



COLABOR INCOME FUND

MANAGEMENT'S DISCUSSION & ANALYSIS

March 2, 2007

This Management's Discussion & Analysis (MD&A) of Colabor Income Fund (the "Fund") discusses the operating results, cash flows and financial situation for the 114-day period ended December 31, 2006 (4th Quarter) and the 365-day period ended on that date, the fiscal year ended December 31, 2006. These financial statements are in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). These financial statements have been published on SEDAR at www.sedar.com.

This report also contains information that is a non-GAAP measure of performance, such as the concept of distributable cash. Since this concept is not defined in Canadian GAAP, it may not be comparable with that of other funds.

Forward-looking Statements

The MD&A is intended to assist unitholders in understanding the nature and extent of changes and trends, as well as risks and uncertainties. Consequently, actual results may differ significantly from information reported or inferred in these statements. The main factors that could result in a significant difference between the Fund's actual results and the projections or expectations set out in the forward-looking statements are described under *Risks and Uncertainties*.

General

The Fund

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Québec under a Declaration of Trust dated May 19, 2005. On June 28, 2005, the Fund completed an initial public offering of 5,775,000 \$10 units to acquire and hold 53.2% of Colabor Limited Partnership ("Colabor LP"), with the remaining 46.8% being retained by Colabor Investments Inc. (the "Vendor", formerly Colabor Inc.) in the form of exchangeable Colabor LP units.

The Fund's units are traded on the Toronto Stock Exchange under the symbol CLB.UN

Activities

Colabor was founded in 1962 and is one of the largest master distributors of food, food-related and non-food products that it purchases and supplies to wholesale distributors that, in turn, distribute the products to over 25,000 customers operating in the retail or food-service market segments in Québec and the Atlantic provinces.

Scope of MD&A

This MD&A covers the Fund's results for the 114-day period ended on December 31, 2006, which represents the 4th quarter of the fiscal year ended December 31, 2006. It also covers the cumulative results for the 365 days ended on that date.

The Fund's fiscal year comprises thirteen 28-day periods. Three quarters comprise three 28-day periods each and the 4th quarter includes four 28-day periods. The Fund's year-end is December 31.

Since the Fund does not have financial statements for the period prior to formation of the Fund, that is, as at June 28, 2005, to help readers compare, the Fund's results have been compared with the results of the Vendor for the periods prior to June 28, 2005 by correcting them to reflect special aspects of the Fund's activities, in particular customer rebates, the costs of a listed company and amortization of intangible assets. Accordingly, the comparative figures differ from those reported in the Fund's financial statements as at December 31, 2006.

On January 8, 2007, Colabor acquired Summit Food Service Distributors Inc. This MD&A does not account for this transaction, which is briefly explained under Subsequent Events.

Results of Operations

Colabor Income Fund Consolidated Earnings ('000)

	Quarter ended					Period ended				
	December 31, 2006		December 31, 2005		Change %	December 31, 2006		December 31, 2005		Change %
	(114 days)		(113 days)			(365 days)		(365 days)		
Sales	141,308	100.0%	140,109	100.0%	0.9%	412,621	100.0%	402,548	100.0%	2.5%
Rebates	4,189	3.0%	4,163	3.0%	0.6%	12,223	3.0%	11,898	3.0%	2.7%
Net sales	137,119	97.0%	135,946	97.0%	0.9%	400,398	97.0%	390,650	97.0%	2.5%
Cost of sales	138,867	98.3%	137,047	97.8%	1.3%	404,146	97.9%	393,961	97.9%	2.6%
Rebates from suppliers	10,976	7.8%	10,736	7.7%	2.2%	29,921	7.3%	28,668	7.1%	4.4%
	127,891	90.5%	126,311	90.1%	1.3%	374,225	90.6%	365,293	90.8%	2.4%
Gross profit	9,228	6.5%	9,635	6.9%	-4.2%	26,173	6.4%	25,357	6.2%	3.2%
Selling, distribution and administration expenses	3,429	2.4%	3,729	2.7%	-8.0%	12,112	2.9%	11,782	2.9%	2.8%
Earnings before financial expenses and amortization	5,799	4.1%	5,906	4.2%	-1.8%	14,061	3.5%	13,575	3.3%	3.6%
Financial expenses	269	0.2%	266	0.2%	1.1%	843	0.2%	666	0.2%	26.6%
Amortization of property, plant and equipment	291	0.2%	306	0.2%	-4.9%	927	0.2%	988	0.2%	-6.2%
Amortization of intangible assets	993	0.7%	993	0.7%	0.0%	3,225	0.8%	3,225	0.8%	0.0%
	1,553	1.1%	1,565	1.1%	2.4%	4,995	1.2%	4,879	1.2%	2.4%
Earnings before non-controlling interest	4,246	3.0%	4,341	3.1%	-2.2%	9,066	2.3%	8,696	2.1%	4.3%
Non-controlling interest	1,989	1.4%	2,069	1.5%	-3.9%	4,255	1.0%	4,121	1.0%	3.3%
Net earnings	2,257	1.6%	2,272	1.6%	-0.7%	4,811	1.3%	4,575	1.1%	5.2%
Basic and diluted net earnings per unit	\$0.39		\$0.39			\$0.83		\$0.79		

