ACADIAN TIMBER

Q3 2008 Interim Report

To our Unitholders,

We are pleased to announce Acadian Timber Income Fund's ("Acadian") operating and financial results for the third quarter ended September 27, 2008 (herein referred to as the "third quarter"). Acadian generated distributable cash flow of $3.3 million or $0.20 per unit, on a fully diluted basis, for the third quarter of 2008. These results for the third quarter were within our expectations and were achieved in the difficult market environment currently facing the North American wood products industry. Despite this challenging environment, Acadian remains well positioned to meet distributable cash flow needs going forward.

Acadian generated net sales of $17.2 million on consolidated log sales volumes of 319 thousand m^3 in the third quarter of 2008. This compares to net sales of $16.9 million on consolidated log sales volumes of 323 thousand m^3 in the third quarter of 2007. EBITDA for the third quarter of 2008 was $4.3 million as compared to $3.9 million in the comparable period of 2007.

Following the end of the quarter, Acadian successfully extended the maturity of its Canadian-dollar credit facilities to 2010; an achievement in the current credit environment and a reflection of the quality and long-term value of Acadian's assets.

Operations

Acadian had a mixed safety performance during the third quarter. While all safety issues were minor, NB Timberlands did experience one minor reportable incident among employees and four reportable incidents among contractors and Acadian's Maine Timberlands had one minor reportable incident among its contractors. We continue to take our safety performance very seriously and are working to ensure we return to a "no incident" workplace.

We are pleased to report that surveillance audits of the NB Timberlands to ISO 14001:2004 and SFI 2005-2009 standards were carried out by QMI/SAI Global with no instances of non-conformance found, indicating compliance with the two certifications.

Unusually heavy rain throughout July and early August caused poor harvesting operability for the third quarter of 2008. Low harvest volumes, together with very low inventory levels at regional mills, created a positive supply-demand imbalance throughout the third quarter supporting log prices, particularly in Maine where prices for all products increased both quarter-over-quarter and year-over-year. These wet weather conditions, in combination with the flooding in the second quarter did result in higher than expected road maintenance costs, while fuel costs continued to impact both price and variable costs.

Acadian's weighted average selling price across all products decreased a modest 1% year-over-year reflecting careful attention to merchandizing all logs to match market opportunities. This decline largely reflects a change in sales mix where historically lower valued hardwood pulpwood and biomass increased from 28% and 21% of total sales volumes, respectively, in the third quarter of 2007 to 35% and 23% of total sales volumes in the third quarter sales of 2008. Acadian's third quarter harvest volumes were also more heavily weighted towards hardwood than in the third quarter of 2007 with hardwood increasing from 32% to 41% of total harvest. Year-over-year, softwood sales volumes declined from 46% to 37% of total sales volumes reflecting weakness in softwood sawtimber markets. Acadian was able to sell all of its production but experienced higher freight costs owing to sales to more distant customers and higher fuel surcharges.

Acadian's average hardwood and softwood pulpwood prices increased 10% and 11%, respectively, year-over-year. Average hardwood sawlog prices increased 4% year-over-year, and continue to show strength as mills begin to rebuild inventory for the upcoming winter season.

The softening of the U.S. housing market placed continued downward pressure on average softwood sawlog prices, with a 7% decrease year-over-year. Acadian experienced partial relief as pulp mill customers supplemented the scarce supply of softwood pulpwood with softwood studwood. This created pricing support for softwood sawlogs and resulted in an average price increase of 3% quarter-over-quarter.

Biomass markets remain strong. However, we continue to point out that year-over-year pricing comparisons are not valid owing to changes in delivery point (stumpage sales versus contract services).

Outlook

Fraser Papers' decision to operate its Plaster Rock, Juniper and Masardis sawmills throughout much of the fourth quarter is expected to provide support for demand and pricing through the end of the year. However, a current weak lumber market, combined with the possibility of further market-related downtime at regional sawmills and a decline in pulp pricing is expected to maintain pressure on demand and pricing into 2009. Fortunately the impact of the expected weakness in the pulp market on pulpwood prices is expected to be largely mitigated by the continued limited availability of sawmill residuals. Demand and pricing for hardwood sawlogs is expected to remain relatively stable. Acadian is also expected to benefit from declining diesel fuel prices and the recent strengthening of the U.S. dollar, which should provide support for log prices at our NB Timberlands while improving the Canadian dollar contribution of cash flows from Acadian's Maine Timberlands.

We will continue to balance Acadian's harvest levels with demand and pricing for our major products and anticipate that our decision to reduce production volumes of spruce-fir sawlogs at our NB Timberlands will leave us well positioned to maximize cash flows when the softwood lumber market recovers.

Acadian continues to benefit from a very strong balance sheet and its ability to manage harvest and product mix to capitalize on market opportunities. During these weak market conditions, our primary focus will continue to be on merchandizing all of our products for their highest value while seeking every opportunity to reduce costs. We remain committed to an operating style aimed at maximizing long-term value for unitholders and maintaining a relatively stable financial performance.

Reid Carter
President and Chief Executive Officer
November 6, 2008

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 27, 2008, (herein referred to as the “third quarter”), and the nine-month period ended September 27, 2008, as compared to the three and nine-month periods ended September 29, 2007.

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 6, 2008. 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 has evaluated the effectiveness of the design and operation of the Fund’s disclosure controls and procedures as at December 31, 2007. There have been no changes in our disclosure controls and procedures during the period ended September 27, 2008 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management has also evaluated the design of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO framework as at December 31, 2007. There have been no changes in our internal controls over financial reporting during the period ended September 27, 2008 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	
millions, except per unit data and where indicated	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Total				
Sales volume (000s m³)	**319.5**	323.5	**944.4**	1,073.7
Net sales	**$ 17.2**	$ 16.9	**$ 48.2**	$ 57.1
EBITDA	**4.3**	3.9	**10.5**	15.4
EBITDA margin	**25%**	23%	**22%**	27%
Distributable cash from operations	**$ 3.3**	$ 2.0	**$ 7.6**	$ 11.6
Net income (loss)[1]	**6.8**	(4.3)	**3.1**	(23.9)
Distributions declared				
Class A unitholders	**2.5**	2.0	**7.5**	5.5
Class B LP unitholders	**—**	0.5	**—**	2.0
Class B Interest of a subsidiary	**1.0**	1.0	**2.8**	2.8
	3.5	3.5	**10.3**	10.3
Payout ratio	**106%**	175%	**136%**	89%
Total assets	**$ 217.6**	$ 222.0	**$ 217.6**	$ 222.0
Total long-term debt	**74.9**	73.6	**74.9**	73.6
Per Unit (fully diluted)				
Distributable cash from operations	**$ 0.20**	$ 0.12	**$ 0.46**	$ 0.70
Distributions declared				
Class A unitholders	**0.21**	0.21	**0.62**	0.62
Class B LP unitholders	**—**	0.14	**—**	0.55
Class B Interest of a subsidiary	**0.21**	0.21	**0.62**	0.62
Net income (loss)[1]	**0.11**	(0.36)	**0.17**	(1.98)
Book value - fully diluted	**7.49**	7.89	**7.49**	7.89
Units outstanding				
Class A unitholders	**12,064,423**	12,064,423	**12,064,423**	12,064,423
Class B LP unitholders	**—**	—	**—**	—
Class B Interest of a subsidiary	**4,507,030**	4,507,030	**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, 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 27, 2008 was $3.3 million and $7.6 million, respectively, as compared to $2.0 million and $11.6 million during Acadian's third quarter and first nine months of operations in 2007. With the distributable cash generated to date and existing cash reserves, Acadian is well positioned to meet distributions for the balance of the year.

