*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Exchange Industrial Income Fund, 1067 Sherwin Road, Winnipeg, Manitoba R3H 0T8, telephone (204) 982-1857 and are also available electronically at www.sedar.com. For the purposes of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from Exchange Industrial Income Fund at the above-noted address and telephone number or by accessing the disclosure documents available through SEDAR.*

**PRELIMINARY SHORT FORM PROSPECTUS**

*New Issue* December 4, 2007

Exchange
Industrial
Income
Fund

# $10,000,100 (909,100 Class A Trust Units)

This short form prospectus qualifies the distribution of 909,100 Class A trust units ("**Units**") of Exchange Industrial Income Fund (the "**Fund**") at a price of $11.00 per Unit (the "**Offering**"). The Fund has applied to the TSX Venture Exchange (the "**TSXV**") for the listing of the Units offered hereunder. Listing is subject to the Fund satisfying all of the requirements of the TSXV. The outstanding Units are listed on the TSXV under the symbol EIF.UN. On November 29, 2007, the last trading day prior to the announcement of this Offering, the closing price of the Units on the TSXV was $11.51. The offering price of the Units was determined by negotiation between EIIF Management LP ("**EIIF LP**"), on behalf of the Fund, and CIBC World Markets Inc. and RBC Dominion Securities Inc., as co-lead underwriters, on behalf of Wellington West Capital Inc. (collectively, the "**Underwriters**").

## Price: $11.00 per Class A Trust Unit

| | Price to the Public | Underwriters' Commission | Net Proceeds to the Fund(1)(2) |
|---|---|---|---|
| Per Unit | $11.00 | $0.715 | $10.285 |
| Total Offering | $10,000,100 | $650,006.50 | $9,350,093.50 |

(1) After deducting the Underwriters' fee but before deducting expenses of the Offering estimated at $325,000, which will be paid by the Fund. In consideration of the services rendered by the Underwriters in connection with the Offering, the Fund has agreed to pay the Underwriters an aggregate fee of $650,006.50, representing 6.5% of the gross proceeds from the Offering. See "Plan of Distribution".

(2) The Fund has granted to the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part for a period of 30 days from the date of closing of this Offering, to purchase up to an additional 136,365 Units on the same terms and conditions as set forth above. Assuming that the Over-Allotment Option is exercised in full, the gross proceeds to the Fund, the Underwriters' commission, and the net proceeds to the Fund from this Offering before expenses will be $11,500,115, $747,507.48 and $10,752,607.52, respectively. This short form prospectus also qualifies the distribution of the Over-Allotment Option and the Units issuable upon the exercise of the Over-Allotment Option. See "Plan of Distribution".

| Underwriters' Position | Maximum size or number of securities held | Exercise Period | Exercise Price |
|---|---|---|---|
| Over-Allotment Option | Option to purchase up to 136,365 Units in whole or in part (being up to 15% of the Units sold) | Exercisable for a period of 30 days from the closing date of the Offering. | $11.00 |

*(continued on next page)*

*(continued from cover)*

The Fund is an unincorporated open-ended limited purpose trust governed by the laws of the Province of Manitoba established for the purpose of investing in a diversified group of income-producing businesses located in Canada and/or the United States. The net proceeds of the Offering will be used to reduce outstanding indebtedness of the Fund's subsidiary, EIIF LP under the Credit Facility and on or immediately prior to closing of the Fund's proposed acquisition of Stainless Fabrications Inc. ("SFI"), funds from the Credit Facility will be used to finance the SFI acquisition. See "Use of Proceeds".

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Fund in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters by Aikins, MacAulay & Thorvaldson LLP, on behalf of the Fund, and Taylor McCaffrey LLP, on behalf of the Underwriters. Subject to applicable laws, the Underwriters may, in connection with this Offering, affect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail on the open market. The Units may only be sold in those jurisdictions where offers and sales are permitted. The Underwriters may also decrease the price at which the Units are distributed from the price set out in this short form prospectus, after making a reasonable effort to sell all of the Units at such price. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Units in any jurisdiction where it is unlawful. See "Plan of Distribution".

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and the anticipated return on such an investment is based on many performance assumptions. **Although the Fund intends to make regular cash distributions to Unitholders, such distributions are not guaranteed and may be reduced or suspended.** The Fund's ability to make cash distributions and the actual amount distributed will depend on numerous factors disclosed in the Fund's continuous disclosure documents, including its financial performance, its debt covenants and obligations, working capital requirements and future capital requirements. In addition, the market value of the Units may decline if the Fund is unable to continue to make cash distributions or if the Fund reduces its cash distributions in the future, and that decline may be material. **It is important for a person making an investment in Units to consider the particular risk factors that may affect the Fund, its subsidiaries and the industries in which the Fund's subsidiaries operate and that may, therefore, affect the stability of the cash distributions on the Units.** See "Risk Factors".

Investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Fund has not authorized any person to provide different information. The information contained herein is accurate only as of the date of this short form prospectus regardless of time of delivery of this short form prospectus or of any sale of the Units, except in the case of documents incorporated or deemed to be incorporated by reference subsequent to the date hereof.

The after-tax return to a holder of Units (a "**Unitholder**") subject to Canadian income tax can be made up of both a return on and a return of capital. That composition may change over time, thus affecting an investor's after-tax return. Returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred (and reduce the Unitholder's cost base in the Unit for tax purposes). See "Canadian Federal Income Tax Considerations — Taxation of Unitholders".

**The Fund is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.**

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. At the closing of this Offering, it is expected that definitive certificates representing the Units will be available. It is expected that the closing of this Offering will occur on or about December 19, 2007, or such other date as the Fund and the Underwriters may agree, but not later than January 10, 2008.

**RBC Dominion Securities Inc., one of the Underwriters, is an affiliate of RBC Capital Markets Inc. that is a lender under certain credit facilities of EIIF LP, a limited partnership which is wholly-owned by the Fund. Accordingly, the Fund may be considered a "connected issuer" to RBC Dominion Securities Inc. under applicable laws. A portion of the net proceeds from the sale of the Units will be used to reduce the indebtedness under the Credit Facility. See "Relationship between the Fund and Certain Underwriters" and "Use of Proceeds".**

**A director of Wellington West Capital Inc., one of the Underwriters, is the Chairman of the board of trustees of the Fund. Accordingly, the Fund may be considered to be a "connected issuer" to Wellington West Capital Inc. under applicable laws. See "Relationship between the Fund and Certain Underwriters".**

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## GLOSSARY OF DEFINED TERMS

Capitalized terms used herein have the meanings ascribed to them below.

**"Credit Facility"** means the credit facility which is a revolving term facility in the maximum amount of $65,000,000 provided to EIIF LP by a syndicate of lenders consisting of TD Commercial Bank, RBC Capital Markets Inc. and Roynat Capital Inc. pursuant to a credit agreement dated June 25, 2007 between EIIF LP and such lenders;

**"Declaration of Trust"** means the declaration of trust dated as of March 22, 2004 establishing the Fund, as amended and/or restated by the amended and restated declaration of trust dated May 3, 2004 and the amending agreements dated December 31, 2004 and June 24, 2005, respectively;

**"Distributable Cash Flow"** means the EBITDA of the Fund less cash interest earned by the Fund, cash taxes paid by the Fund and capital expenditures required to sustain the operations of the Fund at the current level. The sustaining capital expenditures, as determined by the Trustees in their sole discretion, are classed as maintenance capital expenditures. Other capital expenditures which are made to grow the business of the Fund and are expected to generate additional EBITDA are not included in the calculation of Distributable Cash Flow;

**"Distribution Period"** means each period as may be selected or determined by the Trustees from time to time, being each calendar quarter from the period of inception of the Fund until August 2005 and each calendar month from August 2005 thereafter (unless changed by the Trustees);

**"EBITDA"** means net earnings before interest, taxes, depreciation and amortization;

**"EIIF GP"** means EIIF Management GP Inc., a corporation incorporated under the laws of the Province of Manitoba on September 28, 2006, which is the general partner of EIIF LP;

**"EIIF LP"** means EIIF Management LP, a limited partnership formed under the laws of the Province of Manitoba on September 28, 2006;

**"Fund"** means Exchange Industrial Income Fund, an unincorporated, open-ended, limited purpose trust established pursuant to the Declaration of Trust under the laws of the Province of Manitoba on March 22, 2004;

**"Fund's 2006 AIF"** means the annual information form of the Fund dated October 5, 2007, for the year ended December 31, 2006;

**"GAAP"** means Canadian generally accepted accounting principles;

**"Grandfathered Trust"** means a trust which would have been a SIFT on October 31, 2006 if the definition of SIFT had been in force on that date and applied to the trust on that date;