Highlights of 365-day Period Ended December 31, 2006

- Increase in gross sales in the order of 2.5%;
- Increase in earnings before financial expenses and amortization (EBITDA) of 3.6% compared to last year;
- Distributable cash: \$19,642,000; distributed cash: \$11,461,000; (see *Distributable cash*);
- Net earnings up 5.2% from 2005;
- Basic and diluted earnings per unit up from \$0.79 to \$0.83.

Highlights of 114-day Period Ended December 31, 2006

(Compared to a 113-day period in 2005)

- Increase in gross sales in the order of 0.9%;
- Slight decrease in earnings before financial expenses and amortization (EBITDA) of 1.8% (1) compared to the same quarter in the previous year;
- Distributable cash: \$8,348,000; distributed cash: \$3,897,000; (see *Distributable cash*);
- Slight decrease in net earnings of 0.7% (1) compared to the same period in the previous year;
- Basic and diluted earnings per unit stable at \$0.39.

(1) When analyzing the results, readers must consider the fact that in 2005, Colabor accounted for a significant portion of rebates from suppliers during the 4th quarter of its financial year, whereas in 2006, it divided these rebates over its financial year based on purchases made.

Sales

Colabor sells food, food-related and non-food products to wholesale distributors serving customers in the retail and food service segments. Products are sold either directly from its Distribution Centre (“warehouse sales”) or through direct delivery from manufacturers and suppliers (“direct sales”).

The following table shows Colabor’s sales for the periods indicated:

Colabor Income Fund Sales by channel

(’000)

	Quarter ended					Period ended				
	December 31, 2006		December 31, 2005		Change	December 31, 2006		December 31, 2005		Change
	(114 days)		(113 days)			(365 days)		(365 days)		
Retail										
Private labels	2,239	1.6%	2,774	2.0%	-19.3%	7,435	1.8%	8,201	2.0%	-9.3%
Branded products	46,430	32.9%	48,081	34.3%	-3.4%	123,658	30.0%	128,075	31.8%	-3.4%
	48,669	34.5%	50,855	36.3%	-4.3%	131,093	31.8%	136,276	33.8%	-3.8%
Foodservice										
Private labels	11,581	8.2%	13,013	9.3%	-11.0%	35,224	8.5%	36,831	9.1%	-4.4%
Branded products	45,131	31.9%	43,713	31.2%	3.2%	137,961	33.4%	129,046	32.1%	6.9%
Frozen food	35,927	25.4%	32,528	23.2%	10.4%	108,343	26.3%	100,395	25.0%	7.9%
	92,639	65.5%	89,254	63.7%	3.8%	281,528	68.2%	266,272	66.2%	5.7%
Total sales	141,308	100.0%	140,109	100.0%	0.9%	412,621	100.0%	402,548	100.0%	2.5%
Warehouse and direct sales										
Warehouse sales	93,667	66.3%	97,655	69.7%	-4.1%	273,061	66.2%	276,577	68.7%	-1.3%
Direct sales	47,641	33.7%	42,454	30.3%	12.2%	139,560	33.8%	125,971	31.3%	10.8%
Total sales	141,308	100.0%	140,109	100.0%	0.9%	412,621	100.0%	402,548	100.0%	2.5%

The difference in retail sales is attributable primarily to an export contract that was delivered in 2005 and was not renewed in 2006 and which comprised a significant portion of private brand-name products and warehouse deliveries made in 2005 to a customer that were not renewed as terms of the supplier agreements for such deliveries were not renewed by the suppliers. This represents a decrease of \$2,871,000 for 2006 and \$863,000 for the 4th quarter of 2006 compared to corresponding periods in 2005.

