.

Construction industry activity is tied to the general state of the economy. In 2007 and for most of 2008, the geographic markets that the Company operates in generally experienced high levels of economic activity, particularly in western Canada. In 2009, Bird generated revenues and earnings based on strong backlog carried forward from a period of robust economic activity prior to the economic downturn.

At the end of 2009, the Fund has a backlog of \$901.4 million down from \$1,104.7 million at the end of 2008.

The retail and commercial sector represented 12% of 2009 revenues (29% in 2008). In the current construction market opportunities in the retail and commercial markets are significantly reduced compared to recent years. This market is expected to remain slow for at least the first half of 2010.

Opportunities in the public market in 2009 were plentiful. The institutional sector represented 55% of 2009 revenues (32% in 2008). Federal and provincial fiscal stimulus channeled through construction spending created opportunities in the second half of the year and is expected to generate additional projects in the first half of 2010. All levels of government are expected to come under pressure to address budget deficits; however, it is not clear to what degree this will affect their capital spending programs in 2010. The pipeline of PPP projects remains strong. The Company has been shortlisted to submit proposals on a number of PPP projects closing in 2010 and this market is expected to be an area of strength.

The industrial market contributed 33% of 2009 revenues (39% in 2008). Canadian oil sands activity in 2009 was significantly reduced from the high levels experienced in 2007 and 2008. In recent months, a number of the Company's oil sands clients have announced plans for projects. Engineering and procurement activity related to a number of these projects is underway and construction work on sites is expected to accelerate in the second half of the year.

Although financial performance in 2009 was strong, 2010 will be a more difficult year. Management does not see a recovery in the commercial and retail markets which will have a meaningful impact on 2010 results. The results generated from our industrial operations in 2010 will be less than that experienced in recent years. Conditions in the oil sands markets are improving, but are not likely to be reflected in results until 2011. The Company has a good Backlog of institutional work. The Backlog derived from complex projects including PPP projects will generate higher margins than more conventional work.

2.2 Significant Acquisitions and Recent Events

On February 1, 2008, the Fund announced the acquisition of 100% of the outstanding shares of Rideau Construction Incorporated and Rideau Management Services Incorporated (collectively "Rideau Construction") for an aggregate purchase price of \$15.8 million.

Approximately one-half of the purchase price was paid in cash from the working capital of the Fund and the other half was satisfied by the issuance of 262,102 trust units of the Fund to the Rideau Construction vendors. Rideau Construction's earnings are expected to be sufficient to fund distributions on the additional units of the Fund issued pursuant to the acquisition and the acquisition is expected to be accretive to unitholders.

Rideau Construction is a general contractor with operations in Nova Scotia and New Brunswick serving clients in the

institutional, commercial and light industrial markets. The Halifax and Saint John operations of Rideau Construction have become the Atlantic branches of the Fund, with Rideau Construction's key principals and managers staying on to lead the Fund's new Atlantic operations. This acquisition added over 100 full-time employees to the Fund's organization and has made the Fund a true national general contractor with operations from coast to coast.

On February 5, 2009, the Fund announced that it will begin winding down its Seattle, Washington branch, which is expected to close in early-2010 upon completion of its current operations. The Fund will maintain operational capabilities in the Washington market until 2011 to complete its warranty obligations. Management made the decision to close the Seattle branch due to an inability to generate the expected financial results and in order to refocus its senior management resources on opportunities in the Canadian market. Management does not believe that the closing of the Seattle branch will have a material impact on the results of operations of the Fund, nor is it expected to affect the Fund's ability to maintain distributions.

2.3 Creation of Bird Construction Income Fund

The Fund was created for the purpose of investing directly in the securities of Bird Construction Company Limited, and its various subsidiaries and partnership. All the outstanding Company shares were exchanged for units of the Fund on a 3 for 1 basis, resulting in the Fund acquiring all the operations of the Company on February 27, 2006.

The Fund acquired the Company through the following transactions:

Old Bird (Bird Construction Company Limited prior to amalgamation with Acquisitionco (see below)) paid a series of special dividends in the aggregate amount of \$8.35 per common share (equivalent to \$2.78 per unit after the 3 for 1 exchange of common shares of the Company for units of the Fund).

Each issued and outstanding common share of Old Bird was transferred to the Fund in exchange for three (3) units of the Fund.

The Fund transferred to Bird Construction Acquisitionco Inc. ("Acquisitionco") (a company incorporated for the purpose of acquiring the Old Bird common shares from the Fund) all of the common shares of Old Bird in exchange for debt and one Acquisitionco share.

Acquisitionco and Old Bird amalgamated and continued operations as Bird Construction Company Limited, a wholly-owned subsidiary of the Fund.

(See the Fund's Business Acquisition Report dated May 19, 2006 available on SEDAR (www.sedar.com)).

On Friday, February 24, 2006, Old Bird ceased to be listed as an issuer on the TSX Venture Exchange (symbol BDT). On Monday, February 27, 2006, the Fund's units were listed for trading on The Toronto Stock Exchange (symbol BDT.UN).

2.4 Initial Public Offering and Secondary Offering

Pursuant to a Prospectus dated February 17, 2006 (see copy on www.sedar.com) the Fund issued 2,500,000 new units at \$12 per unit and certain directors and officers of Bird Construction Company Limited, either directly or indirectly, sold 3,326,817 units at \$12 per unit in a secondary offering. The Fund did not receive any proceeds of the secondary offering.

2.5 Amended and Restated Declaration of Trust

The following is a summary of the material attributes and characteristics of the units and certain provisions of the Fund's amended and restated declaration of trust, which summary is not intended to be complete. Reference should be made to the Fund's amended and restated declaration of trust for a complete description of the units and the full text of its provisions. The Fund's declaration of trust was amended to give effect to various procedural issues associated with finalizing the Fund's prospectus dated February 17, 2006, and a copy of the amended and restated declaration of trust dated February 16, 2006 and the prospectus are available on SEDAR at www.sedar.com.

2.5.1 *Activities of the Fund*

The amended and restated declaration of trust provides that the Fund's operations and activities shall be restricted to:

- (a) acquiring, investing in, holding, transferring, disposing of or otherwise dealing with the debt and equity securities of the Company;
- (b) investing in securities issued by the Company and its affiliates or associates, or any other business entity in which the Company has an interest, direct or indirect, and otherwise lending funds to the Company and its affiliates;
- (c) disposing of any part of the property of the Fund;
- (d) holding cash not immediately required by the Trustees for the purpose of making distributions to unitholders in interest-bearing accounts with Canadian chartered banks or investing such monies in certain permitted investments;
- (e) issuing units or rights, warrants, convertible securities or options to acquire units as contemplated by the amended and restated declaration of trust;
- (f) issuing debt securities or otherwise borrowing, mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of the Fund's assets as security for its obligations, liabilities or indebtedness;
- (g) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability, or obligation of the Company or any affiliate of the Fund or the Company, or the performance of any obligation of the Company or any affiliate of the Fund or the Company, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Fund's assets as security for such guarantees;
- (h) purchasing securities issued by the Fund;
- (i) satisfying the obligations, liabilities, or indebtedness of the Fund; and
- (j) undertaking such other activities, or taking such other action (including the investing in securities), related to or in connection with the foregoing or as contemplated by the declaration of trust or as may be approved by the Trustees from time to time, provided that the Fund shall not undertake any activity, take any action, or purchase or authorize the purchase of any investment that would not be allowed for mutual fund trusts under Subsection 132(6) of the Income Tax Act (Canada) ("Tax Act"). In connection with this duty, the Trustees have broad authority and will be entitled to take such actions as they consider necessary or appropriate in accordance with the declaration of trust to preserve the mutual fund status of the Fund.

2.5.2 *Issuance of Units*

The amended and restated declaration of trust provides that units or rights to acquire units may be issued at times, to persons, for consideration and on such terms and conditions as the Trustees may determine. At the option of the Trustees, units may be issued in satisfaction of any 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.

2.5.3 *Trustees*

The Fund will have a minimum of three Trustees and a maximum of 10 Trustees. The Trustees are to supervise the activities and manage the affairs of the Fund.

The amended and restated declaration of trust provides that, subject to the terms and conditions thereof, the Trustees may, in respect of the trust assets, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof and shall supervise the investments and affairs of the Fund. The amended and restated declaration of trust requires a majority of the Trustees to be residents of Canada (for the purposes of the Tax Act) and resolutions of the Trustees must be passed by a majority of Trustees who are resident Canadians. The Trustees are responsible for, among other things; (i) the Fund acting as a shareholder and noteholder of the Company, (ii) maintaining records and providing reports to unitholders, (iii) supervising the activities of the Fund, (iv) making payments of distributable cash from the fund to the unitholders and (v) the appointment or election and voting in favour of the Fund's nominees to serve as directors of the Company.

The amended and restated declaration of trust provides that a Trustee will individually be entitled to indemnification from the Fund in respect of the exercise of his or her powers and the discharge of his or her duties, provided that he or she will not be indemnified if he or she failed to act in good faith with a view to the best interests of the Fund.

2.5.4 Meetings of Unitholders

Meetings of unitholders are required to be called and held annually for the election of Trustees and the appointment of auditors of the Fund and transacting such other business as the Trustees may determine or as may be properly brought before the meeting. The Trustees, following their election and in their capacity as Trustees of the Fund, the sole shareholder of the Company, elect as Directors of the Company each person serving as a Trustee of the Fund. The amended and restated declaration of trust provides that the unitholders will be entitled to pass resolutions that will bind the Fund only with respect to (i) the election or removal of Trustees of the Fund, (ii) the election or removal of nominees of the Fund to serve as directors of the Company (except filling casual vacancies), (iii) the appointment or removal of the auditors of the Fund, (iv) the appointment of an inspector to investigate the performance by the Trustees of their respective responsibilities and duties in respect of the Fund, (v) the termination of the Fund, (vi) the approval of amendments to the declaration of trust (except as described under “Amendments to the Declaration of Trust”), (vii) the sale of all or substantially all of the assets of the Fund, (viii) the exercise of certain voting rights attached to the securities of the Company held by the Fund, and (ix) the dissolution or winding-up of the Fund prior to the end of the term.

