

Income Trust Conversions

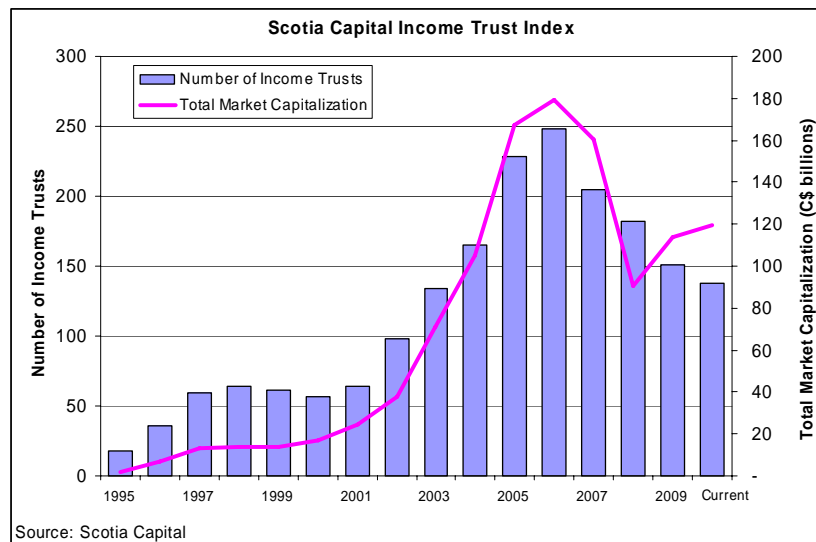
April 21, 2010

Update on the Income Trusts Sector as the End of the Tax Holiday Approaches

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The income trust sector was in parabolic growth mode between 2001 to 2006 as the investment vehicle offered tremendous appeal to income-oriented investors. Using figures from the Scotia Capital Income Trust Index, the total number of trusts grew from 64 entities at the end of 2001 to a peak of 248 by the end of 2006. By market capitalization, in part reflecting a strong bull market and rampant buyout activity, market capitalization within this sector grew from \$25 billion to \$179.5 billion within this five year period.

Over the last three years, however, the sector has certainly experienced a drastic reversal in fortunes. Recall that back on October 31, 2006, the federal government announced the Tax Fairness Plan which was aimed at taxing trust distributions at regular corporate income tax rates and effectively eliminating the advantage of the trust structure as a flow-through entity. The tax holiday will come to an end by the end of this calendar year. Accordingly, between 2006 and 2009, the overall number of income trusts has declined to the current count of 138 entities while the total market capitalization of the sector has dwindled to \$119.6 billion. This decline reflects a number of conversions into corporations, mergers with corporate peers, acquisitions by investment funds, as well as general casualties of the recent recession.



Prior to the government announcement, many income trusts were valued at a premium to their corporate peers as a result of the perceived stability of their inherent cash flows and attractive yields. Since that time however, there has been a general convergence in valuation as investors discount the end of the tax holiday. Looking ahead, it is conceivable that trusts without conversion plans at this stage could see valuation and material share price movements over the near term largely depending on what the change to their distributions will be, if any.

Accordingly, with only 8 more months of tax holiday remaining, we take this opportunity to summarize conversion and distribution expectations for trusts within Scotia Capital's universe. Overall, we note several themes among the sub industry groups:



Income Trust Conversions

- **Real Estate Investment Trusts (REITs):** Most REITs are expected to make the necessary adjustments to qualify for the REIT exemption and have their income remain tax-exempt. The only REIT within Scotia Capital's coverage universe that could possibly reduce distributions is Royal Host (RYL.un).
- **Energy Trusts:** Scotia Capital only covers Canadian Oil Sands and Vermillion Energy Trust at the moment but using consensus data, it appears that only three of the larger 15 energy trusts face the possibility of a distribution cut in 2011. The three trusts are Daylight Resources (DAY.un), Penn West Energy (PWT.un), and Peyto Energy (PEY.un). It is worth noting that many of the energy trusts reduced distributions last year while the market and commodity prices were under pressure and as a result, current payout ratios tend to be fairly manageable in general.
- **Business Trusts:** Of the business trusts remaining, approximately 9 of 19 entities within Scotia Capital's coverage universe are expected to convert into corporations and lower distributions. The average distribution cut is expected to be approximately 27%; Bell Aliant (BA.un), Davis + Henderson (DHF.un), as well as Second Cup (SCU.un) are forecast to have the largest distribution cuts upon conversion.
- **Power & Energy Infrastructure Trusts:** Algonquin Power (AQN) and Atlantic Power (ATP) have both already converted into corporations, with the former reducing distributions and the latter guiding to sustainable dividends over the next few years. Of the remaining entities, 6 of 13 of the trusts are expected to reduce dividends, with the average cut being 34%. The most material cuts are expected from Consumers' Waterheater (CWI.un) and Boralex Power (BPT.un).

