SUMMIT INDUSTRIAL INCOME REIT

(Formerly Proventure Income Fund)

Unaudited Condensed Consolidated Financial Statements

For the three and nine month periods ended September 30, 2012 and 2011

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice to this effect.

The accompanying unaudited condensed consolidated financial statements have been prepared by management of Summit Industrial Income REIT. Management has compiled the condensed consolidated balance sheet as at September 30, 2012, December 31, 2011 and January 1, 2011, the condensed consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2012 and 2011, the condensed consolidated statement of changes in equity as at September 30, 2012 and 2011, and the condensed consolidated statement of cash flows for the nine months ended September 30, 2012 and 2011. The REIT's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the September 30, 2012 condensed consolidated financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

SUMMIT INDUSTRIAL INCOME REIT
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In thousands of Canadian dollars)

	Note	**September 30, 2012**	December 31, 2011 Restated *	January 1, 2011 Restated *
Assets				
Non-current assets				
Investment properties	6	**$ 52,301**	$ 11,719	$ 37,261
		52,301	11,719	37,261
Current assets				
Investment properties held for sale	6	**6,078**	26,327	–
Accounts receivable	7	**74**	71	159
Other receivables from related parties	12	**–**	–	17,158
Prepaid expenses, deposits, and deferred financing costs	7	**777**	–	–
Cash and cash equivalents		**2,719**	360	625
		9,648	26,758	17,942
Total assets		**$ 61,949**	$ 38,477	$ 55,203
Liabilities				
Non-current liabilities				
Loans and borrowings - non-current	8	**$ 20,374**	$ 6,468	$ 18,351
		20,374	6,468	18,351
Current liabilities				
Loans and borrowings - current	8	**1,654**	3,536	3,780
Loans and borrowings held for sale	8	**3,580**	11,538	–
Trade and other accrued liabilities		**1,651**	499	237
Security deposits		**374**	–	–
Income taxes liability		**–**	390	–
Distribution payable		**–**	–	4,334
Preferred units payable	9	**1,125**	1,125	7,739
		8,384	17,088	16,090
Total liabilities		**28,758**	23,556	34,441
Unitholders' equity				
Unitholders' equity		**33,191**	14,921	20,762
		33,191	14,921	20,762
Total liabilities and equity		**$ 61,949**	$ 38,477	$ 55,203

The accompanying notes are an integral part of these condensed consolidated financial statements

Approved by the board of trustees of the Trust.

"Louis Maroun"
Louis Maroun
Trustee

"Jim Tadeson"
Jim Tadeson
Trustee

* See note 4(a)

SUMMIT INDUSTRIAL INCOME REIT
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

(In thousands of Canadian dollars, except per unit amounts)

	Note	**Three month period ended September 30, 2012**	Three month period ended September 30, 2011 Restated *	**Nine month period ended September 30, 2012**	Nine month period ended September 30, 2011 Restated *
Net rental income					
Rentals from investment properties	13	**$ 306**	$ 856	**$ 827**	$ 2,530
Other income	5	**–**	21	**14**	62
Operating expenses		**(75)**	(228)	**(284)**	(525)
Net rental income		**231**	649	**557**	2,067
Other income and expenses					
Finance income		**–**	–	**–**	707
Finance costs		**(115)**	(287)	**(346)**	(873)
Profit (loss) for the period before income taxes and fair value adjustments to investment properties		**116**	362	**211**	1,901
Income taxes	16	**(83)**	(351)	**(83)**	(351)
Profit (loss) for the period before fair value adjustments to investment properties		**33**	11	**128**	1,550
Fair value adjustment to investment properties		**735**	–	**735**	–
Net income and comprehensive income		**$ 768**	$ 11	**$ 863**	$ 1,550
Earnings per unit					
Basic	11	**$ 0.068**	$ 0.001	**$ 0.096**	$ 0.200
Diluted	11	**$ 0.068**	$ 0.001	**$ 0.096**	$ 0.157

The accompanying notes are an integral part of these condensed consolidated financial statements

* See note 4(a)

SUMMIT INDUSTRIAL INCOME REIT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2012 and 2011
(In thousands of Canadian dollars)