A resolution electing or removing nominees of the Fund to serve as directors of the Company and a resolution appointing or removing the Trustees or the auditors of the Fund or appointing an inspector must be passed by a majority of the votes cast by unitholders. The Balance of the foregoing matters must be passed by a Special Resolution.

A meeting of unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% 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 the aggregate at least 25% of the votes attached to all outstanding units will constitute a quorum for the transaction of business at all such meetings.

The amended and restated declaration of trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of unitholders.

2.5.5 Amendments to the Declaration of Trust

The declaration of trust may be amended or altered from time to time by special resolution of the unitholders, except where otherwise provided in the declaration of trust. Unless approved by special resolution of the unitholders, no amendment may be made to the declaration of trust to modify the voting rights attributable to the units or to reduce the fractional undivided beneficial interest in the property of the Fund represented by any units.

The Trustees may without the approval of the unitholders, make certain amendments to the declaration of trust, including amendments:

- (a) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Fund;
- (b) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation law or its interpretation or administration;
- (c) to provide added benefits to unitholders;
- (d) which, in the opinion of counsel to the Fund, provide additional protection for unitholders or preserve or clarify the provision of desirable tax treatment to unitholders;
- (e) to remove any conflicts or inconsistencies in the amended and restated declaration of trust or to make minor changes or corrections which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the unitholders; and

- (f) to provide for the electronic delivery by the Fund to the unitholders of documents relating to the Fund (including annual and quarterly reports and financial statements and proxy-related materials) in accordance with applicable law from time to time.

2.5.6 *Take-Over Bids*

The amended and restated 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 on a fully-diluted basis (other than units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) 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 offered by the offeror in accordance with the procedures set out in the declaration of trust.

2.5.7 *Information and reports*

The Fund will furnish to unitholders, in accordance with applicable securities laws, all financial statements of the Fund (including quarterly and annual financial statements and certifications) and other reports as are from time to time required by applicable law, including prescribed forms needed for completion of unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of unitholders, the Trustees will provide to the unitholders (along with notice of the meeting) all information, together with such certifications, as is required by applicable law and the declaration of trust to be provided to unitholders.

2.5.8 *Conflicts of Interest*

The amended and restated declaration of trust contains "conflict of interest" provisions that serve to protect unitholders without creating undue limitations on the Fund. The amended and restated declaration of trust provides that if a Trustee or an officer of the Company is a party to a material contract or transaction or proposed material contract or transaction with the Fund or any of its affiliates, or is a director or officer or employee of, or has a material interest in, any person (other than the Company and its wholly-owned subsidiaries) who is a party to a material contract or transaction or proposed material contract or transaction with the Fund, such Trustee of the Fund or officer of the Company or any of its affiliates, as the case may be, shall disclose in writing to the Trustees or request to have entered into the minutes of the meetings of the Trustees the nature and extent of such interest. Except in certain specific circumstances, a Trustee who is a party to or so interested in such a material contract or transaction will be precluded from voting on such a material contract or transaction but the presence of such Trustee at the relevant meeting shall be counted towards any quorum requirement.

2.5.9 *Rights of Unitholders*

Many of the provisions of the Saskatchewan Business Corporations Act ("SBCA") respecting the governance and management of a corporation have been incorporated in the amended and restated declaration of trust. For example, unitholders are entitled to exercise voting rights in respect of their holdings of units in a manner comparable to shareholders of an SBCA corporation and to elect the Trustees and auditors of the Fund. The amended and restated declaration of trust also includes provisions modeled after comparable provisions of the SBCA dealing with the calling and holding of meetings of unitholders and Trustees, the quorum for and procedures at such meetings and the right of investors to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which unitholder approval is required under the amended and restated declaration of trust are generally less extensive than the rights conferred on the shareholders of an SBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Fund's subsidiary entities. These unitholder approval rights are supplemented by provision of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or their equivalent or listed on the TSX.

3. DESCRIPTION OF THE BUSINESS

3.1 General

3.1.1 *General Information*

The Company is a general contractor with offices in Calgary, Edmonton, Toronto, Vancouver and Winnipeg, as well as Seattle, Washington. In February 2009, the Fund announced its intention to wind-down its interest in the Seattle, Washington office, which is expected to close in early-2010 upon completion of its current contracts. With the acquisition of Rideau Construction in February 2008, the Company expanded its operations to include offices in Halifax and Saint John (see Significant Acquisitions section 2.2). The Company and its predecessors have been in operation for over 90 years. The Company focuses primarily on projects in the industrial, commercial and institutional (“ICI”) sectors of the general contracting industry. The Company serves clients in the industrial, institutional, retail, commercial, multi-tenant residential, light industrial, and renovation and restoration sectors using fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods. In 2008 and 2009 the Fund secured and will continue to pursue design-build contracts with groups participating in the PPP contracts in the institutional sector. As a general contractor carrying on business in the ICI marketplace, the Company does not have reportable segments as defined in the Canadian Institute of Chartered Accountants Handbook.

While Bird self-performs some elements of its projects, the majority of the overall construction risk rests with its subcontractors and suppliers. The scope of the work of each subcontractor is defined by the same drawings and specifications that form the basis of the general contractor’s agreement with the client. The terms of the agreement between the general contractor and client are replicated in the agreement between the general contractor and its subcontractors. These “flow-down” provisions substantially mitigate the risk borne by the general contractor. Depending on the value of the work, the general contractor may require bonds or other forms of security from subcontractors effectively guaranteeing that they will meet their contractual obligations. The Company has minimal investment in equipment and fixed assets. Bird’s primary asset and constraint on growth is the availability of qualified professional staff who can be assigned to secure and manage projects.

3.1.2 *Industry Sectors*

Institutional

Institutional projects include such projects as hospitals, correctional facilities, schools, post-secondary educational facilities, community recreation facilities and military projects. Bird has developed staff, both in the office and in the field, with the strong skills required to effectively manage these complex projects. In 2009 and 2008, institutional projects represented 55% and 32%, respectively, of Bird’s revenues. Opportunities in the public market in 2009 were plentiful. Federal and provincial fiscal stimulus channelled through construction spending created opportunities in the second half of the year and is expected to generate additional projects in the first half of 2010. All levels of government are expected to come under pressure to address budget deficits, however, it is not clear to what degree this will affect their capital spending programs in 2010. The pipeline of PPP projects remains strong. The Company has been shortlisted to submit proposals on a number of PPP projects closing in 2010 and this market is expected to be an area of strength.

Industrial

This sector includes projects in the petro-chemical, oil sands, mining, refinery, water and waste water treatment and forestry sectors. Within the industrial sector, the focus of Bird is the construction of industrial buildings and on civil construction including concrete foundations, underground piping and earthwork. Bird has developed staff with strong project management and pre-construction skills. Furthermore, in northern Alberta, Bird has developed loyal construction crews with excellent expertise in concrete construction. Bird has a strong safety program and enjoys an outstanding safety record, which represents a significant asset in the industrial marketplace. Bird has an excellent reputation with its clients for quality workmanship and adherence to environmental requirements. The industrial market contributed 33% of 2009 revenues (39% in 2008). Canadian oil sands activity in 2009 was significantly reduced from the high levels experienced in 2007 and 2008. In recent months, a number of the Company’s oil sands clients have announced plans for projects. Engineering and procurement activity related to a number of these projects is underway and construction work on sites is expected to accelerate in the second half of the year.

Retail

Bird's retail construction experience has involved the construction or renovation of various types of retail projects, such as enclosed shopping malls, shopping plazas, "big box" stores and grocery stores while working with a distinguished list of national and local retailers. In 2009 and 2008, retail construction projects represented 12% and 29%, respectively, of Bird's revenues. In the current construction market opportunities in the retail and commercial markets are significantly reduced compared to recent years. This market is expected to remain slow for at least the first half of 2010.

3.1.3 *Competitive Conditions*

The barriers to entry to the building construction business are relatively low and Bird competes with many national, regional and local construction firms in this market. The expertise, capital and labour pool required to perform in the industrial market and in the PPP market are greater and the pool of competitors is smaller. In all its markets, Bird endeavours to distinguish itself and reduce the number of its competitors by developing specialized expertise in construction of particular building types, by building long-term relationships with its clients, by maintaining a superior safety record and by offering a high level of service.

3.1.4 *Cyclical*

The construction industry is cyclical and follows the general state of the economy in the local geographic area. Bird manages cyclical through geographic diversification, market diversification and through its relationship with large and well-financed clients who are more likely to maintain their construction programs during an economic downturn than locally-based clients that are more subject to local economic forces.

3.1.5 *Seasonality*

Although Bird experiences some seasonality in its business, variations in net income from quarter to quarter primarily reflect the differences in the profitability of the contracts administered in any given quarter. First quarter revenues are often lower than subsequent quarters due to winter weather constraints and construction schedule planning around the coldest months.

3.1.6 *Environmental*

Bird is subject to, and to the best of its knowledge is in compliance with, federal, provincial and municipal environmental legislation in all of its areas of operations. Bird recognizes that it must conduct all of its business in such a manner to both protect and preserve the environment. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements or competitive position.

3.1.7 *Employees*

Bird employed approximately 461 full-time salaried persons, 2 part-time persons and 273 hourly persons (of which 231 were unionized workers) as at December 31, 2009 on a consolidated basis. The number of hourly employees is dependent on the number and status of ongoing projects. Comparable numbers as at December 31, 2008 were 450 full-time salaried persons, 2 part-time persons and 381 hourly persons (of which 318 were unionized workers).

3.1.8 *Geographic Markets*

Bird operates across Canada and in selected areas of the United States. In Canada, Bird has offices in Calgary, Edmonton, Halifax, Saint John, Toronto, Vancouver and Winnipeg and in the United States it has an office in Seattle, Washington, which will be closed in early 2010. In 2009, Bird recorded \$866.3 million (2008, \$1,003 million) revenue in Canada and \$11.6 million (2008, \$33.1 million) in the United States.

3.1.9 *Surety Support*

Many clients and substantially all government clients, require general contractors with whom they conduct business to provide surety bonds. A surety bond is an instrument provided by a surety company that guarantees that a general contractor will perform its contractual obligations. Surety bonds for Bird are provided by Travelers Guarantee

Company of Canada.

Bird's agreements with its surety company are on industry standard terms.

