

NOTICE OF SPECIAL MEETING OF THE VOTING UNITHOLDERS OF

K-BRO LINEN INCOME FUND

to be held December 6, 2010

and

MANAGEMENT INFORMATION CIRCULAR

with respect to a

PROPOSED PLAN OF ARRANGEMENT

involving

**K-BRO LINEN INCOME FUND, K-BRO LINEN SYSTEMS INC., K-BRO LINEN LIMITED,
K-BRO LINEN INC., THE VOTING UNITHOLDERS OF K-BRO LINEN INCOME FUND AND THE
EXCHANGEABLE SHAREHOLDERS OF K-BRO LINEN INC.**

November 4, 2010

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November 4, 2010

Dear Unitholders:

You are invited to attend a special meeting (the “**Meeting**”) of holders (“**Voting Unitholders**”) of trust units (“**Trust Units**”) and special trust units (“**Special Trust Units**”) and together with the Trust Units, the “**Voting Units**”) of K-Bro Linen Income Fund (the “**Fund**”) to be held at Goodmans LLP, 333 Bay Street, Suite 3400 in Toronto, Ontario at 9:00 a.m. (Toronto time) on Monday, December 6, 2010.

At the Meeting, you will be asked to consider and vote upon a proposed reorganization of the Fund pursuant to a plan of arrangement (the “**Arrangement**”) involving the Fund, K-Bro Linen Systems Inc. (“**K-Bro**”), K-Bro Linen Limited (“**K-Bro Limited**”), K-Bro Linen Inc. (“**New K-Bro**”), holders of Trust Units (“**Unitholders**”), holders of Special Trust Units and holders of exchangeable shares (“**Exchangeable Shares**”) in the capital of K-Bro. The purpose of the Arrangement is to convert the Fund from an income trust to a corporation.

The Fund, K-Bro, K-Bro Limited and New K-Bro entered into an arrangement agreement (the “**Arrangement Agreement**”) made as of October 21, 2010 which was unanimously approved by the Board of Trustees of the Fund. Pursuant to the Arrangement, Unitholders will receive one common share of New K-Bro in exchange for each Trust Unit held on the effective date of the Arrangement and holders of Exchangeable Shares will receive one common share of New K-Bro for each combination of one Exchangeable Share and one Special Trust Unit held on the effective date of the Arrangement. Upon completion of the Arrangement, New K-Bro will indirectly own and operate the existing businesses of the Fund and its subsidiaries, and the existing trustees of the Fund will become the directors of New K-Bro.

The proposed conversion is primarily the result of changes to Canadian federal income tax legislation relating to specified investment flow through trusts (“**SIFTs**”) that were announced on October 31, 2006 and the subsequent limitations placed on SIFTs, which evidenced the intention of the Department of Finance to eliminate the public income trust market.

Certain of the key benefits of the Arrangement include:

- the Arrangement provides for an effective and efficient method of converting the Fund from a mutual fund trust to a corporation consistent with existing legislation;
- it is expected that Unitholders will be able to exchange Trust Units for common shares of New K-Bro on a tax-deferred basis for Canadian income tax purposes; and
- Canadian taxable unitholders should benefit from lower income taxes paid on dividends compared to taxes paid on current distributions of income of the Fund.

Additional details and benefits of the Arrangement to Unitholders are set out in detail in the attached management information circular (the “**Information Circular**”).

The proposed resolution (the “**Arrangement Resolution**”) to approve the Arrangement attached as Appendix “A” to the Information Circular must be approved by at least two-thirds of the votes cast by the Voting Unitholders who attend in person or are represented by proxy at the Meeting.

The Board of Trustees of the Fund, based on its own investigations, has unanimously determined that the Arrangement is fair and reasonable to Voting Unitholders, is in the best interests of the Fund and Voting Unitholders and unanimously recommends that Voting Unitholders vote FOR the Arrangement Resolution. The Trustees and senior officers of the Fund and its subsidiaries, who own, directly or indirectly, or exercise control or direction over, approximately 4.8% of the outstanding Voting Units, have indicated that they intend to vote in favour of the Arrangement.

The accompanying Information Circular contains a detailed description of the Arrangement as well as detailed information regarding New K-Bro. **Please give this material your careful consideration and, if you require assistance, consult your financial, legal, tax and other professional advisors.** Your vote is very important. Whether or not you plan to attend the Meeting, Voting Unitholders are urged to vote promptly to ensure that their Voting Units are represented at the Meeting or any adjournment(s) or postponement(s) thereof.

To be represented at the Meeting, you must attend the Meeting in person or complete, sign and deliver the enclosed form of proxy in accordance with the instructions set out in the accompanying Information Circular so that your Voting Units can be voted at the Meeting.

If you are a non-registered Voting Unitholder and received these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form, as the case may be, provided to you in accordance with the instructions provided by your broker or intermediary. Failure to do so may result in your Voting Units not being eligible to be voted at the Meeting.

Yours very truly,

(signed) *"Ross Smith"*
Chair of the Board of Trustees,
K-Bro Linen Income Fund

K-BRO LINEN INCOME FUND

NOTICE OF SPECIAL MEETING OF FUND UNITHOLDERS

NOTICE IS HEREBY GIVEN that, pursuant to an order (the “**Interim Order**”) of the Court of Queen’s Bench of Alberta dated November 2, 2010, a special meeting (the “**Meeting**”) of holders (“**Voting Unitholders**”) of trust units (“**Trust Units**”) and special trust units (“**Special Trust Units**”) and together with the Trust Units, the “**Voting Units**”) of K-Bro Linen Income Fund (the “**Fund**”) will be held at Goodmans LLP, 333 Bay Street, Suite 3400 in Toronto, Ontario at 9:00 a.m. (Toronto time) on Monday, December 6, 2010 for the following purposes:

1. **TO CONSIDER**, pursuant to the Interim Order, and if deemed advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix “A” to the accompanying management information circular (the “**Information Circular**”) of the Fund dated November 4, 2010, approving a plan of arrangement (the “**Arrangement**”) under section 193 of the *Business Corporations Act* (Alberta), all as more particularly described in the Information Circular; and
2. **TO TRANSACT** such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

As a Voting Unitholder, you are entitled to attend the Meeting and to cast one vote for each Voting Unit that you own. If you are a registered Voting Unitholder and are unable to attend the Meeting, you will still be able to vote on the items of business set out above by completing a form of proxy, included with this management information circular. **To be valid, registered Voting Unitholders must submit the form of proxy not later than 9:00 a.m. (Toronto time) on December 2, 2010 or, if the Meeting is adjourned or postponed, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the time for any reconvened meeting, by delivering it to the Proxy Department, Valiant Trust Company, Suite 310, 606-4th Street S.W., Calgary, Alberta T2P 1T1 or by fax to the attention of Proxy Department, Valiant Trust Company at (403) 233-2857.**

If you are a non-registered beneficial Voting Unitholder, you must follow the instructions provided by your broker, securities dealer, bank, trust company or similar entity in order to vote your Voting Units. The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

DATED at Edmonton, Alberta this 4th day of November, 2010.

BY ORDER OF THE BOARD OF TRUSTEES

(signed) “*Ross Smith*”
Chair of the Board of Trustees
K-Bro Linen Income Fund

K-BRO LINEN INCOME FUND
MANAGEMENT INFORMATION CIRCULAR

INTRODUCTION

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the trustees of the Fund for use at the Meeting and any adjournment(s) or postponement(s) thereof. No Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon in making a decision as to how to vote on the Arrangement Resolution or be considered to have been authorized by the Fund.

This Information Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any Person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation. Neither the delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

Voting Unitholders should not construe the contents of this Information Circular as tax, financial or legal advice and should consult with their own tax, financial, legal or other professional advisors as to the relevant tax, financial, legal or other matters in connection herewith.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement, a copy of which is attached as Appendix “C” to this Information Circular. **Voting Unitholders are urged to carefully read the full text of this Information Circular, the Arrangement Agreement and the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under “Glossary of Terms”. **Unless otherwise noted, the information provided in this Information Circular is given as of November 4, 2010.**

Forward-Looking Statements

This Information Circular, including the documents incorporated by reference herein, contain forward-looking information and other forward-looking statements within the meaning of applicable Canadian Securities Laws 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 Information Circular, such statements may contain such words as “may,” “will,” “intend,” “should,” “expect,” “believe,” “outlook,” “predict,” “remain,” “anticipate,” “estimate,” “potential,” “continue,” “plan,” “could,” “might,” “project,” “targeting” or the negative of these terms or other similar terminology. Forward-looking information in this Information Circular includes, without limitation, statements regarding intentions; results; performance; goals; achievements; future events; plans and objectives; business strategy; access to capital; liquidity and trading volumes; dividends; distributions; taxes; capital expenditures; projected costs; the benefits of the Arrangement; the timing of the Final Order; the occurrence of the Effective Date; the satisfaction of conditions for listing of the New K-Bro Common Shares on the TSX; the treatment of the Fund and Unitholders under tax laws; the business strategy of New K-Bro; the business to be carried on by New K-Bro and its Subsidiaries following the Arrangement; the potential for a payment of a dividend by New K-Bro; and the liquidity of the New K-Bro Common Shares. These statements reflect management’s current expectations regarding future events and operating performance and are based on information currently available to management and speak only as of the date of this Information Circular. All forward-looking statements in this Information Circular are qualified by these cautionary statements.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether

or not such results will be achieved. A number of important factors could cause actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including, without limitation, those set out below and those detailed elsewhere in this Information Circular (and in documents incorporated by reference herein): failure of the parties to the Arrangement Agreement to satisfy the conditions set out therein; inability of New K-Bro to meet the listing requirements of the TSX; inability of the parties to obtain required consents, permits or approvals, including Court approval of the Arrangement, the Voting Unitholders' approval of the Arrangement Resolution; failure to realize anticipated benefits of the Arrangement; the other risks and factors discussed under "Risk Factors" in the Fund AIF incorporated by reference herein, and other filings with securities regulatory authorities available on the SEDAR website at www.sedar.com; and the risk factors set forth under "Information Concerning New K-Bro – Risk Factors" in this Information Circular. Readers are cautioned that the foregoing list is not exhaustive.

Forward-looking information is based on various material factors or assumptions, which are based on information currently available to the Fund. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to:

- the perceived benefits of the Arrangement are based upon the financial and operating attributes of the Fund as at the date hereof, anticipated operating and financial results from the date hereof to the Effective Date, the views of management and the Board respecting the benefits associated with the Arrangement and current and anticipated market conditions. See "Background to and Reasons for the Arrangement – Anticipated Benefits of the Arrangement";
- the attributes of New K-Bro following completion of the Arrangement are based upon the existing attributes of the Fund (including financial and operating attributes) and the opinions of management and the Trustees concerning perceived benefits associated with the Arrangement. See "Information Concerning New K-Bro" and "Background to and Reasons for the Arrangement – Anticipated Benefits of the Arrangement";
- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the transactions contemplated thereby, assumptions that all conditions in the Arrangement Agreement will be met and assumptions that the representations and warranties in the Arrangement Agreement will be true and correct at all applicable times. See "The Arrangement – Arrangement Agreement";
- the consideration to be received by Unitholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement; and
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel of the Fund relating to timing expectations.

Other forward-looking statements regarding the Fund and New K-Bro are located in the documents incorporated by reference herein and are based on certain material factors or assumptions of the Fund and New K-Bro concerning anticipated financial performance; business prospects; strategies; regulatory developments; exchange rates; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms; the economic situation of key customers; and potential timing delays. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned that the foregoing material factors or assumptions do not represent an exhaustive list.

Readers are further cautioned that the preparation of financial statements, including unaudited *pro forma* financial statements, in accordance with Canadian GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

The information contained in this Information Circular, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Fund and New K-Bro. We urge you to carefully consider those factors.

