

**NOTICE OF SPECIAL MEETING  
OF THE UNITHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**OF**

**MACCs SUSTAINABLE YIELD TRUST**

**TO BE HELD ON**

**June 5, 2006**

## MACCs SUSTAINABLE YIELD TRUST

April 24, 2006

Dear Unitholders,

The attached notice (the “**Notice**”) of special meeting and management information circular (the “**Circular**”) are being sent to you in connection with the upcoming special meeting (the “**Meeting**”) of holders of units (“**Unitholders**”) of MACCs Sustainable Yield Trust (the “**Trust**”) of which MACCs Administrator Inc. is the manager and trustee (the “**Trustee**”).

The Meeting will be held on June 5, 2006 at 10:30 a.m. (Toronto time) at the offices of Stikeman Elliott LLP located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario.

The purpose of the Meeting is to consider certain amendments to the declaration of trust of the Trust including (i) the market purchase provisions, (ii) the powers of the Trust to borrow, and (iii) to remove certain restrictions on the Trust’s ability to issue units, rights, warrants and options for proceeds of less than the net asset value per Unit (collectively, the “**Amendments**”).

If the Amendments are approved by Unitholders and the changes contemplated by the proposal are implemented, it is anticipated that Unitholders of record on August 1, 2006 will receive warrants to subscribe for additional Units. It is expected that two warrants will be issued for each Unit held on the record date. It is expected that one warrant will have an exercise date approximately six months from the date of issue and the other warrant will have an exercise date approximately twelve months from the date of issue. The warrants will be issued by way of a prospectus and will be subject to obtaining all necessary regulatory and exchange approvals.

It is also anticipated that Unitholders of record on August 1, 2006 will receive a special cash distribution in the amount of \$0.03 per Unit.

The Trustee has determined that the proposed Amendments are in the best interest of Unitholders and recommends that Unitholders vote in favour of the extraordinary resolution approving the Amendments at the Meeting.

The Notice and Circular accompanying this letter both contain important information about these proposals. We urge you to read these carefully and consult with your investment adviser.

Sincerely,



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Conor S. Bill  
Corporate Secretary, Executive Vice-  
President and Chief Financial Officer

**MACCs SUSTAINABLE YIELD TRUST  
NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS**

NOTICE IS HEREBY GIVEN OF the special meeting (the “**Meeting**”) of holders (“**Unitholders**”) of units (“**Units**”) of MACCs Sustainable Yield Trust (the “**Trust**”) of which MACCs Administrator Inc. is the manager and trustee (the “**Trustee**”).

The Meeting will be held on June 5, 2006 at 10:30 a.m. (Toronto time) at the offices of Stikeman Elliott LLP located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario. The purpose of the Meeting is:

1. To consider and, if deemed advisable, to pass an extraordinary resolution (the “**Amendment Resolution**”) approving certain amendments to the declaration of trust of the Trust including:
  - (a) Market Purchases. To amend the market purchase provisions so that while market purchases remain mandatory, the Trustee in its capacity as manager, has greater discretion to determine the timing and the prices of such purchases during any quarter;
  - (b) Power to Borrow. To remove certain restrictions on the Trust’s power to borrow which prohibit the Trust from borrowing in excess of (i) 5% of the total assets of the trust for working capital purposes, and (ii) 10% for the purpose of purchasing additional securities of income funds to be included in the Trust’s portfolio, effecting market purchases and redemptions of Units, and paying fees and expenses of the Trust (“**Portfolio Purposes**”), while maintaining the restriction that the total amount borrowed for Portfolio Purposes can at no time exceed 20%; and
  - (c) Units/Rights/Warrant/Option Offering. To remove certain restrictions on the Trust’s ability to issue Units, rights, warrants and options for proceeds of less than the net asset value per Unit,all as more fully described in the Circular (collectively the “**Amendments**”); and
2. To transact any other business which may properly come before the Meeting.

NOTICE IS HEREBY GIVEN THAT in the event the Meeting is postponed or adjourned because a quorum of Unitholders is not in attendance, or for any other reason, such adjourned Meeting will be held on June 12, 2006 for the same purposes set out above at the same time and place as the original Meeting, 10:30 a.m. (Toronto time) at the offices of Stikeman Elliott LLP located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular accompanying this Notice.

If the Amendment Resolution is approved by Unitholders and the Amendments are implemented, it is anticipated that Unitholders will receive warrants to subscribe for additional Units. It is expected that two warrants will be issued for each Unit held on the record date. It is expected that one warrant will have an exercise date approximately six months from the date of issue and the other warrant will have an exercise date approximately twelve months from the date of issue. The warrants will be issued by way of a prospectus and will be subject to obtaining all necessary regulatory and exchange approvals.