**"Growth Guidelines"** means the growth guidelines issued by the Minister of Finance (Canada) on December 15, 2006 which are incorporated by reference into the SIFT Rules;

**"Independent Trustees"** means those Trustees who are independent of management of the Fund and are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Trustee's ability to act with a view to the best interests of the Fund, other than interests and relationships arising from security holdings;

**"Jasper Tank"** means Jasper Tank Ltd., a Subsidiary of EIIF LP;

**"Keewatin Air"** means Keewatin Air Limited, a Subsidiary of Perimeter;

**"Net Debt"** means the outstanding debt funded through the Credit Facility less cash recorded on the consolidated balance sheet of the Fund;

**"Non-Resident"** means a non-resident of Canada within the meaning of the Tax Act or a person or entity who is not Canadian for the purposes of the *Canada Transportation Act*;

**"Offering"** means the offering of Units pursuant to this short form prospectus;

**"Operating Subsidiaries"** means the Subsidiaries of the Fund which carry on operating businesses (other than management functions for the Fund) (being all of the Subsidiaries of the Fund other than EIIF LP and EIIF GP);

**"Over-Allotment Option"** means the option granted by the Fund to the Underwriters pursuant to the Underwriting Agreement, which option is exercisable in whole or in part for a period of 30 days from the date of closing of the Offering, to purchase up to an additional 136,365 Units, representing 15% of the total number of Units sold under the Offering, on the same terms and conditions as the Offering;

**"Overlanders LP"** means Overlanders Manufacturing LP, a limited partnership which is indirectly wholly-owned by the Fund and which acquired the assets of Overlanders Products Inc. and Overlanders Manufacturing Inc. on October 23, 2006;

**"Perimeter"** means Perimeter Aviation Ltd., a Subsidiary of EIIF LP;

**"Plans"** means trusts governed by registered retirement savings plans, deferred profit sharing plans, registered education savings plans and registered retirement income funds and a **"Plan"** means any of them;

**"SIFT Rules"** means the amendments to the Tax Act proclaimed in force on June 22, 2007 which implement the changes announced as part of the Tax Fairness Plan proposed by the Minister of Finance (Canada) on October 31, 2006, modifying the tax treatment of "specified investment flow-throughs", including publicly traded income trusts and limited partnerships, and the tax treatment of their unitholders in the manner below under "SIFT Rules";

**"SIFTS"** means specified investment flow-throughs as contemplated in the SIFT Rules;

**"SFI"** means Stainless Fabrication Inc.;

**"Subsidiary"** means, with respect to a specified entity, any entity of which more than 50% of the outstanding securities ordinarily entitled to elect a majority of the board of directors (or trustees) thereof (whether or not securities of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified entity;

**"Subsidiary LPs"** means the Subsidiaries of the Fund that are limited partnerships;

**"Tax Act"** means the *Income Tax Act* (Canada), as amended from time to time;

**"Trustees"** means the trustees of the Fund;

**"TSXV"** means the TSX Venture Exchange Inc.;

**"Underwriters"** means, collectively, CIBC World Markets Inc., RBC Dominion Securities Inc. and Wellington West Capital Inc;

**"Underwriting Agreement"** means the underwriting agreement dated as of December 4, 2007 between the Fund and the Underwriters;

**"Unitholders"** means the holders of Units;

**"Units"** means the Class A trust units of the Fund, and includes a fraction thereof; and

**"Water Blast LP"** means Water Blast Manufacturing LP and, where the context requires, its wholly-owned subsidiaries Water Blast Manufacturing Calgary Ltd., Water Blast Grande Prairie Ltd., and Water Blast Manufacturing B.C. Ltd.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Fund, 1067 Sherwin Road, Winnipeg, Manitoba R3H 0T8, telephone (204) 982-1857, and are also available electronically through the internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. For the purposes of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Fund at the above-noted address and telephone number or by accessing the disclosure documents available through SEDAR.

Except to the extent that their contents are modified or superseded by a statement contained in this short form prospectus or in any other subsequently filed document that is also incorporated by reference in this short form prospectus, the following documents of the Fund that have been filed with applicable securities regulatory authorities in Canada are specifically incorporated by reference herein and form an integral part of this short form prospectus:

(a) the Fund's 2006 AIF;

(b) the audited consolidated financial statements of the Fund as at and for the years ended December 31, 2006 and December 31, 2005, and the auditors' report thereon;

(c) the management discussion and analysis of the Fund's financial condition and results of operation for the year ended December 31, 2006;

(d) the management information circular of the Fund dated April 27, 2007 which was sent to Unitholders in connection with the annual general and special meeting of the Unitholders of the Fund held on May 22, 2007;

(f) the unaudited consolidated financial statements of the Fund as at September 30, 2007 and for the three-and nine-month periods ended September 30, 2007 and September 30, 2006;

(g) the management discussion and analysis of the Fund's financial condition and results of operation for the three-month and nine-month periods ended September 30, 2007;

(h) the material change report of the Fund dated January 2, 2007 relating to the internal reorganization of the Fund and its Subsidiaries;

(i) the material change report of the Fund dated February 15, 2007 relating to the private placement of 1,200,000 Units at a price of $12.50 per unit for gross proceeds of $15,000,000;

(j) the material change report of the Fund dated March 20, 2007 relating to the closing of the Fund's acquisition of the assets of 1028846 Alberta Ltd. and Water Blast Manufacturing (1990) Ltd.;

(k) the material change report of the Fund dated November 30, 2007 filed in connection with the announcement by the Fund of the entering into of an agreement in principle for the acquisition of SFI by EIIF LP; and

(l) the material change report of the Fund dated November 30, 2007 filed in connection with the Offering.

All material change reports (excluding confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, all management discussion and analysis of the financial condition and results of operation and information circulars (other than those portions that are not required to be incorporated by reference under applicable securities laws) which are filed by the Fund with a securities commission or similar regulatory authority in any of the provinces or territories of Canada after the date of this short form prospectus and prior to the termination of this Offering shall be deemed to be incorporated by reference into this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this short form prospectus, to the extent that a**

**statement contained herein, or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this short form prospectus.**

## ELIGIBILITY FOR INVESTMENT

In the opinion of Aikins, MacAulay & Thorvaldson LLP, counsel to the Fund, and Taylor McCaffrey LLP, counsel to the Underwriters, based on the facts and assumptions described under "Canadian Federal Income Tax Considerations" and in the certificate provided by an officer of EIIF LP as to certain factual matters, the Units are, as at the date hereof, qualified investments under the Tax Act for Plans. If the Fund ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for Plans. Adverse tax consequences may apply to a Plan, or an annuitant thereunder, if the Plan acquires or holds property that is not a qualified investment for the Plan. See "Canadian Federal Income Tax Considerations" and "Risk Factors".

## FORWARD-LOOKING STATEMENTS

This short form prospectus contains forward-looking statements. All statements other than statements of historical fact contained in this short form prospectus are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving the Fund or the businesses in which it has invested. Prospective investors can identify many of these statements by looking for words such as "believe", "expects", "will", "may", "intends", "projects", "anticipates", "plans", "estimates", "continues" and similar words or the negative thereof. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements require assumptions and are subject to inherent risks and uncertainties including those discussed in this short form prospectus. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this short form prospectus are cautioned to not place undue reliance on forward-looking statements made herein because a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: pending and proposed legislative or regulatory developments; competition from established competitors and new entrants in the markets served by the businesses of the Fund; technological change; acceptance and demand for new products and services; fluctuations in operating results; future capital and other expenditures; commodity prices; interest rate and currency value fluctuations; the effects of war or terrorist activities; the effects of disease or illness that impact on local, national or international economies; the effects of disruptions to public infrastructure such as transportation, communications, power or water supply; and industry and worldwide economic and political conditions regulatory and statutory developments. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

The information contained in this short form prospectus, including the information set forth under "Risk Factors" in the Fund's 2006 AIF and in the Fund's management discussion and analysis for the year ended December 31, 2006 and for the three-month and nine-month periods ended September 30, 2007, identifies additional factors that could affect the operating results and performance of the Fund and its Subsidiaries. Assumptions about the performance of the businesses of the Fund are considered in setting the business plan for the Fund and its Subsidiaries and in setting financial targets. Key assumptions include that the demand for products and services of the businesses will remain stable and that the Canadian and other markets in which the businesses are active will remain stable. It is also assumed that the current Canadian income tax regime with respect to income trusts will not change. **Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance or achievements of the Fund and its Subsidiaries may vary materially from those described in forward-looking statements.**

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this short form prospectus are made as of the date of this short form prospectus or such other date specified in such statement.