Although the forward-looking statements contained in this Information Circular are based upon what management believes are reasonable assumptions, the Fund cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this Information Circular, and should not be relied upon as representing the Fund's views as of any date subsequent to the date of this Information Circular. The Fund assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as required by applicable law.

PROXY SOLICITATION AND VOTING

Trust Units and Special Trust Units

The Fund has outstanding two classes of units that entitle holders to vote at meetings of Voting Unitholders: trust units ("**Trust Units**") and special trust units ("**Special Trust Units**" and together with Trust Units, the "**Voting Units**"). The Special Trust Units were issued to holders of exchangeable shares (collectively, the "**Exchangeable Shares**") issued by K-Bro, a subsidiary of the Fund, in connection with the acquisition of K-Bro by the Fund. The Special Trust Units were issued for the sole purpose of providing voting rights at the Fund level to the holders of the Exchangeable Shares. The Trust Units and the Special Trust Units vote together as a single class on all matters. Each Trust Unit and Special Trust Unit outstanding on the Record Date (as defined below) is entitled to one vote.

Registered Voting Unitholders

A registered Voting Unitholder (a "**Registered Voting Unitholder**") is a Voting Unitholder who holds Voting Units in his, her or its own name (that is, not in the name of, or through, an intermediary such as a securities broker, dealer, bank, or trust company (an "**Intermediary**"). A Registered Voting Unitholder may attend the Meeting and is entitled to cast one vote for each Voting Unit registered in the name of such Registered Voting Unitholder on any and all resolutions put before the Meeting. If such Registered Voting Unitholder does not wish to vote for any matter proposed at the Meeting, he, she or it may withhold their vote from, or vote their Voting Units against, as applicable, any resolution at the Meeting. A Registered Voting Unitholder who is unable to attend the Meeting, or does not wish to personally cast his, her or its votes, may authorize another person at the Meeting to vote on his, her or its behalf. This is called voting by proxy. See "Appointment and Revocation of Proxies" below for information concerning the process for voting by proxy.

Non-Registered Voting Unitholders

Information set forth in this section is very important to persons who hold Voting Units otherwise than in their own names. A non-registered Voting Unitholder (a "**Beneficial Holder**") is a Voting Unitholder who holds his, her or its Voting Units through an Intermediary. Such Intermediary is the registered holder of the Beneficial Holder's Voting Units and is the entity legally entitled to vote these Voting Units at the Meeting. Voting Units that are listed in an account statement provided to a Voting Unitholder by a broker are probably not registered in the Voting Unitholder's own name on the records of the Fund; such Voting Units are more likely registered in the name of the Voting Unitholder's broker or an agent of the broker. Only proxies deposited by Registered Voting Unitholders can be recognized and acted upon at the Meeting.

In order for a Beneficial Holder to vote his, her or its Voting Units at the Meeting, they must carefully follow the procedures and instructions received from the Intermediary. Applicable regulatory policy in Canada requires Intermediaries to seek voting instructions from Beneficial Holders in advance of Voting Unitholders' meetings. Instead of completing the Form of Proxy provided to Registered Voting Unitholders, Beneficial Holders will be asked to complete and deliver a different form to their respective Intermediaries. This form will instruct the Intermediary how to vote on behalf of the Beneficial Holder.

Most brokers now delegate responsibility for obtaining instructions from Beneficial Holders to Broadridge Financial Solutions ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Holders and asks Beneficial Holders to return the forms to Broadridge. Broadridge then

tabulates the results of all instructions received and provides appropriate instructions representing the voting of Units to be represented at the Meeting. A Beneficial Holder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote the Voting Units directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Voting Units voted.

Although Beneficial Holders may not be recognized directly at the Meeting for the purposes of voting their Voting Units registered in the name of an Intermediary, a Beneficial Holder may attend at the Meeting as proxyholder for the registered holder (i.e., the Intermediary) and vote their Voting Units in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their own Voting Units as proxyholder for the registered holder should enter their own names in the blank space on the voting instruction form provided to them and return the same to their Intermediary in accordance with the instructions provided by such Intermediary well in advance of the Meeting.

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made on behalf of the Fund primarily by mail, but proxies may also be solicited personally or by telephone. The cost of the solicitation will be borne by the Fund. The information contained herein is given as at November 4, 2010, except where otherwise noted.

Appointment and Revocation of Proxies

The Form of Proxy enclosed with this Information Circular is a form of proxy that Registered Voting Unitholders may use to authorize another person to vote on their behalf at the Meeting. The persons named in the Form of Proxy are Trustees and/or officers of K-Bro. **A Voting Unitholder who wishes to appoint some other person to represent him, her or it at the Meeting may do so by crossing out the names of Trustees and/or officers of K-Bro pre-printed on the enclosed Form of Proxy and inserting such other person's name in the blank space provided in the Form of Proxy. Such other person need not be a Voting Unitholder of the Fund.**

To be valid, proxies must be delivered to the Proxy Department, Valiant Trust Company, Suite 310, 606-4th Street S.W., Calgary, Alberta T2P 1T1 or by fax to the attention of Proxy Department, Valiant Trust Company at (403) 233-2857, at any time up to and including 9:00 a.m. (Toronto time) on December 2, 2010. If the Meeting is adjourned or postponed, proxies must be deposited not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the time of any reconvened meeting at which the proxy is to be used.

A Voting Unitholder who has given a proxy may revoke the proxy: (a) by completing and signing another Form of Proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Voting Unitholder or by his or her attorney authorized in writing or, if the Voting Unitholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, at Proxy Department, Valiant Trust Company, Suite 310, 606-4th Street S.W., Calgary, Alberta T2P 1T1 or by fax to the attention of Proxy Department, Valiant Trust Company at (403) 233-2857 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or (c) in any other manner permitted by law.

Voting of Proxies

The persons named in the accompanying Form of Proxy will vote the Voting Units in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Voting Unitholder as indicated on the proxy. **In the absence of such specification, such Voting Units will be voted FOR the Arrangement Resolution.**

The persons appointed under the Form of Proxy are conferred with discretionary authority with respect to amendments to or variations of matters identified in the Form of Proxy and Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matter or business. At the time of printing this Information Circular, the Trustees knew of no such amendments, variations or other matters.

QUORUM

For the Meeting, two or more persons present in person or by proxy and representing in the aggregate at least 10% of the votes attached to all outstanding Voting Units will constitute a quorum. If a quorum is not present within one-half hour after the time fixed for the holding of the Meeting, the Meeting will stand adjourned to a day not less than 21 nor more than 60 days' later and to such place and time as may be appointed by the Chair of the Meeting. Not less than 10 days prior notice shall be given of the time and place of such adjourned meeting. At the adjourned meeting the Voting Unitholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened.

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

The Fund is authorized to issue an unlimited number of Trust Units and Special Trust Units. As of the date of this Information Circular, there were 6,932,562 Trust Units and 72,411 Special Trust Units outstanding.

At the Meeting, each Voting Unitholder of record at the close of business on November 1, 2010, the record date established for the notice of the Meeting (the "**Record Date**"), will be entitled to one vote for each Voting Unit held on all matters proposed to come before the Meeting, even though they may have since that date disposed of their Voting Units, and, except as otherwise determined from time to time by Trustees, no Voting Unitholder becoming such after the Record Date will be entitled to receive notice of and vote at such Meeting or any adjournment thereof or to receive such distribution or to be treated as a Voting Unitholder of record for purposes of such other action.

To the knowledge of the Trustees and directors and officers of K-Bro, only Sentry Select Capital Inc. owns directly or indirectly more than 10% of the outstanding Voting Units. This statement is based on the audited financial statements of Sentry Select Mutual Funds filed on SEDAR on March 31, 2010 in which Sentry Select Capital Inc. disclosed that an aggregate of 1,344,123 Trust Units were under its control at December 31, 2009, representing approximately 19.39% of the Trust Units now outstanding.

Non-GAAP Measures

The Fund's management's discussion and analysis of financial condition and results of operations for the years ended December 31, 2009 and 2008 and for the three and nine months ended September 30, 2010 and 2009 (collectively, the "**Fund MD&A**"), which are incorporated by reference herein, make reference to certain non-GAAP financial measures to assist in assessing the Fund's financial performance. Non-GAAP financial measures do not have standard meanings prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. For information regarding the non-GAAP financial measures used by the Fund, see the Fund MD&A.

Notice to Voting Unitholders in the United States

THE NEW K-BRO COMMON SHARES TO BE ISSUED PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The New K-Bro Common Shares to be issued pursuant to the Arrangement have not been registered under the 1933 Act, and are being issued in reliance on the exemption from registration set forth in section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to Voting Unitholders. See "The Arrangement – Securities Law Matters – United States" for additional information.

Unitholders should be aware that the acquisition of the New K-Bro Common Shares described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are

resident in, or citizens of, the United States are not described herein. U.S. securityholders should consult their own tax advisors with respect to their own particular circumstances.

The solicitation of proxies in connection with which this Information Circular is furnished is not subject to the proxy requirements of section 14(a) of the 1934 Act, by virtue of an exemption applicable to proxy solicitations by “foreign private issuers”, as defined in Rule 3b-4 under the 1934 Act. This Information Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Voting Unitholders in the United States should be aware that such requirements are different than those of the United States.

Financial statements have been prepared in accordance with generally accepted accounting principles in Canada, and are subject to auditing and auditor independence standards in Canada. These financial statements may not be comparable to financial statements of United States companies, and auditing and auditor independence standards may be different.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Fund is organized outside the United States, that some or all of the members of its management team and board of trustees and the experts named herein are residents of a foreign country, and that all or a substantial portion of the assets of the Fund and said persons are located outside the United States. As a result, it may be difficult or impossible for Voting Unitholders in the United States to effect service of process within the United States upon the Fund, any members of its management team or board of trustees or the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, U.S. securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

References to Currency

Unless otherwise stated, all references in this Information Circular to monetary amounts are expressed in Canadian dollars. All references to “Canadian dollars”, “Cdn\$” or “\$” are to Canadian dollars and all references to “U.S.\$” are to United States dollars.

GLOSSARY OF TERMS

The following terms will have the meanings set forth below when used in this Information Circular. These defined terms are not always used in the documents incorporated by reference herein and may not conform exactly to the defined terms used in the appendices to this Information Circular or any agreements referred to herein.

