



November 3, 2009

**TRADING SYMBOL: The Toronto Stock Exchange:
Village Farms Income Fund – VFF.UN**

Village Farms Income Fund Announces Unitholder Meeting for Conversion from an Income Trust Structure to a Corporation and its Third Quarter 2009 Results

Vancouver, B.C., November 3, 2009 – Village Farms Income Fund (the “Fund”) (TSX: VFF.UN) announced today that its board of trustees has approved the proposed conversion from an income trust structure to a public corporation (the “Conversion”).

The Conversion is expected to be completed on or around December 31, 2009 and is subject to the approval of the unitholders of record of the Fund, to be obtained at a special meeting of the unitholders to be held on December 9, 2009 and will be completed pursuant to a plan of arrangement under Section 192 of the Canadian Business Corporations Act (“CBCA”).

In conjunction with their review of the Conversion, the board of trustees retained RSM Richter, Inc. (“RSM Richter”) to act as its financial advisor. RSM Richter has provided the board of trustees with an opinion that, as at the date thereof and subject to the particular assumptions and considerations summarized therein, the consideration to be received by unitholders pursuant to the Conversion is fair, from a financial point of view, to such unitholders. The full text of the RSM Richter fairness opinion will be included with the management information circular.

Rationale and Benefits of the Conversion

- Greater access to equity capital markets and widening of potential investor base in light of the pending limited life of the public income trust market;
- Enhanced structure to pursue opportunities for growth and expansion;
- Simplified capital structure;
- Effective and efficient method of converting from an income trust to a corporation under existing legislation.

Details of the Conversion

As a result of the Conversion, ordinary unitholders of the Fund will receive one common share for every ordinary trust Unit (“Unit”) of the Fund held on the effective date of the Conversion. The Conversion entity, Village Farm of Canada, Inc. (“VF Canada”), is an existing wholly owned subsidiary of the Fund, which intends to change its name to Village Farms International, Inc. in connection with the Conversion. The existing participating preferred shares of VF U.S. Holdings outstanding at the time of the Conversion will become exchangeable for common shares, instead of units, resulting in no change in ownership upon completion of the Conversion. The majority holders of the Participating Preferred Shares have indicated they will vote their 45% of the total unitholder votes in favor of the Conversion.

Following the Conversion, the board of directors and executive officers of VF Canada will be comprised of the existing members of the VF Canada board and the existing executive officers of the Fund and its operating subsidiaries.

Village Farms anticipates that 13,440,435 shares of VF Canada will be outstanding, which is the same figure as the current outstanding Units, with the Participating Preferred shareholders having the rights to exchange their shares for an additional 25,267,000 shares. Accordingly, on a fully-diluted basis, VF Canada would have 38,707,345 shares, which is the same figure as the Fund’s current fully diluted Units.

The Conversion is subject to the customary commercial conditions, including the receipt of regulatory approvals such as the Toronto Stock Exchange. As a result of being an arrangement with a corporation governed by the CBCA, it is also subject to the approval of the Ontario Superior Court of Justice, as well as the approvals of not less than 66 2/3% of the votes cast at the meeting of the Fund’s unitholders to be held on December 9, 2009. The mailing of the information circular to the unitholders of record on November 9, 2009 is expected to be completed by November 16, 2009.

At the meeting, unitholders will also be asked to consider a resolution to implement a Stock Compensation Plan for VF Canada, which will be further described in the information circular.

Third Quarter 2009 Operating Results Summary:

- Revenues of US\$32.7 million versus third quarter 2008 sales of US\$ 30.1 million;
- EBITDA of US\$(292) thousand versus US\$679 thousand in the third quarter 2008;
- Net loss of US\$(2.8) million versus a \$(1.7) million loss in the third quarter 2008;

Michael DeGiglio, Chief Executive Officer of the Fund's operating subsidiaries, stated, "We continued to face market challenges through the summer of 2009 which is historically the weakest pricing period for our products during the course of a calendar year and this year was no exception. The market challenges came from decreased consumer consumption for fresh produce as compared to 2008 and increased supply of competitive products as well as some competitors facing serious financial distress. As a result we saw a year on year decrease in our average selling price of 14.7%. During the later part of the third quarter we did experience better

market pricing than we did during the same period in 2008, so we are hopeful that our fourth quarter results will be more in line with our prior year fourth quarter performance rather than the first three quarters of calendar year 2009, in which we have experienced some of the weakest pricing in the last five years.

DeGiglio added, “We continue to believe that 2009 will remain a challenging year, we are steadfast on improving our results in 2010 as a result of more efficient operations, marketing and customer mix as well as enhanced production. We remain committed to creating long term value for our unitholders through a disciplined operational and strategic approach to our business. The Conversion is an integral part of executing our growth strategy and will enhance our growth opportunities in the future.”

Operational Summary for the Quarter:

Revenue

Revenue for the quarter ended September 30, 2009 increased \$2,606 or 9%, to \$32,711 from \$30,105 for the quarter ended September 30, 2008. The increase in revenue is due to an increase in third party produce of \$4,485 over the same period in 2008. Revenues from our own production were down \$1,879 for the comparable period in 2008 due to lower pricing in 2009 versus 2008. The comparable period pricing for the Fund’s products was 15% lower in 2009 versus 2008.

