AUTOCANADA INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended March 31, 2009
As of May 8, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MAY 8, 2009

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes (the "Interim Consolidated Financial Statements") of AutoCanada Income Fund (the "Fund" or "AutoCanada") for the three-months ended March 31, 2009 and the consolidated financial statements and accompanying notes of the Fund for the year ended December 31, 2008. These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Results are reported in Canadian dollars unless otherwise stated. Unless otherwise indicated, certain dollar amounts have been rounded to the nearest thousand dollars. References to notes are to the notes of the Interim Consolidated Financial Statements of the Fund unless otherwise stated.

To provide more meaningful information, this MD&A refers to the operating results for the three-month period ended March 31, 2009 of the Fund, and compares these to the operating results of the Fund for the three-month period ended March 31, 2008 (See "Non-GAAP Measures" below). We have also included in the MD&A certain historical information with respect to Canada One Auto Group ("CAG" or the "Vendors") from other periods. Readers should be cautioned that the results of operations of CAG for the period from January 1, 2006 to May 11, 2006 include certain expenses and contractual obligations that are not incurred by the Fund subsequent to May 11, 2006.

FORWARD LOOKING STATEMENTS

Certain statements contained in management's discussion and analysis are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "expect", "plan", "seek", "may", "intend", "likely", "will", "believe" and similar expressions are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document.

In particular, material forward-looking statements in management's discussion and analysis include:

- assumptions over the effect on the Fund of Chrysler LLC filing for Chapter 11 creditor protection;
- assumptions regarding the future sources of floor plan financing and the effect on the Fund;
- expectations that Chrysler LLC will emerge from creditor protection;
- assumptions over the effect on the Fund if Chrysler Canada or Chrysler Financial Canada seek creditor protection;
- expectation that Chrysler Financial Canada may wind down its operations;
- assumptions on the effect of the idling of Chrysler Canada manufacturing operations;
- expectation that the Fund will be able to finance its CDJ dealerships with GMAC;
- assumptions over the proposed GMAC floor plan financing;
- expectations over whether future cash flows are sufficient to meet future obligations of the Fund;
- future challenges faced in securing floorplan financing;
- effect of the Canadian economy on automotive sales;
- our plans for future growth and effects of future growth on financial performance;
- expectations of future capital spending and its effect on future financial performance and growth;
- our assumption on the amount of time it make take for an acquisition or open point to achieve normal operating results;
- our determination of the possible effects of future impairment charges on the Fund's assets;
- the possible plans for or terms of any future credit agreement;
- our determination of the effects of the current and/or future credit agreements on the Fund's financial performance;
- managements' goals for maintaining optimal levels of liquidity;
- expectations of sufficiency of future cash flows;
- plans for future ADP conversions;
- assumptions and expectations for dealership relocations;

- plans for management of income taxes and possible changes in organizational structure;
- plans for convergence with IFRS;
- predictions for future economic data such as vehicle unit sales, vehicle prices, and margins on vehicle sales.

Although we believe that the expectations reflected by the forward-looking statements presented in this release are reasonable, our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about ourselves and the businesses in which we operate. Information used in developing forward-looking statements has been acquired from various sources including third-party consultants, suppliers, regulators, and other sources. In some instances, material assumptions are disclosed elsewhere in this release in respect of forward-looking statements. We caution the reader that the following list of assumptions is not exhaustive. The material factors and assumptions used to develop the forward-looking statements include but are not limited to:

- no significant adverse changes to the automotive market, competitive conditions, the supply and demand of vehicles, parts and service, and finance and insurance products or the political, economic and social stability of the jurisdictions in which we operate;
- no significant construction delays that may adversely affect the timing of dealership relocations;
- no significant disruption of our operations such as may result from harsh weather, natural disaster, accident, civil unrest, or other calamitous event;
- no significant unexpected technological event or commercial difficulties that adversely affect our operations;
- continuing availability of economical capital resources; demand for our products and our cost of operations;
- no significant adverse legislative and regulatory changes; and
- stability of general domestic economic, market, and business conditions

Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- the possibility of a wind down of operations Chrysler LLC, Chrysler Canada and/or Chrysler Financial Canada;
- the potential restructuring of Chrysler LLC, Chrysler Canada and/or Chrysler Financial Canada;
- the length in time in which Chrysler Canada manufacturing operations are idled;
- the ability to secure floorplan financing for the Fund's dealerships;
- the ability of the Fund to satisfy future financial covenants;
- our access to capital due to uncertainty in the capital markets;
- rapid appreciation or depreciation of the Canadian dollar relative to the U.S. dollar;
- a sustained downturn in consumer demand and economic conditions in key geographic markets;
- the ability of consumers to access automotive loans and leases;
- competitive actions of other companies and generally within the automotive industry;
- our dependence on sales of new vehicles to achieve sustained profitability;
- our suppliers ability to provide a desirable mix of popular new vehicles;
- the ability to continue financing inventory under similar interest rates;
- our suppliers ability to continue to provide manufacturer incentive programs;
- the loss of key personnel and limited management and personnel resources;
- the ability to refinance credit agreements in the future;
- changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced
- risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations

The foregoing factors are not exhaustive and are further discussed in the Fund's Annual Information Form dated March 23, 2009 which is filed on SEDAR at www.sedar.com.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our

business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Non-GAAP Measures

References to "EBITDA" are to earnings before interest expense (other than interest expense on floorplan financing and other interest), income taxes, depreciation, amortization and asset impairment charges. Management believes that, in addition to earnings or loss, EBITDA is a useful supplemental measure of both performance and cash available for distribution before debt service, changes in working capital, capital expenditures and income taxes.

References to "standardized distributable cash" and ''adjusted distributable cash" are to cash flow provided by operating activities available for distribution to unitholders of the Fund (the "Unitholders") in accordance with the distribution policies of the Fund. Standardized distributable cash and adjusted distributable cash of the Fund are measures generally used by Canadian open-ended trusts as an indicator of financial performance. As two of the factors that may be considered relevant by prospective investors is the cash distributed by the Fund relative to the price of the units, management believes that standardized distributable cash and adjusted distributable cash of the Fund are useful supplemental measures that may assist prospective investors in assessing an investment in the Fund. Standardized distributable cash is calculated as cash flows from operating activities, including the effects of changes in non-cash working capital, less total capital expenditures. Adjusted distributable cash is calculated as cash flows provided by operating activities before changes in non-cash working capital, less purchases of non-growth property and equipment.

References to "standardized payout ratio" represent a comparison of distributions declared to standardized distributable cash. References to "adjusted payout ratio" represent a comparison of distributions declared to adjusted distributable cash. Management believes that both standardized payout ratio and adjusted payout ratio are indicators of the Fund's conservatism and its ability to continue to make distributions to Unitholders at current rates.

EBITDA, standardized distributable cash, adjusted distributable cash, standardized payout ratio and adjusted payout ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that EBITDA, standardized distributable cash, adjusted distributable cash, standardized payout ratio and adjusted payout ratio should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Fund's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Fund's methods of calculating EBITDA, adjusted distributable cash, and adjusted payout ratio may differ from the methods used by other issuers. Therefore, the Fund's EBITDA, adjusted distributable cash, and adjusted payout ratio may not be comparable to similar measures presented by other issuers. For a reconciliation of adjusted distributable cash to standardized distributable cash, please see "Adjusted Distributable Cash" below.

References to ''absorption rate'' are to the extent to which the gross profits of a franchised automobile dealership from parts, service and collision repair cover the costs of these departments plus the fixed costs of operating the dealership, but does not include expenses pertaining to our head office. For this purpose, fixed operating costs include fixed salaries and benefits, administration costs, occupancy costs, insurance expense, utilities expense and interest expense (other than interest expense relating to floor plan financing) of the dealerships only. Absorption rate is an operating measure commonly used in the retail automotive industry as an indicator of the performance of the parts, service and collision repair operations of a franchised automobile dealership. Absorption rate is not a measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, absorption rate may not be comparable to similar measures presented by other issuers that operate in the retail automotive industry.

OVERVIEW OF THE FUND

Issuance of Fund Units and Acquisition

The Fund is an unincorporated, open-ended trust governed by the laws of the Province of Alberta and a Declaration of Trust dated January 4, 2006 and amended May 10, 2006. The Fund has been created to invest in the franchised automobile dealership industry.

The Fund commenced business operations on May 11, 2006, when it completed an initial public offering (the "IPO") of 10,209,500 trust units ("Fund Units"), at a price of $10 per unit, for aggregate gross proceeds of $102.095 million. The costs of issuance of the units were $8.523 million. Concurrent with the closing of the IPO, the Fund used the net cash proceeds from the IPO to acquire a 50.4% indirect interest in AutoCanada LP which used such net proceeds to acquire, through various limited partnerships, the net assets (the "Acquired Business") of Canada One Auto Group ("CAG" or the "Vendors"). In connection with this transaction,

10,047,500 Exchangeable Units were issued to the Vendors in the amount of $10 per unit for a total of $100.475 million. On May 31, 2006, the underwriters exercised their over-allotment option for 740,000 additional units for $7.400 million thereby increasing the interest of the Fund to 54.05%.

In August of 2008, the Fund announced it had received regulatory approval from the Toronto Stock Exchange to purchase for cancellation, from time to time, the Funds issued and outstanding units subject to limits discussed later in this report. As at March 31, 2009, the Fund has cancelled all repurchased units. As a result of the normal course issuer bid, there were 10,573,430 Fund units issued and outstanding. The Fund now owns an indirect 53.2% interest in AutoCanada LP.

Prior to December 31, 2010, income tax obligations relating to distributions from the Fund are expected to be obligations of unitholders. As a result of new tax legislation, substantively enacted on June 12, 2007, the Fund recognized non-cash future income tax expense each quarter commencing in quarters ended after June 30, 2007. It would be inappropriate for the Fund to recognize current income tax expense until the new tax becomes effective on January 1, 2011 at which point the distributions made by the Fund will be subject to the then applicable tax rate which at current activity levels would be 27.6% for 2011 and 26.1% for 2012 and beyond. The new tax rate will apply to the taxable income of the Fund which allows the Fund claim deductions from net income for tax purposes related to balances that have accumulated in various tax pools. Until such time as the new legislated tax becomes effective in 2011 the new tax does not impact the cash earnings of the business provided that distributions will continue to exceed the taxable income of the Fund, the Fund continues to operate within the rules outlined with the Specified Investment Flow-Through (SIFT) legislation and the Fund does not convert into a taxable corporation prior to December 31, 2010.

Additional information concerning the Fund is contained in the Fund's Annual Information Form dated March 23, 2009 which is filed on SEDAR (www.sedar.com) and on the Fund's website (www.autocan.ca).

The Business of the Fund

The Fund is one of Canada's largest multi-location automobile dealership groups, currently operating or managing 22 franchised dealerships in British Columbia, Alberta, Manitoba, Ontario, New Brunswick and Nova Scotia. In 2008, the 22 franchised automobile dealerships owned or managed by the Fund, sold approximately 23,700 vehicles and processed approximately 277,300 service and collision repair orders in our 284 service bays. We have grown, and intend to continue to grow, our business through the acquisition of franchised automobile dealerships in key markets, the organic growth of our existing dealerships, the opening of new franchised automobile dealerships, or "Open Points" and the management of franchised automobile dealerships.

Our owned and managed dealerships derive their revenue from the following four inter-related business operations: new vehicle sales; used vehicle sales; parts, service and collision repair; and finance and insurance. While new vehicle sales are the most important source of revenue, they generally result in lower gross profits than used vehicle sales, parts, service and collision repair operations and finance and insurance sales. Overall gross profit margins increase as revenues from higher margin operations increase relative to revenues from lower margin operations. We earn fees for arranging financing on new and used vehicle purchases on behalf of third parties and as a result we do not have an in-house lease program and as a result we do not have exposure to residual value risk of returned lease vehicles.