“**1933 Act**” means the *United States Securities Act of 1933*, as amended;

“**1934 Act**” means the *United States Securities Exchange Act of 1934*, as amended;

“**ABCA**” means the *Business Corporations Act (Alberta)*, including the regulations promulgated thereunder, each as amended;

“**Arrangement**” means an arrangement under section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Fund acting reasonably;

“**Arrangement Agreement**” means the arrangement agreement made as of October 21, 2010 among the Fund, K-Bro, K-Bro Limited and New K-Bro with respect to the Arrangement and all amendments, supplements and/or restatements thereof;

“**Arrangement Applicants**” means, collectively, the Fund, K-Bro, K-Bro Limited and New K-Bro;

“**Arrangement Resolution**” means the special resolution of the Voting Unitholders approving the Arrangement, in substantially the form attached as Appendix “A” to this Information Circular, to be considered at the Meeting;

“**Articles of Arrangement**” means one or more articles of arrangement in respect of the Arrangement required by subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order is made;

“**Beneficial Holder**” has the meaning ascribed thereto under “Proxy Solicitation and Voting – Non-Registered Voting Unitholders”;

“**Board**” means the board of trustees of the Fund;

“**Broadridge**” has the meaning ascribed thereto under “Proxy Solicitation and Voting – Non-Registered Voting Unitholders”;

“**Business Day**” means a day, other than a Saturday, Sunday or other day on which commercial banks in Edmonton, Alberta are closed;

“**Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, notices, instruments, regulations and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;

“**Certificate**” means the confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

“**Claim**” means any claim, action, demand, cause of action, suit, complaint, proceeding, arbitration, judgment, settlement, award, assessment, re-assessment, order, investigation, enquiry or hearing made or threatened;

“**Court**” means the Court of Queen’s Bench of Alberta;

“**CRA**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**Effective Date**” means the date the Arrangement is effective under the ABCA;

“**Effective Time**” means 12:01 a.m. on the Effective Date or such other time as may be determined by New K-Bro;

“**Excess Share Value**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Holders Resident In Canada – Exchange of Units for Common Shares”;

“**Excess Unit Value**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Holders Resident In Canada – Exchange of Units for Common Shares”;

“**Exchangeable Shares**” means the exchangeable shares in the capital of K-Bro;

“**Exchangeable Shareholders**” means the holders of Exchangeable Shares;

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by the Court at any time prior to the Effective Date;

“**Fund**” means K-Bro Linen Income Fund, an open-ended unincorporated limited purpose trust established under the laws of the Province of Alberta, pursuant to the Fund Declaration of Trust;

“**Fund AIF**” means the annual information form of the Fund dated March 10, 2010 in respect of the Fund’s financial year ended December 31, 2009;

“**Fund Annual Financial Statements**” means the audited consolidated financial statements of the Fund as at and for the years ended December 31, 2009 and 2008, together with the notes thereto and the auditors’ report thereon;

“**Fund Annual MD&A**” means management’s discussion and analysis of financial condition and operating results of the Fund for the years ended December 31, 2009 and 2008;

“**Fund Circular**” means the Fund’s management information circular dated May 4, 2010 with respect to the annual meeting of Voting Unitholders held on June 17, 2010;

“**Fund Declaration of Trust**” means the amended and restated declaration of trust dated February 3, 2005 of the Fund, as the same may be further amended and/or restated from time to time;

“**Fund Financial Statements**” means, collectively, the Fund Annual Financial Statements and the Fund Interim Financial Statements;

“**Fund Interim Financial Statements**” means the unaudited consolidated financial statements of the Fund as at and for the period ended September 30, 2010, together with the notes thereto;

“**Fund Interim MD&A**” means management’s discussion and analysis of financial condition and operating results of the Fund for the three and nine months ended September 30, 2010;

“**Fund MD&A**” means, collectively, the Fund Annual MD&A and the Fund Interim MD&A;

“**Fund Required Approvals**” means the regulatory approvals and other third party consents outlined in the Arrangement Agreement which are required by the Fund to be received on or prior to the Effective Date of the Arrangement in order to complete the Arrangement;

“**GAAP**” means Canadian generally accepted accounting principles, as in effect from time to time;

“**Governmental Authority**” means any (a) multinational, domestic, foreign, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign, (b) any subdivision, agent, commission, board, or authority of any of the foregoing, (c) any quasi-governmental or private body exercising any

regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange, including the TSX;

“**Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**Information Circular**” means the Notice of Meeting and this management information circular of the Fund including all schedules, appendices and exhibits hereto, sent by the Fund to the Voting Unitholders in connection with the Meeting;

“**Interim Order**” means the interim order of the Court dated November 2, 2010 under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the Meeting, a copy of which order is attached as Appendix “B” to this Information Circular, as such order may be affirmed, amended or modified by the Court;

“**Intermediary**” has the meaning ascribed thereto under “Proxy Solicitation and Voting – Registered Voting Unitholders”;

“**K-Bro**” means K-Bro Linen Systems Inc., a corporation amalgamated under the laws of the Province of Alberta;

“**K-Bro Limited**” means K-Bro Linen Limited, a corporation incorporated under the laws of the Province of Alberta;

“**K-Bro LP**” means KBL Limited Partnership/KBL S.E.C, a limited partnership established under the laws of the Province of Manitoba;

“**Meeting**” means the special meeting of the Voting Unitholders to be held on December 6, 2010, and any adjournment(s) or postponement(s) thereof, to consider and to vote on the Arrangement Resolution and the other matters set out in the Notice of Meeting;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“**misrepresentation**” has the meaning ascribed thereto in the *Securities Act* (Ontario);

“**New K-Bro**” means, K-Bro Linen Inc., a corporation incorporated under the laws of the Province of Alberta;

“**New K-Bro Board**” means the board of directors of New K-Bro following completion of the Arrangement;

“**New K-Bro Common Shares**” means the common shares in the capital of New K-Bro;

“**New K-Bro Shareholders**” means holders of New K-Bro Common Shares;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**Non-Resident Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Holders Not Resident In Canada”;

“**Normal Growth Guidelines**” has the meaning ascribed thereto under “Background to and Reasons for the Arrangement”;

“**Notice of Meeting**” means the Notice of Special Meeting of Voting Unitholders which accompanies this Information Circular;

“**Person**” includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor,

administrator, legal personal representative, estate, body corporate, corporation, company, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

“**Plan**” means trust governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and TFSAs, as such terms are defined in the Tax Act;

“**Plan of Arrangement**” means the plan of arrangement, substantially in the form attached as Schedule A to the Arrangement Agreement which is attached as Appendix “C” to this Information Circular, and any amendments or variations thereto made in accordance with the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Fund acting reasonably;

“**Record Date**” means November 1, 2010;

“**Registered Voting Unitholder**” has the meaning ascribed thereto under “Proxy Solicitation and Voting – Registered Voting Unitholders”;

“**Registrar**” means the Registrar of Corporations duly appointed under the ABCA;

“**Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Authorities required by the Fund to consummate the transactions contemplated by the Arrangement Agreement;

“**Resident Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Holders Resident In Canada”;

“**SIFT Rules**” means the amendments to the Tax Act proclaimed in force on June 22, 2007, as amended, that implement the changes announced as part of the Tax Fairness Plan proposed by the Minister of Finance (Canada) on October 31, 2006 which modify the tax treatment of SIFTs and the tax treatment of their unitholders in the manner described under “Certain Canadian Federal Income Tax Considerations”;

“**SIFT**” means a specified investment flow-through trust or partnership, as defined in the Tax Act;

“**Special Trust Units**” means the units of the Fund designated as “Special Trust Units” under the Fund Declaration of Trust;

“**Subsidiary**” has the meaning ascribed thereto in section 1.1 of National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, each as amended;

“**Tax Proposals**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**TFSA**” means tax free savings account, as such term is defined in the Tax Act;

“**Trust Units**” means the units of beneficial interest of the Fund designated as “Trust Units” under the Fund Declaration of Trust;

“**Trustees**” means the trustees of the Fund;

“**TSX**” means the Toronto Stock Exchange;

“**Unitholders**” means the holders of issued and outstanding Trust Units;

“**U.S. Securityholders**” has the meaning ascribed thereto under “The Arrangement – Securities Law Matters – United States – Issuance and Resale of New K-Bro Common Shares under U.S. Securities Laws”;

“**Voting Unitholders**” means the holders of issued and outstanding Voting Units;

“**Voting Units**” means, collectively, the Trust Units and the Special Trust Units;

SUMMARY INFORMATION

The following is a summary of certain information contained elsewhere in this Information Circular, including the appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular, in the documents incorporated by reference herein and in the appendices hereto. You should read this Information Circular, including the information incorporated by reference herein, and the appendices hereto, in their entirety. For an explanation of certain defined terms used in this “Summary Information” and in this Information Circular, please see “Glossary of Terms”.

The Meeting and Record Date

The Meeting will be held on Monday, December 6, 2010 at 9:00 a.m. (Toronto time) at Goodmans LLP, 333 Bay Street, Suite 3400 in Toronto, Ontario, for the purposes set forth in the accompanying Notice of Meeting. The Fund has fixed November 1, 2010 as the record date for determining the Voting Unitholders entitled to receive notice of and vote at the Meeting.

Purpose of the Meeting

The business of the Meeting will be to consider and vote upon the Arrangement Resolution and to transact such further and other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

See “The Arrangement”.

Background to and Reasons for the Arrangement

On October 31, 2006, the federal Minister of Finance announced a new entity-level tax on distributions of certain income from publicly traded mutual fund trusts at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to unitholders. The Minister announced that existing trusts would have a four-year transition period and generally would not be subject to the new rules until 2011, provided such trusts experienced only “normal growth” and no “undue expansion” before then. The announcement had an immediate impact on the Canadian capital markets and, generally, resulted in a significant decline in trading prices for publicly traded income trusts.

On December 15, 2006, the Minister issued the Normal Growth Guidelines which established objective tests with respect to what would be considered “normal growth” for the purposes of determining how much existing trusts are permitted to grow without jeopardizing their transitional relief. On December 4, 2008, the Minister announced certain changes to the Normal Growth Guidelines. Bill C-52, which received Royal Assent on June 22, 2007, contained legislation implementing the SIFT Rules.

Subsequent to the Minister of Finance’s October 31, 2006 announcement and the subsequently enacted SIFT Rules, the Board and management have been assessing the Fund’s available options to ensure that its capital structure is efficient, that the Fund is able to meet its strategic objectives and to enhance value for Unitholders. As a result of this ongoing assessment, the Board and management started examining particular options for conversion which would minimize the negative impact of the SIFT Rules and enhance value for Unitholders.

On October 21, 2010, after several board meetings duly called to consider the financial aspects and other considerations relating to the Arrangement, including the terms of the Arrangement Agreement, the potential impact of the Arrangement on the Fund, the Fund’s employees and Unitholders and other matters considered relevant, the Board determined that the Arrangement is fair and reasonable to Voting Unitholders, and is in the best interests of the Fund and Voting Unitholders. On this basis, the Board unanimously approved entering into the Arrangement Agreement, and unanimously recommends that the Voting Unitholders vote in favour of the Arrangement Resolution.

See “Background to and Reasons for the Arrangement”.

Anticipated Benefits of the Arrangement

With the introduction of the SIFT Rules on October 31, 2006, there is diminishing value associated with the trust structure. Management and the Board believe that the best opportunity for creating value is to remove the uncertainty created with the taxation of SIFTs and proceed forward as a corporate entity. The Arrangement allows the Fund to convert to a corporation while maintaining its focus on enhancing value for Unitholders. The Arrangement will enable the Fund to pay cash dividends to shareholders and to pursue growth opportunities. Selected benefits to the Arrangement are expected to be as follows:

- the Arrangement provides for an effective and efficient method of converting the Fund from a mutual fund trust to a corporation consistent with existing legislation;
- it is expected that Unitholders will be able to exchange Trust Units for New K-Bro Common Shares on a tax-deferred basis for Canadian income tax purposes; and
- Canadian taxable Unitholders should benefit from lower income taxes paid on dividends compared to taxes paid on current distributions of income of the Fund.

There is a risk that the Fund and the Unitholders will not realize the anticipated benefits of the Arrangement.

See “Background to and Reasons for the Arrangement – Anticipated Benefits of the Arrangement”, “Introduction – Forward-Looking Statements” and “Information Concerning New K-Bro – Risk Factors”.

Recommendation of the Board

The Board, based on its own investigations, has unanimously determined that the Arrangement is fair and reasonable to Voting Unitholders, and is in the best interests of the Fund and Voting Unitholders. Accordingly, the Board has unanimously approved the Arrangement and authorized the submission of the Arrangement to Voting Unitholders and the Court for approval. The Board unanimously recommends that Voting Unitholders vote FOR the Arrangement Resolution.

In reaching its conclusions and formulating its recommendation, the Board considered a number of factors, including the anticipated benefits of the Arrangement.

See “Background to and Reasons for the Arrangement – Recommendation of the Board”. Also see “Information Concerning New K-Bro – Risk Factors”.

The Arrangement

The purpose of the Arrangement is to convert the Fund from an income trust to a corporation.

