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SHORT FORM PROSPECTUS

New Issue

December 21, 2006

COLABOR



COLABOR INCOME FUND

\$25,001,250

2,825,000 Subscription Receipts, each representing the right to receive one Unit

\$50,000,000

7.0% Extendible Convertible Unsecured Subordinated Debentures

This short form prospectus qualifies the distribution (the "Offering") of 2,825,000 subscription receipts (the "Subscription Receipts") and \$50,000,000 aggregate principal amount of 7.0% extendible convertible unsecured subordinated debentures (the "Debentures" and, together with the Subscription Receipts, the "Securities") of Colabor Income Fund (the "Fund"). The Fund owns indirectly a 53.2% interest in Colabor Limited Partnership ("Colabor"), which is a leading master distributor of food, food-related and non-food products which it purchases and supplies to wholesale distributors who redistribute the products to their customers operating in the retail and foodservice market segments. Pursuant to an asset sale agreement (the "Asset Sale Agreement") dated as of December 12, 2006, Colabor has agreed to purchase substantially all of the assets of Summit Food Service Distributors Inc. ("Summit"), subject to customary closing conditions (the "Summit Acquisition"). The closing of the Summit Acquisition is expected to occur on or about January 8, 2007. See "Summit Acquisition". Summit is one of Canada's largest distributors to the foodservice industry with net sales, Adjusted EBITDA and net earnings of \$427.7 million, \$13.1 million and \$6.5 million, respectively for the 12 months ended September 17, 2006. See "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

Subscription Receipts

Each Subscription Receipt will entitle the holder thereof to receive, without any further action on the part of the holder thereof and without payment of additional consideration, one trust unit (a "Unit") of the Fund upon the closing of the Summit Acquisition. This short form prospectus also qualifies the right to exchange the Subscription Receipts into Units issuable pursuant to the Subscription Receipts. The proceeds from the sale of the Subscription Receipts (the "Escrowed Funds") will be held by Computershare Trust Company of Canada, as escrow agent (the "Escrow Agent"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending completion of the Summit Acquisition or the occurrence of a Termination Event (as defined below). Upon the completion of the Summit Acquisition and satisfaction of the other conditions to the exchange of the Subscription Receipts, the Escrowed Funds less the amount, if any, required to pay holders of Subscription Receipts an amount per Subscription Receipt equal to the amount per Unit paid by the Fund on the Units from the date of closing of the Offering (the "Closing Date") until the closing of the Summit Acquisition will be released to the

Fund and one Unit will be issued for each Subscription Receipt. The Fund will use the Escrowed Funds and the proceeds from the sale of Debentures to pay a portion of the Purchase Price of the Summit Acquisition.

If the closing of the Summit Acquisition does not take place, or the other conditions to the exchange of the Subscription Receipts are not satisfied, by 5:00 p.m. (Montréal time) on March 5, 2007 or such later date as agreed upon by Colabor and National Bank Financial Inc. (acting on behalf of the Underwriters (as defined below) and after consulting Scotia Capital Inc.) provided such date shall be no later than April 2, 2007, or if the Asset Sale Agreement is terminated at any earlier time or if Colabor has advised the Underwriters or announced to the public that it does not intend to proceed with the Summit Acquisition (in each case, a “Termination Event” and the date on which a Termination Event occurs, the “Termination Date”), the Escrow Agent will return to holders of Subscription Receipts, commencing on the third business day following the Termination Date, an amount equal to the full subscription price therefor and their pro rata entitlements to interest earned on the Escrowed Funds. If National Bank Financial Inc. (acting on behalf of the Underwriters) agrees to extend the Termination Date to a new termination date on or before April 2, 2007 (the “Extension Date”) but the Summit Acquisition fails to close on or before 5:00 p.m. (Montréal time) on the Extension Date, the holders of Subscription Receipts will receive, on the third business day following the Extension Date, in addition to the full subscription price of the Subscription Receipts and their pro rata entitlements to interest earned on the Escrowed Funds, an amount per Subscription Receipt equal to the per Unit distribution payable to holders of Units (the “Unitholders”) relating to any record date occurring on or after March 5, 2007 and up to but excluding the Extension Date.

If the closing of the Summit Acquisition takes place prior to the Termination Date and holders of Subscription Receipts become entitled to receive Units pursuant to the Subscription Receipt Agreement (as defined herein), such holders will be entitled to receive an amount per Subscription Receipt equal to the amount per Unit of any cash distributions for which record dates have occurred during the period from the Closing Date to the date immediately preceding the date the Units are issued pursuant to the Subscription Receipts. Such amount will be paid to the holders of Units issued pursuant to the Subscription Receipts on the later of (i) the date the Units are issued and (ii) the date such distributions are paid to Unitholders. For greater certainty, if the closing of the Summit Acquisition takes place on a date that is a distribution record date, holders of Subscription Receipts on such date shall not be entitled as such to receive a payment in respect of the cash distribution for such record date but shall instead be deemed to be holders of record of Units on such date and will be entitled as Unitholders to receive such monthly distribution. If the Summit Acquisition closes on or before January 8, 2007 as currently contemplated, holders of Subscription Receipts will become holders of Units on or before January 8, 2007 and will be entitled, provided they remain holders of record of Units received pursuant to the Subscription Receipts on January 4, 2007, to receive the monthly distribution expected to be paid on February 15, 2007 to Unitholders of record on January 31, 2007. If the closing of the Summit Acquisition takes place on or prior to the closing of the Offering, the Fund will deliver Units instead of Subscription Receipts to investors in the Offering and the distribution of such Units is qualified by this short form prospectus. See “Description of the Subscription Receipts – Terms of the Subscription Receipts”.

Debentures

The Debentures bear interest at an annual rate of 7.0% payable semi-annually, not in advance, on June 30 and December 31 in each year commencing on June 30, 2007. The Debentures have an initial maturity date that is the earlier of the closing date of the Summit Acquisition and the Termination Date (the “Initial Maturity Date”). If the closing of the Summit Acquisition takes place on or prior to the Termination Date, then the maturity date will be automatically extended from the Initial Maturity Date to December 31, 2011 (the “Final Maturity Date”). If the closing of the Summit Acquisition does not take place on or prior to the Termination Date, then the Debentures will mature on the Initial Maturity Date. See “Description of the Debentures – General”.

Debenture Conversion Privilege

Each Debenture will be convertible into freely tradeable Units at the option of the holder of a Debenture at any time after the Initial Maturity Date and prior to the close of business on the Final Maturity Date or, if called for redemption, on the business day immediately preceding the date specified by the Fund for redemption of the Debentures, at a conversion price of \$10.25 per Unit, subject to adjustment in certain events. This short form prospectus qualifies the right to exchange the Debentures for Units. Holders converting their Debentures will receive accrued and unpaid interest thereon up to but excluding the date of conversion. Notwithstanding the foregoing, no Debentures may be converted during the five business days preceding June 30 and December 31 in each year, commencing June 30, 2007, as the registers of the Debenture Trustee (as defined herein) will be closed during such periods. Further particulars concerning the conversion privilege, including provisions for the adjustment of the conversion price, are set out under “Description of the Debentures – Conversion Privilege”.

There is currently no market through which the Subscription Receipts or Debentures may be sold and purchasers may not be able to resell Securities purchased under this short form prospectus. The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Subscription Receipts, the Debentures and the Units issuable pursuant to the terms of the Subscription Receipts and the Units issuable on conversion of the Debentures on the TSX.

Listing is subject to the Fund fulfilling all of the listing requirements of the TSX on or before, March 21, 2007. The outstanding Units are listed and posted for trading on the TSX under the symbol CLB.UN. On December 11, 2006, the last trading day prior to the announcement of the Offering, the closing price of a Unit on the TSX was \$9.22.

Price: \$8.85 per Subscription Receipt
Price: \$1,000 per Debenture

	Price to the Public ⁽¹⁾	Underwriters' Fee ⁽²⁾	Net Proceeds ⁽³⁾
Per Subscription Receipt.....	8.85	\$ 0.4425	\$ 8.4075
Total Subscription Receipts ⁽⁴⁾	\$ 25,001,250	\$ 1,250,062.50	\$ 23,751,187.50
Per Debenture	\$ 1,000	\$ 40	\$ 960
Total Debentures.....	\$ 50,000,000	\$ 2,000,000	\$ 48,000,000
Total Subscription Receipts and Debentures ⁽⁴⁾	\$ 75,001,250	\$ 3,250,062.50	\$ 71,751,187.50

Notes:

- (1) The prices of the Securities have been determined by negotiation between Colabor, on behalf of the Fund, and the Underwriters.
- (2) The Underwriters' fee with respect to the Subscription Receipts is payable as to 50% upon closing of the Offering and 50% on release of the Escrowed Funds to the Fund. If the Summit Acquisition is not completed, the Underwriters' fee with respect to the Subscription Receipts will be reduced to the amount payable upon closing of the Offering. The Underwriters' fee with respect to the Debentures is payable in full upon closing of the Offering.
- (3) After deducting the Underwriters' fee but before deducting the expenses of the Offering, which are estimated to be approximately \$1.4 million, and excluding interest, if any, on the Escrowed Funds.
- (4) The Fund has granted the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time until 30 days following the Closing Date, to purchase at the offering price additional Subscription Receipts to cover over-allotments, if any, and for market stabilization purposes. The number of Subscription Receipts to be purchased pursuant to the Over-Allotment Option shall not exceed 15% of the number of Subscription Receipts issued pursuant to the Offering. If the Over-Allotment Option is exercised in full, the total offering price to the public, the Underwriters' fee and the net proceeds to us will be \$78,751,437.50, \$3,437,571.88 and \$75,313,865.63 respectively. See "Plan of Distribution". This short form prospectus also qualifies the grant of the Over-Allotment Option, the distribution of the Subscription Receipts offered upon the exercise of such option and the Units issuable upon the exchange of the Subscription Receipts. In the event that the Over-Allotment Option is exercised in whole or in part after the closing of the Summit Acquisition, the Fund will issue the appropriate number of Units in lieu of the Subscription Receipts.

A return on an investment in the Fund is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in the Fund is at risk and the anticipated return on such an investment is based on many performance assumptions. **Although the Fund intends to continue to make monthly distributions of its available cash to Unitholders, those distributions may be reduced or suspended.** The ability of the Fund to make distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the Combined Business (as hereinafter defined) and will be subject to numerous factors disclosed in this short form prospectus and the Fund's continuous disclosure documents including, but not limited to, the financial performance of the combined businesses of Colabor and Summit (the "Combined Business") following the Summit Acquisition, the ability of the Fund to raise sufficient financing to complete the Summit Acquisition; the ability to obtain applicable regulatory approvals for the Summit Acquisition; the accuracy of estimated synergies, cost savings and profitability; the risk that the businesses of Colabor and Summit will not be integrated successfully and on a timely basis; the risk that any savings, growth prospects or other synergies from the Combined Business will not be fully realized or will take longer to realize than expected; business and economic conditions generally; competition from competitors; the ability of the Combined Business to grow its sales or even maintain historical levels of its sales; the Combined Business' ability to maintain relationships with its customers; debt covenants and obligations, interest rates, working capital requirements, future capital expenditure requirements and the deductibility for tax purposes of interest. In addition, the market value of the Units, Subscription Receipts and Debentures may decline if the Fund is unable to meet its cash distribution targets in the future, and that decline may be material. **It is important for an investor to consider the particular risk factors that may affect the Fund, its affiliates and the industry in which the Fund's affiliates operate and that may therefore affect the stability of the cash distributions on the Units. See "Risk Factors".** This section and the section under the heading "Risk Factors" in the Annual Information Form (as hereinafter defined) incorporated herein by reference also describe the Fund's assessment of those risk factors, as well as the potential consequences to an investor if a risk should materialize.

National Bank Financial Inc., Scotia Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc. and HSBC Securities (Canada) Inc. (collectively, the "Underwriters"), as principals, conditionally offer the Subscription Receipts and the Debentures, subject to prior sale, if, as and when issued, sold and delivered by the Fund to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters by McCarthy Tétrault LLP and Bélanger Sauvé LLP, as counsel to the Fund, and Fasken Martineau DuMoulin LLP, as counsel to the Underwriters.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts, the Units and the Debentures at levels other than those

which might otherwise prevail on the open market. Further, the Underwriters may offer the Subscription Receipts and / or the Debentures to the public at prices lower than the offering prices referred to above. See “Plan of Distribution”.

The after-tax return from an investment in Units (including Units issuable pursuant to the Subscription Receipts or upon conversion of the Debentures) to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be fully or partially taxable or may be tax deferred). The adjusted cost base of Units held by a Unitholder will be reduced by the non-taxable portion of distributions made to the Unitholder (other than the portion thereof attributable to the non-taxable portion of certain capital gains). The composition of those distributions may change over time, thus affecting the after-tax return to Unitholders. See “Certain Canadian Federal Income Tax Considerations”.

On October 31, 2006, the Minister of Finance (Canada) announced new tax proposals (the “October 31, 2006 Proposals”) which, if enacted, would include the introduction of a tax on certain income earned by a “specified investment flow-through” (“SIFT”) trust or SIFT partnership as well as taxing the distributions received by investors from such entities’ after tax income as a dividend. The tax, along with other accompanying measures, is intended to apply only as of 2011 to SIFTs, such as the Fund, that were publicly traded as of October 31, 2006. However, the October 31, 2006 Proposals indicate that while there is now no intention to prevent an existing SIFT trust from normal growth prior to January 1, 2011, any undue expansion of an existing SIFT (such as might be attempted through the insertion of a disproportionately large amount of additional capital) could cause this to be revisited. Colabor was in an advanced stage of negotiations with Cara for the acquisition of Summit when the October 31, 2006 Proposals were announced. On December 15, 2006, the Department of Finance (“Finance”) issued a press release that provided guidance on what Finance means by “normal growth”. Finance indicated that a SIFT will not lose the benefit of the tax deferral to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units) issued by it before 2008 does not exceed \$50.0 million. Finance also provided other safe harbours limiting the issuance of new equity by a SIFT on an annual basis to a percentage of the SIFT’s market capitalisation (measured in terms of the value of a SIFT’s issued and outstanding publicly-traded units) as of October 31, 2006. This Offering exceeds both the \$50.0 million threshold and the safe harbours based on market capitalisation and, therefore, there is a strong likelihood that it will be interpreted by Finance or the Canada Revenue Agency as an “undue expansion” of a SIFT. This would result in the Fund losing the tax deferral announced on October 31, 2006 and becoming subject to tax on its income beginning January 1, 2007. If this were to occur, the distributions received by investors and paid from the Fund’s after tax income would be deemed to be received as an “eligible dividend” and therefore would benefit from the enhanced gross-up and dividend tax credit. In this case, management believes that the Fund would be able to maintain its annual distributions to Unitholders at the current level of \$1.076 per Unit. Under such a scenario, management estimates that the pro forma basic amount of tax that would have been paid for the twelve months ended September 8, 2006 would have been approximately \$3.0 million (approximately \$4.3 million assuming conversion of the Debentures), resulting in pro forma basic cash available for distribution of approximately \$1.24 per Unit and pro forma fully diluted cash available for distribution of approximately \$1.04 per Unit, including expected annual synergies of \$2.2 million expected to be realized over a 12-month period. It is management’s opinion that the Summit Acquisition would be accretive to the Fund’s cash available for distribution per Unit for the first full year of operations following the closing of the Summit Acquisition, on both a basic and fully-diluted basis, after taking into account tax payable on income earned by the Fund. Management of Colabor believes the Summit Acquisition constitutes a strategic acquisition for Colabor and is consistent with the Fund’s objectives of generating sustainable, predictable and growing distributable cash. See “Summary of Distributable Cash – Potential Impact of October 31, 2006 Proposals”.