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 2008 were 233 thousand m^3 and 715 thousand m^3, 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:

	Three Months Ended		Nine Months Ended	
millions	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Net income (loss)[1]	**$ 6.8**	$ (4.3)	**$ 3.1**	$ (23.9)
Add (deduct):				
Interest income	**(0.1)**	(0.1)	**(0.2)**	(0.3)
Interest expense on long-term debt	**0.9**	0.9	**2.6**	2.9
Distribution on Class B Interest Liability of a subsidiary	**1.0**	1.0	**2.8**	2.8
Future income tax expense	**—**	0.2	**0.1**	10.0
Depreciation and depletion	**1.7**	2.1	**5.2**	6.4
Non-cash loss (gain) on Class B Interest Liability of a subsidiary	**(6.0)**	4.1	**(3.1)**	17.5
EDITDA	**4.3**	3.9	**10.5**	15.4
Add (deduct):				
Interest income	**0.1**	0.1	**0.2**	0.3
Interest expense on long-term debt	**(0.9)**	(0.9)	**(2.6)**	(2.9)
Silviculture and capital expenditures	**(0.3)**	(1.2)	**(0.6)**	(1.3)
Non - cash gain on sale of timberlands	**(0.6)**	(0.3)	**(0.7)**	(0.3)
Proceeds from sale of timberlands, logging roads and fixed assets	**0.7**	0.4	**0.8**	0.4
Distributable cash from operations	**$ 3.3**	$ 2.0	**$ 7.6**	$ 11.6
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, 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, as determined 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 are made on the same basis as distributions to our other unitholders, and consequently are included in our disclosure of distributions declared. The following table provides a reconciliation of cash flow from (used for) operating activities, as determined in accordance with GAAP, to distributable cash from operations during each respective period:

millions	Three Months Ended September 27, 2008	Three Months Ended September 29, 2007	Nine Months Ended September 27, 2008	Nine Months Ended September 29, 2007
Cash flow from (used for) operating activities	**$ 0.1**	$ (0.1)	**$ 7.5**	$ 3.8
Add (deduct):				
Capital adjustments				
Proceeds from sale of timberlands, logging roads and fixed assets	**0.7**	0.4	**0.8**	0.4
Other adjustments				
Change in non-cash working capital balances and other	**1.8**	1.9	**(2.9)**	5.9
Distribution on Class B Interest Liability of a subsidiary	**1.0**	1.0	**2.8**	2.8
Silviculture and capital expenditures	**(0.3)**	(1.2)	**(0.6)**	(1.3)
Distributable cash from operations	**$ 3.3**	$ 2.0	**$ 7.6**	$ 11.6

The following table provides a comparison of distributions declared on Class A units during the three and nine months ended September 27, 2008, and distributions declared on Class A and Class B LP units during the comparable periods in 2007, 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.

millions	Three Months Ended September 27, 2008	Three Months Ended September 29, 2007	Nine Months Ended September 27, 2008	Nine Months Ended September 29, 2007
Cash flow from (used for) operating activities	**$ 0.1**	$ (0.1)	**$ 7.5**	$ 3.8
Net income (loss)[1]	**6.8**	(4.3)	**3.1**	(23.9)
Actual cash distributions declared on Class A and Class B LP Units	**2.5**	2.5	**7.5**	7.5
Excess (shortfall) of cash flows from operating activities over cash distributions declared	**$ (2.4)**	$ (2.6)	**$ —**	$ (3.7)
Excess (shortfall) of net income over cash distributions declared	**$ 4.3**	$ (6.8)	**$ (4.4)**	$ (31.4)

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

Cash distributions declared to Class A unitholders were less than the net income but greater than the cash flow from operating activities during the three months ended September 27, 2008 and greater than the net income but equal to cash flow from operating activities generated during the nine-month period ended September 27, 2008. This compares to distributions that were greater than the net income and cash flow from operating activities during the three and nine months ended September 29, 2007. The shortfalls in the respective periods are not considered to represent an economic return of capital as the distributable cash from operations generated since Acadian's inception has been sufficient to meet the distributions of the Fund. In determining the appropriate level of distributions, our Board of Trustees consider 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 amount of distributions declared was greater than the distributable cash from operations generated for the third quarter of 2008. Since Acadian's inception on January 31, 2006, the cumulative payout ratio of the Fund is 100%.

As described in more detail on page 11 of this report, Acadian has borrowings totaling $74.9 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 27, 2008. 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. 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 the Partnership, 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 27, 2008 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 29, 2007 and which were in line with distributions anticipated at the initial public offering ("IPO").

Market Conditions

Unusually heavy rain throughout July and early August caused poor harvesting operability for the third quarter of 2008. Low harvest volumes, together with very low inventory levels at regional mills, created a supply and demand imbalance throughout the third quarter supporting log prices, particularly in Maine where prices for all products increased both quarter-over-quarter and year-over-year.

Acadian's third quarter sales volumes were more heavily weighted towards hardwood than in the third quarter of 2007 with hardwood increasing from 32% to 41% of total sales volume. Year-over-year, softwood declined from 46% to 37% of total sales volume reflecting weakness in softwood sawtimber markets.

Acadian's average hardwood and softwood pulpwood prices increased 10% and 11%, respectively, year-over-year. Average hardwood sawlog prices increased 4% year-over-year, and continue to show strength as mills begin to rebuild inventory for the upcoming winter season.

The softening of the U.S. housing market placed continued downward pressure on average softwood sawlog prices, with a 7% decrease year-over-year. Acadian experienced partial relief as pulp mill customers supplemented their scarce supply of softwood pulpwood with softwood studwood. This created pricing support for softwood sawlogs and resulted in an average price increase of 3% quarter-over-quarter.

Biomass markets remain strong. However, we have modified our biomass sales process, returning to a stumpage rather than a delivered basis. While this results in lower unit selling prices our margins are maintained.

Acadian's weighted average selling price across all products decreased a modest 1% year-over-year reflecting careful attention to merchandizing all logs to match market opportunities.

Acadian was negatively impacted by higher than expected road maintenance costs related to damage caused by flooding in the second quarter and continued wet weather in the third quarter of 2008, while fuel costs continued to impact both price and variable costs.

Results from Operations

While Acadian continued to face challenging market conditions in the third quarter of 2008, including high fuel costs and unusually wet weather conditions, operating results benefited from strong demand for pulpwood and log prices due to wood shortages in Maine, and the successful completion of a land sale for proceeds of $0.7 million.

Acadian generated net sales of $17.2 million on consolidated log sales volumes of 319 thousand m^3 in the third quarter of 2008. This compares to net sales of $16.9 million on consolidated log sales volumes of 323 thousand m^3 in the third quarter of 2007. EBITDA for the third quarter of 2008 was $4.3 million as compared to $3.9 million in the comparable period of 2007.

For the nine months ended September 27, 2008, Acadian generated net sales of $48.2 million on log sales volumes of 944 thousand m^3 as compared with net sales of $57.1 million on log sales of 1,074 thousand m^3 in the comparable period of 2007. EBITDA of $10.5 million during the nine months ended September 27, 2008 is $4.9 million lower than the comparable period of 2007.

Included in the net income for the third quarter of 2008, is a non-cash gain related to the Class B Interest Liability of a subsidiary. The settlement obligation of this interest is based on the trading value of Acadian's units at the time of settlement, which requires the liability to be recorded at its fair value at each balance sheet date with the corresponding gain or loss included in the statement of operations. In addition, as this Canadian dollar liability has been issued by a self-sustaining U.S. dollar subsidiary of the Fund, the obligation is 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 $6.0 million gain for the third quarter (2007 - $4.1 million loss) and a $3.1 million gain for the nine months ended September 27, 2008 (2007 - $17.5 million loss), comprising a $1.6 million mark-to-market gain (2007 - $9.4 million loss) and a $1.5 million foreign exchange gain (2007 - $8.1 million loss).