The Arrangement will result in the Fund being converted to a structure in which the Fund will be wholly-owned by New K-Bro and the Unitholders will be shareholders of New K-Bro. New K-Bro will operate the existing businesses of the Fund and its Subsidiaries and the existing Trustees of the Fund will become the board of directors of New K-Bro. See “Information Concerning New K-Bro”.

It is intended that the Fund will be dissolved following the completion of the Arrangement to further simplify the corporate structure of New K-Bro.

See “The Arrangement – Arrangement Steps”.

Effect of the Arrangement on Unitholders and Exchangeable Shareholders

Under the Arrangement, Trust Units held by Unitholders will be transferred to New K-Bro in consideration for New K-Bro Common Shares on the basis of one New K-Bro Common Share for each Trust Unit so transferred. The Exchangeable Shares (and Special Trust Units) held by Exchangeable Shareholders will also be transferred to New

K-Bro in consideration for New K-Bro Common Shares on the basis of one New K-Bro Common Share for each combination of Exchangeable Share and Special Trust Unit so transferred. Under the Arrangement, the Special Trust Units will be cancelled for no consideration in accordance with the Fund Declaration of Trust, as amended pursuant to the Arrangement.

See “The Arrangement – Effect of the Arrangement on Unitholders and Exchangeable Shareholders” and “Information Concerning New K-Bro”.

Effect of the Arrangement on Distributions

Under the Arrangement, Unitholders will receive one New K-Bro Common Share for each Trust Unit held. It is anticipated that a distribution of \$0.09167 per Trust Unit will be declared for the month of November 2010, payable on or around December 15, 2010 to Unitholders of record on November 30, 2010. Provided the Arrangement is approved at the Meeting, it is anticipated that a final distribution will be paid by the Fund to the Unitholders of record on or around December 21, 2010 and that such distribution will be paid by the Fund on or before December 31, 2010. The equivalent distribution will be paid to holders of Exchangeable Shares.

The board of directors of New K-Bro is expected to adopt a monthly dividend policy upon completion of the Arrangement. While the Trustees currently anticipate a monthly dividend of \$0.09167 per New K-Bro Common Share commencing on February 15, 2011 for shareholders of record on January 31, 2011, the board of directors of New K-Bro will assess the final dividend payout level in light of New K-Bro’s financial performance and its current and anticipated business needs at that time.

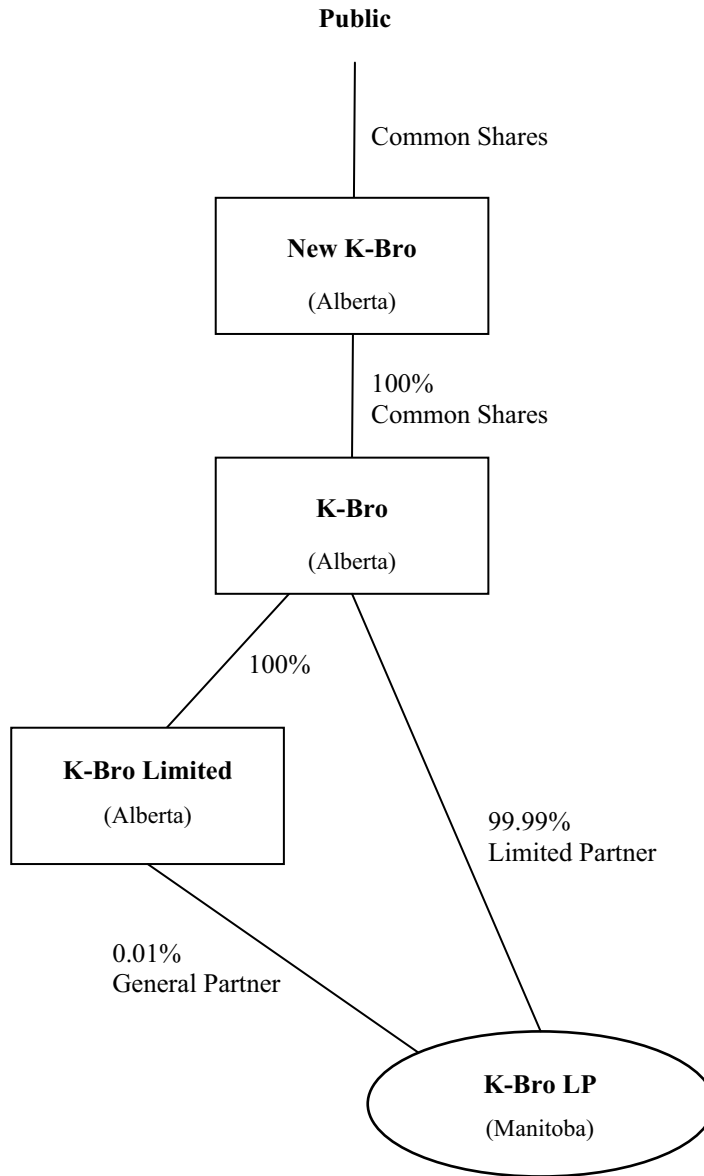
See “The Arrangement – Effect of the Arrangement on Distributions” and “Information Concerning New K-Bro – Dividend Policy Following the Arrangement”.

Arrangement Steps

See “The Arrangement – Arrangement Steps”.

Post-Arrangement Structure

The following diagram sets forth the organizational structure of New K-Bro immediately after completion of the Arrangement and dissolution of the Fund.



Arrangement Agreement

The Arrangement is being effected pursuant to an Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Fund, K-Bro, K-Bro Limited and New K-Bro and various conditions precedent, both mutual and in favour of each of them. The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including, but not limited to, the following:

- (a) the Arrangement Agreement must be approved by the Voting Unitholders;
- (b) the Arrangement must be approved by the Court and the Final Order obtained; and
- (c) all third party consents and regulatory approvals will have been obtained.

See “The Arrangement – Arrangement Agreement”.

Approvals

Voting Unitholder Approval

Pursuant to the Interim Order, the Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Voting Unitholders, present in person or represented by proxy, at the Meeting. A copy of the Arrangement Resolution is attached as Appendix “A” to this Information Circular.

The Fund Declaration of Trust does not provide for a right of dissent for the Voting Unitholders in connection with the Arrangement or the approval of the Arrangement Resolution.

Court Approvals

A plan of arrangement under the ABCA requires court approval. On November 2, 2010, the Court granted the Interim Order, which facilitates the calling of the Meeting, and prescribes the conduct of these meetings and other matters. The Interim Order and a copy of the notice of application for the Final Order approving the Arrangement are attached as Appendix “B” to this Information Circular.

Subject to the terms of the Arrangement, and if the Arrangement Resolution is approved by Voting Unitholders in the manner required by the Interim Order, the Arrangement Applicants will apply to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for December 10, 2010 at 1:30 p.m. (Mountain Standard Time), or as soon thereafter as counsel may be heard, at 601 – 5th Street S.W., Calgary, Alberta. The notice of application in respect of the Final Order is attached hereto, along with a copy of the Interim Order, as Appendix “B”. Any registered Voting Unitholder, and any other interested party who wishes to participate or to be represented or to present evidence or arguments at the hearing may do so, subject to filing with the Court and serving upon the Fund a Notice of Intention to Appear together with any evidence or materials that such party intends to present to the Court on four days’ notice to counsel for the Fund. **Service of such notice will be effected by service upon the Fund’s litigation counsel, Burnet, Duckworth & Palmer LLP, on or before December 6, 2010, to Suite 1400 350 7th Ave SW Calgary, AB T2P 3N9, Attention: Dan McDonald, with a copy to Goodmans LLP, 333 Bay Street, Suite 3400 Toronto, Ontario, M5H 2S7, Attention Tom Friedland and Jason Wadden.**

See “The Arrangement – Approvals – Court Approvals”.

Stock Exchange Listing Approval

The TSX has conditionally approved the substitutional listing of the New K-Bro Common Shares on the TSX under the trading symbol “KBL”, which approval is subject to New K-Bro fulfilling the requirements of the TSX.

See “The Arrangement – Approvals – Stock Exchange Listing Approval”.

Timing of Completion of the Arrangement

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions to be satisfied at that point in time are satisfied or waived, the Arrangement Applicants intend to apply for the Final Order approving the Arrangement. If the Final Order is obtained on December 10, 2010 in form and substance satisfactory to the Fund, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Fund expects the Effective Date will be on or about January 1, 2011. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order, which is anticipated to take place on or about December 10, 2010.

The Final Order and the Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar and the Registrar must issue a Certificate. The Arrangement will be effective on the date shown on the Certificate issued by the Registrar.

See "The Arrangement – Timing of Completion of the Arrangement".

Procedure for Exchange of Trust Units

Beneficial Holders

On or about the Effective Date, New K-Bro will deliver to CDS a certificate evidencing the aggregate number of Common Shares issued to former non-registered Beneficial Holders in connection with the Arrangement. As these Trust Units trade in the "book entry" system, no certificates representing New K-Bro Common Shares will be issued to nonregistered Beneficial Holders following the completion of the Arrangement. Beneficial Holders of Trust Units do not need to take any action involving their Trust Units."

Registered Unitholders

Upon the Arrangement becoming effective, certificates representing Trust Units need not be tendered for certificates representing New K-Bro Common Shares. Pursuant to the Arrangement, the existing certificates for Trust Units will represent, from and after the completion of the Arrangement, New K-Bro Common Shares and the right to receive certificates representing an equivalent number of New K-Bro Common Shares on exchange of such Trust Unit certificates for share certificates of New K-Bro. Such an exchange of Trust Unit certificates can be made on request by a former registered Unitholder and will be made upon a transfer of New K-Bro Common Shares. In the event that a former registered Unitholder wishes to receive a physical certificate in their name representing the New K-Bro Common Shares held by them upon completion of the Arrangement, the certificates representing such holder's Trust Units should be mailed, with a letter requesting the certificates representing such holder's New K-Bro Common Shares, to Valiant Trust Company, 310, 606-4th Street S.W., Calgary Alberta T2P 1T1, Attention: Transfer Department. Valiant Trust Company may also be contacted by telephone at 1-866-313-1872.

See "The Arrangement – Procedure for Exchange of Trust Units".

Securities Law Matters

Canada

The issue of the New K-Bro Common Shares pursuant to the Arrangement will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable Canadian Securities Laws. Under applicable Canadian Securities Laws, the New K-Bro Common Shares issued pursuant to the Arrangement may be resold in Canada without hold period restrictions, except that any Person, company or combination of Persons or companies holding a sufficient number of New K-Bro Common Shares to affect materially the control of New K-Bro, will be restricted in reselling such shares pursuant to applicable Canadian Securities Laws.

The Fund is a reporting issuer in all provinces and territories of Canada and is therefore subject to MI 61-101 in connection with the Arrangement. MI 61-101 outlines certain requirements for a reporting issuer to adhere to in the

event that an issuer is carrying out a “business combination” as defined in MI 61-101. The Plan of Arrangement is not a “business combination” under MI 61-101 as a result of the fact that none of the Fund’s “related parties” will obtain any benefit as a result of the Arrangement, other than consideration for their Trust Units that is identical to the other Unitholders.

See “The Arrangement – Securities Law Matters – Canada”.

United States

The New K-Bro Common Shares to be issued pursuant to the Arrangement will not be registered under the 1933 Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration set forth in section 3(a)(10) of the 1933 Act and exemptions provided under the securities laws of each state of the United States in which U.S. securityholders reside. Section 3(a)(10) of the 1933 Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval.

Persons who are not affiliates of New K-Bro after the Arrangement may resell the New K-Bro Common Shares that they receive in connection with the Arrangement in the United States without restriction under the 1933 Act. New K-Bro Common Shares received by a holder who will be an “affiliate” of New K-Bro after the Arrangement will be subject to certain restrictions on resale imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an “affiliate” of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

See “The Arrangement – Securities Law Matters – United States”.

Unitholders are urged to consult their legal advisors to determine the extent of all applicable resale provisions.

