

**AMALGAMATED INCOME LIMITED PARTNERSHIP
MANAGEMENT'S DISCUSSION & ANALYSIS
Years Ended December 31, 2009 and 2008**

March 30, 2010

Management's Discussion & Analysis ("MD&A") should be read in conjunction with the consolidated financial statements for the years ended December 31, 2009 and 2008. This MD&A relates to events up to March 30, 2010.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

The units of Amalgamated involve a high degree of risk, including, but not necessarily limited to, the following risks which are described in the Annual Information Form for the year ended December 31, 2009 available at www.SEDAR.com. Before making an investment decision, each prospective investor should review these risks in detail:

- *Reliance on revenue from Mutual Fund Limited Partnerships and Notes, Financial Services, and Real Estate Limited Partnerships;*
- *Possible loss of limited liability;*
- *Fluctuating distributions;*
- *Potential dilution from future financings;*
- *Ability of the Partnership to continue to find attractive investment opportunities;*
- *Income tax, other government, and regulatory related risks; and*
- *Control by the General Partner.*

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CORE BUSINESS AND STRATEGY

Amalgamated Income Limited Partnership (“Amalgamated” or the “Partnership”) is a publicly traded limited partnership (AI.UN on the TSX) whose business is to capitalize on market inefficiencies in the following types of securities: mutual fund limited partnerships (“MFLPs”), financial service lending, real estate limited partnerships (“RELPs”), and marketable securities in order to provide its limited partners with a diversified income stream.

- MFLPs were issued between 1990 and 1997 and Amalgamated was originally formed to consolidate these. MFLPs are declining royalty streams of income based on the assets under management of various mutual funds. Amalgamated is the only consolidator in this industry. MFLPs include both public and private entities and Amalgamated purchases them through the public market, mini-tenders, or through formal takeover bids;
- Financial Services include mortgages and loans to companies that cannot obtain traditional bank lending but that in management’s opinion have sufficient assets or cash flow to secure against. Amalgamated’s focus is on shorter term bridge loans to maximize returns and minimize risk;
- RELPs were generally issued in the 1980s to finance large real estate assets. Amalgamated began purchasing RELPs in late 2005 as there are profit opportunities due to the lack of liquidity in these unlisted limited partnerships. Amalgamated purchases RELPs through mini-tenders and formal takeover bids and attempts to force the value maximization of the underlying asset; and
- Marketable securities focused on by the Partnership include debentures, trust units, and common shares that can be purchased at a discount to management’s determination of fair value. Amalgamated purchases marketable securities mainly through the public markets such as stock exchanges but also uses mini-tenders to accumulate its positions of illiquid securities.

Amalgamated is similar to an investment fund in the composition and valuation of its asset base, but Amalgamated is fundamentally different as it may take an active role in its investments in attempting to enhance value by seeking to control or influence management when appropriate.

For additional information on Amalgamated, including recent press releases, the Annual Information Form (AIF), annual consolidated financial statements, and interim consolidated financial statements please go to the Partnership’s profile on SEDAR at www.sedar.com or the Partnership’s website at www.aiun.ca.

Limited Partners are reminded that pursuant to the partnership agreement, **limited partners are not allocated income for tax purposes on the amount of distributions actually received during the year. Allocations for tax purposes are made based on the Partnership’s income (loss) and whether or not they are limited partners at December 31.** Any distribution received will represent a decrease in the adjusted cost base of any partnership units held and a potential capital gain (or loss) if the unit is sold prior to December 31. For tax purposes, a limited partner at December 31 will receive an allocation of the Partnership’s income, dividends, and capital losses or gains if held outside a tax deferred plan such as an RRSP, LIRA, RRIF, or RESP.

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SIGNIFICANT EVENTS

1. Changes to Partnership Agreement to Include a Wind-up Date

At a meeting of limited partners on October 17, 2008, the limited partnership agreement of Amalgamated (the "Partnership Agreement") was amended which included adding a termination date of the Partnership of no later than December 15, 2009 unless extended by a Special Resolution (as defined in the Partnership Agreement) of the limited partners. At a meeting of limited partners on June 19, 2009, the termination date was extended until December 15, 2010. A complete discussion of the changes made to the Partnership Agreement can be found at the Partnership's profile at www.sedar.com. Subsequent to this change, management began an orderly sale of the Partnership's assets in order to be able to distribute the cash or provide in-kind distributions of the remaining assets prior to December 15, 2010.

Management has estimated that the net realizable value of the Partnership is approximately \$3.42 per unit as at December 31, 2009 (2008 - \$3.70) based on what the underlying investments could be sold for. This net realizable value also incorporates estimated wind-up costs of approximately \$850,000 to \$1,050,000. The final net realizable value will depend on various factors including the performance of the Partnership's investments and the final wind-up date; outcome of the contingent liability as discussed under *Note 10 Contingencies* in the consolidated financial statements for the year ended December 31, 2009; and the level of distributions between December 31, 2009 and the final distribution date. Management estimates that any income earned between December 31, 2009 and the final distribution date will be sufficient to cover general and administrative expenses but would not be sufficient to fund distributions at the current level without eroding capital.