Government closing all tax loopholes

One recent proposed change set forth in the recent Federal Budget adds yet another dynamic to the conversion of income trusts. A few of the transactions we have recently witnessed involved business trusts effectively completing a reverse takeover of a corporation and at the same time, buying tax loss pools that will help shelter tax burdens (thereby enabling trusts to maintain distributions). To close the loophole on this, Budget 2010 proposes to impose restrictions on the use of losses in situations where trust units are exchanged for shares of a corporation going forward. Accordingly, income trusts that have yet to convert into corporations no longer have the option to extend their tax holidays by buying tax losses.

A noteworthy point is that this new proposed change will only apply to future conversions and any companies that completed similar transactions prior to March 4, 2010 will be exempt from this policy change. Within Scotia Capital's coverage universe, the companies that have completed such transactions include:

Tax Loss Trading Transactions

Trust	Transaction Description	Tax Pools Purchased
Superior Plus Corporation	Purchased Ballard Power	\$900M
Algonquin Power and Utilities Corporation	Purchased Hydrogenic Corporation	\$192M
Colabor Group Inc.	Purchased ConjuChem Biotechnologies Inc.	\$130M

Note: Superior Plus Corporation covered by Benoit Laprade.
 Algonquin Power and Utilities Corporation covered by Tony Courtright.
 Colabor Group Inc. covered by Mark Neville and Anthony Zicha.
 Source: Company reports; Scotia Capital estimates.

Income Trust Conversions

Entity	Symbol	Current Structure	Corporate Strategy	Payout Policy	Likelihood of Near-Term Distribution Reduction	Est. Timing of conversion	CDPU Annualized Run Rate Before Cut	CDPU Annualized Run Rate After Cut	% Change in CDPU Run Rate
Business Trusts									
Armtec Infrastructure	ARF.un	Trust	Convert	Fund intends to maintain distribution as a dividend.	x	End of 2010	\$2.16	\$2.16	-
Bell Alliant Regional	BA.un	Trust	Convert	Conversion details, including revised distribution policy, is expected in May, as per 2009 Annual Report, "a reduction in our current distribution of \$2.90 per unit per year is expected, it is important to note that for taxable individual investors resident in Canada, dividends paid by a corporation are taxed at a lower rate than the distributions we currently pay as an income trust. So, for these investors, the reduction in the dividend will be largely offset by lower personal income taxes."	✓	End of 2010	\$2.90	\$1.60	-44.8%
Boston Pizza Royalties	BPF.un	Royalty Income Fund	Under review	Scotia Capital is currently expecting a dividend cut upon taxation.	✓	TBD	\$1.38	\$0.96	-30.4%
Brookfield Infrastructure	BIP.un	Limited Partnership	Remain an LP	SIFT rules are not expected to apply to BIP.	x	n.a.	\$1.10	\$1.10	-
Canexus Income Fund	CUS.UN	Trust	Convert	The Fund has yet to announce conversion plans. Nonetheless, Scotia Capital believes the current distribution will be sustainable heading into 2011.	x	TBD	\$0.55	\$0.55	-
Canfor Pulp	CFX.UN	Trust	Convert	The Fund has reviewed its options and intends to present a proposal for unitholders' approval at the annual general meeting on April 27, 2010 involving an internal restructuring. Scotia Capital is currently forecasting distributions of \$1.08 per share in 2011 (currently \$1.44).	✓	End of 2010	\$1.44	\$1.08	-
Chemtrade Logistics	CHE.UN	Trust	Remain unchanged	The Fund has no current intention of converting to a corporate structure. Under the new tax rules, management currently estimates that the effective tax rate of the Fund applicable as a result of the application of the SIFT Rules will be less than 10%. Scotia Capital believes that Chemtrade's distribution is sustainable given the forecasted payout ratios of 87% in 2010 and 75% in 2011, and a sound balance sheet.	x	n.a.	\$1.20	\$1.20	-
Cineplex Galaxy	CGX.un	Income Fund	Convert	Likely to maintain current level of distribution. Scotia Capital believes there is even a possibility of an increase upon conversion.	x	End of 2010	1.26	\$1.26	-
Cleanwater Seafoods	CLR.un	Income Fund	Convert	Fund is not currently paying a distribution.	x	End of 2010	\$0.00	\$0.00	-
Davis + Henderson	DHF.un	Trust	Convert (effective 1/1/2011)	Management has stated that they will maintain current distribution for remainder of 2010, then cut in 2011.	✓	End of 2010	\$1.84	\$1.20	-34.8%
First National Financial	FN.un	Trust	Convert	Management has stated that they will maintain current distribution for remainder of 2010, then cut in 2011.	✓	End of 2010	\$1.50	\$1.10	-26.7%
GENIVAR Income Fund	GNV.un	Trust	Convert	Scotia Capital believes current distribution will be maintained as a dividend.	x	End of 2010	\$1.50	\$1.50	-
Morneau Sobeco	MSL.un	Trust	Convert (effective 1/1/2011)	Management has stated that they will maintain current distribution for remainder of 2010, then cut in 2011.	✓	End of 2010	\$0.94	\$0.78	-17.0%
Rogers Sugar	RSI.un	Income Fund	Convert	Timing of conversion is still undetermined but management noted that they may reduce the distribution upon conversion to make the payout ratio more comfortable.	✓	End of 2010	\$0.46	\$0.40	-13.2%