Certain Canadian Federal Income Tax Considerations

On a disposition of Trust Units in exchange for New K-Bro Common Shares pursuant to the Arrangement, a Holder will be considered to have disposed of its Trust Units for proceeds of disposition equal to their adjusted cost base. Accordingly, no capital gain or capital loss will be realized. The adjusted cost base of the Trust Units so exchanged will become the adjusted cost base of the New K-Bro Common Shares issued to the particular Holder.

This Information Circular contains a summary of the principal Canadian federal income tax considerations relevant to Holders and which relate to the Arrangement. The above comments are qualified in their entirety by reference to such summary. See “Certain Canadian Federal Income Tax Considerations”. All Holders should consult their own tax advisors for advice with respect to their own personal circumstances.

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations nor does it address the particular circumstances of any Holder. Holders who are resident in jurisdictions other than Canada, including those in the United States, should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning New K-Bro Common Shares after the Arrangement. Holders should also consult their own tax advisors regarding Canadian provincial or territorial tax considerations of the Arrangement or of holding Common Shares.

Information Concerning the Fund

The Fund is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Alberta pursuant to the Fund Declaration of Trust. The registered and head office of the Fund is located at 103, 15023-123 Avenue, Edmonton, Alberta T5V 1J7. The Fund is the largest owner and operator of laundry and linen processing facilities in Canada. The Fund provides a comprehensive range of general linen and operating room linen processing, management and distribution services to large healthcare institutions, hotels and other commercial accounts. The Fund currently owns and operates laundry and linen processing facilities in six Canadian cities: Toronto, Edmonton, Calgary, Vancouver, Victoria, and Quebec City.

See “Information Concerning the Fund”.

Information Concerning New K-Bro

New K-Bro was incorporated on October 20, 2010 pursuant to the provisions of the ABCA, for purposes of effecting the Arrangement. The registered and head office of New K-Bro is located at 103, 15023-123 Avenue, Edmonton, Alberta T5V 1J7.

As a result of the Arrangement, New K-Bro will become a reporting issuer in all of the provinces and territories of Canada and will become subject to the continuous disclosure requirements under Canadian Securities Laws. The TSX has conditionally approved the substitutional listing of the New K-Bro Common Shares on the TSX under the trading symbol “KBL”, which approval is subject to New K-Bro fulfilling the requirements of the TSX.

See “Information Concerning New K-Bro”.

Pro Forma Financial Information of New K-Bro

The unaudited *pro forma* consolidated financial statements of New K-Bro which give effect to the Arrangement are attached as Appendix “D” to this Information Circular. The unaudited *pro forma* adjustments set forth in the unaudited *pro forma* consolidated financial statements of New K-Bro are based upon the assumptions described in the notes to the unaudited *pro forma* consolidated financial statements, including that the Voting Unitholders approve the Arrangement Resolution at the Meeting and that the Arrangement is completed. The unaudited *pro forma* consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement actually occurred at the time contemplated by the notes to the unaudited *pro forma* consolidated financial statements.

See “Information Concerning New K-Bro – Pro Forma Financial Information of New K-Bro”.

Dividend Policy Following the Arrangement

The board of directors of New K-Bro is expected to adopt a monthly dividend policy upon completion of the Arrangement. While the Trustees currently anticipate a monthly dividend of \$0.09167 per New K-Bro Common Share commencing on February 15, 2011 for shareholders of record on January 31, 2011, the board of directors of New K-Bro will assess the final dividend payout level in light of New K-Bro's financial performance and its current and anticipated business needs at that time. As a corporation, New K-Bro's dividend policy will be at the discretion of the New K-Bro Board. Future dividends, if any, will depend on the operations and assets of New K-Bro and will be subject to various factors, including, without limitation, New K-Bro's financial performance, fluctuations in its working capital, the sustainability of its margins, its capital expenditure requirements, obligations under its credit facilities, provisions of applicable law (including satisfying the dividend solvency test applicable to ABCA corporations) and other factors that the board of directors may deem relevant from time to time. There can be no guarantee that New K-Bro will maintain its dividend policy.

See "Information Concerning New K-Bro – Dividend Policy Following the Arrangement".

Risk Factors

The following risk factors relating to the Arrangement and New K-Bro should be carefully considered before making a decision relating to the Arrangement: a failure to satisfy conditions precedent to the Arrangement; possible failure to realize anticipated benefits of the Arrangement and uncertainty of dividend payments.

See "Information Concerning New K-Bro – Risk Factors" in this Information Circular for details regarding the risk factors listed above. In addition, risk factors related to the business of the Fund and its Subsidiaries will generally continue to apply to New K-Bro after the Effective Date and will not be affected by the Arrangement. In the event the Arrangement is completed, the business and operations of, and an investment in, New K-Bro will be subject to various risk factors set forth hereunder and under the heading "Risk Factors – Risks Related to K-Bro and the Laundry and Linen Services Industry" in the Fund AIF, which is incorporated by reference in this Information Circular. **Prospective New K-Bro Shareholders should consider carefully the risk factors set forth herein and in the materials incorporated by reference herein.**

Voting Unitholders are strongly encouraged to obtain independent legal, tax and investment advice in their jurisdiction of residence with respect to this Information Circular, the consequences of the Arrangement and the holding of Trust Units and New K-Bro Common Shares.

BACKGROUND TO AND REASONS FOR THE ARRANGEMENT

On October 31, 2006, the federal Minister of Finance announced a new entity-level tax on distributions of certain income from publicly traded mutual fund trusts at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to unitholders. The Minister announced that existing trusts would have a four-year transition period and generally would not be subject to the new rules until 2011, provided such trusts experienced only “normal growth” and no “undue expansion” before then. The announcement had an immediate impact on the Canadian capital markets and, generally, resulted in a significant decline in trading prices for publicly traded income trusts.

On December 15, 2006, the Minister issued the Normal Growth Guidelines which established objective tests with respect to what would be considered “normal growth” for the purposes of determining how much existing trusts are permitted to grow without jeopardizing their transitional relief. On December 4, 2008, the Minister announced certain changes to the Normal Growth Guidelines. Bill C-52, which received Royal Assent on June 22, 2007, contained legislation implementing the SIFT Rules.

Subsequent to the Minister of Finance’s October 31, 2006 announcement and the subsequently enacted SIFT Rules, the Board and management have been assessing the Fund’s available options to ensure that its capital structure is efficient, that the Fund is able to meet its strategic objectives and to enhance value for Unitholders. As a result of this ongoing assessment, the Board and management started examining particular options for conversion which would minimize the negative impact of the SIFT Rules and enhance value for Unitholders.

On October 21, 2010, after several board meetings duly called to consider the financial aspects and other considerations relating to the Arrangement, including the terms of the Arrangement Agreement, the potential impact of the Arrangement on the Fund, the Fund’s employees and Unitholders and other matters considered relevant, the Board determined that the Arrangement is fair and reasonable to Voting Unitholders, and is in the best interests of the Fund and Voting Unitholders. On this basis, the Board unanimously approved entering into the Arrangement Agreement, and unanimously recommends that the Voting Unitholders vote in favour of the Arrangement Resolution.

Anticipated Benefits of the Arrangement

With the introduction of the SIFT rules on October 31, 2006, there is diminishing value associated with the trust structure. Management and the Board believe that the best opportunity for creating value is to remove the uncertainty created with the taxation of SIFTs and proceed forward as a corporate entity. The Arrangement allows the Fund to convert to a corporation while maintaining its focus on enhancing value for Unitholders. The Arrangement will enable the Fund to pay cash dividends to shareholders and to pursue growth opportunities. Selected benefits to the Arrangement are expected to be as follows:

- the Arrangement provides for an effective and efficient method of converting the Fund from a mutual fund trust to a corporation consistent with existing legislation;
- it is expected that Unitholders will be able to exchange Trust Units for New K-Bro Common Shares on a tax-deferred basis for Canadian income tax purposes; and
- Canadian taxable Unitholders should benefit from lower income taxes paid on dividends compared to taxes paid on current distributions of income of the Fund.

There is a risk that the Fund and Unitholders will not realize the anticipated benefits of the Arrangement. See “Introduction – Forward-Looking Statements” and “Information Concerning New K-Bro – Risk Factors”.

Recommendation of the Board

The Board, based on its own investigations, has unanimously determined that the Arrangement is fair and reasonable to Voting Unitholders, and is in the best interests of the Fund and Voting Unitholders. Accordingly, the Board has unanimously approved the Arrangement and authorized the submission of the

Arrangement to Voting Unitholders and the Court for approval. The Board unanimously recommends that Voting Unitholders vote FOR the Arrangement Resolution.

In reaching its conclusions and formulating its recommendation, the Board considered a number of factors, including the anticipated benefits of the Arrangement. Also see “Information Concerning New K-Bro – Risk Factors”.

The discussion of the information and factors considered and given weight by the Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Arrangement Resolution, the Board did not assign any relative or specific weight to the factors that were considered, and individual Trustees may have given a different weight to each factor.

The Trustees and senior officers of the Fund and its subsidiaries, who own, directly or indirectly, or exercise control or direction over, approximately 4.8% of the outstanding Voting Units, have indicated that they intend to vote in favour of the Arrangement.

Authority of the Board

By passing the Arrangement Resolution approving the Arrangement, the Voting Unitholders will also be giving authority to the Board to use its best judgement to proceed with and cause the Fund to complete the Arrangement in the event of any variation of, or amendments to, the Arrangement Agreement, without any requirement to seek or obtain any further approval of the Voting Unitholders.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to Voting Unitholders. The Board has no current intention to amend the Plan of Arrangement; however, it is possible that the Trustees may determine, on the basis set forth below, that it is appropriate that amendments be made.

THE ARRANGEMENT

General

The purpose of the Arrangement is to convert the Fund from an income trust to a corporation.

The Arrangement will result in the Fund being converted to a structure in which the Fund will be wholly-owned by New K-Bro and the Unitholders will be shareholders of New K-Bro. New K-Bro will operate the existing businesses of the Fund and its Subsidiaries and the existing Trustees of the Fund will become the board of directors of New K-Bro.

It is intended that the Fund will be dissolved following the completion of the Arrangement to further simplify the corporate structure of New K-Bro.

Effect of the Arrangement on Unitholders and Exchangeable Shareholders

Under the Arrangement, Trust Units held by Unitholders will be transferred to New K-Bro in consideration for New K-Bro Common Shares on the basis of one New K-Bro Common Share for each Trust Unit so transferred. The Exchangeable Shares (and Special Trust Units) held by Exchangeable Shareholders will also be transferred to New K-Bro in consideration for New K-Bro Common Shares on the basis of one New K-Bro Common Share for each combination of Exchangeable Share and Special Trust Unit so transferred. Under the Arrangement, following the transfer of the Special Trust Units to New K-Bro, the Special Trust Units will be cancelled for no consideration in accordance with the Fund Declaration of Trust, as amended pursuant to the Arrangement.

Effect of the Arrangement on Distributions

Under the Arrangement, Unitholders will receive one New K-Bro Common Share for each Trust Unit held. It is anticipated that a distribution of \$0.09167 per Trust Unit will be declared for the month of November 2010, payable

on or around December 15, 2010 to Unitholders of record on November 30, 2010. Provided the Arrangement is approved at the Meeting, it is anticipated that a final distribution will be paid by the Fund to the Unitholders of record on or around December 21, 2010 and that such distribution will be paid by the Fund on or before December 31, 2010. The equivalent distribution will be paid to holders of Exchangeable Shares.

The board of directors of New K-Bro is expected to adopt a monthly dividend policy upon completion of the Arrangement. While the Trustees currently anticipate a monthly dividend of \$0.09167 per New K-Bro Common Share commencing on February 15, 2011 for shareholders of record on January 31, 2011, the board of directors of New K-Bro will assess the final dividend payout level in light of New K-Bro's financial performance and its current and anticipated business needs at that time.