The Fund's geographical profile is illustrated below by number of dealerships owned or managed and revenues by province for the year ended March 31, 2009 and March 31, 2008.

	March 31, 2009			**March 31, 2008**		
(In thousands of dollars except % of total and number of dealerships)	**Number of Dealerships**	**Revenue**	**% of Total**	**Number of Dealerships**	**Revenue**	**% of Total**
British Columbia	7	54,175	31%	6	70,680	36%
Alberta	9	77,714	45%	9	92,472	47%
All other	6	40,910	24%	4	34,964	17%
Total	22	172,799	100%	19	198,116	100%

The following table sets forth the dealerships that we currently own or operate and the date opened or acquired by the Fund or CAG, organized by location.

Location of Dealerships	Operating Name	Franchise	Year Opened or Acquired
Dealerships as of March 31, 2009			
Victoria, British Columbia	Victoria Hyundai	Hyundai	2006
Maple Ridge, British Columbia	Maple Ridge Chrysler Jeep Dodge	Chrysler	2005
Maple Ridge, British Columbia	Maple Ridge Volkswagen	Volkswagen	2008
Prince George, British Columbia	Northland Chrysler Jeep Dodge	Chrysler	2002
Prince George, British Columbia	Northland Hyundai	Hyundai	2005
Prince George, British Columbia	Northland Nissan (managed)	Nissan	2007
Kelowna, British Columbia	Okanagan Chrysler Jeep Dodge	Chrysler	2003
Grande Prairie, Alberta	Grande Prairie Chrysler Jeep Dodge	Chrysler	1998
Grande Prairie, Alberta	Grande Prairie Hyundai	Hyundai	2005
Grande Prairie, Alberta	Grande Prairie Subaru	Subaru	1998
Grande Prairie, Alberta	Grande Prairie Mitsubishi	Mitsubishi	2007
Grande Prairie, Alberta	Grande Prairie Nissan (managed)	Nissan	2007
Edmonton, Alberta	Crosstown Chrysler Jeep Dodge	Chrysler	1994
Edmonton, Alberta	Capital Chrysler Jeep Dodge	Chrysler	2003
Sherwood Park, Alberta	Sherwood Park Hyundai	Hyundai	2006
Ponoka, Alberta	Ponoka Chrysler Jeep Dodge	Chrysler	1998
Thompson, Manitoba	Thompson Chrysler Jeep Dodge	Chrysler	2003
Woodbridge, Ontario	Colombo Chrysler Jeep Dodge	Chrysler	2005
Newmarket, Ontario	Doner Infiniti Nissan [(1)]	Nissan / Infiniti	2008
Cambridge, Ontario	Cambridge Hyundai	Hyundai	2008
Moncton, New Brunswick	Moncton Chrysler Jeep Dodge	Chrysler	2001
Dartmouth, Nova Scotia	Dartmouth Chrysler Jeep Dodge [(2)]	Chrysler	2006

[1] Both the Infiniti and Nissan brands are sold out of the Doner Infiniti Nissan dealership facility, therefore we consider these two brands to be one dealership for MD&A reporting purposes.
[2] We have owned 50% of Dartmouth Chrysler Jeep Dodge since 2002 and we purchased the remaining 50% in February, 2006.

Seasonality

The Fund's revenues have been historically subject to seasonal fluctuations. The following table illustrates the quarterly variation per year in the sales of new and used vehicles, based on the results of the Fund for 2008 and 2007, the combined results of the Fund and CAG for 2006 and the 2005 and 2004 results of CAG.

	New Vehicle Sales					Used Vehicle Sales					Total Vehicles Sold				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Q1	20%	19%	20%	23%	24%	25%	23%	24%	23%	25%	23%	22%	22%	23%	24%
Q2	28%	27%	26%	25%	28%	27%	26%	26%	28%	28%	28%	27%	26%	26%	28%
Q3	30%	32%	29%	29%	26%	26%	25%	27%	26%	26%	27%	28%	28%	28%	26%
Q4	22%	22%	25%	23%	22%	22%	26%	23%	23%	21%	22%	23%	24%	23%	22%

The results from operations historically have been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the reduced number of business days during the holiday season. As a result, our operating results are generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year. The timing of acquisitions may have also caused substantial fluctuations in operating results from quarter to quarter.

During the first quarter of 2009, sales of new vehicles in Canada were down 21.8% when compared to the same period in 2008. Sales of new vehicles for the first quarter in 2009 in Alberta and British Columbia were down by 29.8% and 29.9% respectively. The Fund's same store sales of new vehicles have decreased by 21.1% in the first quarter of 2009 primarily as a result of economic conditions in the specific markets in which those stores operate. Specifically, the markets of Prince George, British Columbia and Grande Prairie, Alberta experienced significantly higher declines in new vehicle sales than the relevant British Columbia and

Alberta provincial sales declines. The Fund operates several dealerships in these locations and we are pleased with the market share at these locations.

The following table summarizes Canadian new vehicle sales for the first quarter of 2009 by Province:

March Year to Date New Vehicle Sales by Province[1]

Province	March Year to Date		Percentage Change	Units Change
	2009	**2008**		
British Columbia	30,073	42,882	(29.9)%	(12,809)
Alberta	38,544	54,876	(29.8)%	(16,332)
Saskatchewan	8,632	10,058	(14.2)%	(1,426)
Manitoba	8,061	10,161	(20.7)%	(2,100)
Ontario	103,301	126,563	(18.4)%	(23,262)
Quebec	75,873	92,602	(18.1)%	(16,729)
New Brunswick	6,220	7,917	(21.4)%	(1,697)
PEI	901	1,095	(17.7)%	(194)
Nova Scotia	8,457	11,447	(26.1)%	(2,990)
Newfoundland	4,507	6,205	(27.4)%	(1,698)
Total	**284,569**	**363,806**	**(21.8)%**	**(79,237)**

[1] *DesRosiers Automotive Consultants Inc.*

DISTRIBUTIONS

Distributions to Unitholders

The Fund's policy is to distribute to Unitholders available cash provided by operations after cash required for capital expenditures, working capital reserves, growth of capital reserves and other reserves considered advisable by the Trustees of the Fund. The Board of Trustees reviews the distributions on a monthly basis.

On February 13, 2009, in view of the continued market unpredictability, general economic deterioration both within the auto industry and generally, rising unemployment, and tight credit markets, the Board of Trustees had concluded that it was prudent to reduce monthly distribution from $0.0833 per unit ($1.00 per unit annually) to $0.0417 per unit ($0.50 per unit annually), commencing February 2009, in order to provide additional financial flexibility.

On March 14, 2009, in response to the continued deteriorating retail credit markets and continued economic decline, the Board of Trustees determined it would be prudent to temporarily suspend distributions until such times as market conditions stabilize.

There are several critical issues that need to be resolved before the Fund can consider the reinstatement of distributions. These would include; the outcome of the filing by Chrysler LLC for Chapter 11 creditor protection in the United States, the Fund's immediate need for floor plan financing on our import dealerships and our immediate need to come to an agreement with Chrysler Financial Canada, General Motors Acceptance Corporation, and other third party lenders with respect to floor plan financing for our Chrysler, Dodge, Jeep dealerships as well as our revolving term facility.

The following table summarizes the distributions declared by the Fund for the period from January 1, 2009 to March 31, 2009.

(In thousands of dollars)

		Fund Units		**Exchangeable Units**		**Total**	
Record date	**Payment date**	**Declared**	**Paid**	**Declared**	**Paid**	**Declared**	**Paid**
		$	**$**	**$**	**$**	**$**	**$**
January 30, 2009	February 16, 2009	881	881	775	775	1,656	1,656
February 27, 2009	March 16, 2009	441	441	388	388	829	829
N/A [1]	N/A [1]	-	-	-	-	-	-
		1,322	1,322	1,163	1,163	2,485	2,485

[1] No distributions were declared. No record date or payment date is applicable.

Distributions are paid on Fund Units and Exchangeable Units. As of March 31, 2009 the following numbers of units were outstanding:

Fund Units	10,573,430
Exchangeable Units	9,307,500
	19,880,930

During the three-month ended March 31, 2009, the Fund declared distributions of $0.125 per Fund Unit and Exchangeable Unit to Unitholders. The Fund reviews its distribution policy on a monthly basis.

Unit Option Plan

Under the terms of the Fund's Incentive Unit Option Plan, a maximum of 1,519,275 options can be outstanding at anytime. As of March 31, 2009, there are 798,424 options outstanding of which 487,599 are exercisable for certain employees, officers, directors and trustees. Options issued under the Plan vest at a rate of one third on the three subsequent award date anniversaries. All the options must be exercised over specified periods not to exceed five years from the dates granted.

Adjusted Distributable Cash

Historically, the Fund has defined distributable cash to be cash flows provided by operating activities before changes in non-cash working capital; fewer purchases of non-growth property and equipment (see “Non-GAAP Measures” above).

(In thousands of dollars except unit and per unit amounts)	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Net earnings (loss) for the period	(4,582)	6,372	5,466	3,358	6,906	(38,318)	(67,121)	1,054
Items not affecting cash:								
Future income taxes	10,327	239	(1,182)	330	148	(1,869)	(8,579)	97
Unit-based compensation	135	120	62	59	43	19	48	39
Amortization	770	794	856	771	758	885	905	872
Loss (gain) on disposal of property & equipment	5	(13)	(6)	(6)	20	(21)	6	9
Goodwill impairment	-	-	-	-	-	47,000	78,382	-
Cash provided by operating activities – before changes in non-cash working capital	6,655	7,512	5,196	4,512	7,875	7,696	3,641	2,071
Less: Purchase of non-growth property and equipment[1]	(762)	(126)	(298)	(177)	(250)	(80)	(197)	(187)
Adjusted distributable cash	5,893	7,386	4,898	4,335	7,625	7,616	3,444	1,884
Adjusted distributable cash per unit	0.291	0.365	0.242	0.214	0.376	0.376	0.172	0.095
Distributions declared to unitholders	5,062	5,062	5,062	5,062	5,062	5,057	4,999	2,485
Distributions declared per unit	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.125
Adjusted distributable cash less distributions declared	831	2,324	(164)	(727)	2,563	2,559	(1,555)	(601)
Adjusted distributable cash less distributions declared per unit	0.041	0.115	(0.008)	(0.036)	0.127	0.126	(0.078)	(0.030)
Adjusted payout ratio	85.9%	68.5%	103.3%	116.8%	66.4%	66.4%	145.2%	131.9%
12 month trailing								
Adjusted distributable cash	21,899	22,985	23,119	22,512	24,244	24,474	23,020	20,569
Distributions declared to unitholders	20,249	20,249	20,249	20,249	20,249	20,243	20,180	17,603
Adjusted payout ratio	92.5%	88.1%	87.6%	89.9%	83.5%	82.7%	87.7%	85.6%
Year-to-date								
Adjusted distributable cash								1,884
Distributions declared								2,485
Adjusted payout ratio								131.9%
From inception since January 4, 2006 to March 31, 2009 (incl. operations from May 11, 2006 to March 31, 2009)								
Adjusted distributable cash								63,338
Distributions declared to unitholders								55,867
Adjusted payout ratio								88.2%

[1] Purchase of non-growth property and equipment is necessary to maintain and sustain the current productive capacity of the Fund’s operations and distributable cash (see “Capital Expenditures” in the table below for details). Management believes that maintenance capital expenditures should be funded by cash flow provided by operating activities. Capital spending for the expansion of sales and service capacity is expected to improve future distributable cash and as such is not deducted from cash flow provided by operating activities in arriving at adjusted distributable cash.

The Fund’s adjusted payout ratio varies throughout the year due to the seasonality of the Fund’s business as discussed above. Distributions to Unitholders have been leveled to provide a regular stream of income to Unitholders. The historically less profitable first and fourth quarters have generally been offset by higher earnings in the second and third quarters.