It is also anticipated that Unitholders of record on August 1, 2006 will receive a special cash distribution in the amount of \$0.03 per Unit.

Registered Unitholders of the Trust are invited to attend the Meeting. Registered Unitholders who are unable to attend in person are requested to date and sign the enclosed form of proxy and return it to Computershare Trust Company of Canada at 100 University Avenue, 9<sup>th</sup> Floor, Toronto Ontario M5J 2Y1. In order to be valid and acted upon at the meeting, forms of proxy must be returned not less than 24 hours before the time for holding the meeting or any postponement or adjournment thereof.

Beneficial Unitholders should complete and return the voting instruction form or other authorization provided to them by their broker or other intermediary in accordance with the instructions provided therein.

Dated at Toronto, Ontario this 24<sup>th</sup> day of April, 2006.

BY ORDER OF THE BOARD OF DIRECTORS  
of MACCs ADMINISTRATOR INC., the trustee  
of MACCs SUSTAINABLE YIELD TRUST

By:

A handwritten signature in black ink, appearing to read 'C. Bill', is written over a horizontal line.

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Conor S. Bill  
Corporate Secretary, Executive Vice-  
President and Chief Financial Officer

## MACCs SUSTAINABLE YIELD TRUST

### MANAGEMENT INFORMATION CIRCULAR

#### GENERAL PROXY INFORMATION

##### **Solicitation of Proxies**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies to be used at a special meeting (the “**Meeting**”) of holders of units (“**Unitholders**”) of MACCs Sustainable Yield Trust (the “**Trust**”) of which MACCs Administrator Inc. is the trustee and manager (the “**Trustee**”).

The meeting will be held on June 5, 2006 at 10:30 a.m. (Toronto time) at the offices of Stikeman Elliott LLP located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario for the purposes set forth in the notice of meeting accompanying this Circular (the “**Notice**”).

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Trustee at nominal cost. The Trust may also engage the services of a proxy solicitation company to provide solicitation services in connection with the Meeting. The cost of the solicitation of proxies for the Trust will be borne by the Trust. The information contained in this Circular is given as of the date hereof, unless otherwise specifically stated.

If you have any questions about the information contained in this Circular or require assistance in completing the applicable form or forms of proxy, please contact Conor Bill at (416) 916-2069.

##### **Appointment of Proxies, Voting Rights and Record Date**

Registered Unitholders who wish to vote their units (“**Units**”) should complete, execute and deliver by regular mail the enclosed form of proxy to Computershare Trust Company of Canada (“**Computershare**”), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not less than 24 hours before the time for the holding of the Meeting or any postponement or adjournment thereof. The record date for the Meeting has been established as April 24, 2006 (the “**Record Date**”). Each registered Unitholder is entitled to one vote at the Meeting for each Unit registered in the Unitholder’s name at the close of business on the Record Date. Only Unitholders of record as at the Record Date are entitled to receive notice of, and to vote in person or by proxy at, the Meeting.

The individuals named in the accompanying form of proxy are officers of the Trustee. **You have the right to appoint a person other than the officers named in the accompanying form of proxy to represent you at the Meeting by inserting such person’s name in the blank space provided in the form of proxy delivered with the Circular and delivering the completed proxy as set forth above.** A person acting as proxy need not be a Unitholder.

##### **Revocability of Proxies**

You may revoke a proxy given for use at the Meeting at any time prior to its use. In addition to revocation in any other manner permitted by law, you may revoke a proxy before it is used by depositing an instrument in writing executed by you or your attorney authorized in writing, or, where the Unitholder is a corporation, by a duly authorized officer or attorney of the corporation, with (i) Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any postponement or adjournment thereof, at which the proxy is to be used, or (ii) the Chairman of the Meeting on the day of the Meeting or any postponement or adjournment thereof, prior to the commencement of the Meeting.

### **Book-Entry System**

The Units are held in book-entry form through The Canadian Depository for Securities Limited (“CDS”). CDS is a limited purpose corporation organized as a “clearing corporation” under the applicable provincial securities legislation. CDS is owned or controlled by its participants (“CDS Participants”) and was created to hold securities for CDS Participants and to facilitate the clearance and settlement of securities transactions between CDS Participants through electronic book entries, thereby eliminating the need for physical movement of certificates. CDS Participants include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the CDS system is also available to others such as bankers, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a CDS Participant, either directly or indirectly (“Indirect Participants”).