See "Information Concerning New K-Bro – Dividend Policy Following the Arrangement".

Pre-Arrangement Steps

Pursuant to the Arrangement Agreement, each of the Arrangement Applicants have covenanted and agreed that prior to the Arrangement, the Fund Declaration of Trust and such other material documents will be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions, described in the Plan of Arrangement, as provided therein.

Arrangement Steps

The Plan of Arrangement, a copy of which is attached as Schedule A to the Arrangement Agreement which is attached as Appendix "C" to this Information Circular, sets out the transactions that will occur pursuant to the Arrangement. Commencing at the Effective Time, the following events will occur and will be deemed to occur in the following order, without any further authorization, act or formality:

Exchange of Trust Units and Exchangeable Shares for New K-Bro Common Shares

- (a) the Exchangeable Shares (and Special Trust Units) held by holders of Exchangeable Shares and the Trust Units held by Unitholders will be simultaneously transferred to New K-Bro free and clear of any claims, solely in consideration for New K-Bro Common Shares on the basis of one New K-Bro Common Share for (i) each combination of one Exchangeable Share and Special Trust Unit so transferred, and (ii) each Trust Unit so transferred. At the time the New K-Bro Common Shares are so issued, an amount determined by the directors of New K-Bro shall be added to the stated capital account maintained for the New K-Bro Common Shares issued under the Arrangement. The stated capital maintained in respect of the New K-Bro Common Shares may be subsequently reduced by an amount determined by the directors, in respect of which no amount is to be distributed to the shareholders of New K-Bro, as contemplated by Section 38(1) of the ABCA;

Cancellation of Special Trust Units

- (b) the Special Trust Units acquired by New K-Bro will be cancelled for no consideration in accordance with the amended Fund Declaration of Trust;

Cancellation of New K-Bro Common Share Owned by the Fund

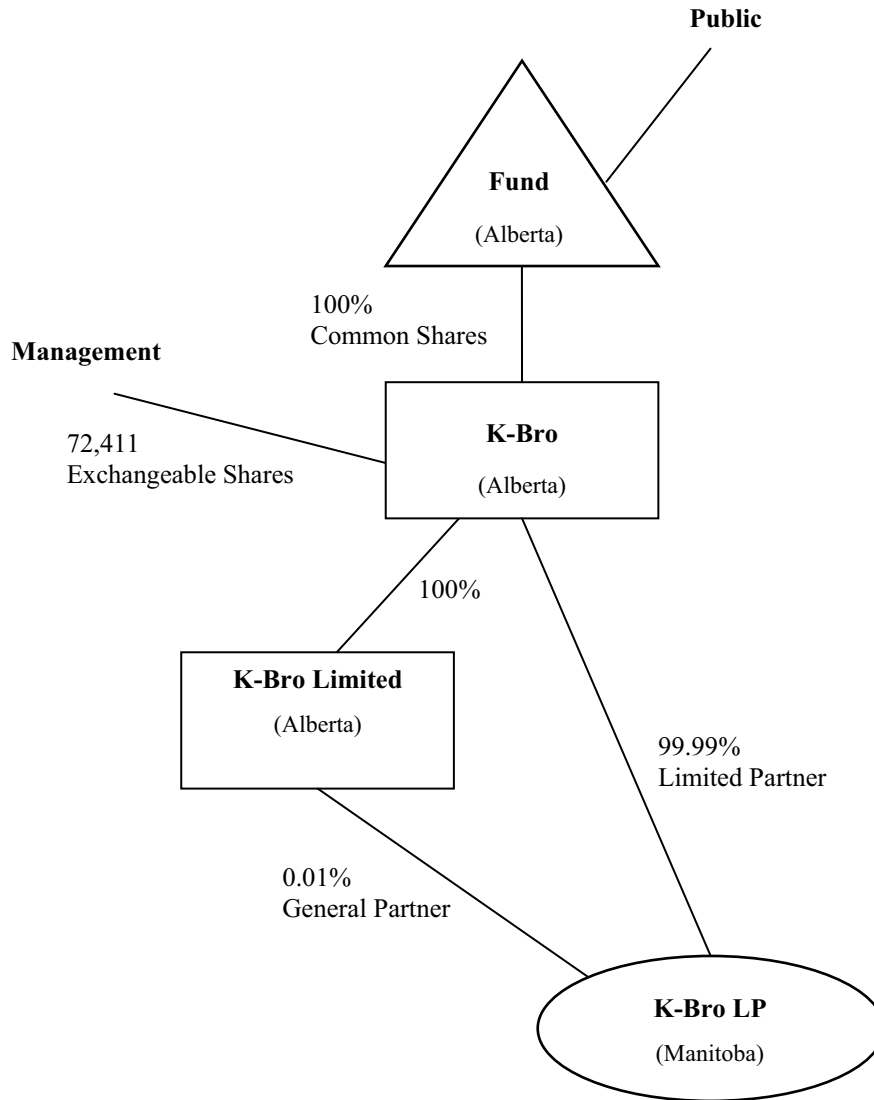
- (c) the one New K-Bro Common Share issued to the Fund in connection with the organization of New K-Bro shall be purchased for cancellation by New K-Bro for consideration of ten dollars (\$10.00) and shall be cancelled; and

Other Rights

- (d) all other rights to acquire Trust Units and Special Trust Units outstanding immediately prior to the Effective Time, if any, shall be cancelled and of no further force and effect, and shall be deemed to be exchanged for economically equivalent rights to acquire New K-Bro Common Shares.

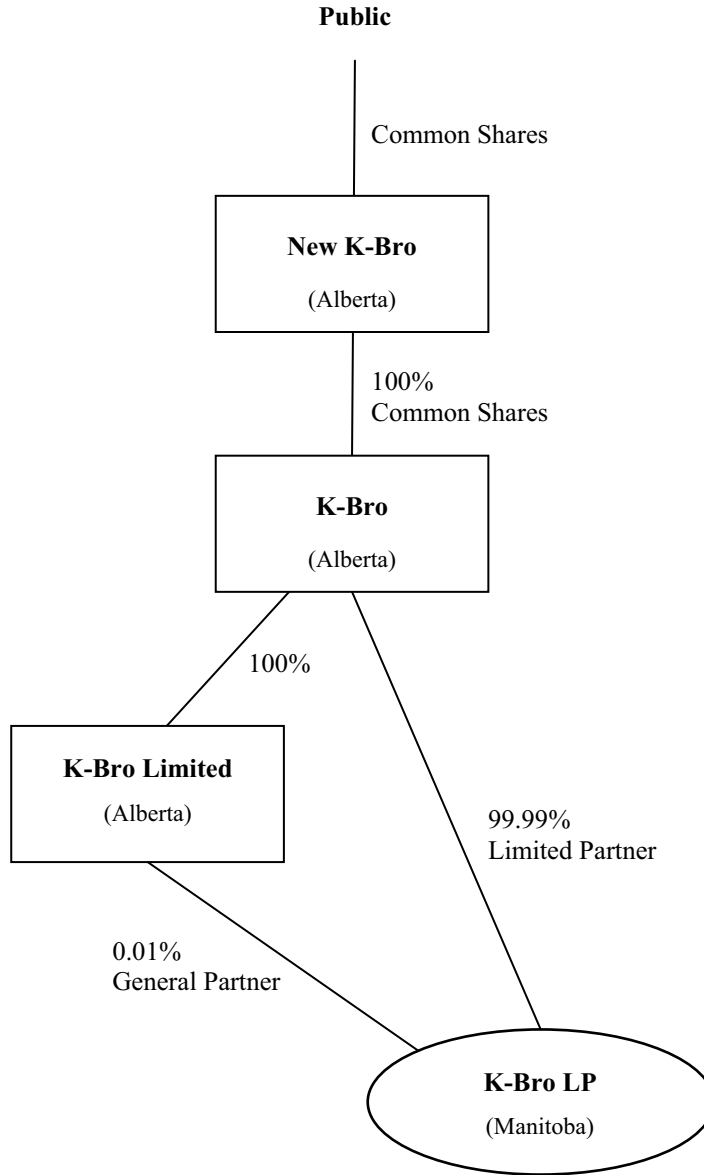
Pre-Arrangement Structure

The following diagram sets forth the organizational structure of the Fund immediately prior to completion of the Arrangement.



Post-Arrangement Structure

The following diagram sets forth the organizational structure of New K-Bro immediately after completion of the Arrangement and dissolution of the Fund.



Arrangement Agreement

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Fund, K-Bro, K-Bro Limited and New K-Bro and various conditions precedent, both mutual and in favour of each entity and the Fund. **The Arrangement Agreement is attached as Appendix “C” to this Information Circular and reference is made thereto for the full text thereof.**

The Arrangement Agreement may, at any time and from time to time before or after the Meeting, be amended in any respect whatsoever by written agreement of the parties to the Arrangement Agreement without further notice to or authorization on the part of their respective securityholders; provided that any such amendment that changes the consideration to be received by the Unitholders pursuant to the Arrangement is brought to the attention of the Court and is subject to such requirements as may be ordered by the Court.

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken for the Arrangement to become effective:

- (a) the Voting Unitholders must approve the Arrangement Resolution in accordance with the Arrangement Agreement and the Interim Order;
- (b) the Arrangement must be approved by the Court and the Final Order obtained;
- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement must be satisfied or waived by the appropriate Party;
- (d) the Arrangement Agreement will not have been terminated as provided for therein; and
- (e) the Final Order, the Articles of Arrangement and related documents, in the form prescribed by the ABCA, must be filed with the Registrar and the Registrar must issue a Certificate. The Arrangement will be effective on the date shown on the Certificate issued by the Registrar.

Management of the Fund believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained prior to the Effective Date in the ordinary course upon application therefor.

Approvals

Voting Unitholder Approval

Pursuant to the Interim Order, the Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Voting Unitholders, present in person or represented by proxy, at the Meeting. A copy of the Arrangement Resolution is attached as Appendix “A” to this Information Circular.

Notwithstanding the foregoing, the Arrangement Resolution proposed for consideration by the Voting Unitholders, authorizes the Board, without further notice to or approval of the Voting Unitholders, subject to the terms of the Arrangement, to amend the Plan of Arrangement, decide not to proceed with the Arrangement or to revoke the Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. The full text of the Arrangement Resolution is attached as Appendix “A” to this Information Circular.

The Fund Declaration of Trust does not provide for a right of dissent for the Voting Unitholders in connection with the Arrangement or the approval of the Arrangement Resolution.

Court Approvals

Interim Order

A plan of arrangement under the ABCA requires court approval. On November 2, 2010, the Court granted the Interim Order, which facilitates the calling of the Meeting, and prescribes the conduct of these meetings and other matters. The Interim Order and a copy of the notice of application for the Final Order approving the Arrangement are attached as Appendix “B” to this Information Circular.

Final Order

Subject to the terms of the Arrangement, and if the Arrangement Resolution is approved by Voting Unitholders in the manner required by the Interim Order, the Arrangement Applicants will apply to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for December 10, 2010 at 1:30 p.m. (Mountain Standard Time), or as soon thereafter as counsel may be heard, at 601 – 5th Street S.W., Calgary, Alberta. . The notice of application in respect of the Final Order is attached hereto, along with a copy of the Interim Order, as Appendix “B”. Any registered Voting Unitholder, and any other interested party who wishes to participate or to be represented or to present evidence or arguments at the hearing may do so, subject to filing with the Court and serving upon the Fund a Notice of Intention to Appear together with any evidence or materials that such party intends to present to the Court on four days’ notice to counsel for the Fund. **Service of such notice will be effected by service upon the Fund’s litigation counsel, Burnet, Duckworth & Palmer LLP, on or before December 6, 2010, to Suite 1400 350 7th Ave SW Calgary, AB T2P 3N9, Attention: Dan McDonald, with a copy to Goodmans LLP, 333 Bay Street, Suite 3400 Toronto, Ontario, M5H 2S7, Attention Tom Friedland and Jason Wadden.**

The New K-Bro Common Shares to be issued pursuant to the Arrangement will not be registered under the 1933 Act. Prior to the hearing on the Final Order, the Court will be informed that the Final Order, if granted, will constitute the basis for the 3(a)(10) exemption from the registration requirements of the 1933 Act with respect to the securities of New K-Bro to be issued to Unitholders pursuant to the Arrangement.

