



Q3 2009 Interim Report

To our unitholders,

We share with you the operating and financial results of Acadian Timber Income Fund (“Acadian” or the “Fund”) for the three months ended September 26, 2009 (herein referred to as the “third quarter”). Acadian experienced very challenging market conditions in the third quarter of 2009, with weak demand resulting in continued pressure on pricing across most products. As a result of these difficult market conditions Acadian generated distributable cash from operations¹ of negative \$0.3 million or negative \$0.02 per unit.

Acadian generated net sales of \$14.4 million on consolidated sales volumes of 331 thousand m³ in the third quarter of 2009. This compares to net sales of \$17.2 million on consolidated sales volumes of 319 thousand m³ in the third quarter of 2008. EBITDA¹ for the third quarter of 2009 was \$1.3 million, compared to \$4.3 million in the same period of 2008. Included in EBITDA for the third quarter is a gain of \$0.6 million from the successful completion of a land sale in Maine and a very minor land sale by our New Brunswick operations, which is consistent with a \$0.6 million gain recognized during the third quarter last year. The proceeds of this year’s land sale were primarily used to acquire timberlands in the same region that represent a good fit with Maine’s existing timberlands for \$0.4 million.

In light of these difficult market conditions and our view that markets will remain challenging well into 2010 has led to the decision to reduce Acadian’s distributions. This strategy is supported by our decision to reduce near-term harvest levels of our high margin spruce-fir sawlogs, which will allow us to maximize opportunities when markets recover thereby preserving the long term value of our timberlands. This is not an action we take lightly and we remain very confident in Acadian’s long-term ability to return to its historic level of distributions. Acadian’s lenders have also demonstrated their confidence in Acadian by agreeing to extend the maturity of Acadian’s Canadian dollar bank term facility, pending the finalization and execution of the required legal documentation.

Operations

Acadian continued to demonstrate strong safety performance during the third quarter. There was one minor recordable safety incident among employees and two minor recordable safety incidents among contractors from which all have fully recovered.

The prevailing weak market conditions resulted in a difficult pricing environment across all sectors of the business. Acadian’s weighted average selling price across all products decreased 13% year-over-year, as compared to a 15% decline in the Random Lengths Lumber index and a 30% decline in hardwood pulp prices. This year-over-year decline is largely attributable to a 13% decline in the sale of hardwood pulpwood, with hardwood pulpwood accounting for 36% of total sales volume during the quarter. Markets for softwood pulpwood were also very soft with a 28% decline in prices year-over-year, although softwood pulpwood accounted for only 5% of sales in the quarter. Prices for softwood and hardwood sawlogs declined by 8% and 7%, respectively, in the third quarter of 2009 over the same period in 2008. The decline in hardwood sawlog pricing largely reflected a change in product mix.

Outlook

Weak demand for softwood sawlogs is expected to continue with soft pricing into 2010 as U.S. housing starts remain less than half of long-run averages. While smaller, non-industrial timberland owners continue to withhold timber from the market, an ample supply of Crown and private timber continues to place pressure on timber prices. Fraser Papers Inc., a key Acadian softwood sawlog customer that has not operated its sawmills since the first quarter of 2009, is expected to begin limited operation during the fourth quarter which should provide modest support for pricing.

Markets for hardwood sawlogs and specialty products remain relatively robust, particularly for aspen. These markets are expected to remain stable into 2010. Markets for hardwood have improved since the first half of the year and Acadian’s major hardwood pulpwood customers continue to operate and take deliveries with pricing improving modestly from the second quarter and early in the third quarter. Acadian has been able to sell all of its biomass, although this market has also been under pressure due to low demand for power as well as reduced gas and oil prices. The integrated biomass plants have seen greatly reduced supplies from mill residuals, but increased supply of whole tree chips because other options for selling wood are limited.

Corporate Announcements

Debt Facility Refinancing

We are pleased to note that following the end of the quarter, Acadian's lenders have approved the extension of the maturity of its Canadian-dollar bank term and revolving credit facilities to February 27, 2011, pending the finalization and execution of the required legal documentation - an achievement in the current credit environment and a reflection of the quality and long-term value of Acadian's assets. These facilities will continue to bear interest at floating rates based on the 30-day Banker Acceptances rate plus the applicable margin. As part of the terms of this extension, management was also successful in increasing the available commitment of the revolving credit facility from \$5.0 million to \$10.0 million.

Reduction of Acadian's Distribution

Acadian has generated distributable cash from operations of \$6.8 million over the first three quarters of 2009 and distributed \$10.3 million within the context of extremely difficult market conditions. In order to make these distributions, Acadian has had to rely on cash reserves. This cannot continue indefinitely. While Acadian has historically targeted a policy of stable distributions, we have concluded that the best strategy for maximizing total returns for our unitholders is to temporarily reduce our harvest level for those products currently experiencing very weak markets, in turn preserving the long-term value of our timberlands. As a result, we have decided to reduce our annual distribution to \$0.20 per unit, or our monthly distribution to \$0.017 per unit starting with distributions to unitholders November 30, 2009 and payable on December 15, 2009. Acadian will continue to evaluate the appropriate level of cash distributions as business conditions improve, and our objective will be to provide the market with a high level of certainty around the level of distributions to be paid in any one year. The decision to reduce distributions was made reluctantly but is based on the thesis underlying the positive benefits of timberlands, which is that timber grows independently of capital market and macroeconomic factors. In addition, timberlands investments offer the opportunity to maximize total returns by targeting high levels of cash returns during strong markets and capital appreciation during weaker market periods.

During these weak market conditions, our primary focus will remain on merchandising all of our products for their highest value while seeking every opportunity to reduce costs. In addition, Acadian will continue to focus on managing its harvest and product mix to capitalize on market opportunities. We remain committed to an operating style aimed at maximizing long-term value for unitholders. We thank you for your continued support of Acadian Timber Income Fund and remain confident that Acadian continues to offer unitholders real long-term value.



Reid Carter
President and Chief Executive Officer
September 26, 2009

¹ *Distributable cash from operations and earnings before interest, taxes, depletion, depreciation and amortization ("EBITDA") are key performance measures in evaluating the Fund's operations and are important in enhancing investors' understanding of the Fund's operating performance. As distributable cash from operations and EBITDA do not have a standardized meaning prescribed by GAAP, they may not be comparable to similar measures presented by other companies.*

Management's Discussion and Analysis

INTRODUCTION

Acadian Timber Income Fund ("Acadian" or the "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 765,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 311,000 acres of freehold timberlands in Maine ("Maine Timberlands") 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 business strategy is to maximize cash flows from its timberland assets, while enhancing the value of these assets over time.

Basis of Presentation

This section of our interim report presents management's discussion and analysis ("MD&A") of our financial results and is followed by our consolidated financial statements for the most recent period. The MD&A is intended to provide you with an assessment of our performance during the three-month period ended September 26, 2009 (herein referred to as the "third quarter") and the nine-month period ended September 26, 2009, as compared to the three- and nine-month periods ended September 27, 2008.

Our financial results are determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged, unless otherwise noted.

This MD&A has been prepared based on information available as at November 9, 2009. Additional information is available on Acadian's website at www.acadiantimber.com and on SEDAR's website at www.sedar.com.

Non-GAAP Measures

Throughout the MD&A, reference is made to earnings before interest, taxes, depletion, depreciation and amortization ("EBITDA") and distributable cash from operations. Management believes that EBITDA and distributable cash from operations are key performance measures in evaluating the Fund's operations and are important in enhancing investors' understanding of the Fund's operating performance. As EBITDA and distributable cash from operations do not have a standardized meaning prescribed by GAAP, they may not be comparable to similar measures presented by other companies. As a result, we have provided reconciliations of net income (loss) and cash flow from (used for) operating activities, as determined in accordance with GAAP, to EBITDA and distributable cash from operations in the "Distributable Cash from Operations" section of this MD&A.

Assessment and Changes in Disclosure Controls and Internal Controls

Management had evaluated the effectiveness of the design and operation of the Fund's disclosure controls and procedures as at December 31, 2008. There have been no changes in our disclosure controls and procedures during the period ended September 26, 2009 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management had also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO framework as at December 31, 2008. There have been no changes in our internal controls over financial reporting during the period ended September 26, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of Third Quarter Results

The table below summarizes operating and financial data for Acadian:

	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
<i>millions, except per unit data and where indicated</i>				
Total				
Sales volume (000s m ³)	330.6	319.5	915.3	944.4
Net sales	\$ 14.4	\$ 17.2	\$ 46.7	\$ 48.2
EBITDA	1.3	4.3	10.1	10.5
EBITDA margin	9%	25%	22%	22%
Distributable cash from operations	\$ (0.3)	\$ 3.3	\$ 6.8	\$ 7.6
Net income (loss) ¹	(0.2)	6.8	9.3	3.1
Distributions declared				
Class A unitholders	3.5	2.5	10.0	7.5
Class B Interest liability of a subsidiary	—	1.0	0.3	2.8
	3.5	3.5	10.3	10.3
Payout ratio	(1167%)	106%	151%	136%
Total assets	\$ 211.6	\$ 217.6	\$ 211.6	\$ 217.6
Total debt financing	76.8	74.9	76.8	74.9
Per Unit (fully diluted)				
Distributable cash from operations	\$ (0.02)	\$ 0.20	\$ 0.41	\$ 0.46
Distributions declared per unit				
Class A unitholders	0.21	0.21	0.62	0.62
Class B Interest liability of a subsidiary	—	0.21	0.07	0.62
Net income (loss) ¹	(0.01)	0.11	0.30	0.17
Book value - fully diluted	6.87	7.36	6.87	7.36
Units outstanding				
Class A unitholders	16,571,453	12,064,423	16,571,453	12,064,423
Class B Interest of a subsidiary	—	4,507,030	—	4,507,030

¹ Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense (recovery), and the depreciation and depletion expense, which are non-cash items recorded in each respective period.

Distributable Cash from Operations

Distributable cash from operations for the three and nine months ended September 26, 2009 was negative \$0.3 million and \$6.8 million, respectively, compared to \$3.3 million and \$7.6 million during Acadian's third quarter and first nine months of operations in 2008.

Distributable cash from operations represents cash that is generated from the sale of our timber, from the services provided in the management of Crown licensed timberlands and from the sale of non-timber products. Hardwood and softwood harvest volumes represent the productive capacity of Acadian's operations. Harvest volumes, excluding biomass, for the third quarter and first nine months of 2009 were 257 thousand m³ and 751 thousand m³, respectively, which was within the harvest levels required to maintain the Long Run Sustained Yield ("LRSY") of our timberland estates. Acadian is focused on maximizing long-term value for unitholders, and in doing so will make every effort to maintain a stable financial performance while preserving the long-term value of the business. In order to continue to achieve this objective, Acadian will operate at harvest levels within LRSY and will invest in silviculture to improve the quality and value of future harvests. Although this may cause volatility in our distributable cash from operations annually, we will continue to focus on preserving the long-term value of Acadian.