Segmented Results of Operations

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

	Three Months Ended September 27, 2008			
millions	**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%**

	Three Months Ended September 29, 2007			
millions	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m^3)	242.7	80.8	—	323.5
Net sales	$ 12.5	$ 4.4	$ —	$ 16.9
EBITDA	$ 2.8	$ 1.4	$ (0.3)	$ 3.9
EBITDA margin	22%	32%	n/a	23%

	Nine Months Ended September 27, 2008			
millions	**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%**

	Nine Months Ended September 29, 2007			
millions	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m^3)	820.3	253.4	—	1,073.7
Net sales	$ 43.0	$ 14.1	$ —	$ 57.1
EBITDA	$ 11.5	$ 4.6	$ (0.7)	$ 15.4
EBITDA margin	27%	33%	n/a	27%

NB Timberlands

NB Timberlands owns and manages approximately 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 is 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 27, 2008			Three Months Ended September 29, 2007		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results
	(000s m^3)	*(000s m^3)*	*(millions)*	*(000s m^3)*	*(000s m^3)*	*(millions)*
Softwood	**68.9**	**64.6**	**$ 3.8**	99.0	86.8	$ 5.5
Hardwood	**92.5**	**111.1**	**6.3**	97.9	90.8	4.8
Biomass	**67.8**	**67.8**	**1.4**	65.1	65.1	1.4
	229.2	**243.5**	**11.5**	262.0	242.7	11.7
Other sales			**1.5**			0.8
Net sales			**$ 13.0**			$ 12.5
EBITDA			**$ 2.6**			$ 2.8
EBITDA margin			**20%**			22%

	Nine Months Ended September 27, 2008			Nine Months Ended September 29, 2007		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results
	(000s m^3)	*(000s m^3)*	*(millions)*	*(000s m^3)*	*(000s m^3)*	*(millions)*
Softwood	**201.3**	**207.6**	**$ 12.6**	279.1	269.5	$ 17.0
Hardwood	**307.9**	**335.3**	**19.2**	323.8	340.5	18.4
Biomass	**184.2**	**184.2**	**3.3**	210.3	210.3	4.4
	693.4	**727.1**	**35.1**	813.2	820.3	39.8
Other sales			**1.6**			3.2
Net sales			**$ 36.7**			$ 43.0
EBITDA			**$ 7.0**			$ 11.5
EBITDA margin			**19%**			27%

Softwood, hardwood and biomass shipments were 65 thousand m^3, 111 thousand m^3 and 68 thousand m^3 for the third quarter, respectively. Approximately 28% of sales volumes were sold as sawlogs, 44% as pulpwood and 28% as biomass in the third quarter of 2008. This compares to 34% of sales volumes sold as sawlogs, 39% as pulpwood and 27% as biomass in the third quarter of 2007, demonstrating the operation's continued response to the strong pulpwood market.

Acadian's New Brunswick nursery has operated under challenging conditions during 2008 with total seedling shipments 1.1 million below expectations on a year-to-date basis. However, the nursery remains profitable having generated $160 thousand in EBITDA during the nine months ended September 27, 2008.

Net sales for the third quarter of 2008 were $13.0 million as compared to $12.5 million during the third quarter of 2007. Weighted average selling price decreased 2% from $48.14 per m^3 to $47.13 per m^3. Higher pulpwood and hardwood sawlog prices largely offset softwood sawlog prices which were down 11% as compared to the third quarter of 2007. Other sales, including Crown land operations, increased primarily due to the strong demand for pulpwood. For the nine months ended September 27, 2008, net sales were $36.7 million, 15% lower than the comparable period of 2007 on 11% lower overall sales volumes including more notably, 41% lower high value spruce-fir sawlog sales volumes.

Costs for the third quarter were $10.4 million as compared to $9.7 million in the comparable period of the prior year. This increase was attributable to higher fuel surcharges, 14% as compared to 3% in the comparable period last year, and increased road maintenance due to wet weather conditions.

EBITDA and EBITDA margin for the third quarter were $2.6 million and 20%, respectively, consistent with the third quarter of 2007. For the nine months ended September 27, 2008, EBITDA was $7.0 million as compared to $11.5 million for the comparable period of 2007.

NB Timberlands experienced one minor reportable incident among employees and four reportable incidents among contractors during the quarter.

Maine Timberlands

Maine Timberlands owns and operates approximately 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 27, 2008			Three Months Ended September 29, 2007		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results
	(000s m^3)	*(000s m^3)*	*(millions)*	*(000s m^3)*	*(000s m^3)*	*(millions)*
Softwood	**52.3**	**52.2**	**$ 3.0**	63.4	63.4	$ 3.6
Hardwood	**19.6**	**19.4**	**1.1**	14.1	14.2	0.6
Biomass	**4.4**	**4.4**	**—**	3.2	3.2	0.1
	76.3	**76.0**	**4.1**	80.7	80.8	4.3
Other sales			**0.1**			0.1
Net sales			**$ 4.2**			$ 4.4
EBITDA			**$ 1.8**			$ 1.4
EBITDA margin			**43%**			32%

	Nine Months Ended September 27, 2008			Nine Months Ended September 29, 2007		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results
	(000s m^3)	*(000s m^3)*	*(millions)*	*(000s m^3)*	*(000s m^3)*	*(millions)*
Softwood	**162.0**	**161.8**	**$ 8.9**	193.0	192.7	$ 11.2
Hardwood	**44.0**	**43.8**	**2.2**	48.3	47.7	2.1
Biomass	**11.7**	**11.7**	**0.1**	13.0	13.0	0.5
	217.7	**217.3**	**11.2**	254.3	253.4	13.8
Other sales			**0.3**			0.3
Net sales			**$ 11.5**			$ 14.1
EBITDA			**$ 4.0**			$ 4.6
EBITDA margin			**35%**			33%

Softwood and hardwood shipments were 52 thousand m^3 and 19 thousand m^3 for the third quarter, respectively. Approximately 48% of sales volumes were sold as sawlogs, 46% as pulpwood and 6% as biomass in the third quarter of 2008. This compares to 56% of sales volumes sold as sawlogs, 40% as pulpwood and 4% as biomass in the comparable period of 2007, demonstrating the operation's continued response to the strong pulpwood market.

Net sales for the third quarter were $4.2 million as compared to $4.4 million during the third quarter of 2007 on 6% lower sales volumes. Limited harvesting activity and a regional focus to cut hardwood, rather than spruce-fir, resulted in wood shortages and caused an overall weighted average selling price increase of 3% from $52.18 per m^3 to $53.84 per m^3. Net sales for the nine months ended September 27, 2008 were $11.5 million, $2.6 million less than the comparable period of 2007, as a result of 14% lower sales volumes and the adverse impact of the strong Canadian dollar year-to-date.

Costs for the third quarter, excluding a one-time gain related to the land sale transaction, were $3.0 million, as compared to $3.3 million during the third quarter of 2007. Lower costs associated with reduced harvest volumes were partially offset by 3% higher variable costs per m^3 and increased road maintenance due to wet weather conditions.

EBITDA for the third quarter was $1.8 million. This includes the $0.6 million gain generated by the operation's successful land sale transaction. For the nine months ended September 27, 2008, EBITDA was $4.0 million as compared to $4.6 million for the comparable period of 2007.

Maine Timberlands had one minor reportable incident among contractors during the quarter.

