

May 8, 2007

Attention Business/Financial Editors:

AutoCanada Income Fund releases financial results for the reporting period ended March 31, 2007:

A conference call to discuss first quarter results will be held on Wednesday, May 9, 2007 at 1:00 p.m. MDT, 3:00 p.m. EDT. To participate in the conference call, please dial 1-800-587-1893 or 416-644-3428 approximately 10 minutes prior to the call. A live and archived audio webcast of the conference call will also be available on the Fund's website www.autocan.ca.

EDMONTON, Alberta, - AutoCanada Income Fund (the "Fund") (TSX: ACQ.UN) today announced financial results for the three-month period ended March 31, 2007. For information purposes, the Fund has also provided a compilation of results for the year ended December 31, 2006, combining financial results for the period from May 11, 2006 to December 31, 2006 with selected unaudited results of operations of Canada One Auto Group ("CAG"), the Fund's predecessor for the period from January 1, 2006 to May 10, 2006.

In commenting on the results of the past quarter Patrick Priestner, AutoCanada's founder and Chief Executive Officer commented that "We are especially pleased with the significant increases in gross profit, both overall and on a same-store basis, by each of our new vehicle, parts, service and collision, and F & I businesses, all of which reflects well on our business model."

Mr. Priestner further noted that "Although much of the success of the past quarter reflects the tremendous efforts of our dealer principals, dealership staff, and head office employees, of equal importance was the strength of our relationship with each of our manufacturer partners, and their successful launch of improved product offerings, thereby enhancing the value of their Chrysler, Dodge, Jeep®, Hyundai, Nissan and Subaru brands. Success in the vehicle retail business is very much the measure of the strength of the relationship between the retailer and the manufacturer. At AutoCanada, we are particularly proud of our manufacturer relationships, and we shall continue to make every effort to build upon these critical relationships.

First Quarter 2007 Operating Highlights

- Revenue increased by 35.8%
- Gross profit increased by 29.8%
- Same store revenue increased by 24.1%
- Same store gross profit increased by 20.1%
- EBITDA increased by 30.4%

First Quarter 2007 Summary

- For the first quarter of 2007, the Fund generated distributable cash of \$0.395 per unit, including changes in non-cash operating working capital amounts and \$0.244 before changes in non-cash operating working capital balances, and declared distributions of \$0.250 per unit, for a payout ratio of 63% including changes in non-cash working capital amounts and 102% before changes in non-cash working capital balances.
- Revenue from all dealerships increased by 35.8% to \$194.4 million in the first quarter of 2007 from \$143.1 million in the same quarter in 2006.
- Gross profit from all dealerships increased by 29.8% to \$31.3 million in the first quarter of 2007 from \$24.1 million in the same quarter in 2006.
- Same store revenue and gross profit increased by 24.1% and 20.1% respectively in the first quarter of 2007, compared to the same quarter in 2006.
- EBITDA increased by 30.4% to \$5.4 million in the first quarter of 2007 from \$4.2 million in the same quarter in 2006.
- Net earnings increased by 44.8% to \$4.5 million in the first quarter of 2007 from \$3.1 million in the same quarter in 2006.
- On February 7, 2007, the Fund entered into a credit agreement with CAG to finance the acquisition of a Nissan dealership by CAG and entered into a management agreement to provide it with management services. The Nissan dealership is owned by a subsidiary of CAG which owns 46% of the Fund on a fully diluted basis.