The following table provides a reconciliation of net income (loss), as determined in accordance with GAAP, to distributable cash from operations during each respective period:

<i>millions</i>	Three Months Ended		Nine Months Ended	
	Sept 26, 2009	Sept 27, 2008	Sept 26, 2009	Sept 27, 2008
Net income (loss) ¹	\$ (0.2)	\$ 6.8	\$ 9.3	\$ 3.1
Add (deduct):				
Interest Income	—	(0.1)	—	(0.2)
Interest expense on long-term debt	0.8	0.9	2.4	2.6
Distribution on Class B Interest Liability of a subsidiary	—	1.0	0.3	2.8
Income tax expense (recovery)	(0.5)	—	(2.7)	0.1
Depreciation and depletion	1.2	1.7	5.5	5.2
Non-cash gain on Class B Interest Liability of a subsidiary	—	(6.0)	(4.7)	(3.1)
EDITDA	1.3	4.3	10.1	10.5
Add (deduct):				
Interest Income	—	0.1	—	0.2
Interest expense on long-term debt	(0.8)	(0.9)	(2.4)	(2.6)
Silviculture and capital expenditures	(0.4)	(0.3)	(0.5)	(0.6)
Non-cash gain on sale of timberlands	(0.6)	(0.6)	(0.6)	(0.7)
Proceeds from sale of timberlands, logging roads and fixed assets	0.6	0.7	0.6	0.8
Acquisition of timberlands	(0.4)	—	(0.4)	—
Distributable cash from operations	\$ (0.3)	\$ 3.3	\$ 6.8	\$ 7.6
Distributions declared	\$ 3.5	\$ 3.5	\$ 10.3	\$ 10.3

¹ Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense (recovery) and the depreciation and depletion expense, which are non-cash items recorded in each respective period.

In calculating our distributable cash from operations, adjustments are made to cash flow from (used for) operating activities, in accordance with GAAP, to reflect changes in non-cash working capital items, actual cash spent on silviculture required to maintain the productive capacity of our forests, and actual cash spent to maintain our assets. In addition, an adjustment is made for the distributions on the Class B Interest Liability of a subsidiary, which is included as interest expense in accordance with GAAP; however, these payments were made on the same basis as distributions to our other unitholders, prior to the conversion of all units representing the Class B Liability of a subsidiary into Class A units of the Fund on February 3, 2009, and consequently are included in our disclosure of distributions declared.

The following table provides a reconciliation of cash flow from (used for) operating activities, in accordance with GAAP, to distributable cash from operations during each respective period:

<i>millions</i>	Three Months Ended		Nine Months Ended	
	Sept 26, 2009	Sept 27, 2008	Sept 26, 2009	Sept 27, 2008
Cash flow from (used for) operating activities	\$ (0.5)	\$ 0.1	\$ 3.6	\$ 7.5
Add (deduct):				
Capital adjustments				
Proceeds from sale of timberlands, logging roads and fixed assets	0.6	0.7	0.6	0.8
Acquisition of timberlands	(0.4)	—	(0.4)	—
Other adjustments				
Net change in non-cash working capital balances and other	0.4	1.8	3.2	(2.9)
Distribution on Class B Interest Liability of a subsidiary	—	1.0	0.3	2.8
Silviculture and capital expenditures	(0.4)	(0.3)	(0.5)	(0.6)
Distributable cash from operations	\$ (0.3)	\$ 3.3	\$ 6.8	\$ 7.6
Distributions declared	\$ 3.5	\$ 3.5	\$ 10.3	\$ 10.3

The following table provides a comparison of distributions declared on Class A units during the three and nine months ended September 26, 2009 and during the comparable periods in 2008, to the net income (loss) and cash flow from (used for) operating activities recorded during each of these respective periods. Distributions on the Class B Interest Liability of a subsidiary are included in net income (loss) and cash flow from (used for) operating activities, as they are recorded as interest expense in accordance with GAAP, and have thus been excluded from this analysis.

<i>millions</i>	Three Months Ended		Nine Months Ended	
	Sept 26, 2009	Sept 27, 2008	Sept 26, 2009	Sept 27, 2008
Net income (loss) ¹	\$ (0.2)	\$ 6.8	\$ 9.3	\$ 3.1
Cash flow from (used for) operating activities	(0.5)	0.1	3.6	7.5
Actual cash distributions declared on Class A Units	3.5	2.5	10.0	7.5
Excess (short fall) of cash flows from operating activities over distributions declared	\$ (4.0)	\$ (2.4)	\$ (6.4)	\$ —
Excess (short fall) of net income over cash distributions declared	\$ (3.7)	\$ 4.3	\$ (0.7)	\$ (4.4)

¹ Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense (recovery) and the depreciation and depletion expense, which are non-cash items recorded in each respective period.

Cash distributions declared to Class A unitholders were greater than the net income and cash flow from operating activities during the three months ended September 26, 2009. This compares to distributions declared to Class A unitholders that were greater than cash flow from operating activities but less than net income during the same period in 2008. In determining the appropriate level of distributions, our Board of Trustees considers the historic and forecasted annual distributable cash from operations of Acadian. Given the seasonality of Acadian's operations, the Fund's performance may vary significantly on a quarter by quarter basis. The payout ratio of the Fund, which represents the amount of distributions declared as a percentage of the distributable cash from operations generated, is negative for the third quarter of 2009. Since Acadian's inception on January 31, 2006, the cumulative payout ratio of the Fund is 102%.

As described in more detail on page 11 of this report, Acadian has borrowings totaling \$76.8 million that have a security interest over the assets and contain certain restrictive covenants relating to debt incurrence, sale of assets, and the maintenance of certain financial ratios, all of which are in compliance as at September 26, 2009. These covenants are not expected to restrict the ability of the Fund to distribute cash flows to its unitholders. The obligations of these borrowings over the next five years are disclosed on page 16 of this report. Upon maturity, management intends to refinance these debt

obligations at fixed or floating interest rates, depending on the best interests of Acadian. In seeking to refinance these debt obligations, there is no assurance that Acadian will be able to refinance these obligations at maturity; or if refinanced, that the terms of the refinancing will be as favourable as the original terms. If unable to refinance these facilities on acceptable terms, or at all, Acadian may need to dispose of a portion of its assets, or otherwise raise funds, to settle their obligations. All interest payments on the existing debt obligations are incurred in order to sustain the Fund's productive capacity and are thus considered in determining the distributable cash from operations of Acadian.

Distribution Policy of the Fund

The Fund makes monthly distributions of its available cash, including the funds available under the terms of the revolving credit facility, to the extent determined prudent by the Trustees. These distributions represent all cash received from the Fund's indirect interest in New Brunswick Timberlands ("NB Timberlands") and Maine Timberlands, less estimated cash amounts required for expenses and other obligations of the Fund, cash redemptions of units and any tax liability. Distributions are paid on or about the 15th day following the end of each month. Total distributions declared to unitholders for the three and nine months ended September 26, 2009 were \$3.5 million or \$0.21 per unit and \$10.3 million or \$0.62 per unit, respectively, which were consistent with the distributions declared to unitholders during the three and nine months ended September 27, 2008.

During the three and nine months ended September 26, 2009 Acadian generated distributable cash from operations of negative \$0.3 million and \$6.8 million, respectively. Distributions during this period of \$3.5 million and \$10.3 million, respectively, have been funded through the use of cash reserves. While Acadian has historically targeted a policy of stable distributions, management and the Board of Trustees have concluded that the best strategy for maximizing the total returns for unitholders, is to temporarily reduce harvest levels for those products currently experiencing very weak markets in turn preserving the long term value of our timberlands. As a result, the Fund will reduce its distributions to \$0.20 per unit per year (\$0.017 per unit per month) starting with distributions to unitholders of record on November 30, 2009 and payable to unitholders on December 15, 2009. Acadian will continue to evaluate the appropriate level of cash distributions as business conditions improve.

Market Conditions

Acadian experienced very challenging market conditions in the third quarter of 2009 with weak demand resulting in continued pressure on pricing across most products. In Acadian's New Brunswick operations, weak pricing, additional freight costs associated with selling into more distant markets, and a lower contribution from the management of the Crown licensed timberlands resulted in significantly lower operating margins, while lower margins in the Maine operations were primarily the result of lower prices from softwood sawlogs and hardwood pulp.

The market environment for all products remains very difficult with many regional sawmills and pulp mills taking considerable market-related downtime. Most of Acadian's customers brought relatively large inventories of logs and chips into the third quarter and have operated at reduced levels resulting in a slow start to the summer with continuing weak demand. Fraser Papers, Acadian's largest customer restarted its Edmundston pulp mill in late August but did not take deliveries of pulpwood during the third quarter. Fraser has also had all of its sawmills closed during the quarter with the exception of its Masardis, Maine mill, which started up late in the quarter and consumed only existing log inventories, the restart of Domtar's Woodland, Maine hardwood pulp mill and recovering pulp prices did result in increased demand and a slight improvement in pricing for hardwood pulpwood during the quarter although demand and pricing for softwood pulpwood remains very soft as a result of a regional surplus of softwood chips and low demand for paper.

The prevailing weak market conditions resulted in a difficult pricing environment across all sectors of the business. Acadian's weighted average selling price across all products decreased 13% year-over-year. This year-over-year decline is largely attributable to a 13% decrease in the selling price of hardwood, as hardwood pulpwood accounted for 37% of total sales volume during the quarter. Markets for softwood pulpwood were also very soft with prices declining 28% year-over-year, although softwood pulpwood accounted for only 5% of sales in the quarter. Prices for softwood and hardwood sawlogs declined by 8% and 7% in the third quarter of 2009, respectively, as compared to the third quarter of 2008, with the decline in hardwood sawlog pricing largely reflecting a change in product mix.

Results from Operations

Acadian generated net sales of \$14.4 million on consolidated sales volumes of 331 thousand m³ in the third quarter of 2009. This compares to net sales of \$17.2 million on consolidated sales volumes of 319 thousand m³ in the third quarter of 2008. EBITDA for the third quarter of 2009 was \$1.3 million as compared to \$4.3 million in the same period of 2008. Included in EBITDA is a \$0.6 million gain resulting from the successful completion of a land sale in Maine (2008 - \$0.6 million). The proceeds of this land sale were used for the acquisition of timberlands in the same region for \$0.4 million.

For the nine months ended September 26, 2009, Acadian generated net sales of \$46.7 million on sales volumes of 915 thousand m³ as compared to net sales of \$48.2 million on sales volumes of 944 thousand m³ in the comparable period of 2008. EBITDA of \$10.1 million during the nine months ended September 26, 2009 is \$0.4 million lower than the comparable period of 2008.

Class B Interest Liability

Included in net income for the nine months ended September 26, 2009 is a non-cash gain related to the Class B Interest Liability of a subsidiary. The settlement obligation of this interest was based on the trading value of Acadian's units at the time of settlement, which required recording the liability at its fair value at each balance sheet date with the corresponding gain arising from a decrease in Acadian's unit price or loss arising from an increase in Acadian's unit price included in the statement of operations. In addition, as this Canadian dollar liability was issued by a self-sustaining U.S. dollar subsidiary of the Fund, the obligation was required to be converted to U.S. dollars at each reporting period, with the corresponding gain or loss included in the statement of operations. These items resulted in a \$4.7 million gain for the nine months ended September 26, 2009 (2008 - \$3.1 million gain) comprised of a \$4.1 million mark-to-market gain (2008 - \$1.6 million gain) and a \$0.6 million foreign exchange gain (2008 - \$1.5 million gain).

On February 3, 2009, an affiliate of Brookfield Asset Management Inc. converted all units representing the Class B Liability of a subsidiary into Class A units of the Fund. As a result of the conversion, an additional 4,507,030 Units of the Fund were issued at a value of \$27.5 million and have been recorded in equity. Accordingly, the Class B Liability of a subsidiary was not outstanding during the third quarter and was not revalued at the end of the period (2008 - \$6.0 million gain).