3.1.10 *Working Capital and Investments*

The amount of working capital maintained by the Company is substantially determined by the minimum amount required to maintain adequate levels of surety support and to provide other forms of security to its clients. Bird also generates surplus cash from its operations. Bird invests excess cash in accordance with its investment policy in a variety of instruments of varying maturities to match its cash requirements. Short-term investments are made in overnight deposits, bankers' acceptances and term deposits. Investments in these instruments are generally for maturities of 90 days or less. The Fund also holds investments in preferred shares and short term corporate bonds and debentures.

3.1.11 *Subcontractors and Suppliers*

Upon award of a construction contract, Bird will in turn make awards to various subcontractors and suppliers required to provide materials and services for the project. These subcontractor and supplier awards are normally made on the basis of fixed price quotations provided to Bird during the bidding phase. The quotations are typically firm for the same period of time that the price submitted by Bird is open for acceptance by its client. Accordingly, the risk of any fluctuations in material or labour pricing is borne by Bird's subcontractors and suppliers.

The scope of the work of each subcontractor is defined by the same drawings and specifications that form the basis of Bird's agreement with its client. The terms of the agreement between Bird and clients are replicated in the agreement between Bird and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by Bird. Depending on the value of the work, Bird may require surety bonds or other forms of security from subcontractors effectively guaranteeing that they will meet their contractual obligations.

3.1.12 *Specialized Skills and Knowledge*

Operation of the business requires staff with specialized skills and knowledge in the management of office and field construction activities. There is generally a shortage of suitably trained and experienced staff available to the Company which represents an impediment to growth and a risk in the event of staff turnover. There are a number of college and university programs that provide graduates with basic skills required to enter the industry. For many years, the Company has relied on a strategy of hiring staff at an entry level and providing them with the additional training and experience required.

3.2 Risks Relating to the Business

3.2.1 *Ability to Secure Work*

Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced by factors such as perceived level of services offered, construction schedule, project personnel, the make-up of the subcontractor team, prior experience with the prospective client and the type of project and the ability to provide bonds and other contract security. In order to be afforded an opportunity to bid for projects in the PPP contract market, a strong balance sheet measured in terms of an adequate level of working capital is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic downturn, competition is likely to be more intense than experienced over the last several years. This presents significant challenges for the Fund. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits. In the current economic climate and as a result of low commodity prices and challenging credit markets, Bird is also likely to experience a decrease in activity from private clients, as the decisions of these clients to proceed with construction projects are largely driven by economic factors.

A decline in demand for Bird's services from the private sector could have an adverse impact on the Fund if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections, could have an

adverse impact on the Fund if that business could not be replaced within the private sector. Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have announced plans to procure a significant value of projects under a PPP contract format, which is an attractive market for the Fund. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

3.2.2 *Economy and Cyclical*

Activity within the construction industry is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Bird attempts to insulate itself in various ways from the effects of negative economic conditions. (See par. 3.1.4 Cyclical.) However, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Fund has in the past earned above-average margins on particular projects. There is no assurance that above-average margins that may have been generated on historical contracts can be generated in the future. For more than 10 years, the Company has increased its focus on industrial projects in northern Alberta, such as the oil sands. A significant decrease in construction activity in this sector, which the Fund is currently experiencing, could have an adverse effect on the Fund's financial performance and results of operations. Furthermore, most of Bird's contracts are and will be relatively short-term (less than two years, generally). As such, any prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a backlog of contracts with acceptable margins to sustain Bird through such downturns.

3.2.3 *Potential for Non-Payment*

Before signing any construction contract, Bird goes to considerable lengths to satisfy itself that the potential client has adequate resources to pay as construction work is completed. Throughout the contract, Bird also attempts to ensure that payments are collected from clients before Bird's payments to subcontractors and suppliers for that contract fall due. However, because of the nature of Bird's contracts and occasionally because of delays in customer payments, Bird may be required to utilize its working capital to fund construction costs temporarily. If a customer defaults in making its payments on a project, Bird would generally have the right to register a lien against the project. If the customer was unable or unwilling to pay the amount owing to Bird, a lien against the property would normally provide some security that Bird could realize what it is owed. However, in these situations, Bird's ability to collect what it is owed is never assured. Payment default by a client could result in a financial loss to Bird that could have a material effect on Bird's operating results and financial position.

3.2.4 *Ability to Hire and Retain Qualified & Capable Personnel*

The success of Bird is highly influenced by the efforts of key members of management including its executive officers and branch managers. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations. Most firms throughout the construction industry face this challenge, and accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

3.2.5 *Completion & Performance Guarantees/Design-Build Risks*

Under some contracts, failure to meet a project deadline may expose Bird to financial penalties, or liquidated damages under the contract or Bird may be held responsible for cost impacts to the client resulting from any delay. PPP infrastructure contracts typically contain more onerous financial penalties for project delays, which further increases Bird's exposure to these risks. Under other contracts, particularly design-build contracts, the work or portions thereof may be required to meet certain performance specifications and the specified needs of the customer. This places on Bird the added risk of liability for design flaws as well as added construction costs that may result from such flaws. If the project fails to meet performance specifications or if it is found that Bird is responsible for errors made in the design of the project, Bird would be exposed to the costs necessary to meet the performance specifications or to rectify

the design error. The Fund mitigates its exposure to these risks by subcontracting for design services and subscribing for professional liability insurance.

If Bird fails to meet these completion performance or design obligations, the total costs of the project could exceed original estimates and could result in a loss to Bird for that project. In extreme cases, such situations could have a material negative impact on the operating results and financial position of Bird.

3.2.6 *PPP Project Risk*

Bird is active in the public private partnership market. Bird's role in these projects is typically to provide design-build construction services to a consortium that is formed to provide design, construction, financing and management of a public facility. Inherent in the design-build contract format are performance guarantee and design build risks outlined in 3.2.5. Among other things, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of LEED® standards and if Bird fails to meet the required standards, it may be liable for substantial penalties. The construction contracts also typically require Bird to pay significant liquidated damages if the projects are not completed on schedule.

The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventional fixed price contract format. These include responsibility for such issues as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial breakage costs from the consortium and their lenders. The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event that the Company fails to meet its obligations.

3.2.7 *Performance of Subcontractors*

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of subcontractors who are engaged to complete the various components of the work. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to do the work and may incur additional costs. This can result in reduced profits, or, in some cases, significant losses on the contract and could also damage the reputation of Bird. In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of the subcontract, Bird may require surety bonds or other security from the subcontractor in order to mitigate this risk. Bird closely monitors all subcontractor and trades person capacity concerns in order to mitigate any effect on operations. A significant shortage of qualified subcontractors and trades people could have a material impact on Bird's financial condition and results of operations.

3.2.8 *Competitive Factors*

Bird competes with many national, regional and local construction firms, who often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

3.2.9 *Estimating Costs/Assessing Contract Risks*

The contract price for a significant number of contracts performed by Bird is based, in part, on cost estimates that are subject to a number of assumptions. If, as a result of faulty estimates or unforeseen circumstances, Bird's assumptions are erroneous, its assessment of the risks associated with the contract are incorrect, or its estimates of the project costs are inaccurate, profit on the job may be lower than anticipated or a loss may be incurred.

3.2.10 *Access to Surety Support and Other Contract Security*

On many of its construction contracts, Bird is required to provide surety bonds. Bird's ability to obtain surety bonds depends primarily upon its capitalization, working capital, past performance, capability and continuity of management, as well as its current level of activity. As the value of Bird's backlog increases, Bird may be required to maintain higher levels of equity and working capital than it currently maintains. The level of working capital required to maintain ongoing surety support is subject to negotiation and cannot be determined exactly. Furthermore, the overall capacity of the surety market and claims experience of sureties will have an influence on the pricing and availability of bonds. There is no assurance that Bird will have access to surety support on favourable or commercially reasonable terms or at all for all the contracts it would like to pursue. Bird's agreements with its surety company are on industry standard terms.

To participate in the PPP market, the Fund is typically required to support its contractual commitments by posting substantial letters of credit and providing corporate guarantees, both of which are limited by the working capital and equity of the Fund. It is possible that ability of the Fund to secure new projects will be constrained by its capitalization.

3.2.11 *Litigation/Potential Litigation*

As a part of the normal course of the construction business, disputes arise between parties to construction contracts. While Bird attempts to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time, Bird may be involved in a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. It is management's opinion that adequate provision has been made in Bird's consolidated financial statements for any potential settlements relating to such matters and management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against Bird that would have a materially adverse impact on the operations of Bird. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to Bird's reputation or reduction of prospects for future contract awards.

3.2.12 *Quality Assurance and Quality Control*

Bird enters into contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, Bird would be exposed to additional costs for the correction of non-compliant work.

3.2.13 *Maintaining Safe Work Sites*

In spite of the best efforts of Bird to minimize the risk of accidents, accidents can happen. When they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction worksites safe. Failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to fines, regulatory sanction or even criminal prosecution. Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not permit general contractors to perform their work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or accidents. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

3.2.14 *Accuracy of Cost to Complete Estimates*

As Bird performs each construction contract, costs are continuously monitored against the original cost estimates. On at least a quarterly basis, a detailed estimate of the costs to complete a contract is compiled by Bird. These estimates are an integral part of Bird's process for determining construction revenues and profits and depend on cost data collected over the duration of the project as well as the judgments of Bird's field and office personnel. To the extent that the cost to complete estimates are based on inaccurate or incomplete information or on faulty judgments, the accuracy of reported construction revenues and profits can be compromised. Bird has adopted many internal control policies and procedures aimed at mitigating exposure to this risk.

3.2.15 *Work Stoppages, Strikes and Lockouts*

Bird is signatory to a number of collective bargaining agreements. Future negotiation of these collective bargaining agreements could increase Bird's operating expenses and reduce profits as a result of increased wages and benefits. Failure to come to an agreement in these collective bargaining negotiations or those of its subcontractors and suppliers or government agencies could result in strikes, work stoppages, lockouts and increased costs resulting from delays on construction projects. A strike or other work stoppage is disruptive to Bird's operations and could adversely affect portions of its business, financial position, results of operations and cash flows.