Sales of brand-name products and frozen foods are increasing more quickly than the industry norm, primarily because of the recruitment of new distributors and a major contract given to distributors in the Atlantic Provinces to whom deliveries commenced in the second quarter of 2006.

The breakdown between warehouse sales and direct sales shows a significant increase in direct sales. This can be explained mainly by the fact that in 2005 deliveries to a large customer were made exceptionally from the warehouse instead of through direct shipment. If this exceptional situation in 2005 were adjusted, the breakdown would be as follows: warehouse sales: 66.4%; direct sales: 33.6%.

Rebates

Rebates to affiliated wholesalers are 3% of their sales, as provided in the agreement between Colabor LP and the affiliated-wholesalers of the Vendor.

Gross Profit

Gross profit is composed of the following items:

- Profit on gross warehouse sales only, which consists primarily of a profit margin on private brand-name products and profit on inventory held. No profit margin is recognized on direct sales. Income is attributed on such sales for purposes of rebates from suppliers only.
- Rebates from suppliers
A significant portion of Colabor's gross profit is derived from rebates from suppliers. These rebates consist of: i) agreements with suppliers relating principally to distribution agreements, central billing, truck load allowance and other incentives, ii) rebates received from suppliers based on buying volumes, iii) cash discounts on purchases based on terms of sale, and iv) net advertising funds received in connection with promotional activities.

For the 365-day period ended December 31, 2006, gross profit rose by 3.2%, or \$816,000 compared to the 2005 fiscal year, i.e. at a rate 0.7% faster than the increase in sales. This can be explained by higher rebates from suppliers as a result of new agreements negotiated with them.

With regard to the 4th quarter of 2006, the above-mentioned table shows a 4.2% decrease in gross profit compared to the 4th quarter of 2005. As explained under *Highlights of 114-day Period Ended December 31, 2006*, Colabor accounted for a significant portion of its rebates from suppliers during the 4th quarter of its 2005 fiscal year whereas in 2006, it allocated the rebates over its fiscal year based on purchases made. The application of a standard method for the two periods would have contributed to an increase in gross profit in 2006 compared to 2005.

Selling, Distribution and Administrative Expenses

Selling, distribution and administrative expenses include fixed and variable costs associated with purchasing, warehousing and distributing products, as well as overhead and administration costs. Fixed costs include energy costs for operating the Distribution Centre, rent, property taxes and overhead and administrative expenses. Variable costs include packaging materials, repairs and maintenance of warehouse equipment and a portion of warehouse employee wages.

These expenses were \$330,000 higher for the 2006 fiscal year than in 2005, i.e. in the order of 2.8%. Based on gross sales, the rate remained stable at 2.9%. An expense of \$128,000 for employees' long-term incentive plan was recorded in 2006, an expense that did not exist in 2005 and that explains near 40% of the increase.

Financial Expenses

Financial expenses are up by \$177,000 to \$843,000 compared to 2005. This can be explained primarily by higher bank interest rates than in 2005 and a more significant average bank loan during the fiscal year following the reimbursement of a \$6,195,000 note payable to the Vendor.

Amortization

Amortization of property, plant and equipment

Amortization of property, plant and equipment of \$927,000 is \$61,000 less in the 2006 fiscal year than in 2005. Amortization is comprised of the amortization of furniture and fixtures, warehouse equipment and vehicles, computer hardware, computer software and leasehold improvements. The decrease is primarily attributable to the use of the diminishing balance method to amortize most property, plant and equipment.

Amortization of intangible assets

Customer relationships are amortized on the straight-line basis over their estimated useful lives of 20 years.

Distributable Cash

Colabor's business is subject to normal industry seasonal fluctuations due to weather conditions and holiday periods. Sales are generally lower at the beginning of the year due to lower consumer spending following the Christmas holiday season. They then increase gradually during the spring and summer months as sales of food consumed away from home increase and reach their peak in the last four months before the year end and following Colabor's yearly trade show held in September of each year.