Income Tax Recovery

Included in the net loss for the three months ended, and net income for the nine months ended, September 26, 2009 is a non-cash future income tax recovery of \$0.5 million and \$2.7 million, respectively (2008 - nil expense and \$0.1 million expense, respectively). The future income tax liability of the Fund is based on differences between the financial reporting and tax bases of assets and liabilities of its subsidiaries which have been measured using the substantially enacted tax rates and laws that are expected to be in effect at the time the differences are anticipated to reverse. The reduction in the future income tax liability, and related recovery, recorded during the nine months ended September 26, 2009 are largely a result of a decline in the substantially enacted tax rate expected to be in effect.

Segmented Results of Operations

The table below summarizes operating and financial results for NB Timberlands and Maine Timberlands:

Three Months Ended September 26, 2009				
<i>millions</i>	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	273.5	57.1	—	330.6
Net sales	\$ 11.6	\$ 2.8	\$ —	\$ 14.4
EBITDA	\$ 1.3	\$ 0.8	\$ (0.8)	\$ 1.3
EBITDA margin	11%	29%	n/a	9%

Three Months Ended September 27, 2008				
<i>millions</i>	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	243.5	76.0	—	319.5
Net sales	\$ 13.0	\$ 4.2	\$ —	\$ 17.2
EBITDA	\$ 2.6	\$ 1.8	\$ (0.1)	\$ 4.3
EBITDA margin	20%	43%	n/a	25%

Nine Months Ended September 26, 2009				
<i>millions</i>	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	726.3	189.0	—	915.3
Net sales	\$ 35.5	\$ 11.2	\$ —	\$ 46.7
EBITDA	\$ 8.3	\$ 3.5	\$ (1.7)	\$ 10.1
EBITDA margin	23%	31%	n/a	22%

Nine Months Ended September 27, 2008				
<i>millions</i>	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	727.1	217.3	—	944.4
Net sales	\$ 36.7	\$ 11.5	\$ —	\$ 48.2
EBITDA	\$ 7.0	\$ 4.0	\$ (0.5)	\$ 10.5
EBITDA margin	19%	35%	n/a	22%

NB Timberlands

NB Timberlands owns and manages 765,000 acres of freehold timberlands, provides management services relating to approximately 1.3 million acres of Crown licensed timberlands, and owns a forest nursery. Approximately two-thirds of harvesting operations are performed by third-party contractors and one-third by NB Timberlands employees.

The table below summarizes operating and financial results for NB Timberlands:

	Three Months Ended September 26, 2009			Three Months Ended September 27, 2008		
	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>
Softwood	68.6	67.8	\$ 3.5	68.9	64.6	\$ 3.8
Hardwood	137.5	125.5	6.4	92.5	111.1	6.3
Biomass	80.2	80.2	1.4	67.8	67.8	1.4
	286.3	273.5	11.3	229.2	243.5	11.5
Other sales			0.3			1.5
Net sales			\$ 11.6			\$ 13.0
EBITDA			\$ 1.3			\$ 2.6
EBITDA margin			11%			20%

	Nine Months Ended September 26, 2009			Nine Months Ended September 27, 2008		
	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>
Softwood	279.1	260.9	\$ 15.1	201.3	207.6	\$ 12.6
Hardwood	295.3	288.8	14.5	307.9	335.3	19.2
Biomass	176.6	176.6	3.4	184.2	184.2	3.3
	751.0	726.3	33.0	693.4	727.1	35.1
Other sales			2.5			1.6
Net sales			\$ 35.5			\$ 36.7
EBITDA			\$ 8.3			\$ 7.0
EBITDA margin			23%			19%

Softwood, hardwood and biomass shipments totaled 68 thousand m³, 126 thousand m³ and 80 thousand m³ for the third quarter, respectively. Sales volume during the quarter was comprised of approximately 29% sawlogs, 42% pulpwood and 29% biomass. This compares to sales volume in the same period of 2008 of 28% sawlogs, 44% pulpwood and 28% biomass.

Net sales for the third quarter of 2009 were \$11.6 million with an average selling price across all products of \$41.46 per m³. This compares to net sales of \$13.0 million and an average selling price of \$47.13 per m³ during the same period in 2008. The year-over-year decrease in the average selling price resulted from a lower quality product mix and continued pricing pressure on all products. The overall decrease in net sales was primarily a result of a \$1.2 million decrease in other income resulting from lower harvesting activity on the Crown licensed timberlands in the third quarter. Net sales for the nine months ended September 26, 2009 were \$35.5 million, a decrease of \$1.2 million over the comparable period of 2008.

Costs for the third quarter were \$10.3 million compared to \$10.4 million during the same period in 2008. Variable costs per cubic meter were 7% lower than the third quarter of 2008 as a result of an increased proportion of sales made to customers taking delivery in the yard which resulted in lower transportation costs, relative to the third quarter of 2008.

EBITDA for the third quarter was \$1.3 million, a decrease of \$1.3 million from the third quarter of 2008. The EBITDA margin decreased to 11% from 20% in the third quarter of 2008, primarily reflecting the impact of the lower contribution from the Crown licensed service agreement.

During the third quarter of 2009, NB Timberlands experienced one minor recordable safety incident among employees and two minor recordable safety incidents among contractors, from which all have fully recovered.

Maine Timberlands

Maine Timberlands owns and operates 311,000 acres of freehold timberlands and is operated exclusively by third-party contractors.

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

	Three Months Ended September 26, 2009			Three Months Ended September 27, 2008		
	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>
Softwood	38.5	40.9	\$ 2.1	52.3	52.2	\$ 3.0
Hardwood	12.4	12.1	0.5	19.6	19.4	1.1
Biomass	4.1	4.1	0.1	4.4	4.4	—
	55.0	57.1	2.7	76.3	76.0	4.1
Other sales			0.1			0.1
Net sales			\$ 2.8			\$ 4.2
EBITDA			\$ 0.8			\$ 1.8
EBITDA margin			29%			43%

	Nine Months Ended September 26, 2009			Nine Months Ended September 27, 2008		
	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>	Harvest <i>(000s m³)</i>	Sales <i>(000s m³)</i>	Results <i>(millions)</i>
Softwood	152.3	152.0	\$ 9.6	162.0	161.8	\$ 8.9
Hardwood	24.1	23.4	1.1	44.0	43.8	2.2
Biomass	13.6	13.6	0.2	11.7	11.7	0.1
	190.0	189.0	10.9	217.7	217.3	11.2
Other sales			0.3			0.3
Net sales			\$ 11.2			\$ 11.5
EBITDA			\$ 3.5			\$ 4.0
EBITDA margin			31%			35%

Softwood, hardwood and biomass shipments for the third quarter were 41 thousand m³, 12 thousand m³ and 4 thousand m³, respectively. Sale volume in the third quarter of 2009 was comprised of approximately 49% sawlogs, 44% pulpwood and 7% biomass. This compares to sales volume in the same period of 2008 of 48% sawlogs, 46% pulpwood and 6% biomass.

Net sales for the third quarter were \$2.8 million with the average selling price across all products of \$46.33 per m³. This compares to net sales of \$4.2 million and an average selling price of \$53.84 per m³ during the third quarter of 2008. This variance in average selling price is primarily the result of continued pricing weakness across all products. However, this was partially mitigated by favorable foreign exchange translation. Net sales for the nine months ended September 26, 2009 were \$11.2 million, a decrease of \$0.3 million over the comparable period in 2008.

Costs for the third quarter, excluding a one-time gain related to the successful completion of a land sale, were \$2.6 million which compares to costs, excluding a gain related to a land sale, of \$3.0 million during the comparable period of 2008. Variable costs per unit increased 1% in Canadian dollar terms and decreased 3% in U.S. dollar terms. This decrease reflects renegotiated contractor contracts at stable or lower levels due to lower diesel prices.

EBITDA for the third quarter was \$0.8 million, compared to \$1.8 in the same period in 2008. For the nine months ended September 26, 2009, EBITDA was \$3.5 million, a decrease of \$0.5 million compared to the third quarter of 2008. EBITDA margin decreased to 29% in the third quarter of 2009. This compares to 43% during the third quarter of 2008, reflecting decreased selling prices and lower harvest levels.

We are pleased to report that during the third quarter of 2009, Maine Timberlands experienced no recordable safety incidents among employees or contractors.

Financial Position

As at September 26, 2009, Acadian had total assets of \$211.6 million (December 31, 2008 – \$229.0 million), represented primarily by timberlands and logging roads of \$194.3 million (December 31, 2008 – \$207.8 million) and the balance in cash and working capital of \$11.2 million (December 31, 2008 – \$15.1 million) and intangible assets of \$6.1 million (December 31, 2008 – \$6.1 million). Timberlands have been recorded at cost as determined through the purchase of these assets on formation of the Fund and are depleted and charged to operations in a systematic manner based on the utilization of the timber resources. Silviculture costs have been capitalized as incurred.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Acadian's principal sources of liquidity include cash earned from operations and a \$5.0 million revolving credit facility. These sources, combined with existing cash and cash equivalents and net working capital generated by the Fund since inception, are expected to allow the Fund to meet its operating, debt service, capital expenditure and distribution requirements. As indicated previously, due to the seasonal nature of our business, it is typical that cash reserves are generated in the first quarter of the year and are then drawn down during periods such as the second quarter when harvesting conditions are not ideal. This remains unchanged from the prior year.

Silviculture and capital expenditures for the third quarter were \$0.4 million (2008 – \$0.3 million) and, consistent with seasonal trends, represent the majority of expected annual silvicultural and capital expenditures. This level of expenditure was slightly higher than guidance provided during the first half of the year and reflects management's decision to take advantage of investment opportunities expected to enhance the long-term value of Acadian's resource.

Management will continue to assess financing alternatives which may include the issuance of additional Fund units and debt when funding requirements, such as potential acquisitions and debt maturities, arise.

Capital Resources

Borrowings

The Fund has a \$47.0 million facility consisting of a \$42.0 million bank term credit facility and a \$5.0 million revolving credit facility. As at September 26, 2009, no funds (December 31, 2008 - nil) had been drawn on the revolving credit facility. The term facility is fully drawn, and bears interest based on the 30-day Banker's Acceptances rate. Following the end of the quarter, Acadian's lenders have approved the extension of the maturity of its Canadian dollar bank term and revolving credit facilities to February 27, 2011, pending the finalization and execution of the required legal documentation. The bank term and revolving credit facilities will continue to bear interest at floating rates based on the 30-day Banker's Acceptances rate, plus the applicable margin. As part of the terms of this extension, management was also successful

in increasing the available commitment of the revolving credit facility from \$5.0 million to \$10.0 million. Based on the proposed terms of the extension agreement, at today's market rates, Acadian would incur approximately \$0.5 million in additional interest expense over this period as compared to the terms of the credit agreement in the current year.

The Fund has also secured a term loan facility of US\$31.5 million. This facility bears interest at 4.67%, payable quarterly and expires on February 27, 2011. The Fund has granted the lenders a security interest over its assets.

Both facilities contain certain restrictive covenants relating to debt incurrence, sale of assets, and maintenance of certain financial ratios, all of which are in compliance as at September 26, 2009.

Outstanding Units

As at September 26, 2009, 16,571,453 Class A units were issued and outstanding. This represents an increase of 4,507,030 units from December 31, 2008 resulting from the conversion of all units representing the Class B Liability Interest of a subsidiary by an affiliate of Brookfield Asset Management Inc. on February 3, 2009. The Fund is authorized to issue an unlimited number of units of the same class with equal rights and privileges. Unitholders are entitled to receive distributions as and when declared by the Trustees of the Fund and are entitled to one vote per unit on all matters to be voted on by unitholders at each meeting of unitholders.

