MATERIAL CHANGE REPORT

PURSUANT TO SECTION 7.1 OF NATIONAL INSTRUMENT 51-102

1. **Name and Address of Company:**

   Exchange Industrial Income Fund (the "Fund")
   509 – 167 Lombard Avenue
   Winnipeg, Manitoba R3B 0V3

2. **Date of Material Change:**

   August 11, 2006

3. **News Release:**

   The Fund issued a press release regarding the material change on August 11, 2006.

4. **Summary of Material Change:**

   On August 11, 2006, the Fund issued $7,000,000 principal amount of 5 Year 8% Senior Secured Series D Convertible Debentures to investors resident in the Provinces of Alberta, Saskatchewan, Manitoba and Ontario and in certain overseas jurisdictions.

5. **Full Description Of Material Change:**

   See attached Schedule "A".

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:**

   Not Applicable.

7. **Omitted Information:**

   Not Applicable.

8. **Executive Officer:**

   Michael Pyle, Chief Executive Officer
   Tel: (204) 982-1850

DATED at Winnipeg, Manitoba this 11th day of August, 2006.

EXCHANGE INDUSTRIAL INCOME FUND

Per: *"Michael Pyle"*
Michael Pyle, CEO

SCHEDULE "A"

EXCHANGE INDUSTRIAL INCOME FUND
Press Release

EXCHANGE INDUSTRIAL INCOME FUND ANNOUNCES CLOSING OF CONVERTIBLE DEBENTURE PRIVATE PLACEMENT FINANCING

Winnipeg, Manitoba, August 11, 2006 – Exchange Industrial Income Fund ("EIIF") (TSX Venture: EIF.UN) announced today that it has completed its private placement offering (the "Offering") of 5 year 8% senior secured series D convertible debentures ("Debentures") of EIIF. The Offering was first announced on June 6, 2006 and amended on August 4, 2006. Pursuant to the closing of the Offering, EIIF issued $7,000,000 principal amount of Debentures. The Debentures are convertible into trust units ("Units") of EIIF at the option of the holder at any time after the issuance of the Debentures at a conversion price of $13.25 per Unit until maturity of the Debentures.

Wellington West Capital Inc. and Desjardins Securities Inc. acted as agents with respect to the Offering and were paid an aggregate commission of 6.5% of the gross proceeds from the sale of Debentures pursuant to the Offering.

The Units issuable on the conversion of the Debentures have been conditionally approved for listing on the TSX Venture Exchange Inc. (the "Exchange").

The Debentures sold pursuant to the Offering, and any Units issued upon conversion of the Debentures, may not be resold for a period of four months and a day from the date of issuance of the Debentures pursuant to the requirements of the Exchange and applicable securities laws.

The net proceeds of the Offering will be used for the repayment of debt associated with the acquisition of aircraft by Perimeter Aviation Ltd., a subsidiary of EIIF, the expansion of the ground operation infrastructure of Perimeter Aviation Ltd. and for general purposes.

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