### **Non-Registered Holders**

As a result of the Trust issuing the Units in book-entry form only, CDS is the sole registered Unitholder of the Trust. Only registered Unitholders or the persons they appoint as proxies are permitted to vote at the Meeting. All of the beneficial holders of Units of the Trust (the “Non-Registered Holders”) hold their Units through either CDS Participants or Indirect Participants (collectively, “Intermediaries”). In accordance with National Instrument 54-101 of the Canadian Securities Administrators, copies of the Notice, this Circular and form of proxy (together, the “meeting materials”) have been delivered to CDS and the Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to each Non-Registered Holder unless a Non-Registered Holder has waived its right to receive them. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will be given voting instruction forms which, if the Non-Registered Holder desires to vote or be appointed a proxy, must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction forms (which may in some cases permit the completion of the voting instruction form by telephone or the Internet). The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Units they beneficially own. **Non-Registered Holders should carefully follow the instructions of their Intermediaries.**

### **Voting in Person**

If you are a Non-Registered Holder who receives a voting instruction form and wish to attend and vote at the Meeting *in person*, you should strike out the names of the persons named as proxy on the voting instruction form and insert your name in the space provided and otherwise follow the instructions on the form.

### **Exercise of Discretion by Proxy**

The Units represented by proxy(ies) which are hereby solicited (if properly executed and deposited) will be voted at the Meeting and, where a choice is specified with respect to any matter to be acted upon, such Units will be voted in accordance with the specification so made. **In the absence of such specification, Units will be voted FOR the Amendment Resolution. The accompanying form of proxy also confers discretionary authority upon the persons named in the proxy with respect to amendments to or variations of the matters set out in the Notice and with respect to other matters that may properly come before the Meeting.** As of the date of this Circular, the Trustee does not know of any such amendments, variations or other matters that may properly come before the Meeting. However, if any such amendments, variations or other matters are properly brought before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

## INFORMATION CONCERNING THE TRUST

### Background

The Trust is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated January 28, 2005 (the "**Declaration of Trust**"). The Trust completed its initial public offering at closings held on February 18, 2005 and March 3, 2005, issuing 3,530,000 Units of the Trust at \$10.00 per Unit. The Trust used the net proceeds of \$35,300,000 from its offering to acquire units of the income funds that form its portfolio. As at March 31, 2006, there were 3,426,700 Units of the Trust issued and outstanding having a market capitalization of approximately \$33 million.

### DETAILS OF THE PROPOSED AMENDMENTS

#### Amendments to the Declaration of Trust

Unitholders of the Trust are being asked to approve certain amendments to the Declaration of Trust (collectively, the "**Amendments**") to:

1. amend the market purchase provisions so that while market purchases remain mandatory, the Trustee in its capacity as manager, has greater discretion to determine the timing and the pricing of such purchases during any quarter;
2. remove certain restrictions on the Trust's power to borrow which prohibit the Trust from borrowing in excess of (i) 5% of the total assets of the trust for working capital purposes, and (ii) 10% for the purpose of purchasing additional securities of income funds to be included in the Trust's portfolio, effecting market purchases and redemptions of Units, and paying fees and expenses of the Trust ("**Portfolio Purposes**"), while maintaining the restriction that the total amount borrowed for Portfolio Purposes can at no time exceed 20%; and
3. remove certain restrictions on the Trust's ability to issue additional Units, rights, warrants and/or options for proceeds of less than NAV per Unit.

The text of the Amendment Resolution that the Unitholders are being asked to consider is set forth in the appendix to the Circular.

If the Amendments are approved by Unitholders and the changes contemplated by the proposal are implemented, it is anticipated that Unitholders of record on August 1, 2006 will receive warrants to subscribe for additional Units. It is anticipated that two warrants will be issued for each Unit held by a Unitholder, and that each warrant will entitle the holder thereof to purchase one Unit at an exercise price that will be approximately equal to, but may be less than, the NAV per Unit at the time of issuing the warrants. It is anticipated that one of these warrants will have an exercise date approximately six months from the date of issue and that the other warrant will have an exercise date approximately twelve months from the date of issue. The warrants will be issued by way of a prospectus and will be subject to obtaining all necessary regulatory and exchange approvals.

It is also anticipated that Unitholders of record on August 1, 2006 will receive a special cash distribution in the amount of \$0.03 per Unit.

#### Reasons for the Amendments

The current mandatory market purchase provisions have frequently resulted in the Trust repurchasing the maximum allowable number of Units for each quarter in the first few days of the quarter, with the result that

the Trust is unable to participate in the market and help support the trading price for the remainder of the quarter. Management is proposing to maintain the mandatory market purchase program but to allow the Trustee, in its capacity as manager, to determine the timing and the prices of such purchases. This would permit the Trust to better allocate its repurchases during the quarter and should result in more even support for the trading price of the Units.