As at September 26, 2009, Brookfield Asset Management Inc., together with its affiliates (collectively "Brookfield"), owned 7,513,262 Class A units, representing 45% of the outstanding units of Acadian.

A summary of the Fund units on a fully diluted basis is as follows:

	As at September 26, 2009	
	Units	Percentage
Class A units outstanding	16,571,453	100%
Class B Interest Liability of a subsidiary outstanding	—	—%
	16,571,453	100%
	As at December 31, 2008	
	Units	Percentage
Class A units outstanding	12,064,423	73%
Class B Interest Liability of a subsidiary outstanding	4,507,030	27%
	16,571,453	100%

MARKET OUTLOOK

The demand market for softwood sawlogs is expected to remain weak with soft pricing into 2010 as housing starts in the U.S. remain less than half of long-run averages. While smaller, non-industrial timberland owners continue to withhold timber from the market, an ample supply of Crown and private timber continues to place pressure on timber prices. Fraser Papers, a key customer of softwood sawlogs has not operated its sawmills since the first quarter of 2009, but is expected to begin limited operation during the fourth quarter which should provide modest support for pricing. This weak softwood sawlog market and relatively large inventories of softwood pulpwood and chips are also impacting activity on Fraser Papers' Crown licenses, which are managed by Acadian, reducing the contribution of Acadian's Crown Lands Services Agreement to Acadian's net income. Despite these difficult softwood sawlog markets, Acadian continues to find markets for its key products while preserving value for those products that don't offer adequate market opportunities.

Markets for hardwood sawlogs and specialty products remain relatively robust, particularly for aspen. These markets are expected to remain stable into 2010. Markets for hardwood have improved since the first half of the year and Acadian's major hardwood pulpwood customers continue to operate and take deliveries, with prices improving modestly from the second quarter and early in the third quarter. Acadian has been able to sell all of its biomass, although this market has also been under pressure due to low demand for electric power, as well as reduced gas and oil prices. The integrated biomass plants have seen greatly reduced supply from mill residuals, but increased supply of whole tree chips because other options for selling wood are limited.

Canadian Government's Tax Fairness Plan

On October 31, 2006, the Canadian government announced proposed changes to Canada's taxation system designed to level the playing field between trusts and corporations. These proposed changes were enacted into law on June 22, 2007. Based on the information that the government has provided, it appears that Acadian would be considered a specified investment flow-through vehicle, which would result in Acadian being impacted by this incremental tax beginning in 2011.

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

SUPPLEMENTAL INFORMATION

This supplemental information contains information required by applicable continuous disclosure guidelines and to facilitate additional analysis.

Selected Consolidated Quarterly Information

The table below sets forth selected consolidated quarterly information for the last eight quarters. See "Additional Quarterly Information" section for the segmented quarterly results.

<i>millions, except per unit data and where indicated</i>	2009			2008			2007	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales volume (000s m ³)	331	157	427	307	319	213	412	314
Net sales	\$ 14.4	\$ 6.1	\$ 26.2	\$ 19.7	\$ 17.2	\$ 8.3	\$ 22.7	\$ 17.7
EBITDA	\$ 1.3	\$ (2.0)	\$ 10.8	\$ 6.9	\$ 4.3	\$ (1.0)	\$ 7.2	\$ 4.9
Distributable cash from operations	\$ (0.3)	\$ (2.4)	\$ 9.5	\$ 5.7	\$ 3.3	\$ (2.0)	\$ 6.3	\$ 3.9
Net income (loss) ¹	\$ (0.2)	\$ (1.6)	\$ 11.1	\$ 15.8	\$ 6.8	\$ (8.4)	\$ 4.7	\$ 7.4
Net income (loss) per unit - basic	\$ (0.01)	\$ (0.10)	\$ 0.75	\$ 1.31	\$ 0.56	\$ (0.70)	\$ 0.39	\$ 0.61
Net income (loss) per unit - diluted	\$ (0.01)	\$ (0.10)	\$ 0.40	\$ (0.14)	\$ 0.11	\$ (0.70)	\$ 0.22	\$ 0.16

¹ Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense (recovery), and the depreciation and depletion expense, which are non-cash items recorded in each respective period.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. Actual results could differ from these estimates.

Acadian considers the following policies to be most critical in understanding the judgments that are involved in preparing the Fund's consolidated financial statements and the uncertainties that could affect the Fund's results of operations, financial position and cash flows.

Accounting for Timberlands and Logging Roads

Acadian's timberlands and logging roads are recorded at cost less accumulated depletion. Depletion is recorded in a systematic manner based on the utilization of the timber resources. Depletion amounts are charged to operations based on a pro rata calculation of units of timber harvested and relative values of timber present, and is applied against the historical cost of timberlands. Main logging roads and their associated bridges are depreciated on a straight-line basis over their estimated useful lives of twenty years.

Class B Interest Liability of a Subsidiary

The Class B Interest Liability represents preferred interests in the Maine Timberlands. The preferred interests were convertible into units at the option of the holder and were treated as a liability of the Maine Timberlands for accounting purposes.

The value of the liability was measured at each reporting date, and on the conversion date, to reflect the market price of the units and the current exchange rates. Changes in value were recorded in the consolidated statement of operations.

Translation of Foreign Currencies

The currency of measurement of the Fund's Canadian operations and U.S. operations are the Canadian dollar and U.S. dollar respectively. Monetary assets and liabilities denominated in a currency other than the operation's currency of measurement are translated at exchange rates prevailing at the end of the period with the associated gain or loss recorded in the consolidated statement of operations.

The accounts of self-sustaining operations in the United States are translated using the current rate method under which assets and liabilities are translated at exchange rates prevailing at the end of the period, and revenues and expenses at average exchange rates during the period. Gains or losses on translation are not included in the consolidated statement of operations, but are presented as an other comprehensive gain or loss in the consolidated statement of comprehensive income and as a separate item in unitholders' equity.

Change in Accounting Policies

Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, Goodwill and Intangible Assets, replacing CICA Section 3062, Goodwill and Other Intangible Assets and CICA Section 3450, Research and Development Costs. Section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The CICA also issued amendments to Section 1000, Financial Statement Concepts, and Accounting Guideline AcG-11, Enterprises in the Development Stage. EIC-27, Revenues and Expenditures during the Pre-operating Period, will not apply to entities that have adopted Section 3064. These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption permitted, and was adopted by the Fund effective January 1, 2009. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States ("U.S. GAAP") by eliminating the practice of recognizing as assets a variety of start up, pre-production and similar costs that do not meet the definition and recognition criteria of an asset. The adoption of this standard did not have any impact on the consolidated financial statements of the Fund.

Future Accounting Policies

International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to converge with IFRS. In May 2007, the CICA published an updated version of its implementation plan which outlines the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS for years beginning on or after January 1, 2011. The CICA plans to converge Canadian GAAP with IFRS, with the objective of moving towards the use of a single set of world-wide accounting standards, improving financial reporting and transparency. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which may significantly impact the Fund's processes and financial results. While we believe the adoption of IFRS will not have a material impact on the Fund's reported distributable cash from operations, it will likely have a material impact on Acadian's consolidated balance sheets and consolidated statements of operations and deficit.

The Fund is currently in the planning phase of the conversion. This includes identifying the differences between existing Canadian GAAP and IFRS, identifying potential business impacts, developing the project plan, assessing resource requirements and providing training to staff. Over the course of the first nine months of 2009, management has identified the following significant accounting differences between Canadian GAAP and IFRS:

- Canadian GAAP requires that the value of standing trees be valued at historic cost less accumulated depletion, whereas IFRS requires that standing trees be valued at fair value at each reporting period with the change in fair value recorded as part of the net income (loss) in the period. Under IFRS, the fair value of the timberlands also includes the recognition of value attributable to growth of the standing inventory in the period, whereas this value is not captured under Canadian GAAP. Consequently, upon the adoption of IFRS, there will be no depletion charged to net income (loss), however this will be replaced by a charge to net income (loss) in the period which will reflect changes in fair value;
- Both Canadian GAAP and IFRS require that inventories are carried at the lower of cost and net realizable value, however under IFRS the cost of the harvested timber is defined to be the fair value at the time of harvest whereas under Canadian GAAP, cost is defined as all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value, under both Canadian GAAP and IFRS, is

defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. As such, upon the adoption of IFRS, the value of inventory on the Fund's balance sheet is expected to approximate market value;

- Canadian GAAP requires that silviculture expenditures be capitalized and included in the historical cost of timberlands and timber inventory, whereas IFRS does not directly address the issue of subsequent expenditures related to biological assets. As timberlands are carried at fair value at each measurement date, management understands that silviculture expenditures may be expensed as a period cost as the capitalization of any costs during an accounting period would simply affect the amount of the fair value adjustment reported in net income (loss) in any given period; and
- Canadian GAAP requires that the logging roads and fixed assets be carried at original cost less accumulated amortization, whereas IFRS allows an entity to make a policy election with respect to the subsequent measurement of an item of logging roads and fixed assets.

In addition to the significant differences noted above, the adoption of IFRS will require the application of IFRS 1 *First-time Adoption of International Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and limited optional exemptions in specified areas of certain standards from this general requirement. The following are the optional exemptions available under IFRS 1, which we believe are significant to the Fund and that we expect to apply in preparing our first financial statements under IFRS.

- Fair value of revaluation as deemed cost
 - IFRS 1 allows an entity to initially measure an item of property, plant and equipment upon transition to IFRS at fair value or under certain circumstances using a previous GAAP revaluation, as opposed to recreating depreciated cost under IFRS.
- Cumulative translation differences
 - IAS 21 *The Effects of Changes in Foreign Exchange Rates* requires an entity to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS.
- IFRS 1 allows for certain other optional exemptions; however, we do not expect such exemptions to be significant to our adoption of IFRS.

Management is currently assessing the impact that these accounting differences, and optional exemptions, will have on the future results of Acadian, including the opening balances upon the initial adoption of IFRS. Additionally, in considering the requirements of IFRS, management has provided training to staff at NB Timberlands and Maine Timberlands and is working with them to assess the implications of these accounting differences and policy elections on the operations of the business, including the implications that the adoption of IFRS will have on information technology requirements and internal controls.

We expect to report on our accounting policy choices, including our elections under IFRS, and the impact on the opening IFRS balance sheet of the Fund as at January 1, 2010 in our 2009 year end MD&A. As a result, during the second half of 2009 and the first quarter of 2010, management will focus on implementing the changes and performing the work required to ensure the accuracy of opening balances. Despite the above, the current International Accounting Standard Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) are considering further modifications to IFRS which may ultimately change our preliminary analysis. Accordingly, it is currently not possible to fully determine the impact to the financial statements and any potential business impacts. The Fund currently expects to report under IFRS, on a comparative basis, starting with the first quarter of 2011.

Taxation of Fund Distributions

Management estimates approximately 65% of the Fund's targeted distributions for 2009 will represent a return of capital.

Related Party Transactions

In the normal course of operations, the Fund enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The Fund has one significant related party, Brookfield Asset Management Inc., and its affiliates (collectively "Brookfield"). As at September 26, 2009, Brookfield owned 7,513,262 Class A units representing approximately 45% of the outstanding units of the Fund. Acadian is also a related party of Fraser Papers as a result of their common significant shareholder.

A summary of the significant related party transactions have been provided below.