	Note	Trust units	Retained earnings Restated*	Unitholders' equity Restated*
Equity - January 1, 2011		$ 17,187	$ 3,575	$ 20,762
Comprehensive income for the period		–	1,550	1,550
Distributions for the period	10	–	(383)	(383)
Units issued through DRIP		289	–	289
Increase in equity from in-kind distribution		4,048	–	4,048
Stock options exercised		47	–	47
Stock options issued		–	11	11
Equity - September 30, 2011		$ 21,571	$ 4,753	$ 26,324
Equity - January 1, 2012		$ 21,645	$ (6,724)	$ 14,921
Comprehensive income for the period		–	863	863
Distributions for the period	10	–	(13,346)	(13,346)
Issuance of units under private offerings, net of costs	11	30,753	–	30,753
Equity - September 30, 2012		52,398	(19,207)	33,191

The accompanying notes are an integral part of these condensed consolidated financial statements

* See note 4(a)

SUMMIT INDUSTRIAL INCOME REIT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2012 and 2011
(In thousands of Canadian dollars)

	Note	2012	2011
Operating activities			
Net income for the period		**$ 863**	$ 1,550
Add (deduct): Items not affecting cash			
Net finance costs		**346**	166
Equity settled share-based payment transactions		**–**	10
Gain on sale of investment properties		**–**	–
Fair value adjustments to investment properties		**(735)**	–
Change in non-cash operating items		**357**	973
Interest paid		**(346)**	(886)
		485	1,813
Financing activities			
Repayment of loans and borrowings		**(277)**	(756)
Increase in loans and borrowings	8	**17,322**	–
Distribution paid	10	**(13,346)**	(93)
Net proceeds from private offerings and exercise of stock options	11	**30,753**	47
		34,452	(802)
Investing activities			
Advances from to related party		**–**	(296)
Additions to investment properties		**–**	(1,001)
Proceeds from sale of investment properties	6	**13,766**	–
Acquisition of investment properties	6	**(46,344)**	(184)
		(32,578)	(1,481)
Increase (decrease) in cash and equivalents during the period		**2,359**	(470)
Cash and cash equivalents - beginning of period		**360**	625
Cash and cash equivalent - end of period		$ **2,719**	$ 155

The accompanying notes are an integral part of these condensed consolidated financial statements

1. Reporting entity

Effective October 3, 2012, Proventure Income Fund changed its name to Summit Industrial Income REIT ("Summit II", the "Fund", the "REIT" or the "Trust"). Summit II is a mutual fund trust established under the laws of the Province of Ontario and is domiciled in Canada. The registered office of the Trust is situated at 1959 Upper Water Street, Suite 1700, Halifax, Nova Scotia B3J 3N2. The unaudited condensed consolidated financial statements of the Trust as at and for the periods ended September 30, 2012 and 2011 are comprised of the Trust and its subsidiaries. The Trust is primarily involved in the commercial leasing of real estate property with six property locations across Western Canada and three properties in Ontario. The Trust's units are listed on the TSX Venture Exchange and trade under the symbol "SMU.UN".

2. Basis of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed interim consolidated financial information should be read in conjunction with the annual financial statements prepared for the year ended December 31, 2011.

The board of trustees authorized the issuance of these consolidated financial statements on November 9, 2012.

(b) The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2011, with the exception of property valuations where the Trust changed its accounting policy for the subsequent measurement of investment property (note 4). Investment properties, which are carried on the consolidated balance sheet at fair value, are valued either by the Trust or by external valuators. The valuation of investment properties is one of the principal estimates and uncertainties of these financial statements. The valuations are based on a number of assumptions, such as appropriate discount rates and capitalization rates and estimates of future rental income, operating expenses and capital expenditures. These investment properties are sensitive to fluctuations in capitalization rates.

3. New and amended IFRS

Certain new or amended standards or interpretations have been issued by the IASB or IFRIS that are not required to be adopted in the current period. None of these changes in standards or interpretations will have a material effect on the consolidated financial statements or note disclosures as currently presented.

4. Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2011 and as described in note 4 in those financial statements.

(a) On September 27, 2012 the Trust changed its accounting policy with respect to the subsequent measurement of investment property from the cost model to the fair value model, with changes in fair value recognised in profit or loss. The Trust believes that subsequent measurement of these assets assists users to better understand the risks associated with these assets and is consistent with industry practice in relation to these types of assets.