The Fund has been advised by its counsel, Burnet, Duckworth & Palmer LLP, that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement to all affected securityholders, both from a substantive and a procedural point of view. The Court may approve the Arrangement and the Plan of Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending upon the nature of any required amendments, the Fund may determine not to proceed with the Arrangement.

Stock Exchange Listing Approval

It is a condition to completion of the Arrangement that the TSX will have conditionally approved the substitutional listing of the New K-Bro Common Shares. The TSX has conditionally approved the substitutional listing of the New K-Bro Common Shares on the TSX under the trading symbol “KBL”, which approval is subject to New K-Bro fulfilling the requirements of the TSX.

Third Party Approvals

The completion of the Arrangement requires that all requisite consents, orders, approvals and authorizations, if any, be obtained, including regulatory approvals and consents and releases from certain third parties. See “The Arrangement – Arrangement Agreement – Conditions Precedent to the Arrangement”.

Timing of Completion of the Arrangement

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions to be satisfied at that point in time are satisfied or waived, the Arrangement Applicants intend to apply for the Final Order approving the

Arrangement. If the Final Order is obtained on December 10, 2010 in form and substance satisfactory to the Fund and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Fund expects the Effective Date will be on or about January 1, 2011. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order, which is anticipated to take place on or about December 10, 2010.

The Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Registrar.

Fund Declaration of Trust

Under the Arrangement, the Fund Declaration of Trust and such other material documents will be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions described in the Plan of Arrangement. Additionally, it is currently contemplated that following the Effective Date, the Fund will be dissolved.

Other Agreements

In addition to the foregoing agreements, certain agreements to which the Fund and its Subsidiaries are party may need to be amended, remade, renewed, assigned, terminated or assumed in order to give effect to the Arrangement and to reflect the organizational structure of the Fund resulting from the completion of the Arrangement.

Procedure for Exchange of Trust Units

Beneficial Holders

On or about the Effective Date, New K-Bro will deliver to CDS a certificate evidencing the aggregate number of Common Shares issued to former non-registered Beneficial Holders in connection with the Arrangement. As these Trust Units trade in the "book entry" system, no certificates representing New K-Bro Common Shares will be issued to nonregistered Beneficial Holders following the completion of the Arrangement. Beneficial Holders of Trust Units do not need to take any action involving their Trust Units."

Registered Unitholders

Upon the Arrangement becoming effective, certificates representing Trust Units need not be tendered for certificates representing New K-Bro Common Shares. Pursuant to the Arrangement, the existing certificates for Trust Units will represent, from and after the completion of the Arrangement, New K-Bro Common Shares and the right to receive certificates representing an equivalent number of New K-Bro Common Shares on exchange of such Trust Unit certificates for share certificates of New K-Bro. Such an exchange of Trust Unit certificates can be made on request by a former registered Unitholder and will be made upon a transfer of New K-Bro Common Shares. In the event that a former registered Unitholder wishes to receive a physical certificate in their name representing the New K-Bro Common Shares held by them upon completion of the Arrangement, the certificates representing such holder's Trust Units should be mailed, with a letter requesting the certificates representing such holder's New K-Bro Common Shares, to Valiant Trust Company, 310, 606-4th Street S.W., Calgary Alberta T2P 1T1, Attention: Transfer Department. Valiant Trust Company may also be contacted by telephone at 1-866-313-1872.

Interests of Certain Persons or Companies in Matters to be Acted Upon

The Trustees, senior officers and their respective associates, as a group, beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of approximately 334,136 Voting Units, representing approximately 4.8% of the outstanding Voting Units.

The Arrangement will not result in any change of control, termination or other payments being made to any trustees, directors, officers or employees of the Fund or its Subsidiaries pursuant to employment, change of control or similar agreements.

Immediately after giving effect to the Arrangement, it is anticipated that (a) the current Trustees, senior officers and their associates, as a group, would continue to beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of approximately 334,136 New K-Bro Common Shares, then representing approximately 4.8% of the outstanding New K-Bro Common Shares; and (b) Sentry Select Capital Inc. would continue to own 1,344,123 New K-Bro Common Shares, then representing approximately 19.39% of the outstanding New K-Bro Common Shares.

None of the principal holders of Voting Units or any Trustee, or any associate or affiliate of any of the foregoing persons, has or had any material interest, direct or indirect, in any transaction in the last three years or any proposed transaction that materially affected, or is reasonably expected to materially affect, the Fund or any of its affiliates, except as disclosed in this Information Circular or in the documents incorporated by reference herein.

Expenses of the Arrangement

The aggregate estimated costs to be incurred by the Fund in connection with the Arrangement and related matters including, without limitation, accounting, legal fees, costs for the preparation, printing and mailing of this Information Circular and other related documents and agreements and fees payable to the TSX, are expected to be approximately \$350,000 in the aggregate.

Securities Law Matters

Canada

The issue of the New K-Bro Common Shares pursuant to the Arrangement will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable Canadian Securities Laws. Under applicable Canadian Securities Laws, the New K-Bro Common Shares issued pursuant to the Arrangement may be resold in Canada without hold period restrictions, except that any Person, company or combination of Persons or companies holding a sufficient number of New K-Bro Common Shares to affect materially the control of New K-Bro, will be restricted in reselling such shares pursuant to applicable Canadian Securities Laws.

The Fund is a reporting issuer in all of the Provinces and Territories of Canada and is therefore subject to MI 61-101 in connection with the Arrangement. MI 61-101 outlines certain requirements for a reporting issuer to adhere to in the event that an issuer is carrying out a “business combination” as defined in MI 61-101. The Plan of Arrangement is not a “business combination” under MI 61-101 as a result of the fact that none of the Fund’s “related parties” will obtain any benefit as a result of the Arrangement, other than consideration for their Trust Units that is identical to the other Unitholders.

United States

Status under U.S. Securities Laws

Each of New K-Bro and the Fund is a “foreign private issuer” as defined in Rule 3b-4 under the 1934 Act. It is the Fund's intention that the New K-Bro Common Shares will be listed for trading on the TSX following completion of the Arrangement. The Fund does not currently intend to seek a listing for the New K-Bro Common Shares on a stock exchange in the United States.

Issuance and Resale of New K-Bro Common Shares under U.S. Securities Laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to holders of New K-Bro Common Shares in the United States (“U.S. Securityholders”). All U.S. Securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of New K-Bro Common Shares issued to them under the Arrangement complies with applicable securities legislation.

The following discussion does not address the Canadian securities laws that will apply to the issue of the New K-Bro Common Shares or the resale of New K-Bro Common Shares by U.S. Securityholders within Canada. U.S.

Securityholders reselling their New K-Bro Common Shares in Canada must comply with Canadian securities laws, as outlined above under “– Canada”.

Exemption from the Registration Requirements of the 1933 Act

The New K-Bro Common Shares to be issued to pursuant to the Arrangement will not be registered under the 1933 Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration set forth in section 3(a)(10) of the 1933 Act and exemptions provided under the securities laws of each state of the United States in which U.S. securityholders reside. Section 3(a)(10) of the 1933 Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act with respect to the New K-Bro Common Shares issued in connection with the Arrangement.

Resales of New K-Bro Common Shares Within the United States After the Completion of the Arrangement

Persons who are not affiliates of New K-Bro after the Arrangement may resell the New K-Bro Common Shares that they receive in connection with the Arrangement in the United States without restriction under the 1933 Act. New K-Bro Common Shares received by a holder who will be an “affiliate” of New K-Bro after the Arrangement will be subject to certain restrictions on resale imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an “affiliate” of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Persons who are affiliates of New K-Bro after the Arrangement may not sell their New K-Bro Common Shares that they receive in connection with the Arrangement in the absence of registration under the 1933 Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Rule 904 of Regulation S under the 1933 Act.

Affiliates — Rule 144. In general, under Rule 144, persons who are affiliates of New K-Bro after the Arrangement will be entitled to sell in the United States, during any three-month period, the New K-Bro Common Shares that they receive in connection with the Arrangement, provided that the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale, requirements, aggregation rules and the availability of current public information about New K-Bro. Persons who are affiliates of New K-Bro after the Arrangement will continue to be subject to the resale restrictions described in this paragraph for so long as they continue to be affiliates of New K-Bro.

Affiliates — Regulation S. In general, under Regulation S, persons who are affiliates of New K-Bro solely by virtue of their status as an officer or director of New K-Bro may sell their New K-Bro Common Shares outside the United States in an “offshore transaction” if neither the seller, an affiliate nor any person acting on its behalf engages in “directed selling efforts” in the United States and provided that no selling commission, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, “directed selling efforts” means “any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered”. Also, under Regulation S, an “offshore transaction” includes an offer that is not made to a person in the United States where either (a) at the time the buy order is originated, the buyer is outside the United States or the seller reasonably believes that the buyer is outside of the United States; or (b) the transaction is executed in, on or through the facilities of a designated offshore securities market (which would include a sale through the TSX, if applicable). Certain additional restrictions, set forth in Rule 903 of Regulation S, are applicable to sales outside the United States by a holder of New K-Bro Common Shares

who is an affiliate of New K-Bro after the Arrangement other than by virtue of his or her status as an officer or director of New K-Bro.

Unitholders are urged to consult their legal advisors to determine the extent of all applicable resale provisions.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the Fund and New K-Bro, the following is a fair and adequate summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable under the Tax Act to Unitholders in respect of the Arrangement and the holding of New K-Bro Common Shares. This summary is applicable to a Unitholder who (i) holds Trust Units and will hold any New K-Bro Common Shares received pursuant to the Arrangement as capital property, (ii) deals at arm's length and is not affiliated with the Fund or New K-Bro, and (iii) does not use or hold Trust Units or will not use or hold New K-Bro Common Shares in the course of carrying on a business, and did not acquire the Trust Units or New K-Bro Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade (a "**Holder**"). A Holder who is a Canadian resident and who might not otherwise be considered to hold their Trust Units or New K-Bro Common Shares as capital property may, in certain circumstances, be entitled to have the Trust Units or New K-Bro Common Shares and any other "Canadian security" (as defined in the Tax Act) held by it in the taxation year of the election and in all subsequent taxation years treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. A Holder contemplating making such an election should consult their own tax advisor.

This summary is not applicable to a Holder: (i) that is a "financial institution" for the purposes of the "mark-to-market property" rules under the Tax Act; (ii) that is a "specified financial institution" within the meaning of the Tax Act, (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), or (iv) that has elected to have the "functional currency" reporting rules under the Tax Act apply. Goodmans LLP has assumed for the purposes of this summary that the Fund is at all relevant times a "mutual fund trust" for the purposes of the Tax Act.

This summary is based upon the facts set out in this Information Circular, the provisions of the Tax Act in force at the date of this Information Circular and counsel's understanding of the current administrative and assessing policies and practices of the Canada Revenue Agency ("**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister prior to the date of this Information Circular (the "**Tax Proposals**"). No assurance can be given that the Tax Proposals will be enacted as currently proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account, or anticipate any changes in law, whether by legislative, regulatory or judicial action or decision. This summary does not take into account any provincial, territorial or foreign income tax considerations. The provincial, territorial or foreign income tax consequences of the Arrangement may differ significantly from those identified in the following discussion. Holders should consult their own tax advisors in respect of the provincial, territorial, or foreign income tax consequences of the Arrangement.