2. Update to Estimated Net Realizable Value

In the period from January 1, 2010 to March 30, 2010; the Partnership paid or declared distributions of \$0.18 per unit and management estimates that the net realizable value of the Partnership was approximately \$3.20 per unit as at March 30, 2010 subject to the same qualifications as discussed above. The net realizable value has decreased from \$3.42 per unit at December 31, 2009 to approximately \$3.20 per unit at March 30, 2010, a decrease of approximately \$0.22 per unit, as a result of \$0.18 per unit in distributions paid or declared for January, February, and March 2010 and a \$0.04 reduction in the realizable value of assets. The asset mix of the Partnership as at March 30, 2010 was 93% in working capital and marketable securities, 5% in Financial Services, 1% in MFLPs and Notes, , and 1% in RELPs.

3. Changes in Asset Mix and Capital Structure

As at December 31, 2009, Amalgamated's investments consisted of 59% working capital and marketable securities (2008 - 63%), 12% Financial Services (2008 - 27%), 27% RELPs (2008 - 6%), and the remaining 2% in MFLPs and Notes (2008 - 4%). During 2009, Amalgamated invested \$1,886,000 in Paddington Properties LP (a RELP) with the intent of selling the property owned by this limited partnership in early 2010. The property was sold in February 2010.

Amalgamated's capital structure as at December 31, 2009 consisted of equity of \$11,771,724 (2008 - \$12,772,460) and no long-term debt (2008 - \$370,000 debentures).

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SELECTED FINANCIAL INFORMATION

| Annual | Dec. 31 2009 | Dec. 31 2008 | Dec. 31 2007 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Revenue | 823,770 | 2,377,554 | 3,137,615 |
| Net income (loss) | 1,283,956 | (4,488,743) | 1,976,806 |
| Net income (loss) per unit | 0.41 | (1.46) | 0.71 |
| Total assets | 12,232,474 | 13,576,082 | 19,648,427 |
| Total liabilities | 460,750 | 803,622 | 1,045,521 |
| Limited partners' capital | 11,771,724 | 12,772,460 | 18,602,906 |
| Limited partners' capital, per unit | 3.73 | 4.02 | 6.20 |
| Distributions paid | 2,279,577 | 2,218,578 | 4,402,726 |
| Distributions paid per unit | 0.72 | 0.72 | 1.56 |
| Units outstanding - end of year | 3,153,662 | 3,178,062 | 2,998,697 |

The preceding table shows selected key financial information about Amalgamated and is intended to help investors understand the Partnership's financial performance over the past three years. This information is derived from Amalgamated's consolidated financial statements. Amalgamated's consolidated financial statements are stated in Canadian dollars and are prepared in accordance with Canadian GAAP (generally accepted accounting principles). The information set forth above should be read in conjunction with Amalgamated's consolidated financial statements and related notes which are available at www.sedar.com.

HIGHLIGHTS

- Net income for the year ended December 31, 2009 was **\$1,283,956 (\$0.41 per unit)**;
- Total assets decreased to **\$12,232,474** as at December 31, 2009 from **\$13,576,082** as at December 31, 2008 due mainly to cash distributions of \$2,279,577 paid to limited partners and the redemption of \$370,000 debentures, offset by gains of \$764,782 from marketable securities and \$736,145 from RELPs;
- Limited partners' capital decreased from **\$4.02** per unit at December 31, 2008 to **\$3.73** per unit as at December 31, 2009 however, limited partners also received **\$0.72** per unit of distributions during this time for a net increase of **\$0.43** per unit. The year over year net increase in limited partners' capital exceeds net income for the year ended December 31, 2009 due to repurchases made under the Normal Course Issuer Bid at prices below the book value of the partnership units.

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SELECTED FINANCIAL INFORMATION (continued)

| Quarter | Dec. 31 | Sept. 30 | June 30 | Mar. 31 | Dec. 31 | Sept. 30 | June 30 | Mar. 31 |
|-------------------------------------|------------|------------|------------|------------|-------------|-------------|------------|------------|
| | 2009 | 2009 | 2009 | 2009 | 2008 | 2008 | 2008 | 2008 |
| Revenue | 209,980 | 154,047 | 170,113 | 289,630 | 659,264 | 457,269 | 536,994 | 742,027 |
| Net income (loss) | 779,855 | 252,974 | 238,881 | 12,246 | (3,270,831) | (2,509,296) | 1,072,635 | 218,749 |
| Net income (loss) per unit | 0.25 | 0.08 | 0.08 | - | (1.02) | (0.80) | 0.36 | 0.07 |
| Total assets | 12,232,474 | 11,918,282 | 12,243,299 | 12,705,398 | 13,576,082 | 22,265,453 | 26,766,806 | 19,808,974 |
| Total liabilities | 460,750 | 367,844 | 369,750 | 481,434 | 803,622 | 5,576,708 | 7,731,224 | 1,582,091 |
| Limited partners' capital | 11,771,724 | 11,550,438 | 11,873,549 | 12,223,964 | 12,772,460 | 16,688,745 | 19,035,582 | 18,226,883 |
| Limited partners' capital, per unit | 3.73 | 3.66 | 3.75 | 3.85 | 4.02 | 5.20 | 6.25 | 6.10 |
| Distributions paid | 565,166 | 552,079 | 585,921 | 576,411 | 575,460 | 563,922 | 540,519 | 538,677 |
| Distributions paid per unit | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 |
| Units outstanding - end of quarter | 3,153,662 | 3,154,662 | 3,166,462 | 3,171,262 | 3,178,062 | 3,209,162 | 3,046,781 | 2,988,083 |