3.2.16 *Potential Fluctuations in Quarterly Financial Results*

Bird's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the market in which Bird operates; actions by governmental authorities including the level of governmental demand for the services provided by Bird; governmental regulations and expenditures required to comply with them; labour unrest involving Bird's workers, many of whom are unionized; seasonal weather conditions; and other conditions affecting revenues and expenses. Bird's operating expenses are incurred throughout each quarter. As a result, if expected revenues are not realized as anticipated, Bird's quarterly financial results could be materially adversely affected. Accordingly, there may be significant variations in the Fund's consolidated quarterly financial results.

3.2.17 *Compliance with Environmental Laws*

Bird is subject to numerous federal, provincial and municipal environmental laws, and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. Bird's projects can involve the handling of hazardous and environmentally sensitive materials, which if improperly handled or disposed of, could subject Bird to civil and criminal penalties. While Bird strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond Bird's control that could adversely affect Bird. Management is not aware of any pending environmental legislation or incidents that would be likely to have a materially adverse impact on any of Bird's operations, capital expenditure requirements or competitive position, although there can be no assurance that no future legislation will be enacted or incidents will occur which may have a material impact on Bird's operations.

3.2.18 *Performance of Investment Portfolio*

Bird maintains a portfolio of marketable security investments. Bird has no control over the factors that affect the value of the investments in the Bird portfolio. Factors unique to each issuer or company in which Bird invests may affect the value of these investments. A substantial drop in the value of these investments could materially and adversely affect Bird's financial results. The investment portfolio contributes cash flow to Bird. This cash flow could vary significantly over time depending on the portfolio's performance which could affect the level of distributions. The portfolio is not professionally managed, but is managed by the CEO and CFO of Bird with the assistance of investment brokers and advisors.

3.2.19 *Joint Venture Risk*

Bird sometimes forms joint ventures to pursue and execute projects. A joint venture structure can be beneficial by permitting pooling of resources required to complete a project and by spreading risk between the partners. The joint ventures in which Bird participates are typically formed to undertake a specific project, are jointly controlled by the partners and are dissolved upon completion of the project. The agreements which govern these joint ventures typically require that the partners supply their proportionate share of operating funds and that they share profits and losses in accordance with specified percentages. Bird selects its joint venture partners based on a variety of criteria including relevant expertise, past working relationships as well as analysis of the prospective partners' financial and construction capabilities. Each participant in a joint venture is usually liable for the obligations of the joint venture on a joint and several basis. In the event that Bird's joint venture partner fails to perform their obligations due to financial or other difficulties, Bird may be required to provide additional resources to the project and assume responsibilities for the obligations of its joint venture partner including responsibility for financial losses.

3.2.20 Insurance Risk

In the normal course of business Bird maintains insurance in order to satisfy the requirements of its construction contracts and part of its corporate risk management policies. Although Bird believes it maintains an appropriate amount of insurance coverage, there can be no assurance that the Fund's insurance arrangements will be sufficient to cover claims incurred.

3.2.21 Adjustments and Cancellations of Backlog

The performance of the Fund in a period depends significantly on the contribution from projects in its Backlog. There can be no assurance that the revenues or profits included in Backlog at any point in time will be realized. Contract suspensions, reductions and cancellations, which are beyond the control of Bird, do occur from time to time in the construction industry. Customers may have the right to suspend, cancel or reduce the scope of their contract with Bird, and although Bird generally has the right to be reimbursed for certain costs, it typically has no contractual rights to the total revenue or profit that was expected to be derived from such projects. These reductions may have a material adverse impact on future revenues and profitability.

3.3 Risks Relating to the Units

3.3.1 Cash Distributions

The Fund is an open-ended, limited purpose trust, which is entirely dependent on the operations and assets of the Company and its wholly-owned subsidiaries through the Fund's ownership of all the shares of the Company as well as debt issued by the Company. Although the Fund intends to make monthly distributions, the ability to make cash distributions is dependent upon the ability of the Company to pay its interest obligations under the debt and to declare dividends or other returns of capital in respect of the Company's shares. This ability, in turn, is dependent upon the operations and assets of the Company. Cash distributions depend upon numerous factors, including profitability, determination of taxable income of the Fund, income taxes payable by the Company and its subsidiaries, fluctuations in working capital and backlog, the sustainability of margins and capital expenditures. While the Company can pay dividends or make a return of capital on its shares, a significant portion of all distributions to unitholders are expected to result from the interest the Fund receives on the debt. If the financial performance of the Company declines, the interest rate on the debt may decrease due to its variable nature and distributions to unitholders may correspondingly decrease to the extent the Company does not pay, or does not have the funds to pay, a dividend or return of capital on its shares. Cash distributions are not guaranteed.

3.3.2 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 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. Changes in government policy at both the federal and provincial level related to the taxation and operation of income trusts has resulted in significant fluctuations in market price.

3.3.3 Nature of Units

The units are hybrid securities in that they share certain attributes common to both equity securities and debt instruments. The units do not represent a direct investment in the Company and should not be viewed by investors as shares in the Company. 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.

The units are not deposits within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, 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 is a “mutual fund trust” as defined by the Tax Act, the Fund is a “mutual fund” as defined by applicable securities legislation.

3.3.4 *Unitholder Liability*

The amended and restated declaration of trust provides that no unitholder will be subject to any liability to any person in connection with a holding of units. However, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a unitholder could be ruled personally liable, despite such statement in the declaration of trust, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund.

3.3.5 *Structural Subordination of the Units*

In the event of a bankruptcy, liquidation or reorganization of the Company or any of its subsidiaries, holders of the indebtedness and trade creditors of those entities will generally be entitled to payment of the claims before any assets of such entities would be available for distribution to the Fund. The units are effectively subordinated to most of the indebtedness and other liabilities of the Company and its subsidiaries. Neither the Company nor any of its subsidiaries will be limited in its ability to incur secured or unsecured indebtedness. Furthermore, the Company is required to obtain bonding for a number of its projects, which essentially guarantees performance of the contract and/or the payment of labour, material, and subcontractor costs incurred. The bonding company or surety will have priority over certain assets of the Company which secure the bonding. Similarly, some customers who have been provided parental guarantees related to PPP construction contracts, will also have priority over certain assets.

3.3.6 *Restrictions on Potential Growth*

The payout by Bird of a significant portion of its operating cash flow will restrict Bird’s ability to increase its working capital which could limit the growth of Bird.

3.4 Income Tax Related Risks

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 the holders of units. In addition, if the Fund ceases to qualify as a “mutual fund trust” under the Income Tax Act (Canada) (“Tax Act”), the income tax considerations would be materially and adversely different in certain respects.

On October 31, 2006, the Department of Finance (Canada) (“Finance”) announced proposed changes (the “2006 Tax Proposals”) to the taxation of certain publicly-traded trusts and partnerships referred to as “specified investment flow-throughs” or “SIFTs”, including the Fund. Under the proposed changes, SIFTs and their unitholders will be taxed in a manner similar to corporations and their shareholders. On December 21, 2006, Finance released draft amendments to the Tax Act to implement these changes.

The application of the 2006 Tax Proposals to SIFTs existing on October 31, 2006, which include the Fund, will be deferred until 2011 provided there is no “undue expansion” of the SIFT before that time as determined in accordance with guidelines released by Finance on December 15, 2006 (the “Guidelines”). Pursuant to the Guidelines, a SIFT generally will be permitted to increase its equity in each of 2007 through 2010 by the greater of, in each year \$50 million and a specified percentage of the SIFT’s October 31, 2006 market capitalization (40% in 2007 and 20% in each of the years 2008 through 2010). Market capitalization, for these purposes, is to be measured in terms of the value of a SIFT’s issued and outstanding publicly-traded units. Any increases in equity in excess of these amounts may be considered “undue expansion” for purposes of the Guidelines and the 2006 Tax Proposals.

On July 14, 2008, the Minister of Finance announced tax changes relating to a SIFT’s ability to convert into a publicly-traded corporation, generally without triggering adverse tax consequences for the Trust or its unitholders. These proposals will allow an option to exchange trust units into shares of a publicly-traded corporation on a tax deferred basis. The retirement of trust units will not result in any adverse tax consequences to the Fund. The so-called “Conversion Proposals” are temporary in that they will apply to transactions that occur on or after July 14, 2008 and before January 1, 2013.

The application of the 2006 Tax Proposals will increase the amount of income tax that the Fund will incur in 2011 compared with income tax it currently incurs structured as a SIFT. The additional income tax will impact the future level of cash available for distribution, which may impact future cash distributions or the ability of the Fund to undertake financing and acquisitions.

On March 12, 2010 the Board of Trustees approved in principle a conversion to a corporate structure at the end of the Fund's 2010 fiscal year, subject to unitholders approval which will be sought at the Fund's annual general meeting, which is scheduled to be held in May 2010. It is expected that the conversion transaction will be accomplished on a tax deferred basis to the Fund and its unitholders.

Potential and existing investors in units should consult their own qualified tax advisors with respect to the foregoing summary of income tax matters.

4. DIVIDENDS AND DISTRIBUTIONS

Upon conversion to an income fund in 2006, the Fund began to make regular monthly cash distributions and occasional special distributions. In establishing the distribution policy for a particular period, the Fund will take into consideration, amongst other things, the desirability of maintaining a stable or increasing distribution rate, and its current and potential future requirements for increases in working capital and equity to support its surety and contract security requirements. In 2009, the Fund has continued its practice of retaining the excess of cash available for distribution relative to distributions declared for the purpose of increasing its working capital. Since the inception of the Fund in 2006, the Fund has retained approximately \$92.8 million as working capital required for the operations of the business as a result of increases in the Backlog value, changes in the mix of work and associated contract security, the impact of a tightening credit environment and the acquisition of Rideau Construction. The Fund's recent participation in the PPP infrastructure development programs has also required the Fund to issue letters of credit to support performance guarantees related to those construction projects. The PPP market also requires a strong balance sheet to support contractual commitments undertaken. In the near term, management believes that the Fund will continue to be required to build working capital balances. The Fund's initial regular monthly distribution rate was set at \$0.0967 per unit.

Effective December 2007, the regular monthly distribution rate was increased to \$0.1209 per unit and in June 2009, the regular monthly distribution rate was increased to \$0.1500 per unit..