Source: Scotia Capital, Bloomberg, Company Reports

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Entity	Symbol	Current Structure	Corporate Strategy	Payout Policy	Likelihood of Near-Term Distribution Reduction	Est. Timing of conversion	CDPU Annualized Run Rate Before Cut	CDPU Annualized Run Rate After Cut	% Change in CDPU Run Rate
Second Cup	SCU.un	Income Fund	Convert	Fund announced its intention to convert to a corporation effective January 1, 2011, at which time the distribution will be cut by 35% to \$0.60 annually.	✓	Jan-11	\$0.92	\$0.60	-34.8%
SFK Pup Fund	SFK.UN	Trust	Convert	SFK Pup's distributions have been suspended since January 2009. Following conversion, the Board of Directors does not intend to pay dividends in the foreseeable future as it will want to maintain flexibility for investment and improve its balance sheet.	✗	Jun-10	\$0.00	\$0.00	-
TimberWest Forest	TWF.UN	Stapled Units	Remain unchanged	Fund is not currently paying a distribution.	✗	TBD	\$0.00	\$0.00	-
Vicwest Income Fund	VIC.un	Trust	Convert	Scotia Capital believes the company could cut its distribution from the current rate of \$1.56 to \$1.20 per share (post conversion). This would translate into a 66% payout ratio on our 2011E FCF of \$1.81/share. At current levels, this would represent a yield of 7.4%.	✓	End of 2010	\$1.56	\$1.20	-23.1%
Yellow Pages	YLO.un	Trust	Convert	Cut from \$0.80 to \$0.65 in 2011 as disclosed by company.	✓	Nov-10	\$0.80	\$0.65	-18.8%
Real Estate Investment Trusts									
Allied Properties REIT	AP.un	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.32	\$1.32	-
Artis REIT	AX.un	REIT	Restricted						
Boardwalk REIT	BEI.un	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.80	\$1.80	-
Calloway REIT	CWT.UN	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.55	\$1.55	-
Canadian Real Estate	REF.UN	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.38	\$1.38	-
CAP REIT	CAR.un	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.08	\$1.08	-
Chartwell Srs Housing	CSH.UN	REIT	Already considered a SIFT	Due to the active nature of its business, Chartwell does not qualify as a REIT and is considered a "specified investment flow-through" (SIFT) trust. In 2007, it surpassed the "normal growth" guidelines for equity issuance, subjecting the trust to taxation beginning in 2007, instead of 2011. Though 100% of 2006 distributions were considered a "return of capital" and not taxable to unitholders (but reduced adjusted cost base of units owned), there is no assurance that future distributions will continue to receive this favourable treatment. However, Scotia Capital believes that the REIT should have sufficient tax shelters to remain non-cash taxable until at least 2014.	✗	n.a.	\$0.54	\$0.54	-
Cominar REIT	CUF.UN	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.44	\$1.44	-
Gromble REIT	GRR.UN	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$0.89	\$0.89	-
Dundee REIT	D.un	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$2.20	\$2.20	-
H&R REIT	HR.un	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$0.72	\$1.00	38.9%
InnVest REIT	INN.un	REIT	Convert to stapled REIT structure	There is no official word on the distribution; but we forecast no cut (vote on staple restructuring will be at this year AGM (date TBD)).	✗	End of 2010	\$0.50	\$0.50	-
Morguard REIT	MRT.UN	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$0.90	\$0.90	-
Northern Property REIT	NPR.un	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.48	\$1.48	-
Primaris Retail REIT	PIMZ.UN	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.22	\$1.22	-
RioCan REIT	REI.UN	REIT	Remain unchanged	Structure not impacted by tax changes.	✗	n.a.	\$1.38	\$1.38	-
Royal Host REIT	RYL.un	REIT	Under review	Under review; with 2011E AFFO payout of 1.45%, Scotia Capital believes that a cut is a possibility although that is yet to be reflected in their estimates.	✓	n.a.	\$0.30	\$0.30	-