The preceding table shows selected key financial information about Amalgamated and is intended to help investors understand the Partnership's financial performance over the past two years. This information is derived from Amalgamated's unaudited quarterly consolidated financial statements. Amalgamated's consolidated financial statements are stated in Canadian dollars and are prepared in accordance with Canadian GAAP (generally accepted accounting principles). The information set forth above should be read in conjunction with Amalgamated's consolidated financial statements and related notes which are available at www.sedar.com.

HIGHLIGHTS

- Net income for the three months ended December 31, 2009 was **\$779,856** (**\$0.25** per unit);
- Total assets increased to **\$12,232,474** as at December 31, 2009 from **\$11,918,282** as at September 30, 2009 due mainly to gains of \$610,976 on RELPs and \$130,720 on marketable securities, offset by \$565,167 in distributions to limited partners; and
- Limited partners' capital increased from **\$3.66** per unit at September 30, 2009 to **\$3.73** per unit at December 31, 2009 however, limited partners also received **\$0.18** per unit of distributions during this time for a net increase of **\$0.25** per unit.

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RESULTS OF OPERATIONS

Overall Performance

Amalgamated recorded net income of \$1,283,956 (\$0.41 per unit) for the year ended December 31, 2009 versus a net loss of \$4,488,743 (\$1.46 per unit) for the year ended December 31, 2008. The net income for the year was primarily as a result of realized and unrealized gains on marketable securities of \$764,782 (\$0.24 per unit) and RELPs of \$736,146 (\$0.23 per unit).

Expenses before other items decreased marginally to \$909,880 for the year ended December 31, 2009 from \$937,278 for the year ended December 31, 2008.

The net investment breakdown as at December 31, 2009 was made up of 2% MFLPs and Notes (2008 - 4%), 12% Financial Services (2008 - 27%), 27% RELPs (2008 - 6%), 12% in marketable securities (2008 - 41%), and remaining 47% in cash and working capital (2008 - 22%). MFLP and Notes, Financial Services, and marketable securities all declined significantly as the Partnership was strategically selling these investments and moving them into cash in preparation for the wind up of the Partnership. Investments in RELPs increased as the Partnership acquired additional units in Paddington Properties Partnership in anticipation of the February 2010 sale of the property owned by this limited partnership.

| Amalgamated Income LP | | | | |
|---------------------------------|--------------------------|------|--------------------------|------|
| <i>Net Investment Breakdown</i> | December 31, 2009 | | December 31, 2008 | |
| Cash and Working Capital | \$ 5,571,201 | 47% | \$ 2,984,548 | 22% |
| Marketable Securities | 1,394,277 | 12% | 5,325,861 | 41% |
| MFLPs and Notes | 290,360 | 2% | 489,617 | 4% |
| Financial Services | 1,367,615 | 12% | 3,597,906 | 27% |
| RELPs | 3,148,271 | 27% | 744,528 | 6% |
| | \$ 11,771,724 | 100% | \$ 13,142,460 | 100% |

The preceding table shows selected key financial information about Amalgamated and is derived from Amalgamated's consolidated financial statement for the years ended December 31, 2009 and 2008. The information set forth above should be read in conjunction with Amalgamated's consolidated financial statements and related notes which are available at www.sedar.com.

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Overall Performance (continued)

The following table provides additional information regarding the effective return for each investment category for the years ended December 31, 2009 and 2008. These returns may or may not be indicative of future returns.

| Amalgamated Income LP <i>Annual Return on Assets</i> | Year Ended December 31, 2009 | | | Year Ended December 31, 2008 | |
|---|---------------------------------|---------------|---------------------|---------------------------------|---------------------|
| | Average Investment | Net Income | Return On Assets | Net Income | Return On Assets |
| Cash and Marketable Securities | 7,637,944 | 988,534 | 13% | (3,036,950) | -46% |
| MFLPs and Notes ¹ | 389,988 | 193,949 | 40% ¹ | (800,576) | -46% |
| Financial Services | 2,482,761 | 308,951 | 12% | (359,204) | -6% |
| RELPs | 1,946,400 | 780,258 | 40% | 730,413 | 17% |
| Total | 12,457,092 | 2,271,692 | 18% | (3,466,317) | -18% |
| Expenses | | (987,736) | -8% | (1,022,426) | -5% |
| | | 1,283,956 | 10% | (4,488,743) | -24% |

1 – As no acquisitions of MFLPs were made during the year, the return on asset calculation is based on the investment as at December 31, 2008 instead of on the average investment.