The Fund's policy is for each holder of a Fund unit of record on the last business day of a calendar month to receive distributions during the thirty days, following the end of such month. Holders of Fund units who are non-residents of Canada are required to pay all withholding taxes payable in respect of any distributions of income by the Fund. Although the Fund intends to make distributions of its available cash, these distributions are not assured. The actual distributions will depend on numerous factors, including the Company's operating financial performance for the distribution period in question, business cyclicity, debt covenants and obligations, seasonality, working capital requirements, future capital requirements and other factors.

Cash distributions for the fiscal year ended December 31, 2009 were as follows:

Period	Record Date	Payment Date	Distributions or Dividends Per Unit	Amount (000's)
January 2009	January 30, 2009	February 20, 2009	0.1209	\$1,699
February 2009	February 27, 2009	March 20, 2009	0.1209	1,699
March 2009	March 31, 2009	April 20, 2009	0.1209	1,699
April 2009	April 30, 2009	May 20, 2009	0.1209	1,699
May 2009	May 29, 2009	June 19, 2009	0.1209	1,699
June 2009	June 30, 2009	July 20, 2009	0.1500	2,108
July 2009	July 31, 2009	August 20, 2009	0.1500	2,108
August 2009	August 31, 2009	September 18, 2009	0.1500	2,108
September 2009	September 30, 2009	October 20, 2009	0.1500	2,108
October 2009	October 30, 2009	November 20, 2009	0.1500	2,108
November 2009	November 30, 2009	December 18, 2009	0.1500	2,108
December 2009	December 31, 2009	January 20, 2010	0.1500	2,108
		Totals	\$1.6545	\$23,251
Comprised of:				
	Regular distributions on units of the Fund		\$1.6545	

Any income of the Fund that is applied to cash redemptions of fund units or is otherwise unavailable for cash distributions will, to the extent necessary to ensure that the Fund will not be liable for income taxes, be distributed to unitholders in the form of additional fund units.

The three-year history of distributions on units of the fund and dividends on common shares of the Company declared per unit, adjusted to reflect the 3 for 1 exchange of common shares for units, is as follows;

2009	2008	2007
\$1.65	\$1.45	\$1.35

5. DESCRIPTION OF CAPITAL STRUCTURE

5.1 General

An unlimited number of fund units may be issued pursuant to the Fund's amended and restated declaration of trust. Each fund unit is transferable and represents an equal undivided beneficial interest in any distribution, 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 fund units are of the same class with equal rights and privileges. The fund units are not subject to future calls or assessments, and entitle the holders thereof to one vote at all meetings of unitholders for each fund unit held. The issued and outstanding fund units may be subdivided or consolidated from time-to-time by the Trustees without notice to or approval of the unitholders.

Fund units are redeemable at any time on demand by the holders upon delivery to the Fund of a duly completed and properly executed redemption notice requesting redemption in a form, approved by the Trustees, specifying the number of fund units to be redeemed.

5.2 Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Income Tax Act (Canada) (“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. Accordingly, the amended and restated declaration of trust provides that at no time may non-residents of Canada be the beneficial owners of a majority of the units. The Trustees may require declarations as to the jurisdictions in which beneficial owners of units are resident. If the Trustees become aware that the beneficial owners of 40% of the units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent or Trustees will 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 in form and content satisfactory to the Trustees that he or she is not a non-resident. If, notwithstanding the foregoing, the Trustees determine that a majority of the units are beneficially held by non-residents, the Trustees may send a notice to non-resident beneficial holders of units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may in their discretion consider equitable or appropriate, requiring such non-resident owners of units to sell the beneficial interest in the units or a portion thereof to persons who are non non-residents within a specified period of not less than 60 days. If a beneficial owner of units receiving such notice has not sold the specified number of units or provided the Trustees with satisfactory evidence that the holder is not a non-resident within such period, the Trustees may, on behalf of such beneficial owner of units, sell such units and, in the interim, will suspend the voting and distribution rights attached to such units. Upon such sale, the affected beneficial owner of units will cease to be the beneficial owner of such units and his or her rights will be limited to receiving the net proceeds of such sale. The Trustees will have no liability for the amount received upon such sale provided that they act in good faith.

6. MARKET SECURITIES OF THE ISSUER

Fund units are listed on the Toronto Stock Exchange (symbol “BDT.UN”).

The following table outlines the trading price range and volumes of fund units during 2009.

	Price Range		Trading Volume
	High	Low	
January	22.99	17.57	652,786
February	21.00	15.55	569,653
March	23.50	14.78	423,987
April	26.31	21.19	586,657
May	28.05	22.10	428,575
June	27.45	23.50	915,237
July	25.75	23.80	650,558
August	29.45	25.78	661,662
September	32.85	27.26	793,847
October	36.10	30.71	614,899
November	34.30	29.91	720,092
December	35.49	31.30	384,744

7. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Each of 3039497 Nova Scotia Limited, James J. Brennan, Durck deWinter, and Ian Boyd agreed that with respect to the restricted trust units received pursuant to the terms of the Purchase Agreement completed for the acquisition of Rideau Construction on February 1, 2008, that:

- (a) from the date of the Purchase Agreement and until the first anniversary of the Closing Date in respect of 100% of the Lock-up Units;
- (b) from the date of the Purchase Agreement and until the second anniversary of the Closing Date in respect of 80% of the Locked-up units;
- (c) from the date of the Purchase Agreement and until the third anniversary of the Closing Date in respect of 60% of the Lock-up Units;
- (d) from the date of the Purchase Agreement and until the fourth anniversary of the Closing Date in respect of 40% of the Locked-up units;
- (e) from the date of the Purchase Agreement and until the fifth anniversary of the Closing Date in respect of 20% of the Locked-up units;

they will not offer, sell, transfer, contract to sell, assign, encumber, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer or dispose of any restricted Units or securities convertible or exchangeable into the restricted Units; or make any short sale, engage in any hedging transaction or enter into any swap or other arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of any of those securities, whether any such transaction described herein is to be settled by the delivery of restricted units, other securities, cash or otherwise, or agree to do any of the foregoing or publicly disclose the intention to make any such offer, sale, transfer, assignment, encumbrance, security, pledge, grant, loan, disposition or arrangement, without the prior written consent of the Purchaser, which consent may be withheld in the sole and absolute discretion of the Purchaser.

Escrowed Securities		
Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Fund units	209,681	1.49%

8. TRUSTEES, DIRECTORS AND OFFICERS

8.1 Trustees, Directors and Executive Officers

As of the date hereof, the Trustees of the Fund and the Directors and executive officers of Bird Construction Company Limited, Administrator of Bird Construction Income Fund are listed below including their municipalities of residence, principal occupations and brief biographies. Each of the Trustees and Directors has been so appointed until the next annual meeting of unitholders or until his or her successor is elected or appointed.

Name and Municipality of Residence	Position ⁽²⁾	Principal Occupation	Trustee Since ⁽¹⁾
J.R. Bird Calgary, Alberta	Trustee, Director ^{(3) (4)}	Executive Vice President, Chief Financial Officer and Corporate Development, Enbridge Inc., an energy transportation company	1987
J.J. Brennan Hammonds Plains, Nova Scotia	Senior Vice President of Bird Construction Company Limited	Senior Vice President of Bird Construction Company Limited	N/A
Honourable J.J. Buchanan Victoria, British Columbia	Lead Trustee, Lead Director ^{(3) (4)}	President, Rundle Investments Ltd., an investment holding company	1997
P.A. Charette Oakville, Ontario	Trustee and Chair of the Board of Trustees, Director and Chair of the Board of Directors	Chair of the Board	1991
D.G. Doyle Winnipeg, Manitoba	Trustee, Director, Audit Committee Chair ^{(3) (4)}	Corporate Director	2003
S.R. Entwistle Kitchener, Ontario	Chief Financial Officer and Assistant Secretary of Bird Construction Company Limited	Chief Financial Officer and Assistant Secretary of Bird Construction Company Limited	N/A
J.U. Joseph Toronto, Ontario	Trustee, Director, Personnel and Safety Committee Chair ^{(3) (4)}	Corporate Director	2001
K.W. McClure Loretto, Ontario	Vice President Operations, Central of Bird Construction Company Limited	Vice President Operations, Central of Bird Construction Company Limited	N/A
K.J. Nakagawa Delta, British Columbia	Vice President Pacific & Vancouver Branch Manager of Bird Construction Company Limited	Vice President Pacific & Vancouver Branch Manager of Bird Construction Company Limited	N/A
P.R. Raboud Toronto, Ontario	Trustee, Director, Chief Executive Officer of Bird Construction Company Limited ⁽⁵⁾	Trustee, Director, Chief Executive Officer of Bird Construction Company Limited	2008
T.J. Talbott Woodbridge, Ontario	President & Chief Operating Officer of Bird Construction Company Limited ⁽⁶⁾	President & Chief Operating Officer of Bird Construction Company Limited	N/A
A.C. Thorsteinson Winnipeg, Manitoba	Trustee, Director ⁽⁴⁾	President, Shelter Canadian Properties Limited, a real estate development and management company	1991
D.T. Toronchuk St. Alberta, Alberta	Vice President, Industrial of Bird Construction Company Limited	Vice President, Industrial of Bird Construction Company Limited	N/A
J.C. Trumbla Oakville, Ontario	Vice President, Finance of Bird Construction Company Limited	Vice President, Finance of Bird Construction Company Limited	N/A

⁽¹⁾ Includes period of time served as Trustee of the Fund and as a Director of Bird Construction Company Limited while listed on the TSX Venture Exchange and the Winnipeg Stock Exchange.

⁽²⁾ Information set forth in this Item 8 relating to Trustees of the Fund and the Directors and officers of the Company is current as of the date hereof.

⁽³⁾ Member of the Audit Committee.

⁽⁴⁾ Member of the Personnel and Safety Committee.

⁽⁵⁾ On February 2, 2010, Mr. Raboud assumed the role of Chief Executive Officer.

⁽⁶⁾ On February 2, 2010, Mr. Talbott was appointed President and Chief Operating Officer.

The following are brief biographies of the Trustees, Directors and executive officers.