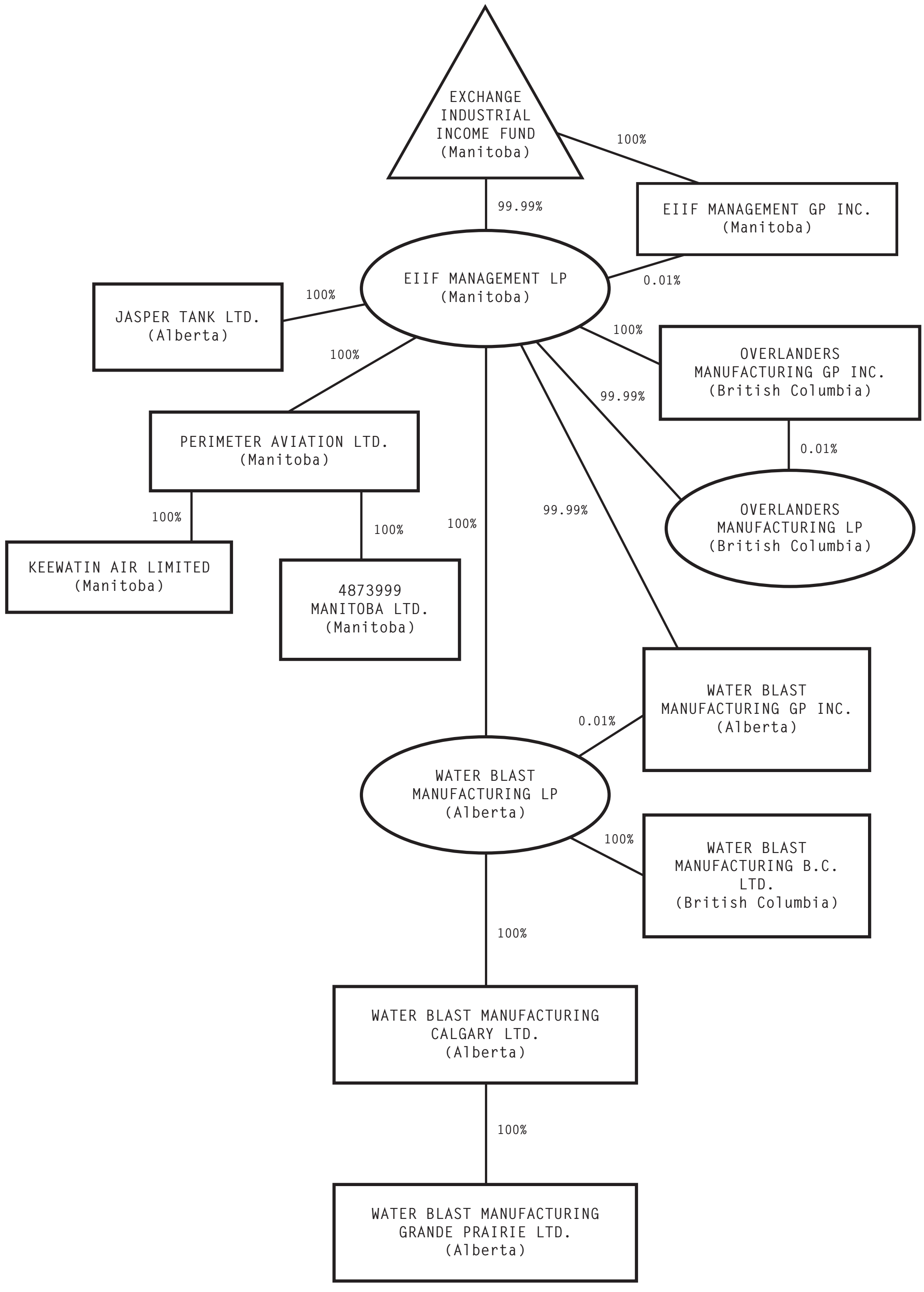
## NON-GAAP FINANCIAL MEASURES

Distributable Cash Flow and EBITDA do not have a standardized meaning prescribed by GAAP. Management of the Fund believes that in addition to net income and cash flow from operations, each of Distributable Cash Flow and EBITDA is a useful supplemental measure as it provides investors with information on cash available for distribution. Investors are cautioned that neither Distributable Cash Flow nor EBITDA should be construed as an alternative to net income or cash flow from operations or other measures of financial performance as determined by GAAP.

Distributable Cash Flow (and similar terms) and EBITDA are non-GAAP measures sometimes used by Canadian income trusts or issuers as an indicator of financial performance. Distributable Cash Flow and EBITDA, as used by the Fund, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to distributable cash, EBITDA or other non-GAAP financial measure as reported by such organizations. Management believes that Distributable Cash Flow and EBITDA are useful supplemental measures that may assist investors in assessing the return on their investments in Units and management uses such measures to assess and monitor the operating results of the Fund.

## EXCHANGE INDUSTRIAL INCOME FUND

The Fund is an unincorporated open-end limited purpose trust created by the Declaration of Trust and governed by the laws of the Province of Manitoba. The head office of the Fund is located at 1067 Sherwin Road in Winnipeg, Manitoba. The Fund is currently authorized to issue an unlimited number of Units, each of which represents a Unitholder's proportionate undivided beneficial interest in the Fund. There are 4,695,253 Units issued and outstanding as at the date hereof. The Units are listed for trading on the TSXV under the trading symbol "EIF.UN". The structure of the Fund and its Subsidiaries is set forth below:



## DESCRIPTION OF THE BUSINESS

### Growth Strategy

The Fund is a diversified, acquisition-oriented income trust focused on acquisition opportunities in the industrial products and transportation sectors, in particular businesses that are suited for public markets, except for their size. The business plan of the Fund is to invest in profitable, well-established companies with strong cash flows operating in niche markets in Canada and/or the United States. The objectives of the Fund are:

(i) to provide Unitholders with stable and growing cash distributions;

(ii) to maximize Unit value through on-going active monitoring of its Operating Subsidiaries; and

(iii) the continuing acquisition of additional companies or businesses or interests therein in order to expand and diversify the Fund's investments.

### Acquisition Strategy

The Fund's acquisition strategy is to target strong niche businesses with strong cash flows, which acquisitions are well suited for public markets as income generating vehicles, except for their size. The Fund seeks to acquire businesses with the following characteristics: (i) attractive margins; (ii) defensible market position; (iii) low maintenance capital expenditures; (iv) identifiable competitive advantage(s); and (v) barriers to market entry by competitors. The Fund seeks to retain the key management personnel following acquisitions and have such key management personnel own an equity interest in the Fund. Management believes that profitable, well-established family-owned or closely held businesses with strong cash flows and which operate in niche markets present an attractive investment opportunity due to the fact that many such businesses do not have a succession plan. Management believes that the Fund will be able to continue to implement its investment strategy of acquiring businesses with these characteristics to provide additional cash flow and further enhance long-term Unitholder value.

### Implementation of Acquisition Strategy

Since its inception to the date hereof, the Fund has completed seven acquisitions for an aggregate purchase price of approximately $66 million as described under "Acquisition in 2004", "Acquisitions in 2005", "Acquisition in 2006" and "Acquisitions in 2007" in the Fund's 2006 AIF.

The Fund currently owns Operating Subsidiaries in two niche business segments:

(i) Aviation — providing scheduled airline service and emergency medical services to certain First Nations communities located in northern Manitoba and Nunavut, operated by Perimeter and Keewatin Air; and

(ii) Specialty Manufacturing — manufacturing custom tanks for the transportation of oil and gas, operated by Jasper Tank, manufacturing precision sheet metal and tubular products, operated by Overlanders LP and manufacturing specialized heavy duty pressure washing and steam systems, operated by Water Blast LP. Water Blast LP is also the exclusive distributor in Alberta and British Columbia for Hotsy pressure washing cleaning equipment, which is used for a variety of light commercial and industrial applications.

The Operating Subsidiaries operate autonomously and maintain their individual business identities. The Fund relies on the high quality management teams of its Operating Subsidiaries and does not rely on operating synergies to justify acquisitions.

It is the intention of management to continuously monitor the Fund's Operating Subsidiaries, and to undertake future acquisitions and divestitures as deemed beneficial to the Fund.

### Internal Growth Strategy

The Fund, through EIIF GP, closely monitors management of the Operating Subsidiaries to ensure that the Operating Subsidiaries continue to have sound business operations and expansion strategies, where appropriate. Management seeks to identify and exploit potential synergies among the Fund's Operating Subsidiaries.

**Operating Subsidiaries**

The Operating Subsidiaries of the Fund on the date hereof are described below. For a more extensive description of each of the Operating Subsidiaries, please refer to the Fund's 2006 AIF.