The preceding table shows selected key financial information about Amalgamated and is derived from Amalgamated's consolidated financial statement for the years ended December 31, 2009 and 2008. The information set forth above should be read in conjunction with Amalgamated's consolidated financial statements and related notes which are available at www.sedar.com.

HIGHLIGHTS

- All investment categories had positive earnings during the year ended December 31, 2009.
- The return on MFLPs and Notes was 40%, which consisted of returns of 30% on MFLPs and 49% on the Notes. The expected return from these investments is 20%; income realized in 2009 is largely due to the recovery of the TSX Composite Index after losses experienced in 2008.
- Financial Services return was 12%, driven mainly by a 13.3% return on the Asset Based Financing investment;
- The return on RELPs was 40%, attributable to a \$668,000 unrealized gain on the Partnership's investment in Paddington Properties Partnership;
- The return on cash and marketable securities was 13%. The return on assets for this investment category lagged the 35% total return on the TSX Composite Index due to the amount of uninvested cash. The proportion of cash to marketable securities increased from 35% as at December 31, 2008 to 82% as at December 31, 2009;
- Expenses decreased marginally in 2009, however expenses as a percentage of assets increased from 5% to 8% as a result of a declining asset base.

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Summary of Results for the Year Ended December 31, 2009

Revenue:

Amalgamated's total revenue was \$823,770 for the year ended December 31, 2009 (2008 - \$2,377,554). Total revenue was significantly lower in the year ended December 31, 2009 as compared to the year ended December 31, 2008 as the Partnership has been converting high-yielding assets into cash and marketable securities in anticipation of making a final cash distribution to limited partners. The Partnership invests in marketable securities that it perceives to be undervalued; income from this investment category is comprised mostly of realized and unrealized gains rather than distributions (such as dividends and interest) that would be considered investment revenue.

Expenses:

Overall operating expenses for the year ended December 31, 2009 decreased marginally to \$909,880 from \$937,278 for the year ended December 31, 2008.

Other Additions (Deductions):

The significant other additions and deductions for the year ended December 31, 2009 included a loss of \$27,790 from MFLPs (2008 - \$1,389,585), a loss of \$25,215 from Financial Services (2008 - \$1,460,750), a gain of \$764,782 from marketable securities (2008 - \$3,589,379 loss) and a gain of \$736,146 from RELPs (2008 - \$595,843).

The reduction in the loss from MFLPs and the gain from marketable securities are both attributable to the reversal of the 35% decline in the TSX Composite Index experienced in 2008. Losses from Financial Services are due to the write down of loans deemed no longer collectible, and the negligible loss for 2009 reflects the absence of large write downs taken in 2008. The Partnership acquires RELPs at a discount to fair value, with the intention of realizing fair value on the sale of the properties held by the limited partnerships, and the gains from RELPs in 2009 are mostly attributable to a \$668,000 increase in the estimated net liquidation proceeds from the Partnership's investment in Paddington Properties LP. In 2008, the Partnership had realized a similar gain from its investment in Deer Valley Shopping Centre LP.

Net (Loss) Income:

Amalgamated recorded net income of \$1,283,956 for they year ended December 31, 2009 (\$0.41 per unit) compared to a net loss of \$4,488,743 (\$1.46 per unit) for the year ended December 31, 2008.

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Summary of Results for the Three Months Ended December 31, 2009

Revenue:

Amalgamated's total revenue was \$209,981 for the three months ended December 31, 2009 (2008 - \$659,264). Total revenue was significantly lower for the three months ended December 31, 2009 as compared to the three months ended December 31, 2008 as the Partnership has been converting high-yielding assets to cash and marketable securities in anticipation of making a final cash distribution to limited partners.

Expenses:

Overall operating expenses for the three months ended December 31, 2009 decreased marginally to \$222,330 from \$227,304 in the three months ended December 31, 2008.

Other Additions (Deductions):

The significant other additions and deductions for the three months ended December 31, 2009 included a gain of \$38,557 from MFLPs (2008 -\$695,403 loss), a gain of \$34,785 from Financial Services (2008 - \$11,250), a gain of \$130,720 from marketable securities (2008 - \$2,628,127 loss) and a gain of \$610,976 from RELPs (2008 -\$358,959 loss).

The gains from MFLPs and marketable securities experienced in the three month period to December 31, 2009, and the losses from MFLPs and marketable securities experienced in the three month period to December 31, 2008, are all correlated with the gain or loss in the TSX Composite Index during the respective periods. Gains from Financial Services are due to the collection of loan amounts previously deemed uncollectible. The gain from RELPs experienced in the three month period to December 31, 2009 was attributable to an unrealized gain on the Partnership's investment in Paddington Properties LP.

Net (Loss) Income:

Amalgamated recorded net income of \$779,855 for the year ended December 31, 2009 (\$0.25 per unit) compared to a net loss of \$3,270,831 (\$1.02 per unit) for the year ended December 31, 2008.

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DISTRIBUTIONS AND TAXABLE INCOME

Distributions totalling \$2,279,577 were declared and paid for the year ended December 31, 2009 (2008 - \$2,218,578). Distributions per unit in 2009 amounted to \$0.72 (2008 - \$0.72).