J. Richard Bird is Executive Vice President, Chief Financial Officer and Corporate Development of Enbridge Inc. where he is responsible for all financial affairs of the Company, and corporate planning, mergers and acquisitions, and corporate development. Prior to his current appointment at Enbridge, Mr. Bird served as Vice President and Treasurer, followed by Senior Vice President, Corporate Planning and Development, followed by Group Vice President, Transportation, followed by Group Vice President, Transportation North, followed by Executive Vice President, Liquids Pipelines. Mr. Bird joined Enbridge in 1995 after holding senior financial and corporate development executive positions at a number of other public companies. Mr. Bird is also on the Board of Directors or Trustees of the following public companies: Enbridge Pipelines Inc., Enbridge Gas Distribution Inc. and Enbridge Income Fund. Mr. Bird holds a Bachelor of Arts degree from the University of Manitoba, and a Masters of Business Administration and Ph.D. from the University of Toronto.

James J. Brennan is the Senior Vice President of Bird Construction Company Limited. He obtained a Bachelor of Science in Civil Engineering from the University of New Brunswick in 1989. Prior to joining Bird in February 2008, he was the President and founding partner of Rideau Construction Incorporated. Rideau Construction was a general contractor operating in Atlantic Canada in the commercial, industrial, institutional, and multi-tenant residential sectors. Rideau Construction was formed in 1993. Bird purchased all the outstanding shares of Rideau Construction in February 2008. During the period from 1989 to 1993, he worked for two local construction companies as a superintendent, project manager, and branch manager. From 1993 to 2003, he was the Vice President, Operations Manager, and co-owner of Rideau Construction. From 2003 to 2008, he was the President and majority owner of Rideau Construction.

Honourable J. Judd Buchanan is the President of Rundle Investments Ltd., which he joined in 1987. After a career in the life insurance industry with London Life, Mr. Buchanan was elected to the Canadian House of Commons in 1968. He served as a Member of Parliament until 1980 and held a number of cabinet positions during that time. Following his political career, Mr. Buchanan entered the tourism industry. He is currently the President of Silver Star Club Resort Ltd., and the past Chair of the Canadian Tourism Commission, which he helped create in 1995. Mr. Buchanan is an Officer of the Order of Canada and holds a Masters of Business Administration from the University of Western Ontario and a Bachelor of Arts (Economics) from the University of Alberta.

Paul A. Charette is the Chair of the Board of Trustees and the Bird Board of Directors. He joined Bird in 1976 as a Project Coordinator and progressed to President and Chief Operating Officer in 1988 and to President and Chief Executive Officer in 1991. Mr. Charette was also appointed as Chair of the Board in 2001. In September 2008, Mr. Charette retired from his position as Chief Executive Officer of Bird Construction Company Limited. He is the past Chair of the Canadian Construction Association (“CCA”) and is a past director of Junior Achievement of Canada Foundation and a past director of Bridgepoint Health. In 2004, Mr. Charette was named the Ontario Entrepreneur of the year in Real Estate/Construction by Ernst & Young LLP. Mr. Charette has a diploma in Civil Technology from Red River College in Winnipeg, Manitoba.

D. Greg Doyle is a former partner of KPMG LLP. He joined KPMG LLP (formerly Peat Marwick) in 1974, was elected as a Partner in 1982 and Managing Partner of the Winnipeg office in 1985. In 1997, Mr. Doyle transferred to Warsaw, Poland and served as Senior Partner at KPMG Polska until he retired in 2003. During his time in Poland, Mr. Doyle also served as the member of the Board of KPMG Europe and the management committee of KPMG Central and Eastern Europe. He is also a trustee of Huntingdon Real Estate Investment Trust, and Chair of their audit committee. Mr. Doyle holds a Bachelor of Science and Bachelor of Commerce from the University of Manitoba and is a Chartered Accountant (Manitoba Institute).

Stephen R. Entwistle is the Chief Financial Officer and Assistant Secretary of Bird Construction Company Limited. Prior to joining Bird in March 2008, Mr. Entwistle previously held senior financial positions in a wide variety of business, including a natural gas distribution utility, oil and gas exploration and development operations, nursing and retirement home operations, heating ventilating and air conditioning and natural gas commodity brokerage operations. Mr. Entwistle joined Enbridge Gas Distribution Inc. in 1981, serving in progressively senior positions including audit, general accounting, financial reporting, human resources and international consulting. In 2000, Mr. Entwistle was appointed to the position of Vice-President, Finance of Enbridge’s Home Services operation, and more recently, was the Chief Financial Officer of The Consumers’ Waterheater Income Fund, an income trust listed on the TSX. Mr. Entwistle received a Bachelor of Commerce from the University of Toronto and is a Chartered Accountant.

J. Urban Joseph is a former Vice Chair of the Toronto-Dominion Bank. He is also a director of First Nations Bank of Canada, an affiliate of the Toronto-Dominion Bank, as well as a number of privately held companies. Mr. Joseph is an Officer of the Order of Canada. He holds an Honours Business Administration and Masters of Business Administration from the University of Western Ontario, an Associates in Arts degree from the University of Saskatchewan, a Doctor of Humanities, *honoris causa*, Wolfe's, The University of King's College, and is a Fellow of the Institute of Canadian Bankers.

Kenneth W. McClure is the Vice President Operations, Central of Bird Construction Company Limited. Prior to joining Bird in March 2007, he was employed as President and Chief Operating Officer of Buttcon Limited from April 2004 to February 2007. Buttcon is a general contracting company located in Ontario. From August 1994 to April 2004, Mr. McClure was employed as the Managing Director of Somers Construction Limited. Somers, an affiliate of Buttcon, is a general contracting company located in Bermuda. Mr. McClure started his career with Buttcon Limited in 1980 as a superintendent and project manager. During a period from 1989 to 1991, he left Buttcon while he owned and operated KDL Construction, as a general contractor located in Ontario.

Kenneth J. Nakagawa is the Vancouver Branch Manager and Vice President Pacific of Bird Construction Company Limited. Mr. Nakagawa joined Bird in 1993 as an estimator and progressed to the position of Chief Estimator in 1996. In 2000, he assumed the position of Vancouver Branch Manager and in January 2009, Mr. Nakagawa was appointed to the position of Vice President Pacific.

Paul R. Raboud is the Chief Executive Officer of Bird Construction Company Limited. Mr. Raboud was appointed as a Trustee in September 2008. He obtained a Bachelor of Science in Civil Engineering from the University of Alberta where he was awarded the gold medal in civil engineering. He earned a Masters of Science in Civil Engineering from the University of Washington and an MBA from the University of Alberta. He is a registered Professional Engineer with the Association of Professional Engineers of Ontario. Mr. Raboud joined Bird in 1984 in the Toronto office. He progressed through the Company as a field engineer, estimator, project manager and assistant branch manager. In 1990, he was appointed manager of the Vancouver branch, and in 2000, returned to the corporate office in Toronto as Executive Vice President. He was appointed President and Chief Operating Officer in March 2006 and appointed Chief Executive Officer in September 2008. Mr. Raboud is a director of the Ontario General Contractor's Association.

Timothy J. Talbott is the President and Chief Operating Officer of Bird Construction Company Limited. He obtained a Bachelor of Science in Civil Engineering at the University of Alberta in 1981. He joined Bird in 1982 and has progressed through the positions of project co-ordinator, project manager, production manager, assistant branch manager, branch manager and vice president to the position he currently holds. He is a registered Professional Engineer with the Association of Professional Engineers of Manitoba. Mr. Talbott is past Vice Chair of the Construction Labour Relations Association of Manitoba and a past director of the Winnipeg Construction Association. He is also a member of the Canadian Society of Civil Engineers.

Arni C. Thorsteinson has been the President of Shelter Canadian Properties Limited, a diversified real estate development and management company, since 1990. He joined a predecessor company in 1976. He is also a director or trustee of Lanesborough Real Estate Investment Trust, Temple Real Estate Investment Trust and Onex Corporation. Mr. Thorsteinson holds a Bachelor of Commerce (Honours) and Doctor of Laws, *honoris causa*, from the University of Manitoba and a Chartered Financial Analyst designation.

David T. Toronchuk is the Vice President Industrial of Bird Construction Company Limited. He is a graduate of the Northern Alberta Institute of Technology where he studied Civil Engineering Technology. Mr. Toronchuk joined Bird in 1977 as an apprentice carpenter and in 1980, moved into the office as a project coordinator. He has progressed through a variety of positions at Bird, being appointed branch manager of the Edmonton office in 1988 and to his current position in January 2009. For 12 years, Mr. Toronchuk was a member of the Municipal Council for the Town of Morinville and sat on various Local and Regional Committees as required in his role as a Municipal Councillor. He is currently a member of the Alberta Society of Engineering Technologists. Mr. Toronchuk has also been a member of the Construction Labour Relations Association of Alberta since 1992. He also spent 16 years as a Board member for the Alberta Carpenters' Union Pension and Health & Welfare Funds.

Jason C. Trumbla is the Vice President, Finance of Bird Construction Company Limited. He obtained a Bachelor of Commerce and a Masters of Accountancy at the University of Manitoba. He is a member of the Institute of Chartered Accountants of Ontario. Mr. Trumbla joined Bird in July 2006 as Controller in the Winnipeg office and was appointed to his current position January 1, 2008. Prior to joining Bird, he was employed as the Controller of Related Companies of Paterson Global Foods, a grain handling company in western Canada, from January 2004 to July 2006.

From 2001 to 2003, Mr. Trumbula was employed as the Controller of Amphenol Technical Products which is a subsidiary of Amphenol Corporation, a publicly-traded electronic connector and cable assembly manufacturer listed on the New York Stock Exchange. From 1997 to 2000, Mr. Trumbula was employed as Controller of Monarch Industries, a privately-owned company, which is a vertically-integrated manufacturer of water pumps, hydraulic cylinders, concrete mixers and custom metal castings.

8.2 Collective Unitholdings

As a group, the Trustees of the Fund and Directors and executive officers of the Company beneficially own, directly or indirectly, a total of 1,228,153 fund units, approximately 8.74% of the issued fund units as at March 12, 2010.