The Fund is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on the business of a trust company. The Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation.

A Canadian chartered bank affiliate of National Bank Financial Inc. will be a lender to affiliates of the Fund under the credit facility to be entered into upon the closing of the Summit Acquisition (see “Summit Acquisition – New Credit Facilities”). A portion of such facility will be used to partially finance the Summit Acquisition and to pay related expenses. Consequently, the Fund may be considered a connected issuer of National Bank Financial Inc. under applicable securities laws in certain Canadian provinces. Moreover, Scotia Capital Inc., one of the Underwriters, acted for Cara in the context of the Summit Acquisition. See “Plan of Distribution”.

Purchasers will have the option of subscribing for Debentures, Subscription Receipts or a combination thereof. Subscriptions for Securities will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Securities will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee as registered global securities and will be deposited with CDS on the Closing Date, which is expected to occur on or about January 4, 2007 or such later date as the Fund and the Underwriters may agree, but in any event no later than January 31, 2007. Holders of Securities will not be entitled to

receive physical certificates representing their ownership. See “Plan of Distribution”, “Description of the Subscription Receipts – Book-Entry System” and “Description of the Debentures – Book-Entry System”.

Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Fund has not authorized anyone to provide different information. If an investor is provided with different or inconsistent information, he or she should not rely on it. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Prospective investors should assume that the information appearing in this short form prospectus is accurate as of the date on the front cover of this short form prospectus only, regardless of the time of delivery of this short form prospectus or of any sale of the Securities. Certain information contained in this short form prospectus concerning companies other than the Fund, its subsidiaries or Summit has been derived from publicly available sources. No representation is made with respect to the accuracy of this information.

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FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, Colabor, Summit, the Combined Business or industry results to be materially different from any future results, performance or achievements expressed or implied by such Forward Looking Statements. When used in this prospectus, the words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund's current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this prospectus. These forward-looking statements involve a number of risks, uncertainties and assumptions. **Many factors could cause the actual results, performance or achievements of the Combined Business to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, but not limited to, the factors which are discussed in the section of this prospectus entitled “Risk Factors” and under the heading “Risks Factors” in the Annual Information Form.** Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this prospectus as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend, and does not assume any obligation, to update or revise these forward-looking statements.

DEFINITIONS OF EBITDA, ADJUSTED EBITDA AND DISTRIBUTABLE CASH

References in this short form prospectus to “EBITDA” are to earnings before interest, income taxes, depreciation and amortization. Management believes that, in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) as an indicator of the performance of the Fund or Summit or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP, and the method used by Colabor and Summit to calculate EBITDA may differ from the method used by other issuers. Accordingly, EBITDA may not be comparable to similar measures used by other issuers. A reconciliation of EBITDA to net earnings, based on the financial statements of the Fund and Summit, respectively, has been provided under the heading “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”.

“Adjusted EBITDA” is determined by making adjustments to EBITDA to arrive at what is, in management’s view, an appropriate basis on which to measure the results of the Combined Business going forward. When used in reference to Summit, Adjusted EBITDA is EBITDA adjusted for amortization of a deferred gain related to the sale of a building, impact related to the exclusion of the London distribution center, elimination of capital taxes, write-off of rebates receivable related to prior years and the impact related to adjustment of the Ottawa distribution center base rent. Adjusted EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP, and the qualifications outlined above with respect to EBITDA apply equally to Adjusted EBITDA. Accordingly, Adjusted EBITDA may not be comparable to similar measures used by other issuers. A reconciliation of Adjusted EBITDA to net earnings, based on the financial statements of Summit, has been provided under the heading “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”.

References in this prospectus to “distributable cash” are to cash available for distribution in accordance with the distribution policies described in the Annual Information Form (as defined below), which is incorporated by reference in this short form prospectus. Distributable cash does not have a standardized meaning prescribed by Canadian GAAP and the Fund's method of calculating distributable cash may differ from other issuers. Accordingly, distributable cash may not be comparable to similar measures used by other issuers.

FINANCIAL INFORMATION AND CURRENCY

The financial statements of the Fund and of Summit incorporated by reference or included in this short form prospectus are reported in Canadian dollars and have been prepared in accordance with Canadian GAAP. Except as otherwise indicated, all dollar amounts in this prospectus are expressed in Canadian dollars and references to \$ are to Canadian dollars.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Fund, which have been filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

1. the unaudited consolidated interim financial statements of the Fund for the 84-day period ended September 8, 2006 (3rd quarter) and the 251-day period ended on that date, together with the notes thereto;
2. management's discussion and analysis of the financial condition and operations of the Fund for the 84-day period ended September 8, 2006 (3rd quarter) and the 251-day period ended on that date;
3. the management information circular of the Fund dated as of March 20, 2006 issued in connection with the meeting of holders of Units ("Unitholders") held on April 20, 2006;
4. the annual information form of the Fund dated February 21, 2006 for the year ended December 31, 2005 ("Annual Information Form");
5. the audited consolidated annual financial statements of the Fund as at December 31, 2005 and for the 187-day period ended December 31, 2005, together with the notes thereto and the auditors' report thereon;
6. the management's discussion and analysis of the financial condition and operations of the Fund for the 187-day period ended December 31, 2005; and
7. the material change report dated December 14, 2006 announcing the Offering and the execution of the Asset Sale Agreement in connection with the proposed Summit Acquisition.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Colabor, 1620 de Montarville Boulevard, Boucherville, Québec, J4B 8P4. For the purpose of the Province of Québec, this simplified short form prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Secretary of Colabor at the above mentioned address and telephone number.

All annual information forms, material change reports (excluding confidential reports), business acquisition reports, unaudited consolidated interim financial statements, audited annual consolidated financial statements, interim and annual management's discussion and analysis and information circulars which are filed by the Fund with a securities commission or similar authority in any of the provinces or territories of Canada after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this short form prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Fund, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the Subscription Receipts and the Units, if issued on the date hereof, would be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plan, each as defined in the Income Tax Act (Canada) (the "Tax Act") (the "Plans"), provided that, in the case of the Subscription Receipts (if the Subscription Receipts are not listed on the TSX), each person who is an annuitant, a beneficiary, an employer or subscriber under the particular Plan deals at arm's length with the Fund. The Debentures will be qualified investments for Plans (other than a deferred profit sharing plan to which contributions are made by the Fund or a person or partnership that does not deal at arm's length with the Fund) provided that the Units continue to be listed on the TSX. This opinion is based on the assumption that the Fund is a mutual fund trust under the Tax Act. If the Fund ceases to qualify as a mutual fund trust, the Securities will cease to be qualified investments for those Plans.

Notes issued by Colabor Operating Trust (the "Trust") and received by Unitholders as a result of a redemption of Units may not be qualified investments for a Plan, and this could give rise to adverse consequences to the Plan or the annuitant under the Plan.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained in this short form prospectus.

The Fund

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Québec pursuant to a declaration of trust dated May 19, 2005, as amended and restated on June 28, 2005 (the “Declaration of Trust”).

Business of Colabor

First organized in 1962 as a buying group, Colabor is a master distributor of food, food-related and non-food products which it purchases and supplies to wholesale distributors who redistribute the products to their customers operating in the retail or foodservice market segments. Today, Colabor is one of the leading master distributors catering to the needs of wholesale food distributors in Canada and the market leader in Québec with total net sales of \$399.2 million for the twelve-month period ended September 8, 2006.

Colabor distributes approximately 35,000 products sourced from 550 suppliers and manufacturers to over 25,000 points of sale, serviced by 60 small to medium-size wholesale distributors operating in Québec and in the Atlantic Provinces, of which 31 are shareholders of the Colabor Investments Inc. which own a 46.8% interest in Colabor.

For the twelve months ended September 8, 2006, Colabor had net sales, EBITDA and net earnings of \$399.2 million, \$14.2 million and 4.8 million, respectively. See “Definition of EBITDA, Adjusted EBITDA and Distributable Cash” and “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”.

Business of Summit

Summit is a leading distributor of brand name products to the foodservice industry in Ontario and Québec. Summit distributes in excess of 8,000 products from warehouses located in Ottawa, London and Mississauga to over 3,000 customers, including Cara, other chain and street restaurants, and institutional locations such as hospitals, schools, and government institutions. Summit’s product range includes frozen products, dry staples, dairy products, produce, meat, seafood, poultry, disposables and sanitation products. With an experienced management team, Summit has enjoyed strong sales growth by providing customers with a wide selection of products, superior service and competitive pricing and by benefiting from its long-term relationship with Cara whose full-service restaurants brands revenues have grown at a combined rate of over 10% per year over the last five years. Net sales have grown at a compounded annual growth rate (“CAGR”) of approximately 8% since 1998 to \$427.7 million for the twelve months ended September 17, 2006. Similarly, normalized EBITDA (adjusted for amortization of a deferred gain related to the sale of a building and rebates receivable write-off related to prior years) has grown at a CAGR of approximately 8% since 1998 to \$13.5 million, before adjustments related to the Summit Acquisition, for the twelve months ended September 17, 2006; net earnings were \$6.5 million for the twelve months ended September 17, 2006. See “Definition of EBITDA, Adjusted EBITDA and Distributable Cash” and “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”. Over the past five years, Summit has moved to a new 128,000 square foot distribution center in Mississauga, expanded its distribution facility in London and has invested in its information technology and distribution infrastructure. Summit currently operates a total of 310,000 square feet of warehouse capacity where it employs modern technology to help drive continuous improvement.

See “Business of Summit”.

Summit Acquisition

Pursuant to the Asset Sale Agreement dated as of December 12, 2006 between Colabor and Summit, Colabor agreed to acquire substantially all of the assets of Summit, a subsidiary of Cara, the largest operator of full-service restaurants in Canada, for an aggregate Purchase Price of \$115.0 million, plus the amount of certain assumed short term liabilities estimated at \$28,587,000 (subject to a working capital adjustment). The Purchase Price is payable by a \$115.0 million cash payment at closing and by the assumption of certain liabilities relating to the operations of Summit. The cash portion of the Purchase Price will be paid from the net proceeds of the Offering and advances under the New Credit Facilities. Concurrently with the closing of the Summit Acquisition, Cara has agreed to subscribe for 1,130,000 Units for gross proceeds of \$10.0 million on a private placement basis. See “Summit Acquisition – Asset Sale Agreement”.

Rationale for the Summit Acquisition

Management believes that the Summit Acquisition constitutes a strategic acquisition for Colabor and is consistent with the Fund's objective of generating sustainable, predictable and growing distributable cash for the following reasons:

Creation of a Leading Player in the Foodservice Industry

With the acquisition of Summit, Colabor secures a key position in the strategically important and attractive Ontario foodservice market and establishes itself as one of the leading players in the Canadian foodservice distribution industry with opportunities for future growth through further geographic expansion and expansion of product offering. Summit has been established in the Ontario market for over 30 years and serves a strong customer base of over 3,000 customers. Summit has a track record of consistent profitable growth.

Significant Increase in Purchasing Power and Cost Savings

Management believes that the Combined Business will benefit from cost-saving opportunities and other synergies through the integration of Colabor's existing operations with those of Summit. With combined net sales of approximately \$827 million, management believes that it will realize important procurement savings. Management expects annual recurring synergies from procurement savings and other initiatives of approximately \$2.2 million, which are expected to be realized within 12 months of the closing of the Summit Acquisition.

Accretive to Distributable Cash per Unit

Before taking into account potential taxes payable by the Fund on its income if the October 31, 2006 Proposals are enacted in their current form, management believes that the Summit Acquisition would have increased the Fund's basic distributable cash per unit from \$1.16 to \$1.44 (24% accretive) or the Fund's fully diluted distributable cash per Unit from \$1.16 to \$1.26 (8% accretive) for the 12-month period ended September 8, 2006, after taking into account the expected synergies resulting from the Summit Acquisition coming from procurement savings attributable to Colabor increasing its purchases from suppliers and other initiatives. See "Summary of Distributable Cash" and "Summit Acquisition – Rationale for the Summit Acquisition – Significant Increase in Purchasing Power and Cost Savings".

In the event the Summit Acquisition is considered an "undue expansion" of the Fund by Finance or the Canada Revenue Agency and the Fund loses the benefit of the four-year transition period, management believes that the Fund would be able to maintain its annual distributions to Unitholders at the current level of \$1.076 per Unit. Under such a scenario, management estimates that the pro forma basic amount of tax that would have been paid for the twelve months ended September 8, 2006 would have been approximately \$3.0 million (approximately \$4.3 million assuming conversion of the Debentures), resulting in pro forma basic cash available for distribution of approximately \$1.24 per Unit and pro forma fully diluted cash available for distribution of approximately \$1.04 per Unit, including expected annual synergies of \$2.2 million expected to be realized over a 12-month period. It is management's opinion that the Summit Acquisition would be accretive to the Fund's cash available for distribution per Unit, on both a basic and fully-diluted basis after taking into account tax payable on income earned by the Fund, for the first full year of operations following the closing of the Summit Acquisition. Management believes the Summit Acquisition constitutes a strategic acquisition for Colabor and is consistent with the Fund's objectives of generating sustainable, predictable and growing distributable cash. As such, the Summit acquisition further positions Colabor to take advantage of opportunities in the sector while strengthening the financial and operational base of Colabor. See "Forward Looking Statements", "Summary of Distributable Cash" and "Risk Factors – Risk Related to the Structure of the Fund – Income Tax Matters".

Opportunities to Increase Distributable Cash through Revenue Growth

Management believes there are significant opportunities to grow revenue and distributable cash per Unit following the Summit Acquisition. Over the past five years, revenues at Cara's full-service restaurants brands have grown at a combined rate of over 10% per year. As part of its corporate strategy, Cara has renewed its focus on branded restaurants and intends to aggressively grow the number of new units over the next several years. Summit's long-term relationship with Cara in Ontario and Québec uniquely positions Colabor to benefit from Cara's future growth. In addition, the Combined Business will now be in a better position to pursue business from competitors of Cara, who may have historically been reluctant to deal with Summit due to Cara's ownership of Summit. Furthermore, as part of the Distribution Agreement (as defined herein) with Cara, Colabor may be given the opportunity to service Cara restaurants outside of Ontario and Québec as well as service new restaurants acquired by Cara within Ontario and Québec and will be uniquely positioned to benefit from Cara's potential future growth in the foodservice segment. See "Distribution and Supply Agreement".

Contractual Relationships

Summit has built a strong customer base by providing consistent quality of products, efficiency in delivery and superior customer service at competitive prices. Over 70% of Summit's business will be subject to contractual agreements. The Cara business (including franchisees of Cara) represents approximately 55% of Summit's total sales for the 12-month period ended September 17, 2006. Concurrent with the Summit Acquisition, Colabor will enter into a 10-year distribution agreement with Cara to service all Cara Brands in Ontario and Québec.