Source: Scotia Capital, Bloomberg, Company Reports

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Entity	Symbol	Current Structure	Corporate Strategy	Payout Policy	Likelihood of Near-Term Distribution Reduction	Est. Timing of conversion	CDPU Annualized Run Rate Before Cut	CDPU Annualized Run Rate After Cut	% Change in CDPU Run Rate
Power & Energy Infrastructure Trusts									
AltaGas Income Trust	ALA.un	Trust	Convert	Post-conversion dividend guidance of \$1.10 to \$1.40 per share, which compares to current rate of \$2.16	✓	2H/10	\$2.16	\$1.30	-39.8%
Algonquin Power & Utilities	AQN	Corporation	Already Converted	Maintain current dividend of \$0.24 per annum; rate was previously reduced back in fall-2008	✗	Q4/08	\$0.92	\$0.24	-73.9%
Atlantic Power	ATP	Corporation	Already Converted	Guides to sustainable dividend into 2015	✗	Dec-09	\$1.09	\$1.09	-
Boralex Power	BPT.un	Trust	Convert before 2013	Expects to maintain distribution for several years	✗	Q1/2010	\$0.70	\$0.40	-42.9%
Brookfield Renewable Pow	BRC.un	Trust	Convert	Expects to maintain distribution until at least 2014	✗	End of 2010	\$1.30	\$1.30	-
Consumers' Waterheater	CWI.un	Trust	Under review (distribution already reduced)	CWI cut its CDPU by 50% to \$0.65/unit on Sept. 21/09. Sustainability of the reduced distribution is based, in part, on attrition reverting to more traditional levels. For the time being, the fund expects to sustain distribution beyond 2010.	✗	End of 2010	\$1.29	\$0.65	-49.6%
Enbridge Income Fund	ENF.un	Trust	Under review	In late 2009, the fund announced a proposed restructuring of the Fund to take effect prior to January 1, 2011. Under the proposed restructuring, public unitholders would exchange their trust units, which collectively represent a 28% economic interest in the Fund, for shares of a taxable Canadian corporation to be called Enbridge Income Fund Holdings Inc. (EIFH). ENF.un has stated that upon conversion, the current distribution rate of \$1.15 per annum will remain unchanged.	✓	Dec-10	\$1.15	\$1.15	-
Other Income Trusts									
Capital Power	CPA.un	LP	Remain an LP	Indicates that current distribution is sustainable	✗	n.a.	\$2.52	\$1.76	-30.2%
Fort Chicago Energy Partners	FCE.un	LP	Convert	Guides to sustainable dividend following conversion	✗	End of 2010	\$1.00	\$1.00	-
Gaz Métro LP	GZM.un	LP	Under review	Possibility of corporate conversion is currently under review. Scotia Capital forecasts the potential for distributions to be reduced to \$0.90 versus the current rate of \$1.24 per annum.	✓	End of 2010	\$1.24	\$0.90	-27.4%
Inter Pipeline Fund	IPL.un	LP	Remain an LP	Guides to maintain distributions indefinitely	✗	n.a.	\$0.90	\$0.90	-
Just Energy Income Fund	JE.un	Trust	Convert	Expects distributions to be sustainable beyond 2010	✗	n.a.	\$1.24	\$1.24	-
Keyera Facilities Income F	KEY.un	Trust	Convert	Expects distributions to be sustainable beyond 2011	✗	n.a.	\$1.80	\$1.80	-
Northland Power Income Fund	NPI.un	Trust	Convert	Guides to maintain dividend post conversion	✗	n.a.	\$1.08	\$1.08	-
Pembina Pipeline Income Fund	PIF.un	Trust	Convert	Guides to maintain distributions through 2013	✗	n.a.	\$1.56	\$1.56	-
Energy Trusts									
Canadian Oil Sands	COS.un	Trust	Convert	Scotia Capital expects the company to convert to a corporate structure on or about Dec. 31/10. As well, Scotia Capital believes there is ample room for COS.un to raise distributions (potentially doubling to \$0.70/quarter) to meet its net debt target of \$1.6 billion by end of 2010.	✗	End of 2010	\$1.40	\$1.40	-
Vermillion Energy	VET.un	Trust	Convert	Fund intends to maintain distribution as a dividend.	✗	Sep-10	\$2.28	\$2.28	-