8.3 Corporate Cease Trade Orders and Bankruptcies

None of the Trustees of the Fund or Directors or executive officers of the Company or, to the fund's knowledge, unitholders holding sufficient fund units to materially affect the control of the Fund is, or within the previous 10 years, has been a trustee, director, chief executive officer or chief financial officer of any other issuer that, while acting in such capacity; (i) was subject to a cease trade or similar order or order that denied the issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or (ii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had receiver, receiver manager or trustee appointed to hold the assets of such issuer except for the following:

Mr. Thorsteinson is now and has in the past 10 years been an officer of certain non-publicly traded limited partnerships and other entities that were the subject of cease trade orders issued by securities regulatory authorities in certain provinces of Canada, including Alberta, British Columbia, Ontario and Quebec, resulting generally from a failure to file financial statements or a failure to comply with disclosure obligations. Certain entities against which these orders were issued are now no longer active or, in other cases, Mr. Thorsteinson's involvement with such entities has ceased. In other cases, certain of these entities have now been able to obtain discretionary relief from filing requirements; however, this relief does not apply to prior transgressions and therefore in some cases these orders remain in force. To obtain information regarding cease trade order issued by a particular securities regulatory authority, investors should contact the securities regulatory authorities that issued the orders.

8.4 Penalties or Sanctions

None of the Trustees of the Fund or Directors or officers of the Company, or, to the Fund's knowledge, unitholders holding sufficient fund units to materially affect the control of the Fund has been subject to; (i) any penalties or sanctions proposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.5 Conflicts of Interest

To the Fund's knowledge, there are no existing or potential material conflicts of interest between the Fund or a subsidiary of the Fund and the Trustees or Directors and officers of the Company or any other subsidiary of the Fund. (See "Interest of Management and Others in Material Transactions")

8.6 Board Committees

The Fund currently has an Audit Committee. The Company currently has an Audit Committee and Personnel and Safety Committee. The Fund and the Company do not currently have any other board committees in place.

Committee membership is shown in the following table:

	<u>Audit Committee</u>	<u>Personnel & Safety Committee</u>
J. Richard Bird	X	X
J. Judd Buchanan	X	X
D. Greg Doyle	X ⁽¹⁾	X
J. Urban Joseph	X	X ⁽¹⁾
Arni C. Thorsteinson		X

⁽¹⁾ Committee Chair

9. AUDIT COMMITTEE INFORMATION

9.1 Audit Committee

Each of the Audit Committees of the Fund and the Company is currently comprised of four members, being J.R. Bird, J.J. Buchanan, D.G. Doyle, and J.U. Joseph. Mr. Doyle is Chair of the Audit Committees. All the members are independent and financially literate. The following profiles outline the relevant education and experience of each member. Also see brief profiles of each member in Section 8 – Trustees, Directors and Officers.

J. Richard Bird has been on the Board of the Fund or the Company since December 1987 and has been a member of the Audit Committees since that time. Mr. Bird was the Chair of the Audit Committees up until March 7, 2006. He has served as a trustee, director, senior officer, and audit committee member of several issuers listed in Canada and the U.S., and has had responsibility for the oversight of preparation of financial statements, disclosure controls, internal financial controls and certification of financial statements to the U.S. Sarbanes-Oxley 404 Standards.

Honourable J. Judd Buchanan has been on the Board of the Fund or the Company since April 1997 and has been a member of the Audit Committees since that time. He has a breadth of experience as a corporate director, audit committee member and senior officer, both within and outside the construction industry.

D. Greg Doyle has been on the Board of the Fund or the Company since May 2003, and has been a member of the Audit Committees since that time. Following the Audit Committee meetings on March 7, 2006, Mr. Doyle was appointed Chair of each committee. As former Managing Partner of KPMG LLP's Winnipeg office and as former Senior Partner at KPMG Polska, Mr. Doyle has a breadth of experience relating to the application of accounting principles, financial statement disclosure and understanding internal controls and procedures.

J. Urban Joseph has been on the Board of the Fund or the Company since April 2001 and has been a member of the Audit Committees since that time. He has 38 years' experience in the banking industry, during which time he was involved in most business segments of the bank, which included an in-depth understanding of accounting principles and financial analysis.

9.2 Pre-Approval Policies and Procedures

Each of the Audit Committees of the Fund and the Company has adopted specific policies and procedures for the engagement of non-audit services provided by the Fund's external auditors. These procedures are contained in the Joint Audit Committee Charter (included as Appendix A), which requires that the committee pre-approve, in accordance with applicable law, any non-audit services to be provided to the Fund or the Company by the external auditor, with reference to compatibility of the service relative to the external auditor's independence.

9.3 External Auditor Service Fees (By Category)

Fees paid or payable to the external auditor for the last two fiscal years are summarized in the following table:

	<u>2009</u>	<u>2008</u>
Annual Audit Fees	\$187,800	\$250,000
Audit Related Fees	0	0
Tax Fees	30,350	11,420
All Other Fees	0	0
Total Fees	<u>\$218,150</u>	<u>\$261,420</u>

Tax Fees include preparation of US income tax returns and advice on various tax-planning matters for the Fund, the Company and its subsidiaries and partnership.

9.4 Audit Committee Charter

See Appendix A for text of Joint Audit Committee Charter.

10. PROMOTERS

Bird Construction Company Limited took the initiative in founding and organizing the Fund in 2006 and may therefore be considered to be a promoter of the Fund for the purposes of applicable Canadian securities legislation.

11. LEGAL PROCEEDINGS

In the normal course of business, the Fund's wholly-owned operating entities engage in business activities that may expose it to potential legal proceedings. The Fund or its operating entities are not currently party to legal proceedings that are considered material to the operations either individually or in the aggregate. Reasonable estimates for the cost of settlement of any known legal matters have been made by management and are included in the Fund's consolidated financial statements.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During 2009, Bird was involved in several construction contracts with Shelter Canadian Properties Limited and Huntingdon Real Estate Investment Trust or companies affiliated with them. Shelter Canadian Properties Limited is controlled by Mr. A.C. Thorsteinson, a Trustee of the Fund and a Bird Director. Mr. D.G. Doyle, a Trustee of the Fund and Bird Director, is a trustee of Huntingdon Real Estate Investment Trust. All contracts with Shelter Canadian Properties Limited, Huntingdon Real Estate Investment Trust or companies affiliated with them are completed on construction terms typical in the industry.

13. TRANSFER AGENTS AND REGISTRARS

Computershare Trust Company of Canada
Watermark Tower
Suite 600, 530 8th Avenue SW
Calgary, AB
T2P 3S8

14. MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, entered into by the Fund or its subsidiaries during the most recently completed financial year ended December 31, 2009 or before the most recently completed financial year but that are still in effect:

- (a) The Amended and Restated Declaration of Trust of Bird Construction Income Fund dated February 16, 2006, providing for the establishment and operation of the Fund.
- (b) The Administration Agreement between Bird Construction Income Fund and Bird Construction Company Limited, dated February 27, 2006, allowing Bird Construction Company Limited to act as Administrator of the Fund.
- (b) The Note Indenture between Bird Construction Company Limited (formerly Bird Construction Acquisitionco Inc.) and Computershare Trust Company of Canada dated February 27, 2006, providing for the issue of unsecured, subordinated notes by Bird Construction Income Fund to Bird Construction Company Limited.
- (c) The Share Purchase Agreement between Bird Construction Income Fund, Rideau Construction Incorporated (“RCI”), Rideau Management Services Incorporated (“RMSI”) and other parties dated December 17, 2007 providing for the purchase by the Fund of all the outstanding shares of RCI and RMSI.

All the above-noted contracts may be viewed on www.sedar.com

15. INTERESTS OF EXPERTS

The consolidated financial statements of the Fund as at and for the year ended December 31, 2009 have been examined by KPMG LLP, Chartered Accountants, as detailed in their auditor’s report dated March 12, 2010. KPMG LLP is independent of the Fund in accordance with the auditor’s rules of professional conduct in Canada.

16. ADDITIONAL INFORMATION

Additional information, including information as to the Trustees’, Directors’ and Officers’ remuneration and principal holders of securities of the Fund, as applicable, is contained in the Fund’s Management Information Circular for the Annual Meeting of unitholders to be held on May 10, 2010. Additional financial information is provided in the Fund’s financial statements and MD&A for the year ended December 31, 2009. A copy of these documents may be obtained upon request from Charmane L. Morrow, Secretary and Manager of Executive Administrative Services at 5403 Eglinton Avenue West, Toronto, Ontario, M9C 5K6. Such reports have also been filed with applicable securities regulatory authorities and are available through the SEDAR website (www.sedar.com) under the Fund’s publicly-filed documents.

This Annual Information Form contains forward-looking statements, which involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include changes in government policy relating to the taxation of income trusts, the cyclical nature of the construction industry, changes in interest rates and general economic conditions, adverse weather, cost and availability of materials used to manufacture the Company’s products, competitive developments affecting the building products industry, and the risk factors described from time-to-time in the reports and disclosure documents filed by the Fund with Canadian Securities regulatory agencies and commissions. The list is not exhaustive of the factors that may impact the Fund’s forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Fund’s forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, level of activity or achievements and neither the Fund nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. The Fund undertakes no obligation to update forward-looking statements contained in this document.

17. JOINT AUDIT COMMITTEE CHARTER, APPENDIX A

BIRD CONSTRUCTION INCOME FUND AND BIRD CONSTRUCTION COMPANY LIMITED

The following is the text of the Joint Audit Committee Charter:

1. PURPOSE

Each of the Board of Trustees of the Fund and the Board of Directors of the Company (the “Boards”) have established an Audit Committee (the “Committee”) to take steps on its behalf as are necessary to assist the Boards in fulfilling their oversight responsibilities regarding:

- (a) the integrity of the financial statements;
- (b) the internal control systems of the Fund or the Company;
- (c) the external audit process;
- (d) the internal audit process, if any;
- (e) risk management;
- (f) investment opportunities and the raising of funds by the Fund;
- (g) the Fund’s compliance with legal and regulatory requirements; and
- (h) any additional duties set out in this charter or otherwise delegated to the Committees by the respective Boards.

2. COMPOSITION & QUALIFICATIONS

Each of the Board of Trustees of the Fund and the Board of Directors of the Company will in each year, immediately following the Annual General Meeting appoint a minimum of four (4) Trustees or Directors as members of its Committee. All members of the Committees shall be non-management Trustees or Directors. In addition, the Committees will be comprised of independent Trustees or Directors, as required by all applicable corporate, exchange and securities statutes, laws and regulations in Canada.

All members of the Committees shall be financially literate. While the Boards shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund’s or the Company’s financial statements and as defined in Part 1, item 1.5 of Multilateral Instrument 52-110.