Strong and Stable Generation of Free Cash Flow

Summit has a long history of generating steady and sustainable sales and EBITDA. Net sales have grown at a CAGR of approximately 8% since 1998 to \$427.7 million for the twelve months ended September 17, 2006; net earnings were \$6.5 million for the twelve months ended September 17, 2006. Similarly, normalized EBITDA (adjusted for amortization of a deferred gain related to the sale of a building and rebates receivable write-off related to prior years) has grown at a CAGR of approximately 8% since 1998 to \$13.5 million, before adjustments related to the Summit Acquisition, for the twelve months ended September 17, 2006. Sales and EBITDA growth has been driven by the expansion of Cara's full-service restaurant business and by capturing new non-Cara business. Management expects low capital requirements going forward due to the recent investments in warehouse capacity and systems. Management estimates Summit's maintenance capital expenditures to be approximately \$1.1 million on an annual basis. See "Definition of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

Superior Combined Management

The Fund is expected to benefit from the combination of the Colabor and Summit management teams, both of which have significant industry experience and have successfully managed and developed two of the leading foodservice distribution companies in Canada. In addition, both teams have had experience in successfully integrating acquired businesses, which will be a significant advantage as Colabor moves towards combining the businesses.

The members of Colabor's senior management team have an average 21 years experience in the industry and the members of Summit's senior management team have an average 25 years of experience in the industry. Management expects that all members of the senior management team of Summit will remain with the Combined Business following closing of the Summit Acquisition.

See "Summit Acquisition – Rationale for the Summit Acquisition".

THE OFFERING

The Offering	2,825,000 Subscription Receipts (3,248,750 if the Over-Allotment Option is exercised in full) and \$50,000,000 aggregate principal amount of Debentures. See “Description of the Subscription Receipts”, “Description of the Debentures” and “Plan of Distribution”.
Total Amount of Offering:	\$75,001,250 (\$78,751,437.50 if the Over-Allotment Option is exercised in full).
Price:	\$8.85 per Subscription Receipt and \$1,000 per Debenture. See “Plan of Distribution”.
Expected Closing Date of the Offering:	On or about January 4, 2007.
Over-Allotment Option	The Fund has granted the Underwriters an option (the “Over-Allotment Option”) exercisable in whole or in part at any time until 30 days following the Closing Date, to purchase at the offering price, 423,750 additional Subscription Receipts to cover over-allotments if any, and for market stabilization purposes. See “Plan of Distribution”. In the event that the Over-Allotment Option is exercised in whole or in part after the closing of the Summit Acquisition, then the Fund will issue the appropriate number of Units in lieu of Subscription Receipts.
Use of Proceeds:	The net proceeds of the Offering, after deducting the fees payable to the Underwriters and the expenses of the Offering payable by the Fund, will be approximately \$70.4 million. The net proceeds of the Offering (following the release of the Escrowed Funds by the Escrow Agent) will be used by the Fund to finance part of the Purchase Price of the Summit Acquisition. The aggregate acquisition cost to Colabor to acquire Summit is approximately \$115.0 million, plus a certain amount of assumed short term liabilities estimated at \$28,587,000 and estimated acquisition costs of approximately \$1.5 million. Colabor will finance the remainder of the cash acquisition costs through the New Credit Facilities. Concurrently with the closing of the Summit Acquisition, Cara has agreed to subscribe for 1,130,000 Units for gross proceeds of \$10.0 million on a private placement basis. See “Use of Proceeds”, “Summit Acquisition”, “Summit Acquisition – New Credit Facilities” and “Plan of Distribution”.
Distribution Policy:	<p>The Fund has adopted a policy to distribute all or substantially all of its distributable cash to Unitholders by equal monthly cash distributions. For the period from November 1, 2006 to November 30, 2006, the Fund declared a cash distribution of \$0.0897 per Unit payable on December 15, 2006 to Unitholders of record on November 30, 2006. The Fund’s Board of Trustees does not currently anticipate increasing distributions to Unitholders based on the contribution of the Summit Acquisition but will continue to monitor the Fund’s cash available for distributions and its payout ratio. See “Distribution History”.</p> <p>In the event the Summit Acquisition is considered an “undue expansion” in the context of the October 31, 2006 Proposals, management believes that the Fund would be able to maintain its annual distributions to unitholders at the current level of \$1.076 per Unit. Under such a scenario, management estimates that the pro forma basic amount of tax that would have been paid for the twelve months ended September 8, 2006 would have been approximately \$3.0 million (approximately \$4.3 million assuming conversion of the Debentures), resulting in pro forma basic cash available for distribution of \$1.24 per Unit and pro forma fully diluted cash available for distribution of \$1.04 per Unit, including expected annual synergies of \$2.2 million to be realized over a 12-month period. It is management’s opinion that the transaction would be accretive to the Fund’s cash available for distribution per Unit for the first full year of operations following the closing of the Summit Acquisition, on both a basic and fully-diluted basis, after incorporating a taxation on income amounts earned by the Fund. Management of Colabor believes the acquisition of Summit constitutes a strategic acquisition for Colabor and is consistent with the Fund’s objectives of generating sustainable, predictable and growing distributable cash. See “Summary of Distributable Cash – Potential Impact of October 31, 2006 Proposals”.</p>

The Subscription Receipts

The Escrowed Funds:

The Escrowed Funds will be held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada, a province of Canada, or a Canadian chartered bank or corporate commercial paper that is rated at least R1 (middle) by Dominion Bond Rating Service or an equivalent rating service, as directed by the Fund, pending completion of the Summit Acquisition.

Completion of the Summit Acquisition:

Upon the completion of the Summit Acquisition, the Escrowed Funds less the amount, if any, required to pay holders of the Subscription Receipts an amount per Subscription Receipt equal to the amount per Unit paid by the Fund on the Units from the Closing Date until the closing of the Summit Acquisition will be released to the Fund and one Unit will be issued for each Subscription Receipt without any further action on the part of the holder thereof and without payment of additional consideration. It is currently expected that the closing of the Summit Acquisition will occur on or about January 8, 2007.

If the closing of the Summit Acquisition does not take place or the other conditions to the exchange of the Subscription Receipts are not satisfied by the Termination Date, the Escrow Agent will return to holders of Subscription Receipts, commencing on the third business day following the Termination Date, an amount equal to the full subscription price therefor and their pro rata entitlements to interest actually earned on the Escrowed Funds. If National Bank Financial Inc. (acting on behalf of the Underwriters and after consulting Scotia Capital Inc.) agrees to extend the Termination Date to a new termination date on or before April 2, 2007 (the "Extension Date") but the Summit Acquisition fails to close on or before 5:00 p.m. (Montréal time) on the Extension Date, the holders of Subscription Receipts will receive, on the third business day following the Extension Date, in addition to the full subscription price of the Subscription Receipts and their pro rata entitlements to interest earned on the Escrowed Funds, an amount per Subscription Receipt equal to the per Unit distribution payable to Unitholders relating to any record date occurring on or after March 5, 2007 and up to but excluding the Extension Date.

Distributions:

If the closing of the Summit Acquisition takes place prior to the Termination Date and holders of Subscription Receipts become entitled to receive Units, such holders will be entitled to receive an amount per Subscription Receipt equal to the amount per Unit of any cash distributions for which record dates have occurred during the period from the Closing Date to the date immediately preceding the date the Units are issued pursuant to the Subscription Receipts. Such amount will be paid to the holders of Units issued pursuant to the Subscription Receipts on the later of (i) the date the Units are issued and (ii) the date such distributions are paid to Unitholders. For greater certainty, if the closing of the Summit Acquisition takes place on a date that is a distribution record date, holders of Subscription Receipts on such date will not be entitled as such to receive a payment in respect of the cash distribution for such record date but will instead be deemed to be holders of record of Units on such date and will be entitled as Unitholders to receive such monthly distribution. If the Summit Acquisition closes on or before January 8, 2007, as currently contemplated, holders of Subscription Receipts will become holders of Units on or before January 8, 2007 and will be entitled, provided they remain holders of record of Units received pursuant to the Subscription Receipts on January 4, 2007, to receive the distribution expected to be paid on February 15, 2007 to Unitholders of record on January 31, 2007. See "Description of the Subscription Receipts".

The Debentures

Maturity:

The Debentures will mature on the Initial Maturity Date if the Summit Acquisition has not been completed prior to the Termination Date. If the closing of the Summit Acquisition takes place prior to the Termination Date, the maturity date will be automatically extended from the Initial Maturity Date to the Final Maturity Date.

Final Maturity:

December 31, 2011

Interest:	7.0% per annum. Assuming the extension of the maturity of the Debentures to the Final Maturity Date, the interest on the Debentures will be payable semi-annually, not in advance, on June 30 and December 31 in each year, commencing June 30, 2007. The first interest payment on June 30, 2007 will include interest accrued from the Closing Date up to but excluding June 30, 2007. The Fund shall have the option to pay such interest by delivering Units to a trustee for sale, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of the requisite number of Units by such trustee. This option will not be available in respect of interest accrued from the Closing Date and the Initial Maturity Date unless such Initial Maturity Date is extended to the Final Maturity Date.
Conversion:	<p>Each Debenture will be convertible into Units at the option of the holder at any time after the Initial Maturity Date and prior to the close of business on the day immediately preceding the date specified by the Fund for redemption of the Debentures at a conversion price of \$10.25 per Unit, being a conversion rate of approximately 97.561 Units per \$1,000 principal amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will receive accrued and unpaid interest thereon up to but excluding the date of conversion.</p> <p>Notwithstanding the foregoing, no Debentures may be converted during the five business days preceding June 30 and December 31 in each year, commencing June 30, 2007, as the registers of the Debenture Trustee will be closed during such periods.</p>
Redemption:	The Debentures may not be redeemed by the Fund on or before December 31, 2009. After December 31, 2009 and prior to December 31, 2010, the Debentures may be redeemed by the Fund in whole or in part, from time to time at the option of the Fund on not more than 60 days' and not less than 30 days' prior written notice, at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price (as defined herein) is at least 125% of the Conversion Price. After December 31, 2010, the Debentures may be redeemed by the Fund in whole or in part from time to time, at the option of the Fund on not more than 60 days' and not less than 30 days' prior written notice at a price equal to the principal amount thereof plus accrued and unpaid interest.
Payment upon Redemption or Maturity:	On redemption or at the Final Maturity Date, the Fund may, at its option, on not more than 60 days' and not less 30 days' prior notice, subject to regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, elect to satisfy its obligation to pay the applicable Redemption Price (as defined herein) or the principal amount of the Debentures by issuing and delivering that number of Units freely tradeable in Canada obtained by dividing the aggregate Redemption Price of the outstanding Debentures which are to be redeemed, or the principal amount of outstanding Debentures which have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Final Maturity Date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.
Change of Control:	Upon the occurrence of a Change of Control (as defined herein) of the Fund, each holder of Debentures may require the Fund to purchase, on a date which is 30 days following the giving of notice of the Change of Control, the whole or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest to such date.
Subordination:	The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as defined herein) of the Fund. The Debentures will also be effectively subordinate to claims of creditors of each subsidiary of the Fund except to the extent the Fund directly or indirectly through one of its other subsidiaries has a claim as a creditor of such subsidiary ranking at least <i>pari passu</i> with such other creditors. The Debentures will not limit the ability of the Fund to incur additional indebtedness, liabilities and obligations, including indebtedness that ranks senior to the Debentures, or from hypothecating, pledging or charging its properties to secure any Indebtedness.

Canadian Federal Income Tax Considerations

Subscription Receipts:

No gain or loss will be realized by a holder of Subscription Receipts on receipt of a Unit issuable pursuant to a Subscription Receipt. Subject to the October 31, 2006 Proposals, each Canadian resident Unitholder will be required to include in computing income for tax purposes for a particular taxation year the Unitholder's pro rata share of the Fund's income, including taxable capital gains, that was paid or payable in that year by the Fund to the Unitholder and that was deducted by the Fund in computing its income. Generally, all other amounts received by the Unitholders (other than the non-taxable portion of realized capital gains) will not be included in a Unitholder's income for income tax purposes, but will reduce the adjusted cost base of the Unitholder's Units. See "Certain Canadian Federal Income Considerations" for information on the possible impact of the October 31, 2006 Proposals.

Debentures:

Each Canadian resident holder of a Debenture that is a corporation, partnership, unit trust or a trust of which a corporation or a partnership is a beneficiary, will be required to include in computing income for tax purposes for a particular taxation year all interest on the Debentures that accrues to the holder to the end of that taxation year or that becomes receivable by or is received by the holder before the end of that year, except to the extent that the holder included that interest in computing its income for a preceding taxation year. Every other Canadian resident holder of a Debenture will generally be required to include in computing income for tax purposes for a particular taxation year all interest on the Debentures that is received or receivable by the holder in that year (depending upon the method regularly followed by the holder in computing income), except to the extent that the holder included that interest in income for a preceding taxation year. Each Canadian resident holder of a Debenture who exchanges a Debenture for Units will be considered to have disposed of the Debenture for proceeds of disposition equal to the aggregate of the fair market value of the Units so acquired and the holder may realize a capital gain or a capital loss as a result.

Non-Residents:

Non-resident holders of Subscription Receipts, Units and Debentures should consult their tax advisors regarding the tax implications of an investment in Subscription Receipts, Units or Debentures, including the application of withholding tax to distributions, payments of interest, and amounts deemed to be interest on conversion, redemption or maturity of the Debentures.

All prospective investors should consult their tax advisors regarding the tax implications of an investment in Subscription Receipts, Units or Debentures. See "Certain Canadian Federal Income Tax Considerations".

Risk Factors

Investment in the Subscription Receipts, Units and Debentures is subject to a number of risks that investors should carefully consider. Those risks include risks related to Colabor, Summit, the Combined Business and the Summit Acquisition. See "Forward-Looking Statements" and "Risk Factors".

SELECTED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the Fund and Summit, respectively, for the periods indicated. This information should be read in conjunction with the audited consolidated financial statements of the Fund for the 187-day period ended December 31, 2005 and the related notes and management's discussion and analysis of the financial condition and results of operations, the unaudited consolidated financial statements of the Fund for the 84-day period ended September 8, 2006 (3rd quarter) and the 251-day period ended on that date and the related notes and management's discussion and analysis of the financial condition and results of operations, the audited financial statements of Summit for the years ended April 3, 2005 and April 2, 2006 and the related notes, the unaudited financial statements of Summit for the 168-day period ended September 17, 2006 and the related notes, all as included elsewhere or incorporated by reference in this short form prospectus. Financial years of the Fund end on December 31 and are composed of thirteen periods of 28 days each; three quarterly periods of the Fund are composed of three periods of 28 days each and the last quarterly period is composed of four periods of 28 days each. Summit's financial years end on the Sunday closest to March 31st and are composed of 52 periods of 7 days each. Historical results are not necessarily indicative of the results that may be expected for any future period or for a full year.

<u>Twelve Months Ended September 8, 2006⁽¹⁾</u>	<u>The Fund</u>	<u>Summit</u>	<u>Pro Forma</u> <u>Adjustments</u>	<u>Consolidated</u> <u>Pro Forma</u>
		(in thousands of dollars) (unaudited)		
Net Sales.....	\$399,225	\$427,744		\$826,969
Net Earnings	4,826	6,501	(5,137)	6,190
Adjusted EBITDA ⁽²⁾	14,168	13,108		27,276
			<u>Pro Forma</u> <u>Adjustments</u>	<u>Consolidated</u> <u>Pro Forma</u>
As at September 8, 2006				
Current assets	\$51,216	\$66,512	\$(10,242)	\$107,486
Property, plant and equipment (net).....	3,876	13,482	(4,258)	13,100
Total assets	136,367	94,994	46,810	278,171
Current liabilities.....	51,929	28,479	(10,129)	70,279
Long-term debt (excluding short-term instalments on long-term debt)	1,833	--	42,666	44,499
Convertible Debentures.....	--	--	44,714	44,714
Non-Controlling Interest	29,849	--	--	29,849
Total liabilities.....	83,611	32,154	74,012	189,777
Equity	52,756	62,840	(27,202)	88,394
Total liabilities and equity.....	136,367	94,994	46,810	278,171

Note:

- (1) With respect to Summit, the information is derived from the unaudited financial statements of Summit for the 12 months ended September 17, 2006.
- (2) Adjusted EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP. Therefore Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definition of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

SUMMARY OF DISTRIBUTABLE CASH

The following analysis has been prepared by management on the basis of the information contained in this short form prospectus and management's estimate of the amount of expenses and expenditures to be incurred by the Combined Business.

