



## News Release

Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2007 First Quarter Results conference call via webcast on Thursday, May 3, 2007 at 1:00 p.m. ET at [www.acadiantimber.com](http://www.acadiantimber.com) or via teleconference at 1-877-356-9134, toll free in North America. For overseas calls please dial 706-902-0751, at approximately 12:50 p.m. ET. The teleconference taped rebroadcast can be accessed at 1-800-558-5253 or 416-626-4100 and enter passcode 21335901.

### ACADIAN TIMBER INCOME FUND REPORTS FIRST QUARTER 2007 RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Toronto, CANADA – May 2, 2007** – Acadian Timber Income Fund (“Acadian” or the “Fund”) (TSX:ADN.UN) today reported operating results for the three-month period ended March 31, 2007 (the “first quarter”).

Acadian commenced operations on January 31, 2006. It is important to note that references to the first quarter of 2006 represent the two-month period from commencement of operations to March 31, 2006.

Acadian generated net sales of \$26.9 million on a consolidated log sales volume of 482.6 thousand m<sup>3</sup> in the first quarter of 2007. Consolidated log volumes in the first quarter of 2006 were 341.0 thousand m<sup>3</sup>, resulting in net sales of \$19.4 million.

EBITDA of \$9.6 million for the first quarter was \$2.7 million, or 39%, greater than the prior year's first quarter, resulting in an EBITDA margin of 36% which is consistent with the first quarter of 2006.

“The first quarter typically generates approximately 45% of annual sales and cash flow and the results for the first quarter of 2007 were slightly above our expectations. Excellent operating conditions in our New Brunswick and Maine timberlands resulted in strong sales volumes and both operations managed to reduce average variable costs from the prior year,” said Reid Carter, Chief Executive Officer of Acadian. “Demand for Acadian's softwood and hardwood sawlogs is expected to remain relatively stable, despite weak lumber markets. We will continue to leverage customer relationships as we remain focused on merchandising all of our products for their highest value.”

## Operating Highlights

### 2007 Financial and Operating Highlights:

(\$ millions except per unit information)	Quarter Ended March 31	
	2007	2006 <sup>1</sup>
Net sales	\$ 26.9	\$ 19.4
Net income (loss)	(2.5)	4.5
EBITDA	9.6	6.9
Distributable cash from operations	8.7	6.3
Distributions declared	3.4	2.3
Per unit – diluted		
Net Income (loss)	(0.21)	0.25
Distributable cash from operations	0.53	0.38
Distributions	0.21	0.14
Sales volume (m <sup>3</sup> )	482.6	341.0

<sup>1</sup> Period from commencement of operations (January 31, 2006) to March 31, 2006.

### New Brunswick Timberlands

The table below summarizes operating and financial results for New Brunswick Timberlands.

	Three Months Ended March 31, 2007			Two Months Ended March 31, 2006 <sup>1</sup>		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	148.1	133.3	\$ 8.5	77.6	111.4	\$ 7.3
Hardwood	162.2	153.3	8.1	109.1	108.3	5.8
Biomass	70.8	70.8	1.4	50.4	50.4	0.8
	381.1	357.4	18.0	237.1	270.1	13.9
Other sales			1.5			0.9
Net sales			\$ 19.5			\$ 14.8
EBITDA			\$ 6.7			\$ 5.0
EBITDA margin			34%			34%

<sup>1</sup> Period from commencement of operations (January 31, 2006) to March 31, 2006.

Softwood, hardwood and biomass shipments were 133.3 thousand m<sup>3</sup>, 153.3 thousand m<sup>3</sup> and 70.8 thousand m<sup>3</sup> for the first quarter, respectively. Approximately 39% of sales volumes were sold as sawlogs, 41% as pulpwood and 20% as biomass in the first quarter of 2007. This compares to 45% of sales volumes sold as sawlogs, 36% as pulpwood and 19% as biomass in the two-month first quarter of 2006.

Net sales for the first quarter were \$19.5 million with an average selling price across all products of \$50.39 per m<sup>3</sup> which compares with an average selling price of \$50.57 per m<sup>3</sup> during the two-month first quarter of 2006. This slightly lower average selling price in 2007 reflects a higher proportion of spruce-fir sawlog sales in 2006.

Costs for the first quarter were \$12.8 million, with variable costs per cubic meter 3.7% lower compared to the two-month period last year. This decrease was attributable to lower transportation costs due to shorter hauling distances for softwood and a higher proportion of hardwood pulpwood harvested in the first quarter of 2007.