- a) Acadian is party to fibre supply agreements whereby Acadian has agreed to provide fibre to Fraser Papers and Brookfield for periods of up to 20 years. In addition, Acadian has agreed to administer certain licenses on behalf of Fraser Papers. Total sales to Fraser Papers and Brookfield during the three months ended September 26, 2009 totaled \$2.0 million (2008 – \$7.3 million) and \$0.2 (2008 – \$1.3 million), respectively, which represented 13% (2008 – 34%) of consolidated total sales. Included in accounts receivable as at September 26, 2009 is \$0.5 million (December 31, 2008 – \$1.2 million) related to these agreements. Total sales to Fraser Papers and Brookfield for the nine month period ended September 26, 2009 totaled \$14.6 million (2008 – \$15.2 million) and \$1.2 million (2008 – \$2.1 million), respectively.
- b) Acadian is party to an agreement with Brookfield, whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the third quarter were \$0.5 million (2008 – \$0.5 million) and \$1.6 million (2008 – \$1.5 million) for the nine months ended September 26, 2009. All fees have been fully paid in accordance with the services agreement.
- c) There were no payments on the Class B Interest Liability of a subsidiary to Brookfield during the three months ended September 26, 2009 as a result of the conversion of all units representing the Class B Liability of a subsidiary by an affiliate of Brookfield on February 3, 2009. Payments on the Class B Interest Liability of a subsidiary to Brookfield during the nine months ended September 26, 2009 totaled \$0.3 million (2008 – \$2.8 million). No amounts have been included in accounts payable and accrued liabilities as at September 26, 2009 (December 31, 2008 – \$0.3 million).
- d) Maine Timberlands rents space in a shared office building from Katahdin Paper Company LLC (a wholly-owned subsidiary of Brookfield), which also provides certain administrative services to Maine Timberlands. Total costs paid for these services were \$4 thousand in the third quarter (2008 – \$4 thousand) and \$12 thousand during the nine-month period ended September 26, 2009 (2008 – \$12 thousand).
- e) During the three months ended September 26, 2009 Acadian completed the sale of ten acres to Brookfield for proceeds of \$0.5 million, and recognized a gain of \$0.5 million. Additionally, in the quarter Acadian purchased 89 acres of timberlands from Brookfield at a cost of \$0.4 million.

Contractual Obligations

The Fund has no material capital or operating lease obligations; however, it has three significant contractual obligations related to the supply of fibre to related parties and the provision of management services under a Crown License Agreement at the direction of a related party. See Related Party Transactions for further discussion of these contracts. A summary of the Fund's debt obligations is as follows:

<i>millions</i>	Total Available	Total	Payments Due by Period			
			Less Than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Long-term debt						
Bank term credit facility ⁽ⁱ⁾	\$ 42.0	\$ 42.0	\$ 42.0	\$ —	\$ —	\$ —
Revolving credit facility	5.0	—	—	—	—	—
Term loan facility	34.8	34.8	—	34.8	—	—
	\$ 81.8	\$ 76.8	\$ 42.0	\$ 34.8	\$ —	\$ —
Interest expense ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾		\$ 2.4	\$ 1.5	\$ 0.9	\$ —	\$ —

The following assumptions have been made with respect to interest rates for the periods noted in the table above.

(i) Represents principal of the bank term credit facility, excluding the deferred extension fee incurred in the fourth quarter of 2008;

(ii) Bank term debt credit facility variable interest at 3.15% per annum.

(iii) Term loan facility fixed interest at 4.67% with a Canadian to U.S. dollar conversion of 1.0913.

Additional Quarterly Information

The tables below set forth additional quarterly information for the last eight quarters by reportable segment:

NB Timberlands

	2009 Q3			2009 Q2			2009 Q1			2008 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	68.6	67.8	\$ 3.5	36.3	41.2	\$ 2.5	174.2	151.9	\$ 9.1	72.5	73.2	\$ 4.4
Hardwood	137.5	125.5	6.4	34.0	70.1	3.0	123.8	93.2	5.1	81.7	78.2	4.6
Biomass	80.2	80.2	1.4	33.0	33.0	0.5	63.4	63.4	1.5	57.4	57.4	1.1
	286.3	273.5	11.3	103.3	144.3	6.0	361.4	308.5	15.7	211.6	208.8	10.1
Other Sales			0.3			(0.3)			2.5			3.2
Net sales			\$ 11.6			\$ 5.7			\$ 18.2			\$ 13.3
EBITDA			\$ 1.3			\$ (0.8)			\$ 7.8			\$ 4.5
EBITDA Margin			11%			(14)%			43%			34%

Maine Timberlands

	2009 Q3			2009 Q2			2009 Q1			2008 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	38.5	40.9	\$ 2.1	5.0	6.2	\$ 0.1	108.8	104.9	\$ 7.4	72.4	72.4	\$ 4.8
Hardwood	12.4	12.1	0.5	1.9	2.7	0.2	9.8	8.6	0.4	18.1	18.7	1.4
Biomass	4.1	4.1	0.1	4.1	4.1	—	5.4	5.4	0.1	6.7	6.7	0.1
	55.0	57.1	2.7	11.0	13.0	0.3	124.0	118.9	7.9	97.2	97.8	6.3
Other Sales			0.1			0.1			0.1			0.1
Net sales			\$ 2.8			\$ 0.4			\$ 8.0			\$ 6.4
EBITDA			\$ 0.8			\$ (0.6)			\$ 3.3			\$ 2.5
EBITDA Margin			29%			(150)%			41%			39%

Corporate

	2009 Q3			2009 Q2			2009 Q1			2008 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	—	—	\$ —	—	—	\$ —	—	—	\$ —	—	—	\$ —
Hardwood	—	—	—	—	—	—	—	—	—	—	—	—
Biomass	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Other Sales			—			—			—			—
Net sales			\$ —			\$ —			\$ —			\$ —
EBITDA			\$ (0.8)			\$ (0.6)			\$ (0.3)			\$ (0.1)
EBITDA Margin			n/a			n/a			n/a			n/a

NB Timberlands

	2008 Q3			2008 Q2			2008 Q1			2007 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	68.9	64.6	\$ 3.8	9.0	20.3	\$ 1.2	123.4	122.7	\$ 7.6	93.4	113.2	\$ 7.0
Hardwood	92.5	111.1	6.3	76.7	92.5	5.6	138.7	131.7	7.3	119.6	102.1	5.3
Biomass	67.8	67.8	1.4	61.9	61.9	0.9	54.5	54.5	1.0	37.3	37.3	0.9
Other Sales	229.2	243.5	11.5	147.6	174.7	7.7	316.6	308.9	15.9	250.3	252.6	13.2
			1.5			(1.2)			1.3			1.6
Net sales			\$ 13.0			\$ 6.5			\$ 17.2			\$ 14.8
EBITDA			\$ 2.6			\$ (0.8)			\$ 5.2			\$ 4.3
EBITDA Margin			20%			(12)%			30%			29%

Maine Timberlands

	2008 Q3			2008 Q2			2008 Q1			2007 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	52.3	52.2	\$ 3.0	23.1	23.0	\$ 1.1	86.6	86.6	\$ 4.8	50.9	50.8	\$ 2.4
Hardwood	19.6	19.4	1.1	10.0	11.6	0.5	14.4	12.8	0.6	8.6	8.5	0.4
Biomass	4.4	4.4	—	3.6	3.6	0.1	3.7	3.7	—	1.8	1.8	—
Other Sales	76.3	76.0	4.1	36.7	38.2	1.7	104.7	103.1	5.4	61.3	61.1	2.8
			0.1			0.1			0.1			0.1
Net sales			\$ 4.2			\$ 1.8			\$ 5.5			\$ 2.9
EBITDA			\$ 1.8			\$ —			\$ 2.2			\$ 0.8
EBITDA Margin			43%			0%			40%			28%

Corporate

	2008 Q3			2008 Q2			2008 Q1			2007 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	—	—	\$ —	—	—	\$ —	—	—	\$ —	—	—	\$ —
Hardwood	—	—	—	—	—	—	—	—	—	—	—	—
Biomass	—	—	—	—	—	—	—	—	—	—	—	—
Other Sales	—	—	—	—	—	—	—	—	—	—	—	—
Net sales			\$ —			\$ —			\$ —			\$ —
EBITDA			\$ (0.1)			\$ (0.2)			\$ (0.2)			\$ (0.2)
EBITDA Margin			n/a			n/a			n/a			n/a

Forward-Looking Statements

This Interim Report contains forward-looking information and other “forward-looking” statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Interim Report, such statements use such words as “may,” “will,” “intend,” “should,” “expect,” “believe,” “outlook,” “predict,” “remain,” “anticipate,” “estimate,” “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 this Interim Report. 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. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; and other risks and factors discussed under Risk Factors in Acadian’s Final Prospectus and other filings with securities regulatory authorities. Although the forward-looking statements contained in this Interim Report are based upon what management believes are reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this Interim Report, and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

Interim Consolidated Balance Sheet

(unaudited)

As at			September 26, 2009	December 31, 2008
<i>CAD millions</i>	Note			
Assets				
Current assets				
Cash and cash equivalents		\$	2.3	\$ 9.0
Accounts receivable and other assets	8		7.0	4.7
Inventory			1.9	1.4
			11.2	15.1
Intangible assets			6.1	6.1
Timberlands, logging roads and fixed assets	4		194.3	207.8
		\$	211.6	\$ 229.0
Liabilities and unitholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	8	\$	5.5	\$ 6.2
Distributions payable to unitholders			1.1	0.8
Bank term credit facility	5,15		42.0	—
			48.6	7.0
Future income tax liability			14.3	17.7
Long-term debt	5		34.8	80.8
Class B Interest Liability of a subsidiary	6		—	31.6
Unitholders' equity	7		113.9	91.9
		\$	211.6	\$ 229.0

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Operations and Deficit

(unaudited)

CAD millions	Note	Three Months Ended		Nine Months Ended	
		Sept 26, 2009	Sept 27, 2008	Sept 26, 2009	Sept 27, 2008
Net sales	8	\$ 14.4	\$ 17.2	\$ 46.7	\$ 48.2
Operating costs and expenses					
Cost of sales		11.4	11.9	31.2	33.7
Selling, administration and other	8	2.3	1.6	6.0	4.7
Depreciation and depletion		1.2	1.7	5.5	5.2
		14.9	15.2	42.7	43.6
Operating earnings (loss)		(0.5)	2.0	4.0	4.6
Gain on sale of timberlands	8	(0.6)	(0.6)	(0.6)	(0.7)
Gain on Class B Interest Liability of a subsidiary	6	—	(6.0)	(4.7)	(3.1)
Interest:					
Interest income		—	(0.1)	—	(0.2)
Interest expense on long-term debt		0.8	0.9	2.4	2.6
Class B Interest Liability of a subsidiary	8	—	1.0	0.3	2.8
Earnings (loss) before income taxes		(0.7)	6.8	6.6	3.2
Income tax recovery (expense)	12				
Current		—	—	—	—
Future		0.5	—	2.7	(0.1)
Net income (loss) for the period		(0.2)	6.8	9.3	3.1
Deficit, beginning of period		(17.9)	(38.5)	(20.9)	(29.8)
Unitholders' distributions	14	(3.5)	(2.5)	(10.0)	(7.5)
Deficit, end of period		\$ (21.6)	\$ (34.2)	\$ (21.6)	\$ (34.2)
Net income (loss) per unit - basic	7	\$ (0.01)	\$ 0.56	\$ 0.58	\$ 0.26
Net income (loss) per unit - diluted	7	\$ (0.01)	\$ 0.11	\$ 0.30	\$ 0.17