This analysis is not a forecast or a projection of future results. The actual results of operations of the Combined Business for any period, whether before or after the completion of the Summit Acquisition, will likely vary from the amounts set forth in the following analysis, and such variation may be material.

Management believes that estimated cash available for distribution is an operating performance measure, which is a measure generally used by Canadian income funds as an indicator of financial performance. As the Fund distributes substantially all of its cash on an on-going basis (after providing for certain amounts described below) and since EBITDA and Adjusted EBITDA are measures used by many investors to compare issuers on the basis of the ability to generate cash from operations, management believes that, in addition to earnings, EBITDA and Adjusted EBITDA are useful supplemental measures from which to make adjustments to determine its distributable cash. Management believes that distributable cash of the Combined Business is a useful supplemental measure that may assist prospective investors in assessing the return on their investment in Units. Distributable cash is not a recognized measure under Canadian GAAP and the Combined Business' method of calculation of distributable cash may differ from methods used by other issuers. Accordingly, distributable cash as presented may not be comparable to similar measures presented by other issuers.

The purpose of the following summary is to provide a reasonable estimate of what the Combined Business' annual cash available for distribution could have been for the period from September 9, 2005 to September 8, 2006. The estimate is based on the total EBITDA for the Fund and Summit for the twelve months ended September 8, 2006 and September 17, 2006 respectively. In order to be representative of operations going forward, management believes that the EBITDA for the Fund and Summit for the periods stated must be adjusted to reflect certain adjustments, as described in the section entitled "Definition of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings". In management's view, the reconciliation of Adjusted EBITDA to estimated cash available for distribution for the periods presented in this section has been prepared using reasonable and supportable assumptions, all of which reflect the Combined Business' planned courses of action given management's knowledge of the Combined Business and of the industry in which it operates in general, and historical financial results and financial analysis.

Investors are urged to consider such assumptions and the risks that such assumptions may prove incorrect. See "Risk Factors" for risks that could cause actual results to vary. Although the Fund intends to make distributions of its available cash to the maximum extent possible to Unitholders, these cash distributions may be reduced or suspended. Further information related to the underlying assumptions is provided in the footnotes to the table for each reconciling item.

Management believes that, upon completion of the Summit Acquisition, the Combined Business will incur interest expenses and will require sustaining capital expenditures which will differ from those contained in the historical financial statements or in the unaudited *pro forma* consolidated financial statements that are incorporated by reference or included elsewhere in this short form prospectus. Although management does not have firm commitments for all of those expenses and, accordingly, the complete financial effects of all of those expenses and expenditures are not objectively determinable, management believes that, based on the assumptions described above and in the notes to the table below, the following represents a reasonable estimate of what distributable cash would have been for the period from September 9, 2005 to September 8, 2006, had the Fund owned Summit during such period:

Twelve Months Ended September 8, 2006⁽¹⁾

	<u>The Fund</u>	<u>Summit</u>	
	(in thousands of dollars except per Unit amounts and percentages)		
		(unaudited)	
Cash Provided by Operating Activities	\$19,884	\$11,066	
Change in non-cash operating activities	(6,923)	(2,608)	
Interest expense	840	464	
Taxes	--	3,194	
Purchase of Units by Fund for purposes of LTIP	367	--	
Future Income Taxes	--	778	
Amortization of deferred gain	--	43	
Gain on disposal of property	--	1	
Charge in accrued benefit liability	--	(26)	
EBITDA⁽²⁾	\$14,168	\$12,912	
Amortization of a deferred gain related to the sale of a building		(43)	
Impact related to the additional costs of leasing the London distribution center ⁽³⁾		(709)	
Elimination of capital taxes		140	
Write-off of rebates receivable related to prior years ⁽⁴⁾		598	
Impact related to adjustment of Ottawa distribution center base rent ⁽⁵⁾		210	
		<u>Pro Forma Adjustments</u>	<u>Consolidated Pro Forma</u>
Adjusted EBITDA⁽²⁾	\$14,168	\$13,108	\$27,276
Cash interest expense ⁽⁶⁾	(840)	--	(6,353)
Cash taxes ⁽⁷⁾	--	--	(2,478)
Maintenance capital expenditures ⁽⁸⁾	(699)	(1,100)	(1,799)
Cash Available for Distribution	\$12,629	\$12,008	\$16,646
Cash available for distribution, basic ⁽⁹⁾	\$12,629	\$12,008	\$18,897
Cash available for distribution, fully diluted ⁽⁹⁾	\$12,629	\$12,008	\$18,897
Units outstanding, basic ⁽⁹⁾	10,862,439	3,955,000	14,817,439
Units outstanding, fully diluted ⁽⁹⁾	10,862,439	8,833,049	19,695,488
Cash available for distribution per Unit, basic ⁽⁹⁾	\$1.16		\$1.12
Cash available for distribution per Unit, fully diluted ⁽⁹⁾	\$1.16		\$0.96
Payout ratio, basic ⁽⁹⁾	93%		96%
Payout ratio, fully diluted ⁽⁹⁾	93%		112%
Including \$2.2 million of expected annual synergies⁽¹⁰⁾			
Cash available for distribution per Unit, basic ⁽⁹⁾			1.24
Cash available for distribution per Unit, fully diluted ⁽⁹⁾			1.04
Payout ratio, basic ⁽⁹⁾			87%
Payout ratio, fully diluted ⁽⁹⁾			103%

Notes:

- (1) With respect to Summit, the information is derived from the unaudited financial statements of Summit for the 12 months ended September 17, 2006.
- (2) See "Definition of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings. EBITDA and Adjusted EBITDA are not recognized measures under Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.
- (3) Impact related to the additional cost to Colabor of leasing a building which, prior to the Closing of the Summit Acquisition, was owned by Summit.
- (4) Impact related to the exclusion of a rebates receivable write-off related to prior years.
- (5) Effective August 1, 2006, Summit entered into a sale-and-leaseback of the Ottawa distribution center. The effect was a reduction in annual rent expense.
- (6) Pro forma cash interest expense calculated as the sum of: (i) \$36.4 million principal amount drawn under the New Credit Facilities at an assumed interest rate of 5.36%, (ii) interest payments of 7.0% on \$50 million principal amount of Debentures, and (iii) standby fees on \$70 million of revolving credit facilities available as part of the New Credit Facilities. Cash interest expense excludes amortization of the deferred financing costs and non-cash interest charge to reflect the difference between the effective rate and the nominal rate on the Debentures.
- (7) Cash taxes calculated on a basic, pre-synergies basis. Cash taxes on a fully diluted pre-synergies, basic post-synergies and fully diluted post-synergies basis would have been \$3.7 million, \$3.0 million and \$4.3 million respectively. Before taking into account such potential taxes, management believes that the Summit Acquisition would have increased the Fund's basic distributable cash per unit from \$1.16 to \$1.44 or the Fund's fully diluted distributable cash per Unit from \$1.16 to \$1.26 for the 12-month period ended September 8, 2006, after taking into account the expected synergies.

- (8) Estimated maintenance capital expenditure for the Combined Business is based on the review of Colabor's and Summit's historical and projected maintenance capital expenditures.
- (9) The pro forma basic Units outstanding, cash available for distribution per Unit and payout ratio have been adjusted by 2,825,000 Units issuable pursuant to the Subscription Receipts, 1,130,000 Units issuable to Summit upon completion of the Summit Acquisition and assuming the conversion of the 5,087,439 Exchangeable LP Units outstanding. The pro forma fully diluted Units outstanding, cash available for distribution per Unit and payout ratio have been adjusted for 4,878,050 Units issuable upon the conversion of the Debentures.
- (10) Management estimates the synergies coming from procurement savings attributable to Colabor's increase in purchases from suppliers resulting from the Summit Acquisition and other cost savings initiatives to be approximately \$2.2 million over a 12-month period. Management's estimate is based, among others, on past experience with suppliers and actual purchasing alliances. See "Risk Factors" and "Forward Looking Statements".

Distributable cash will represent, in general, all of Colabor's available cash for the particular monthly period less any estimated cash amounts required for debt service obligations, other expense obligations, capital expenditures, taxes, reserves (including amounts for capital expenditures) and such other amounts as may be considered appropriate by Colabor. Capital and other expenditures, including amounts required to enable Colabor to pay equal monthly distributions based on expected monthly cash distributions, may also be financed with drawings under Colabor's operating credit facilities, other borrowings or additional issuances of securities.

Potential Impact of October 31, 2006 Proposals

If enacted, the October 31, 2006 Proposals would include the introduction of a tax on certain income earned by a "specified investment flow-through" ("SIFT") trust or SIFT partnership. The tax, along with other accompanying measures, is intended to apply only as of 2011 to SIFTs, such as the Fund, that were publicly traded as of October 31, 2006. However, the October 31, 2006 Proposals indicate that while there is now no intention to prevent an existing SIFT trust from normal growth prior to January 1, 2011, any undue expansion of an existing SIFT (such as might be attempted through the insertion of a disproportionately large amount of additional capital) could cause this to be revisited. Colabor was in an advanced stage of negotiations with Cara for the acquisition of Summit when the October 31, 2006 Proposals were announced. On December 15, 2006, the Department of Finance ("Finance") issued a press release that provided guidance on what Finance means by "normal growth". Finance indicated that a SIFT will not lose the benefit of the tax deferral to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units) issued by it before 2008 does not exceed \$50.0 million. Finance also provided other safe harbours limiting the issuance of new equity by a SIFT on an annual basis to a percentage of the SIFT's market capitalisation (measured in terms of the value of a SIFT's issued and outstanding publicly-traded units) as of October 31, 2006. This Offering exceeds both the \$50.0 million threshold and the safe harbours based on market capitalisation and, therefore, there is a strong likelihood that it will be interpreted by Finance or the Canada Revenue Agency as an "undue expansion" of a SIFT. This would result in the Fund losing the tax deferral announced on October 31, 2006 and becoming subject to tax on its income beginning January 1, 2007. If this were to occur, the distributions received by investors and paid from the Fund's after tax income would be deemed to be received as an "eligible dividend" and therefore would benefit from the enhanced gross-up and dividend tax credit. In this case, management believes that the Fund would be able to maintain its annual distributions to Unitholders at the current level of \$1.076 per Unit. Under such a scenario, management estimates that the pro forma basic amount of tax that would have been paid for the twelve months ended September 8, 2006 would have been approximately \$3.0 million (approximately \$4.3 million assuming conversion of the Debentures), resulting in pro forma basic cash available for distribution of \$1.24 per Unit and pro forma fully diluted cash available for distribution of \$1.04 per Unit, including expected annual synergies of \$2.2 million to be realized over a 12-month period. It is management's opinion that the Summit Acquisition would be accretive to the Fund's cash available for distribution per Unit for the first full year of operations following the closing of the Summit Acquisition, on both a basic and fully-diluted basis, after taking into account tax payable on income earned by the Fund. Management of Colabor believes the Summit Acquisition constitutes a strategic acquisition for Colabor and is consistent with the Fund's objectives of generating sustainable, predictable and growing distributable cash. See "Certain Canadian Federal Income Considerations" for information on the possible impact of the October 31, 2006 Proposals.

On December 20, 2006, the ministère des Finances (Québec) (the "Ministère") published Information Bulletin 2006-6 (the "Bulletin") which sets out the Ministère's position regarding the October 31, 2006 Proposals to the effect that Québec's tax legislation will be harmonized with the federal tax legislation but that a separate Québec tax regime will be implemented. In summary, that regime would result in the business income indirectly earned in Québec by the Fund to be taxed at the then applicable Québec corporate tax rate.

COLABOR INCOME FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Québec pursuant to a Declaration of Trust dated May 19, 2005, as amended on June 28, 2005. The Fund currently indirectly owns Ordinary LP Units of Colabor, representing approximately 53.2% of the outstanding LP Units of Colabor (65.67%, after giving effect to the issuance of Units pursuant to the Subscription Receipts and the transactions described under “Summit Acquisition – Closing Transaction” and 74.17%, further assuming the conversion of all Debentures offered hereby into Units (66.62% and 74.71% respectively assuming the exercise in full of the Over-Allotment Option)). The remaining LP Units of Colabor are held by Colabor Investments Inc.

The principal and head office of the Fund and Colabor is located at 1620 de Montarville Boulevard, Boucherville, Québec, J4B 8P4.

INDUSTRY OVERVIEW

Overview

The food industry is currently the second largest retail sector of the Canadian economy in terms of sales, ranking immediately behind the automotive sector; and food-related expenses represent the third most important expense item of Canadian households. The food industry is mature and stable and has experienced an annual growth rate of 3.7% since 1998. The food industry is generally insensitive to economic cycles since food and other grocery items are basic staple items that consumers require. However, during economic downturns, consumers tend to modify their spending habits in terms of products and eating occasions.

Food is sold through two main channels: the retail sector and the foodservice sector.

Retail

The retail food business is comprised of a number of participants including supermarkets of various sizes, convenience stores and other types of non-traditional food retailers, such as mass merchandisers, warehouse clubs and drugstores. In Canada, sales made through the retail food channel grew from \$53.8 billion in 1998 to \$68.6 billion in 2004. It is expected that the sales generated through this channel will continue to grow at approximately the same rate. The food purchased through the retail channel in 2005 amounted to \$17.3 billion in Québec and \$23.5 billion in Ontario.

Foodservice

The foodservice segment of the food industry in Canada represented total sales of \$46.9 billion in 2004 from \$38.7 billion in 1999 representing an average annual nominal growth rate of 3.6%. Over the last 20 years, the foodservice segment of the food industry in Canada has achieved significant growth, with total foodservice sales having increased from approximately 25% of all food sales in 1982 to 40.6% in 2004. Management expects the foodservice sector to continue growing at a higher rate than the retail sector as a result of changing demographics and customer needs. Statistics Canada indicated that Canadian households spent almost the same percentage of their total expenditures on food in 2001 as in 1996. However, a growing preference for eating out has changed the way food dollars are spent. Since 1998, expenses for food have been in constant progression in North America. In Canada, the average amount spent at restaurants and bars, by household, increased by \$263.

The foodservice segment of the food industry is comprised of commercial customers, such as restaurants, hotels, caterers and cafeterias of commercial enterprises, and non-commercial customers, such as schools, hospitals and private care centers. In Canada, sales made through full-service restaurants and limited-service restaurants accounted for 67% of all sales associated with the foodservice segment of the food industry in 2004. Restaurants operate either independently or are owned by or affiliated to regional or national chains.

Food Distribution Industry and Market Participants

The wholesale food distribution business involves the purchasing, warehousing, marketing and distribution of dry goods, frozen and refrigerated products, meat, poultry, produce and certain food-related and non-food products from manufacturers and other suppliers to a broad range of enterprises operating in the retail or foodservice segment of the food industry. Usually, products are ordered in wholesale quantities by a distributor and received in distribution centers designed for efficient storage at various temperatures depending on the nature of the products. Products are stored at the facilities until delivered to customers, according to their requirements.