Gross Profit

Gross profit for the quarter ended September 30, 2009 decreased \$1,788 or 66%, to \$935 from \$2,723 for the quarter ended September 30, 2008. The decrease in gross profit is directly due to lower pricing and higher volume of third party produce. Cost of goods for the Fund’s production was 5% lower than the Fund’s 2008 production cost of goods.

Selling, General and Administrative

Selling, general and administrative expenses for the quarter ended September 30, 2009 decreased \$691 or 21% to \$2,675 from \$3,366 for the quarter ended September 30, 2008. The decrease is primarily due to lower personnel and credit costs in the third quarter of 2009 as compared to the same period in 2008.

Interest, Net

Net Interest expense, for the quarter ended September 30, 2009 decreased \$76 to \$817 from \$893 for the quarter ended September 30, 2008. The decrease is due to the continued reduction in debt levels throughout 2009 and 2008.

Other Costs

Other costs for the quarter ended September 30, 2009 increased \$377 to \$1,288 from other costs of \$911 for the quarter ended September 30, 2008. The increase was due to a larger non-cash charge for foreign exchange loss of \$829 as compared to \$194 for the third quarter of 2008. The increased loss was directly due to the volatility in the US/CA exchange rate as a significant portion of the Fund's transactions are denominated in CA dollars, while the common/reporting currency is US dollars.

Net (Loss)

Net (loss) for the quarter ended September 30, 2009 increased (\$1,073) to a loss of (\$2,777) from a net loss of (\$1,704) for the quarter ended September 30, 2008. The increased loss was due to a decrease in gross profit caused by lower pricing.

EBITDA

EBITDA for the quarter ended September 30, 2009 decreased \$(971) to \$(292) from \$679 for the quarter ended September 30, 2008 primarily due to a lower gross profit as result of lower product pricing.

Distributions to Unitholders

The Fund's policy has been to distribute annually to Unitholders available cash provided by operations after cash required for capital expenditures, working capital reserves, growth capital reserves and other reserves considered advisable by the Trustees of the Fund. In light of the ongoing uncertainties and challenging economic times, as well as to create a reserve for the cost of converting the Fund's Income Trust structure by the end of calendar year 2009 into a regular public Canadian corporation and our intent to accelerate our growth initiatives, the Trustees believe it is prudent to conserve cash for these reasons and as such suspended monthly distributions beginning in June 2009.

Non-GAAP Measures

EBITDA is not a recognized measure and does not have standardized meaning under the Canadian generally accepted accounting principles. Accordingly, this measure may not be comparable to similar measures presented by other issuers. Please refer to the Fund's Management's Discussion and Analysis for the quarter ended September 30, 2009, which will be available at www.sedar.com, for additional information concerning EBITDA and a reconciliation of it to net earnings and operating cash flows, for the periods presented.

About Village Farms

Village Farms is one of the largest producer, marketer and distributor of premium-quality, greenhouse grown tomatoes, bell peppers, and cucumbers in North America. This premium product as well as premium product produced under exclusive arrangements with other greenhouse producers is grown in sophisticated, highly efficient and intensive agricultural

greenhouse facilities located in British Columbia and Texas. Product is marketed and distributed under the Village Farms[®] brand primarily to retail grocers and dedicated fresh food distributors throughout the United States, Canada and Japan. Village Farms currently operates distribution centers located in key markets in the United States and Canada. Since its inception, Village Farms has been guided by sustainable agricultural principles which integrate three main goals; environmental health, economic profitability, and social & economic equality.

Forward Looking Statements

This press release contains certain "forward looking statements". These statements relate to future events or future performance and reflect our expectations regarding our growth, results of operations, performance, business prospects, opportunities or industry performance and trends. These forward looking statements reflect our current internal projections, expectations or beliefs and are based on information currently available to us. In some cases, forward looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict" , "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, you should specifically consider various factors, including, but not limited to, such risks and uncertainties as availability of resource, competitive pressures and changes in market activity, risks associated with U.S. and international sales and foreign exchange, regulatory requirements and all of the other "Risk Factors" set out in the Fund's current quarterly information form and management's discussion and analysis for the quarter September 30, 2009, which is available electronically at www.sedar.com. Actual results may differ materially from any forward looking statement. Although we believe that the forward looking statements contained in this press release are based upon reasonable assumptions, you cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this press release, and other than as specifically required by applicable law, we assume no obligation to update or revise them to reflect new events or circumstances.

For further information

Stephen C. Ruffini, Senior Vice President and Chief Financial Officer, Village Farms Canada Limited Partnership, (732) 676-3008.