This summary is of a general nature only and should not be construed to be, legal or tax advice or representations to any particular Holder. Accordingly, Holders should consult their own tax advisors for advice with respect to the income tax consequences to them in their particular circumstances.

Holders Resident In Canada

The following portion of the summary generally is applicable to a Holder that is, for the purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, a resident of Canada (a "**Resident Holder**").

Exchange of Trust Units for New K-Bro Common Shares

A Resident Holder who disposes of Trust Units to New K-Bro in exchange for New K-Bro Common Shares pursuant to the Arrangement will be deemed (i) to have disposed of each such Trust Unit for proceeds of disposition equal to the adjusted cost base (as defined in the Tax Act) of such Trust Unit to the Resident Holder immediately before the disposition, and (ii) to have acquired each New K-Bro Common Share received on the exchange at a cost equal to the adjusted cost base to the Resident Holder of the particular Trust Unit immediately before the particular disposition. Resident Holders will therefore not realize a capital gain or capital loss on the disposition of their Trust Units to New K-Bro in exchange for New K-Bro Common Shares.

If either (i) the fair market value of the New K-Bro Common Share immediately after the disposition exceeds the fair market value of the Trust Unit at the time of the disposition (“**Excess Share Value**”), or (ii) the fair market value of a Trust Unit at the time of disposition exceeds the fair market value of the New K-Bro Common Share immediately after the disposition and it is reasonable to regard any portion of the excess value as a benefit that the Resident Holder desired to confer on a person or partnership with whom the Resident Holder does not deal at arm’s length (“**Excess Unit Value**”), the Excess Share Value or the Excess Unit Value, as applicable, must be included in computing the income of the Resident Holder for the taxation year in which the disposition occurs. No assurance can be given that the CRA will accept the position that the fair market value of a Trust Unit at the time of disposition is equal to the fair market value of a New K-Bro Common Share immediately after the disposition.

Dividends on New K-Bro Common Shares

In the case of a Resident Holder who is an individual (other than certain trusts), a dividend received or deemed to be received on a New K-Bro Common Share will be included in computing the Resident Holder’s income, and will be subject to the normal gross-up and dividend tax credit rules applicable to dividends paid by taxable Canadian corporations under the Tax Act, including the enhanced gross-up and dividend tax credit applicable to any dividend designated as an “eligible dividend” in accordance with the provisions of the Tax Act. There may be limitations on the ability to designate all dividends on the New K-Bro Common Shares as “eligible dividends”.

A dividend received or deemed to be received on a New K-Bro Common Share by a Resident Holder that is a corporation generally will be included in the Resident Holder corporation’s income for the taxation year in which such dividend is received and generally will be deductible in computing the Resident Holder corporation’s taxable income. A Resident Holder that is a “private corporation” or a “subject corporation” (as those terms are defined in the Tax Act), may be liable to pay a refundable tax of 33 1/3% under Part IV of the Tax Act on a dividend received (or deemed to be received) in the taxation year on a New K-Bro Common Share to the extent such dividend is deductible in computing such Resident Holder’s taxable income for the year.

Disposing of New K-Bro Common Shares

A disposition or a deemed disposition of a New K-Bro Common Share by a Resident Holder generally will result in the Resident Holder realizing a capital gain (or a capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition of the New K-Bro Common Share are greater (or less) than the aggregate of the Resident Holder’s adjusted cost base thereof and any reasonable costs of disposition. The adjusted cost base of a New K-Bro Common Share to a Resident Holder generally will be the average of the cost of all New K-Bro Common Shares held by such Resident Holder as capital property. Such capital gain (or capital loss) will be subject to the tax treatment described below under “Holders Resident in Canada – Taxation of Capital Gains and Capital Losses”.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year must be included in the Resident Holder’s income for the year, and one-half of any capital loss (an “allowable capital loss”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may, generally, be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a New K-Bro Common Share may be reduced by the amount of dividends received or deemed to be received by the Resident Holder on such shares (or on shares for which the shares have been substituted) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns New K-Bro Common Shares, directly or indirectly, through a partnership or a trust. A Resident Holder to whom these rules may be relevant should consult his, her or its own tax advisor.

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay, in addition to tax otherwise payable under the Tax Act, a refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including taxable capital gains.

Alternative Minimum Tax

Taxable capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. A New K-Bro Common Shareholder who is an individual should contact his or her tax advisor in this regard.

Reduction of Stated Capital

In the event that the stated capital of the New K-Bro Common Shares is reduced pursuant to the Arrangement, there will not be any immediate Canadian income tax consequences to a Holder. However, the reduction of the stated capital and consequential reduction of the paid-up capital of the New K-Bro Common Shares may have future Canadian income tax consequences to a Holder in certain limited circumstances, which may include if New K-Bro were to repurchase, under certain limited circumstances, any of its New K-Bro Common Shares or if New K-Bro were dissolved.

Eligibility for Investment

The New K-Bro Common Shares will be qualified investments under the Tax Act for Plans provided that the New K-Bro Common Shares are listed on a “designated stock exchange” (which currently includes the TSX) for purposes of the Tax Act.

Notwithstanding the foregoing, if the New K-Bro Common Shares are “prohibited investments” for purposes of a tax-free savings account, a Holder will be subject to a penalty tax as set out in the Tax Act. The New K-Bro Common Shares will not be a prohibited investment for a trust governed by a tax-free savings account provided that the Holder of the tax-free savings account deals at arm’s length with New K-Bro and does not have a significant interest (within the meaning of the Tax Act) in New K-Bro, or a corporation, partnership or trust with which New K-Bro does not deal at arm’s length for the purposes of the Tax Act. Holders are advised to consult their own tax advisors in this regard.

Holders Not Resident In Canada

The following portion of the summary generally is applicable to a Holder who is, at all relevant times, neither a resident of Canada nor deemed to be a resident of Canada for the purposes of the Tax Act and any applicable income tax treaty or convention and who does not use or hold, and is not deemed to use or hold their Trust Units or New K-Bro Common Shares in carrying on business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

Exchange of Trust Units for New K-Bro Common Shares

A Non-Resident Holder will not realize a capital gain or loss for Canadian federal income tax purposes on the disposition of their Trust Units to New K-Bro in exchange for New K-Bro Common Shares pursuant to the Arrangement. Where a Trust Unit held by a Non-Resident Holder was “taxable Canadian property” of the Non-Resident Holder, a New K-Bro Common Share received upon the Arrangement will be deemed to be, at any time within 60 months after the disposition, taxable Canadian property to the Non-Resident Holder. A Trust Unit

generally will not be considered to be taxable Canadian property to a Non-Resident Holder unless, at any time during the 60-month period immediately preceding the disposition of Trust Units, the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length (or any combination thereof) held 25% or more of the Trust Units and more than 50% of the fair market value of the Trust Units was derived directly or indirectly from one or any combination of (i) real or immovable property situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties, (as such terms are defined in the Tax Act) and (iv) options in respect of, or interests in, or for civil law rights in, property described in (i) to (iii), whether or not the property exists.

Any Excess Share Value or Excess Unit Value attributable to a Non-Resident Holder will be deemed to be a dividend from a corporation resident in Canada for purposes of the Tax Act. Such amount will be subject to withholding tax in Canada at a rate of 25% unless reduced by the provisions of an applicable tax treaty. No assurance can be given that the CRA will accept the position that the fair market value of a Trust Unit at the time of disposition is equal to the fair market value of a New K-Bro Common Share immediately after the disposition.

Dividends on New K-Bro Common Shares

A dividend paid or deemed to be paid to a Non-Resident Holder on a New K-Bro Common Share will be subject to Canadian withholding tax at the rate of 25% unless such rate is reduced under the provisions of an applicable tax treaty.

Disposition of New K-Bro Common Shares

A Non-Resident Holder will generally not be liable to Canadian income tax on a disposition or deemed disposition of a New K-Bro Common Share unless the Non-Resident Holder's New K-Bro Common Share is, or is deemed to be, taxable Canadian property to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under the provisions of an applicable tax treaty. Conversely, to the extent that a Non-Resident Holder realizes a capital loss from the disposition of a New K-Bro Common Share, the amount of the capital loss may not be deductible against capital gains of a Non-Resident Holder for the purposes of the Tax Act.

Generally, a New K-Bro Common Share will not be taxable Canadian property to a Non-Resident Holder at a particular time provided that either: (a) at no time during the 60-month period preceding the particular time did such New K-Bro Common Share derive more than 50% of its fair market value directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties (as such terms are defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property described in (i) to (iii), whether or not the property exists; or (b) such New K-Bro Common Share is listed on a designated stock exchange (which currently includes the TSX) at that time and at no time during the 60-month period ending at that time did the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder or the Non-Resident Holder together with all such persons, own 25% or more of the issued shares of any class or series of the capital stock of New K-Bro. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, New K-Bro Common Shares could be deemed to be a taxable Canadian property. In particular, if a Trust Unit held by a Non-Resident Holder was taxable Canadian property to such Non-Resident Holder, a New K-Bro Common Share received by the Non-Resident Holder upon the Arrangement will be deemed to be, at any time within 60 months after the disposition, taxable Canadian property to such Non-Resident Holder.

Reduction of Stated Capital

The tax consequences of the reduction of capital to a Non-Resident Holder will generally be as described above under "– Holders Resident in Canada – Reduction of Stated Capital".

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations. A Holder who is resident in a jurisdiction other than Canada should consult his, her or its own tax advisor with respect to the implications of the Arrangement, including any associated filing requirements, in such jurisdiction. All Holders should also consult their own tax advisors regarding Canadian provincial or territorial tax considerations applicable to the Arrangement.

EXPERTS

Certain legal matters relating to the Arrangement are to be passed upon by Goodmans LLP and Burnet, Duckworth & Palmer LLP on behalf of the Fund, K-Bro and New K-Bro. As at November 3, 2010, the partners and associates of each of Goodmans LLP and Burnet, Duckworth & Palmer LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Voting Units.

INFORMATION CONCERNING THE FUND

General

The Fund is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Alberta pursuant to the Fund Declaration of Trust. The registered and head office of the Fund is located at 103, 15023-123 Avenue, Edmonton, Alberta T5V 1J7. The Fund is the largest owner and operator of laundry and linen processing facilities in Canada. The Fund provides a comprehensive range of general linen and operating room linen processing, management and distribution services to large healthcare institutions, hotels and other commercial accounts. The Fund currently owns and operates laundry and linen processing facilities in six Canadian cities: Toronto, Edmonton, Calgary, Vancouver, Victoria, and Quebec City.

For further information regarding the Fund, its Subsidiaries and their respective business activities, see the Fund AIF, which is incorporated by reference herein.

Documents Incorporated by Reference

Information in respect of the Fund has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Fund by contacting Chris Burrows at 103, 15023-123 Avenue, Edmonton, Alberta T5V 1J7 or by telephone at (780) 453-6855, and are also available electronically at www.sedar.com.

The following documents of the Fund, filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada where the Fund is a reporting issuer, are specifically incorporated by reference into and form an integral part of this Information Circular:

1. the Fund AIF;
2. the Fund Annual Financial Statements;
3. the Fund Annual MD&A;
4. the Fund Interim Financial Statements;
5. the Fund Interim MD&A;
6. the Fund Circular;
7. the material change report of the Fund dated February 8, 2010 in respect of the execution of a definitive agreement providing for the acquisition of an existing linen business located in Burnaby, British Columbia; and
8. the material change report of the Fund dated October 29, 2010 in respect of the Arrangement.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), comparative interim financial statements and comparative annual financial statements (together with the auditors' report thereon), management's discussion and analysis, business acquisition reports and information