Financial Position

As at September 27, 2008, Acadian's balance sheet consisted of total assets of $217.6 million, (December 31, 2007 - $220.2 million) represented primarily by timberlands and logging roads of $196.7 million (December 31, 2007 - $199.1 million) and the balance in cash and working capital of $14.8 million (December 31, 2007 - $15.0 million) and intangible assets of $6.1 million (December 31, 2007 - $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 which remains undrawn since the inception of the Fund. 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 third quarter when harvesting conditions are not ideal. This remains unchanged from the prior year.

The Fund expects to make monthly distributions of its available cash to the extent determined prudent by the Fund's Trustees.

Silviculture and capital expenditures for the third quarter were $0.3 million (2007 - $1.2 million) and are in line with management's estimate of annual silviculture and capital expenditures of $0.7 million (2007 - $1.4 million), which were incurred mainly during the second and third quarters of this year.

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 re-payments, present themselves.

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 27, 2008, no funds (December 31, 2007 - 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. Subsequent to the end of the reporting period, Acadian entered into an agreement to extend the bank term credit facility and the revolving credit facility for a period of one year. 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 reflective of today's credit environment and will mature on January 29, 2010. Based on the terms of the extension agreement, at today's market rates, Acadian would incur approximately $500 thousand in additional interest expense over this period as compared to the terms of the original credit agreement. However, the actual increase in interest expense in 2009 as compared to 2008 is expected to be partially offset by recent reductions in Banker's Acceptances rates.

The Fund has also secured a term loan facility of U.S.$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 U.S. 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 27, 2008.

Outstanding Units

As at September 27, 2008, 12,064,423 Class A units were issued and outstanding, which is unchanged from December 31, 2007. 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 27, 2008, Brookfield Asset Management Inc. ("Brookfield") owned 3,006,232 Class A units and 4,507,030 units representing the Class B Interest Liability of a subsidiary. The Class B Interest Liability of a subsidiary is convertible into units of the Fund at the option of Brookfield on a one-for-one basis and represent approximately 27% of the issued and outstanding units of the Fund on a fully-diluted basis. Brookfield's ownership interest is 45% of the outstanding units of Acadian on a fully diluted basis.

The Class B Interest Liability of a subsidiary entitles the holder to require the settlement of the liability in units, or at the sole election of Acadian, cash equal to the fair value of those units on the date of conversion. As the settlement of these interests is either cash or something other than the equity of the subsidiary, they are considered liabilities for accounting purposes. Holders of these interests are entitled to receive, as and when declared by Acadian, a fixed cumulative preferential cash distribution at a rate equal to the U.S. dollar equivalent on the date of such distribution of the lesser of (i) $0.075625, representing 110% of the initial monthly distribution per unit of the Fund, and (ii) the then most recently announced distribution per unit.

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

	As at September 27, 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 following contains forward-looking statements about Acadian Timber Income Fund's market outlook for fiscal 2008. Reference should be made to "Forward-looking Statements" on page 18. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of our most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

Clearly, Acadian continues to operate in difficult and uncertain market conditions. The market for softwood sawlogs is expected to continue to experience weak demand and soft pricing through 2009 with most forecasts for 2009 U.S. housing starts now ranging between 800 thousand and 900 thousand starts. This weakness in softwood sawlog markets has been partially offset by strong demand and pricing for pulpwood owing to robust pulp markets and limited supply of lower cost sawmill residuals as sawmills continue to take market-related curtailments. We anticipate only limited further deterioration in softwood sawlog markets as further harvest reductions on Quebec and Ontario crown land and harvest reductions by private woodlot owners continue to balance supply with demand. However, while diesel fuel prices are expected to continue to decline, we expect to experience ongoing challenges in maintaining sales volumes while managing freight costs associated with accessing more distant, highest margin customers. Despite the apparent rapid deterioration of global pulp markets, we expect pricing for pulpwood to experience only limited weakness as pulp and paper producers will have little alternative supply until lumber markets improve. However, we do expect pulpwood demand to soften and lead to lower sales volumes.

Fraser Papers reopened its Plaster Rock sawmill in early August and plans operate the sawmill until late November prior to closing it for six months while it carries out a significant mill upgrade. Fraser also intends to operate its Juniper sawmill until year end, while its Masardis sawmill in Maine continues to run on two shifts. In addition, most Maine spruce-fir mills remain very short on inventory. The operation of these mills is expected to support Acadian's softwood sawlog sales and regional selling prices throughout the fourth quarter. Acadian's NB Timberlands continues to plan for a 25% reduction in its 2008 harvest of spruce-fir sawlogs relative to 2007 levels to ensure the Fund is well positioned to maximize cash flows when the softwood market recovers.

Markets for hardwood sawlogs and specialty products are expected to remain stable in 2008. Markets for birch and hardwood veneers remain very strong while markets for red maple continue to be weak. Markets for biomass are expected to experience continued strength reflecting strong demand, regional chip shortages and lower levels of regional harvest activity. Markets for hardwood pulp are expected to continue to remain very favourable throughout 2008 as regional pulp and paper mills press for increasing supplies.

Biomass demand and pricing is expected to continue to be very favourable in the fourth quarter of 2008 owing to limited supply and increasing demand as new wood biomass, pellet, and biofuels projects are completed.

Other encouraging factors are that fuel surcharges have begun to decline significantly and the recent strengthening of the U.S. dollar is expected to provide support for NB log prices while improving the Canadian dollar contribution of cash flows from Acadian's Maine Timberlands.

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.

	2008			2007				2006
millions, except per unit data and where indicated	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales volume (000s m^3)	**319**	213	412	314	323	267	483	371
Net sales	**$ 17.2**	$ 8.3	$ 22.7	$ 17.7	$ 16.9	$ 13.3	$ 26.9	$ 19.5
EBITDA	**$ 4.3**	$ (1.0)	$ 7.2	$ 4.9	$ 3.9	$ 1.9	$ 9.6	$ 5.1
Distributable cash from operations	**$ 3.3**	$ (2.0)	$ 6.3	$ 3.9	$ 2.0	$ 0.9	$ 8.7	$ 4.4
Net income (loss)[1]	**$ 6.8**	$ (8.4)	$ 4.7	$ 7.4	$ (4.3)	$ (17.1)	$ (2.5)	$ 2.8
Net income (loss) per unit - basic	**$ 0.56**	$ (0.70)	$ 0.39	$ 0.61	$ (0.36)	$ (1.42)	$ (0.21)	$ 0.23
Net income (loss) per unit - diluted	**$ 0.11**	$ (0.70)	$ 0.22	$ 0.16	$ (0.36)	$ (1.42)	$ (0.21)	$ 0.15

[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 materially from these estimates.

Acadian considers the following policies to be most critical in understanding the judgements 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 are convertible into units at the option of the holder and are treated as a liability of the Maine Timberlands for accounting purposes.

The value of the liability is measured at each reporting date to reflect the market price of the units and current exchange rates. Changes in value are recorded in the consolidated statement of operations.

Class B LP Units

The Class B LP units represent units in a subsidiary of the Fund and are exchangeable into units at any time. The Class B LP units have been treated as a component of unitholders' equity for accounting purposes and as part of the number of units outstanding for the calculation of basic earnings per unit. As of October 1, 2007, all Class B LP have been exchanged into Class A units of the Fund.

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 (loss) and as a separate item in unitholders' equity.

Change in Accounting Policies

In 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures (Section 1535), Handbook Section 3862, Financial Instruments - Disclosures (Section 3862), and Handbook Section 3863, Financial Instruments - Presentation (Section 3863). Additionally, in 2007 the CICA approved Handbook Section 3031, Inventories (Section 3031). These new standards became effective for Acadian on January 1, 2008.