Monthly cash distributions declared per unit issued and outstanding for the period were as follows:

| Period covered | Date of Distribution | \$ Per Unit |
|---|-----------------------------|--------------------|
| January 1, 2009 to January 31, 2009 | February 13, 2009 | 0.06 |
| February 1, 2009 to February 28, 2009 | March 13, 2009 | 0.06 |
| March 1, 2009 to March 31, 2009 | April 9, 2009 | 0.06 |
| April 1, 2009 to April 30, 2009 | May 8, 2009 | 0.06 |
| May 1, 2009 to May 31, 2009 | June 12, 2009 | 0.06 |
| June 1, 2009 to June 30, 2009 | July 10, 2009 | 0.06 |
| July 1, 2009 to July 31, 2009 | August 14, 2009 | 0.06 |
| August 1, 2009 to August 31, 2009 | September 11, 2009 | 0.06 |
| September 1, 2009 to September 30, 2009 | October 9, 2009 | 0.06 |
| October 1, 2009 to October 31, 2009 | November 13, 2009 | 0.06 |
| November 1, 2009 to November 30, 2009 | December 11, 2009 | 0.06 |
| December 1, 2009 to December 31, 2009 | January 8, 2010 | 0.06 |

Limited Partners are reminded that pursuant to the partnership agreement, **limited partners are not allocated income for tax purposes on the amount of distributions actually received during the year. Allocations for tax purposes are made based on the Partnership's net income (loss) and whether or not they are limited partners as at December 31.** Any distribution received will represent a decrease in the adjusted cost base of any partnership units held and a potential capital gain (or loss) if the unit is sold prior to December 31. For tax purposes, a limited partner at December 31 will receive an allocation of the Partnership's income, dividends, and capital losses or gains if held outside a tax deferred plan such as an RRSP, LIRA, RRIF, or RESP.

For the year ended December 31, 2009, Amalgamated allocated the following amounts to its limited partners on record as at December 31, 2009.

| | |
|---------------|---|
| Business loss | \$0.16981 |
| Capital loss | \$0.19104 (taxable capital loss of \$0.09552) |

Limited partners should only claim the business loss deduction if the at-risk amount of their units is greater than zero. Limited partners should consult their tax advisor if they have questions regarding their eligibility to claim this deduction.

If a limited partner held an Amalgamated unit for the entire year ending December 31, 2009, they should decrease their adjusted cost base by the distributions received of \$0.72 and by the business loss of \$0.16981 (if eligible to use this loss) and the capital loss of \$0.19104. The net adjustment to the adjusted cost base for the year ended December 31, 2009 would be a decrease of \$1.08085 per unit.

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CAPITAL STRUCTURE

The Partnership maintains a capital structure composed mainly of permanent capital (partners' capital) and short-term debt (debentures and brokerage margin). Management believes that a mixture of partners' capital and lower cost debt is appropriate to fund the Partnership's operations in order for limited partners to receive an acceptable return on their units. It is anticipated that the Partnership's capital structure will allow it to respond to attractive private or public investment opportunities.

Management monitors the Partnership's capital structure and makes adjustments as necessary to respond to changes in economic conditions and the risks of the underlying investments. The capital structure of Amalgamated is evaluated by management based on a debt-to-capital ratio. This ratio is calculated based on total debt less cash divided by total partnership capital.

Amalgamated closed the year ended December 31, 2009 with no debt and \$5,868,711 in cash, compared to debt of \$370,000 and cash of \$2,936,357 as at December 31, 2008. The Partnership will continue to convert its investments to cash and cash equivalents at what management determines to be reasonable prices to make distributions to limited partners (monthly and final).

- **EQUITY**

Amalgamated's units outstanding decreased to 3,153,662 units at December 31, 2009 from 3,178,062 units at December 31, 2008. During the year ended December 31, 2009, Amalgamated repurchased 45,400 units under a normal course issuer bid for consideration of \$116,000 (average of \$2.56 per unit) and issued 21,000 units pursuant to unit based compensation plans for proceeds of \$45,570 (average of \$2.17 per unit) for a net decrease of 24,400 units. Subsequent to December 31, 2009, Amalgamated issued 12,000 units pursuant to unit based compensation plans, resulting in Amalgamated having a total of 3,165,662 units outstanding as at March 30, 2010.

In addition, Amalgamated issued an additional 39,000 incentive units during the year ended December 31, 2009, of which 21,000 were exercised during the year. 49,000 incentive units were forfeited, reducing the total number of incentive units outstanding at December 31, 2009 to 246,300 from 277,300 at December 31, 2008. Subsequent to December 31, 2009, an additional 12,000 incentive units were exercised, 62,000 incentive units expired and 36,000 incentive units were forfeited, resulting in Amalgamated having a total of 136,300 incentive units outstanding as at March 30, 2010. See note 6 to the consolidated financial statements for the year ended December 31, 2009 for additional details regarding the incentive units.

- **DEBT**

Amalgamated maintains investment accounts at several brokerage firms who follow the recommended margin requirements of the Investment Dealers Association. As at December 31, 2009, Amalgamated had no brokerage margin outstanding. Brokerage margin bears interest at an effective rate ranging from prime less 0.25% to prime plus 0.50%.