The Trust currently has a cap on the amount of borrowing it can incur. Subject to this overall cap, no more than 10% may be borrowed to invest in the portfolio and no more than 5% may be borrowed for working capital purposes. As long as the yield on the Trust's portfolio exceeds the cost of borrowing, the Trust will have a higher overall yield on its portfolio as a result of the borrowings. Management therefore believes that it would be more advantageous to the Trust to eliminate the distinction between the two types of borrowings, while leaving the overall cap on such borrowings unchanged.

The issuance of additional Units is another way to enhance the liquidity of the Trust by increasing the number of Units in circulation. Pursuant to the Declaration of Trust, the Trust currently has the ability to issue additional Units at less than NAV per Unit, but only with Unitholder approval, and may not issue rights, warrants or other securities exchangeable for or convertible into Units at prices less than NAV per Unit. The Manager is of the view that the issuance of additional Units at a price which may be less than NAV per unit of the Trust may in certain circumstances be in the best interests of the Trust. The Trust invests in income funds whose market prices may be affected by factors which are unrelated to the performance of the underlying businesses and which present attractive investment opportunities. The ability of the Trust to take advantage of these investment opportunities depends in part on the availability of additional capital to the Trust. By allowing the Trust to issue additional Units at less than NAV per unit, the Trust would have the ability to raise additional capital through issuances of Units by prospectus or otherwise, rights offerings, warrants and other forms of unit issuances and would be able to access additional capital to take advantage of these opportunities, thereby capturing additional returns for Unitholders. Furthermore, the issuance of additional Units would allow the Trust to replenish itself and offset the effects of any Units redeemed.

#### **Recommendation of the Trustee**

The board of directors of the Trustee has unanimously determined that the Amendments to the Declaration of Trust are in the best interests of each of the Unitholders. In reaching their conclusion, the board of directors considered, among other things, the reasons set forth above. The full text of the form of the Amendment Resolution to be passed by Unitholders of the Trust approving the Amendments to the Declaration of Trust is annexed hereto as Appendix "A".

**The board of directors of the Trustee recommend that Unitholders vote FOR the Amendment Resolution set forth in the attached Appendix "A", approving the Amendments.**

The Amendment Resolution requires the approval of not less than two-thirds of the votes cast by Unitholders present in person or represented by proxy at the Meeting.

It is the intention of the persons named in the enclosed form of proxy relating to the Amendments, if not expressly directed to the contrary in such proxies, to vote such proxies FOR the Amendment Resolution.

#### **PRINCIPAL HOLDERS OF UNITS**

The number of Units of the Trust that were issued and outstanding as at April 24, 2006 are set out under the heading "Information Concerning the Trust". To the knowledge of the directors and officers of the Trustee, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over Units of the Trust carrying more than 10% of the votes attached to all of the issued and outstanding Units of the Trust.

### **QUORUM FOR THE TRANSACTION OF BUSINESS**

Pursuant to the Declaration of Trust, the quorum for any meeting of Unitholders called to consider a matter requiring the approval of Unitholders is two or more Unitholders present in person or represented by proxy holding not less than ten percent (10%) of the Units then outstanding. Unless the meeting was requisitioned by Unitholders, if no quorum is present at such meeting when called, the meeting shall be adjourned for a later time in accordance with the Declaration of Trust as may be appointed by the Chairman of the meeting and the Unitholders present in person or represented by proxy at such adjourned meeting will form the necessary quorum. If a quorum is not present for the Meeting as at the appropriate time on June 5, 2006, the Meeting will be adjourned to June 12, 2006 to be held at the same time and place as the Meeting, and any proxy properly submitted prior to the time called for the Meeting will, unless revoked in the manner described above, be effective at the adjourned meeting.

### **EXPENSES OF THE PROPOSAL**

Whether or not the Amendment Resolution is approved, all costs and expenses incurred in connection with the Meeting (or any postponement or adjournment thereof) giving effect to the Amendment Resolution will be borne by the Trust.

### **TERMINATION OF THE PROPOSAL**

The Amendment Resolution may, at any time before or after the holding of the Meeting (but prior to the entering into of any amendment to the Declaration of Trust) be terminated by the Trustee without further notice to, or action on the part of, Unitholders if the Trustee determines in its sole judgement that it would be inadvisable for the Trust to proceed.