Capital Disclosures

On December 1, 2006, the CICA issued Section 1535, Capital Disclosures. Section 1535 requires the disclosure of (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with capital requirements; and (iv) if an entity has not complied with such capital requirements, the consequences of such non-compliance. The required disclosure upon the adoption of this new accounting standard has been included in Note 10 of the Fund's interim consolidated financial statements.

Financial Instruments - Disclosures and Presentation

On December 1, 2006, the CICA issued two new accounting standards, Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation. These standards replace Section 3861, Financial Instruments - Disclosure and Presentation and enhance the disclosure of the nature and extent of risks arising from financial instruments and how the entity manages those risks. These new standards became effective on January 1, 2008. The adoption of these new accounting standards did not impact the carrying amounts reported in Acadian's consolidated financial statements; however, additional quantitative and qualitative information regarding Acadian's financial instruments and their associated risks is provided in Note 11 of the Fund's interim consolidated financial statements.

Inventories

In March 2007, the CICA approved Handbook Section 3031 Inventories, which replaces the existing Section 3030 Inventories. The standard provides more guidance on the measurement and disclosure requirements for inventories, however the adoption of Section 3031 did not have an impact on the consolidated financial statements of the Fund.

Future Accounting Policies

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets (Section 3064), replacing CICA 3062, Goodwill and Other Intangible Assets (Section 3062) and CICA 3450, Research and Development Costs (Section 3450). 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 will be 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 startup, pre-production and similar costs that do not meet the definition and recognition criteria of an asset.

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 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 report under IFRS with the first quarter report in 2011 and is currently assessing the future impact of the new standards on its consolidated financial statements.

Taxation of Fund Distributions

Management estimates approximately 80% of the Fund's targeted distributions for 2008 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 27, 2008, Brookfield owned 3,006,232 Class A units and 4,507,030 units representing the Class B interest liability of a subsidiary, representing approximately 45% of the outstanding units of the Fund on a fully diluted basis. Acadian is also a related party to Fraser Papers Inc. ("Fraser Papers") as a result of their common significant shareholder. A summary of the significant related party transactions have been provided below. More detailed information regarding these relationships can be found in the Fund's prospectus dated January 23, 2006.

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 27, 2008 amounted to $7.3 million (2007 – $12.6 million) and $1.3 million (2007 – $1.0 million), respectively, which represented 34% (2007 – 50%) of consolidated total sales. Included in accounts receivable at September 27, 2008 is $3.1 million (December 31, 2007 – $1.0 million) related to these agreements. Total sales to Fraser Papers and Brookfield for the nine-month period ended September 27, 2008 amounted to $15.2 million (2007 – $30.4 million) and $2.1 million (2007 – $2.6 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 (2007 – $0.5 million) and $1.5 million (2007 – $1.5 million) for the nine months ended September 27, 2008. All fees have been fully paid in accordance with the services agreement.

c) Distributions paid to Fraser Papers during the three and nine months ended September 27, 2008 totalled $nil (2007 – $0.8 million) and $nil (2007 – $2.2 million), respectively.

d) Payments on the Class B Interest Liability to Brookfield during the three and nine months ended September 27, 2008 totalled $1.0 million (2007 – $1.0 million) and $2.8 million (2007 – $2.8 million), respectively. An additional $0.3 million accrued payment on the Class B Interest Liability has been included in accounts payable and accrued liabilities as at September 27, 2008 (December 31, 2007 – $0.3 million).

e) 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 (2007 – $4 thousand) in the third quarter and $8 thousand during the nine-month period ended September 27, 2008 (2007 – $8 thousand).

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:

			Payments Due by Period			
millions	Total Available	Total Drawn	Less Than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Long-term debt						
Bank term credit facility	$ 42.0	$ 42.0	$ —	$ 42.0	$ —	$ —
Revolving credit facility	5.0	—	—	—	—	—
Class B Interest Liability	45.1	45.1	—	—	—	45.1
Term loan facility	32.9	32.9	—	32.9	—	—
	$ 125.0	$ 120.0	$ —	$ 74.9	$ —	$ 45.1
Interest expense (i)(ii)		$ 70.3	$ 7.5	$ 10.3	$ 7.4	$ 45.1

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

(i) Bank term debt credit facility variable interest at 5.3% per annum;

(ii) Term loan facility fixed interest at 4.67% with a Canadian to U.S. dollar conversion of 0.96.

Additional Quarterly Information

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

NB Timberlands

	2008 Q3			2008 Q2			2008 Q1			2007 Q4		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	**(000s m³)**	**(millions)**	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(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
	229.2	**243.5**	**11.5**	147.6	174.7	7.7	316.6	308.9	15.9	250.3	252.6	13.2
Other Sales			**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	**Sales**	**Results**	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	**(000s m³)**	**(millions)**	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(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	—
	76.3	**76.0**	**4.1**	36.7	38.2	1.7	104.7	103.1	5.4	61.3	61.1	2.8
Other Sales			**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			2007 Q1			2007 Q4		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	**(000s m³)**	**(millions)**	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(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

NB Timberlands

	2007 Q3			2007 Q2			2007 Q1			2006 Q4		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)
Softwood	99.0	86.8	$ 5.5	32.0	49.4	$ 3.0	148.1	133.3	$ 8.5	117.4	86.4	$ 5.5
Hardwood	97.9	90.8	4.8	63.7	96.4	5.5	162.2	153.3	8.1	121.2	125.0	6.6
Biomass	65.1	65.1	1.4	74.4	74.4	1.6	70.8	70.8	1.4	76.7	76.7	1.4
	262.0	242.7	11.7	170.1	220.2	10.1	381.1	357.4	18.0	315.3	288.1	13.5
Other Sales			0.8			0.9			1.5			0.9
Net sales			$ 12.5			$ 11.0			$ 19.5			$ 14.4
EBITDA			$ 2.8			$ 2.0			$ 6.7			$ 4.0
EBITDA Margin			22%			18%			34%			28%

Maine Timberlands

	2007 Q3			2007 Q2			2007 Q1			2006 Q4		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)
Softwood	63.4	63.4	$ 3.6	28.6	28.5	$ 1.4	101.0	100.8	$ 6.2	58.9	58.4	$ 3.8
Hardwood	14.1	14.2	0.6	12.5	13.7	0.6	21.7	19.8	0.9	22.1	22.2	1.1
Biomass	3.2	3.2	0.1	5.2	5.2	0.2	4.6	4.6	0.2	2.0	2.1	0.1
	80.7	80.8	4.3	46.3	47.4	2.2	127.3	125.2	7.3	83.0	82.7	5.0
Other Sales			0.1			0.1			0.1			0.1
Net sales			$ 4.4			$ 2.3			$ 7.4			$ 5.1
EBITDA			$ 1.4			$ 0.3			$ 2.9			$ 1.9
EBITDA Margin			32%			13%			39%			37%

Corporate

	2007 Q3			2007 Q2			2007 Q1			2006 Q4		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)	(000s m³)	(000s m³)	(millions)
Softwood	—	—	$ —	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	—	—	—	—	—	—	—	—	—	—	—	—
Biomass	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Other Sales			—			—			—			—
Net sales			$ —			$ —			$ —			$ —
EBITDA			$ (0.3)			$ (0.4)			$ —			$ (0.8)
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 should not be relied upon as representing the Fund's views as of any date subsequent to the date of this Interim Report.

