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

23. Income tax recovery (continued):

A reconciliation of expected income tax based upon the 2010 and 2009 statutory rates to the recorded income tax expense is as follows:

	2010	2009
Income tax computed at the Canadian statutory rate of $nil applicable to the REIT for 2010 and 2009	**$ -**	$ -
Future income tax arising from a change in tax status with the enactment of the SIFT Rules	**-**	-
Increase (decrease) of future income tax arising from change in:		
Tax rates	**-**	(14,053)
Estimate of expected reversal of temporary differences	**-**	3,456
Future income tax applicable to Canadian corporate subsidiaries	**-**	-
U.S. income tax	**-**	364
Future income tax included in the determination of other comprehensive income (loss)	**-**	984
	$ -	$ (9,249)

On June 22, 2007, legislation relating to the federal income taxation of a specified investment flow-through trust or partnership (a "SIFT"), received royal assent (the "SIFT Rules"). A SIFT includes certain publicly listed or traded partnerships and trusts and generally includes an income trust. The REIT is a SIFT until December 31, 2010, as discussed below.

Under the SIFT Rules, following a transition period for qualifying SIFTs, certain distributions from a SIFT will no longer be deductible in computing the SIFT's taxable income, and the SIFT will be subject to tax on an amount equal to the amount of such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Distributions paid by a SIFT as returns of capital will not be subject to such tax.

A SIFT which was publicly listed before November 1, 2006 (an "Existing Trust") will become subject to the tax on distributions commencing with the 2011 taxation year end. However, an Existing Trust may become subject to this tax prior to the 2011 taxation year end if its equity capital increases beyond certain limits measured against the market capitalization of the Existing Trust at the close of trading on October 31, 2006. The REIT has not exceeded such normal growth guidelines at any time prior to 2011.

Under the SIFT Rules, the new taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its income and investments throughout the taxation year (the "REIT Exemption").

The REIT completed the necessary restructuring as of June 30, 2010 to qualify for the REIT Exemption commencing January 1, 2011. Accordingly, the net future income tax liability of $123,303 was reversed into earnings as of June 30, 2010. After 2010, the REIT will not be subject to the SIFT Rules provided that the REIT qualifies for the REIT Exemption at all times.