***Perimeter***

Perimeter operates a scheduled airline service to northern Manitoba communities. Perimeter operates its scheduled airline service out of its main terminal and cargo facility located at the Winnipeg International Airport. In addition to the scheduled airline service, Perimeter also: (i) provides medevac services to northern communities; (ii) operates a flight training school specializing in commercial instrument flight rating licenses; and (iii) undertakes charter work on behalf of major courier companies.

***4873999 Manitoba Ltd.***

4873999 Manitoba Ltd., a Subsidiary of Perimeter, owns fuel tank assets that are used by the airline service operations of Perimeter.

***Keewatin Air***

Keewatin Air, a Subsidiary of Perimeter, operates an airline and medevac services business that serves communities in Manitoba and Nunavut.

***Jasper Tank***

Jasper Tank is a manufacturer located in Spruce Grove, Alberta which specializes in manufacturing custom tanks for the transportation industry.

***Overlanders LP***

Overlanders LP is an ISO-9001 certified manufacturer of precision sheet metal and tubular products serving companies in a diversified mix of industries in British Columbia and the Pacific Northwest of the United States.

***Water Blast LP***

Water Blast LP manufactures specialized heavy-duty pressure washer and steam systems, and is the exclusive distributor in its geographic market for Hotsy pressure washer cleaning equipment, which is used for a variety of light commercial and industrial applications.

***Water Blast Calgary Ltd.***

Water Blast Calgary Ltd., a Subsidiary of Water Blast LP, is the exclusive distributor in the Calgary region of Alberta for Hotsy pressure washing cleaning equipment.

***Water Blast Grand Prairie Ltd.***

Water Blast Grande Prairie Ltd., a Subsidiary of Water Blast LP, is the exclusive distributor in the Grande Prairie region of Alberta and the Dawson Creek region of British Columbia for Hotsy pressure washing cleaning equipment and also occasionally distributes Hotsy equipment in Nunavut.

***Water Blast B.C.***

Water Blast B.C. Ltd., a Subsidiary of Water Blast LP, is the exclusive distributor in the Province of British Columbia, other than the Dawson Creek region, for Hotsy pressure washing cleaning equipment.

For a detailed summary of the Operating Subsidiaries and their respective businesses, see "Narrative Description of the Business" in the Fund's 2006 AIF.

### Management of the Fund

Overall governance of the Fund is under the direction of the Trustees, a majority of whom must be, and are, Independent Trustees. The investment policies and operations of the Fund are subject to the control of the Trustees, a majority of whom are Independent Trustees.

The current Trustees are Gary Filmon (Chairman), Gary Buckley, Duncan D. Jessiman and Donald Strueber.

The Fund is managed by EIIF LP through EIIF GP. The directors of EIIF GP are Duncan D. Jessiman, Michael Pyle, Mark Buller, William Wehrle, Gary Filmon, Donald Streuber, Allan McLeod and Gary Buckley.

See "Trustees and Officers of the Fund" in the Fund's 2006 AIF.

## RECENT DEVELOPMENTS

### Credit Facility

EIIF LP entered into a credit agreement dated June 25, 2007 with a syndicate of lenders consisting of TD Commercial Bank, RBC Capital Markets Inc. and Roynat Capital Inc. (the "Lenders"). The Credit Facility is a revolving term facility in the maximum amount of $65,000,000.

The term of the Credit Facility expires May 31, 2010, and is renewable for 364 day terms, each time with the consent of the Lenders. The interest rate is determined by a pricing grid which is based on a ratio of the Fund's EBITDA to Net Debt. The Fund has the ability to choose the base interest rate between prime, bankers' acceptances or London Inter Bank Offer Rate (LIBOR).

As security for the Credit Facility, equity securities in the Operating Subsidiaries have been pledged to the Lenders. Further, security over all of the assets of each of the Operating Subsidiaries has been granted to the lenders in priority to the security of the Fund in the Operating Subsidiaries. The ability of the Fund to make distributions is subject to certain financial and other covenants and limitations under the Credit Facility and under security given in support of the Credit Facility.

### Distribution Increase

On November 7, 2007, the Fund announced that its Trustees resolved to increase the monthly distribution to Unitholders from $0.12 per Unit ($1.44 per Unit annualized) to $0.125 per Unit ($1.50 per Unit annualized).

### Proposed Acquisition of SFI

On November 29, 2007 the Fund announced that it had entered into a letter of intent with SFI pursuant to which it agreed to acquire (through an indirect wholly-owned subsidiary) all of the outstanding shares in the capital of SFI for a purchase price of $22 million USD (subject to post-closing adjustment as described below).

SFI is a custom fabricator based out of a single location at 4455 West Kearney Street in Springfield, Missouri, that designs and manufactures stainless steel tanks, vessels and processing equipment which are sold throughout the United States. SFI services multiple segments of the healthcare and pharmaceutical, ethanol, food, chemical, beverage, dairy and other industries. Total revenues earned by SFI in the 2006 fiscal period were approximately $27 million USD. Operations at SFI are split evenly between in-house fabrication and on-site field fabrication. SFI has a diverse customer and industry base that requires the highest in quality and safety from SFI.

The aggregate purchase consideration for SFI will be an amount equivalent to a multiple of the average EBITDA for SFI during the three fiscal years ending December 31, 2006, December 31, 2007, and December 31, 2008. Upon closing of the transaction, a preliminary payment of $22.0 million USD will be made by the Fund, which will consist of at least 10% of the payment being paid in Units of the Fund and the remainder in cash. The final purchase price will be determined upon receiving the financial statements for all three years and any adjustments to the preliminary payment will be determined at that time, which is estimated to be at the beginning of the 2009 fiscal year. Any increase in the final purchase price will be funded with Units. Any reduction will reduce the cash portion of the purchase price. The transaction is expected to close in the first quarter of 2008, but is subject to the completion of due diligence and certain other conditions for the benefit of EIIF LP.

## USE OF PROCEEDS

The net proceeds from the Offering are estimated to be $9,350,093.50, after deducting the Underwriters' commission of $650,006.50, but prior to the deduction of expenses of this Offering estimated at $325,000. In the event that the Over-Allotment Option is exercised in full, the gross proceeds to the Fund, the Underwriters' commission and the net proceeds to the Fund prior to deduction of the expenses of the Offering are expected to be $11,500,115, $747,507.48 and $10,752,607.52, respectively.

The net proceeds of the Offering will be used to reduce the outstanding indebtedness of the Fund's subsidiary, EIIF LP under the Credit Facility, and on or immediately prior to the closing of the Fund's proposed acquisition of SFI, funds from the Credit Facility will be drawn down in order to finance the SFI acquisition. For the details of the proposed acquisition of SFI, see "Recent Developments — Proposed Acquisition of SFI".

RBC Dominion Securities Inc. is an affiliate of RBC Capital Markets Inc. which is a lender to the Fund or its Subsidiaries pursuant to the Credit Facility. Consequently, the Fund may be considered to be a "connected issuer" of this Underwriter for purposes of applicable securities legislation. See "Relationship between the Fund and Certain Underwriters".

## CONSOLIDATED CAPITALIZATION

There have been no material changes in the Unit and loan capitalization of the Fund since September 30, 2007, the date of the Fund's most recently filed financial statements, other than as set forth below.

The Fund will issue 909,100 Units pursuant to the Offering (subject to increase in the event that the Over-Allotment Option is exercised. The following table sets forth the pro forma consolidated capitalization of the Fund as at September 30, 2007 prior to and after giving effect to this Offering.

| | Authorized | September 30, 2007 | September 30, 2007 after giving effect to the Offering[2][3] |
|---|---|---|---|
| | ($000's) | ($000's) (unaudited) | ($000's) (unaudited) |
| Mortgages | Nil | Nil | Nil |
| Credit Facility | $ 65,000 | $36,200 | $27,175 |
| Convertible Debentures | | | |
| Series A Debentures | | 1,641 | 1,641 |
| Series B Debentures | | 3,434 | 3,434 |
| Series C Debentures | | 2,500 | 2,500 |
| Series D Debentures | | 7,000 | 7,000 |
| **Total Indebtedness** | | 50,775 | 41,750 |
| **Unitholders' Equity[1]** | | | |
| Trust Units | Unlimited | 47,469 (4,687,718 Units) | 56,494 (5,596,818 Units) |
| **TOTAL CAPITALIZATION** | | $98,244 | $98,244 |

(1) On a non-diluted basis.

(2) Does not include any Units issuable pursuant to the exercise of the Over-Allotment Option.

(3) Does not include any loan capital or Units issuable pursuant to the acquisition of SFI.