Most products distributed by wholesale distributors are branded products. However, many wholesale distributors distribute private label items manufactured or supplied by third parties and marketed under a wholesaler's private brand. Offering private label items allows distributors to meet customer demand for quality products at lower prices. Wholesale food distributors also assist manufacturers by gathering market data allowing them to monitor market trends and customer needs and preferences in order to enhance their respective product offering.

The participants in the food distribution industry include large, vertically-integrated, national and regional food distributors which operate their own retail chains such as Metro Inc., Loblaw Companies Limited and Sobeys Inc., as well as independent international corporations such as Sysco Corporation, Gordon Food Service and Martin-Brower as well as from national and regional players such as, Colabor, Summit and Distagro. Integrated chains and Colabor service both the retail and foodservice channels while Sysco Corporation, Gordon Food Service, Martin Brower and Summit service exclusively the foodservice channel.

Evolving Trends

Over the last few years, there have been considerable changes in the food retailing and distribution industry. The aging of the population, the increased life expectancy as well as the modification in the composition of the workforce, as the number of dual income households has increased, have resulted in an increase in the popularity and demand for ready-to-eat and ready-to-serve food products and frozen food products. These trends will continue to play an important role in the growth of the foodservice sector. Customer demand for prepared meals also constitutes a growth opportunity for the retail channel of the food industry as participants increase their offering of ready-to-eat products in reaction to the growing popularity of delivery and take-out restaurants. In addition, higher individual income and increased level of ethnicity in food habits have also driven the demand for a greater diversity and choice to satisfy eating occasions.

Technological advances in information technology constitute another trend which has had, in recent years, a significant impact on the supply chain of the food distribution industry. The integration of the supply chain has been improved as a result of technological advances such as, among others, bar code inventory replenishment, computerized ordering services and product tracking solutions. The proper management of the computerized ordering and inventory replenishment services is important to most distributors, retailers and foodservice operators as they must balance the need for immediate access to inventory with the cost of carrying the inventory. To meet the growing demand for such services, most wholesale distributors, retailers and foodservice operators must successfully train personnel and design and implement procurement solutions.

The growing concerns over food safety also has an impact on the industry. In order to continue to operate their business, participants in the food distribution industry are required to implement measures to ensure the safety of their processes and the traceability of products they manufacture or distribute.

In light of the foregoing, key success factors for retailers and foodservice operators alike are cost control, product offering and quality of service offered to customers. In order to enable them to attain these success factors, distributors must in turn offer a large selection of products at competitive prices and offer quality services including timely and flexible delivery and marketing support for retailers. Retailers and foodservice operators also benefit from a distributor's efficient distribution network since it allows them to reduce their inventory levels (and thereby their working capital requirements) as the frequency and flexibility of deliveries increase. As a result, the food distribution industry experiences consolidation as wholesale distributors have joined buying groups or consolidated their operations in order to benefit from increased purchasing power as well as from inventory management systems and information technology infrastructures.

The necessity to purchase a high volume of products in order to obtain competitive pricing coupled with the infrastructure required to address just-in-time delivery requirements and food safety issues constitute, in the opinion of management, significant barriers to entry for potential new entrants in the food distribution business. Management believes that Colabor has the size and the technological resources necessary to benefit from these industry trends and compete successfully. The ability and flexibility to provide the ideal combination of products and services required by each retailer and foodservice operator, at competitive prices, is key to maintaining and capturing future market share.

BUSINESS OF COLABOR

Overview

First organized in 1962 as a buying group, Colabor is a master distributor of food, food-related and non-food products which it purchases and supplies to wholesale distributors who redistribute the products to their customers operating in the retail or foodservice market segments. Today, Colabor is one of the leading master distributors catering to the needs of wholesale food

distributors in Canada and the market leader in Québec with total net sales of \$399.2 million for the twelve-month period ended September 8, 2006.

Colabor distributes approximately 35,000 products sourced from 550 suppliers and manufacturers to over 25,000 points of sale, serviced by 60 small to medium-size wholesale distributors operating in Québec and in the Atlantic Provinces, of which 31 are shareholders of the Colabor Investments Inc. which owns a 46.8% interest in Colabor.

For the twelve months ended September 8, 2006, Colabor had net sales, EBITDA and net earnings of \$399.2 million, \$14.2 million and 4.8 million, respectively. See “Definition of EBITDA, Adjusted EBITDA and Distributable Cash” and “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”.

BUSINESS OF SUMMIT

Overview

Summit is a leading distributor of brand name products to the foodservice industry in Ontario and Québec. Summit distributes in excess of 8,000 products from warehouses located in Ottawa, London and Mississauga to over 3,000 customers, including Cara, other chain and street restaurants, and institutional locations such as hospitals, schools, and government institutions. Summit’s product range includes frozen products, dry staples, dairy products, produce, meat, seafood, poultry, disposables and sanitation products. With an experienced management team, Summit has enjoyed strong sales growth by providing customers with a wide selection of products, superior service and competitive pricing and by benefiting from its long-term relationship with Cara whose full-service restaurants brands revenues have grown at a combined rate of over 10% per year over the last five years. Net sales have grown at a compounded annual growth rate (“CAGR”) of approximately 8% since 1998 to \$427.7 million for the twelve months ended September 17, 2006. Similarly, normalized EBITDA (adjusted for amortization of a deferred gain related to the sale of a building and rebates receivable write-off related to prior years) has grown at a CAGR of approximately 8% since 1998 to \$13.5 million, before adjustments related to the Summit Acquisition, for the twelve months ended September 17, 2006; net earnings were \$6.5 million for the twelve months ended September 17, 2006. Over the past five years, Summit has moved to a new 128,000 square foot distribution center in Mississauga, expanded its distribution facility in London and has invested in its information technology and distribution infrastructure. Summit currently operates a total of 310,000 square feet of warehouse capacity where it employs technology to help drive continuous improvement. See “Definition of EBITDA, Adjusted EBITDA and Distributable Cash” and “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”.

Competitive Strengths

Leading Foodservice Distributor in Attractive Ontario Market

Summit is one of the largest foodservice distributor in the highly fragmented \$15.1 billion Ontario market. Ontario is an attractive market for foodservice distribution due to the high density of population in certain regions, resulting in a large number of restaurants and institutional locations such as hospitals, schools, and government institutions.

Quality Customers Under Contractual Agreements

Over 70% of Summit’s business is or will be governed through contractual agreements. Summit has built a strong customer base by providing constant quality of products, efficiency in delivery and superior customer service at competitive prices and has a long-term relationship with Cara. The Cara business (including franchisees of Cara) represents over 55% of Summit’s total sales and will be governed, as part of the transaction, by a 10-year distribution agreement. See “Summit Acquisition – Distribution and Supply Agreement”. Summit has also experienced low turnover within its other customer base.

Long-Term Relationship with Cara

Summit has a long-term relationship with Cara which began fifteen years ago and will be continued following the Summit Acquisition by the entering into of a 10-year distribution agreement. See “Summit Acquisition – Distribution and Supply Agreement”. Cara, a privately-held Canadian owned company founded by the Phelan family in 1883, is the largest operator of full-service restaurants in Canada with over 420 full-service restaurants (including brands such as Swiss Chalet, Kelsey’s Neighbourhood Bar and Grill, Montana’s Cookhouse and Milestone’s Grill and Bar) and 300 Harvey’s quick-service restaurants. Cara is also the leading caterer to the Canadian air travel industry. Over the past five years, revenues at Cara’s full-service restaurants brands have grown at a combined rate of over 10% per year. Over the last several years, Summit has achieved significant growth in revenues due in part to the growth of the Cara Brand. As part of its corporate strategy, Cara has renewed its

focus on branded restaurants and intends to aggressively grow the number of new units over the next several years. Summit's long-term relationship with Cara in Ontario and Québec uniquely positions it to benefit from Cara's future growth.

HACCP Certified Distribution Facilities and Efficient Logistical Infrastructure

Summit operates three distribution centers located in London, Ottawa and Mississauga with a total warehouse space of 310,000 square feet. The Mississauga distribution center was completed in 2001 and the London distribution center was expanded in 2003. Summit has for each of its London, Mississauga and Ottawa distribution centers a certificate of HACCP (Hazard, Analysis and Critical Control Point) System Verification. Management expects that an increasing number of Canadian foodservice clients will request that their suppliers be HACCP certified and, as such, believes Summit is well positioned to meet these requirements. In addition, Summit has recently invested in inventory and routing information technology and systems. These recent significant investments in infrastructure and systems, along with consistently maintaining its trucks, tractors and trailers in good operating order, should minimize capital expenditure requirements going forward.

Highly Experienced Management Team

Summit has a highly regarded senior management team with an average of 25 years of experience in the foodservice industry. Over the past 30 years, the management team has grown the company's net sales from \$5 million to \$427.7 million and has successfully integrated several significant acquisitions. This management team has also guided Summit through facility expansions, efficiency initiatives, significant investments in infrastructure and systems and several customer gains. All members of the senior management team of Summit are expected to remain with the Combined Business following the closing of the Summit Acquisition. Following closing, Summit will continue to be operated by its existing management as a division within Colabor.

Superior Service Delivery

Through its three distribution centers strategically located in Ontario and its efficient logistical infrastructure, Summit makes its products available to foodservice customers in quantities required and in a timely fashion. In addition, the expertise developed over the years servicing the Cara owned restaurants has allowed Summit to develop the organizational skills and efficiency required to reach the high level of service demanded by chain restaurants and other large foodservice customers and position it to capture new non-Cara business.

Operations of Summit

Distribution

Summit operates three Ontario distribution centers in Mississauga, London and Ottawa, which have combined warehouse capacity of over 310,000 square feet dedicated to frozen food products, refrigerated food products and dry goods. There is excess land for expansion in London and Ottawa which would allow for increases in warehousing capacity. No excess land is available in Mississauga, however, there is additional capacity available.

Summit serves its clients with its trucking fleet consisting of approximately 150 owned and leased vehicles. Summit's fleet is supported by modern information technology and an advanced communications network.

Product Offering

Summit distributes in excess of 8,000 products, which include frozen products, dry staples, dairy products, produce, meat, seafood, poultry, disposables and sanitation products which it purchases from a variety of manufacturers and suppliers. To increase its purchasing power, Summit is a member of two buying groups. These relationships are expected to be maintained following closing of the Summit Acquisition.

Installations

Summit is currently the tenant under two lease agreements with respect to facilities located in Ottawa (Ontario) and Mississauga (Ontario) and will enter at closing of the Summit Acquisition, with a subsidiary of Cara, into a lease agreement with respect to the facilities located in London (Ontario). The initial term of the Summit Leases varies from ten to fifteen years and each lease may be extended, subject to customary conditions, for three further successive and consecutive terms of five years, upon the same terms and conditions, save and except for the basic rent.

Customers

Summit distributes to over 3,000 customers, including Cara and external customers located in Ontario and Québec. External customers are made of both non-Cara chain and independent restaurants and include healthcare institutions, schools and universities.

Summit's sales to Cara (including to franchisees of Cara), through its long-term relationship, represents over 55% of its total sales and encompasses the distribution to approximately 570 Cara restaurant units under five brands. Cara's accounts include prominent restaurant chains such as Swiss Chalet, Harvey's, Kelsey's Neighbourhood Bar and Grill, Montana's Cookhouse and Milestone's Grill and Bar and air travel industry. Over the past five years, revenues at Cara's full-service restaurants brands have grown at a combined rate of sale over 10% per year. Summit's sales to Cara are diversified across all Cara brands.

Employees

As at September 17, 2006, Summit employed a workforce of approximately 530 persons, 65% of whom are governed by 4 collective bargaining agreements expiring between December 2008 and December 2011. Summit has no history of labour unrest, and it believes that its relationship with its employees is good.

Competition

Summit's competition comes from large international corporations such as Sysco Corporation, Gordon Food Service and Martin Brower as well as from regional players such as Bruce Edmeads, Flanagan and Neate Roller.

Management believes that the principal key success factors in the food distribution business to foodservice customers include price, breadth of products and services offered, distribution service level, and efficiency of inventory management system. Management believes that Summit competes effectively on each of these fronts and is well positioned to continue growing its business.

SUMMIT ACQUISITION

Pursuant to the Asset Sale Agreement dated as of December 12, 2006 between Colabor and Summit, Colabor agreed to acquire substantially all of the assets of Summit, a subsidiary of Cara, the largest operator of full-service restaurants in Canada, for an aggregate Purchase Price of \$115.0 million, plus the amount of certain assumed short term liabilities estimated at \$28,587,000 (subject to a working capital adjustment). The Purchase Price is payable by a \$115.0 million cash payment at closing and by the assumption of certain liabilities relating to the operations of Summit. The cash portion of the Purchase Price will be paid from the net proceeds of the Offering and advances under the New Credit Facilities. Concurrently with the closing of the Summit Acquisition, Cara has agreed to subscribe for 1,130,000 Units for gross proceeds of \$10.0 million on a private placement basis. See "Asset Sale Agreement" below.

Rationale for the Summit Acquisition

Management believes that the Summit Acquisition constitutes a strategic acquisition for Colabor and is consistent with the Fund's objective of generating sustainable, predictable and growing distributable cash for the following reasons:

Creation of a Leading Player in the Foodservice Industry

With the acquisition of Summit, Colabor secures a key position in the strategically important and attractive Ontario foodservice market and establishes itself as one of the leading players in the Canadian foodservice distribution industry with opportunities for future growth through further geographic expansion and expansion of product offering. Summit has been established in the Ontario market for over 30 years and serves a strong customer base of over 3,000 customers. Summit has a track record of consistent profitable growth.

Overview of the Combined Business
(as at and for twelve months ended September 8th, 2006 for Colabor and September 17th 2006 for Summit)

(in thousands of dollars)	<u>Colabor</u>	<u>Summit</u>	<u>Combined Business</u>
Net Sales	\$399,225	\$427,744	\$826,969
Adjusted EBITDA ⁽¹⁾	\$14,168	\$13,108	\$27,276
Adjusted EBITDA Margin	3.5%	3.1%	3.3%
Employees	143	530	673
End-user Points of Sale	25,000	3,000	28,000
Warehouse space (square feet)	371,120	310,000	681,120

Note:

(1) Adjusted EBITDA is not an earnings measure in accordance with GAAP and does not have a standardized meaning prescribe by GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See “Definition of EBITDA, Adjusted EBITDA and Distributable Cash” and “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”.

Significant Increase in Purchasing Power and Cost Savings

Management believes that the Combined Business will benefit from cost-saving opportunities and other synergies through the integration of Colabor’s existing operations with those of Summit. With combined net sales of approximately \$827 million, management believes that it will realize important procurement savings. Management expects annual recurring synergies from procurement savings and other initiatives of approximately \$2.2 million, which are expected to be realized within 12 months of the closing of the Summit Acquisition.

Accretive to Distributable Cash per Unit

Before taking into account potential taxes payable by the Fund on its income if the October 31, 2006 Proposals are enacted in their current form, management believes that the Summit Acquisition would have increased the Fund’s basic distributable cash per unit from \$1.16 to \$1.44 (24% accretive) or the Fund’s fully diluted distributable cash per Unit from \$1.16 to \$1.26 (8% accretive) for the 12-month period ended September 8, 2006, after taking into account the expected synergies resulting from the Summit Acquisition coming from procurement savings attributable to Colabor increasing its purchases from suppliers and other initiatives. See “Summary of Distributable Cash” and “Summit Acquisition – Rationale for the Summit Acquisition – Significant Increase in Purchasing Power and Cost Savings”.