The change in accounting policy was applied retrospectively. The following table summarises the adjustments made to the statement of financial position and the impact on profit and loss of the implementation of the new accounting policy.

(In thousands of Canadian dollars)	Investment properties held for sale	Investment property	Retained earnings
Balance as reported as January 1, 2011	$ –	$ 36,196	$ 2,510
Effect of revaluation on January 1, 2011	–	1,065	1,065
Restated balance at January 1, 2011	$ –	$ 37,261	$ 3,575
Balance as reported as December 31, 2011	$ 25,235	$ 10,898	$ (8,637)
Effect of revaluation on January 1, 2011	746	319	1,065
Effect on profit and loss	346	502	848
Restated balance at December 31, 2011	$ 26,327	$ 11,719	$ (6,724)

	2011	2010
Change in fair value of investment properties held for sale	$ (401)	$ –
Fair value adjustment to investment properties	184	–
Reversal of depreciation	1,065	1,065
	$ 848	$ 1,065

5. Other income

(In thousands of Canadian dollars)	Three month periods ended September 30 **2012**	2011	Nine month periods ended September 30 **2012**	2011
Guarantee fees	**$ –**	$ 21	**$ 14**	$ 62

6. Investment properties

During the nine month period ended September 30, 2012, the Trust disposed of certain of its investment properties to Cervus Equipment Corporation ("Cervus"), a related party for $26.3 million. In addition, in June 2012, the Trust disposed of an additional property to Cervus for a total sale price of $255,000.

The Trust's investment properties in Saskatoon, Saskatchewan, Red Deer, Alberta, and Russell, Manitoba have been made available for sale and the Trust has recorded the fair value less cost to sell at September 30, 2012 as investment properties held for sale.

(In thousands of Canadian dollars)	**September 30, 2012** Investment properties	**Investment properties held for sale**	**Total**	December 31, 2011 Investment properties	Investment properties held for sale	Total
Balance at beginning of period	**$ 11,719**	**$ 26,327**	**$ 38,046**	$ 37,261	$ –	$ 37,261
Additions:						
Acquisition of investment properties	**46,344**	**–**	**46,344**	–	–	–
Transfer from investment properties to investment properties held for sale	**(6,078)**	**6,078**	**–**	(26,728)	26,728	–
Additions to investment properties	**–**	**–**	**–**	1,002	–	1,002
Dispositions	**(419)**	**(26,327)**	**(26,746)**	–	–	–
Fair value gains (losses)	**735**	**–**	**735**	184	(401)	(218)
Balance at end of period	**$ 52,301**	**$ 6,078**	**$ 58,379**	$ 11,719	$ 26,327	$ 38,046

7. Accounts receivable, prepaid expenses and deferred financing costs

The components of amounts receivable, prepaid expenses and deferred financing costs are as follows:

(In thousands of Canadian dollars)	**September 30, 2012**	December 31, 2011
Accounts receivable	**$ 13**	$ 11
Tenant receivables	**–**	60
Other receivables	**61**	–
	$ 74	$ 71
Prepaid expenses and deposits	**$ 558**	$ –
Deferred financing costs	**219**	–
	$ 777	$ –

8. Loans and borrowings

(In thousands of Canadian dollars)	**September 30, 2012**	December 31, 2011
Term mortgages (a)	**$ 7,013**	$ 18,812
Revolving operating facility (b)	**17,080**	–
Due to Cervus, a related party until September 25, 2012 (note 12)	**1,515**	2,730
	$ 25,608	$ 21,542
Loans and borrowings held for sale	**$ 3,580**	$ 11,538
Current	**1,654**	3,536
Non-current	**20,374**	6,468
	$ 25,608	$ 21,542

(a) Term mortgages

Term mortgages bear interest at prime plus 1%. The term mortgages are secured by first registered mortgages over specific properties and first general assignments of leases, insurance and registered chattel mortgages.

Principal repayment requirements for term mortgages are as follows:

(In thousands of Canadian dollars)	
2012	$ 84
2013	345
2014	356
2015	372
2016	388
Thereafter	5,468

(b) Revolving operating facility

Summit II's revolving operating facility with $17 million outstanding is interest bearing at a variable interest rate based on bank prime plus 1% or banker's acceptance rates plus 2%, is secured by first charges over specific investment properties and first general assignment of leases and insurance and expires on September 27, 2014. The maximum amount that can be drawn on the revolving credit facility is $28.8 million. The revolving credit facility was increased to $32 million on October 5, 2012 with the acquisition of 710 Neal Drive in Peterborough, Ontario (Note 15).