For the three-months ended March 31, 2009, the Fund generated adjusted distributable cash of $0.095 per unit and declared distributions of $0.125 per unit, for an adjusted payout ratio of 131.9%

From the Fund's inception at January 4, 2006 (including operations from May 11, 2006 to March 31, 2009), our adjusted payout ratio is 88.2%.

Standardized Distributable Cash

On July 18, 2007, the Canadian Institute of Chartered Accountants [CICA] issued a revised interpretive release regarding the standardized preparation and disclosure of distributable cash for income trusts and other flow-through entities. The CICA calculation of standardized distributable cash is based on cash flows from operating activities, including the effects of changes in non-cash working capital, less total capital expenditures. The table below uses this calculation method to present standardized distributable cash for the last eight quarters of the Fund's operations.

(In thousands of $ except unit and per unit amounts)	**Q2 2007**	**Q3 2007**	**Q4 2007**	**Q1 2008**	**Q2 2008**	**Q3 2008**	**Q4 2008**	**Q1 2009**
Cash provided by operating activities	2,368	6,486	3,637	2,739	13,806	10,456	7,313	(3,213)
Less: Amounts related to expansion of sales and service capacity	(225)	(399)	(180)	(237)	(1,058)	(893)	(1,046)	(878)
Less: Purchase of non-growth property and equipment	(762)	(126)	(298)	(177)	(250)	(80)	(197)	(187)
Standardized distributable cash	1,381	5,961	3,159	2,325	12,498	9,483	6,070	(4,278)
Weighted average units outstanding at end of period[1]	20,257,000	20,257,000	20,257,000	20,257,000	20,257,000	20,249,732	20,047,787	19,880,930
Standardized distributable cash per unit	0.068	0.294	0.156	0.115	0.617	0.468	0.303	(0.215)
Distributions declared	5,062	5,062	5,062	5,062	5,062	5,057	4,999	2,485
Distributions declared per unit	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.125
Standardized distributable cash less distributions declared	(3,680)	900	(1,903)	(2,737)	7,436	4,426	1,071	(6,763)
Standardized distributable cash less distributions declared per unit	(0.182)	0.044	(0.094)	(0.135)	0.367	0.219	0.053	(0.340)
Standardized payout ratio	366.5%	84.9%	160.2%	217.7%	40.5%	53.3%	82.4%	(58.1%)
Basic earnings (loss) per unit	(0.660)	0.305	0.086	0.152	0.335	(1.892)	(3.348)	0.053
Diluted earnings (loss) per unit	(0.660)	0.303	0.085	0.152	0.335	(1.892)	(3.348)	0.053
12 month trailing								
Standardized distributable cash	20,039	22,183	17,913	12,826	23,943	27,465	30,376	23,773
Distributions declared	20,249	20,249	20,249	20,249	20,249	20,243	20,180	17,603
Standardized payout ratio	101.0%	91.3%	113.0%	157.9%	84.6%	73.7%	66.4%	74.0%
Year-to-date								
Standardized distributable cash								(4,278)
Distributions declared								2,485
Standardized payout ratio								(58.1%)
From inception since January 4, 2006 to March 31, 2009 (incl. operations from May 11, 2006 to March 31, 2009)								
Standardized distributable cash								72,088
Distributions declared								55,867
Standardized payout ratio								77.5%

[1] Includes Fund Units and Exchangeable Units.

Management believes that the standardized distributable cash calculation distorts the Fund's quarter-to-quarter distributable cash and payout ratios, as our non-cash working capital can fluctuate significantly as a result of historical fluctuations in our business operations that occur on a quarterly basis as well as the resulting fluctuations in our accounts receivable and inventory levels and the timing of the payments of accounts payable and revolving floorplan facilities.

The standardized distributable cash calculation incorporates changes in working capital which resulted in negative standardized distributable cash of $4,278 for the first quarter of 2009. Since the Fund declared distributions of $2,485, this resulted in a negative standardized payout ratio of 58.1% at March 31, 2009. This standardized distributable cash method can differ significantly from adjusted distributable cash, the method we have historically used, as described above, which results in a year-to-date payout ratio of 131.9%. The main difference between the two methods is that the standardized distributable cash calculation adjusts for changes in non-cash working capital and reduces the amount of cash available for distribution by growth related capital expenditures.

The following table reconciles standardized distributable cash to our adjusted distributable cash.

(In thousands of dollars except unit and per unit amounts)	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Standardized distributable cash	1,381	5,961	3,159	2,325	12,498	9,483	6,070	(4,278)
Change in non-cash working capital	4,287	1,026	1,559	1,773	(5,931)	(2,760)	(3,672)	5,284
Amounts related to expansion of sales and service capacity	225	399	180	237	1,058	893	1,046	878
Adjusted distributable cash	5,893	7,386	4,898	4,335	7,625	7,616	3,444	1,884

Changes in non-cash working capital consist of fluctuations in the balances of accounts receivable, inventories, prepaid expenses, accounts payable and accrued liabilities, revolving floorplan facility, and amounts due to/from related parties. Factors that can affect these items include seasonal sales trends, strategic decisions regarding inventory levels, the addition of new dealerships, and the day of the week on which period end cutoffs occur.

The following table summarizes changes in non-cash working capital as of March 31, 2009 and March 31, 2008.

(In thousands of dollars)	March 31, 2009 $	March 31, 2008 $
Accounts receivable	2,626	2,137
Inventories	(23,546)	(9,476)
Prepaid expenses	426	881
Accounts payable and accrued liabilities	2,950	(1,052)
Revolving floorplan facility	22,828	9,632
Due to related parties	-	(349)
	5,284	1,773

Capital Expenditures

The following table provides a reconciliation of the purchase of property and equipment as reported on the Statement of Cash Flows to the purchase of property and equipment as calculated in the standardized distributable cash table on page 10:

(In thousands of dollars)	January 1, 2009 to March 31, 2009 $
Purchase of property and equipment from the Statement of Cash Flows	1,065
Less: Amounts related to the expansion of sales and service capacity	(878)
Purchase of non-growth property and equipment	187

Amounts relating to the expansion of sales and service capacity are considered growth expenditures. Growth expenditures are discretionary, represent cash outlays intended to provide additional future cash flows and are expected to provide benefit in future periods and thus they have been excluded from the calculation of adjusted distributable cash. Additional details on the components of non-growth property and equipment purchases are as follows:

(In thousands of dollars)	**January 1, 2009 to March 31, 2009**
	$
Leasehold improvements	21
Machinery and equipment	34
Furniture and fixtures	96
Computer equipment	20
Company & lease vehicles	16
	187

During the three-month period ended March 31, 2009 growth capital expenditures of $0.878 million were incurred. These expenditures related primarily to purchases of equipment for our Grande Prairie Nissan and Capital Chrysler Dodge Jeep dealerships which relocated to new dealership facilities in October, 2008 and January 2009 respectively. Repairs and maintenance expenditures are expensed as incurred and have been deducted from earnings for the period. Repairs and maintenance expense incurred during the three-month period ended March 31, 2009, were $0.460 million.

SELECTED QUARTERLY FINANCIAL INFORMATION AND RESULTS FROM OPERATIONS

The following table shows the unaudited results of the Fund for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

(In thousands of dollars except Operating Data and gross profit %)	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Income Statement Data								
New vehicles	117,204	133,853	111,683	107,688	128,371	118,807	96,634	87,176
Used vehicles	62,389	59,114	50,468	55,712	61,223	57,790	47,605	49,550
Parts, service & collision repair	23,228	23,142	23,863	23,536	26,610	26,492	27,105	26,390
Finance, insurance & other	11,890	12,905	10,697	11,180	13,121	13,597	11,023	9,683
Revenue	214,711	229,014	196,711	198,116	229,325	216,686	182,367	172,799
New vehicles	8,312	9,024	8,176	7,012	9,699	9,266	6,729	5,828
Used vehicles	6,082	4,943	3,746	4,393	5,180	5,156	3,671	3,810
Parts, service & collision repair	11,305	11,267	11,494	11,082	12,896	13,290	13,090	12,811
Finance, insurance & other	11,078	12,067	10,106	10,579	12,244	12,629	10,137	8,732
Gross profit	36,777	37,301	33,522	33,066	40,019	40,341	33,627	31,181
Gross profit %	17.1%	16.3%	17.0%	16.7%	17.5%	18.6%	18.4%	18.0%
Sales, general & admin expenses	27,522	26,905	25,654	26,317	29,916	30,491	28,157	27,813
SG&A exp. as % of gross profit	74.8%	72.1%	76.5%	79.6%	74.8%	75.5%	83.7%	89.2%
Floorplan interest expense	2,414	2,679	2,432	2,034	1,895	1,693	1,443	970
Other interest & bank charges	326	312	296	256	396	458	441	375
Future income taxes	10,137	239	(1,182)	330	148	(1,869)	(8,579)	97
Net earnings [4]	(4,582)	6,372	5,466	3,358	6,906	(38,318)	(67,121)	1,054
EBITDA [1 4]	6,743	7,600	5,310	4,621	8,022	7,975	3,868	2,230
Operating Data								
Vehicles (new and used) sold	6,089	6,404	5,363	5,552	6,576	6,462	5,124	5,149
New retail vehicles sold	2,866	3,344	2,618	2,462	3,471	3,245	2,376	2,219
New fleet vehicles sold	535	543	569	716	470	532	526	473
Used retail vehicles sold	2,688	2,517	2,176	2,374	2,635	2,685	2,222	2,385
Number of service & collision repair orders completed	58,157	58,138	57,552	61,169	72,227	74,300	69,560	70,021
Absorption rate [2]	94%	104%	93%	90%	100%	99%	94%	84%
# of dealerships	18	19	19	19	20	21	22	22
# of same store dealerships [3]	9	11	11	13	14	14	14	16
# of service bays at period end	256	260	260	260	279	284	284	319
Same store revenue growth [3]	6.6%	8.2%	5.3%	(0.6)%	(3.8)%	(17.1)%	(16.7)%	(19.8)%
Same store gross profit growth [3]	13.4%	7.2%	6.5%	0.7%	0.2%	(3.3)%	(8.0)%	(12.8)%
Balance Sheet Data								
Cash and cash equivalents	21,077	20,179	18,014	15,298	18,459	19,194	19,592	12,522
Accounts receivable	35,980	39,940	34,274	36,411	35,374	39,390	31,195	33,821
Inventories	132,814	147,419	142,128	132,549	135,447	134,565	139,948	116,478
Revolving floorplan facilities	133,731	152,390	143,655	134,023	131,505	135,562	137,453	114,625

[1] EBITDA has been calculated as described under “Non-GAAP Measures” above.

[2] Absorption has been calculated as described under “Non-GAAP Measures” above.

[3] Same store revenue growth & same store gross profit growth is calculated using franchised automobile dealerships that we have owned for at least 2 full years.

[4] The results from operations have been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the reduced number of business days during the holiday season. As a result, our financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year. The timing of acquisitions may have also caused substantial fluctuations in operating results from quarter to quarter.

First Quarter Operating Results

The three month period ended March 31, 2009 showed a decrease over the comparable period in 2008 in terms of earnings and EBITDA. EBITDA for the three month period ended March 31, 2009 decreased by 51.7% to $2.2 million from $4.6 million when compared to the prior period in 2008. The general economic decline in Canada during the first quarter of 2009 negatively impacted the level of new vehicle sales and finance and insurance revenues, which in turn has adversely affected first quarter revenues and earnings.

The following table illustrates first quarter EBITDA for the last four years of operations.

Period from January 1 to March 31	EBITDA (In thousands of dollars)
2006[1]	4,160
2007	5,424
2008	4,621
2009	2,230

[1] Q1 2006 EBITDA represents the combined results for CAG and the Fund. EBITDA for CAG is defined under "Non-GAAP Measures" with the exception that to facilitate comparison to the Fund we have added stock-based compensation and shareholder bonuses (including the performance component related to dealership management's compensation) expensed by CAG.