Source: Scotia Capital, Bloomberg, Company Reports

Income Trust Conversions

Energy Trusts - Distribution outlook based on consensus data

Ticker	Entity	Current distribution (annualized)	Current Price	Current Yield	Estimated Distribution / Dividend Per Share			Estimated Cash Flow Per Share			Implied Simple Payout Ratio		
					2010	2011	2012	2010	2011	2012	2010	2011	2012
AET.un	ARC Energy	1.20	21.52	5.6%	1.20	1.20	1.20	2.77	3.09	2.99	43.4%	38.8%	40.1%
BTE.un	Baytex Energy	2.16	33.53	6.4%	2.16	2.16	2.16	3.85	4.21	4.65	54.7%	51.4%	46.5%
BNP.un	Bonavista Energy	1.92	23.61	8.1%	1.92	1.92	n.a.	3.73	4.19	n.a.	51.5%	45.9%	n.a.
COS.un	Canadian Oil Sands	1.40	30.35	4.6%	1.65	2.00	n.a.	2.84	3.43	3.49	58.0%	58.3%	n.a.
DAY.un	Daylight Resources	0.96	10.92	8.8%	0.73	0.60	0.60	1.77	2.00	2.35	41.3%	30.0%	25.5%
ERF.un	Enerplus Resources	2.16	23.93	9.0%	2.16	2.16	2.16	4.08	4.51	4.70	53.0%	47.9%	46.0%
FRU.un	Freehold Royalty	1.68	17.75	9.5%	1.68	1.68	n.a.	1.89	1.94	n.a.	84.6%	86.6%	n.a.
NAE.un	NAL Oil & Gas	1.08	12.81	8.4%	1.08	1.08	n.a.	2.07	2.26	n.a.	52.1%	47.7%	n.a.
PMT.un	Paramount Energy	0.60	4.87	12.3%	0.60	0.60	n.a.	1.31	1.12	n.a.	45.8%	53.6%	n.a.
PGF.un	Pengrowth Energy	0.84	11.37	7.4%	0.84	0.84	0.84	2.13	2.21	2.33	39.5%	38.0%	36.1%
PIWT.un	Penn West Energy	1.80	20.59	8.7%	1.62	1.44	1.44	3.45	3.87	4.48	47.0%	33.8%	32.1%
PEY.un	Peyto Energy	1.44	13.82	10.4%	1.41	1.11	1.08	2.00	2.16	1.92	70.2%	51.5%	56.3%
PD.un	Precision Drilling	0.00	7.6	0.0%	0.00	n.a.	n.a.	1.24	1.62	1.46	0.0%	n.a.	n.a.
PVE.un	Provent Energy	0.72	7.82	9.2%	0.72	0.72	0.72	0.88	0.96	0.91	81.4%	75.0%	n.a.
VET.un	Vermilion Energy	2.28	35.5	6.4%	2.28	2.28	2.28	4.35	4.78	5.61	52.5%	47.7%	40.6%

Dividend / distribution increase
Dividend / distribution decrease

Source: Bloomberg (data based on consensus estimates)



Definition of Scotia Capital Equity Research Ratings & Risk Rankings

We have a three-tiered rating system, with ratings of 1-Sector Outperform, 2-Sector Perform, and 3-Sector Underperform. Each analyst assigns a rating that is relative to his or her coverage universe.