The Chief Executive Officer (“CEO”) of the Company, the Chief Financial Officer (“CFO”) of the Company, the external auditor and, to the extent the Chairs of the Boards are not otherwise members of the Committees, the Chairs, and all other Trustees or Directors who are not members of the Committees may be invited to attend all meetings of the Committees in an ex-officio capacity and shall not vote. The CEO and CFO shall not attend in-camera sessions.

3. DUTIES & RESPONSIBILITIES

The Committees shall have the following duties, where applicable:

3.1 Financial Reporting and Disclosure

3.1.1 *Annual Financial Statements*

Review with management of the Company and the external auditor, the audited annual consolidated financial statements of the Fund, all related documents including Management's Discussion & Analysis ("MD&A"), Annual Information Form ("AIF"), Management Information Circular ("MIC"), complete Annual Report, and earnings press releases and recommend the approval of such documents to the Board. Review with management of the Company, the annual consolidated financial statements of the Company.

3.1.2 *Quarterly Review*

Review the quarterly consolidated financial statements of the Fund, the related MD&A and earnings press releases and recommend the approval of such documents to the Board and also determine the extent of the involvement of the external auditor, if any, in reviewing quarterly financial statements.

3.1.3 *Certifications*

Review certification by the CEO and CFO as to the accuracy and completeness of the Fund's reports and filings with the securities regulators and the TSX.

3.1.4 *Significant Accounting Principles and Disclosure Issues*

Review with management of the Company and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or cost to complete estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the consolidated financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the fund's financial position and the results of its operations in accordance with Canadian GAAP.

3.1.5 *Compliance*

Confirm through discussions with management of the Company that Canadian GAAP and all applicable laws or regulations related to financial reporting, statutory obligations and disclosure have been complied with.

3.1.6 *Legal Events*

Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Fund's consolidated financial statements, and the manner in which these have been reflected in the consolidated financial statements.

3.1.7 *Off-Balance-Sheet Transactions*

Discuss with management of the Company, the effect of off-balance-sheet transactions, arrangements, obligations and other relationships with non-consolidated entities or other persons, if any, that may have a material current or future effect on the Fund's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, distributable cash disclosures or significant components or revenues and expenses.

3.1.8 Other Disclosures

Satisfy itself that adequate procedures are in place for the review of the Fund's public disclosure of financial information, other than the public disclosure of the information referred to above, and periodically assess the adequacy of those procedures.

3.2 Oversight of Internal Controls

3.2.1 Review and Assessment

Review and assess the adequacy and effectiveness of the Fund's and the Company's system of internal control and management information systems through discussions with management and the external auditor and include a review of any management letter prepared by the external auditor.

3.2.2 Oversight

Oversee system of internal control, by:

- reviewing with management of the Company, documentation and conclusion about the effectiveness of internal controls identified in the Fund's and the Company's ongoing review of the design and reliability of internal controls over financial reporting, including disclosures in the MD&A;
- reviewing with management of the Company, its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response;
- monitoring and reviewing policies and procedures for internal accounting, financial control and management information;
- consulting with the external auditor regarding the adequacy of the Fund's and the Company's internal controls; and
- obtaining from management of the Company adequate assurances that all statutory payments and withholdings have been made.

3.2.3 Fraud

Confirm investigations of alleged fraud and illegality relating to the Fund's or the Company's finances.

3.2.4 Complaints

- Confirm with management of the Company that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Fund or the Company regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.
- Reviewing any complaints received by the Audit Committee Chairs pursuant to the Company's Whistleblower Policy.

3.3 External Audit

3.3.1 Appointment or Replacement

Recommend the appointment or replacement of the Fund's external auditor to the Board, who will consider the recommendation prior to submitting the nomination to the unitholders for their approval.

3.3.2 Compensation

Review with management of the Company, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the

number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Fund, and the extent of internal audit, if any, and other support provided by the Fund to the external auditor.

3.3.3 Reporting Relationships

The external auditor will report directly to the Fund's Audit Committee.

3.3.4 Performance

Review with management of the Company, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.

3.3.5 Transition

Review management's plans for an orderly transition to a new external auditor, if required.

3.3.6 Audit Plan

Review the audit plan and scope of the external audit with the external auditor and management of the Company.

3.3.7 Audit Plan Changes

Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.

3.3.8 Review of Results

Review, in the absence of management of the Company, the results of the annual external audit, the audit report thereon, the auditor's review of the related MD&A, AIF, MIC and any management letter prepared by the external auditor, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, major risk factors, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the auditor's preferred treatment, and any other material communications with management. The auditors shall confirm to the Committee that no limitations were placed on the scope or nature of their audit procedures.

3.3.9 Disagreements with Management

Resolve any disagreements between management of the Company and the external auditor regarding financial reporting.

3.3.10 Material Written Communications

Review all other material written communications between the external auditor and management of the Company, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.

3.3.11 Other Audit Matters

Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.

3.3.12 Meeting with External Auditor

Meet with the external auditor in the absence of management of the Company at least annually to discuss and review specific issues, as appropriate, as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.

3.3.13 Correspondence

Review with management of the Company and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Fund's consolidated financial statements or accounting policies.

3.3.14 Independence

At least annually, and before the external auditor issues its report on the annual consolidated financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Fund, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Fund, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner.

3.3.15 Non-Audit/Audit Services

Pre-approve any non-audit services to be provided to the Fund or the Company by the external auditor, with reference to compatibility of the service with the external auditor's independence.

3.3.16 Hiring Policies

Review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present or former external auditor.

3.3.17 Personnel

Discuss with the external auditors, the competency of the Company's financial and accounting personnel.

3.3.18 Management's Comments

Review with management of the Company, the responsiveness of the auditors to the Fund's needs.

3.4 Internal Audit

3.4.1 Internal Audit

Review and approve management's decision relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, approve the supplier of such service.

3.5 Risk Management

3.5.1 Adequacy of Policies and Procedures

Review and assess annually, the adequacy of the Fund's and the Company's major financial risk management policies and procedures with regard to identification of the Fund's and the Company's major financial risks. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Boards.

3.6 Financial Planning and Investments

3.6.1 Business Plan

Review and recommend the Company's Annual Business Plan, including the annual Operating and Capital Budgets

for submission to the Board of Directors for approval. Review periodic financial forecasts.

3.6.2 *Investment Opportunities*

Review and assess investment opportunities of a value exceeding management's authority, in accordance with procedures established by the Boards from time-to-time.

3.6.3 *Guidelines and Policies*

Review and approve guidelines and policies for the investing of cash in money market products and marketable securities and review reports from management of the Company on the results of such investments against established policies and benchmarks.

3.6.4 *Additional Funds for Investment*

Review and assess management's plans with respect to raising additional funds, whether through debt or capital, in accordance with procedures established by the Boards from time-to-time.

3.7 Compliance

3.7.1 *Filings with Regulatory Authorities*

Review with management of the Company, the Fund's relationship with regulators, and the timeliness and accuracy of Fund filings with regulatory authorities.

3.7.2 *Code of Ethics*

Review the Boards' Code of Ethics and the Company's Employee Code of Ethics and confirm that adequate and effective systems are in place to enforce compliance.

3.8 Communication

3.8.1 *Communication Channels*

Establish and maintain direct communication channels with management of the Company, the external auditor and the Board to discuss and review specific issues as appropriate.

3.8.2 *Coordination with Management*

The Committees will coordinate with management of the Company on audit and financial matters, and will:

- meet privately with management of the Company at least quarterly to discuss any areas of concern to the Committees or management; and
- review expenses incurred by the Chairs of the Boards and CEO of the Company. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

3.9 Related Party Transactions

3.9.1 *Related Party Transactions*

Review with management of the Company all related party transactions and the development of policies and procedures related to those transactions.

3.10 Board Relationship and Reporting

3.10.1 *Adequacy of Charter*

Review and assess the adequacy of the Joint Audit Committee Charter annually and submit such amendments as the Committees propose to the Boards.

3.10.2 *Disclosure*

Oversee appropriate disclosure of the Joint Audit Committee Charter, and other information required to be disclosed by applicable legislation, in the Fund's AIF, MD&A and MIC and all other applicable disclosure documents.

3.10.3 *Reporting*

Report regularly to the Board on Committee activities, issues and related recommendations.

4. CHAIR

The Boards will in each year appoint the Chair of its Committee. The Chair shall have accounting or related financial expertise. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

5. MEETINGS

The Committees shall meet at the request of its Chair, but in any event they will meet at least four times a year and as many additional times as the Committees deem necessary. Notices calling meetings shall be sent to all Committee members, to the CEO and CFO of the Fund's Administrator, to the Chair of the Board and to all other Trustees or Directors. The external auditor or any member of the Committee may call a meeting of the Committee.

6. QUORUM

A majority of members of the Committee, whether present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

7. REMOVAL AND VACANCY

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a Trustee or Director. The Board will fill vacancies on the Committee by appointment from amongst the Trustees of the Board or the Directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all the Committee's powers.

8. EXPERTS AND ADVISORS

The Committees may retain or appoint, at the Fund's or the Company's expense, such experts and advisors as it deems necessary to carry out its duties, and to set and pay their compensation. The Committees shall provide notice to the Board of its actions in this regard.

9. ORIENTATION

The Committees shall adopt an orientation program for new Committee members. All committee members are encouraged to attend educational programs to enhance their Audit Committee membership, as they feel appropriate, and the costs of each program will be paid by the Fund or the Company.

10. SECRETARY AND MINUTES

The Chief Financial Officer of the Company, or such other person as may be appointed by the Chair of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Fund or the Company. The minutes of the Committee will be circulated to all members of the Board.

11. OTHER ADVISORS

Subject to the prior approval of the Board, the Committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Fund or the Company. In that regard, the Committee will have the authority to approve the retention of external professionals to render advice and counsel in such matters. All employees will be directed to cooperate with respect thereto as requested by members of the Committee.

12. LIMITATION ON COMMITTEE'S DUTIES

While the Audit Committee has the responsibilities and power set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Fund's or the Company's consolidated financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of either management of the Company and/or the external auditor.

In discharging their duties, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the committee as an "audit committee financial expert" is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance (but not to ensure) that such activities are being conducted properly and effectively by the Fund or the Company.