Net earnings decreased by $2.31 million to $1.05 million, from $3.36 million of profit when compared to the same period in prior year. The majority of this decrease was due to declining revenues in our new and used vehicle sales, as well as declining finance and insurance revenues. The Fund significantly increased its sales and service capacity in 2008 and the first quarter of 2009 with new facilities. The new facilities have increased the fixed costs associated with the Fund's operations. The depressed Canadian automotive retail sales market in late 2008 and early 2009 has contributed to the new facilities not achieving anticipated profitability levels. Although many selling, general and administrative costs are generally variable in nature and fluctuate with changes in sales, gross profit, and net earnings, costs which are mainly fixed in nature tend to adversely affect earnings during times of decreased sales. Expenses that impacted net earnings during the first quarter of 2009 due to being mainly fixed in nature were rent, non-commission based salaries, advertising, and professional fees.

The second quarter, along with the third quarter, are historically the industry's strongest in terms of revenues, earnings and EBITDA and the results of the Fund for the first quarter of 2009 follows this pattern.

The following tables summarize the results for the three-month period ended March 31, 2009 on a same store basis by revenue source and compare these results to the same period in 2008. An acquired or open point dealership may take as long as two years in order to reach normalized operating results. As a result, in order for an acquired or open point dealership to be included in our same store analysis, the dealership must be owned and operated by us for eight complete quarters. For example, if a dealership was acquired on December 1, 2006, the results of the acquired entity would be included in quarterly same store comparisons beginning with the quarter ended March 31, 2009 and in annual same store comparisons beginning with the year ended December 31, 2009.

Revenues

For the three-month period ended March 31, 2009, revenues from all dealerships owned and operated by the Fund decreased by $25.3 million or 12.8% from $198.1 million to $172.8 million. The decrease in revenue during the quarter was as a result of a significant decline in the average new and used vehicle transaction prices and a decrease in the number of new vehicle units retailed. As a result of the decrease in new vehicle sales, finance and insurance revenue (our most profitable revenue stream) also decreased. The average new vehicle transaction price decreased by $2,346 or 6.9% due to increased manufacturer incentives and a change in consumer preference to smaller, less expensive vehicles and the average used vehicle transaction price decreased by $2,692 or 11.5% during the three month period ended March 31, 2009 largely due to the declining value of the Canadian dollar and manufacturer rebates on new vehicles which also reduces the transaction price of comparable used vehicles. The number of new vehicles retailed decreased by 171 units mainly due to the drop in new vehicle sales in western Canada during the three month period ended March 31, 2009. Finance and insurance revenue decreased by $1.5 million or 13.4% from $11.2 million to $9.7 million as a result of lower new vehicle retail sales and the lack of consumer financing available to our customers from various financial institutions. Offsetting the decline in new and used vehicle revenue and finance and insurance revenue was an increase

parts and service revenue. During the three month period ended March 31, 2009, parts and service revenue increased by $2.9 million or 12.3% from $23.5 million to $26.4 million.

Revenue - Same Store Analysis

The following table summarizes the results for the three month ended March 31, 2009 on a same store basis by revenue source and compares these results to the same period in 2008.

Same Store Revenue and Vehicles Sold

	For the Three-Month Period Ended		
(In thousands of dollars except % change and vehicle data)	**March 31, 2009**	**March 31, 2008**	**% Change**
Revenue Source			
New vehicles	74,323	101,966	(27.1)%
Used vehicles	45,021	53,110	(15.2)%
Finance, insurance and other	8,424	10,581	(20.4)%
Subtotal	127,768	165,657	(22.9)%
Parts, service and collision repair	23,057	22,366	3.1%
Total	150,825	188,023	(19.8)%
New vehicles - retail sold	1,935	2,367	(18.3)%
New vehicles – fleet sold	442	647	(31.7)%
Used vehicles sold	2,117	2,269	(6.7)%
Total	4,494	5,283	(14.9)%
Total vehicles retailed	4,052	4,636	(12.6)%

For the three-month period ended March 31, 2009 same store revenue decreased by 19.8% or $37.2 million to $150.8 million from $188.0 million when compared to the same period in 2008. New vehicle revenues decreased by $27.6 million or 27.1% for the three-month period ended March 31, 2009 over the same period in the prior year due in part to a decrease in the average selling price per new vehicle sold of $2,563 or 7.6% over the prior year largely as a result of continued higher manufacturer incentives and/or reductions to manufacturers' suggested retail prices that were introduced as a result of the general appreciation of the Canadian dollar in and world-wide economic retraction in 2008. Another significant contributing factor to the decrease in new vehicle revenues for the three-month period ended March 31, 2009 was a net decrease in new vehicle sales of 637 units consisting of a decrease of 432 retail units and a decrease of 205 low margin fleet unit sales.

Same store used vehicle revenues decreased by $8.1 million or 15.2% from $53.1 million to $45.0 million for the three month period ended March 31, 2009 over the comparable period in the prior year. The decrease was due to a combination of a decrease in the number of used vehicles sold of 152 and a decrease in the average selling price per used vehicle retailed of $2,141.

Finance and insurance and other revenue decreased by $2.2 million or 20.4% for the three month period ended March 31, 2009 when compared to the same period in the prior year. The decrease was due to a decrease in the number of units financed of 446 units or 9.9% and a decline in the average finance and insurance revenue per vehicle retailed of $273 or 11.6%. This decrease is mainly due to the decline in availability of consumer financing available to our customers for purchasing vehicles from the various financial institutions which provide consumer credit. As a result of this decline, the Fund is experiencing a higher rate of cash deals, which negatively affects our finance and insurance revenues.

The increase in parts, service and collision repair revenue of $0.7 million or 3.1% for the three month period ended March 31, 2009 compared to the same period in the prior year was primarily a result of a 3.3% increase in the number of service and collision repair orders completed.

Gross profit

Gross profit, from all dealerships owned and operated by the Fund, for the three-month period ended March 31, 2009 decreased by 5.7% to $31.2 million when compared to the same period in 2008. As indicated below, the decrease in gross profit in the three month ended March 31, 2009 was the result of declines in new and used vehicle sales and finance and insurance revenues.

Gross Profit - Same Store Analysis

The following table summarizes the results for the three-month period ended March, 2009 on a same store basis by revenue source and compares these results to the same period in 2008.

Same Store Gross Profit and Gross Profit Percentage

	For the Three-Month Period Ended					
	Gross Profit			Gross Profit %		
(In thousands of dollars except % change and gross profit %) Revenue Source	Mar. 31, 2009	Mar. 31, 2008	% Change	Mar. 31, 2009	Mar. 31, 2008	% Change
New vehicles	4,629	6,544	(29.3)%	6.2%	6.4%	(3.1)%
Used vehicles	3,668	4,178	(12.2)%	8.2%	7.9%	3.8%
Finance, insurance and other	7,731	9,997	(22.7)%	91.8%	94.5%	(2.9)%
Subtotal	16,028	20,719	(22.6)%	12.5%	12.5%	0.0%
Parts, service and collision repair	11,171	10,487	6.5%	48.5%	46.9%	3.4%
Total	27,199	31,206	(12.8)%	18.0%	16.6%	8.4%

Same store gross profit decreased by 12.8% in the three-month period ended March 31, 2009 when compared to the same period in the prior year. New vehicle gross profit decreased by $1.9 million or 29.3% in the three-month period ended March 31, 2009 when compared to the same period in the prior year as a result of a decrease in the average gross margin per new vehicle sold of $223 and the previously discussed net decrease in new vehicle sales of 637 units. We attribute the decrease in new vehicle unit sales to the general decline in new vehicle unit sales in western Canada in the first quarter, as the majority of dealerships included in the same store analysis are located in Alberta and British Columbia

Used vehicle gross profit decreased by $0.5 million or 12.2% in the three-month period ended March 31, 2009 over the same period in the prior year. The decrease was due to a decrease in the number of units sold of 152 and a decrease in the average gross per used vehicle retailed of $109. The decrease in gross profit earned per used vehicle retailed during the quarter is attributed to continued turbulence in the used vehicle wholesale market in Canada. Although used vehicle prices decreased significantly in 2008, wholesale used vehicle prices have increased in the first quarter of 2009. This resulted in higher costs to purchase used vehicles for resale during the first quarter of 2009. Although wholesale used vehicle prices have been increasing, the average retail price of used vehicles has not increased proportionately due to the decrease in new vehicle prices as a result of increased manufacturer rebates. This disproportionate increase in wholesale used vehicle price versus the retail price has led to decreased gross profits in used vehicle sales for the Fund.

Finance and insurance and other gross profit decreased by $2.3 million or 22.7% in the three-month period ended March 31, 2009 as a result of a decrease in sales of 446 retail units from the same period in 2008. The average gross profit per unit retailed decreased by $315 or 14.2% due to the decrease in percentage of our customers able to obtain financing to purchase vehicles. This has resulted in a higher amount of cash deals which negatively affects our ability to perform our highly profitable finance and

insurance transactions.

The increase in parts, service and collision repair gross profit of $0.7 million or 6.5% in the three-month period ended March 31, 2009 was the result of a combination of a 3.3% increase in the number of service and collision repair orders completed and a 3.1% increase in the average gross profit per service and collision repair order completed.

Selling, general and administrative expenses

During the three-month period ended March 31, 2009, SG&A expenses increased by 5.7% to $27.8 million from $26.3 million in the same period in the prior year primarily as a result of the three dealerships acquired and various relocations of existing dealerships during 2008. During the three month period ended March 31, 2009, SG&A as a percentage of gross profit increased to 89.2% from 79.6% in the same period in the prior year. The increase in selling, general and administrative expenses as a percentage of gross profit was mainly a result of achieving a lower gross margin per vehicle sold, less vehicle sales, and an increase in fixed costs in part due to increased rent and related expenses associated with new dealership facilities. In the first quarter of 2009, we relocated Capital Chrysler and anticipate the relocation of Crosstown Chrysler in the second quarter of 2009 which will likely increase fixed costs further.

Amortization expense

During the three-month period ended March 31, 2009, amortization was $872 while it was $771 for the prior period in 2008. This is mainly due to significant capital expenditures in 2008 associated with acquisitions and dealership relocations.

Floorplan interest expense

During the three-month period ended March 31, 2009, floorplan interest expense decreased by 52.3% to $970 from $2,034 when compared to the same period in 2008. The decrease in interest expense was caused by a decrease in the average prime lending interest rate for the three-month period ended March 31, 2009 when compared to the same period in 2008 and a general inventory decrease.

The following table summarizes the interest rates at the end of the last eight quarters on our Chrysler Financial Canada ("CFC") revolving floorplan facility.

	Q2 2007	**Q3 2007**	**Q4 2007**	**Q1 2008**	**Q2 2008**	**Q3 2008**	**Q4 2008**	**Q1 2009**
CFC Revolving Floorplan Facility Interest Rate	5.75%	6.00%	5.75%	5.00%	4.50%	4.50%	3.25%	2.25%

As of the date of this MD&A our floorplan interest rate is 4.25% for new vehicles and 5.00% for used vehicles. See the *Credit Facilities* section for reference to the new floorplan interest rate as part of the amended credit agreement.

Some of our manufacturers provide non-refundable credits on the floorplan interest to offset the dealership's cost of inventory that, on average, effectively provide the dealerships with interest-free floorplan financing for the first 45 to 60 days of ownership. During the three month period ended March 31, 2009, the floorplan credits were $731. GAAP requires the floorplan credits to be accounted for as a reduction in the cost of new vehicle inventory and subsequently a reduction in the cost of sales as vehicles are sold.

Sensitivity

Based on our historical financial data, management estimates that an increase or decrease of one new retail vehicle sold (and the associated finance and insurance income on the sale) would have resulted in a corresponding increase or decrease in our estimated cash available for distribution of approximately $1,500 per vehicle.