9. Preferred units payable

(In thousands of Canadian dollars)	**September 30, 2012**	December 31, 2011
225 Class C preferred units, distribution of 8% per annum, non-convertible and redeemable.	**1,125**	1,125

During the nine month period ended September 30, 2012 the Trust recorded $67,500 (2011 - $67,500) of interest expense related to the Class C preferred units.

10. Distributions

(In thousands of Canadian dollars, except per unit amounts)	**September 30, 2012**	September 30, 2011
$1.70 per unit in January 2012	**$ 13,346**	$ –
$0.05 per unit in January 2011	–	383
Distributions recorded in equity	**$ 13,346**	$ 383

11. Unitholders' equity

(a) Authorized units

The Trust is authorized to issue an unlimited number of units, special voting units and preferred units. Each unit represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions.

(b) Private offerings

On September 25, 2012 the Trust completed a private offering of 8,200,000 units at a price of $0.32 per unit for proceeds of $2.624 million. On September 27, 2012 the Trust completed a second private offering of 66,666,667 units at a price of $0.45 per unit for gross proceeds of $30 million. The two offerings raised a total of $32.624 million and incurred issue costs of $1.87 million for net proceeds of $30.75 million.

11. Unitholders' equity (continued)

(c) Per unit amounts

Both basic and diluted earnings per unit have been calculated using the net earnings attributable to the unitholders of Summit II as the numerator. No adjustments to net earnings were necessary for September 30, 2012 and 2011 for the purposes of calculating earnings per unit. The weighted average number of units for the purposes of diluted earnings per unit can be reconciled to the weighted average number of basic units as follows:

	Three month periods ended September 30		Nine month periods ended September 30	
(In thousands of units)	**2012**	2011	**2012**	2011
Issued units, beginning of period	**7,851**	7,817	**7,851**	7,638
Effect of units issued under the DRIP plan	–	87	–	149
Effect of units issued under the unit option plan	–	17	–	30
Units issued September 25, 2012	**8,200**	–	**8,200**	–
Units issued September 27, 2012	**66,667**	–	**66,667**	–
Total weighted average number of units outstanding	**11,284**	7,829	**9,004**	7,761

(d) Diluted earnings per unit

The calculation of diluted earnings per unit is based on the profit attributable to unitholders and the weighted average number of common units outstanding after adjustment for the effects of dilutive potential common units which consist of the following:

	Three month periods ended September 30		Nine month periods ended September 30	
(In thousands of units)	**2012**	2011	**2012**	2011
Weighted average number of common units (basic) outstanding	**11,284**	7,829	**9,004**	7,761
Effect of units issued under the DRIP plan	–	4	–	4
Effect of units issued under the unit option plan	–	8	–	8
Class D preferred units	–	2,089	–	2,089
Total weighted average number of units outstanding	**11,284**	9,930	**9,004**	9,862

As at September 30, 2012, the Trust has no units or instruments outstanding that would have a dilutive effect on earnings per unit.

12. Related party transactions

(a) Cervus

Until September 25, 2012 the CEO of the Trust, Peter Lacey, was the Executive Chairman of the Board of Directors of Cervus. He was also the single largest equity holder of the Trust and Cervus. Until September 25, 2012 the Trust and Cervus shared a common board of directors, trustees, as applicable. Effective September 25, 2012 in connection with the units issued on that date, the Chairman of Cervus is no longer the CEO of the Trust, he is no longer the controlling unitholder, and the Trust no longer shares a common board of directors / trustees with Cervus. In addition to transactions discussed elsewhere in these financial statements, the Trust had the following transactions with Cervus while they were still a related party which were recorded at the exchange amount, which is the amount agreed to between the two parties:

(In thousands of Canadian dollars)	Three month periods ended September 30 **2012**	2011	Nine month periods ended September 30 **2012**	2011
Income				
Rental income	**$ 89**	$ 777	**$ 267**	$ 2,302
Guarantee fees	–	21	**14**	62
Expenses				
Management fees for administration	**8**	8	**23**	23
Interest on advances	**12**	22	**35**	66

As described in note 6, the Trust sold land and buildings to Cervus and Cervus assumed certain mortgage liabilities related to those assets. The sales price was at fair value and aggregated $26.6 million, of which $11.5 million was an assumption of mortgage debt and the balance of $14.8 million, was in the form of cash in the amount of $13.3 million and $1.5 million was applied as a reduction in the loan between the Trust and Cervus. As at September 30, 2012, the balance of the loan between the Trust and Cervus is $1.5 million.