## PLAN OF DISTRIBUTION

Pursuant to and in accordance with the terms of the Underwriting Agreement, the Fund has agreed to issue and sell and the Underwriters have agreed to purchase, subject to the terms and conditions contained therein, 909,100 Units at a price of $11.00 per Unit payable in cash to the Fund against delivery of certificates representing the Units on the closing date, being on or about December 19, 2007 or such other date as the Fund and the Underwriters may agree, but in any event not later than January 10, 2008. The Fund has agreed to pay the Underwriters a commission of $0.715 per Unit issued by the Fund, or 6.5% of the gross proceeds from the sale of Units.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events. Except in certain limited circumstances, if an Underwriter fails to purchase the Units which it has agreed to purchase, the other Underwriters may, but are not obliged to, purchase such Units. The Underwriters are, however, obligated to take up and pay for all the Units if any are purchased under the Underwriting Agreement. The Fund has agreed to indemnify the Underwriters in certain circumstances. The offering price for the Units was determined by negotiation between EIIF LP on behalf of the Fund and the Underwriters.

The Fund has granted to the Underwriters the Over-Allotment Option which entitles the Underwriters to purchase up to an additional 136,365 Units, representing up to 15% of the aggregate number of Units sold under the Offering, on the same terms as described above, exercisable in whole or in part within 30 days following the closing of the Offering. This prospectus also qualifies the grant of the Over-Allotment Option to the Underwriters and the distribution of any Units that are issued pursuant to the exercise of the Over-Allotment Option. The Underwriting Agreement provides that the Fund will pay the Underwriters a commission of 6.5% of the gross proceeds from the sale of additional Units pursuant to the exercise of the Over-Allotment Option.

This Offering is being made by way of a short form prospectus in all provinces of Canada. The Units have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**1933 Act**"), or any state securities laws, and accordingly may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to transactions which are exempt from the registration requirements of the 1933 Act and applicable state securities laws. Each Underwriter has agreed that, except as permitted by the Underwriting Agreement and except as expressly permitted by applicable laws of the United States, it will not offer or sell the Units at any time within the United States or to, or for the account or benefit of, any U.S. person. The Underwriting Agreement enables the Underwriters to offer and sell the Units that they have acquired pursuant to the Underwriting Agreement to certain accredited investors in the United States in a manner exempt from the registration requirements of the 1933 Act and in compliance with applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the 1933 Act. In addition, until 40 days after the commencement of this Offering, an offer or sale of the Units within the United States by any dealer, whether or not participating in this Offering, may violate the registration requirement of the 1933 Act. The Units (and the Units issuable upon the conversion, redemption or maturity thereof) will be restricted securities within the meaning of Rule 144(a)(3) of the 1933 Act. The Declaration of Trust restricts the level of ownership of Units by Non-Residents. The Trustees may request declarations as to residency from Unitholders to monitor compliance with such non-residence thresholds.

Pursuant to rules and policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Units. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the rules of the TSXV relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or the appearance of active trading in, or raising the price of such securities. In connection with this Offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the Units at a level other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time.

The Underwriters propose to offer the Units initially at the price shown on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Units offered by this short form prospectus at such specified price, the offering price may be decreased and further changed from time to time to an amount not greater than the offering price set out herein and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriter to the Fund.

The Fund has agreed that, subject to certain stated exceptions, it will not, without the prior consent of the Underwriters pursuant to the Underwriting Agreement, which consent may not be unreasonably withheld, authorize, issue or sell any Units or any securities giving the right to acquire Units, or agree or announce any intention to do so, at any time prior to the expiry of 90 days following the closing of this Offering.

The Fund has applied to list the Units to be issued and sold pursuant to the Offering, including any Units issued and sold pursuant to the exercise of the Over-Allotment Option, on the TSXV. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSXV.

## RELATIONSHIP BETWEEN THE FUND AND CERTAIN UNDERWRITERS

RBC Dominion Securities Inc., one of the Underwriters, is an affiliate of RBC Capital Markets Inc. that is a lender under the Credit Facility. Accordingly, pursuant to applicable securities legislation, the Fund may be considered a "connected issuer" to RBC Dominion Securities Inc. As at September 30, 2007, on a consolidated basis, the Fund was indebted to the lenders in the amount of approximately $12.1 million under the Credit Facility. The terms of the Credit Facility are described under "Credit Facility". The Fund and its Subsidiaries are presently in compliance with the terms of the Credit Facility. Neither the Fund's financial position nor the value of the security under the facility has changed substantially since the indebtedness under the Credit Facility was incurred. The Fund plans to temporarily use the net proceeds of the Offering to repay outstanding indebtedness of the Fund 's subsidiary, EIIF LP under the Credit Facility and upon closing of the Fund's proposed acquisition of SFI, funds from the Credit Facility will be used to finance the acquisition. See "Use of Proceeds".

A director of Wellington West Capital Inc., one of the Underwriters, is the Chairman of the board of trustees of the Fund. Accordingly, the Fund may be considered to be a "connected issuer" to Wellington West Capital Inc. under applicable laws.

The offering price of the Units and terms of the Offering were determined by negotiation between EIIF LP on behalf of the Fund and the Underwriters. The Fund will pay to the Underwriters a commission equal to $0.715 for each Unit sold pursuant to the Offering, or 6.5% of the gross proceeds raised from the sale of Units. None of RBC Dominion Securities Inc., any of the lenders under the Credit Facility or Wellington West Capital Inc. required, suggested or consented to the Offering.

## DESCRIPTION OF UNITS

### General

The following is a summary of the material attributes and characteristics of the Units. A more detailed summary of the attributes of the Units can be found in the Fund's 2006 AIF, which is incorporated by reference herein.

### Units

The beneficial interests in the Fund are divided into interests of one class of equal value, referred to as "Class A trust units". The rights, limitations, restrictions and conditions attaching to the Units are described in the Declaration of Trust. For a summary of the material terms of the Declaration of Trust, see "Summary of Declaration of Trust" in the Fund's 2006 AIF. The number of Units which the Fund may issue is unlimited. Units will be issued in registered form and will be transferable, subject to terms and conditions of the Declaration of Trust.

Each Unit represents an equal interest in the Fund with all other outstanding Units. All Units outstanding from time to time participate *pro rata* in any distribution by the Fund and, in the event of termination of the Fund, in the net assets of the Fund remaining after satisfaction of all liabilities. No Unit has any preference or priority over any other.

No Units shall be issued other than as fully paid and non-assessable. There are no pre-emptive rights attaching to the Units.

**Limitation on Non-Resident Ownership**

The following is a summary of the restrictions on the ownership of Units by Non-Residents as set forth in the Declaration of Trust.

At no time may Non-Residents be the beneficial owners of that number of Units entitling them to more than 25% of the votes attached to all outstanding Units. The Trustees shall inform the registrar and transfer agent of the Units of this restriction. The Trustees shall require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware that the beneficial owners of Units entitling the holders to 20% of the votes attached to all outstanding Units may be Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and shall direct the registrar and transfer agent of the Units not to accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident. If notwithstanding the foregoing, the Trustees determine that 20% of the Units are held by Non-Residents, the Trustees shall send a notice to Non-Residents who are holders of Units, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees, may, on behalf of such Unitholders, sell such Units and in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders shall cease to be holders of the Units so sold and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

## DISTRIBUTION POLICY

The following outlines the distribution policy of the Fund and its Operating Subsidiaries.

The Fund strives to distribute a large percentage of the Distributable Cash Flow to Unitholders, however, cash distributions are not assured and may be reduced, suspended or discontinued at any time. The ability of the Fund to generate Distributable Cash Flow and the actual Distributable Cash Flow distributed is dependent upon, among other things, the financial performance, debt covenants and obligations, working capital requirements and the future capital requirements of the Fund and its Subsidiaries.

The amount of cash to be distributed in a fiscal year per Unit is equal to a pro rata share of all amounts received by the Fund in each Distribution Period less: (i) administrative expenses and other obligations of the Fund; (ii) amounts which may be paid by the Fund in connection with any cash redemptions of Units; and (iii) any tax liability of the Fund. The Trustees intend to continue to make cash distributions of the Fund's available cash to the maximum extent possible for each Distribution Period. Cash distributions are made to the Unitholders of record on the last day of each Distribution Period (unless such day is not a business day, in which case the date of record shall be the prior business day) and shall be payable on the 15th day of the following month or, if such day is not a business day, the prior business day or such other date as determined from time to time by the Trustees.

Distributable Cash Flow is not a term defined by GAAP, and as such is not calculated in a common manner by income funds. EIIF believes that it is most appropriate to calculate Distributable Cash Flow by starting with a measure of cash profit (EBITDA) and subtracting cash interest, cash taxes, and capital expenditures required to maintain the operation at its current level. These sustaining capital expenditures are classed as maintenance capital expenditures. Other capital expenditures which are made to grow the enterprise and are expected to generate additional EBITDA are not included in the calculation of Distributable Cash Flow.