Variable costs are managed to mitigate the impact of seasonality. However, a significant portion of Colabor's costs, including rent and energy costs related to the operation of its Distribution Centre, are fixed and cannot be adjusted for seasonality. The Fund declares monthly distributions to unitholders of record on the last day of each month and pays the distributions on or around the 15th of the following month. The annual distribution per unit that was \$1.0248 increased to \$1.076 in July 2006, for an increase to the order of 5%.

The following table shows the calculation of distributable cash for the 4th quarter of 2006 and of 2005 and for the fiscal years ended December 31, 2006 and 2005.

The Canadian Securities Administrators has concluded that distributable cash is in all cases a measure of cash flows of which we may present a fair picture only if we match it with the cash flows related to the operating activities presented in the issuer's financial statements.

	2006-12-31 (114 days)	2005-12-31 (113 days)	2006-12-31 (365 days)	2005-12-31 (187 days)
	\$	\$	\$	\$
Cash flows related to operating activities	8,785	7,795	21,322	20,394
Acquisition of property, plant and equipment (1)	(281)	(236)	(744)	(322)
Repayment of long-term debt	(156)	(156)	(468)	(187)
Repayment of security deposits			(468)	
Distributable cash	<u>8,348</u>	<u>7,403</u>	<u>19,642</u>	<u>19,885</u>
Distributed cash	<u>3,897</u>	<u>3,710</u>	<u>11,461</u>	<u>4,728</u>

(1) Acquisition of property, plant and equipment:

Maintenance assets (Recurring)	80	90	249	42
Distribution software (Non-recurring)	<u>201</u>	<u>146</u>	<u>495</u>	<u>280</u>
	<u>281</u>	<u>236</u>	<u>744</u>	<u>322</u>

The excess distributable cash over distributed cash, for the above-mentioned periods, is primarily attributable to the variation in operating liabilities relating to rebates the Fund must pay to affiliated wholesalers under the terms of the 3% agreement negotiated with them.

Cash

During the 2006 fiscal year, the Fund generated cash flows from operating activities in the order of \$21,322,000. It acquired property, plant and equipment for \$744,000 primarily to develop new distribution software, pay distributions to public unitholders and holders of exchangeable Colabor LP units of \$11,461,000, repay a \$6,195,000 note to the Vendor during the creation of the Fund, repay long-term debt of \$468,000 and repay security deposits to clients for the same amount.

The Fund's cash transactions during the 2006 fiscal year contributed to a \$4,623,000 decrease in its short-term bank loans.

The Fund has a \$30-million operating line of credit available, of which it has used \$3,377,000 as at December 31, 2006. The Fund is required to comply with a financial ratio (Debt/Earnings before financial expenses, income taxes, amortization and customer rebates of less than 1.75:1.00) under the terms of the credit agreement with a lending institution. Based on the institution's method of calculation, the ratio is in the order of 0.19:1.00 for the period ended December 31, 2006.

On January 8, Colabor acquired the assets of Summit Food Service Distributors Inc. (refer to *Subsequent Events*) and negotiated new agreements with its bankers.

In management's opinion, cash flows from operating activities and its new operating credits are sufficient to support planned acquisitions of property, plant and equipment, working capital requirements and monthly cash distributions of \$0.0897 per unit.

Commitments

(‘000) <u>Commitments</u>	<u>Total</u>	<u>Payable per period</u>			
		<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>4 to 5 years</u>	<u>5 years and more</u>
	\$	\$	\$	\$	\$
Long-term debt	2,145	468	936	741	-
Operating lease	33,212	2,028	4,056	4,056	23,072
IT outsourcing	<u>4,403</u>	<u>518</u>	<u>1,036</u>	<u>1,036</u>	<u>1,813</u>
Total	<u>39,760</u>	<u>3,014</u>	<u>6,028</u>	<u>5,833</u>	<u>24,885</u>

Summary of Past Quarters

(‘000)	2006-12-31 <u>(114 days)</u>	2006-09-08 <u>(84 days)</u>	2006-06-16 <u>(84 days)</u>	2006-03-24 <u>(83 days)</u>	2005-12-31 <u>(113 days)</u>	2005-09-09 <u>(74 days)</u>
	\$	\$	\$	\$	\$	\$
Net sales	137,119	91,285	98,531	73,463	135,946	79,146
Earnings before financial expenses and amortization	5,799	3,215	3,323	1,724	5,906	2,964
Net earnings	2,257	1,062	1,165	327	2,270	1,016
Basic and diluted earnings per unit	\$0.39	\$0.18	\$0.20	\$0.06	\$0.39	\$0.18

Related party transactions

Since the initial public offering, le Fund indirectly acquired a 53.2% holding of Colabor LP, with the remaining 46.8% interest of Colabor LP being held by the Vendor in the form of exchangeable units of Colabor LP, which enables it to exercise significant influence over the Fund.