Village Farms Income Fund
Consolidated Balance Sheets
(In thousands of United States dollars)

| | <u>September 30, 2009</u> | <u>De</u> |
|---|---------------------------|-----------|
| Assets | (unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$2,725 | |
| Accounts receivable | 7,958 | |
| Assets held for sale | - | |
| Inventories | 11,867 | |
| Other receivables | 694 | |
| Prepays and deposits | 240 | |
| | 23,484 | |
| Property, plant and equipment | 67,543 | |
| Intangible assets | 1,430 | |
| Other assets | 945 | |
| Total assets | \$93,402 | |
| Liabilities and unitholders' equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$8,637 | |
| Operating line of credit | 1,691 | |
| Current portion of long-term debt | 3,227 | |
| Current portion of obligations under capital leases | 272 | |
| Distributions payable | - | |
| Total current liabilities | 13,827 | |
| Long-term debt | 52,311 | |
| Derivatives | 2,366 | |
| Obligations under capital leases | 330 | |
| Future income taxes | 5,186 | |
| Total liabilities | 74,020 | |
| Unitholders' equity: | | |
| Trust units | 24,850 | |

Village Farms Income Fund
Consolidated Statements of Earnings and Comprehensive Earnings
For the Three and Nine Months Ended
(In thousands of United States dollars, except for units outstanding and per unit/share amounts,

| | Three Months Ended September 30, | | Nine Months E |
|---|---|-------------------|----------------------|
| | 2009 | 2008 | 2009 |
| | (unaudited) | (unaudited) | (unaudited) |
| Net sales | \$32,711 | \$30,105 | \$96,927 |
| Cost of sales | 31,776 | 27,382 | 89,568 |
| Gross profit | <u>935</u> | <u>2,723</u> | <u>7,359</u> |
| Selling, general and administrative expenses | 2,675 | 3,366 | 8,489 |
| (Loss) income from Operations | <u>(1,740)</u> | <u>(643)</u> | <u>(1,130)</u> |
| Interest expense, net | 817 | 893 | 2,419 |
| Foreign exchange loss | 829 | 194 | 409 |
| Amortization of intangible assets | 26 | 341 | 78 |
| Loss (gain) on derivatives | 485 | 379 | (435) |
| Other (income), net | (52) | (3) | (234) |
| Gain on sale of asset | - | - | (37) |
| Loss/earnings before income taxes | <u>(3,845)</u> | <u>(2,447)</u> | <u>(3,330)</u> |
| (Recovery of) provision for income taxes | <u>(1,068)</u> | <u>(743)</u> | <u>(820)</u> |
| Net (loss) earnings and comprehensive (loss)earnings | <u>(2,777)</u> | <u>(1,704)</u> | <u>(2,510)</u> |
| Net (loss) income per Unit/share-basic | <u>(\$0.07)</u> | <u>(\$0.05)</u> | <u>(\$0.06)</u> |
| Weighted average number of units/shares outstanding-basic | <u>38,707,345</u> | <u>36,349,305</u> | <u>38,707,345</u> |
| Net (loss) income per Unit/share-diluted | <u>(\$0.07)</u> | <u>(\$0.04)</u> | <u>(\$0.06)</u> |
| Weighted average number of units/shares outstanding-diluted | <u>38,707,345</u> | <u>38,707,345</u> | <u>38,707,345</u> |

Village Farms Income Fund
Consolidated Statements of Cash Flows
For the Three and Nine Months Ended
(In thousands of United States dollars, unaudited)

| | Three Months Ended September 30, | 2009 | 2008 | Nine Months Ended |
|---|---|-----------------------|--------------------|--------------------------|
| | (unaudited) | (unaudited) | (unaudited) | 2009 |
| Cash flows from operating activities: | | | | |
| Net earnings | (\$2,777) | (\$1,704) | | |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 1,422 | 1,660 | | |
| Loss (gain) on sale of property | - | 50 | | |
| Loss (gain) on derivatives | 485 | 379 | | |
| Foreign exchange loss (gain) | 44 | - | | |
| Share based compensation | - | - | | |
| Future income taxes | (139) | (5) | | |
| Changes in non-cash working capital | 5,216 | 7,300 | | |
| Net cash provided by operating activities | <u>4,251</u> | <u>7,680</u> | | |
| Cash flows from investing activities: | | | | |
| Purchases of property, plant and equipment | (410) | (1,659) | | |
| Proceeds from sale of property, plant and equipment | 140 | - | | |
| Net cash used in investing activities | <u>(270)</u> | <u>(1,659)</u> | | |
| Cash flows from financing activities: | | | | |
| Proceeds (Payments on) from operating line of credit | (3,865) | (5,031) | | |
| Payments on long-term debt | (807) | (795) | | |
| Payments on obligations under capital leases | (13) | (92) | | |
| Dividend payments to Unitholders and PPS holders | - | (1,047) | | |
| Other | 53 | - | | |
| Net cash used in financing activities | <u>(4,632)</u> | <u>(6,965)</u> | | |
| Foreign exchange loss | (44) | - | | |
| Net increase (decrease) in cash and cash equivalents | (695) | (944) | | |
| Cash and cash equivalents beginning of period | 3,420 | 4,193 | | |
| Cash and cash equivalents end of period | <u>\$2,725</u> | <u>\$3,249</u> | | |
| Supplemental cash flow information: | | | | |
| Interest paid | <u>\$831</u> | <u>\$1,321</u> | | |
| Income taxes paid | <u>\$1</u> | <u>\$16</u> | | |