The table below sets forth the cash distributions made by the Fund from inception until the date hereof.

| Distribution Record Date | Payment Date | Amount of Distribution per Unit |
|---|---|---|
| June 30, 2004 | July 15, 2004 | $0.17[1] |
| October 1, 2004 | October 15, 2004 | $0.27[2] |

| Distribution Record Date | Payment Date | Amount of Distribution per Unit |
|---|---|---|
| December 22, 2004 | December 31, 2004 | $0.27[(2)] |
| March 29, 2005 | April 15, 2005 | $0.27[(2)] |
| June 28, 2005 | July 15, 2005 | $0.27[(2)] |
| August 29, 2005 | September 15, 2005 | $0.20[(3)] |
| September 30, 2005 | October 14, 2005 | $0.10[(4)] |
| October 31, 2005 | November 15, 2005 | $0.10 |
| November 30, 2005 | December 15, 2005 | $0.10 |
| December 31, 2005 | January 13, 2006 | $0.10 |
| January 31, 2006 | February 15, 2006 | $0.10 |
| February 28, 2006 | March 15, 2006 | $0.10 |
| March 31, 2006 | April 13, 2006 | $0.10 |
| April 28, 2006 | May 15, 2006 | $0.10 |
| May 31, 2006 | June 15, 2006 | $0.10 |
| June 30, 2006 | July 14, 2006 | $0.10 |
| July 28, 2006 | August 15, 2006 | $0.10 |
| August 31, 2006 | September 15, 2006 | $0.11[(5)] |
| September 29, 2006 | October 16, 2006 | $0.11 |
| October 31, 2006 | November 15, 2006 | $0.11 |
| November 30, 2006 | December 15, 2006 | $0.11 |
| December 29, 2006 | January 15, 2007 | $0.12[(6)] |
| January 31, 2007 | February 15, 2007 | $0.12 |
| February 28, 2007 | March 15, 2007 | $0.12 |
| March 30, 2007 | April 13, 2007 | $0.12 |
| April 27, 2007 | May 15, 2007 | $0.12 |
| May 29, 2007 | June 15, 2007 | $0.12 |
| June 29, 2007 | July 13, 2007 | $0.12 |
| July 31, 2007 | August 15, 2007 | $0.12 |
| August 31, 2007 | September 14, 2007 | $0.12 |
| September 28, 2007 | October 15, 2007 | $0.12 |
| October 31, 2007 | November 15, 2007 | $0.12 |
| November 30, 2007 | December 15, 2007 | $0.125[(7)] |

(1) For the period from inception on March 22, 2004 until June 30, 2004.

(2) For the distributions made for the period from July 1, 2004, to June 30, 2005, the Fund made quarterly distributions.

(3) For the distribution made on September 15, 2005, the Fund made a two-month distribution.

(4) Effective for the distribution made on October 14, 2005, the Fund commenced making monthly distributions.

(5) Effective for the distribution made on September 15, 2006, the Fund increased its monthly distribution to $0.11 per Unit.

(6) Effective for the distribution made on January 15, 2007, the Fund increased its monthly distribution to $0.12 per Unit.

(7) On November 7, 2007, the Fund announced an increase in the amount of its monthly cash distribution to $0.125 per Unit ($1.50 per Unit on an annualized basis). On November 19, 2007, the Fund announced that the first increased monthly distribution will be made on December 15, 2007 to Unitholders of record on November 30, 2007.

**Restrictions on Distributions**

Under the terms of each trust indenture relating to the Fund's outstanding convertible debentures, the Fund is prohibited from paying any distributions on Units if it is in default of its obligations to pay the principal and interest on the particular series of convertible debentures relating to such trust indenture.

Under the terms of the Credit Facility, the Fund is prohibited from paying any distributions on Units if it is in default of certain financial and other covenants and limitations under the Credit Facility.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

### *General*

In the opinion of Aikins, MacAulay & Thorvaldson LLP, counsel to the Fund, and Taylor McCaffrey LLP, counsel to the Underwriters, (collectively "**Counsel**"), as of the date hereof, the following summary fairly presents the principal Canadian federal income tax considerations generally applicable under the Tax Act and the regulations thereto (the "**Regulations**") to a prospective purchaser of Units pursuant to this Offering. This summary is applicable to a prospective purchaser who, at all relevant times, for purposes of the Tax Act: (i) is a resident of Canada within the meaning of the Tax Act, (ii) deals at arm's length and is not affiliated with the Fund within the meaning of the Tax Act and (iii) will hold the Units as capital property. Generally, the Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired the Units in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Unitholders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to: (i) a Unitholder that is a "financial institution" (as defined in the Tax Act for the purposes of the "mark-to-market" rules), (ii) a Unitholder that is a "specified financial institution" (as defined in the Tax Act) or (iii) a Unitholder an interest in which would be a "tax shelter investment" (as defined in the Tax Act). Any such Unitholder should consult its own tax advisor with regard to its income tax consequences. This summary does not address any Canadian federal income tax considerations applicable to Non-Residents, and Non-Residents should consult their own tax advisors regarding the tax consequences of acquiring Units. All payments to Non-Residents in respect of distributions payable on the Units, whether in cash or Units, will be net of any applicable withholding taxes.

This summary is of a general nature only and is based upon certain representations as to factual matters made in a certificate signed by an officer of the Fund (the "**Officer's Certificate**") and provided to Counsel, the current provisions of the Tax Act and the Regulations thereto, all specific proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and Counsels' understanding of the current published administrative and assessing policies of the Canada Revenue Agency ("CRA"). There can be no assurance that the Tax Proposals will be implemented in their current form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law whether by legislative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed in this short form prospectus. There can be no assurances that the CRA will not change its administrative and assessing practices. Modification or amendment of the Tax Act and Regulations or the Tax Proposals could significantly alter the tax status of the Fund or the tax consequences of purchasing Units. This summary assumes that the representations made in the Officer's Certificate, including the representations that will ensure that the Fund will qualify and continue to qualify as a "mutual fund trust" (as defined in the Tax Act), are true and correct, that the Fund has and will at all times comply with the Declaration of Trust and that the Fund does and will continue to qualify as a "mutual fund trust" under the provisions of the Tax Act while the Units remain outstanding.

**This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an acquisition of Units pursuant to the Offering. Furthermore, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholder's particular circumstances, including the jurisdiction in which the Unitholder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective holder of Units. Investors should consult their own tax advisors with respect to the tax consequences of the Offering and the acquiring, holding or disposing of Units based on their particular circumstances.**

### *SIFT Rules*

On June 22, 2007, the SIFT Rules were proclaimed in force to implement the changes announced as part of the "Tax Fairness Plan" proposed by the Minister of Finance (Canada) on October 31, 2006. The SIFT Rules apply to SIFTs, including publicly traded income trusts, and their unitholders, and change the manner in which SIFTs, and the distributions from SIFTs, are taxed. The Fund is a SIFT as defined in the SIFT Rules and, subject to the comments below respecting undue expansion, the SIFT Rules will become applicable to the Fund in 2011.

Since the SIFT Rules have only recently been enacted, the CRA's administrative policies regarding the interpretation of the SIFT Rules and their application to the trusts and partnerships in which a publicly traded income trust holds a direct or indirect interest are still under review. Although it was not likely the intent of the SIFT Rules proposed by the Department of Finance (Canada), there can be no assurance that the SIFT Rules may not be interpreted and applied in a manner that would cause the Subsidiaries of the Fund which are partnerships to be considered SIFTs. We understand that the Department of Finance (Canada) is currently considering this issue. The balance of this summary assumes that none of the Subsidiaries of the Fund are SIFTs, however no assurance can be given that the Subsidiaries of the Fund which are partnerships will not be considered SIFTs and, if so, that the SIFT Rules will not apply to such SIFTs prior to 2011.