NEW DEALERSHIPS

The Fund currently owns or manages 22 franchised automotive dealerships. At the time of the Fund's initial public offering ("IPO") in May of 2006 the Fund owned 14 franchised automotive dealerships. Since this time the Fund has acquired or opened six additional dealerships and has entered into agreements to finance and provide management services to two dealerships. The nature of the agreements between the Fund and CAG regarding its managed dealerships are such that their results are fully

consolidated with the Fund as required under GAAP. The managed dealerships are owned by a subsidiary of CAG which owns 47% of the Fund on a fully diluted basis.

Throughout 2008, the Fund had continued to pursue opportunities to acquire additional franchised automotive dealerships and to be awarded additional open points. Typically, it is a term of dealership franchise agreements that the manufacturer ("OEM") has a right to match any purchase and sale agreement that the Fund, or any other proposed purchaser, enters into. In addition, such franchise agreements typically provide that the OEM has the right to not approve a proposed purchaser, provided the OEM can justify its refusal on reasonable grounds. Pending the return of normal credit and economic conditions however, the Fund does not anticipate acquiring future dealerships at this time.

LIQUIDITY AND CAPITAL RESOURCES

Our principal uses of funds are for capital expenditures, repayment of debt and funding distributions to unitholders. We have historically met these requirements by using cash generated from operating activities and through short-term and long-term debt. As noted below, the parent company of one of our major suppliers has filed for Chapter 11 creditor protection in the United States. A significant decline in sales as a result of the inability to procure adequate supply of vehicles, inability to finance the purchase of new vehicles, and/or lower consumer demand may reduce our cash flows from operations and limit our ability to fund capital expenditures, repay our debt obligations, and/or fund future distributions.

Going Concern

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) which assume that the Fund will continue as a going concern and realize its assets and settle its liabilities in the normal course of business. As noted below, the Fund has a material exposure to Chrysler, Chrysler Canada and CFC. Chrysler has filed for Chapter 11 creditor protection in the United States. Chrysler has stated that they intend to emerge from creditor protection as a financially viable entity, however there can be no assurance as to if or when Chrysler will emerge from creditor protection. Further, if Chrysler does emerge from creditor protection, there can be no assurance that the Fund will be able to continue operating its Chrysler, Dodge, Jeep ("CDJ") dealerships under the same conditions that had existed prior to the filing for Chapter 11 creditor protection. In addition, the Fund has material exposure to CFC in the form of its revolving floorplan facility, revolving term facility and lease contracts. Given the current economic conditions and related uncertainties with the financial health of CFC, there can be no assurances that these facilities will be available in the normal course of business. Management has taken certain steps to manage the situation, including cost-cutting measures, suspending distributions starting March 2009 and negotiating the amended credit facilities with CFC. However, there can be no assurances that these measures taken will be successful.

The Fund's ability to continue as a going concern is dependent on many events outside of its control, including availability of financing, the future viability of Chrysler, Chrysler Canada and CFC, and the ability to purchase new and used vehicles and parts from Chrysler Canada. The above factors raise significant doubt as to the ability of the Fund to continue as a going concern. The accompanying unaudited interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Such adjustments could be material.

Cash Flow from Operating Activities

Cash flow from operating activities (including changes in non-cash working capital) of the Fund for the period from January 1, 2009 to March 31, 2009 was negative $3.2 million. On an historical annual basis, the Fund has generated sufficient cash flow from operations to fund capital expenditures, distributions, working capital requirements and to service its debt obligations. The current economic conditions provide for an increased need for management of capital resources and liquidity. The Fund continues to manage its working capital to maintain optimal levels of liquidity during the economic downturn. The Fund maintains its view of funding distributions through operating cash flows and has temporarily suspended distributions as a result of the general economic downturn and negative cash flows from operating activities.

Economic dependence

The Fund has significant commercial and economic dependence on Chrysler Canada and CFC. As a result, the Fund is subject to significant risk in the event of financial distress, including potential bankruptcy of this major vehicle manufacturer or CFC which provides floor plan financing for twenty of the twenty-two dealerships that the Fund owns or operates.

The Fund's unaudited interim consolidated financial statements include the operations of twenty-two franchised automobile dealerships, representing the product lines of seven global automobile manufacturers. The Fund's CDJ dealerships, which generated 74% of the Fund's revenue in 2009, purchase all new vehicles, a significant portion of parts and accessories, and certain used vehicles from Chrysler Canada. In addition to these inventory purchases, the Fund is eligible to receive monetary incentives from Chrysler Canada if certain sales volume targets are met and is also eligible to receive payment for warranty service work that is performed for eligible vehicles.

At March 31, 2009, the Fund had recorded the following assets that relate to transactions it has entered into with Chrysler Canada or CFC:

Cash on deposit	$12,455
Accounts receivable	$ 3,515
New vehicle inventory	$58,992
Demonstrator vehicle inventory	$ 4,978
Parts and accessories inventory	$ 4,894

The $12,455 of cash on deposit is held with CFC and is commonly referred to as a cash management account ("CMA") which allows CDJ dealerships to earn interest on excess cash at an interest rate equal to the rate of the revolving floorplan facility. Subsequent to March 31, 2009, the Fund has withdrawn $11,530 of the above amount and transferred the cash to each dealership's respective bank account.

The Fund also maintains its revolving floorplan facility, revolving term facility, and certain lease contracts with CFC. At March 31, 2009, the balances of these liabilities are:

Revolving Floorplan Facility	$108,986
Revolving Term Facility	$ 21,600
Lease contracts	$ 893

Chrysler Canada is a subsidiary of Chrysler LLC ("Chrysler") in the United States. As well, CFC is a subsidiary of Chrysler Financial, a company related to Chrysler. The viability of the Canadian subsidiaries is directly dependent on the viability of their respective U.S. parents. Under the terms of the Fund's credit agreement with CFC all of the Fund's assets are pledged as collateral for the Fund's debts to CFC.

Chrysler LLC files for Chapter 11 creditor protection in the United States and announces temporary closure of manufacturing operations

On April 30, 2009, Chrysler filed for Chapter 11 creditor protection in the United States. The Chapter 11 is a form of creditor protection that involves a reorganization of a debtor's business affairs and assets. It is generally filed by corporations which require time to restructure their debts. The Fund has no knowledge as to whether Chrysler will emerge from creditor protection. The Fund does not transact directly with Chrysler, but rather its subsidiary Chrysler Canada. The financial health of Chrysler Canada is unknown at this time.

Chrysler announced that as part of its restructuring, most manufacturing operations will be temporarily idled effective May 4, 2009. The announcement indicated that normal production schedules will resume when the restructuring is completed, which Chrysler advised was anticipated to occur within 30 to 60 days of April 30, 2009. The temporary idling of manufacturing operations may limit the Fund's ability to purchase new vehicle inventory from Chrysler Canada until the restructuring of Chrysler has been completed.

Chrysler Financial Canada temporarily suspends its wholesale floorplan financing

On April 30, 2009, letters were received by each of the Fund's CDJ dealerships indicating that CFC had temporarily suspended all incremental wholesale floorplan financing. At this time, twenty of the twenty-two dealerships owned or operated by the Fund are unable to finance any incremental new, used, or demonstrator inventory as part of the Fund's revolving floorplan facility with CFC. The Fund's franchise agreements with these manufacturers require the Fund to maintain floor plan financing at these dealerships.

However, as part of Chrysler's announcement of its filing for creditor protection as discussed above, Chrysler indicated that it has signed a financial services arrangement in principle with General Motors Acceptance Corporation ("GMAC") for GMAC, as of May 1, 2009, to become the preferred retail and wholesale lender for CDJ dealerships. It is the Fund's understanding that such support will be offered for six months, following which GMAC shall undertake a dealership by dealership review of all CDJ dealers to determine if it will continue to provide some or all such financing thereafter. The Fund is in the process of completing the required GMAC applications. The Fund has no assurance as yet as to whether its applications will be accepted by GMAC for all or any of its CDJ dealerships. In addition, the Fund has no assurance that any such funding approved shall be extended beyond the initial six month period. The Fund is presently seeking from third parties floor plan financing for its import dealerships. The Fund has no assurance at this time that it shall be successful in securing such funding. Under current credit conditions, potential third party floor plan lenders are typically demanding security in the form of; security on the vehicles floor planned; a buy-back guarantee from the vehicle manufacturer for the vehicle being floor planned; and additional security such as the dealership's assets and/or security on the real estate from which the dealership operates. The Fund is not able to provide such security generally for it does not own the land and building, out of which it operates its dealerships, save in the case of its Cambridge Hyundai dealership and in most cases the dealership assets have been pledged as security to CFC as part of the credit facility with CFC. This may pose additional challenges to the Fund in its efforts to secure floor plan financing. The failure to so secure such funding would put the Fund's franchise agreements at risk in respect to those dealerships for which it does not secure floor plan funding.

The health of Chrysler Financial Canada is unknown at this time

Chrysler has announced that there will be a wind down of Chrysler Financial in the United States. This may result in a wind down of CFC's business as well. The Fund cannot predict the likelihood of a wind down of CFC's business; the outcome of any such wind down; and/or assurances as to whether the Fund's credit facility with CFC shall remain in effect through the course of any such wind down.

AutoCanada Income Fund signs amendment to credit agreement with CFC

On May 1, 2009, the Fund signed an amendment to the current credit agreement with CFC (confirmed signed by CFC on May 6, 2009) which terminated the Fund's revolving term facility and converted the Fund's $21.6 million term debt outstanding into a seven year non-revolving fixed term loan facility to be repaid in monthly interest and principal repayments, bearing interest at the rate of 8.5 percent per annum for the first year of the term loan only (interest rates for each subsequent year will be subject to an annual rate renewal as determined by CFC). In addition, the fixed charge ratio has been amended to 1.20 for the second, third, and fourth quarters of 2009 returning to 1.75 for the first quarter of 2010 and beyond. The interest rates of the revolving floorplan facility were also amended to CFC's standard floorplan interest rate that it charges to other Chrysler dealerships in Canada. The new wholesale floorplan rate for the Fund is the CFC prime rate plus 0.25% for new vehicles and CFC prime rate plus 1.00% for used vehicles. The CFC prime rate is defined as the greater of the bank prime rate or 4.00%.

Impact on the Fund of recent developments at Chrysler, Chrysler Canada and CFC

Although the Fund has reduced its exposure to Chrysler Canada since its IPO in 2006, with eleven of its twenty-two dealerships being CDJ dealerships and 74% of its revenue generated from CDJ dealerships, among other things, the Fund has significant commercial and economic dependence on Chrysler, Chrysler Canada and CFC as noted above. Were Chrysler, Chrysler Canada and/or CFC to cease operations or otherwise wind down their respective business, the Fund would experience a material adverse effect on the Fund's results from operations, cash flows and financial condition, unless, in the case of a CFC wind down, the Fund were able to secure financing elsewhere to replace its floor plan (see above). Further, if Chrysler emerges from Chapter 11 creditor protection, it may result in the termination of certain makes or brands of vehicles, and/or the termination of some or all of the Fund's franchises, as well as reduce consumer demand for some or all of Chrysler's products, thus adversely affecting the revenue of the Fund. As a result, a potential liquidation, restructuring, merger or other major event impacting Chrysler Canada and/or CFC could have a significant adverse effect on the Fund's future operations.

Credit Facilities

In 2006, we entered into a Credit Agreement (collectively referred to herein as the Credit Facility) with CFC that provides the following:

- Revolving Floor Plan Facility of up to $183.1 million to finance new, demonstrator, and used vehicles that bears interest at Royal Bank of Canada ("RBC") prime rate less 0.25%
- Revolving Term Facility of up to $50,000 available to finance working capital and the acquisition of automobile dealerships that bears interest at RBC prime rate for amounts borrowed not exceeding the borrowing base and RBC prime plus 0.75% for amounts borrowed in excess of the borrowing base.

