



For Immediate Release – September 8, 2011

**CARFINCO INCOME FUND**  
**TSX: CFN.UN**

### **Carfinco Income Fund Announces Proposal for Conversion into Corporation**

EDMONTON, ALBERTA /CNW/ - Carfinco Income Fund ("Carfinco" or the "Fund") announces that its Board of Trustees has unanimously approved a proposal to convert from an income trust to a corporation (the "Conversion"). The Board believes that the proposed Conversion is in the best interests of Carfinco and its unitholders.

The Conversion will be undertaken pursuant to a court-approved plan of arrangement and, in addition to court approval, is subject to customary commercial conditions, including the receipt of regulatory approvals including The Toronto Stock Exchange. It is also subject to the approval of not less than 66 2/3% of the votes cast at a special meeting of the Fund's unitholders currently scheduled for November 21, 2011 (the "Meeting"). A management information circular and proxy statement outlining the details of the Conversion will be mailed to the Fund's unitholders by the end of October 2011 and will also be available on SEDAR ([www.sedar.com](http://www.sedar.com)).

Provided the Conversion is approved by the Fund's unitholders at the Meeting and all other approvals are obtained, the Conversion is expected to be effective as of January 1, 2012. Under the proposed Conversion, it is intended that unitholders will receive, on a tax-deferred basis, one common share of the new corporation, on a one-for-one basis for each fund unit held. All current members of the Board of Trustees and senior management are expected to continue serving as the directors, officers, and management of the new corporation.

The Fund's Board of Trustees have approved a distribution policy that, following the Conversion, will continue to pay out a substantial portion of Carfinco's net earnings while retaining an amount sufficient to adequately fund its growth initiatives. Post-conversion, the Board intends to continue with a monthly dividend of 3.0 cents per share, which is equivalent to the Fund's current monthly distribution. Consistent with past practice, the level of dividends will be reviewed periodically by the Board based on a number of factors, including financial performance, future prospects and capital requirements of the business.

On October 31, 2006, the Department of Finance announced the Specified Investment Flow-Through rules ("SIFT Rules") which, through subsequent legislation, changed the manner in which publicly traded income trusts and their distributions are taxed. The SIFT Rules became applicable to the Fund in 2011. The SIFT Rules also allow for a trust's conversion to a corporation to be effected on a tax deferred basis, if completed prior to 2013. As a result of these changes, as well as, the opportunities to advance its long-term strategic plan, the Fund believes that it is in its best interests to convert to a corporation.

Additional benefits associated with proceeding with the Conversion include:

- A corporate structure that is recognizable and consistent with other public entities, given the diminishing significance of the public business income trust market;
- A simplified tax and legal structure, more comparable to the majority of public companies operating in Canada.

Carfinco Income Fund  
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## About Carfinco Income Fund

Carfinco focuses on providing consumer vehicle loans to borrowers unable to obtain financing through traditional lending sources. A network of select independent and franchise dealerships offer Carfinco's payment plan to their customers who must, along with the vehicle, meet Carfinco's underwriting guidelines. The units of the Fund trade on The Toronto Stock Exchange under the symbol "CFN.UN".

Caution Regarding Forward-Looking Statements – This news release contains certain forward-looking statements, including statements regarding the business and anticipated financial performance of the Fund. These statements are subject to a number of risks and uncertainties. Actual results may differ materially from results contemplated by the forward-looking statements. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements.

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