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, neither the Trustee, nor any director or officer of the Trustee, nor any other insider of the Trust or the Trustee, nor any associate or affiliate of any one of them, has or has had, at any time since the inception of the Trust, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Trust.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed herein, neither the Trustee, nor any of the directors or officers of the Trustee, nor any associate or affiliate of any of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

### **MANAGEMENT CONTRACTS**

Pursuant to the terms of the Declaration of Trust the management functions the Trust are performed by the Trustee and such Trustee's directors and officers. For a more detailed description of the management functions that have been delegated by the Trust to the Trustee, please see the Trust's 2006 annual information form under the section "Trustee", incorporated by reference herein.

### **AUDITORS, CUSTODIAN, AND TRANSFER AGENT**

The auditor of the Trust is Ernst & Young LLP, Chartered Accountants, 222 Bay Street, Toronto-Dominion Centre, Box 251, Toronto, Ontario M5K 1J7. The auditor was appointed December 21, 2004.

Computershare Trust Company of Canada has been appointed the registrar and transfer agent for the Trust.

State Street Trust Company Canada, as custodian, has been appointed the custodian of the Trust's assets pursuant to a custodian agreement. The address of the custodian is State Financial Centre, 30 Adelaide Street East, Suite 1400, Toronto, Ontario M5C 3G6.

#### ADDITIONAL INFORMATION

Financial Information is provided in the Trust's comparative financial statements and Management's Discussion and Analysis. The Trustee will provide, without charge to a Unitholder, a copy of the Trust's 2005 Annual Report to Unitholders containing the financial statements for 2005 together with the Auditors' Reports thereon and Management's Discussion and Analysis, interim financial statements for subsequent periods and a copy of this Circular upon request.

Any request for these documents should be made to the Trust at Suite 305, 100 Simcoe Street, Toronto, Ontario, M5H 3G2. If you wish, this information may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information can also be obtained on the Trustee's website at [www.mtauburncapital.com](http://www.mtauburncapital.com).

#### APPROVAL OF THE TRUSTEE AND CERTIFICATE

The contents and the sending of this Circular have been approved by the Trustee.

DATED at Toronto, Ontario this 24<sup>th</sup> day of April, 2006.

BY ORDER OF THE BOARD OF DIRECTORS  
of MACCs ADMINISTRATOR INC., the trustee  
of MACCs SUSTAINABLE YIELD TRUST

By:



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Conor S. Bill  
Corporate Secretary, Executive Vice-  
President and Chief Financial Officer

**APPENDIX "A"**  
**AMENDMENT RESOLUTION**  
**PERTAINING TO MACCs SUSTAINABLE YIELD TRUST**

**BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION** that:

The Declaration of Trust is hereby amended as follows and the Trustee is hereby authorized to execute and deliver such amendments or amendments and restatements of the Declaration of Trust to give effect to the following:

1. Section 4.2(2) is hereby deleted in its entirety and replaced with the following:

"Notwithstanding Section 4.2(1), the Trust may not borrow in excess of 20% of the Total Assets for the purpose of purchasing additional securities of Income Funds to be included in the Portfolio, effecting market purchases and redemptions of Units, and paying fees and expenses of the Trust (the "Portfolio Purposes") and, in the event that the total amount borrowed by the Trust for the Portfolio Purposes at any time exceeds 20% of the Total Assets, the Manager and/or any Investment Manager will sell Trust Investments in an orderly manner and use the proceeds therefrom to reduce the outstanding indebtedness so that the amount borrowed by the Trust for such purposes does not exceed 20% of the Total Assets.";

2. Section 6.7 is hereby deleted in its entirety and replaced with the following:

"Subject to the restrictions contained in Section 6.4, Section 6.5 and Section 6.11, the Trustee may create and issue rights, warrants (including "special warrants" which may be exercisable for no additional consideration) or options to subscribe for fully paid Units. Such rights, warrants or options may be exercisable, and instalment receipts may be issued, at such subscription price or prices and at such time or times as the Trustee may determine. The rights, warrants or options so created may be issued for such consideration or for no consideration, all as the Trustee may determine. A right, warrant, option or instalment receipt is not a Unit and a holder thereof is not a Unitholder.";

3. Section 8.2(1) is hereby deleted in its entirety and replaced with the following:

"Subject to applicable law and Section 8.2(3), the Trust shall be obligated to purchase for cancellation Units offered in the market on the following terms. If, at any time following the Closing Date, the closing price at which Units are then offered for sale (the "**Closing Reference Price**") is less than 95% of the Net Asset Value per Unit determined as of the close of business in Toronto, Ontario on that day, the Trust will purchase for cancellation Units offered in the market at or below the Closing Reference Price at such time or times as the Manager may determine."; and

4. Section 14.4(2)(b) is hereby deleted in its entirety.