Our risk ranking system provides transparency as to the underlying financial and operational risk of each stock covered. Statistical and judgmental factors considered are: historical financial results, share price volatility, liquidity of the shares, credit ratings, analyst forecasts, consistency and predictability of earnings, EPS growth, dividends, cash flow from operations, and strength of balance sheet. The Director of Research and the Supervisory Analyst jointly make the final determination of all risk rankings.

Ratings

1-Sector Outperform

The stock is expected to outperform the average total return of the analyst's coverage universe by sector over the next 12 months.

2-Sector Perform

The stock is expected to perform approximately in line with the average total return of the analyst's coverage universe by sector over the next 12 months.

3-Sector Underperform

The stock is expected to underperform the average total return of the analyst's coverage universe by sector over the next 12 months.

Other Ratings

Tender - Investors are guided to tender to the terms of the takeover offer.

Under Review - The rating has been temporarily placed under review, until sufficient information has been received and assessed by the analyst.

Risk Rankings

Low

Low financial and operational risk, high predictability of financial results, low stock volatility.

Medium

Moderate financial and operational risk, moderate predictability of financial results, moderate stock volatility.

High

High financial and/or operational risk, low predictability of financial results, high stock volatility.

Caution Warranted

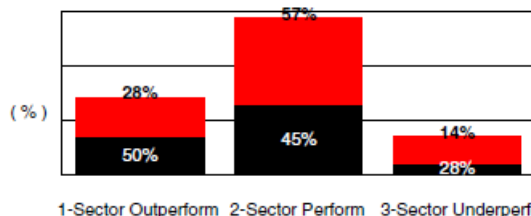
Exceptionally high financial and/or operational risk, exceptionally low predictability of financial results, exceptionally high stock volatility. For risk tolerant investors only.

Venture

Risk and return consistent with Venture Capital. For risk-tolerant investors only.

Scotia Capital Equity Research Ratings Distribution*

Distribution by Ratings and Equity and Equity-Related Financings*



- Percentage of companies covered by Scotia Capital Equity Research within each rating category.
- Percentage of companies within each rating category for which Scotia Capital has undertaken an underwriting liability or has provided advice for a fee within the last 12 months.

1-Sector Outperform 2-Sector Perform 3-Sector Underperform

* As at March 31, 2010.

Source: Scotia Capital.

For the purposes of the ratings distribution disclosure the NASD requires members who use a ratings system with terms different than buy, hold/neutral and sell, to equate their own ratings into these categories. Our 1-Sector Outperform, 2-Sector Perform, and 3-Sector Underperform ratings are based on the criteria above, but for this purpose could be equated to buy, neutral and sell ratings, respectively.

Income Trust Conversions

The author(s) of the report own(s) securities of the following companies.

Daylight Resources Trust,

The supervisors of the Portfolio Advisory Group own securities of the following companies.

None.

Scotia Capital Restriction -- U.S. (American) **Artis REIT, Just Energy Income Fund, Yellow Pages Income Fund**

The Honourable Michael J.L Kirby is a director of Just Energy Income Fund and is a director of the Bank of Nova Scotia. **Just Energy Income Fund**

Paul D. Sobey is a director of Crombie REIT and is a director of the Bank of Nova Scotia. **Crombie REIT**

Scotia Capital Restriction -- Canada **Artis REIT, Just Energy Income Fund, Yellow Pages Income Fund**

Sarabjit Marwah, Vice-Chairman and Chief Operating Officer of The Bank of Nova Scotia is on the Board of Trustees of Cineplex Galaxy Income Fund. **Cineplex Galaxy Income Fund**

Scotia Capital USA Inc. or its affiliates has managed or co-managed a public offering in the past 12 months. **Allied Properties REIT, AltaGas Income Trust, ARC Energy Trust, Armtec Infrastructure Income Fund, Artis REIT, Atlantic Power Corporation, Baytex Energy Trust, Bonavista Energy Trust, BROOKFIELD INFRASTRUCTURE PARTNERS, Brookfield Renewable Power Fund, Calloway REIT, Canadian Real Estate Inv. Trust, Canexus Income Fund, Chartwell Seniors Housing REIT, Cominar REIT, Consumers' Waterheater Income Fund, The , Crombie REIT, Daylight Resources Trust, Dundee REIT, Enerplus Resources Fund, Freehold Royalty Trust, H&R REIT, InnVest REIT, Inter Pipeline Fund, Morguard REIT, Morneau Sobeco Income Fund, NAL Oil & Gas Trust, Northland Power Income Fund, Pembina Pipeline Income Fund, Penn West Energy Trust, Primaris Retail REIT, RioCan REIT, Vermilion Energy Trust, Yellow Pages Income Fund**