Interim Consolidated Balance Sheet

(unaudited)

As at *CAD millions*	Note		**September 27, 2008**		December 31, 2007
Assets					
Current assets					
Cash and cash equivalents		**$**	**5.1**	$	4.9
Accounts receivable and other assets	8,11		**8.4**		8.1
Inventory			**1.3**		2.0
			14.8		15.0
Intangible assets			**6.1**		6.1
Timberlands, logging roads and fixed assets	4		**196.7**		199.1
		$	**217.6**	$	220.2
Liabilities and unitholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	8,11	**$**	**8.3**	$	6.0
Distributions payable to unitholders			**0.8**		0.8
			9.1		6.8
Future income tax liability			**9.5**		9.4
Long-term debt	5,10,11		**74.9**		73.8
Class B Interest Liability of a subsidiary	6,10,11		**45.1**		46.6
Unitholders' equity	7,10		**79.0**		83.6
		$	**217.6**	$	220.2

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income (Loss)

(unaudited)

	Three Months Ended		Nine Months Ended	
CAD millions	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Net income (loss)	**$ 6.8**	$ (4.3)	**$ 3.1**	$ (23.9)
Other comprehensive income (loss)				
Unrealized foreign currency translation gain (loss)	**—**	0.5	**(0.2)**	0.4
Comprehensive income (loss)	**$ 6.8**	$ (3.8)	**$ 2.9**	$ (23.5)

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Operations and Deficit

(unaudited)

		Three Months Ended		Nine Months Ended	
CAD millions	Note	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Net sales		**$ 17.2**	$ 16.9	**$ 48.2**	$ 57.1
Operating costs and expenses					
Cost of sales		**11.9**	11.5	**33.7**	36.9
Selling, administration and other		**1.6**	1.8	**4.7**	5.1
Depreciation and depletion	4	**1.7**	2.1	**5.2**	6.4
		15.2	15.4	**43.6**	48.4
Operating earnings		**2.0**	1.5	**4.6**	8.7
Gain on sale of timberlands		**(0.6)**	(0.3)	**(0.7)**	(0.3)
Loss (gain) on Class B Interest Liability of a subsidiary	6,11	**(6.0)**	4.1	**(3.1)**	17.5
Interest:					
Interest income		**(0.1)**	(0.1)	**(0.2)**	(0.3)
Interest expense on long-term debt		**0.9**	0.9	**2.6**	2.9
Class B Interest Liability of a subsidiary		**1.0**	1.0	**2.8**	2.8
Earnings (loss) before income taxes		**6.8**	(4.1)	**3.2**	(13.9)
Future income tax expense	12	**—**	(0.2)	**(0.1)**	(10.0)
Net income (loss) for the period		**6.8**	(4.3)	**3.1**	(23.9)
Deficit, beginning of period		**(36.4)**	(25.8)	**(27.7)**	(1.2)
Unitholders' distributions	14	**(2.5)**	(2.5)	**(7.5)**	(7.5)
Deficit, end of period		**$ (32.1)**	$ (32.6)	**$ (32.1)**	$ (32.6)
Net income (loss) per unit - basic	7	**$ 0.56**	$ (0.36)	**$ 0.26**	$ (1.98)
Net income (loss) per unit - diluted	7	**$ 0.11**	$ (0.36)	**$ 0.17**	$ (1.98)

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Cash Flows
(unaudited)

		Three Months Ended		Nine Months Ended	
CAD millions	Note	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Cash provided by (used for):					
Operating activities					
Net income (loss)		**$ 6.8**	$ (4.3)	**$ 3.1**	$ (23.9)
Items not affecting cash:					
Future income tax expense	12	**—**	0.2	**0.1**	10.0
Depreciation and depletion	4	**1.7**	2.1	**5.2**	6.4
Gain on sale of timberlands		**(0.6)**	(0.3)	**(0.7)**	(0.3)
Loss (gain) on Class B Interest Liability of a subsidiary	6,11	**(6.0)**	4.1	**(3.1)**	17.5
		1.9	1.8	**4.6**	9.7
Net change in non-cash working capital balances and other		**(1.8)**	(1.9)	**2.9**	(5.9)
		0.1	(0.1)	**7.5**	3.8
Investing activities					
Sale of timberlands, logging roads and fixed assets		**0.7**	0.4	**0.8**	0.4
Additions to timberlands, logging roads and fixed assets		**(0.1)**	(0.6)	**(0.3)**	(0.6)
Silviculture expenditures		**(0.2)**	(0.6)	**(0.3)**	(0.7)
		0.4	(0.8)	**0.2**	(0.9)
Financing activities					
Distributions paid to unitholders	14	**(2.5)**	(2.5)	**(7.5)**	(7.5)
		(2.5)	(2.5)	**(7.5)**	(7.5)
Increase (decrease) in cash and cash equivalents during the period		**(2.0)**	(3.4)	**0.2**	(4.6)
Cash and cash equivalents, beginning of period		**7.1**	6.5	**4.9**	7.7
Cash and cash equivalents, end of period		**$ 5.1**	$ 3.1	**$ 5.1**	$ 3.1

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 part of the initial public offering of the Fund, Brookfield Asset Management Inc. (together with its subsidiaries, "Brookfield") and Fraser Papers Inc. (together with its subsidiaries, "Fraser Papers") each had a significant ownership interest in and exercised significant influence over Acadian. On September 26, 2007, Fraser Papers announced that they had converted and sold their entire holdings of the Class B LP units of Acadian. Effective October 1, 2007, Fraser Papers no longer had an ownership interest in Acadian but Acadian and Fraser Papers remain 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, comprehensive income (loss), and cash flows of Acadian for the three and nine-month periods ended September 27, 2008 along with the comparative results for the three and nine-month periods ended September 29, 2007. 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 materially 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, 2007.

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

In 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures (Section 1535), Handbook Section 3862, Financial Instruments - Disclosures (Section 3862), and Handbook Section 3863, Financial Instruments - Presentation (Section 3863). Additionally, in 2007 the CICA approved Handbook Section 3031, Inventories (Section 3031). These new standards became effective for Acadian on January 1, 2008.

Capital Disclosures

On December 1, 2006, the CICA issued Section 1535, Capital Disclosures. Section 1535 requires the disclosure of (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with capital requirements; and (iv) if an entity has not complied with such capital requirements, the consequences of such non-compliance. The adoption of this new accounting standard did not impact the Fund's consolidated financial statements; however the required disclosure is provided in Note 10.

Financial Instruments - Disclosures and Presentation

On December 1, 2006, the CICA issued two new accounting standards, Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation. These standards replace Section 3861, Financial Instruments - Disclosure and Presentation and enhance the disclosure of the nature and extent of risks arising from financial instruments and how the entity manages those risks. These new standards became effective on January 1, 2008. The adoption of these new accounting standards did not impact the amounts reported in Acadian's consolidated financial statements; however, additional quantitative and qualitative information regarding Acadian's financial instruments and their associated risks is provided in Note 11.

Inventories

In March 2007, the CICA approved Handbook Section 3031 Inventories, which replaces the existing Section 3030 Inventories. The standard provides more guidance on the measurement and disclosure requirements for inventories, however the adoption of Section 3031 did not have an impact on the consolidated financial statements of the Fund.

Future 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 will be 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 startup, pre-production and similar costs that do not meet the definition and recognition criteria of an asset. The Fund is currently assessing the impact of this new accounting standard on its financial statements.

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 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 report under IFRS with the first quarter report in 2011 and is currently assessing the future impact of the new standards on its consolidated financial statements.