Amounts drawn on the Credit Facility to assist in the financing of our working capital are primarily used for used vehicles, parts inventory and general corporate purposes, including financing the costs incurred in equipping our Open Points, and in purchasing new equipment for our existing dealerships. Amounts drawn on the Credit Facility to assist in acquisitions have been used to finance acquisitions of franchised automobile dealerships. These facilities are available on a revolving basis. On the basis of our interim consolidated financial statements, at March 31, 2009 the amount of the Credit Facility that has been drawn on for acquisitions and working capital is approximately $21.6 million.

Our indebtedness and liabilities under the Credit Facility are to be secured by all of the present and future assets of the Partnership, AutoCanada GP, each of the Dealer LPs and each of their general partners, including the limited partnership and general partnership interests of the Partnership in each of the Dealer LPs and the shares held by AutoCanada GP in the general partners of each of the Dealer LPs.

The Credit Agreement prohibits distributions by the Partnership if the amount to be distributed would exceed our distributable cash flow, a default has occurred, the distribution would result in a default or the distribution would result in a Dealer LP having less than its required minimum working capital. In addition, if advances for working capital and acquisitions exceed our Borrowing Base, we are required to repay the excess amount. These provisions could limit distributions of our available cash, unless sufficient funds are available for repayment of advances of the Credit Facility.

Both the Revolving Floorplan Facility and the Revolving Term Facility require maintenance of certain financial covenants and are collateralized by a general security agreement consisting of a first security interest on all present and future property. The Credit Facility may in certain circumstances restrict the ability of the Fund to pay distributions if the payment would result in a default under the Credit Facility. The financial covenants of the credit facilities with CFC consist of the following:

(i) The Current Ratio shall not be less than, on a consolidated basis, 1.15:1 at any time; and
(ii) The Fixed Charge Ratio shall not be less than, on a consolidated basis, 1.75:1 at any time; and
(iii) The Debt to Equity Ratio shall not be greater than 0.90:1 at any time.

At March 31, 2009, the Fund was in compliance with these covenants. Additional information relating to the Credit Facility with CFC can be found on SEDAR (www.sedar.com).

On May 1, 2009, the Fund signed an amendment to the current credit agreement with CFC (confirmed signed by CFC on May 6, 2009) which terminated the Fund's revolving term facility and converted the Fund's $21.6 million term debt outstanding into a seven year non-revolving fixed term loan facility to be repaid in monthly interest and principal repayments, bearing interest at the rate of 8.5 percent per annum for the first year of the term loan only (interest rates for each subsequent year will be subject to an annual rate renewal as determined by CFC). In addition, the fixed charge ratio has been amended to 1.20 for the second, third, and fourth quarters of 2009 returning to 1.75 for the first quarter of 2010 and beyond. The interest rates of the revolving floorplan facility were also amended to CFC's standard floorplan interest rate that it charges to other Chrysler dealerships in Canada. The new wholesale floorplan rate for the Fund is the CFC prime rate plus 0.25% for new vehicles and CFC prime rate plus 1.00% for used vehicles. The CFC prime rate is defined as the greater of the bank prime rate or 4.00%.

Floor Plan Financing

Franchised automobile dealerships finance their new vehicle inventory (and in some instances a portion of their used vehicle inventory) by way of floor plan financing, which is offered by the automobile manufacturers' captive finance companies, banks and specialty lenders. Our floor plan financing for our owned dealerships is currently provided by CFC, including financing for our non-Chrysler Canada dealerships. Our floor plan financing for our managed dealerships is currently provided by the Bank of Nova Scotia.

Although the structures used in floor plan financing vary, a floor plan lender typically finances 100% of the purchase price of a new vehicle from the time of purchase by the dealership (which occurs when production of the new vehicle is completed).

The individual notes payable of the CFC Revolving Floorplan are due when the related vehicle is sold. In 2008, CFC made changes to its wholesale floorplan program which in turn affected our Revolving Floorplan Facility. As part of the changes, CFC enforced its curtailment policy which requires the Fund to pay down vehicles financed through the Revolving Floorplan Facility based on the aging of the vehicle, regardless of whether the vehicle has been sold. The curtailment policy is as follows:

Effective October 1, 2008:

- New 2007 vehicles and prior year models to be paid down to $1,000 or less by December 31, 2008;
- New vehicles over 360 days require a 20% reduction by December 31, 2008, 10% reduction every 60 days thereafter;
- Used vehicles over 180 days require a 20% reduction by December 31, 2008, 10% reduction every 30 days thereafter.

Effective January 1, 2009:

- New vehicles reaching 271 days require a 10% reduction and 10% reduction every 60 days thereafter;
- Used vehicles reaching 181 days require a 10% reduction and 10% reduction every 30 days thereafter;
- Demonstrators require a 2% reduction monthly beginning the month the vehicle is placed into Demonstrator service. A further reduction of 10% will be due at 271 days and every 60 days thereafter.

At March 31, 2009 the amount owed by us under our floor plan financing with CFC was approximately $109.0 million. The notes payable for new and demonstrator vehicles bear interest at Royal Bank of Canada's prime rate less 0.25% per annum (2.25% at March 31, 2009). The floor plan notes payable are collateralized by a general security agreement consisting of a first security interest on all present and future property, the Fund's accounts receivable, new, used and demonstrator vehicles.

As noted above, on April 30, 2009, letters were received by each of the Fund's CDJ dealerships indicating that CFC had temporarily suspended all incremental wholesale floorplan financing. At this time, twenty of the twenty-two dealerships owned or operated by the Fund are unable to finance any incremental new, used, or demonstrator inventory as part of the Fund's revolving floorplan facility with CFC. The Fund's franchise agreements with these manufacturers require the Fund to maintain floor plan financing at these dealerships.

However, as part of Chrysler's announcement of its filing for creditor protection as discussed above, Chrysler indicated that it has signed a financial services arrangement in principle with General Motors Acceptance Corporation ("GMAC") for GMAC, as of May 1, 2009, to become the preferred retail and wholesale lender for CDJ dealerships. It is the Fund's understanding that such support will be offered for six months, following which GMAC shall undertake a dealership by dealership review of all CDJ dealers to determine if it will continue to provide some or all such financing thereafter. The Fund is in the process of completing the required GMAC applications. Although the Fund anticipates having the ability to finance future purchases of new, used, and demonstrator inventory with GMAC for its CDJ dealerships, the Fund has no assurance as yet as to whether its applications will be accepted by GMAC for all or any of its CDJ dealerships. In addition, the Fund has no assurance that any such funding approved shall be extended beyond the initial six month period. The Fund is presently seeking from third parties floor plan financing for its import dealerships. The Fund has no assurance at this time that it shall be successful in securing such funding. Under current credit conditions, potential third party floor plan lenders are demanding security in addition to the vehicles floor planned. In the usual case this security is in the form of a charge against the land and building out of which the dealership operates. The Fund is not able to provide such security generally for it does not own the land and building out of which it operates its dealerships save in the case of its Cambridge Hyundai dealership. This may pose additional challenges to the Fund in its efforts to secure floor plan financing. The failure to so secure such funding would put the Fund's franchise agreements at risk in respect to those dealerships for which it does not secure floor plan funding.

The BNS Revolving Floorplan Facility from the Bank of Nova Scotia ("BNS") is available to the two dealerships managed by the Fund. The BNS Revolving Floorplan Facility is available to finance new, used and demonstrator vehicles, is $9,250, bears interest at Bank of Nova Scotia prime rate plus 0.75% (3.25% at March 31, 2009) for new and demonstrator vehicles and bears interest at Bank of Nova Scotia prime rate plus 1.75% (4.25% at March 31, 2009) for used vehicles and is payable monthly in arrears. The BNS Revolving Floorplan Facility requires maintenance of certain financial covenants and is collateralized by a general security agreement consisting of first security interest on all present and future property of the managed dealership, a $1,000 guarantee from the Fund, and the managed dealerships' new, used and demonstrator vehicle inventory. The individual notes payable of the BNS Revolving Floorplan Facility are due when the related vehicle is sold. The balance outstanding on the BNS Revolving Floorplan Facility as of March 31, 2009 is approximately $5.6 million.

Financial Instruments

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, revolving floorplan facilities, distributions payable and long-term debt.

The Fund has made the following classifications:

- Cash and cash equivalents and restricted cash are classified as financial assets held for trading and are measured at fair value. Gains and losses related to subsequent revaluations are recorded in net earnings;
- Accounts receivable are classified as loans and receivables and are initially measured at fair value with subsequent measurement at amortized cost. All accounts receivable bad debts are charged to selling, general and administrative expenses;
- Accounts payable and accrued liabilities, revolving floorplan facilities, distributions payable, and long-term debt are classified as other liabilities and are initially measured at fair value with subsequent measurement at amortized cost;
- Transaction costs are expensed as incurred for financial instruments; and,
- Interest expense is recorded in net earnings.

Financial risk management

The Fund's activities are exposed to a variety of financial risks of varying degrees of significance which could affect the Fund's ability to achieve its strategic objectives. The Fund's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to reduce potential adverse effects on the Fund's financial performance. Risk management is carried out by financial management in conjunction with overall Fund governance. The principal financial risks to which the Fund is exposed are described below.

(a) Foreign currency risk

Foreign currency risk arises from fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Fund is not significantly exposed to foreign currency risk.

(b) Interest rate risk

The Fund's Revolving Floorplan Facilities and Revolving Term Facility are subject to interest rate fluctuations and the degree of volatility in these rates. The Fund does not currently hold any financial instruments that mitigate this risk. At March 31, 2009, a change in the annual interest on floating rate debt of one percent would result in a change in annual interest expense of approximately $1,469.

(c) Market risk

Exposure to financial market risk is limited since there are no significant financial instruments which will fluctuate as a result of changes in market prices.

(d) Credit risk

The Fund's exposure to credit risk associated with its accounts receivable is the risk that a customer will be unable to pay amounts due to the Fund or its subsidiaries. Concentration of credit risk with respect to contracts-in-transit and accounts receivable is limited primarily to automobile manufacturers and financial institutions (see *Note 1 – Going concern, economic dependence and measurement uncertainty* in the interim consolidated financial statements for further discussion of the Fund's economic dependence on Chrysler and associated credit risk). Credit risk arising from receivables from commercial customers is not significant due to the large number of customers dispersed across various geographic locations comprising our customer base.

Accounts receivable are aged at March 31, 2009 by the following approximate percentages:

Current	87%
31 to 60 days	7%
61 to 90 days	3%

91 to 120 days	2%
Over 120 days	1%

The Fund evaluates receivables for collectability based on the age of the receivable, the credit history of the customers and past collection experience. The allowance for doubtful accounts amounted to $439 as of March 31, 2009 ($830 as of March 31, 2008). Allowances are provided for potential losses that have been incurred at the balance sheet date. The amounts disclosed on the balance sheet for accounts receivable are net of the allowance for bad debts. Concentration of cash and cash equivalents exist due to the significant amount of cash held with CFC.

(e) Liquidity risk

Liquidity risk is the risk that the Fund is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Fund's growth is financed through a combination of the cash flows from operations, borrowing under existing credit facilities and the issuance of equity. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through adequate amount of committed credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as cash flows.

The Fund is exposed to liquidity risk as a result of its economic dependence on automobile manufacturers. Refer to *Note 1 – Going concern, economic dependence and measurement uncertainty* of the interim consolidated financial statements for further information regarding the Fund's economic dependence on Chrysler and its effect on the Fund's liquidity.

The Fund's financial liabilities have contractual maturities which are summarized below:

	Current within 12 months	**Non-current 1-5 years**
	$	**$**
Accounts payable and accrued liabilities	20,696	-
Revolving floorplan facility	114,625	-
Long-term debt	4,255	20,586
	139,576	20,586

(f) Fair value

The estimated fair value of accounts receivable, accounts payable and accrued liabilities, revolving floorplan facilities and distributions payable approximate carrying value due to the relatively short-term nature of the instruments. The estimated fair value of long-term debt approximates the carrying value because interest rates are floating and approximate market rates at the period end.