EBITDA for the first quarter was \$6.7 million, compared to \$5.0 million in the two-month quarter of 2006. EBITDA margin of 34% was consistent with the shortened comparable period in 2006. This strong first quarter of 2007 also included a one-time adjustment of \$169 thousand related

to a correction in the grade distribution of pulpwood delivered to Fraser Papers' Edmundston Mill.

New Brunswick Timberlands experienced no reportable incidents among employees or contractors during the first quarter.

### *Maine Timberlands*

The table below summarizes operating and financial results for Maine Timberlands.

	Three Months Ended March 31, 2007			Two Months Ended December 31, 2006 <sup>1</sup>		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	101.0	100.8	\$ 6.2	56.3	56.3	\$ 3.8
Hardwood	21.7	19.8	0.9	12.1	12.1	0.8
Biomass	4.6	4.6	0.2	2.5	2.5	—
	127.3	125.2	7.3	70.9	70.9	4.6
Other sales			0.1			—
Net sales			\$ 7.4			\$ 4.6
EBITDA			\$ 2.9			\$ 2.1
EBITDA margin			39%			46%

<sup>1</sup> Period from commencement of operations (January 31, 2006) to March 31, 2006.

Maine Timberlands produced solid operating results in the first quarter, supported by excellent operating conditions, with softwood and hardwood shipments of 100.8 thousand m<sup>3</sup> and 19.8 thousand m<sup>3</sup>, respectively. Approximately 52% of shipment volume was sold as sawlogs, 44% as pulpwood and 4% as biomass in the first quarter of 2007 compared to 63% of shipment volume sold as sawlogs, 33% as pulpwood and 4% as biomass in the two-month first quarter of 2006.

Net sales for the first quarter were \$7.4 million, compared to \$4.6 million during the two-month first quarter in 2006. Selling price across all products averaged \$58.45 per m<sup>3</sup> during the first quarter of 2007 which compares with an average selling price of \$64.61 per m<sup>3</sup> during the two-month first quarter of 2006. This lower average selling price in the first quarter of 2007 reflects a significantly greater proportion of pulpwood. In addition, a greater proportion of hardwood sawlogs was sold directly from the log yard rather than at a delivered price resulting in lower selling prices and costs leaving margins at comparable levels year over year.

Costs for the first quarter were \$4.5 million with variable costs per cubic meter 2.2% lower than the two-month period last year. Land management costs were slightly higher in the first quarter owing to the timing of road maintenance and construction, partially offset by higher road use fees.

EBITDA for the first quarter was \$2.9 million. EBITDA margin was 39% for the first quarter, compared to an EBITDA margin of 46% for the two-month quarter of 2006, reflecting lower selling prices and the greater proportion of lower margin pulpwood in the 2007 period.

In the first quarter of 2007, Maine Timberlands had no accidents among its employees and had one accident among its contractors where an employee suffered a lost time injury resulting from a fall on ice.

## **Market Overview**

Prices for Acadian's major products remained relatively stable during the first quarter. The first quarter also experienced relatively strong demand as many customers had depleted inventories owing to weather-related delivery difficulties during the fourth quarter of 2006.

Softwood sawlog pricing remained under pressure due to the weak housing market and surplus supplies with market prices for spruce-fir sawlogs down 4.4% year-over-year. However, pricing was relatively unchanged from the previous quarter and Acadian was able to sell all of its production. Partially offsetting this decline were prices for softwood pulpwood which were up year-over-year due to a fibre shortage in the region. Biomass prices continued to be very favourable with strong demand

Pricing and demand for hardwood sawlogs were relatively weak during the first quarter of 2007, a reflection of both mix and market conditions. Lower selling prices for hardwood sawlogs also reflected increased direct sales from Acadian's log yards instead of delivered prices which were offset by lower costs. Meanwhile, aspen and birch experienced strong demand from oriented stand board ("OSB") mills with pricing remaining firm despite weak market conditions for OSB.

Hardwood pulpwood pricing remained steady with hardwood pulp mills experiencing increasing pressure from biomass plants

Acadian's average selling price across all products declined by 1.9% year-over-year versus declines of 24% and 30% for the Random Lengths Lumber and Panel indices, respectively. We believe this is an excellent demonstration of the relative stability of timber prices and the sustainability of Acadian's cash flows.

