

AutoCanada Income Fund Expands Scope of Business Through Financing Acquisition and Management Services Agreement for Nissan Dealership

Edmonton, Alberta (February 7, 2007) AutoCanada Income Fund (“AutoCanada” or the “Fund” TSX: ACQ.UN), Canada’s only publicly traded franchised automobile dealership business, announced today that it has expanded its sources of cash generation for unitholders through an arrangement to finance the acquisition of a Nissan dealership and to provide it with management services.

The dealership to be named “Grande Prairie Nissan”, in Grande Prairie, Alberta, was established in 1969, and sold 388 new and 196 used vehicles in 2006. The dealership will be relocated to a new location in Grande Prairie that has been approved by Nissan Canada and construction is planned to commence during the summer of 2007. The new dealership facility will be constructed to Nissan image standards. It will be owned and operated by an affiliate of Canada One Auto Group Ltd., (Canada One) which owns 46% of the Fund on a fully diluted basis.

AutoCanada obtained the funds to finance the acquisition of the business of the dealership through its existing line of credit arranged at the time of the Fund’s Initial Public Offering in May, 2006. Grande Prairie Nissan has arranged its own lines of credit to finance inventory.

The Fund’s arrangement with Canada One marks an expansion of the Fund’s business structure. In addition to owning franchised automobile dealerships, the Fund will earn fees from managing and financing the acquisition of franchised automobile dealerships offered by select manufacturers where there is not an arrangement in place with the manufacturer that would allow the franchised dealership to be owned directly by the Fund.

“The Board of Trustees believes the potential added cash flow from the dealership will be beneficial for our unitholders in the near term, and the establishment of a business relationship with another top automobile manufacturer such as Nissan Canada may also provide longer-term benefits,” said Gordon Barefoot, Chairman of AutoCanada Income Fund.

To facilitate the transaction, AutoCanada has granted consents to Canada One and its affiliate under the terms of the non-competition agreements entered into at the time of the Fund’s IPO. The Fund continues to have discussions with Nissan Canada about the future ownership of Grande Prairie Nissan, as well as other Nissan dealerships, by AutoCanada. At this time, the Fund’s Trustees believe there is little immediate prospect that Nissan Canada will grant a Nissan franchise directly to the Fund or allow a Nissan franchise to be owned by the Fund or its subsidiaries. However, the agreement announced today can serve to enhance the Fund’s relationships with this leading manufacturer.

AutoCanada's strategic intent is to continue to seek to expand the range of automobile brands it sells as automobile manufacturers become more familiar with AutoCanada’s management, business model and unique publicly traded status. The structure may vary among dealerships and manufacturers in order to accommodate the needs of the manufacturer, the

dealerships, and AutoCanada. These relationships are intended to provide AutoCanada with the financial benefits associated with an expanded network of dealerships while accommodating the requirements of the various automobile manufacturers. AutoCanada and Canada One intend to work together to obtain the approvals of the various automobile manufacturers to permit these dealerships to be owned by AutoCanada under arrangements approved by the automobile manufacturer. There can be no assurance that AutoCanada will be granted such permission.

The terms of the transactions between AutoCanada and Canada One for the Nissan dealership were reviewed and approved by the Trustees and the independent Directors of AutoCanada who were advised by independent legal counsel and financial advisors.

This new arrangement gives rise to additional risks inherent in its structure which include: (i) the contractual nature of the relationships compared with the direct ownership of the dealerships; (ii) the dependency upon Canada One and its principal shareholder, Patrick Priestner, as the owner and principal operator of these dealerships; and (iii) conflicts of interest that may arise between the objectives of AutoCanada on the one hand and Canada One and Patrick Priestner on the other hand.

About AutoCanada

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 16 franchised automobile dealerships in six provinces and has over 800 employees. It currently sells various new vehicle brands, including Chrysler, Dodge, Jeep®, Subaru, and Hyundai. In 2005, its franchised automobile dealerships sold approximately 19,000 vehicles and processed approximately 204,000 service and collision repair orders in 223 service bays, generating revenue of approximately \$628 million.

About Canada One Auto Group Ltd.

Canada One Auto Group Ltd. is a private company controlled by Patrick Priestner. On May 11, 2006 AutoCanada Income Fund acquired the business assets of Canada One Auto Group Ltd as disclosed in its prospectus that was filed on May 3, 2006. Canada One holds a 46% interest in the Fund on a fully diluted basis.

Additional information about AutoCanada Income Fund is available at www.sedar.com and the Fund's website at www.autocan.ca.

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