In the event the Summit Acquisition is considered an “undue expansion” of the Fund by Finance or the Canada Revenue Agency and the Fund loses the benefit of the four-year transition period, management believes that the Fund would be able to maintain its annual distributions to Unitholders at the current level of \$1.076 per Unit. Under such a scenario, management estimates that the pro forma basic amount of tax that would have been paid for the twelve months ended September 8, 2006 would have been approximately \$3.0 million (approximately \$4.3 million assuming conversion of the Debentures), resulting in pro forma basic cash available for distribution of approximately \$1.24 per Unit and pro forma fully diluted cash available for distribution of approximately \$1.04 per Unit, including expected annual synergies of \$2.2 million expected to be realized over a 12-month period. It is management’s opinion that the Summit Acquisition would be accretive to the Fund’s cash available for distribution per Unit, on both a basic and fully-diluted basis after taking into account tax payable on income earned by the Fund, for the first full year of operations following the closing of the Summit Acquisition. Management believes the Summit Acquisition constitutes a strategic acquisition for Colabor and is consistent with the Fund’s objectives of generating sustainable, predictable and growing distributable cash. As such, the Summit acquisition further positions Colabor to take advantage of opportunities in the sector while strengthening the financial and operational base of Colabor. See “Forward Looking Statements”, “Summary of Distributable Cash” and “Risk Factors – Risk Related to the Structure of the Fund – Income Tax Matters”.

Opportunities to Increase Distributable Cash through Revenue Growth

Management believes there are significant opportunities to grow revenue and distributable cash per Unit following the Summit Acquisition. Over the past five years, revenues at Cara’s full-service restaurants brands have grown at a combined rate

of over 10% per year. As part of its corporate strategy, Cara has renewed its focus on branded restaurants and intends to aggressively grow the number of new units over the next several years. Summit's long-term relationship with Cara in Ontario and Québec uniquely positions Colabor to benefit from Cara's future growth. In addition, the Combined Business will now be in a better position to pursue business from competitors of Cara, who may have historically been reluctant to deal with Summit due to Cara's ownership of Summit. Furthermore, as part of the Distribution Agreement with Cara, Colabor may be given the opportunity to service Cara restaurants outside of Ontario and Québec as well as service new restaurants acquired by Cara within Ontario and Québec. See "Distribution and Supply Agreement".

Contractual Relationships

Summit has built a strong customer base by providing consistent quality of products, efficiency in delivery and superior customer service at competitive prices. Over 70% of Summit's business will be subject to contractual agreements. The Cara business (including franchisees of Cara) represents approximately 55% of Summit's total sales for the 12-month period ended September 17, 2006. Concurrent with the Summit Acquisition, Colabor will enter into a 10-year distribution agreement with Cara to service all Cara Brands in Ontario and Québec.

Strong and Stable Generation of Free Cash Flow

Summit has a long history of generating steady and sustainable sales and EBITDA. Net sales have grown at a CAGR of approximately 8% since 1998 to \$427.7 million for the twelve months ended September 17, 2006. Similarly, normalized EBITDA (adjusted for amortization of a deferred gain related to the sale of a building and rebates receivable write-off related to prior years) has grown at a CAGR of approximately 8% since 1998 to \$13.5 million, before adjustments related to the Summit Acquisition, for the twelve months ended September 17, 2006; net earnings were \$6.5 million for the twelve months ended September 17, 2006. Sales and EBITDA growth has been driven by the expansion of Cara's full-service restaurant business and by capturing new non-Cara business. Management expects low capital requirements going forward due to the recent investments in warehouse capacity and systems. Management estimates Summit's maintenance capital expenditures to be approximately \$1.1 million on an annual basis. See "Definition of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

Superior Combined Management

The Fund is expected to benefit from the combination of the Colabor and Summit management teams, both of which have significant industry experience and have successfully managed and developed two of the leading foodservice distribution companies in Canada. In addition, both teams have had experience in successfully integrating acquired businesses, which will be a significant advantage as Colabor moves towards combining the businesses.

The members of Colabor's senior management team have an average 21 years experience in the industry and the members of Summit's senior management team have an average 25 years of experience in the industry. Management expects that all members of the senior management team of Summit will remain with the Combined Business following closing of the Summit Acquisition.

Integration Plan

Following closing of the Summit Acquisition, Summit will generally continue to be operated by its existing management as a distinct division within Colabor. However, management believes that there will be cost-saving opportunities and other synergies arising from the sharing of best practices and the integration of certain programs and benefits and especially an increase in purchasing power. Benefiting from its increased purchasing power, management expects annual recurring synergies coming from procurement savings and other initiatives will be realized within a 12-month period and total approximately \$2.2 million. See "Forward-Looking Statements".

Asset Sale Agreement

The following is a summary of the material terms of the Asset Sale Agreement. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Asset Sale Agreement, a copy of which has been filed with the securities regulatory authorities in Canada.

Purchase Price

Colabor has agreed to acquire all of the assets relating to the business of purchasing, marketing, warehousing, quality assurance, transportation and distribution of products, including food, beverages, disposables and sanitation products, to foodservice customers in Canada of Summit, except for the Excluded Assets. The Purchase Price is payable by a \$115.0 million cash payment at closing and by the assumption of certain short term liabilities estimated at \$28,587,000. Concurrently with the closing of the Summit Acquisition, Cara has agreed to subscribe for 1,130,000 Units for gross proceeds of \$10.0 million on a private placement basis. The cash portion of the Purchase Price will be paid from the net proceeds of the Offering and advances under the New Credit Facilities. The Purchase Price to be paid at the closing of the Summit Acquisition shall be increased or reduced based on the amount by which the estimated closing net working capital exceeds or is below, as applicable, the average net working capital of Summit over the year preceding closing. A dollar-for-dollar post-closing working capital adjustment will also be made on the net working capital existing at closing.

Also, the Asset Sale Agreement contains provisions pursuant to which Summit has agreed to make a contribution to the pension plan of Summit to fund any pension fund deficit, on a going concern basis, which could be existing as of December 1, 2006, as will be established by the pension fund's actuary pursuant to the Asset Sale Agreement.

Representations and Warranties

The Asset Sale Agreement includes representations and warranties of Summit in favour of Colabor which are customary for a transaction of this nature, including with respect to corporate matters, financial matters, absence of changes, condition and sufficiency of assets, contracts and commitments, intellectual property, employees, benefit plans, taxes, real property, environmental matters compliance with personal information, litigation, conduct of business, insurance, brokers' and finders' fees. The Asset Sale Agreement also contains representations and warranties of Colabor in favour of Summit, including with respect to certain corporate matters, including financial ability, litigation and broker's and finder's fees.

Covenants

The Asset Sale Agreement includes customary covenants of Summit and Colabor, including with respect to tax matters, preservation of records and risk of loss prior to the closing. In particular, Summit has agreed, from the date of the Asset Sale Agreement to the time of closing, to conduct its business in the ordinary course consistent with past practice. In addition, Summit has agreed to cease to use of the name "Summit" following closing. Colabor agreed to become the successor employer under the collective agreements and to be bound by their terms from the closing date. Colabor also agreed to offer employment to all employees of Summit on the closing date whose terms of employment are not covered by the terms of a collective agreement, on terms and conditions substantially similar to their existing terms and conditions of employment. Effective as of the closing date, Summit shall assign to Colabor all of its rights, duties, obligations and liabilities under and in relation to its pension plan and other assumed benefit plans and all related agreements.

Indemnities

Summit has agreed to indemnify Colabor from all claims resulting from any non-fulfilment or breach of covenant of Summit in the Asset Sale Agreement or from any incorrectness, misrepresentation or breach in any representation or warranty of Summit in the Asset Sale Agreement. Summit has also agreed to indemnify Colabor from all claims relating to the refusal, by the Superintendent of Financial Services, to approve the pension plan pending asset transfer, the pension plan overpayment and other financial consequence suffered by the pension plan or Colabor and relating to such refusal. The representations and warranties will survive for a period of 18 months following closing, except for representations and warranties relating to (i) tax matters which will survive 30 days after the expiration of the period during which an assessment or reassessment by any applicable taxing authority in respect of any taxation year to which those representations and warranties extend could be issued to Summit, and (ii) to title matters and certain corporate matters which will survive without limitation of time.

The aggregate maximum liability of Summit for any inaccuracy or misrepresentation in any of its representations and warranties is limited to 50% of the Purchase Price. No such claim may be made by Colabor against Summit until the aggregate of all claims exceeds \$500,000, in which case, Summit's indemnification obligations will commence from the first dollar of such claims; provided however that Summit shall not be liable for any special, indirect, incidental, consequential, punitive or aggravated damages. Summit shall have no obligation to indemnify with respect to matters of which Colabor was aware at the time of closing and has failed to disclose same to Summit. The Asset Sale Agreement does not require Summit to provide any security for its indemnification obligations under the Asset Sale Agreement or to otherwise take any steps to ensure that it will be in a position to satisfy such obligations. Accordingly, there can be no assurance of recovery by the Fund from Summit for breaches of its representations and warranties. However, Cara intervened to the Asset Sale Agreement and agreed to be jointly

and severally liable with Summit for Summit's failure to discharge any of its obligations thereunder and for the fulfillment of all the covenants, indemnities and other obligations of Summit under the Asset Sale Agreement.

Colabor has agreed to indemnify Summit from all claims incurred by Summit resulting from any non-fulfilment or breach of any covenant of Colabor contained in the Asset Sale Agreement or from any incorrectness, misrepresentation or breach in any representation or warranty of Colabor in the Asset Sale Agreement. The aggregate maximum liability of Colabor for any incorrectness or misrepresentation in any of its representations and warranties has not been limited.

Closing Conditions

The obligation of the parties to complete the Summit Acquisition is subject to customary closing conditions, including: (i) the representations and warranties made by the parties being true and correct in all material respects as of the closing date; (ii) compliance by the parties with all of their obligations under the Asset Sale Agreement in all material respects; (iii) receipt of consents and approvals of certain third parties, including any authorization required under the *Competition Act*; (iv) the entering into of the Distribution Agreement, of the London Property Lease and of the Non-Competition Agreement; (v) the absence of any action or proceeding, pending or threatened by any person or governmental authority to enjoin or prevent the completion of the Summit Acquisition; and (vi) termination, or any other arrangement satisfactory to Summit, in respect thereof, of any guarantees by Summit or any of its affiliates of any liabilities or obligations in respect of the Assets.

Distribution and Supply Agreement

The following is a summary of the material terms and conditions to be contained in a distribution and supply agreement (the "Distribution Agreement") to be entered into between Colabor and Cara on the closing date of the Summit Acquisition. The summary is qualified in its entirety by the provisions of the Distribution Agreement. Pursuant to the terms of the Distribution Agreement, Colabor will agree to sell and deliver products to Cara Brand restaurants, foodservice outlets and commercial kitchens in the Provinces of Ontario and Québec.

The Distribution Agreement provides for protection measures for the benefit of Colabor in certain circumstances, including in the event of (i) the transfer of a Cara Brand to a purchaser that does not continue to be bound by the Distribution Agreement or (ii) a reduction of operating units below certain thresholds, which results in a reduction of sales by Colabor below certain levels. In such event, Cara may be liable to pay Colabor an amount which is based on the revenues Colabor would have otherwise generated if it had not experienced such reduction in sales, the whole subject to the terms of the Distribution Agreement.

In the event Cara develops or acquires any new brand during the term of the Distribution Agreement for which it will require similar products to the products already delivered under the Distribution Agreement then, except to the extent that such additional products are being supplied pursuant to an existing distributor contract related to such new brand, Cara will first offer Colabor the opportunity to supply such additional products on terms to be mutually agreed between Cara and Colabor.

The initial term of the Distribution Agreement is ten (10) years, automatically renewable, on the same terms and conditions, for successive periods of five (5) years, unless a party sends a termination notice at least twelve (12) months prior to the termination of the initial term or any renewal. The Distribution Agreement will contain customary termination events for the benefit of the parties, including upon failure of a party to remedy any breach of the Distribution Agreement within 30 days of the receipt of a written notice, including if Colabor defaults to meet certain delivery thresholds. However, such termination notice cannot be for less than a period of six (6) months from the date of the notice to allow Cara to self supply its operating units and Cara franchisees.

Non-Competition and Non-Solicitation Agreement

The following is a summary of the material terms and conditions to be contained in a non-competition and non-solicitation agreement (the "Non-Competition Agreement") to be entered into between Colabor, Cara and Summit on the closing of the Summit Acquisition. The summary is qualified in its entirety by the provisions of the Non-Competition Agreement. Pursuant to the terms of the Non-Competition Agreement, Summit and Cara agree not to, during the term of the Distribution Agreement and for a period of two years thereafter, directly or indirectly, carry on or be interested in any business subject to certain exclusions similar to or competitive with the Business (or any component thereof) within Canada, subject to certain exclusions to allow Cara to self supply its operating units and Cara franchisees. In addition, Summit and Cara agree not to solicit employees or customers of Colabor, during the term of the Distribution Agreement and for a period of two years thereafter.

Closing Transactions

The description of the transaction steps below is Colabor's current expectation of the steps that will occur to consummate the Summit Acquisition which is expected by management to occur on or about January 8, 2007. The contributed and/or loaned amounts set forth below are based on a series of other assumptions and are affected by a number of factors including, without limitation, the amount of transaction expenses, the amount of cash on hand on the closing date of the Summit Acquisition, the amount available for borrowing under the New Credit Facilities and the gross proceeds realized in this Offering.

- The Fund will issue to the public the Subscription Receipts, raising \$25,001,250, and the Debentures, raising \$50,000,000.
- Effective on closing of the Summit Acquisition, the Subscription Receipts will be exchanged for Units.
- The Fund will use the proceeds of the Offering to acquire additional Trust Units and Trust notes.
- The Trust will subscribe for 2,825,000 Ordinary LP Units and a \$50,000,000 principal subordinated unsecured convertible debenture of Colabor which will bear interest at a rate which will be greater than the interest payable on the Debentures and will, at the option of the Trust, be convertible into Ordinary LP Units following conversion of the Debentures (the "**LP Debenture**").
- Colabor will make such drawings under the New Credit Facilities as are necessary to complete the Summit Acquisition, which drawings are expected to be approximately \$36.4 million.
- Colabor will use the cash received pursuant to the issuance of the Ordinary LP Units and the LP Debenture to the Trust and the drawings on the New Credit Facilities to pay the Purchase Price of the Summit Acquisition, subject to closing adjustments.
- Cara will subscribe for 1,130,000 Units for gross proceeds of \$10.0 million on a private placement basis.

New Credit Facilities

On December 12, 2006, Colabor entered into a commitment letter with a Schedule I Canadian Bank, as underwriter (the "Credit Facilities Underwriter") and administrative agent, and National Bank Financial Inc., as lead arranger and sole bookrunner, pursuant to which the Credit Facilities Underwriter has agreed to provide for the establishment of a \$70.0 million operating credit facility (the "Operating Facility") and a \$74.8 million bridge to equity facility (the "Bridge Facility") (collectively, the "New Credit Facilities") which will be made available by the Credit Facilities Underwriter and a syndicate of lenders (collectively the "Lenders"). The New Credit Facilities' proceeds are to be used for general corporate purposes, to repay and cancel certain existing credit facilities (other than the \$2.3 million term facility owing to the Business Development Bank) and in order to finance the Summit Acquisition.