## **Other**

### *Canadian Government's Tax Fairness Plan*

On October 31, 2007, the Canadian government announced proposed changes to Canada's taxation system designed to level the playing field between trusts and corporations. Based on the information that the government has provided, it appears that Acadian currently qualifies as a specified investment flow through vehicle ("SIFT"), which would result in Acadian being impacted by this incremental tax beginning in 2011.

It is the Fund's understanding, however, that one of the reasons for the Canadian government's proposed tax is to create parity between Canadian and U.S. taxation of income trusts. Currently, in the U.S., timberlands are eligible for qualification as REITs for tax purposes. Accordingly, Acadian has opened discussions with the Canadian government to consider Acadian for qualification as a REIT for the purpose of taxation.

The Fund continues to feel that it is too early to determine the extent to which the proposed legislation will impact Acadian. The Fund's management and Board of Trustees will continue to monitor and analyze the situation and its implications to the Fund as they develop.

### *Acadian Timber Names New CFO*

Joseph Cornacchia has been named Chief Financial Officer, effective May 3, 2007. Mr. Cornacchia, a Chartered Accountant, has been with Brookfield Asset Management (BAM: NYSE, TSX) since May 2006, in the role of Controller, Private Equity and Public Funds. Since joining Brookfield, Mr. Cornacchia has been responsible for Acadian's financial controls as well as internal and public reporting for the Fund. Prior to joining Brookfield in 2006, Mr. Cornacchia

worked at PricewaterhouseCoopers LLP in the Financial Risk Management group within the firm's Advisory practice in Toronto.

Mr. Cornacchia will succeed Bryan Davis who has served as Acadian's Chief Financial Officer since the Fund's launch in January 2006. Mr. Davis has been appointed Chief Financial Officer of Brookfield Properties in New York, one of North America's largest commercial real estate companies.

### **Annual General Meeting of Unitholders**

Acadian Timber Income Fund will be holding its Annual General Meeting of Unitholders on Thursday, May 3, 2007 at 10:30 a.m. (ET) at the Hockey Hall of Fame, The Esso Theatre, BCE Place, 30 Yonge Street, Toronto, Ontario. There will be a live webcast presentation at [www.acadiantimber.com](http://www.acadiantimber.com), which will be archived for future reference.

### **Monthly Distribution**

As previously announced, Acadian's Board of Trustees declared its monthly distribution of \$0.06875 per unit, payable on May 15, 2007 to unitholders of record on April 30, 2007.

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*Acadian Timber Income Fund is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.*

*Acadian owns and manages approximately 1.1 million acres of freehold timberlands in New Brunswick and Maine, and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to over 110 regional customers.*

*Acadian's units are listed for trading on the Toronto Stock Exchange under the symbol ADN.UN.*

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For further information, please visit our website at: [www.acadiantimber.com](http://www.acadiantimber.com) or contact:

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*This news release contains forward looking information including "forward looking statements", which can be identified by the use of words, such as "approximately", "deliver", "should" or variations of such words and phrases or that state that certain actions, events or results "may" or "will" be taken, occur or achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward statements. The risks, uncertainties and other factors that could influence actual results are described in the Acadian Timber Income Fund final prospectus and other documents filed with regulatory authorities.*

**Acadian Timber Income Fund**  
**Interim Consolidated Balance Sheet**  
**(unaudited)**

<i>CAD\$ millions</i>	<b>March 31, 2007</b>	December 31, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 13.3	\$ 7.7
Accounts receivable and other assets	5.3	4.1
Inventory	3.1	3.0
	<b>21.7</b>	14.8
Intangible Assets	6.1	6.1
Timberlands, logging roads and fixed assets	214.3	219.1
	<b>\$ 242.1</b>	\$ 240.0

**LIABILITIES AND UNITHOLDERS' EQUITY**

Current liabilities:		
Accounts payable and accrued liabilities	\$ 9.0	\$ 7.6
Distributions payable to unitholders	0.8	0.8
	<b>9.8</b>	8.4
Long-term debt	78.8	79.3
Class B Interest Liability of a subsidiary	48.0	41.7
Unitholders' equity	105.5	110.6
	<b>\$ 242.1</b>	\$ 240.0

**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Comprehensive Loss**  
**(unaudited)**

<i>CAD millions</i>	<b>For the three months ended March 31, 2007</b>	For the two months ended March 31, 2006
Net income (loss)	\$ (2.5)	\$ 4.5
<b>Other comprehensive income (loss)</b>		
Unrealized foreign currency translation gain (loss)	(0.1)	—
Other comprehensive income (loss)	(0.1)	—
Comprehensive income (loss)	<b>\$ (2.6)</b>	\$ 4.5