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income (Loss)

(unaudited)

	Note	Three Months Ended		Nine Months Ended	
		Sept 26, 2009	Sept 27, 2008	Sept 26, 2009	Sept 27, 2008
<i>CAD millions</i>					
Net income (loss)		\$ (0.2)	\$ 6.8	\$ 9.3	\$ 3.1
Other comprehensive loss					
Unrealized foreign currency translation loss	7	(2.0)	—	(4.8)	(0.2)
Comprehensive income (loss)		\$ (2.2)	\$ 6.8	\$ 4.5	\$ 2.9

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Cash Flows

(unaudited)

CAD millions	Note	Three Months Ended		Nine Months Ended	
		Sept 26, 2009	Sept 27, 2008	Sept 26, 2009	Sept 27, 2008
Cash provided by (used for):					
Operating activities					
Net income (loss)		\$ (0.2)	\$ 6.8	\$ 9.3	\$ 3.1
Items not affecting cash:					
Future income tax expense (recovery)	12	(0.5)	—	(2.7)	0.1
Depreciation and depletion		1.2	1.7	5.5	5.2
Gain on sale of timberlands	8	(0.6)	(0.6)	(0.6)	(0.7)
Gain on Class B Interest Liability of a subsidiary	6	—	(6.0)	(4.7)	(3.1)
		(0.1)	1.9	6.8	4.6
Net change in non-cash working capital balances and other		(0.4)	(1.8)	(3.2)	2.9
		(0.5)	0.1	3.6	7.5
Investing activities					
Sale of timberlands, logging roads and fixed assets	8	0.6	0.7	0.6	0.8
Additions to timberlands, logging roads & fixed assets	8	(0.7)	(0.1)	(0.8)	(0.3)
Silviculture expenditures		(0.1)	(0.2)	(0.1)	(0.3)
		(0.2)	0.4	(0.3)	0.2
Financing activities					
Distributions paid to unitholders	14	(3.5)	(2.5)	(10.0)	(7.5)
		(3.5)	(2.5)	(10.0)	(7.5)
Increase (decrease) in cash and cash equivalents during the period		(4.2)	(2.0)	(6.7)	0.2
Cash and cash equivalents, beginning of period		6.5	7.1	9.0	4.9
Cash and cash equivalents, end of period		\$ 2.3	\$ 5.1	\$ 2.3	\$ 5.1

See accompanying notes to interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 1. GENERAL

In these notes “Acadian” means Acadian Timber Income Fund and all of its consolidated operations, while the “Fund” means Acadian Timber Income Fund as a separate entity.

The Fund is an unincorporated open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated December 15, 2005, as amended. The Fund qualifies as a “mutual fund trust” for the purposes of the Income Tax Act (Canada). The authorized equity of the Fund consists of an unlimited number of Fund units (“units”). Unitholders are entitled to receive distributions as and when declared by the trustees of the Fund (the “Trustees”) and are entitled to one vote per unit on all matters to be voted on by unitholders at each meeting of unitholders.

Acadian owns and manages approximately 765,000 acres of freehold timberlands in New Brunswick (“NB Timberlands”), approximately 311,000 acres of freehold timberlands in Maine (“Maine Timberlands”) 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.

As at September 26, 2009, affiliates of Brookfield Asset Management Inc. (collectively “Brookfield”) own 7,513,262 Class A units representing approximately 45% of the outstanding units of the Fund. Acadian and Fraser Papers Inc. (“Fraser Papers”) are also related parties as a result of a common significant shareholder.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements present the results of operations and cash flows of Acadian for the three- and nine-month periods ended September 26, 2009 along with the comparative results for the three- and nine-month periods ended September 27, 2008. These consolidated financial statements include the accounts of Acadian and the entities over which it has control and have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) as prescribed by the Canadian Institute of Chartered Accountants (“CICA”).

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during a period. Significant estimates include the determination of the carrying value of assets, and estimating the useful lives of timberlands, logging roads and fixed assets. Actual results could differ from those estimates.

These interim consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing the Fund’s most recent annual report, except as discussed in Note 3. These consolidated financial statements do not include all of the disclosure required under GAAP for annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Fund and notes for the year ended December 31, 2008.

Seasonality

Due to the seasonal nature of Acadian’s timberland operations, the first, third and fourth quarters of the fiscal year typically account for, and are expected in the future to account for, a greater portion of revenue and net income individually than does the second quarter of each fiscal year. This seasonal pattern may cause Acadian’s revenue and net income to vary significantly from quarter to quarter.

NOTE 3. CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, replacing CICA 3062, Goodwill and Other Intangible Assets and CICA 3450, Research and Development Costs. New section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The CICA also issued amendments to Section 1000, Financial Statement Concepts, and Accounting Guideline AcG-11, Enterprises in the Development Stage. EIC-27, Revenues and Expenditures during the Pre-operating Period, will not apply to entities that have adopted Section 3064. These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption permitted, and was adopted by the Fund effective January 1, 2009. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards (“IFRS”) and generally accepted accounting principles in the United States (“U.S. GAAP”) by eliminating the practice of recognizing as assets a variety of start up, pre-production and similar costs that do not meet the definition and recognition criteria of an asset. The adoption of this standard did not have any impact on the consolidated financial statements of the Fund.

Future Accounting Policies

International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to converge with IFRS. In May 2008, the CICA published an updated version of its implementation plan which outlines the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS by January 1, 2011. The CICA plans to converge Canadian GAAP with IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies. The Fund currently expects to adopt IFRS effective January 1, 2011 and is currently assessing the future impact of the new standards on its consolidated financial statements.

NOTE 4. TIMBERLANDS, LOGGING ROADS AND FIXED ASSETS

<i>As at September 26, 2009</i> <i>(millions)</i>	Book Value	Accumulated Depletion and Depreciation	Net Book Value
Timberlands	\$ 195.4	\$ (25.8)	\$ 169.6
Land	10.6	—	10.6
Logging roads and bridges	15.2	(2.5)	12.7
Building and equipment	1.9	(0.5)	1.4
	\$ 223.1	\$ (28.8)	\$ 194.3

<i>As at December 31, 2008</i> <i>(millions)</i>	Book Value	Accumulated Depletion and Depreciation	Net Book Value
Timberlands	\$ 204.0	\$ (22.0)	\$ 182.0
Land	10.9	—	10.9
Logging roads and bridges	15.5	(2.1)	13.4
Building and equipment	1.9	(0.4)	1.5
	\$ 232.3	\$ (24.5)	\$ 207.8

NOTE 5. DEBT FINANCING

Debt financing consisted of the following:

<i>millions</i>	September 26, 2009	December 31, 2008
Bank term credit facility, repayable in January 2010	\$ 42.0	\$ 42.0
Less: Deferred debt issuance costs	—	(0.1)
	42.0	41.9
Term loan facility, repayable in February 2011	34.8	38.9
	\$ 76.8	\$ 80.8

Acadian has a term credit facility for up to \$42.0 million and a revolving credit facility of up to \$5.0 million. The term credit facility bears interest at floating rates which for the period ended September 26, 2009 was based on 30-day Banker's Acceptances rates. The revolving credit facility bears interest at 30-day Banker's Acceptances rates, has a period of 364 days and has customary extension features. As at September 26, 2009, Acadian has borrowed \$42.0 million under the term facility and nil under the revolving facility, which remains unchanged from December 31, 2008. As security for these facilities, Acadian has granted the lenders a security interest over the assets of the NB Timberlands. These facilities have certain restrictive covenants relating to debt incurrence and the sale of assets and require Acadian to maintain certain financial ratios (see Note 10). As at September 26, 2009, Acadian was in compliance with all covenants.

Following the end of the quarter, Acadian's lenders have approved the extension of the maturity of its Canadian dollar bank term and revolving credit facilities to February 27, 2011, pending the finalization and execution of the required legal documentation. The bank term and revolving credit facilities will continue to bear interest at floating rates based on the 30-day Banker's Acceptances rate, plus the applicable margin. As part of this extension, management was also successful in increasing the available commitment of the revolving credit facility from \$5.0 million to \$10.0 million. Based on the terms of the proposed extension agreement, at today's market rates, Acadian would incur approximately \$0.5 million in additional interest expense over this period as compared to the terms of the credit agreement in the current year.

The Maine Timberlands secured a term loan facility for up to US\$31.5 million which was fully drawn at September 26, 2009. The carrying amount of the facility includes US\$0.4 million of deferred financing costs payable upon maturity of the facility. The facility bears interest at 4.67% and expires on February 27, 2011. The fair value of the secured term loan facility is estimated to be US\$32.4 million compared to the carrying value of US\$31.9 million. As security for this facility, Maine Timberlands has granted the lenders a security interest over its assets. The facility has certain restrictive covenants relating to debt incurrence and the sale of assets and requires Maine Timberlands to maintain certain financial ratios (see Note 10). As at September 26, 2009, Maine Timberlands was in compliance with all covenants. The amount payable under this facility totaled \$34.8 million at September 26, 2009 (December 31, 2008 – \$38.9 million).

NOTE 6. CLASS B INTEREST LIABILITY OF A SUBSIDIARY

The Class B Interest Liability represented 4,507,030 preferred interests in the Maine Timberlands which were converted into Units of the Fund on February 3, 2009 by an affiliate of Brookfield. The preferred interests were entitled to a fixed monthly cumulative preferential dividend equal to the lesser of \$0.075625 and the most recently announced distribution per Unit of the Fund. These interests were convertible at the option of the holder on a one for one basis into units of the Fund or, at the sole discretion of Acadian, into cash equal to the full market value of these Units on the date of conversion. During the nine months ended September 26, 2009, distributions on the Class B Interests were \$0.07 per preferred interest (2008 – \$0.62 per preferred interest). No distributions were made on the Class B interests during the third quarter of 2009 (2008 - \$0.21 per preferred interest).

The Class B Interest Liability was a Canadian dollar liability of the Maine Timberlands. As the currency of measurement of Maine Timberlands is the U.S. dollar, the liability was marked to market at each balance sheet date based on the change on the value of the units of the Fund and the U.S. to Canadian dollar exchange rate with the change recorded in income for the period. As of the date of conversion, the revaluation of this interest resulted in a gain of \$4.7 million, which is comprised of a \$4.1 million mark-to-market gain plus an additional \$0.6 million foreign exchange gain due to the weakening of the Canadian currency in the period. During the three and nine months ended September 27, 2008, the revaluation of this interest resulted in a \$6.0 million gain and \$3.1 million gain, respectively.

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 7. UNITHOLDERS' EQUITY

The components of unitholders' equity as at September 26, 2009 are as follows:

<i>millions</i>	
Units issued and outstanding - 16,571,453 units	\$ 139.1
Accumulated other comprehensive loss	(3.6)
Deficit	(21.6)
Total	\$ 113.9

As a result of the conversion of the Class B Interest Liability of a subsidiary on February 3, 2009 (Note 6), Acadian has issued an additional 4,507,030 Class A units at a value of \$27.5 million.

The components of unitholders' equity as at December 31, 2008 are as follows:

<i>millions</i>	
Units issued and outstanding - 12,064,423 units	\$ 111.6
Accumulated other comprehensive income	1.2
Deficit	(20.9)
Total	\$ 91.9

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) reflects unrealized gains (losses) on the translation of the financial statements of the Maine Timberlands. Accumulated other comprehensive income (loss) as at September 26, 2009 and September 27, 2008 is:

<i>millions</i>	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Balance, beginning of period	\$ (1.6)	\$ (0.5)	\$ 1.2	\$ (0.3)
Other comprehensive loss	(2.0)	—	(4.8)	(0.2)
Balance, end of period	\$ (3.6)	\$ (0.5)	\$ (3.6)	\$ (0.5)

As at September 26, 2009 the Fund had 16,571,453 Class A units issued and outstanding.