The Trust paid $2,500 per month to Cervus to carry out all administrative and management tasks related to the Trust's operations until September 25, 2012.

The Trust received a guarantee fee from Cervus equal to 3% per annum for the guaranteed amounts that the Trust has provided to John Deere. This guarantee is a result of guarantees provided to John Deere prior to the establishment of the Trust and for which John Deere released the Trust from the contractual obligation in February 2012.

On December 31, 2010, the Trust sold certain assets and liabilities of the Trust to a private income trust, Prodev Trust ("Prodev"). Prodev was a related party as the trustees and officers of Prodev were the same as those of the Trust. The amount due from Prodev on January 1, 2012 was $17.2 million, which was due on demand and bore interest at the rate of 8% per annum. The amount owing has since been received.

12. Related party transactions (continued)

(b) Management agreement

Pursuant to the terms of the Management Agreement entered into on September 25, 2012 with Founders Asset Management ("Founders" or the "Manager"), Founders provides Summit II with the services necessary to manage its day-to-day operations. The Management Agreement has an initial term of ten years, subject to earlier termination in certain circumstances, and will be automatically renewed for successive five-year terms.

The Management Agreement sets out the fees payable to the Manager for the services provided, such fees being: a base annual management fee equal to 0.25% of the gross value of Summit II's assets; an incentive fee equal to 15% of Summit II's AFFO per unit, in excess of a $0.04 hurdle amount, such hurdle amount to be increased by 1.5% each year; an acquisition fee for the purchase price paid by Summit II on the acquisition of a property equal to 1% of the first $50 million of the purchase price, 0.75% of the next $50 million of the purchase price, and 0.50% of any portion of the purchase price in excess of $100 million, payable so long as the gross book value of the properties owned by Summit II does not exceed $1 billion; a development fee in an amount to be negotiated between Summit II and the Manager, not to exceed the fair market value for comparable services; a property management fee equal to 3.5% of the gross rental income from each multi-tenant property, and 2.5% of the gross rental income from each single-tenant property; a leasing fee equal to $1.00 per rentable square foot only for those properties where the Manager provides leasing services; and a capital expenditures fee equal to 5% of all hard construction costs incurred on any capital project of Summit II, where the Manager is the project manager for the project and the hard construction costs of the project are in excess of $200,000.

The Manager can elect to take all (or any percentage of all) fees payable to it under the Management Agreement (and any property management agreement) in the form of units, rather than in cash.

Under the terms of the Management Agreement the Trust has incurred the following fees as of September 30, 2012:

	Three month periods ended September 30		Nine month periods ended September 30	
(In thousands of Canadian dollars)	**2012**	2011	**2012**	2011
Acquisition fees	**$ 449**	$ –	**$ 449**	$ –
Asset management fees	–	–	–	–
Property management and leasing fees	–	–	–	–
	$ 449	$ –	**$ 449**	$ –

13. Revenues from income producing properties

Revenues recognized from income producing properties for the three and nine months ended September 30, 2012 were $306,000 and $827,999 respectively (three and nine months ended September 30, 2011 $856,000 and $2.53 million respectively). The Trust leases commercial properties under operating leases with lease terms of between one and ten years.

As at September 30, 2012 the Trust is entitled under its non-cancellable tenant operating leases to the following minimum future receipts:

	Within 12 months	2 to 5 years	Beyond 5 years
Operating lease revenue	$ 4,562,000	$ 16,830,000	$ 15,188,000

14. Risk management

In the normal course of business, the REIT is exposed to a number of risks that can materially affect its operating performance.