Management anticipates ongoing operations and investments will be funded by the sale of investments, funds from operations, and the availability of the Partnership's current credit facilities (debentures and brokerage margin).

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FINANCIAL INSTRUMENTS:

Amalgamated's financial instruments consist of investments, cash and cash equivalents, distributions receivable, debentures, distributions payable, and accounts payable and accrued liabilities. Unless otherwise noted, at present it is the General Partner's opinion that the Partnership is not exposed to significant interest rate, credit, or currency risks arising from these consolidated financial instruments.

Specifically, the Partnership's financial instruments that are exposed to credit risk are the investments in loans. Amalgamated has invested in bridge loans, real estate loans, and other financial instruments to borrowers, mainly in Alberta and British Columbia, in a number of industries in order to maximize returns within an acceptable level of risk. Amalgamated mitigates credit risk by obtaining sufficient security to back the loans and diversifying its investments to limit its exposure to one entity.

As at December 31, 2009, the Partnership had a commercial loan outstanding with a face value of \$600,000 (fair value of \$113,500) which was in default. Subsequent to year-end, the Partnership received settlement proceeds of \$113,482 for this loan.

As at December 31, 2009, the Partnership had placed \$1,074,121 with Acorn Partners Merchant Bankers (2008 - \$1,804,121). The Partnership has acquired receivables and earns a rate of return on individual investments that ranges from 10% to 19% and is commensurate with risk.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Partnership prepares its consolidated financial statements in accordance with Canadian GAAP. The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the year of the consolidated financial statements. Significant accounting policies and methods used in the preparation of the consolidated financial statements are described in note 3 of the consolidated financial statements for the year ended December 31, 2009 as well as in the Accounting Policies – Accounting Standards Implemented by the Partnership in 2009 discussed below. The Partnership evaluates its estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in the consolidated financial statements are estimates used in determining the fair value of investments, revenue recognition and other matters. Actual results could differ materially from those estimates and assumptions.

The assessment of the fair value of investments and the impact of a certain contingency requires the use of judgments, assumptions and estimates. Due to the material nature of these factors, they are discussed below in greater detail.

- INVESTMENTS

The Partnership uses significant estimates in the preparation of its consolidated financial statements in arriving at the fair value of its investments. The following represents the methodology used to determine the fair value for the majority of its investments. Valuation assumptions used by the Partnership are evaluated regularly by management and the Board of Directors of the General Partner.

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- **INVESTMENTS (continued)**

All marketable securities listed on a recognized public stock exchange are recorded at their closing sale price. Marketable securities not traded on that date are valued at the last traded price. The quoted market value has been taken as a reasonable estimate of fair value. Those securities having no quoted market values are recorded at fair value based on an assessment of the most recent price at which an arm's length transaction has occurred or an assessment of the fair value of the security. These values may differ from values that would have been used had a ready market existed for these securities.

The fair values for both public and private securities can be impacted by trading volumes and restrictions, and the Partnership's assessment of value may not be indicative of what the Partnership could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price. The difference between the fair value and the purchase price or previous period value of the investments is treated as an unrealized gain or loss in value. The change from period to period is reflected in operations as a gain (loss) in value of securities.

The estimates used in arriving at the fair value of investments that are not publicly traded include an analysis of the most recent price at which an arm's length transaction has occurred or an assessment of the fair value of the underlying business. The methodology used in arriving at the estimates of fair value include research into historical prices and private company valuation principles consistent with those used by the Institute of Chartered Business Valuators. Changes in the estimates underlying the other investments will have a direct impact on the value of the investments account on the balance sheet and the unrealized gain (loss) on other investments on the income statement. Any changes to these estimates are reflected as gain (loss) in value of investments in the other additions (deductions) of the consolidated statements of (loss) income.

- **CONTINGENCIES**

The Partnership has been named as a defendant in a lawsuit brought against it by a former president of the General Partner. The dispute involves an amount of approximately \$1.4 million plus interest and costs. On July 30, 2009, the Supreme Court of British Columbia ruled that the former president was liable to the Partnership for \$58,274 plus interest plus certain court approved costs. In August, 2009 the former president appealed this judgment and subsequently filed for bankruptcy. The Partnership purchased the claims against the Partnership and the General Partner from the former president's trustee and other creditors for \$63,000, including \$23,000 paid in January 2010. As a result, the Partnership, subject to final court approval, now owns the lawsuit against itself.

Finally, the Partnership has estimated that it will cost approximately \$850,000 to \$1,050,000 to wind-up the Partnership. This amount includes legal fees, the General Partner fee pursuant to its contract with the Partnership, and other amounts required to facilitate winding up the Partnership. This amount has not been accrued in the consolidated financial statements for the years ended December 31, 2009 and 2008 but it has been disclosed in the notes.

OFF-BALANCE SHEET LIABILITIES

Pursuant to the Partnership Agreement, the General Partner is entitled to a fee equal to 3.25% of distributions made to limited partners. The fee payable to the General Partner on the termination of the Partnership, based on the net assets of the Partnership on December 31, 2009 and excluding adjustments for other wind-up costs would be \$370,539. This amount has been included in the wind-up costs described above (see "Contingencies") and in the calculation of Net Realizable Value (see "Significant Events").