Capital Expenditures

Our capital expenditures consist primarily of leasehold improvements, the purchase of furniture and fixtures, service vehicles, computer hardware and computer software. Management expects that our annual capital expenditures will increase in the future, as a function of increases in the number of locations requiring maintenance capital expenditures, the cost of opening new locations and increased spending on information systems. As a result of the recent announcement of CFC to temporarily suspend the Fund's floor plan facility, management cannot presently determine if cash flow generated from operations is sufficient to fund our debt service, working capital requirements and capital spending for the next year.

In 2006, the Fund announced that it was undertaking to convert its dealerships to a common upgraded software platform and had entered into a contract with ADP to work with the Fund to install and train the dealership staff to utilize ADP's next generation of dealership accounting software. During 2008, the Fund continued its upgrade of existing dealership management software supplied by ADP. We currently have three remaining locations that are supplied by other dealership management software companies and plan to convert them to ADP in the future. This is a significant tool to enable continued improvement in information processing efficiencies, standardization of key business processes and to share best practices across all dealerships.

Costs related to the Open Points are treated as growth capital when incurred (see Acquisitions and Open Points above).

In the first quarter, the Fund completed the relocation to new premises of its Capital Chrysler dealership located in Edmonton Alberta. The Capital Chrysler dealership was relocated to a new approximate 55,000 square foot facility in Edmonton, Alberta. By the late second quarter of 2009, the Fund anticipates relocating its Crosstown Chrysler dealership to a new approximate 80,000 square foot facility located in Edmonton, Alberta. All such relocations result in additional capital expenditures for leasehold improvements, furniture and fixtures, service vehicles, computer hardware, and computer software. The purpose of these relocations is to offer customers improved facilities to better enhance the sales and service experience, as well as offer increased service capacity which in turn should lead to increased profitability. The Capital Chrysler and Crosstown Chrysler dealerships collectively will add a further 39 service bays.

The relocation date indicated above is based on management estimates and is dependent on numerous factors such as weather conditions and the availability of construction labour and equipment. Some of these factors are beyond management's control. As mentioned above, the Fund has plans to relocate its largest and most profitable dealership in the second quarter of 2009. This dealership is currently under construction and upon completion of construction is intended to be leased by the Fund from a related party, assuming an appropriate leasehold agreement can be negotiated between the Fund and the related party. The construction of the new dealership is currently being funded by CFC. The Fund assumes that CFC shall fund the completion of construction of this facility, but as it does not know the financial health of CFC, based on CFC's recent steps regarding the Fund's floor plan financing (see above), the Fund is not able to predict if the facility will be completed on time, or if at all. In the event that construction is not completed, the dealership shall not be relocated, an event which would affect future growth opportunities at this dealership.

Currently, the Fund rents its dealership facilities from third parties which in some cases include CAG.

On March 13, 2009, a commitment to purchase lands located at 17385 Leslie Street, Newmarket, ON, the land on which Doner Infiniti Nissan operates from, was transferred from a related party to the Fund, thereby committing the Fund to purchase the above land for $6,000 (which is equal to its appraised value as of February 7, 2008) less a $500 deposit made by the Fund, on or before October 1, 2010.

Contractual Obligations

The table below sets forth, as at March 31, 2009, the material contractual obligations of the Fund, due in the years indicated, which relate to various premises and equipment leases. The long term debt includes the revised principal repayment structure of the amended credit agreement with CFC.

(In thousands of dollars)	Leases	Land Purchase	Long-term Debt	Total
	$	$	$	$
Less than one year	7,650	-	2,521	10,171
One to three years	13,319	6,000	6,401	25,720
Four to five years	6,174	-	5,721	11,895
Thereafter	20,252	-	11,354	31,606
	47,395	6,000	25,997	79,392

Normal Course Issuer Bid

In August 2008, we received regulatory approval from the Toronto Stock Exchange to purchase for cancellation, from time to time, as we consider advisable, our issued and outstanding units. Pursuant to the normal course issuer bid (the "Bid"), we may purchase for cancellation up to a maximum of 547,475 units, being approximately 5% of our outstanding "public float". The Bid commenced on August 21, 2008 and will terminate on August 20, 2009 or such earlier time as the Bid is completed or terminated at our option.

During 2008, the Fund purchased for cancellation 376,070 units at an average cost of $2.46 per unit for total cash consideration of $926. At December 31, 2008, all repurchased units had been cancelled with the difference between purchased cost and carrying value being charged to contribute surplus. For the three months ended March 31, 2009, nil units had been repurchased.

Financial Position

The following table shows selected audited balance of the Fund for March 31, 2009 as well as unaudited balances of the Fund at December 31, 2008, September 30, 2008, June 30, 2008, March 31, 2008, September 30, 2007 and June 30, 2007.

	The Fund							
Balance Sheet Data	**March 31, 2009**	**December 31, 2008**	**September 30, 2008**	**June 30, 2008**	**March 31, 2008**	**December, 31, 2007**	**September 30, 2007**	**June 30, 2007**
Cash and cash equivalents	12,522	19,592	19,194	18,459	15,298	18,014	20,179	21,077
Accounts receivable	33,821	31,195	39,390	35,374	36,411	34,274	39,940	35,980
Inventories	116,478	139,948	134,565	135,447	132,549	142,128	147,419	132,814
Total assets	229,839	257,104	338,296	374,912	364,879	374,341	387,263	369,678
Revolving floorplan facilities	114,625	137,453	135,562	131,505	134,023	143,655	152,390	133,731
Total long term liabilities	25,438	25,522	31,836	35,837	28,831	20,174	30,228	30,795

Net Working Capital

The automobile manufacturers represented by the Fund require the Fund to maintain a minimum net working for each individual dealership. At March 31, 2009, all working capital requirements had been met by each dealership.

Off Balance Sheet Arrangements

The Fund has not entered into any off balance sheet arrangements.

Related Party Transactions

Note 9 to the interim consolidated financial statements of the Fund summarize the transactions between the Fund and its related parties. These transactions are management and non-competition fees received and rents paid to companies with common ownership, management and directors. In addition, there are consulting fees paid to a company controlled by a trustee. The total management and non-competition fees received from a director and companies with common directors for the three month ended March 31, 2009 was $178. We lease thirteen of our twenty-two locations as of March 31, 2009 from related parties to the Fund. The total rent paid by us to the related parties for the three month ended March 31, 2009 was $1,933. The total consulting fees paid to a company controlled by a Trustee for the three month ended March 31, 2009 was $19. We have received advice from a national real estate appraisal company that the market rents at each of our facilities leased from related parties of the Fund were at fair market value rates when the leases were entered into. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On February 7, 2007, we granted consent to Patrick Priestner to own and operate a new Toyota dealership, Sherwood Park Toyota. In 2008, Toyota Canada advised that they were not prepared to accept the Fund as a purchaser of its dealerships. Upon receipt of outside legal advice, the Trustees of the Fund and AutoCanada have determined that it is in the best interests of the Fund and AutoCanada to waive the non-competition agreement as it relates to the Sherwood Park Toyota dealership in consideration for a one-time payment that was made to AutoCanada in the first quarter of 2009.

Critical Accounting Policies

Except as noted in the *Changes in Accounting Policies and Initial Adoption* section of this MD&A, there are no significant changes in our critical accounting policies since December 31, 2008 as described in the Management Discussion and Analysis for the year-ended December 31, 2008 available at www.sedar.com.

Changes in Accounting Policies and Initial Adoption

The Fund adopted new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). The new standards and accounting policy changes are as follows:

a) Future Income Taxes (Emerging Issues Committee ("EIC") Abstract No 171)

On September 1, 2008, the Fund adopted EIC-171, "Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through." This abstract requires that future income taxes related to temporary differences associated with the assets and liabilities attributable to exchangeable interest is presented as part of unitholders' equity, the future income taxes should be accounted for as a capital transaction at the time of conversion. Application should be retrospective with restatement of prior periods commencing with the period that includes the date of substantive enactment of the changes to the Income Tax Act (June 30, 2007). The adoption of this abstract resulted in the following adjustments to the consolidated balance sheet and income statement {increase (decrease)}:

	Three months ended March 31, 2009	***Three months ended March 31, 2008***
Long-term future income tax liability	-	(8,259)
Future income tax expense	-	(280)
Opening deficit	-	(7,979)

b) Goodwill and intangible assets

In February, 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", replacing Handbook Section 3062, "Goodwill and Other Intangible Assets" and Handbook Section 3450, "Research and Development Costs". The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in previous Handbook Section 3062. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, specifically January 1, 2009 for the Fund. The adoption of this Section did not have any impact on our financial position or results from operations.

c) Credit risk and the fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") issued a new abstract EIC 173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not impact the Fund's financial statements.

d) Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued three new standards:

Business combinations, Section 1582
This section replaces the former Section 1581 "Business combinations" and provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 "Business Combinations" (January 2008). The new standard requires

the acquiring entity in a business combination to recognize most of the assets acquired and liabilities assumed in the transaction at fair value including contingent assets and liabilities; and recognize and measure the goodwill required in the business combination or a gain from a bargain purchase. Acquisition-related costs are also to be expensed.

Consolidated financial statements, Section 1601 and Non-controlling interests, Section 1602
These two sections replace Section 1600 "Consolidated financial statements". Section 1601 "Consolidated financial statements" carries forward guidance from Section 1600 "Consolidated financial statements" with the exception of non-controlling interests which are addressed in a separate section. Section 1602 "Non-controlling interests" is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 "Consolidated and Separate Financial Statement" (January 2008). This standard requires the Fund to report non-controlling interest within equity, separately from the equity of the owners of the parent, and transactions between an entity and non-controlling interests as equity transactions.

All three standards are effective January 1, 2011, at which time Canadian public companies will have adopted either IFRS or, for certain public companies, U.S. GAAP, as permitted by Canadian securities regulations. As such, adoption of these standards by the Fund is not expected unless they are early adopted. Early adoption is permitted; however, the early adoption of one of the three standards would require adoption of the other two standards. Should the Fund engage in a business combination prior to 2011, consideration will be given to the potential impact of the early adoption of these standards.

e) Convergence with International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed the mandatory changeover date from GAAP to IFRS. The change will take effect January 1, 2011. The Fund will prepare IFRS compliant financial information beginning January 1, 2010 to produce comparable information for the first IFRS consolidated financial statements published in 2011.

The Fund has completed the diagnostic phase of its transition plan and major differences identified which may have the most significant impact on the Fund are property and equipment, intangible assets, and unitholders' equity. The impact of these differences and the complete conversion to IFRS are currently being evaluated by the Fund.

Critical Accounting Estimates

Use of estimates and measurement uncertainty

The preparation of unaudited interim consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these unaudited interim consolidated financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. We periodically evaluate estimates and assumptions used in the preparation of the financial statements and make changes on a prospective basis when adjustments are necessary.

The following significant estimates have been made by the Fund in the accompanying unaudited interim consolidated financial statements, which given recent events as described in Note 1 of the unaudited interim consolidated financial statements, could require a material change in future periods.

Inventories

Inventories are recorded at the lower of cost and net realizable value with cost determined on a specific item basis. In determining net realizable value for new vehicles, the Fund primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used vehicles, the Fund considers recent market data and trends such as loss histories along with the

current age of the inventory. In making its assessment at March 31, 2009, management has not included any possible impairment related to the events described in Note 1 of the unaudited interim consolidated financial statements.

Intangible assets

The Fund's identifiable intangible assets are rights under franchise agreements with automobile manufacturers. The Fund assesses the carrying value of these unlimited life intangible assets for impairment annually, or more frequently, if events or changes in circumstances indicate that their carrying value may not be recoverable. In making its assessment at March 31, 2009, management has not included any possible impairment related to the events described in Note 1 of the unaudited interim consolidated financial statements.