(a) Interest rate risk

The REIT is exposed to interest rate risk when funds are drawn under the revolving credit facility and variable rate mortgages, which have a floating rate of interest. An increase in interest rates would increase the interest cost of the REIT’s loans and have an adverse effect on the REIT’s comprehensive income and earnings per unit. Based on the outstanding balance of the revolving credit facility and variable rate mortgages at September 30, 2012, a 1% increase or decrease in the bank’s prime rate would have an impact of $240,000 on the REIT’s annual interest expense (December 31, 2011 - $188,000) for the period then ended. The REIT intends to structure its fixed rate financing so as to stagger the maturities of its mortgages, thereby minimizing exposure to future interest rate fluctuations.

(b) Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The REIT attempts to mitigate this risk by conducting credit assessments on new lessees, by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. The maximum credit risk exposure at September 30, 2012 and December 31, 2011 relates to the carrying value of the accounts receivable balance without taking into account any collateral held or other credit enhancements. Collateral held on certain leases are letters of credit or security deposits from the tenants. Refer to note 7 for details of accounts receivable.

(c) Liquidity risk

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the REIT to fund future growth, refinance debts as they mature or meet the REIT’s payment obligations as they arise. Furthermore, liquidity risk also arises from the REIT not being able to obtain financing or refinancing on favourable terms.

14. Risk management (continued)

(c) Liquidity risk (continued)

For the nine months ended September 30, 2012 the REIT's main liquidity requirements arose from ongoing working capital requirements, debt servicing and repayment obligations, capital and leasing expenditures on existing properties, property acquisitions and distributions to unitholders. All of the aforementioned liquidity requirements, except for debt repayment obligations at maturity and property acquisitions, are generally funded from cash flows from operations or from drawing on the REIT's revolving credit facility. Debt repayment obligations (note 8) are generally funded from refinancing the related debt, and property acquisitions are generally funded from equity raises as well as obtaining debt financing on the related property. Between capital raises, the REIT may use its revolving credit facility to fund the equity portion of property acquisitions.

The REIT's financial condition and results of operations would be adversely affected if it were unable to obtain financing / refinancing or cost-effective financing / refinancing, or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The REIT intends to mitigate its liquidity risk by staggering the maturities of its debt. As well, the REIT's distributions are made at the discretion of the REIT's trustees. Finally, the REIT does not enter into property acquisitions unless it has secured or knows that it can secure the appropriate capital (debt and equity) to fund the particular acquisition.

15. Subsequent events

The Trust acquired an investment property at 710 Neal Drive in Peterborough, Ontario on October 5, 2012 for a purchase price of $5.25 million. The acquisition was financed by the Trust's revolving credit facility. On October 5, 2012 the limit on the revolving credit facility increased to $32 million as a result of such purchase.

The Trust has accepted an offer to sell its investment property in Saskatoon, Saskatchewan for $3.78 million with a closing date to occur on or before December 31, 2012. As a result of this sale, the Trust will be required to repay approximately $2.43 million of its Farm Credit Canada mortgage at prime plus 1%.

The Trust accepted an offer to sell its investment property in Russell, Manitoba for $1.64 million which is scheduled to closed on November 15, 2012. As a result of this sale, the Trust will be required to repay approximately $1.15 million of its Farm Credit Canada mortgage at prime plus 1%.

As a result of the sale of the Saskatoon property and the Russell property, the Trust will repay $1.5 million due to Cervus.

15. Income tax

The *Income Tax Act* (the “Tax Act”) contains rules (i.e. the SIFT Rules) applicable to SIFTS, which generally tax the SIFT at a rate of 26.5% on income from business carried on in Canada and on income (other than taxable dividends) or capital gains from non-portfolio properties (as defined in the Tax Act) and the distribution of such income to unitholders is generally treated as dividends received from a taxable Canadian corporation. If the income is not distributed, the Trust will be taxed at a rate of 39% on its income. In general, distributions paid as a return of capital will not be subject to this tax. Income taxes have been recorded during the period of $83,000 relating to 2011 income (2011 - $390,000). The SIFT Rules are not applicable to real estate investment trusts that meet certain specified criteria relating to the nature of its revenue and investments (i.e. the REIT Exemption); however, the Trust did not meet this criteria for 2011. At December 31, 2011, the Trust qualifies as a REIT and therefore will not be subject to the SIFT tax for periods commencing January 1, 2012.