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RELATED PARTY TRANSACTIONS

During the year ended December 31, 2009, the following related party transactions occurred and are recorded at the exchange amount which is the amount of consideration paid or received as established and agreed to by related parties:

- Amalgamated General Partner Ltd. (the "General Partner"), a company owned by Messrs. Elias Foscolos, Bruce Mitchell and Michael Charlton, was paid \$77,856 (2008 - \$85,148) pursuant to the terms of its agreement with Amalgamated to act as a general partner. Under this agreement, the General Partner is entitled to 0.01% of the annual net income of the Partnership and a fee equal to 3.25% of distributions to limited partners. As at December 31, 2009, \$7,544 of these amounts was included in accounts payable and accrued liabilities (2008 - \$nil). In addition, the General Partner may engage agents to assist in carrying out its management and administrative functions to Amalgamated and its subsidiaries. The following entities have been engaged by the General Partner to provide these functions:
 - o GBH Consulting Group Limited ("GBH"), a company controlled by Chris Boatman (Chairman of the board and director of the General Partner) was paid fees of \$12,000 plus GST for the year ended December 31, 2009 (2008 - \$5,551) for administrative and management services provided by Mr. Chris Boatman. As at December 31, 2009, \$3,150 of this amount was included in accounts payable (2008 - \$5,000);
 - o Accretive Financial Corp. ("Accretive"), a company controlled by Mr. Elias Foscolos (President, CEO, director, and shareholder of the General Partner) was paid fees of \$237,149 for the year ended December 31, 2009 (2008 - \$235,988) for administrative services which consisted of \$116,865 for the professional services of Mr. Foscolos (2008 - \$103,489) and \$120,284 for other consultants (2008 - \$132,499). Accretive also received \$33,042 for rent and \$63,871 for reimbursable office and sundry expenses (2008 - \$33,042 for rent and \$31,469 for office and sundry expenses). As at December 31, 2009, \$31,501 of these amounts was included in accounts payable (2008 - \$30,680). The General Partner currently has an agreement with Accretive to provide these services on an ongoing basis until December 31, 2010. In addition, Accretive receives a monthly fee of \$2,622 plus GST for office space;

Directors of the General Partner were paid \$5,000 each for director's fees plus applicable employer payroll remittances for a total of \$24,926 during the year ended December 31, 2009 (2008 - \$25,223). These amounts represent the total annual compensation for the directors;
- The Partnership sold 855 Banff Rocky Mountain Resort Partnership units to directors and officers of the General Partner for \$141,075, a market value that was determined based on recent arm's length transactions;
- Multi-fund had \$1,074,121 invested with Acorn Partners Merchant Bankers ("Acorn") as Asset Based Financing (2008 - \$1,804,121). Mr. Andy Chen, a former director of Amalgamated, was a senior account manager with Acorn and also has a minor equity position in Acorn. While a director of Amalgamated, Mr. Chen abstained from any Amalgamated board of director votes to invest with Acorn and was not involved in the day-to-day investment decisions of Amalgamated;
- A promissory note of \$570,000 between the Partnership and Acorn Income Corp. (an entity with a common officer and common directors as the Partnership) bearing interest of 4% per annum was issued on January 30, 2009 and repaid on May 8, 2009. Additional promissory notes between the Partnership and Acorn Income Corp. for \$12,633.29 and \$10,000.00 were issued on February 26, 2009 and April 22, 2009 respectively and repaid on September 4, 2009. The Partnership received \$6,739 in aggregate interest income on these promissory notes.

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INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

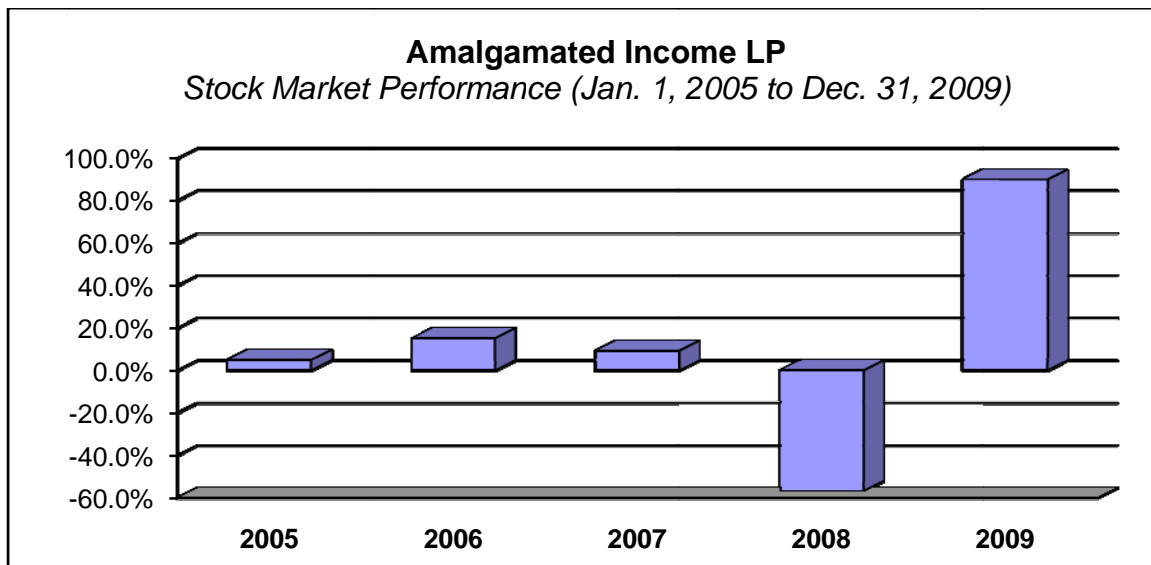
In February 2009, the Accounting Standards Board (“AcSB”) confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2009, the AcSB issued an Omnibus Exposure Draft that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011.