Related party transactions include the following:

- Sales to customers controlled by trustees of the Fund which are on the same terms and conditions as sales to other customers of the Fund;
- Rebates to affiliated and preferred wholesalers of the Vendor at the rate of 3% of their sales, as provided in the agreement in effect until 2015;
- The Fund leases the building in which its head office and Distribution Centre are located from the Vendor. The lease expires in 2022.
- Under an agreement expiring in 2015, the Fund pays fees to a subsidiary of the Vendor for computer services.

All of these transactions were concluded in the normal course of business and are measured at the exchange amount.

The following table presents amounts per category and period.

('000)	2006-12-31 (114 days)	2006-12-31 (365 days)
	\$	\$
Sales to customers controlled by trustees	13,384	41,955
Rebates	4,016	11641
Rent	624	2,028
Computer services	62	404

Off-balance Sheet Transactions

The Fund does not have any off-balance sheet transaction obligations.

Risks and Uncertainties

The Fund is exposed to various industry-related risks that could impact its profitability and that are beyond management's control, including:

- *Dependence on affiliated-wholesalers*

Sales generated by affiliated-wholesalers account for nearly 89% of the Fund's sales. The loss of a significant number of these wholesalers could have a negative impact on Colabor's earnings.

This risk has been mitigated, on a going forward basis after the closing of the offering, by the execution of agreements to amend the affiliate agreements to provide for an initial ten-year period, renewal provisions for two additional terms of five years and also provide for the granting of a right of first refusal by the affiliated-wholesalers to Colabor LP on their businesses. However, there is no assurance that Colabor LP will be able to finance the exercise of such right of first refusal. Moreover, incentives are built in the contractual

relationships existing between the affiliated-wholesalers, Colabor LP and the Vendor to encourage the affiliated-wholesalers to increase their purchases from Colabor.

- *Absence of long-term agreements between affiliated-wholesalers and their customers*

In accordance with general industry practice, the affiliated-wholesalers do not normally enter into long-term agreements with their customers. As a result, customers may, without notice or penalty, terminate their relationship with the affiliated-wholesalers. In addition, even if customers should decide to continue their relationship with the affiliated-wholesalers, there is no guarantee they will purchase the same volume of products as in the past or that they will pay the same price for those products as they have in the past. Any loss of customers by the affiliated-wholesalers, or decrease in the volume purchased or the price paid by them for products, could affect the Fund's sales and have an adverse effect on its financial condition and results of operations as well as on the amount of cash available for distribution to unitholders. In the past, affiliated-wholesalers, relying on their knowledge of their respective markets, have been able to differentiate themselves from their competitors by providing personalized services to their customers, in particular flexible delivery schedules and a product line tailored to their customers' needs. In management's view, there will be no change in this regard in the future.

- *Customer choices*

Colabor's success also depends on the continuing interests of customers in its products. A change in customer choices could affect demand for Colabor's products.

- *Tax Fairness Plan proposed by the Government of Canada*

On October 31, 2006, the Government of Canada announced the implementation of its Tax Fairness Plan. The new tax structure proposes to eliminate all tax benefits bestowed on income trusts in relation to other companies. These changes will come into effect by 2011 for existing trusts and for companies anticipating a trust structure starting November 1, 2006 and 2007. Readers of the MD&A are asked to read the entire report on the governmental plan at the following address: www.fin.gc.ca/news06/06-061e.html.

Significant Accounting Estimates

Some of the amounts in the financial statements are based on estimates made by management using its knowledge of current or anticipated events. Significant estimates relate exclusively to the allowance for excess or obsolete inventory, accounting for rebates from suppliers, goodwill and intangible assets.