*New Taxation Regime*

Pursuant to the SIFT Rules, a SIFT is prevented from deducting any part of the amounts payable to Unitholders in respect of (i) aggregate net income from businesses it carries on in Canada; (ii) aggregate net income (other than taxable dividends received by the trust) from its non-portfolio properties; and (iii) aggregate net taxable capital gains from its dispositions of non-portfolio properties. "Non-portfolio properties" are Canadian real, immovable or resource properties (if at any time in the taxation year the total fair market value of the SIFT's Canadian real, immovable or resource properties is greater than 50% of the equity value of the SIFT), properties that the SIFT (or persons or partnerships which do not deal at arm's length with the SIFT) uses in the course of carrying on business in Canada and securities of a "subject entity" if the SIFT holds securities of the subject entity that have a fair market value greater than 10% of the subject entity's equity value, or if the SIFT holds securities of the subject entity that, together with securities held by the SIFT in entities affiliated with the subject entity have a total fair market value greater than 50% of the equity value of the SIFT. A subject entity is a corporation resident in Canada, a trust resident in Canada, a Canadian resident partnership, or a non-resident person or partnership if its principal source of income is from one or more sources in Canada. Distributions which a SIFT is unable to deduct will be taxed in the SIFT at rates of tax similar to the combined federal and provincial corporate tax rate.

Distributions of income of SIFTs received by Unitholders that are not deductible to the SIFT will be treated as dividends payable to Unitholders. Under the SIFT Rules, such deemed dividends from a SIFT will be taxed as a taxable dividend from a taxable Canadian corporation. Under the Tax Act such dividends deemed to be received by an individual (other than certain trusts) will be included in computing the individual's income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a holder that is a corporation will generally be deductible in computing the corporation's taxable income. Certain corporations, including private corporations or subject corporations (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act of 33⅓% on dividends received or deemed to be received to the extent that such dividends are deductible in computing taxable income. Generally, distributions that are paid as returns of capital will not attract this tax.

*Effective Dates*

The SIFT Rules apply beginning with the 2007 taxation year of a trust, except in the case of a Grandfathered Trust, to which the SIFT Rules will apply commencing with the earlier of the Grandfathered Trust's 2011 taxation year and the first taxation year of the Grandfathered Trust in which it exceeds "normal growth" as determined under the Growth Guidelines. Under the Growth Guidelines, a Grandfathered Trust will not be considered to have exceeded "normal growth" if its equity capital were to grow as a result of issuances of new equity, in any of the intervening periods described below, by an amount that does not exceed the greater of $50 million and an objective "safe harbour". The safe harbour amount is measured by reference to a Grandfathered Trust's Market Capitalization. For the Initial Safe Harbour Period, a Grandfathered Trust's safe harbour is 40% of the Market Capitalization. A Grandfathered Trust's safe harbour for each of the 2008 through 2010 calendar years is 20% of the Market Capitalization. The annual safe harbour amounts are cumulative;

whereas the $50 million amount is not cumulative. New equity for these purposes includes units and debt that is convertible into units.

The Fund is a Grandfathered Trust. The new equity to be issued as a result of this Offering will not cause the Fund to exceed the applicable limit of $50 million set out in the Growth Guidelines for the period November 1, 2006 to December 31, 2007, and it is not expected that, at least prior to 2008, the Fund will undergo an undue expansion which could cause the application date of the SIFT Rules to be revisited. No assurance can be given that the Fund will not undergo an undue expansion prior to 2011, causing the application of the SIFT Rules to the Fund prior to 2011.

The remainder of this summary is subject to the SIFT Rules discussed above.

***Status of the Fund***

*Mutual Fund Trust*

Based on the representations as to factual matters set out in the Officer's Certificate, the Fund qualifies as a "mutual fund trust" as defined in the Tax Act, and is expected to continuously so qualify at all material times. The balance of this summary assumes that the Fund qualifies as mutual fund trust and will continuously so qualify at all material times. **If the Fund were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.**

***Taxation of the Fund***

The taxation year of the Fund is the calendar year. The income of the Fund for the purposes of the Tax Act will include its share of the income of EIIF LP for each fiscal year ending on or before the year-end of the Fund, and all interest that accrues to the Fund to the end of the year on indebtedness owing to it from certain of its Subsidiaries, or becomes receivable or is received by the Fund before the end of the year, except to the extent that such interest was included in computing the Fund's income for a preceding year. In computing its income for purposes of the Tax Act, the Fund may deduct reasonable administrative costs, interest, and other expenses incurred by it for the purpose of earning income from property. The Fund may also deduct from its income for the year a portion of any reasonable expenses incurred by the Fund to issue Units. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, computed in accordance with the detailed provisions of the Tax Act, less the portion thereof that it deducts in respect of the amounts paid or payable or deemed to be paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

The Declaration of Trust provides that each year amounts (which may include recapture income and net realized capital gains) will be payable to Unitholders such that the Fund will not be liable to pay tax under the Tax Act for such year.

Income of the Fund for which no cash is available for distribution may be distributed to Unitholders in the form of additional Units. Income of the Fund payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the Fund in computing its taxable income.

Losses of the Fund cannot be allocated to Unitholders but may be deducted by the Fund in future years, subject to the detailed rules in the Tax Act in that regard.

A distribution by the Fund of its property upon a redemption of Units will be treated as a disposition by the Fund of such property for proceeds of disposition equal to the fair market value thereof. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

In the event the Fund would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the Fund during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund's tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Unitholders on the redemption of Units.

Once the Fund becomes subject to the SIFT Rules (which is not anticipated to be until the 2011 taxation year, subject to the Fund undergoing an undue expansion which could cause the application date of the SIFT Rules to be revisited, as discussed above under "Effective Dates"), the Fund will be prevented from deducting any part of the amounts payable to Unitholders in respect of (i) aggregate net income from businesses the Fund carries on in Canada; (ii) aggregate net income (other than taxable dividends received by the Fund) from the Fund's non-portfolio properties; and (iii) aggregate net taxable capital gains from the Fund's dispositions of non-portfolio properties, as discussed in more detail above under "New Taxation Regime". Distributions which the Fund is unable to deduct will be taxed in the Fund at rates of tax similar to the combined federal and provincial general corporate tax rate. Generally, distributions that are paid as returns of capital will not attract this tax.

***Taxation of EIIF LP***

EIIF LP will not be subject to tax under the Tax Act. Each partner of EIIF LP, including the Fund, will be required to include in computing the partner's income the partner's share of the income or loss (limited to its "at-risk amount") of EIIF LP for its fiscal year end ending in or coincident with the partner's taxation year, whether or not such income is distributed to the partner in the taxation year. For this purpose, the income or loss of EIIF LP will be computed for each fiscal year as if EIIF LP were a separate person resident in Canada. The income of EIIF LP for each taxation year will include EIIF LP's allocated share of the income or loss (limited to its "at-risk amount") of its Subsidiaries which are limited partnerships for the fiscal periods of such Subsidiaries ending in the taxation year, whether or not any distributions are received from such Subsidiaries; any dividends received (or deemed to be received on a redemption of shares or other distribution in excess of the paid up capital of shares) by EIIF LP in the year from its Subsidiaries which are corporations; and all interest that accrues to EIIF LP to the end of the year, or becomes receivable or is received by EIIF LP before the end of the year, except to the extent that such interest was included in computing EIIF LP's income for a preceding year. In computing the income or loss of EIIF LP, deductions may be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income from its business and investments and available capital cost allowances. The income (including taxable capital gains) or loss of EIIF LP for a fiscal year will be allocated to the partners of EIIF LP, including the Fund, on the basis of their respective share of such income or loss, subject to the detailed rules in the Tax Act in that regard. If the adjusted cost base of a partner's unit is negative at the end of a fiscal period of EIIF LP, the amount by which it is negative will be deemed to be a capital gain realized by the partner at that time and the partner's adjusted cost base of such unit will be increased by the amount of the deemed gain.

***Taxation of Unitholders***

*Distributions*

A Unitholder will generally be required to include in computing income for a particular taxation year the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units or otherwise.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable or deemed to be paid or payable to a Unitholder in a taxation year will not generally be included in the Unitholder's income for the year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds of disposition or deemed disposition of Units or any part thereof), the Unitholder will generally be required to reduce the adjusted cost base of the

Unitholder's Units by that amount (except to the extent that it represents the Unitholder's share of the non-taxable portion of the net realized capital gains of the Fund for the year, the taxable portion of which was designated by the Fund in respect of the Unitholder). Where reductions to a Unitholder's adjusted cost base of Units for the year will result in the adjusted cost base becoming a negative amount, such amount will be treated as a capital gain realized by the Unitholder in the year and the Unitholder's adjusted cost base of the Units at the beginning of the next year will then be nil.