Basic net income per Unit is determined by dividing net income by the weighted average number of Units outstanding during the period. Diluted net income per Unit for the three and nine months ended September 26, 2009, and the comparable period of 2008, respectively, was calculated as follows:

Reconciliation to net income:

<i>millions</i>	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Net income (loss)	\$ (0.2)	\$ 6.8	\$ 9.3	\$ 3.1
Add (deduct)				
Interest expense of Class B Interest Liability of a subsidiary	—	1.0	0.3	2.8
Gain on Class B Interest Liability of a subsidiary	—	(6.0)	(4.7)	(3.1)
Diluted net income (loss) available for unitholders	\$ (0.2)	\$ 1.8	\$ 4.9	\$ 2.8

Reconciliation of number of units:

	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
<i>thousands</i>				
Weighted average number of units				
Class A units	16,571	12,064	16,002	12,064
Basic weighted average number of units	16,571	12,064	16,002	12,064
Conversion of Class B Interest Liability of a subsidiary	—	4,507	569	4,507
Diluted weighted average number of units	16,571	16,571	16,571	16,571

NOTE 8. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount.

- a) Acadian is party to fibre supply agreements whereby Acadian has agreed to provide fibre to Fraser Papers and Brookfield for periods of up to 20 years. In addition, Acadian has agreed to administer certain licenses on behalf of Fraser Papers. Total sales to Fraser Papers and Brookfield during the three months ended September 26, 2009 amounted to \$2.0 million (2008 – \$7.3 million) and \$0.2 million (2008 – \$1.3 million), respectively which represented 13% (2008 – 34%) of consolidated total sales. Included in accounts receivable as at September 26, 2009 is \$0.5 million (December 31, 2008 – \$1.2 million) related to these agreements. Total sales to Fraser Papers and Brookfield for the nine-month period ended September 26, 2009 was \$14.6 million (2008 – \$15.2 million) and \$1.2 million (2008 – \$2.1 million), respectively.
- b) Acadian is party to an agreement with Brookfield, whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the third quarter amounted to \$0.5 million (2008 – \$0.5 million) and \$1.6 million (2008 – \$1.5 million) for the nine months ended September 26, 2009. All fees have been fully paid in accordance with the services agreement.
- c) There were no payments on the Class B Interest Liability of a subsidiary to Brookfield during the three months ended September 26, 2009 as a result of the conversion of all units representing the Class B Liability of a subsidiary by an affiliate of Brookfield on February 3, 2009. Payments on the Class B Interest Liability of a subsidiary to Brookfield during the nine months ended September 26, 2009 totaled \$0.3 million (2008 – \$2.8 million). No amounts have been included in accounts payable and accrued liabilities as at September 26, 2009 (December 31, 2008 – \$0.3 million).
- d) Maine Timberlands rents space in a shared office building from Katahdin Paper Company LLC (a wholly-owned subsidiary of Brookfield), which also provides certain administrative services to Maine Timberlands. Total costs paid for these services were \$4 thousand in the third quarter (2008 – \$4 thousand) and \$12 thousand during the nine-month period ended September 26, 2009 (2008 – \$12 thousand).
- e) During the three months ended September 26, 2009 Acadian completed the sale of ten acres to Brookfield for proceeds of \$0.5 million, and recognized a gain of \$0.5 million. Additionally, in the quarter Acadian purchased 89 acres of timberlands from Brookfield at a cost of \$0.4 million.

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 9. SEGMENTED INFORMATION

The Fund's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. The Fund has two reporting segments, the NB Timberlands and Maine Timberlands. Net sales, net income (loss) and assets by reportable segments are as follows:

<i>For the Three months Ended September 26, 2009</i>				
<i>millions</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	\$ 5.6	\$ 3.5	\$ 2.1	\$ —
Hardwood	6.9	6.4	0.5	—
Other	1.9	1.7	0.2	—
Total net sales	14.4	11.6	2.8	—
Operating costs	(13.7)	(10.3)	(2.6)	(0.8)
Earnings (loss) before under noted	0.7	1.3	0.2	(0.8)
Depletion and depreciation	(1.2)	(0.8)	(0.4)	—
Operating earnings (loss)	(0.5)	0.5	(0.2)	(0.8)
Gain on sale of timberlands	0.6	—	0.6	—
Earnings (loss) before under noted items	\$ 0.1	\$ 0.5	\$ 0.4	\$ (0.8)
Interest expense, net	(0.8)			
Income tax recovery	0.5			
Net loss	\$ (0.2)			

As at September 26, 2009

<i>millions</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timberlands, logging roads, fixed assets and intangible assets	\$ 200.4	\$ 126.7	\$ 73.7	\$ —
Total assets	211.6	135.3	75.7	0.6

For the Three months Ended September 27, 2008

<i>millions</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	\$ 6.8	\$ 3.8	\$ 3.0	\$ —
Hardwood	7.4	6.3	1.1	—
Other	3.0	2.9	0.1	—
Total net sales	17.2	13.0	4.2	—
Operating costs	(13.5)	(10.4)	(3.0)	(0.1)
Earnings (loss) before under noted	3.7	2.6	1.2	(0.1)
Depletion and depreciation	(1.7)	(1.0)	(0.7)	—
Operating earnings (loss)	2.0	1.6	0.5	(0.1)
Gain on sale of timberlands	0.6	—	0.6	—
Earnings (loss) before under noted items	\$ 2.6	\$ 1.6	\$ 1.1	\$ (0.1)
Gain on Class B Interest Liability of a subsidiary	6.0			
Interest expense, net	(1.8)			
Income tax expense	—			
Net income	\$ 6.8			

As at September 27, 2008

<i>millions</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timberlands, logging roads, fixed assets and intangible assets	\$ 202.8	\$ 130.7	\$ 72.1	\$ —
Total assets	217.6	139.6	74.1	3.9

(unaudited) (All figures in Canadian dollars unless otherwise stated)

<i>For the Nine Months Ended September 26, 2009</i>				
<i>millions</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	\$ 24.7	\$ 15.1	\$ 9.6	\$ —
Hardwood	15.6	14.5	1.1	—
Other	6.4	5.9	0.5	—
Total net sales	46.7	35.5	11.2	—
Operating costs	(37.2)	(27.2)	(8.3)	(1.7)
Earnings (loss) before under noted	9.5	8.3	2.9	(1.7)
Depletion and depreciation	(5.5)	(3.4)	(2.1)	—
Operating earnings (loss)	4.0	4.9	0.8	(1.7)
Gain on sale of timberlands	0.6	—	0.6	—
Earnings (loss) before under noted items	\$ 4.6	\$ 4.9	\$ 1.4	\$ (1.7)
Gain on Class B Interest Liability of a subsidiary	4.7			
Interest expense, net	(2.7)			
Income tax recovery	2.7			
Net income	\$ 9.3			

<i>For the Nine Months Ended September 27, 2008</i>				
<i>millions</i>	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	\$ 21.5	\$ 12.6	\$ 8.9	\$ —
Hardwood	21.4	19.2	2.2	—
Other	5.3	4.9	0.4	—
Total net sales	48.2	36.7	11.5	—
Operating costs	(38.4)	(29.8)	(8.1)	(0.5)
Earnings (loss) before under noted	9.8	6.9	3.4	(0.5)
Depletion and depreciation	(5.2)	(3.2)	(2.0)	—
Operating earnings (loss)	4.6	3.7	1.4	(0.5)
Gain on sale of timberlands	0.7	0.1	0.6	—
Earnings (loss) before under noted items	\$ 5.3	\$ 3.8	\$ 2.0	\$ (0.5)
Gain on Class B Interest Liability of a subsidiary	3.1			
Interest expense, net	(5.2)			
Income tax expense	(0.1)			
Net loss	\$ 3.1			

During the three months ended September 26, 2009 approximately 29% of total sales originated with customers domiciled in the U.S. and the balance in Canada. During the same period approximately 25% of total sales were denominated in U.S. dollars.

Acadian outsources much of its harvesting, transportation and other services which comprise the majority of the Fund's cost of sales. For the three-month period ended September 26, 2009, Acadian's top three suppliers accounted for approximately 24%, 13% and 11%, respectively, of the Fund's cost of sales.

Acadian sells its products to many forest product companies in North America. For the three-month period ended September 26, 2009, the related parties and the next largest customer (see Note 8) accounted for 13% and 12% of total sales, respectively.

NOTE 10. CAPITAL DISCLOSURES

Acadian's capital structure is comprised of unitholders' equity, inclusive of other comprehensive income (loss) and long-term loan facilities, which include current portions.

Acadian's corporate finance objective is to utilize prudent levels of leverage to lower the trust's cost of capital while minimizing financial risk for unitholders. In managing its capital structure, Acadian may adjust the amount of distributions paid to unitholders, discretionary silviculture and capital expenditures during a given period, or re-evaluate Acadian's leverage ratios.

Acadian monitors its capital structure to ensure compliance with its financial covenants with debtholders. These financial covenants include funded debt to the last twelve months earnings before interest, taxes, depletion, depreciation and amortization ("LTM EBITDA") and interest coverage in respect to the bank term credit facility and debt service coverage in respect to the term loan facility. The financial covenants contained in the bank term credit facility are as follows:

As at <i>millions</i>	September 26, 2009	December 31, 2008
Funded debt	\$ 42.0	\$ 42.0
Capitalization	127.0	131.4
Funded debt / Capitalization (maximum 42.5%)	33.1%	32.0%

<i>millions</i>	September 26, 2009	September 27, 2008
LTM EBITDA	\$ 12.8	\$ 11.3
LTM Interest for period	1.7	2.2
Interest coverage (minimum 3.0)	7.5	5.1

The Maine Timberlands' term loan facility requires that a minimum debt service coverage ratio is maintained. This ratio is disclosed below:

<i>U.S. millions</i>	September 26, 2009	September 27, 2008
LTM EBITDA	\$ 5.0	\$ 4.8
Capital expenditure	(0.4)	(0.1)
Cash flow	4.6	4.7
Interest	1.5	1.5
Debt service coverage ratio (minimum 1.25)	3.1	3.1

Acadian's long-term debt obligations, inclusive of current portions, have restrictive covenants which required the NB Timberlands and Maine Timberlands, respectively, to maintain certain financial ratios. As at September 26, 2009, Acadian is in compliance with all financial covenants.

NOTE 11. FINANCIAL INSTRUMENTS

Cash and cash equivalents are classified as held for trading and are measured at fair value as at the balance sheet date with all realized gains or losses and unrealized holdings gains and losses resulting from the change in fair value included in net income in the period in which they arise. Accounts receivable and other assets have been classified as loans and receivables, which are accounted for at amortized cost, which approximates their carrying value given the short-term nature of these receivables. Accounts payable and accrued liabilities, distributions payable to unitholders and long-term loan facilities, including current portions, have been classified as other financial liabilities which are accounted for at amortized cost.

Financial Risk Management

Acadian is exposed to various risks that have been identified by management. These risks have been categorized as foreign exchange risk, interest rate risk, other price risk, credit risk and liquidity risk.