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

NOTE 4. TIMBERLANDS, LOGGING ROADS AND FIXED ASSETS

As at September 27, 2008 *millions*	Book Value	Accumulated Depletion and Depreciation	Net Book Value
Timberlands	**$ 190.8**	**$ (18.7)**	**$ 172.1**
Land	**10.4**	**—**	**10.4**
Logging roads and bridges	**14.5**	**(1.9)**	**12.6**
Building and equipment	**1.8**	**(0.2)**	**1.6**
	$ 217.5	**$ (20.8)**	**$ 196.7**

As at December 31, 2007 *millions*	Book Value	Accumulated Depletion and Depreciation	Net Book Value
Timberlands	$ 188.1	$ (13.9)	$ 174.2
Land	10.5	—	10.5
Logging roads and bridges	14.0	(1.2)	12.8
Building and equipment	1.8	(0.2)	1.6
	$ 214.4	$ (15.3)	$ 199.1

NOTE 5. LONG-TERM DEBT

Long-term debt consisted of the following:

millions	**September 27, 2008**	December 31, 2007
Bank term credit facility, repayable in January 2009	**$ 42.0**	$ 42.0
Term loan facility, repayable in February 2011	**32.9**	31.8
	$ 74.9	$ 73.8

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 27, 2008 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. Subsequent to the end of the reporting period, Acadian has entered into an agreement to extend the bank term credit facility and the revolving credit facility for a period of one year. 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 reflective of today's credit environment, and will mature on January 29, 2010. Based on the terms of the extension agreement, at today's market rates, Acadian would incur approximately $500 thousand in additional interest expense over this period as compared to the terms of the original credit agreement. However, the actual increase in interest expense in 2009 as compared to 2008 is expected to be partially offset by recent reductions in Banker's Acceptances rates. As at September 27, 2008, Acadian has borrowed $42.0 million under the term facility and nil under the revolving facility, which remains unchanged from December 31, 2007. 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 27, 2008, Acadian was in compliance with all covenants.

The Maine Timberlands secured a term loan facility for up to U.S.$31.5 million which was fully drawn at September 27, 2008. The carrying amount of the facility includes U.S.$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 U.S.$32.3 million as compared to the carrying value of U.S.$31.5 million, excluding the deferred financing costs payable. 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 27, 2008, Maine Timberlands was in compliance with all covenants. The amount payable under this facility totalled $32.9 million at September 27, 2008 (December 31, 2007 - $31.8 million).

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

NOTE 6. CLASS B INTEREST LIABILITY OF A SUBSIDIARY

The Class B Interest Liability represents 4,507,030 preferred interests in the Maine Timberlands which are convertible into Units of the Fund. The distributions are 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 are 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 fair market value of these Units on the date of conversion. During the three and nine-month periods ended September 27, 2008, distributions on the Class B Interests were $0.21 per preferred interest (2007 - $0.21 per preferred interest) and $0.62 per preferred interest (2007 - $0.62 per preferred interest), the same as distributions on Units of the Fund.

The Class B Interest Liability is a Canadian dollar liability of the Maine Timberlands. As the currency of measurement of Maine Timberlands is the U.S. dollar, the liability is 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. For the three and nine months ended September 27, 2008, the revaluation of this interest resulted in a gain of $6.0 million (2007 - $4.1 million loss) and $3.1 million (2007 - $17.5 million loss), respectively. The year-to-date gain is comprised of a $1.6 million mark-to-market gain (2007 - $9.4 million loss) and a $1.5 million foreign exchange gain (2007 - $8.1 million loss) due to the weakening of the Canadian currency in the period.

NOTE 7. UNITHOLDERS' EQUITY

The components of Unitholders' equity as at September 27, 2008 are as follows:

millions	
Units issued and outstanding - 12,064,423 Units	**$ 111.6**
Accumulated other comprehensive loss	**(0.5)**
Deficit	**(32.1)**
Total	**$ 79.0**

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 27, 2008 and September 29, 2007 is:

	Three Months Ended		Nine Months Ended	
millions	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Balance, beginning of period	**$ (0.5)**	$ 0.1	**$ (0.3)**	$ 0.2
Other comprehensive income	**—**	0.5	**(0.2)**	0.4
Balance, end of period	**$ (0.5)**	$ 0.6	**$ (0.5)**	$ 0.6

As at September 27, 2008 the Fund had 12,064,423 Class A units issued and outstanding. Assuming the full conversion of the Class B Interest Liability described in Note 6, at September 27, 2008 the Fund would have 16,571,453 units outstanding.

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

The weighted average number of Units outstanding for basic net income per Unit is determined by dividing net income by the total number of Units and Fraser Units outstanding. Diluted net income per Unit for the three and nine months ended September 27, 2008, and the comparable periods of 2007, respectively, was calculated as follows:

Reconciliation to net income:

	Three Months Ended		Nine Months Ended	
millions	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Net income (loss)	**$ 6.8**	$ (4.3)	**$ 3.1**	$ (23.9)
Add (deduct)				
Interest expense of Class B Interest Liability of a subsidiary	**1.0**	—	**2.8**	—
Gain on Class B Interest Liability of a subsidiary	**(6.0)**	—	**(3.1)**	—
Diluted net income (loss) available for unitholders	**$ 1.8**	$ (4.3)	**$ 2.8**	$ (23.9)

Reconciliation of number of Units:

	Three Months Ended		Nine Months Ended	
thousands	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Weighted average number of Units				
Units	**12,064**	12,064	**12,064**	12,064
Fraser units	**—**	—	**—**	—
Basic weighted average number of Units	**12,064**	12,064	**12,064**	12,064
Conversion of Class B Interest Liability of a subsidiary	**4,507**	—	**4,507**	—
Diluted weighted average number of Units	**16,571**	12,064	**16,571**	12,064

The Class B Interest Liability of a subsidiary was anti-dilutive for the three and nine-month periods ended September 29, 2007, due to the net loss for each respective period.

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 27, 2008 amounted to $7.3 million (2007 – $12.6 million) and $1.3 million (2007 – $1.0 million), respectively which represented 34% (2007 – 50%) of consolidated total sales. Included in accounts receivable at September 27, 2008 is $3.1 million (December 31, 2007 – $1.0 million) related to these agreements. Total sales to Fraser Papers and Brookfield for the nine-month period ended September 27, 2008 amounted to $15.2 million (2007 – $30.4 million) and $2.1 million (2007 – $2.6 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 (2007 – $0.5 million) and $1.5 million (2007 – $1.5 million) for the nine months ended September 27, 2008. All fees have been fully paid in accordance with the services agreement.

c) Distributions paid to Fraser Papers during the three and nine months ended September 27, 2008 totalled $nil (2007 – $0.8 million) and $nil (2007 – $2.2 million), respectively.

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

d) Payments on the Class B Interest Liability to Brookfield during the three and nine months ended September 27, 2008 totalled $1.0 million (2007 – $1.0 million) and $2.8 million (2007 – $2.8 million), respectively. An additional $0.3 million accrued payment on the Class B Interest Liability has been included in accounts payable and accrued liabilities as at September 27, 2008 (December 31, 2007 – $0.3 million).

e) 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 (2007 – $4 thousand) in the third quarter and $12 thousand during the nine-month period ended September 27, 2008 (2007 – $12 thousand).