Highlights of Events Subsequent to March 31, 2007

- On April 30, 2007, AutoCanada Income Fund announced the intention to appoint Dennis DesRosiers to the Board of Trustees of the Fund effective May 9, 2007, thereby increasing the number of Trustees from three to four. Mr. DesRosiers is widely regarded as one of the foremost experts in the North American automotive industry. Since founding his consulting practice, DesRosiers Automotive Consultants, in 1985, Mr. DesRosiers has worked with the executives of the leading manufacturers and automotive supply chain companies as well as financial institutions and policy makers in government.
- AutoCanada also announced the appointment of Michael Ross to the Board of Directors of AutoCanada, effective April 4, 2007, replacing Mr. Jim Peters. Mr. Ross previously served as the Vice President of Cap Gemini Ernst & Young Canada Inc., as a partner of Ernst & Young, and presently serves as a board member for Norseman Group Ltd., and as a committee member for the Weatherhaven Corporation.
- On May 3, 2007, AutoCanada Income Fund announced that it had entered into a letter of intent with Mitsubishi Motor Sales of Canada Inc. whereby Mitsubishi awarded to the Fund an open point in Grande Prairie, Alberta. It is anticipated that the dealership shall operate out of temporary facilities until relocating to new facilities anticipated late 2007.
- The Northland Hyundai dealership in Prince George, British Columbia, relocated the first week of April, 2007 to a new dealership facility. The new dealership facility expanded the dealership from 5,500 sq. ft. to 17,800 sq. ft. and increased the number of service bays from four to nine. The new dealership facility also includes a drive-thru, customer lounge and children's play centre amenities.
- The Victoria Hyundai dealership in Victoria, British Columbia substantially completed its renovations on April 27, 2007 to expand the dealership from approximately 6,000 sq. ft. to 18,296 sq. ft., increase the number of service bays from eight to fourteen, and increase show room space for new and used vehicles from six to nine. The renovated facility also includes a customer lounge, used vehicle offices, and a second floor lunchroom and office.

Distributable Cash and Cash Distributions

The Fund's policy is to distribute annually to Unitholders available cash from operations after cash required for capital expenditures, working capital reserves, growth capital reserves and other reserves considered advisable by the Trustees of the Fund. The policy allows the Fund to make stable monthly distributions to its Unitholders based on the Fund's estimate of distributable cash for the year. The Fund pays cash distributions on or about the 15th of each month to Unitholders of record on the last business day of the previous month.

The following table summarizes the distributions by the Fund for the period from May 11, 2006 to March 31, 2007:

(In thousands of dollars)

Record date	Payment date	Fund Units		Exchangeable Units		Total	
		Declared \$	Paid \$	Declared \$	Paid \$	Declared \$	Paid \$
May 31, 2006	June 15, 2006	618	618	525	525	1,143	1,143
June 30, 2006	July 17, 2006	912	912	775	775	1,687	1,687
July 31, 2006	August 15, 2006	912	912	775	775	1,687	1,687
August 31, 2006	September 15, 2006	912	912	775	775	1,687	1,687
September 30, 2006	October 16, 2006	912	912	775	775	1,687	1,687
October 31, 2006	November 15, 2006	912	912	775	775	1,687	1,687
November 30, 2006	December 15, 2006	912	912	775	775	1,687	1,687
December 31, 2006	January 15, 2007	912	912	775	775	1,687	1,687
January 31, 2007	February 15, 2007	912	912	775	775	1,687	1,687
February 28, 2007	March 15, 2007	912	912	775	775	1,687	1,687
March 31, 2007	April 16, 2007	912	-	775	-	1,687	-
		9,738	8,826	8,275	7,500	18,013	16,326

Distributions are paid on Fund Units and Exchangeable Units. As of March 31, 2007 the following numbers of units were outstanding:

Fund Units	10,949,500
Exchangeable Units	<u>9,307,500</u>
	<u>20,257,000</u>

During the period of January 1, 2007 to March 31, 2007, the Fund declared distributions of \$0.250 per Fund Unit and Exchangeable Unit to Unitholders. The distributions from January 1, 2007 to March 31, 2007 were funded from cash flow generated from operations. The Fund's IPO prospectus contemplated an initial distribution of \$0.0564 per unit for the month of May, 2006 and thereafter monthly distributions of \$0.0833 per unit or \$1 per year in aggregate. The Fund reviews its distribution policy on a periodic basis. For 2006, the tax deferred portion of distributions for Canadian federal income tax purposes was approximately 20%. Based on the proposed legislation announced by the Department of Finance Canada on October 31, 2006 in connection with the taxation of income trusts and other flow-through entities, the taxable income distributed by the Fund would be taxed commencing in 2011 or earlier in some circumstances. The Fund is actively reviewing the implications of the proposed legislation to its Unitholders and is considering deferring elective tax deductions until the new regime is in place. As such, the Fund cannot now determine the portion, if any, of the 2007 distributions that will be tax deferred.

