

## XS Cargo Income Fund Reports 2009 Third Quarter Results

EDMONTON, November 13, 2009 (TSX: XSC.UN): XS Cargo Income Fund (the “Fund”) today announced its results for the three and nine month periods ending September 30, 2009. The Fund’s interim financial statements and Management’s Discussion and Analysis (“MD&A”) can be found on XS Cargo’s website at [www.xscargo.com](http://www.xscargo.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

For the 2009 third quarter, the Fund reported sales of \$23.0 million, and net earnings of \$84 thousand. EBITDA <sup>(1)</sup> for the third quarter increased \$0.3 million or 24.5% from \$1.3 million in 2008 to \$1.6 million in 2009.

Sales for the third quarter of 2009 declined by \$1.5 million or 6.1% compared to the same quarter in 2008. Sales were affected by reduced opening inventory levels and a slower than anticipated build up through the quarter. As inventory levels recovered sales trended upward compared to the same period in 2008. Gross margin as a percentage of sales increased 2.3% from 38.5% to 40.8% compared to the same period in 2008.

Management expects a continued upward sales trend based on the combination of improved store operations and an increased selection of discounted merchandise.

The Fund opened one new location in the third quarter bringing the total store count to 41.

### Business of the Fund

The Fund owns a 51% indirect interest in XS Cargo LP which operates 41 closeout retail stores in Alberta, British Columbia, Manitoba, Saskatchewan, Ontario, Newfoundland, Nova Scotia and New Brunswick.

### (1) Non-GAAP Measures

References to “EBITDA” are to earnings before interest, income taxes, depreciation and amortization and references to “distributable cash” are to cash available for distribution to Unitholders in accordance with the distribution policies of the Fund. EBITDA is calculated as Net Earnings (loss) plus non-controlling interest, plus future income tax expense, plus impairment of goodwill, plus impairment of intangible assets, plus interest on term, subordinated and operating loans, plus amortization of intangible assets and amortization of property and equipment. Management believes that, in addition to income or loss, EBITDA is a useful supplemental measure of performance and cash available for distribution before debt service, changes in working capital, capital expenditures and income taxes. Distributable cash of the Fund is a measure generally used by open-ended trusts as an indicator of financial performance. As one of the factors that may be considered relevant by prospective investors is the cash distributed by the Fund relative to the price of the Units, management believes that distributable cash of the Fund is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund.

Earnings from operations have been derived by adding interest expense, amortization of property and equipment and intangible assets, future income taxes, impairment of goodwill and intangible assets, foreign exchange gain or loss, unit-based compensation and non-controlling interest to net earnings for the period.

EBITDA, distributable cash, earnings from operations and payout ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that EBITDA, distributable cash and earnings from operations should not replace net income or loss (as determined in accordance with GAAP) as an indicator of the Fund's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Fund's methods of calculating EBITDA, distributable cash, earnings from operations and payout may differ from the methods used by other issuers and may not be comparable to similar measures presented by other issuers.

## FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release are forward-looking statements. You can identify many of these statements by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. These forward-looking statements include statements with respect to the amount and timing of the payment of distributions of the Fund. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in the press release. There can be no assurance that such expectations will prove to be correct.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to, those discussed under "Risk Factors" in the Fund's MD&A and in the Fund's Annual Information Form.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release and, except as required by law, the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

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