Allowance for doubtful accounts

The Fund evaluates receivables for collectability based on the age of the receivable, the credit history of the customer and past collection experience. In making its assessment at March 31, 2009, management has not included any possible impairment related to the events described in Note 1of the unaudited interim consolidated financial statements.

Other

In addition to the above, the significant estimates made by the Fund in the accompanying interim consolidated financial statements include certain assumptions related to accruals for chargebacks against revenue recognized from the sale of finance and insurance products and the accrual of potential contingencies.

Enacted tax changes for Canadian income trusts

There have been no significant enacted tax changes for Canadian income trusts since December 31, 2008 as described in the Management Discussion and Analysis for the year-ended December 31, 2008 available at www.sedar.com.

Internal Controls over Financial Reporting

Management of the Fund is responsible for establishing and maintaining adequate internal controls over financial reporting. These controls include policies and procedures that (l) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Fund; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Fund; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Fund's assets that could have a material effect on the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Fund's management acknowledges that its internal controls over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

Management assessed the effectiveness of the Fund's internal control over financial reporting as of December 31, 2008, based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that the company maintained effective internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There have been no changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting during the three month period ended March 31, 2009.

Future Accounting Policies - International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed in February 2008 that publicly accountable entities will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements on January 1, 2011.

AutoCanada has a multiyear transition plan which includes four phases – diagnostic, project planning, policy design and implementation. In 2008, the Fund completed the diagnostic phase and has identified the relevant differences between GAAP and IFRS. The Fund is in the policy design stage and is also assessing the impact of policy alternatives on its financial statements, systems, processes and controls. As the transition progresses, the Fund will provide increased clarity into the anticipated consequences of accounting policy changes. The Fund is in the process of developing a detailed project plan for 2009 and 2010 which will include staff communications, a training plan and an external stakeholder's communication plan. Policy design will be completed in 2009 and implementation will begin during the remainder of 2009 and be completed by the end of 2010.

Changes in accounting policies and processes and collection of additional information for disclosure will require modifications to the Fund's information technology systems and processes as well as its system of internal controls. The impact on internal controls over financial reporting and disclosure controls and procedures will be determined during the policy design and implementation phases.

Outlook

The outlook regarding vehicle sales in Canada is difficult to predict.

Canadian new vehicle sales have decreased by 21.8% in the first quarter of 2009 when compared to the first quarter of 2008. As evident in the following chart, such sales are predicted to decrease by approximately 19.0 percent in 2009.

New Vehicle Sales Outlook by Province*

(thousands of units, annual rates)

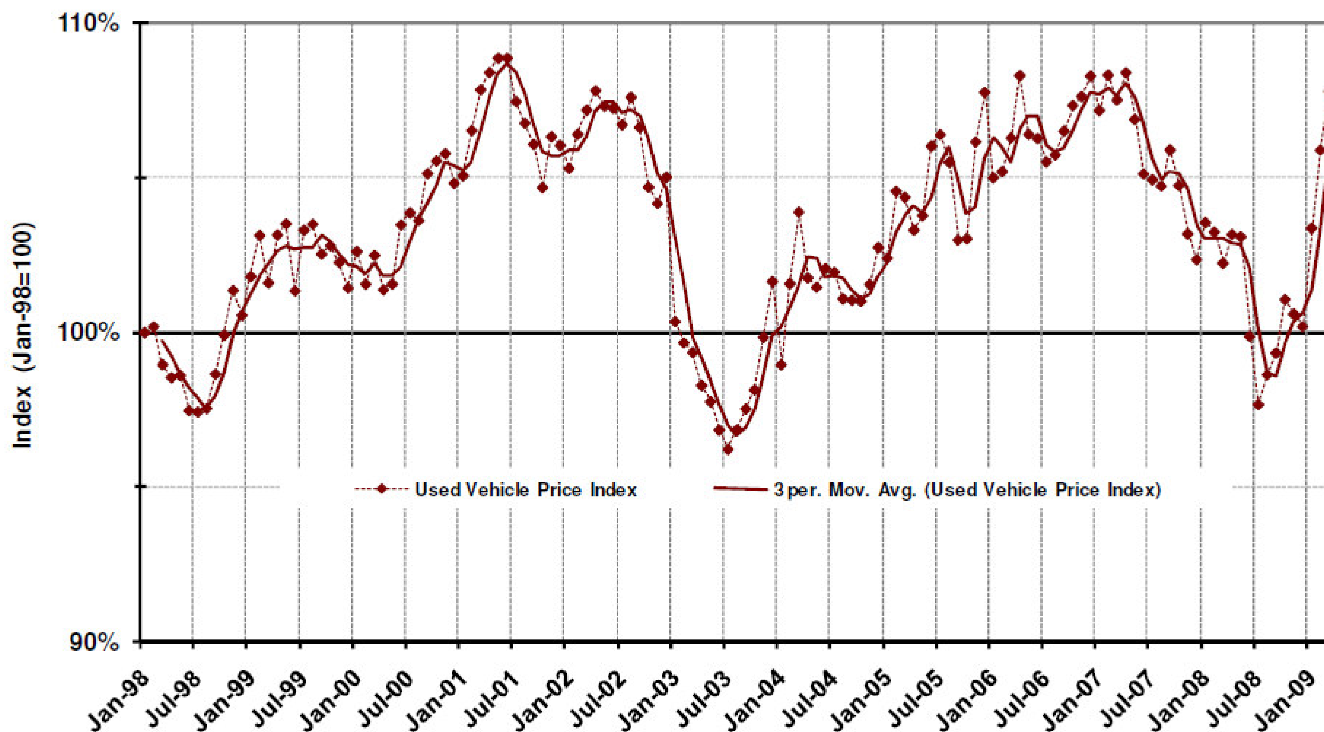
	1994-2005 Average	2006	2007	2008	2009f
Canada	**1,446**	**1,614**	**1,654**	**1,642**	**1,380**
Atlantic	**102**	**110**	**118**	**127**	**111**
Central	**936**	**997**	**1,001**	**1,010**	**832**
Quebec	366	396	408	430	357
Ontario	570	601	593	580	475
West	**408**	**507**	**535**	**505**	**437**
Manitoba	42	44	45	46	41
Saskatchewan	36	38	44	48	46
Alberta	166	236	249	232	195
British Columbia	164	189	197	179	155

* Includes cars and light trucks

Source: Scotia Economics - Global Auto Report, April 29, 2009

The first quarter of 2009 presented many challenges for automotive retailers in Canada. The Canadian economy in general revealed signs of deterioration which may have an indirect effect on automotive sales such as increasing unemployment rates and decreased gross domestic product. We have also witnessed near unprecedented volatility in the capital markets generally, uncertainty as to the future direction of one of our manufacturers, a tightening of credit markets, a recession in the U.S and Canadian economies, and decreasing commodity prices, some or all of which could directly or indirectly negatively impact on the sales of new vehicles. Additionally, the appreciation of the U.S. dollar relative to the Canadian dollar puts at risk some of the price reductions of new vehicles which were a result of the prior increase in the relative value of the Canadian dollar. Finally, gross margin per new and used vehicle retailed may continue to be negatively impacted as a result of the shift in consumer preferences from trucks and large sport utility vehicles toward more fuel efficient passenger cars and crossover vehicles from which we will earn lower margins, with continued price volatility anticipated.

As noted in the *Economic dependence* section above, Chrysler, the parent company of one of the Fund's major suppliers, has filed for Chapter 11 creditor protection in the United States. The Fund has very little insight as to the uncertainties surrounding Chrysler, Chrysler Canada, and CFC which makes it very difficult to forecast the future results of the Fund at this time.



Source: ADESA Canada

Risk Factors

- The future viability of the CDJ brands are important factors in the Fund's ability to continue its business operations as we are economically dependent on them. The financial viability of Chrysler, Chrysler Canada and CFC are unknown to the Fund. See Note 1 in the unaudited interim consolidated financial statements for further information regarding economic dependence. The filing of Chrysler for Chapter 11 creditor protection in the United States presents a number of additional risks to the Fund:

  - Were Chrysler or Chrysler Canada to wind down their operations, and/or cease producing some or all of its brands or models, the Fund would experience materially adverse financial consequences including the material loss of revenue, possible inability to collect significant amounts owed to the Fund from Chrysler Canada; a materially adverse write down on the value of its CDJ vehicle inventory and intangible assets; and other adverse financial consequences.

  - Were Chrysler to emerge from Chapter 11 in the U.S. on the basis of a restructuring that would cause Chrysler Canada to close some of its dealerships, the Fund could lose one or more of its CDJ franchises.

  - Chrysler has announced, as part of its creditor protection filing, that it has ceased operations at all of its manufacturing facilities, to be resumed at such time as it emerges from creditor protection, which it has estimated to be 30 to 60 days. The Fund has adequate CDJ vehicle inventory for approximately 90 days. Should Chrysler not emerge within the anticipated time period, the Fund's CDJ dealerships will begin to run low on inventory, thus negatively impacting revenue.

- If CFC winds down its business, or does not agree to reopen its floor plan financing to the Fund, and the Fund cannot otherwise secure replacement floor plan financing for its import dealerships, and/or if the Fund is not successful in securing its financing for its CDJ dealerships from GMAC, it could lose the franchise rights for one or more of its dealerships. See *Floor Plan Financing* for further discussion of the risks associated with this issue.

- Chrysler Canada may not be able to continue to offer competitive financial incentives in respect to new vehicle sales, which, if not provided, could adversely affect the Fund's new vehicle sales revenues and gross profits.

- In summary, one or more of the above events could put the continued viability of the Fund at risk, and the Fund presently has no ability to determine the extent of the risk or the likelihood of one or more of the above events occurring.

- The terms of the recently signed amended credit facility contain interest rates that are higher than the previous credit facility. The non-revolving fixed term loan requires the Fund to make principal repayments over the seven year term. The required principal repayments and higher interest rates will decrease the Fund's future cash flows which may impact future distribution levels. In addition, the non-revolving fixed term loan does not allow the Fund to draw additional funds for acquisitions, working capital, or any other future cash requirements. This may limit the Fund's ability to grow its business. The amended covenants provide for a fixed charge ratio of 1.20 for the remainder of 2009, however the ratio returns to 1.75 in the first quarter of 2010. The Fund is uncertain as to whether it can satisfy this financial covenant in the future, and, if so, it would be in breach of its credit agreement with CFC. These are all additional risks to the Fund.

- The willingness of lenders to continue to provide adequate financing to consumers to finance the purchase of vehicles in similar numbers and/or at continued attractive rates is a risk to the Fund. Automobile dealers are dependent upon such credit being made available to consumers, and any reduction of same could reduce sales.

- Uncertainty in the capital markets and the Canadian economy generally may result in limited access to capital, as well as potentially higher interest rates are risks in the Fund's activities.

- Additional intangible asset impairment losses could have an adverse impact on our ability to satisfy the financial ratios or other covenants under our credit agreements and could have a material adverse impact on our results of operations and unitholders' equity.

- The anticipated relocation of Crosstown Chrysler in Edmonton in the second quarter of 2009 may result in short term reduced profitability at this location as existing customers are transitioned to the new location and new customers are added.

- The continued volatility of the Canadian dollar relative to the U.S. dollar could result in price increases of vehicles and vehicle parts, which could negatively impact on sales.

- The dates on which holidays fall can reduce or increase the number of selling days available from month to month which can impact the financial results of the Fund from one quarter to another on a year over year basis.

For a discussion of these risks and other risks associated with the Fund Units, see "Risk Factors" detailed in the Fund's Annual Information Form dated March 23, 2009 which is available at www.sedar.com.

Additional information

Additional information relating to the Fund, including all public filings, is available on SEDAR (www.sedar.com). The Fund's Units trade on the Toronto Stock Exchange under the symbol ACQ.UN.