Provided that appropriate designations are made by the Fund, such portions of its net taxable capital gains, taxable dividends received or deemed to be received on shares of taxable Canadian corporations and foreign source income as are paid or payable, or deemed to be paid or payable to a Unitholder, will effectively retain their character and be treated as such in the hands of the Unitholder for the purposes of the Tax Act and Unitholders may be entitled to claim a foreign tax credit for foreign taxes paid by the Fund. To the extent that amounts are designated as having been paid to Unitholders out of the net taxable capital gains of the Fund, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains. See Taxation of Capital Gain or Loss below. To the extent that amounts are designated as having been paid to Unitholders out of taxable dividends received or deemed received on shares of taxable Canadian corporations, the normal (or in the case of eligible dividends, the enhanced) gross-up and dividend tax credit rules will apply to individuals, the deduction in computing taxable income will be available to corporations, and the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or a related group of individuals. Unitholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

The net taxable capital gains and taxable dividends referred to above will also generally be taken into account in determining the liability, if any, of a Unitholder that is an individual (or certain trusts) for alternative minimum tax under the Tax Act. See Alternative Minimum Tax below.

Once the Fund becomes subject to the SIFT Rules (which is not anticipated to be until the 2011 taxation year, subject to the Fund undergoing an undue expansion which could cause the application date of the SIFT Rules to be revisited, as discussed above under "Effective Dates"), distributions of income of the Fund received by Unitholders that are not deductible to the SIFT will be treated as dividends payable to Unitholders. Such deemed dividends from the Fund will be taxed as an eligible dividend from a taxable Canadian corporation, and the enhanced gross-up and dividend tax credit rules will apply to individuals, the deduction in computing taxable income will be available to corporations, and the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or a related group of individuals.

*Disposition of Units*

On the disposition or deemed disposition of a Unit, a Unitholder will generally realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder's income. See Taxation of Capital Gain or Loss below.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid by the Unitholder for the Unit, subject to certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, the cost of any newly-acquired Units will be averaged with the adjusted cost base of all Units owned by a Unitholder as capital property immediately before the acquisition.

A redemption of Units in consideration for cash or other assets of the Fund, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such other assets, as the case may be, less any income or capital gain realized by the Fund in connection with the redemption of those Units which has been designated by the Fund to the Unitholder. Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether the proceeds of disposition received exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or capital gain realized by the Fund in connection with the distribution of property *in specie* on the redemption of Units has been designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the Fund to a Unitholder upon redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

***Taxation of Capital Gain or Loss***

One-half of any capital gain (the "taxable capital gain") realized by a holder on a disposition of a Unit and the amount of any net taxable capital gains designated by the Fund in respect of a Unitholder will generally be included in the holder's income for the year and one-half of any capital loss realized by the holder on the disposition of a Unit (the "allowable capital loss") may generally be deducted by such holder against taxable capital gains for the year. Any excess of allowable capital losses over taxable capital gains of the holder may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years subject to the detailed provisions of the Tax Act.

Where a Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends received by the Fund and previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

A Unitholder which is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain investment income, including taxable capital gains.

***Alternative Minimum Tax***

In general terms, the net income of the Fund paid or payable to a Unitholder who is an individual, or a trust of certain types, that is designated as taxable dividends or as net taxable capital gains, and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

## RISK FACTORS

There are certain risks inherent in an investment in the Units and in the activities of the Fund and its Subsidiaries, in addition to those described under "Forward-Looking Statements", which investors should carefully consider before investing in the Units including: (i) risk specific to the Fund including risks related to taxation of income trusts and other income tax matters, availability of cash distributions, diversification, the nature of the Units, restriction on redemptions, distribution of securities on redemption or termination of the Fund, potential Unitholder liability, restrictive covenants, capital investment, dilution and dependence on key personnel; (ii) risks specific to the Operating Subsidiaries, including risks related to speculative nature of investment, restrictions on potential growth of Operating Subsidiaries, dependence on key personnel, competition, risk of liability, management and operations, interest rates, debt refinancing, general uninsured losses, environmental matters, foreign exchange risk, potential conflicts of interest, failure to obtain additional financing, labour disruptions, labour supply; (iii) risks relating to the aviation industry, including fluctuation in operating results, seasonality and cyclicality, fuel costs, compliance with government regulations, government funding for First Nations health care; and (iv) risks relating to the manufacturing industry, including supply dependency, dependence on sales and marketing organizations, market trends and labour supply. In addition to the above risks relating to the Fund and its Operating Subsidiaries, there are certain risks related to the possibility that the Fund will not complete its proposed acquisition of SFI and foreign exchange risk as described below.

For a description of the risks identified above, see "Risk Factors" in the Funds' 2006 AIF which is incorporated by reference herein. In addition to other information contained or incorporated by reference in this short form prospectus, prospective investors should carefully consider, in light of their own financial circumstances, the risks set out in the Fund's 2006 AIF and in the management's discussion and analysis of financial condition and results of operations for the three and nine-months ended September 30, 2007.

**Failure to Complete SFI Acquisition**

It is possible that the Fund will fail to complete the acquisition of SFI. In such event, the Fund intends to continue to pay its regular monthly distribution, however the financial results of the Fund on a per-Unit basis will be negatively affected. In such event, the Fund intends to use the net proceeds of the Offering for debt reduction, for general purposes and/or to seek to acquire other businesses.

**Foreign Exchange Risk**

The financial results of the Fund are sensitive to the changing value of the Canadian dollar and this will be increased upon the completion of the acquisition of SFI with its operations in the United States that is expected to generate a significant annual net inflow of United States dollars whereas distributions by the Fund are made in Canadian dollars. Accordingly, any deterioration of the Canadian dollar to the United States dollar is expected to have a favourable impact on consolidated operating income of the Fund. Conversely, any improvement in the Canadian dollar/United State dollar exchange rate will have an unfavourable impact. In addition, the Fund may be unable to appropriately hedge the risks associated with fluctuations in foreign exchange rates.

## INTERESTS OF EXPERTS

Deloitte & Touche LLP are the auditors who prepared the auditors' report for the Fund's consolidated annual financial statements as at December 31, 2006. Deloitte & Touche LLP is independent within the meaning of the rules of professional conduct of the Institute of Chartered Accountants of Manitoba.

Aikins, MacAulay & Thorvaldson LLP is legal counsel to the Fund and Taylor McCaffrey LLP is legal counsel to the Underwriters. As of the date hereof, the partners and associates of Aikins, MacAulay & Thorvaldson LLP have a registered or beneficial interest, direct or indirect, in less than 1% of the issued and outstanding Units on the date hereof. As of the date hereof, the partners and associates of Taylor McCaffrey LLP have a registered or beneficial interest, direct or indirect, in less than 1% of the outstanding Units on the date hereof.

## MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, to which the Fund is or will become a party to prior to or at the closing of the Offering are the material contracts disclosed in the Fund's 2006 AIF are:

1. the loan agreement dated June 25, 2007 among EIIF LP, as borrower, the Fund and its other Subsidiaries as guarantors, and certain lenders relating to the Credit Facility described under "Recent Developments — Credit Facility"; and
2. the Underwriting Agreement described under "Plan of Distribution".

## AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Fund are Deloitte & Touche LLP, 360 Main Street, Suite 2300, Winnipeg Manitoba R3C 3Z3.

The registrar and transfer agent of the Fund is CIBC Mellon Trust Company, 600, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

## PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation in certain of the provinces of Canada further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

## AUDITORS' CONSENT

We have read the short form prospectus of Exchange Industrial Income Fund (the "**Fund**") dated December ● , 2007 qualifying the distribution of Class A trust units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the unitholders of the Fund on the consolidated balance sheet of the Fund as at December 31, 2006 and 2005 and the consolidated statements of operations and cumulative earnings and cash flows for each of the years then ended. Our report is dated April 4, 2007.

Winnipeg, Canada
December ● , 2007

Chartered Accountants

## CERTIFICATE OF THE ISSUER

Dated: December 4, 2007

This preliminary short form prospectus, together with the documents incorporated by reference herein, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec. New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and the regulations thereunder. For the purposes of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

**EXCHANGE INDUSTRIAL INCOME FUND**

| | |
|---|---|
| (Signed) MICHAEL C. PYLE<br>Chief Executive Officer | (Signed) ADAM TERWIN<br>Chief Financial Officer |

**ON BEHALF OF THE BOARD OF TRUSTEES**

| | |
|---|---|
| (Signed) DUNCAN D. JESSIMAN<br>Trustee | (Signed) DONALD STREUBER<br>Trustee |

## CERTIFICATE OF THE UNDERWRITERS

Dated: December 4, 2007

To the best of our knowledge, information and belief, this preliminary short form prospectus, together with the documents incorporated by reference herein, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this simplified prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and the regulations thereunder. For the purposes of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

| CIBC WORLD MARKETS INC. | RBC DOMINION SECURITIES INC. |
|---|---|
| Per: (Signed) CHRISTOPHER T. FOLAN | Per: (Signed) RIADH ZINE |

WELLINGTON WEST CAPITAL INC.

Per: (Signed) KEVIN HOOKE

Exchange Industrial Income Fund

MERRILL CORPORATION CANADA
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