**Acadian Timber Income Fund**  
**Consolidated Statement of Operations and Retained Earnings (Deficit)**  
**(unaudited)**

<i>CAD\$ millions</i>	<b>For the three months ended March 31, 2007</b>	<b>For the two months ended March 31, 2006</b>
Net Sales	\$ 26.9	\$ 19.4
Operating costs and expenses:		
Cost of sales	15.6	11.5
Selling, administration and other	1.7	1.0
Depreciation and depletion	3.3	2.1
	<b>20.6</b>	<b>14.6</b>
Operating earnings	6.3	4.8
Loss (gain) on Class B Interest Liability of a subsidiary	7.0	(0.9)
Interest:		
Interest income	(0.1)	—
Interest expense on long-term debt	1.0	0.6
Class B Interest Liability of a subsidiary	0.9	0.6
Earnings (loss) before income taxes	(2.5)	4.5
Income taxes	—	—
<b>Net income (loss) for the period</b>	<b>(2.5)</b>	<b>4.5</b>
Retained earnings (deficit), beginning of period	(1.2)	—
Unitholders' distributions	(2.5)	(1.7)
<b>Retained earnings (deficit), end of period</b>	<b>\$ (6.2)</b>	<b>\$ 2.8</b>
<b>Net income (loss) per unit – basic</b>	<b>\$ (0.21)</b>	<b>\$ 0.37</b>
<b>Net income (loss) per unit – diluted</b>	<b>\$ (0.21)</b>	<b>\$ 0.25</b>

**Reconciliation to EBITDA and Distributable Cash from Operations**

<i>For the period ended CAD\$ millions</i>	<b>For the three months ended March 31, 2007</b>	<b>For the two months ended March 31, 2006</b>
Net income (loss) for the period	\$ (2.5)	\$ 4.5
Add (deduct):		
Non-cash loss (gain) on Class B Interest Liability of a subsidiary	7.0	(0.9)
Depreciation and depletion	3.3	2.1
Interest income	(0.1)	—
Interest expense on long-term debt	1.0	0.6
Distribution on Class B Interest Liability of a subsidiary	0.9	0.6
<b>EBITDA</b>	<b>9.6</b>	<b>6.9</b>
Add (deduct):		
Interest income	0.1	—
Interest expense on long-term debt	(1.0)	(0.6)
<b>Distributable cash from operations</b>	<b>\$ 8.7</b>	<b>\$ 6.3</b>

**Acadian Timber Income Fund**  
**Consolidated Statement of Cash Flows**  
**(unaudited)**

<i>CAD\$ millions</i>	<b>For the three months ended March 31, 2007</b>	<b>For the two months ended March 31, 2006</b>
Cash provided by (used for):		
<b>Operating Activities</b>		
Net income (loss)	\$ (2.5)	\$ 4.5
Items not affecting cash:		
Depreciation and depletion	3.3	2.1
Loss (gain) on Class B Interest Liability of subsidiary	7.0	(0.9)
	7.8	5.7
Net change in non-cash working capital balances and other	0.3	5.7
	8.1	11.4
<b>Investing Activities</b>		
Purchase of New Brunswick Timberlands	—	(106.8)
Purchase of Maine Timberlands	—	(7.5)
	—	(114.3)
<b>Financing Activities</b>		
Proceeds on issuance of units, gross	—	84.5
Proceeds from long-term debt	—	42.0
Offering costs	—	(7.5)
Distributions to unitholders	(2.5)	(0.9)
	(2.5)	118.1
Increase in cash and cash equivalents, during the period	5.6	15.2
Cash and cash equivalents, beginning of period	7.7	—
<b>Cash and cash equivalents, end of period</b>	<b>\$ 13.3</b>	<b>\$ 15.2</b>

**Reconciliation to Distributable Cash from Operations**

<i>CAD\$ millions</i>	<b>For the three months ended March 31, 2007</b>	<b>For the two months ended March 31, 2006</b>
Cash flow from operating activities	\$ 8.1	\$ 11.4
Add (deduct):		
Change in non-cash working capital balances and other	(0.3)	(5.7)
Distribution on Class B Interest Liability of a subsidiary	0.9	0.6
<b>Distributable cash from operations</b>	<b>\$ 8.7</b>	<b>\$ 6.3</b>