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 and assets by reportable segments are as follows:

For the Three Months Ended September 27, 2008 *millions*	**Total**	**NB Timberlands**	**Maine Timberlands**	**Corporate and Other**
Net sales				
Softwood	$ 6.8	$ 3.8	$ 3.0	$ —
Hardwood	7.4	6.3	1.1	—
Biomass and 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)			
Future income tax expense	—			
Net income	$ 6.8			

As at September 27, 2008 *millions*				
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)

For the Three Months Ended September 29, 2007 millions	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 9.1	$ 5.5	$ 3.6	$ —
Hardwood	5.4	4.8	0.6	—
Other	2.4	2.2	0.2	—
Total net sales	16.9	12.5	4.4	—
Operating costs	(13.3)	(9.7)	(3.3)	(0.3)
Earnings (loss) before under noted	3.6	2.8	1.1	(0.3)
Depletion and depreciation	(2.1)	(1.3)	(0.8)	—
Operating earnings (loss)	1.5	1.5	0.3	(0.3)
Gain on sale of timberlands	0.3	—	0.3	—
Earnings (loss) before under noted items	$ 1.8	$ 1.5	$ 0.6	$ (0.3)
Loss on Class B Interest Liability of a subsidiary	(4.1)			
Interest expense, net	(1.8)			
Future income tax expense	(0.2)			
Net loss	$ (4.3)			

As at September 29, 2007 *millions*				
Timberlands, logging roads, fixed assets and intangible assets	$ 206.6	$ 134.6	$ 72.0	$ —
Total assets	$ 222.0	$ 143.9	$ 74.8	$ 3.3

For the Nine Months Ended September 27, 2008 *millions*	**Total**	**NB Timberlands**	**Maine Timberlands**	**Corporate and Other**
Net sales				
Softwood	**$ 21.5**	**$ 12.6**	**$ 8.9**	**$ —**
Hardwood	**21.4**	**19.2**	**2.2**	**—**
Biomass and 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)**			
Future income tax expense	**(0.1)**			
Net income	**$ 3.1**			

For the Nine Months Ended September 29, 2007 millions	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 28.2	$ 17.0	$ 11.2	$ —
Hardwood	20.5	18.4	2.1	—
Other	8.4	7.6	0.8	—
Total net sales	57.1	43.0	14.1	—
Operating costs	(42.0)	(31.5)	(9.8)	(0.7)
Earnings (loss) before under noted	15.1	11.5	4.3	(0.7)
Depletion and depreciation	(6.4)	(3.8)	(2.6)	—
Operating earnings (loss)	8.7	7.7	1.7	(0.7)
Gain on sale of timberlands	0.3	—	0.3	—
Earnings (loss) before under noted items	$ 9.0	$ 7.7	$ 2.0	$ (0.7)
Loss on Class B Interest Liability of a subsidiary	(17.5)			
Interest expense, net	(5.4)			
Future income tax expense	(10.0)			
Net loss	$ (23.9)			

During the three months ended September 27, 2008 approximately 25% of total sales were originated with customers domiciled in the U.S. with the balance in Canada. During the same period approximately 22% 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 27, 2008, Acadian's top three suppliers accounted for approximately 19%, 14% and 14%, 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 27, 2008, related parties and the largest customer (see Note 8) accounted for 34% and 12% of total sales, respectively.

NOTE 10. CAPITAL DISCLOSURES

Acadian's capital structure is comprised of unitholder's equity inclusive of comprehensive income (loss), the Class B Interest Liability of a subsidiary, 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:

millions	**September 27, 2008**	September 29, 2007
Funded debt	**$ 42.0**	$ 42.0
LTM EBITDA	**11.3**	15.5
Funded debt / LTM EBITDA (maximum 4.25)	**3.7**	2.7
LTM EBITDA	**$ 11.3**	$ 15.5
LTM Interest for period	**2.2**	2.3
Interest coverage (minimum 3.0)	**5.1**	6.7

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

U.S. millions	September 27, 2008	September 29, 2007
LTM EBITDA	$ 4.8	$ 6.5
Capital expenditure	0.1	—
Cash flow	4.7	6.5
LTM Interest	1.5	1.5
Debt service coverage ratio (minimum 1.25)	3.1	4.3

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 27, 2008, Acadian is in compliance with all financial covenants.

NOTE 11. FINANCIAL INSTRUMENTS

Financial assets and liabilities classified as held-for-trading 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 (loss) in the period in which they arise; these include cash and cash equivalents and the Class B Interest Liability of a subsidiary (see Note 6). 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 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 (increase) the net income (loss) of Acadian, and will also result in an other comprehensive loss on the revaluation of the Maine Timberlands' assets, including non-financial assets and liabilities in a given period. During the three and nine-month period ended September 27, 2008, a $0.01 appreciation (depreciation) in the average and period end U.S. to Canadian dollar foreign exchange rates, all else being equal, would have increased (decreased) net income by approximately $0.4 million, primarily as a result of the revaluation of the Class B Interest Liability of a subsidiary, and would not have significantly impacted cash flow from operations. Furthermore, a $0.01 appreciation (depreciation) in the U.S. to Canadian dollar foreign exchange rate as at September 27, 2008 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 $0.3 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. Additionally, the only Canadian denominated expense of the Maine Timberlands are payments associated with the Class

B Interest Liability of a subsidiary, which are not considered to represent a significant operational risk. 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 27, 2008, a 25 bps 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 27, 2008, a 25 bps 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 $0.2 million.

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.

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.

Acadian is also exposed to other price risk, due to the variable nature of the valuation of the Class B Interest Liability of a subsidiary (see Note 6). Each $0.05 increase (decrease) in the trading value of Acadian's Class A Units results in a $225 thousand revaluation loss (gain), which is recorded in Acadian's Consolidated Statement of Operations and Deficit. The revaluation of the Class B Interest Liability does not have an impact on the cash flow from operating activities of Acadian.

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 27, 2008, does not anticipate any defaults by its counterparties, and accordingly has not recorded an allowance against outstanding receivables. Pursuant to their respective terms, all outstanding accounts receivables are current with the exception of approximately $0.6 million.

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

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, bears interest based on the 30-day Banker's Acceptances rate. Prevailing interest rates or other factors at the time of the interest re-set or refinancing of this facility could increase the interest expense of Acadian in future 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 27, 2008, the accounts payable and accrued liabilities and distributions payable of Acadian are due in less than 30 days.

Acadian is also exposed to liquidity risk associated with the future tax liability recorded in fiscal 2007. The future tax liability represents estimated differences between the financial reporting and tax bases of the assets and liabilities of the Fund's subsidiaries as at the beginning of the 2011 taxation year, which will be payable in future years. Management is currently assessing the extent and timing of expected future payments.

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 in the 2011 taxation year.

The interim future income tax expense is calculated based on expected annual effective tax rates.

	Three Months Ended		Nine Months Ended	
millions	**September 27, 2008**	September 29, 2007	**September 27, 2008**	September 29, 2007
Income (loss) before income taxes	**$ 6.8**	$ (4.1)	**$ 3.2**	$ (13.9)
Expected tax recovery (expense) at combined statutory rates	**(2.0)**	1.3	**(0.9)**	4.4
Effect of:				
Non-taxable income	**2.0**	(1.3)	**0.9**	(4.4)
Timing differences to reverse after January 1, 2011	**—**	(0.2)	**(0.1)**	(10.0)
Income tax expense	**$ —**	$ (0.2)	**$ (0.1)**	$ (10.0)

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 $0.1 million (2007 - $0.2 million).

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 on Class A units for the three and nine months ended September 27, 2008 were $2.5 million and $7.5 million, respectively, which is consistent with the distributions declared for the three and nine months ended September 29, 2007.

NOTE 15. SUBSEQUENT EVENT

On November 4, 2008 Acadian entered in to an agreement to extend the bank term credit facility and revolving credit facility for a period of one year. The bank term and revolving credit facilities will continue to bear interest at floating rates based on the 30-day Banker's Acceptances rate and will mature on January 29, 2010.

Board and Management

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 2050, Royal Centre, 1055 West Georgia Street,
Vancouver, B.C. V6E 3R5

Please direct your inquiries to:
Zev Korman
Director, Investor Relations and Communications
t. 416-359-1955
f. 416-363-2856
e. zkorman@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 27, 2008):	16,571,453
Targeted 2008 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

ACADIAN TIMBER

Printed in Canada