- *Allowance for excess or obsolete inventory*

Inventory is valued at the lesser of net realizable value or cost calculated using the first-in first-out method. The Fund records an allowance for obsolescence that is calculated on the basis of assumptions relating to future demand for its products and conditions in the markets in which its products are sold. The allowance, which reduces inventory to the net

realizable value, is then applied against inventory in the balance sheet. Management has to make estimates and exercise judgement when determining these allowances. If actual market conditions are less favourable than management's assumptions, additional allowances may be required.

- *Accounting for rebates from supplies*

Colabor negotiates procurement contracts with its suppliers providing for the payment of rebates based on volumes purchased. The procurement contracts with suppliers are reviewed periodically and rebates adjusted according to prevailing market conditions.

- *Goodwill and intangible assets*

Goodwill is the excess of the cost of an acquired enterprise over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Each year, or more often if events or changes in circumstances indicate a decrease in fair value, it is tested for impairment. The impairment test involves comparing the fair value of the Fund's business with its carrying amount. If the carrying amount of the business exceeds its fair value, the Fund compares the fair value of any goodwill relating to the business to its carrying amount. An impairment loss equal to the amount of the excess is charged to earnings. The fair value of the business is calculated using discounted cash flows.

Intangible assets include customer relationships and trademarks. Customer relationships are amortized on the straight-line basis over their estimated useful lives of 20 years. Trademarks are not amortized.

Controls and Procedures for Financial Information

To ensure that the consolidated financial statements and the MD&A present fairly, in all material respects, the financial position of the Fund and its operating results, it is the responsibility of management to establish and maintain controls and reporting procedures, and internal control of financial information. The Canadian Securities Administrators' adoption of regulations for reinforcing investors' confidence, in particular Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, led the Fund to review its processes for filing these documents in 2005.

A policy on the disclosure of information provides a framework for the disclosure of information process presented in the annual and interim documents, and the other reports filed or sent in accordance with securities legislation. The policy identifies important information and validates related reporting. The disclosure committee, created last year, ensures compliance with this policy. The committee members reviewed the main documents filed with regulatory organizations to ensure that significant information relating to all transactions was reported on a timely basis.

During the 2006 fiscal year, management documented and evaluated the design of internal controls to provide reasonable assurance that the financial information is reliable and that the financial statements were established, for external reporting purposes, in accordance with

Canadian generally accepted accounting principles. This work enabled the President and CEO and the Vice-president and CFO to attest to the efficiency of the design of internal control with respect to financial information.

The President and CEO and the Vice-president and CFO of the Fund also concluded that the controls and reporting procedures, as at December 31, 2006, were adequate to provide reasonable assurance as to the completeness and reliability of the financial information to be disclosed. During the quarter ended December 31, 2006, no change in internal control over financial information had a significant impact or is likely to have a significant impact on internal control over financial information.

Subsequent Events

On January 8, 2007, Colabor Income Fund acquired Summit Food Service Distributors Inc., one of the major food service distributors in the industry, from Cara Operations Limited. Summit distributes more than 8,000 products from warehouses in Ottawa, London and Mississauga to more than 3,000 customers, including Cara, other food service chains and independent restaurants as well as to institutions including hospitals, schools and government institutions. Summit's product line includes frozen products, current consumption dry produce, dairy products, produce, meat, seafood, poultry and sanitation products.

For more information on this transaction, consult the final prospectus and press releases that are published on SEDAR at www.sedar.com.

The next MD&A which will coincide with the publication of the 1st quarter results of the 2007 fiscal year will provide a more in-depth explanation of the transaction.

Outlook

Following the acquisition of Summit, the Fund's management is consolidating its role in food distribution services in Canada for future years.

Firstly, Colabor will continue to benefit from its loyal and entrepreneurial affiliated-wholesalers network in Québec and the Atlantic provinces, its customer-driven distribution network, recent investments in information technology and low operating costs.

Secondly, the acquisition of Summit will help to:

- create a major player in the food services industry that has a foothold in Ontario, one of the most important food services market in Canada;
- significantly increase its purchasing power and ability to generate cost savings;
- increase its distributable cash per unit through the growth of its operating revenue.

Additional Information

Additional information on Colabor Income Fund may be found on SEDAR at www.sedar.com and at its information site www.colaborincomefund.com.

Financial Statements

The financial statements of Colabor Income Fund for the 365-day period ended December 31, 2006 and the 187-day period ended December 31, 2005 were audited by the Fund's auditor.