The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Partnership for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010. The AcSB proposes that CICA Handbook Section – *Accounting Changes*, paragraph 1506.30, which would require an entity to disclose information relating to a new primary source of GAAP that has been issued but is not yet effective and that the entity has not applied, not be applied with respect to Exposure Draft.

The Partnership is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. If the Partnership exists at this time, the Partnership anticipates a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as systems changes that may be necessary to gather and process the information.

PAST PERFORMANCE

The following bar chart shows Amalgamated’s annual performance for each of the years shown and illustrates how Amalgamated’s performance has changed from year to year. The bar chart shows in percentage terms how much an investment made on January 1 of each year would have changed by the end of each year. All distributions received during the year were added to the closing price to arrive at a total return.



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INTERNAL CONTROLS OVER FINANCIAL REPORTING

The design of the Partnership's internal control over financial reporting was assessed by the CEO and CFO on December 31, 2009 pursuant to the requirements of Multilateral Instrument 52-109 of the Canadian Securities Administrators. During this process, management identified the following weaknesses in internal control over financial reporting:

- (a) Due to the limited number of staff, it is not possible to achieve a segregation of duties; and
- (b) Due to the limited number of staff, there is no independent review of more complex areas of accounting. This may result in inadvertent errors in the accounting for income taxes, complex or non-routine accounting transactions that may arise.

These weaknesses in the Partnership's internal controls over financial reporting result in a remote possibility that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement in financial reporting through the following:

- (a) The employment of additional individuals to increase segregation of duties and provide review functions; and
- (b) The engagement of outside consulting expertise when complex accounting and technical issues arise during the preparation of the quarterly consolidated financial statements.

Management has evaluated whether there were changes in the Partnership's internal controls over financial reporting during the year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Partnership's internal controls over financial reporting. No such changes were identified through management's evaluation.

OUTLOOK

As discussed under *Significant Events*, limited partners approved various changes to the partnership agreement of Amalgamated on October 17, 2008. One major change was to introduce a termination date of no later than December 15, 2009 for the Partnership unless extended. On June 19, 2009, the termination date was extended to December 15, 2010. Management is currently selling investments in order to maximize limited partners' value and hopes to distribute cash or in-kind distributions of the remaining assets prior to December 15, 2010. As at March 30, 2010, 93% of the Partnership's assets consist of cash and marketable securities. Management estimates that the net realizable value of the Partnership was \$3.20 as at March 30, 2010, which also incorporates estimated wind-up costs of approximately \$850,000 to \$1,050,000. The final net realizable value will depend on various factors including the performance of the Partnership's investments between March 30, 2010 and the final wind-up date; the outcome of the contingent liability as discussed above under *Contingencies*; and the level of distributions between March 30, 2010 and the final distribution date.

Submitted by:

Elias Foscolos,
President

Michael Pereira
Vice President Finance & CFO

**AMALGAMATED INCOME LIMITED PARTNERSHIP
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Forward Looking Statements

Except for historical financial information contained herein, the matters discussed in this MD&A include certain forward-looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statements may be identified, without limitation, by the use of such words as "anticipates", "estimates", "expects", "intends", "plans", "predicts", "projects", "believes", or words or phrases of similar meaning.

In addition, any statement that may be made concerning future performance, strategies or prospects and possible future Partnership action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Partnership. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) reliance on revenue from MFLPs, Financial Services, and RELPs, (iv) changes in general economic conditions, (v) changes in foreign exchange rates, (vi) changes in interest rates, (vii) reliance on the effectiveness of management of underlying investments, (viii) availability of additional investments at advantageous prices, (ix) changes in Regulations under the Income Tax Act, (x) reliance on the General Partner to execute accretive transactions, (xi) general operating risks, (xii) effects of competition, and (xiii) dependent on senior management. A detailed discussion of risks can be found in the Annual Information Return filed for the year ended December 31, 2009. We stress that the above mentioned list of important factors is not exhaustive.

We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Partnership has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise except as required under applicable securities law.

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March 30, 2010

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Amalgamated General Partner Ltd.

Directors

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Michael Charlton¹
Elias Foscolos
Bruce Mitchell¹

¹ *Members of the Audit Committee*

Officers

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Christopher Boatman, *CEO*
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