The following is a summary of the material terms and conditions to be contained in the credit agreement (the "Credit Agreement") to be entered into with Colabor and the Lenders on or prior to closing of the Summit Acquisition. The summary is qualified in its entirety by the provisions of the Credit Agreement. The New Credit Facilities will replace certain existing credit facilities of Colabor, which were established immediately prior to Colabor's initial public offering in June 2005 to fund ongoing operating requirements, working capital requirements, general corporate purposes and for certain acquisitions and investments (the "Existing Credit Facilities"). As at December 13, 2006, \$14.217 million was outstanding under the Existing Credit Facilities.

Operating New Credit Facilities

Operating Facility: The Operating Facility will consist of a senior secured revolving credit facility for a maximum authorized amount of \$70.0 million and borrowing thereunder may be drawn, prepaid and re-borrowed until maturity. The Operating Facility has a three-year term and is repayable in full upon maturity. This Operating Facility may be drawn in Canadian or US dollars by way of prime or US base rate loans, bankers' acceptances, Libor loans or letters of credit (up to, in this latter case, a maximum aggregate of \$10.0 million). The Operating Facility will bear interest at rates based on the prime rate, US base rate or Libor, as the case may be, plus a spread which will vary depending on the form of advances used by Colabor and Colabor's funded debt to EBITDA. Standby fees payable by Colabor to the Lenders will also vary depending on the unused portion of the Operating Facility. The obligations of Colabor under the Operating Facility will be secured by a first ranking hypothec over all the movable and personal, real and immoveable property of Colabor. Up to \$45.8 million of the Operating Facility can be used to pay the purchase price of the Summit Acquisition.

Bridge Facility: Colabor has also obtained a commitment for a \$74.8 million Bridge Facility consisting of a senior unsecured non-revolving credit facility. The Bridge Facility has a six-month term and is payable in full at maturity, with no scheduled repayments prior to maturity. The Bridge Facility will be available in one single drawdown and any unused portion of the commitment under the Bridge Facility after the initial drawdown of the New Credit Facilities will cease to be available. If this Offering is completed, Colabor does not expect to draw down any amounts under the Bridge Facility. The Bridge Facility will bear interest at rates based on the prime rate plus a spread which will vary depending on the number of months remaining to maturity. The obligations of Colabor under the Bridge Facility will be unsecured.

Covenants

The Credit Agreement will contain customary affirmative, reporting and negative covenants. The Fund will be required to maintain (i) a prescribed ratio of senior debt (excluding the Debentures and the Bridge) to EBITDA of 2.5 times until the repayment and cancellation of the Bridge Facility, (ii) a prescribed ratio of total debt (excluding the Debentures) to EBITDA at all times, and (iii) a prescribed ratio of EBITDA to interest expenses at all times. In addition, the Credit Agreement will impose restrictions on the ability of Colabor to incur additional debt, create liens, dispose of assets, consolidate, merge or acquire other businesses, make distributions, investments and capital expenditures and create subsidiaries. These covenants will also restrict the Fund from owing any other assets, from incurring additional debt and to carry on business (other than its ownership of Trust Units and Trust notes and will provide that any debt or equity issuance by the Fund will be reinvested in the Trust and will include similar restrictions with respect to the Trust and Colabor's general partner. These covenants may restrict numerous aspects of the business of Colabor.

The New Credit Facilities will, in certain circumstances, restrict the Fund's, the Trust's, Colabor's and their subsidiaries ability to make payments in respect of their securities, including the Units, unless sufficient funds are available for the repayment of indebtedness and the payment of interest, expenses and taxes. The New Credit Facilities also provide for mandatory prepayment under the Operating Facility and the Bridge Facility which will also reduce the commitments thereunder upon the occurrence of certain prescribed events, including the issuance of securities, the incurring of debt and the disposal or sale/lease back transactions above certain amounts.

Events of Default

The Credit Agreement will also contain customary events of default. Failure to comply with the terms of the New Credit Facilities would entitle the Lenders to accelerate all amounts outstanding under the New Credit Facilities, and upon such acceleration, the Lenders would be entitled to begin enforcement of security granted by Colabor to recover assets of Colabor, including accounts receivable, inventory, equipment and material contracts. The Lenders would then be repaid from the proceeds of such security, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the holders of Units receive any proceeds from the liquidation of Colabor's assets.

SELECTED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the Fund and Summit, respectively, for the periods indicated. This information should be read in conjunction with the audited consolidated financial statements of the Fund for the 187-day period ended December 31, 2005 and the related notes and management's discussion and analysis of the financial condition and results of operations, the unaudited consolidated financial statements of the Fund for the 84-day period ended September 8, 2006 (3rd quarter) and the 251-day period ended on that date and the related notes and management's discussion and analysis of the financial condition and results of operations, the audited financial statements of Summit for the years ended April 3, 2005 and April 2, 2006 and the related notes, the unaudited financial statements of Summit for the 168-day period ended September 17, 2006 and the related notes, all as included elsewhere or incorporated by reference in this short form prospectus. Financial years of the Fund end on December 31 and are composed of thirteen periods of 28 days each; three quarterly periods of the Fund are composed of three periods of 28 days each and the last quarterly period is composed of four periods of 28 days each. Summit's financial years end on the Sunday closest to March 31st and are composed of 52 periods of 7 days each. Historical results are not necessarily indicative of the results that may be expected for any future period or for a full year.

<u>Twelve Months Ended September 8, 2006⁽¹⁾</u>	<u>The Fund</u>	<u>Summit</u>	<u>Consolidated</u> <u>Pro Forma</u>	
		(in thousands of dollars)		
		(unaudited)		
Net Sales.....	\$399,225	\$427,744		\$826,969
Net Earnings	4,826	6,501	(5,137)	6,190
Adjusted EBITDA ⁽²⁾	14,168	13,108		27,276
			Pro Forma Adjustments	Consolidated Pro Forma
As at September 8, 2006				
Current assets	\$51,216	\$66,512	\$(10,242)	\$107,486
Property, plant and equipment (net).....	3,876	13,482	(4,258)	13,100
Total assets	136,367	94,994	46,810	278,171
Current liabilities.....	51,929	28,479	(10,129)	70,279
Long-term debt (excluding short-term instalments on long-term debt)	1,833	--	42,666	44,499
Convertible Debentures.....	--	--	44,714	44,714
Non-Controlling Interest	29,849	--	--	29,849
Total liabilities.....	83,611	32,154	74,012	189,777
Equity	52,756	62,840	(27,202)	88,394
Total liabilities and equity.....	136,367	94,994	46,810	278,171

Note:

- (1) With respect to Summit, the information is derived from the unaudited financial statements of Summit for the 12 months ended September 17, 2006.
- (2) Adjusted EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP. Therefore Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definition of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

RECONCILIATION OF EBITDA AND ADJUSTED EBITDA TO NET EARNINGS

Management believes that EBITDA and Adjusted EBITDA are important measures in evaluating the performance of the Fund and Summit and in determining whether to invest in the Units. However, EBITDA and Adjusted EBITDA are not recognized earnings measures under Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Prospective investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with Canadian GAAP as indicators of the Combined Business' performance or cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. The Fund defines and has computed EBITDA and Adjusted EBITDA as described under "Definition of EBITDA, Adjusted EBITDA and Distributable Cash". The following table reconciles EBITDA and Adjusted EBITDA to Net Earnings based on the historical consolidated financial statements of the Fund and Summit incorporated by reference or contained elsewhere in this short form prospectus:

<u>Twelve Months Ended September 8, 2006⁽¹⁾</u>	<u>The Fund</u>	<u>Summit</u>	<u>Consolidated</u> <u>Pro Forma</u>
		(in thousands of dollars)	
		(unaudited)	
Net earnings.....	\$4,826	\$6,501	
Income taxes.....	--	3,194	
Non-controlling interest	4,335	--	
Financial expenses.....	840	464	
Amortization of property, plant and equipment.....	942	2,753	
Amortization of intangible assets.....	3,225	--	
EBITDA⁽²⁾.....	\$14,168	\$12,912	
Amortization of a deferred gain related to the sale of a building.....		(43)	
Impact related to the additional costs of leasing the London distribution center ⁽³⁾		(709)	
Elimination of capital taxes.....		140	
Write-off of rebates receivable related to prior years ⁽⁴⁾		598	
Impact related to adjustment of Ottawa distribution center base rent ⁽⁵⁾		210	
Adjusted EBITDA⁽¹⁾.....	\$14,168	\$13,108	\$27,276

Notes:

- (1) With respect to Summit, the information is derived from the unaudited financial statements of Summit for the 12 months ended September 17, 2006.

- (2) See “Definition of EBITDA, Adjusted EBITDA and Distributable Cash”. EBITDA and Adjusted EBITDA are not recognized measures under Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.
- (3) Impact related to the additional cost to Colabor of leasing a building which, prior to the closing of the Summit Acquisition, was owned by Summit.
- (4) Impact related to the exclusion of a rebates receivable write-off related to prior years.
- (5) Effective August 1, 2006, Summit entered into a sale-and-leaseback of the Ottawa distribution center. The effect was a reduction in annual rent expense.

SUMMARY OF DISTRIBUTABLE CASH

The following analysis has been prepared by management on the basis of the information contained in this short form prospectus and management’s estimate of the amount of expenses and expenditures to be incurred by the Combined Business.

This analysis is not a forecast or a projection of future results. The actual results of operations of the Combined Business for any period, whether before or after the completion of the Summit Acquisition, will likely vary from the amounts set forth in the following analysis, and such variation may be material.

Management believes that estimated cash available for distribution is an operating performance measure, which is a measure generally used by Canadian income funds as an indicator of financial performance. As the Fund distributes substantially all of its cash on an on-going basis (after providing for certain amounts described below) and since EBITDA and Adjusted EBITDA are measures used by many investors to compare issuers on the basis of the ability to generate cash from operations, management believes that, in addition to earnings, EBITDA and Adjusted EBITDA are useful supplemental measures from which to make adjustments to determine its distributable cash. Management believes that distributable cash of the Combined Business is a useful supplemental measure that may assist prospective investors in assessing the return on their investment in Units. Distributable cash is not a recognized measure under Canadian GAAP and the Combined Business' method of calculation of distributable cash may differ from methods used by other issuers. Accordingly, distributable cash as presented may not be comparable to similar measures presented by other issuers.

The purpose of the following summary is to provide a reasonable estimate of what the Combined Business' annual cash available for distribution could have been for the period from September 9, 2005 to September 8, 2006. The estimate is based on the total EBITDA for the Fund and Summit for the twelve months ended September 8, 2006 and September 17, 2006 respectively. In order to be representative of operations going forward, management believes that the EBITDA for the Fund and Summit for the periods stated must be adjusted to reflect certain adjustments, as described in the section entitled “Definition of EBITDA, Adjusted EBITDA and Distributable Cash” and “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”. In management’s view, the reconciliation of Adjusted EBITDA to estimated cash available for distribution for the periods presented in this section has been prepared using reasonable and supportable assumptions, all of which reflect the Combined Business' planned courses of action given management’s knowledge of the Combined Business and of the industry in which it operates in general, and historical financial results and financial analysis.

Investors are urged to consider such assumptions and the risks that such assumptions may prove incorrect. See “Risk Factors” for risks that could cause actual results to vary. Although the Fund intends to make distributions of its available cash to the maximum extent possible to Unitholders, these cash distributions may be reduced or suspended. Further information related to the underlying assumptions is provided in the footnotes to the table for each reconciling item.

Management believes that, upon completion of the Summit Acquisition, the Combined Business will incur interest expenses and will require sustaining capital expenditures which will differ from those contained in the historical financial statements or in the unaudited *pro forma* consolidated financial statements that are incorporated by reference or included elsewhere in this short form prospectus. Although management does not have firm commitments for all of those expenses and, accordingly, the complete financial effects of all of those expenses and expenditures are not objectively determinable, management believes that, based on the assumptions described above and in the notes to the table below, the following represents a reasonable estimate of what distributable cash would have been for the period from September 9, 2005 to September 8, 2006, had the Fund owned Summit during such period:

Twelve Months Ended September 8, 2006⁽¹⁾

	<u>The Fund</u>	<u>Summit</u>		
	(in thousands of dollars except per Unit amounts and percentages)			
		(unaudited)		
Cash Provided by Operating Activities	\$19,884	\$11,066		
Change in non-cash operating activities	(6,923)	(2,608)		
Interest expense	840	464		
Taxes	--	3,194		
Purchase of Units by Fund for purposes of LTIP	367	--		
Future Income Taxes	--	778		
Amortization of deferred gain	--	43		
Gain on disposal of property	--	1		
Charge in accrued benefit liability	--	(26)		
EBITDA⁽²⁾	\$14,168	\$12,912		
Amortization of a deferred gain related to the sale of a building		(43)		
Impact related to the additional costs of leasing the London distribution center ⁽³⁾		(709)		
Elimination of capital taxes		140		
Write-off of rebates receivable related to prior years ⁽⁴⁾		598		
Impact related to adjustment of Ottawa distribution center base rent ⁽⁵⁾		210		
		<u>210</u>		
			<u>Pro Forma Adjustments</u>	<u>Consolidated Pro Forma</u>
Adjusted EBITDA⁽²⁾	\$14,168	\$13,108		\$27,276
Cash interest expense ⁽⁶⁾	(840)	--	(5,513)	(6,353)
Cash taxes ⁽⁷⁾	--	--	(2,478)	(2,478)
Maintenance capital expenditures ⁽⁸⁾	(699)	(1,100)		(1,799)
Cash Available for Distribution	<u>\$12,629</u>	<u>\$12,008</u>	<u>\$(7,991)</u>	<u>\$16,646</u>
Cash available for distribution, basic ⁽⁹⁾	\$12,629			\$18,897
Cash available for distribution, fully diluted ⁽⁹⁾	10,862,439		3,955,000	14,817,439
Units outstanding, basic ⁽⁹⁾	10,862,439		8,833,049	19,695,488
Units outstanding, fully diluted ⁽⁹⁾	\$1.16			\$1.12
Cash available for distribution per Unit, basic ⁽⁹⁾	\$1.16			\$0.96
Cash available for distribution per Unit, fully diluted ⁽⁹⁾	93%			96%
Payout ratio, basic ⁽⁹⁾	93%			112%
Payout ratio, fully diluted ⁽⁹⁾				
Including \$2.2 million of expected annual synergies⁽¹⁰⁾				
Cash available for distribution per Unit, basic ⁽⁹⁾				1.24
Cash available for distribution per Unit, fully diluted ⁽⁹⁾				1.04
Payout ratio, basic ⁽⁹⁾				87%
Payout ratio, fully diluted ⁽⁹⁾				103%

Notes:

- (1) With respect to Summit, the information is derived from the unaudited financial statements of Summit for the 12 months ended September 17, 2006.
- (2) See "Definition of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings. EBITDA and Adjusted EBITDA are not recognized measures under Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.
- (3) Impact related to the additional cost to Colabor of leasing a building which, prior to the Closing of the Summit Acquisition, was owned by Summit.
- (4) Impact related to the exclusion of a rebates receivable write-off related to prior years.
- (5) Effective August 1, 2006, Summit entered into a sale-and-leaseback of the Ottawa distribution center. The effect was a reduction in annual rent expense.
- (6) Pro forma cash interest expense calculated as the sum of: (i) \$36.4 million principal amount drawn under the New Credit Facilities at an assumed interest rate of 5.36%, (ii) interest payments of 7.0% on \$50 million principal amount of Debentures, and (iii) standby fees on \$70 million of revolving credit facilities available as part of the New Credit Facilities. Cash interest expense excludes amortization of the deferred financing costs and non-cash interest charge to reflect the difference between the effective rate and the nominal rate on the Debentures.
- (7) Cash taxes calculated on a basic, pre-synergies basis. Cash taxes on a fully diluted pre-synergies, basic post-synergies and fully diluted post-synergies basis would have been \$3.7 million, \$3.0 million and \$4.3 million respectively. Before taking into account such potential taxes, management believes that the Summit Acquisition would have increased the Fund's basic distributable cash per unit from \$1.16 to \$1.44 or the Fund's fully diluted distributable cash per Unit from \$1.16 to \$1.26 for the 12-month period ended September 8, 2006, after taking into account the expected synergies.