Distributable cash of the Fund is a measure generally used by Canadian open-ended trusts as an indicator of financial performance. As one 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 distributable cash of the Fund is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund. Distributable Cash is calculated as cash flows from operating activities, adjusted for changes in non-cash operating working capital balances for the period, plus proceeds on sale of property and equipment, less purchases of non-growth property and equipment.

Selected Financial Information and Results from Operations

The following table shows the unaudited results of; CAG for the three-month period ended March 31, 2006, combined results of CAG and the Fund for the three-month period ended June 30, 2006, results of the Fund for the 51-day period ended June 30, 2006, the three-month period ended September 30, 2006, the three-month period ended December 31, 2006 and the audited results of the Fund from May 11, 2006 to December 31, 2006. Also included in the table are the combined unaudited results of operations of the Fund and the Vendors for the year ended December 31, 2006. 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 %)	The Fund & CAG		The Fund				The Fund & CAG	The Fund
	CAG	CAG	The Fund	The Fund	The Fund	The Fund	CAG	The Fund
	Q1 2006	Q2 2006	Q2 2006	Q3 2006	Q4 2006	2006	2006	Q1 2007
Income Statement Data								
Revenue	143,091	184,680	105,992	189,861	176,079	471,932	693,712	194,379
New vehicles	70,299	102,431	59,044	106,424	98,970	264,438	378,124	109,862
Used vehicles	47,772	53,546	30,487	53,897	46,425	130,809	201,639	53,020
Parts, service & collision repair	18,081	18,738	10,734	19,632	21,410	51,776	77,861	21,908
Finance, insurance & other	6,939	9,965	5,727	9,908	9,274	24,909	36,088	9,590
Gross profit	24,100	29,265	17,775	30,818	28,930	77,523	113,113	31,292
New vehicles	5,392	6,782	4,190	6,792	6,998	17,980	25,964	7,000
Used vehicle	4,158	4,766	3,294	5,563	3,614	12,471	18,101	4,914
Parts, service & collision repair	7,930	8,712	5,014	8,721	9,514	23,249	34,875	10,223
Finance, insurance & other	6,620	9,005	5,277	9,742	8,804	23,823	34,173	9,155
Gross profit %	16.8%	15.8%	16.8%	16.2%	16.4%	16.4%	16.3%	16.1%
Sales, general & admin expenses	18,492	21,469	12,245	22,481	21,682	56,408	84,125	23,634
Floorplan interest expense	1,683	2,153	1,256	1,854	2,085	5,195	7,745	2,069
Other interest & bank charges	304	93	24	117	405	546	949	316
Net earnings (1)	3,097	4,761	3,631	5,220	3,623	12,474	16,700	4,483
EBITDA(2)	4,160	5,547	4,249	6,366	4,906	15,521	20,979	5,424
Operating Data								
Vehicles (new and used) sold	4,223	5,068	3,023	5,369	4,690	13,082	19,350	5,440
New retail vehicles sold	1,736	2,465	1,515	2,741	2,199	6,455	9,141	2,295
New fleet vehicles sold	440	372	211	371	525	1,107	1,708	886
Used retail vehicles sold	2,047	2,231	1,297	2,257	1,966	5,520	8,501	2,259
Number of service & collision repair orders completed	48,122	57,372	32,565	54,345	55,393	142,303	215,232	57,876
Absorption rate (3)	n/a	95%	n/a	97%	96%	94%	92%	92%
# of dealerships	14	14	14	14	16	16	16	17
# of service bays at period end	223	223	223	223	245	245	245	250
Same store revenue growth(4)	n/a	5%	n/a	3.8%	10.4%	n/a	4.4%	24.1%
Same store gross profit growth(4)	n/a	21%	n/a	12.5%	6.3%	n/a	10.6%	20.1%
Balance Sheet Data								
Cash and cash equivalents	10,926	20,271	20,271	20,265	20,880	20,880	20,880	24,268
Accounts receivable	28,417	25,875	25,875	30,562	27,742	27,742	27,742	31,200
Inventories	124,607	145,888	145,888	101,252	112,680	112,680	112,680	117,034
Revolving floorplan facility	122,454	146,283	146,283	103,297	113,357	113,357	113,357	118,974

- (1) Net earnings for CAG from January 1, 2006 to May 10, 2006 are net earnings as defined by GAAP plus income taxes, stock-based compensation and shareholder bonuses (including the performance component related to dealership management's compensation) to be consistent with the results of the Fund from May 11, 2006 to December 31, 2006.
- (2) EBITDA has been calculated as described under "Non-GAAP Measures" above. 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.
- (3) Absorption has been calculated as described under "Non-GAAP Measures" above.
- (4) Same store revenue growth and same store gross profit growth is calculated using franchised automobile dealerships that we have owned for at least two full years.