Foreign Exchange Risk

Acadian owns and manages timberlands in both Canada and the United States; as a result, revenues and expenses are incurred in both Canadian dollars and U.S. dollars. The functional currency of Maine Timberlands is the U.S. dollar and the functional currency of the NB Timberlands is the Canadian dollar. Acadian's reporting currency is the Canadian dollar. Acadian's most significant foreign currency risk exposure arises due to its investment in the Maine Timberlands. Accordingly, the impact of a strengthening Canadian dollar will reduce the net income of Acadian, and will also result in an other comprehensive loss on the revaluation of the Maine Timberlands' assets.

During the three- and nine-month periods ended September 26, 2009, a \$0.01 appreciation (depreciation) in the average and period end U.S. to Canadian dollar foreign exchange rates, all else being equal, would not have significantly impacted net income and cash flow from operations. Furthermore, a \$0.01 appreciation (depreciation) in the U.S. to Canadian dollar foreign exchange rate as at September 26, 2009 would have decreased (increased) the unrealized foreign exchange losses recorded in other comprehensive income (loss) resulting from the revaluation of the Maine Timberlands' financial instruments by approximately \$0.4 million. The foreign exchange risk arising on the translation of the Maine Timberlands' financial statements is considered to be a financial reporting risk that does not represent a significant operating risk.

The objective of Acadian's foreign exchange risk management activities is to minimize foreign exchange exposures that would have an impact on its operating performance. All of the NB Timberlands expenses and a significant proportion of its revenues are incurred in Canadian dollars. As such, the financial reporting and operational risk associated with the revaluation of NB Timberlands revenues and accounts receivables denominated in U.S. dollars is considered immaterial. Management continues to monitor the operational impact of all foreign exchange exposure, and will consider alternatives, as required, to ensure that this risk is maintained at prudent levels.

Interest Rate Risk

Acadian's interest rate risk arises from the floating interest rate bank term credit facility (see Note 5). A change in Bankers' Acceptances rates will result in variability in the interest expense of Acadian, impacting its consolidated net income. As at September 26, 2009, a 25 basis point increase (decrease) in Bankers' Acceptances rates, all else being equal, would have resulted in an increase (decrease) of the interest expense recorded in the third quarter of \$26 thousand, or \$105 thousand per annum.

Additionally, a change in interest rates will also expose Acadian to variability in the fair value of the Maine Timberlands' term loan facility, but would have no impact on the reporting value of the debt facility (see Note 5). As at September 26, 2009, a 25 basis point increase (decrease) in U.S. treasury rates, all else being equal, would have resulted in a decrease (increase) in the fair value of the term loan facility by approximately \$110 thousand.

Other Price Risk

Acadian is exposed to commodity price risk as its financial performance is dependent on the selling prices of its products and the costs incurred in harvesting its timber. The markets for timber are cyclical and are influenced by a variety of factors beyond Acadian's control. For example, the market prices for timber can be affected by changes in regional and global demand, global supply and economic conditions, including increased competition from a variety of substitute products.

Additionally, Acadian's operating expenses can be impacted by fuel cost increases. Acadian relies almost exclusively on land transportation, and therefore may be more susceptible to fuel cost increases than other timberland companies which rely more heavily on other transportation methods that are less exposed to fuel prices. Accordingly, commodity price variations may impact Acadian's sales, costs of sales, cash flows and earnings. Furthermore, weakness in the market prices of its timber products will also have an effect on Acadian's ability to attract additional capital, the cost of that capital and the value of its timberland assets.

(unaudited) (All figures in Canadian dollars unless otherwise stated)

To manage these risks, management monitors market developments in all commodity prices to which it is materially exposed. Given the nature of Acadian's operations, during periods of decreased selling prices and increased costs, Acadian will adjust harvest levels and manage variable expenditures in an effort to preserve the long-term value of Acadian's timberlands.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposures to clients, including outstanding accounts receivables. The maximum exposure is equal to the carrying value of the financial assets as at the balance sheet date.

The objective of managing counterparty credit risk is to prevent losses in financial assets. Investments of excess cash and cash equivalents are invested with counterparties meeting minimum credit quality requirements in accordance with the terms of Acadian's declaration of trust. With respect to outstanding accounts receivables, NB Timberlands and Maine Timberlands each assess the credit quality of the counterparties, including customers, taking into account their financial position, past experience and other factors. In cases where the credit quality of a client does not meet Acadian's credit requirements, a cash deposit is received before any timber is harvested and sold. Management, upon evaluating all open balances as at September 26, 2009, has recorded an allowance against outstanding receivables of \$54 thousand. Pursuant to their respective terms, all outstanding accounts receivables are current with the exception of approximately \$0.9 million.

Liquidity Risk

Acadian's objective in managing liquidity risk is to maintain sufficient reserves in order to meet operational and investing requirements at any point in time, and to maintain debt financing at levels which will allow Acadian to attract additional capital at reasonable cost. The bank term credit facility, which has security over the assets of the NB Timberlands, matures on January 29, 2010. In seeking to refinance this debt obligation, there is no assurance that Acadian will be able to refinance this obligation at maturity; or if refinanced, that the terms of the refinancing will be as favourable as the original terms of the bank term credit facility. If unable to refinance this facility on acceptable terms, or at all, Acadian may need to dispose of a portion of its assets, or otherwise raise funds, to settle the bank term credit facility. In addition, prevailing interest rates or other factors at the time of refinancing could increase Acadian's interest expense in subsequent years.

Additionally, management assesses the nature and timing of discretionary payments in an effort to mitigate any impact on the financial condition or results of operations of Acadian. As at September 26, 2009, the accounts payable and accrued liabilities and distributions payable of Acadian are due in less than 30 days.

NOTE 12. INCOME TAXES

The Fund qualifies as a "mutual fund trust" within the meaning of the Income Tax Act (Canada). All of the taxable income of the Fund is expected to be paid or payable to unitholders in each calendar year. As a result, no income tax is estimated to be payable by the Fund during the current fiscal period under the current provisions of the Income Tax Act.

Under the terms of the Income Tax Act (Canada), Acadian, excluding its corporate subsidiaries, is not currently subject to income taxes to the extent that its taxable income in a year is paid or payable to a unitholder. As a result of enactment of the Canadian government's tax fairness plan on June 22, 2007, which will effectively impose an income tax for specified investment flow through vehicles for taxation years beginning in 2011, the Fund and its subsidiaries, in accordance with the recommendations of Section 3465, Income Taxes, of the CICA Handbook, the Fund, on a consolidated basis, has recorded a future tax liability based on differences between the financial reporting and tax bases of assets and liabilities of its subsidiaries which have been measured using the substantially enacted tax rates and laws that are expected to be in effect at the time the differences are anticipated to reverse.

The interim income tax recovery (expense) is calculated based on expected annual effective tax rates.

The components of income tax recovery (expense) are as follows:

<i>millions</i>	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Current	\$ —	\$ —	\$ —	\$ —
Future	0.5	—	2.7	(0.1)
Income tax recovery (expense)	\$ 0.5	\$ —	\$ 2.7	\$ (0.1)

<i>millions</i>	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Income (loss) before income taxes	\$ (0.7)	\$ 6.8	\$ 6.6	\$ 3.2
Tax recovery (expense) at statutory rate	0.2	(2.0)	(1.8)	(0.9)
Income of fund distributed	0.9	—	2.7	—
Income trust future tax	(0.2)	—	0.8	(0.1)
Income rate reduction	—	—	1.0	—
Rate Differential	0.2	—	0.9	—
Other income not taxed	(1.1)	2.0	(2.4)	0.9
Permanent Differences	—	—	1.1	—
Other	0.5	—	0.4	—
Income tax recovery (expense)	\$ 0.5	\$ —	\$ 2.7	\$ (0.1)

The future tax liability represents the cumulative amount of tax payable on the differences between the financial reporting and tax bases of the Fund's assets and liabilities at the rates expected to be effective at the time the differences are anticipated to reverse. The future tax liability relates to differences between financial reporting and tax values of intangible assets and timberlands, logging roads and fixed assets.

NOTE 13. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution plans covering substantially all employees. During the third quarter, contributions recorded as expenses amounted to \$83 thousand (2008 – \$85 thousand).

NOTE 14. DISTRIBUTIONS TO UNITHOLDERS

Acadian makes monthly distributions of its available cash, including the funds available under the terms of the revolving credit facility, to the extent determined prudent by the Trustees in accordance with the requirements of the Fund's Declaration of Trust. These distributions represent all cash received from the Fund's indirect investments in its subsidiaries, less estimated cash amounts required for expenses and other obligations of the Fund, cash redemptions of units and any tax liability.

Total distributions declared for the three months ended September 26, 2009 were \$3.5 million (2008 – \$2.5 million).

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 15. SUBSEQUENT EVENTS

Following the end of the quarter, Acadian's lenders have approved the extension of the maturity of its Canadian dollar bank term and revolving credit facilities to February 27, 2011, pending the finalization and execution of the required legal documentation. In addition to receiving lender confirmation for extending the maturity of this facility, management was also successful in increasing the available commitment of the revolving credit facility from \$5.0 million to \$10.0 million. The bank term and revolving credit facilities will continue to bear interest at floating rates based on the 30-day Banker's Acceptances rate plus the applicable margin.

Additionally, on November 8, 2009 the Fund announced that it will reduce its distributions to \$0.20 per unit per year (\$0.017 per unit per month) starting with distributions to unitholders of record on November 30, 2009 and payable to unitholders on December 15, 2009.

Board and Management

TRUSTEE BOARD

J.W. Bud Bird, O.C.
*Chairman and Chief Executive Officer,
Bird Holdings Ltd. and Bird Lands Limited*

Reid Carter
*President and Chief Executive Officer of Acadian and
Managing Partner of the Manager*

Louis J. Maroun
*Former Executive Chairman
ING Real Estate Canada*

David Mann
*Legal Counsel
Cox & Palmer*

Samuel J.B. Pollock
*Senior Managing Partner
Brookfield Asset Management Inc.*

MANAGEMENT

**Acadian Timber Income Fund's Manager:
Brookfield Timberlands Management LP**

Reid Carter
*President and Chief Executive Officer of Acadian and
Managing Partner of the Manager*

Joseph Cornacchia
Chief Financial Officer of Acadian

Marcia McKeague
Vice President, Maine Woodland Operations

Luc Ouellet
Vice President, NB Woodland Operations

Corporate and Unitholder Information

www.acadiantimber.com

HEAD OFFICE OF THE MANAGER

Brookfield Timberlands Management LP
(wholly-owned subsidiary of Brookfield Asset Management Inc.)
Suite 458, Bentall 5, 550 Burrard Street, Box 51
Vancouver, B.C. V6C 2B5

Please direct your inquiries to:
Robert Lee
Investor Relations
t. 604-661-9607
f. 604-562-6674
e. rlee@acadiantimber.com

TRUSTEE, TRANSFER AGENT AND REGISTRAR

Unitholder inquiries relating to distributions, address changes and unitholder account information should be directed to the Fund's transfer agent:

CIBC Mellon Trust Company
P.O. Box 7010, Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
t. 416-643-5500 or
1-800-387-0825 (toll free throughout North America)
f. 416-643-5501
www.cibcmellon.com

UNIT INFORMATION

Toronto Stock Exchange:	ADN.UN
Fully Diluted Units Outstanding (September 26, 2009):	16,571,453
Targeted 2009 Monthly Distribution:	\$0.06875 per unit
Record Date:	Last business day of each month
Payment Date:	On or about the 15th day of each subsequent month



ACADIANTIMBER

Printed in Canada