Vincent Delisle, a member of Vincent Delisle's household and/or an account related to Vincent Delisle own securities of this issuer. **Cominar REIT**

David Noseworthy, a member of David Noseworthy's household and/or an account related to David Noseworthy own securities of this issuer. **Inter Pipeline Fund**

The Head of Equity Research/Supervisory Analyst, in his/her own account or in a related account, owns securities of the following issuer(s): **Armtec Infrastructure Income Fund, Canadian Oil Sands Trust, Davis + Henderson Income Fund**

Scotia Capital USA Inc. or its affiliates has received compensation for investment banking services in the past 12 months. **Allied Properties REIT, AltaGas Income Trust, ARC Energy Trust, Armtec Infrastructure Income Fund, Artis REIT, Atlantic Power Corporation, Bell Aliant Regional Communications Income Fund, Bonavista Energy Trust, Boston Pizza Royalties Income Fund, Brookfield Renewable Power Fund, Calloway REIT, Canadian Real Estate Inv. Trust, Canexus Income Fund, Capital Power Income, L.P., Chartwell Seniors Housing REIT, Cineplex Galaxy Income Fund, Cominar REIT, Consumers' Waterheater Income Fund, The , Daylight Resources Trust, Dundee REIT, Enerplus Resources Fund, Fort Chicago Energy Partners L.P., Freehold Royalty Trust, H&R REIT, InnVest REIT, Inter Pipeline Fund, Keyera Facilities Income Fund, Morguard REIT, Morneau Sobeco Income Fund, NAL Oil & Gas Trust, Northland Power Income Fund, Pembina Pipeline Income Fund, Penn West Energy Trust, Primaris Retail REIT, RioCan REIT, Vermilion Energy Trust, Yellow Pages Income Fund**

Scotia Capital USA Inc. or its affiliates expects to receive or intends to seek compensation for investment banking services in the next 3 months. **GENIVAR Income Fund, Peyto Energy Trust, Vicwest Income Fund**

Scotia Capital USA Inc. had an investment banking services client relationship during the past 12 months. **Canadian Oil Sands Trust**

The issuer paid a portion of the travel-related expenses incurred by the Fundamental Research Analyst/Associate to visit material operations of the following issuer(s): **Boardwalk REIT, Canfor Pulp Income Fund, Keyera Facilities Income Fund, Vermilion Energy Trust**

Scotia Capital Restriction **Artis REIT, Just Energy Income Fund, Yellow Pages Income Fund**

Scotia Capital Inc. and its affiliates collectively beneficially own in excess of 1% of one or more classes of the issued and outstanding equity securities of the following issuer(s): **Fort Chicago Energy Partners L.P., Inter Pipeline Fund, Just Energy Income Fund, Northland Power Income Fund, Paramount Energy Trust**

Dundee Real Estate Investment Trust is a Related Issuer of Scotia Capital Inc. **Dundee REIT**

The Fundamental Research Analyst/Associate has visited material operations of the following issuer(s): **Allied Properties REIT, Armtec Infrastructure Income Fund, Artis REIT, Bell Aliant Regional Communications Income Fund, Boardwalk REIT, Boston Pizza Royalties Income Fund, Canexus Income Fund, CAP REIT, Chemtrade Logistics Income Fund, Cineplex Galaxy Income Fund, Clearwater Seafoods Income Fund, Davis + Henderson Income Fund, Dundee REIT, GENIVAR Income Fund, H&R REIT, Just Energy Income Fund, Northland Power Income Fund, Rogers Sugar Income Fund, Second Cup Income Fund, Vicwest Income Fund, Yellow Pages Income Fund**

Within the last 12 months, Scotia Capital Inc. and/or its affiliates have undertaken an underwriting liability with respect to equity or debt securities of, or have provided advice for a fee with respect to, the following issuer(s): **Algonquin Power & Utilities Corp., Allied Properties REIT, AltaGas Income Trust, ARC Energy Trust, Armtec**



Income Trust Conversions

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