The following table summarizes the results for the three-month period ended March 31, 2007 on a same store basis by revenue source for the nine dealerships that were owned and operated for all of 2006 and 2005 and compares these results to the results of these stores for the same period in 2006.

Same Store Revenue and Vehicles Sold

(In thousands of dollars except % change and vehicle data)	For the Three-Month Period Ended		
	March 31, <u>2007</u>	March 31, <u>2006</u>	<u>% Change</u>
Revenue Source			
New vehicles	72,527	52,282	38.7%
Used vehicles	31,889	30,238	5.5%
Parts, service and collision repair	14,919	13,862	7.6%
Finance, insurance and other	<u>6,569</u>	<u>5,065</u>	29.7%
Total	<u>125,904</u>	<u>101,447</u>	24.1%
New vehicles sold	1,978	1,470	34.6%
Used vehicles sold	<u>1,291</u>	<u>1,245</u>	3.7%
Total	<u>3,269</u>	<u>2,715</u>	20.4%

About AutoCanada

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 \$102,095,000. Concurrent with the closing of the IPO, the Fund used the proceeds from the IPO to acquire an indirect 50.4% interest in AutoCanada Limited Partnership ("AutoCanada LP") and AutoCanada LP used such net proceeds to acquire the net assets (the "Purchased Assets") of Canada One Auto Group. On May 31, 2006, as a result of the exercise of the over allotment option granted to underwriters, the Fund acquired a further 3.65% interest in the Purchased Assets and thus increased its total interest in the Purchased Assets to 54.05%.

AutoCanada is Canada's only publicly traded entity with interests exclusively in the operation of franchised automobile dealerships. Through its 54% interest in AutoCanada LP, it operates or manages 17 franchised automobile dealerships in six provinces and has over 940 employees. It currently sells various new vehicle brands, including Chrysler, Dodge, Jeep®, Subaru, Hyundai, and, through a managed dealership, Nissan. In 2006, its franchised automobile dealerships sold approximately 19,350 vehicles and processed approximately 215,000 service and collision repair orders in 245 service bays, generating revenue of approximately \$694 million.

Forward Looking Statements

Certain statements in management's discussion and analysis may constitute "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These statements relate to future events or future performance and reflect the expectations of management regarding growth, results of operations, performance and business prospects and opportunities. Such forward looking statements reflect current beliefs of management or of the third parties to which they are attributed and are based on information currently available to the Fund. In some cases, the statements use such words as "may", "will", "intend", "should", "expect", "believe", "plan", "anticipate", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of management's discussion and analysis, or in the case of third party statements as of the date on which they were made. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under "Risk Factors" in the Fund's prospectus which can be found at www.sedar.com.

Although the forward looking statements are based upon what management believes are reasonable assumptions, the Fund cannot assure you that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of management's discussion and analysis and, except as required by applicable law, the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

Non-GAAP Measures

References to "EBITDA" are to earnings before interest expense (other than interest expense on floorplan financing), income taxes, depreciation and amortization and references to "distributable cash" are to cash available for distribution to Unitholders' in accordance with the distribution policies of the Fund. 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. Distributable cash of the Fund is a measure generally used by Canadian open-ended trusts as an indicator of financial performance. As one 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 distributable cash of the Fund is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund. The Fund calculates Distributable Cash as cash flows from operating activities, adjusted for changes in non-cash operating working capital balances for the period, plus proceeds on sale of property and equipment, less purchases of non-growth property and equipment.

EBITDA and distributable cash are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that EBITDA and distributable cash 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 and distributable cash may differ from the methods used by other issuers. Therefore, the Fund's EBITDA and distributable cash may not be comparable to similar measures presented by other issuers.

References to "absorption rate" are to the ratio of gross profits of a franchised automobile dealership from parts, service and collision repair to the fixed operating costs of the dealership. 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 and do not include expenses pertaining to head office. 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.

Additional information about AutoCanada Income Fund is available at the Fund's website at www.autocan.ca, our Annual Information Form dated March 22, 2007, and www.sedar.com.

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AutoCanada Income Fund

Interim Consolidated Balance Sheet

(expressed in Canadian dollar thousands)

	March 31, 2007 (Unaudited)	December 31, 2006
ASSETS	\$	\$
Current assets		
Cash and cash equivalents	24,268	20,880
Restricted cash	3,667	3,476
Accounts receivable	31,200	27,742
Inventories (note 5)	117,034	112,680
Due from vendors	-	2,640
Prepaid expenses	1,278	1,419
	<u>177,447</u>	<u>168,837</u>
Property and equipment	12,129	11,839
Intangible assets	79,956	79,034
Goodwill	82,122	78,744
Other assets	<u>78</u>	<u>78</u>
	<u>351,732</u>	<u>338,532</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	24,496	23,521
Revolving floorplan facility (note 6)	118,974	113,357
Distributions payable (note 10)	1,687	1,687
Due to related parties	1,001	-
Current portion of long-term debt (note 7)	189	96
Current portion of obligation under capital lease	<u>80</u>	<u>72</u>
	146,427	138,733
Long-term debt (note 7)	11,417	5,535
Obligation under capital lease	<u>257</u>	<u>240</u>
	<u>158,101</u>	<u>144,508</u>
Contingencies (note 8)		
UNITHOLDERS' EQUITY		
Fund units (note 9 (a) and (b))	105,200	105,200
Exchangeable units (note 9(c))	88,847	88,847
Contributed surplus (note 9(d))	640	455
Accumulated other comprehensive income	-	-
Accumulated deficit	<u>(1,056)</u>	<u>(478)</u>
	<u>193,631</u>	<u>194,024</u>
	<u>351,732</u>	<u>338,532</u>

AutoCanada Income Fund

Interim Consolidated Statement of Operations, Comprehensive Income and Accumulated Deficit
(Unaudited)

For the three months ended March 31, 2007

(expressed in Canadian dollar thousands except unit and per unit amounts)

	\$
Revenue	
Vehicles	171,931
Parts, service and collision repair	21,908
Other	<u>540</u>
	194,379
Cost of sales	<u>163,087</u>
	<u>31,292</u>
Gross profit	
Expenses	
Selling, general and administrative	23,634
Interest	2,385
Amortization	<u>790</u>
	<u>26,809</u>
Net earnings and comprehensive income for the period (Note 2)	4,483
Accumulated deficit, beginning of period	(478)
Distributions declared (note 10)	<u>(5,061)</u>
Accumulated deficit, end of period	<u>(1,056)</u>
Earnings per unit	
Basic and diluted	<u>0.221</u>
Weighted average units	
Basic and diluted (note 9(e))	<u>20,257,000</u>

AutoCanada Income Fund

Interim Consolidated Statement of Cash Flows
(Unaudited)

For the three months ended March 31, 2007

(expressed in Canadian dollar thousands)

	\$
Cash provided by (used in)	
Operating activities	
Net earnings for the period	4,483
Items not affecting cash	
Unit-based compensation (note 9(d))	185
Amortization	790
Gain on disposal of property and equipment	5
	<u>5,463</u>
Net change in non-cash operating working capital balances	<u>3,066</u>
	<u>8,529</u>
Investing activities	
Investment in variable interest entity (note 4)	(4,727)
Purchase of property and equipment	(1,117)
Proceeds on sale of property and equipment	5
Restricted cash	(191)
	<u>(6,030)</u>
Financing activities	
Proceeds from long-term debt	6,030
Repayment of long-term debt	(55)
Repayment of obligation under capital lease	(25)
Distributions paid to Unitholders	(5,061)
	<u>889</u>
Increase in cash	3,388
Cash and cash equivalents, beginning of period	20,880
	<u>24,268</u>
Cash and cash equivalents, end of period	<u>24,268</u>
Supplementary information	
Cash interest paid	2,595
Transfer of inventory to property and equipment	665
Transfer of property and equipment to inventory	763