- (8) Estimated maintenance capital expenditure for the Combined Business is based on the review of Colabor's and Summit's historical and projected maintenance capital expenditures.
- (9) The pro forma basic Units outstanding, cash available for distribution per Unit and payout ratio have been adjusted by 2,825,000 Units issuable pursuant to the Subscription Receipts, 1,130,000 Units issuable to Summit upon completion of the Summit Acquisition and assuming the conversion of the 5,087,439 Exchangeable LP Units outstanding. The pro forma fully diluted Units outstanding, cash available for distribution per Unit and payout ratio have been adjusted for 4,878,050 Units issuable upon the conversion of the Debentures.
- (10) Management estimates the synergies coming from procurement savings attributable to Colabor's increase in purchases from suppliers resulting from the Summit Acquisition and other cost savings initiatives to be approximately \$2.2 million over a 12-month period. Management's estimate is based, among others, on past experience with suppliers and actual purchasing alliances. See "Risk Factors" and "Forward Looking Statements".

Distributable cash will represent, in general, all of Colabor's available cash for the particular monthly period less any estimated cash amounts required for debt service obligations, other expense obligations, capital expenditures, taxes, reserves (including amounts for capital expenditures) and such other amounts as may be considered appropriate by Colabor. Capital and other expenditures, including amounts required to enable Colabor to pay equal monthly distributions based on expected monthly cash distributions, may also be financed with drawings under Colabor's operating credit facilities, other borrowings or additional issuances of securities.

Potential Impact of October 31, 2006 Proposals

If enacted, the October 31, 2006 Proposals would include the introduction of a tax on certain income earned by a "specified investment flow-through" ("SIFT") trust or SIFT partnership. The tax, along with other accompanying measures, is intended to apply only as of 2011 to SIFTs, such as the Fund, that were publicly traded as of October 31, 2006. However, the October 31, 2006 Proposals indicate that while there is now no intention to prevent an existing SIFT trust from normal growth prior to January 1, 2011, any undue expansion of an existing SIFT (such as might be attempted through the insertion of a disproportionately large amount of additional capital) could cause this to be revisited. Colabor was in an advanced stage of negotiations with Cara for the acquisition of Summit when the October 31, 2006 Proposals were announced. On December 15, 2006, the Department of Finance ("Finance") issued a press release that provided guidance on what Finance means by "normal growth". Finance indicated that a SIFT will not lose the benefit of the tax deferral to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units) issued by it before 2008 does not exceed \$50.0 million. Finance also provided other safe harbours limiting the issuance of new equity by a SIFT on an annual basis to a percentage of the SIFT's market capitalisation (measured in terms of the value of a SIFT's issued and outstanding publicly-traded units) as of October 31, 2006. This Offering exceeds both the \$50.0 million threshold and the safe harbours based on market capitalisation and, therefore, there is a strong likelihood that it will be interpreted by Finance or the Canada Revenue Agency as an "undue expansion" of a SIFT. This would result in the Fund losing the tax deferral announced on October 31, 2006 and becoming subject to tax on its income beginning January 1, 2007. If this were to occur, the distributions received by investors and paid from the Fund's after tax income would be deemed to be received as an "eligible dividend" and therefore would benefit from the enhanced gross-up and dividend tax credit. In this case, management believes that the Fund would be able to maintain its annual distributions to Unitholders at the current level of \$1.076 per Unit. Under such a scenario, management estimates that the pro forma basic amount of tax that would have been paid for the twelve months ended September 8, 2006 would have been approximately \$3.0 million (approximately \$4.3 million assuming conversion of the Debentures), resulting in pro forma basic cash available for distribution of \$1.24 per Unit and pro forma fully diluted cash available for distribution of \$1.04 per Unit, including expected annual synergies of \$2.2 million to be realized over a 12-month period. It is management's opinion that the Summit Acquisition would be accretive to the Fund's cash available for distribution per Unit for the first full year of operations following the closing of the Summit Acquisition, on both a basic and fully-diluted basis, after taking into account tax payable on income earned by the Fund. Management of Colabor believes the Summit Acquisition constitutes a strategic acquisition for Colabor and is consistent with the Fund's objectives of generating sustainable, predictable and growing distributable cash. See "Certain Canadian Federal Income Considerations" for information on the possible impact of the October 31, 2006 Proposals.

On December 20, 2006, the ministère des Finances (Québec) (the "Ministère") published Information Bulletin 2006-6 (the "Bulletin") which sets out the Ministère's position regarding the October 31, 2006 Proposals to the effect that Québec's tax legislation will be harmonized with the federal tax legislation but that a separate Québec tax regime will be implemented. In summary, that regime would result in the business income indirectly earned in Québec by the Fund to be taxed at the then applicable Québec corporate tax rate.

USE OF PROCEEDS

The estimated net proceeds from the Offering, after deducting fees payable to the Underwriters and the expenses of the Offering payable by the Fund will be approximately \$70.4 million. As described above, the net proceeds of the Offering (following the release of the Escrowed Funds by the Escrow Agent) will be used by the Fund to indirectly acquire Ordinary LP Units and the LP Debenture. In turn, Colabor will use such proceeds to finance a portion of the Summit Acquisition. The

aggregate acquisition cost to Colabor to acquire the assets of Summit is approximately \$115.0 million, plus the amount of certain assumed short term liabilities estimated at \$28,587,000 and in addition to the estimated acquisition costs of approximately \$1.5 million. Colabor will finance the remainder of the acquisition cost through the New Credit Facilities. In the event that the Over-allotment Option is exercised in whole or in part after the closing of the Summit Acquisition, the Fund will use the net proceeds thereof to repay in part the New Credit Facilities.

CONSOLIDATED CAPITALIZATION OF THE FUND

The following table sets out the capitalization of the Fund as at September 8, 2006, both before and after giving effect to the Offering and the Summit Acquisition.

<u>Designation</u>	<u>Authorized</u>	<u>As at September 8, 2006</u>	<u>As at September 8, 2006, after giving effect to the Offering and the Summit Acquisition</u>
Long Term Debt ⁽¹⁾⁽²⁾	Unlimited	\$ 2.301 million	\$ 44.967 million
Non-Controlling Interest ⁽³⁾		\$ 29.849 million	\$ 29.849 million
Units	Unlimited	\$ 54.285 million (5,775,000 Units)	\$ 87.570 million (9,730,000 Units)
Special Voting Units	Unlimited	— (5,087,439 Units)	— (5,087,439 Units)
Debentures	Unlimited	—	\$ 44.714 million
Debentures conversion option	---	---	\$ 2.353 million

Notes:

- (1) Includes current portion.
- (2) Consists of Colabor's existing \$2.3 million term loan and, after giving effect to the Offering and the Summit Acquisition, \$36.4 million under the Operating Facility.
- (3) Reflects the Exchangeable LP Units held by Colabor Investments Inc. which are exchangeable for Units of the Fund on a one-for-one basis subject to certain conditions and customary anti-dilution provisions.

DISTRIBUTION HISTORY

The Fund intends to continue to make cash distributions of its distributable cash to the maximum extent possible to holders of Units of record on the immediately preceding record date. The full particulars of the distribution policy of the Fund are set out on page 34 of the Annual Information Form. The Fund's Board of Trustees does not currently anticipate increasing distributions to Unitholders based on the Summit Acquisition but will continue to monitor the Fund's cash available for distributions and its payout ratio.

The following table sets forth the per Unit amount of monthly cash distributions declared and/or paid by the Fund during the period between the closing of its initial public offering in June 2005 and November 30, 2006.

<u>Record Date</u>	<u>Payment Date</u>	<u>Amount of Distribution/Unit</u>	<u>Total⁽²⁾</u>
July 29, 2005	August 15, 2005	\$0.09368 ⁽¹⁾	\$1,017,593.29
August 31, 2005	September 15, 2005	\$0.0854	\$927,652.29
September 30, 2005	October 17, 2005	\$0.0854	\$927,652.29
October 31, 2005	November 15, 2005	\$0.0854	\$927,652.29
November 30, 2005	December 15, 2005	\$0.0854	\$927,652.29
December 20, 2005	January 16, 2006	\$0.0854	\$927,652.29
January 31, 2006	February 15, 2006	\$0.0854	\$927,652.29
February 28, 2006	March 15, 2006	\$0.0854	\$927,652.29
March 31, 2006	April 17, 2006	\$0.0854	\$927,652.29
April 28, 2006	May 15, 2006	\$0.0854	\$927,652.29
May 31, 2006	June 15, 2006	\$0.0854	\$927,652.29
June 30, 2006	July 17, 2006	\$0.0854	\$927,652.29
July 31, 2006	August 15, 2006	\$0.0897	\$974,360.78
August 31, 2006	September 15, 2006	\$0.0897	\$974,360.78
September 29, 2006	October 16, 2006	\$0.0897	\$974,360.78
October 31, 2006	November 15, 2006	\$0.0897	\$974,360.78
November 30, 2006	December 15, 2006	\$0.0897	\$974,360.78

Notes:

- (1) Include distributions for the period from June 28, 2005, the initial public offering closing, to July 31, 2005.

- (2) Include distributions to holders of Exchangeable LP Units of Colabor.

Historical distribution payments of the Fund may not be reflective of future distribution payments, which will be subject to review by the trustees of the Fund (the “Trustees”) taking into account the prevailing financial circumstances of Colabor at the relevant time. The actual amount distributed, if any, is at the discretion of the Trustees. The Fund’s ability to pay distributions is dependent on the financial performance of Colabor.

EARNINGS COVERAGE RATIO

The Fund's earnings before interest and income tax expense for the year ended December 31, 2005 and the twelve-month period ended September 8, 2006 were \$6.686 million and \$10.001 million, respectively.

The Fund's interest requirements, before giving effect to the issuance of the Debentures and the Summit Acquisition, for the 187-day period ended December 31, 2005 and the twelve-month period ended September 8, 2006 amount to \$427 thousand and \$840 thousand, respectively, for earnings to interest coverage ratios of 15.6 times and 11.9 times, respectively. The Fund's pro forma interest requirements, after giving effect to the issuance of the Debentures but before giving effect to the Summit Acquisition (and accordingly excludes the additional borrowings under the New Credit Facilities), for the year ended December 31, 2005 and the twelve-month period ended September 8, 2006 amounted to \$2.666 million and \$5.210 million, respectively, for earnings to interest coverage ratios of 2.5 times and 1.9 times, respectively. Since the Debentures are convertible into Units of the Fund, they are accounted for, in part, as equity. The liability portion of the Debentures is accreted up to the face value of the Debentures during the period they are outstanding, resulting in non-cash interest charges. The aforementioned ratios have been calculated including these non-cash interest charges. If those securities had been accounted for in their entirety as debt for the purpose of calculating the aforementioned ratios, the interest requirements would have been reduced by the amount of these non-cash charges, bringing them to \$2.220 million for the year ended December 31, 2005 and \$4.340 million for the twelve-month period ended September 8, 2006. The earnings coverage ratios, for the year ended December 31, 2005 and the twelve-month period ended September 8, 2006, calculated as though those securities had been accounted for as debt, are 3.0 times and 2.3 times, respectively.

The Fund's pro forma earnings, before interest and income tax expense and after giving effect to the Summit Acquisition, for the year ended December 31, 2005 were \$10.689 million. The Fund's pro forma interest requirements, after giving effect to the issuance of the Debentures and the completion of the Summit Acquisition, for the year ended December 31, 2005 amount to \$3.588 million for an earnings to interest coverage ratio of 3.0 times.

The earnings coverage ratios set forth above have been prepared in accordance with Canadian disclosure requirements, using financial information that was prepared in accordance with Canadian GAAP. The pro forma earnings assume that there are no additional earnings derived from the net proceeds of the Debentures. Earnings coverage is equal to net income before interest expense on all long-term debt, income taxes, provincial capital taxes and other income (expense), divided by interest expense on all long-term debt.

DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

General

The Subscription Receipts will be issued pursuant to the Subscription Receipt Agreement, a copy of which will be filed with the Canadian securities regulatory authorities. The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

Book-Entry System

The Subscription Receipts will be issued in “book-entry only” form and must be purchased or transferred through a CDS Participant. On the Closing Date, the Subscription Receipt Agent will cause the Subscription Receipts to be delivered to CDS and registered in the name of its nominee. The Subscription Receipts will be evidenced by a single book-entry only certificate. Registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Subscription Receipts (a “Beneficial Owner”) will not be entitled to a certificate or other instrument from the Subscription Receipt Agent or CDS evidencing that

purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a CDS Participant. Such purchaser will receive a confirmation of purchase from the Underwriter or other registered dealer from whom Subscription Receipts are purchased.

Neither the Fund nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and Beneficial Owners must look solely to CDS Participants for the payment of the principal and interest on the Subscription Receipts paid by or on behalf of the Fund to CDS.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (a) may not have Subscription Receipts registered in their name; (b) may not have physical certificates representing their interest in the Subscription Receipts; (c) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Subscription Receipts as security.

The Subscription Receipts will be issued to Beneficial Owners in fully registered and certificate form (the "Subscription Receipt Certificates") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Fund or CDS advises the Subscription Receipt Agent that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Fund is unable to locate a qualified successor; or (d) the Fund, at its option, decides to terminate the book-entry only system through CDS. CDS Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Subscription Receipts then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Subscription Receipt Agent must notify CDS, for and on behalf of CDS Participants and Beneficial Owners, of the availability through CDS of Subscription Receipts Certificates. Upon surrender by CDS of the single certificate representing the Subscription Receipts and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the Fund will recognize the holders of such Subscription Receipt Certificates as holders of debentures under the Indenture.

Escrowed Funds

The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada, a province of Canada, or a Canadian chartered bank or corporate commercial paper that is rated at least R1 (middle) by Dominion Bond Rating Service or an equivalent rating service, as directed by the Fund, pending completion of the Summit Acquisition or the occurrence of a Termination Event. Provided that the closing of the Summit Acquisition occurs by the Termination Date, the Escrowed Funds less the amount required to pay holders of Subscription Receipts an amount per Subscription Receipt equal to the amount per Unit paid by the Fund on the Units from the Closing Date until the closing of the Summit Acquisition will be released to the Fund and the Units will be issued to holders of Subscription Receipts who will receive, without payment of additional consideration or further action, one Unit for each Subscription Receipt held.

Terms of Subscription Receipts

Forthwith upon the closing of the Summit Acquisition, the Fund will execute and deliver to the Escrow Agent a notice thereof, and will issue and deliver the Units to the Escrow Agent. Contemporaneously with the delivery of such notice, the Fund will issue a press release specifying that the Units have been issued.

If the closing of the Summit Acquisition does not take place, or the other conditions to the exchange of the Subscription Receipts are not satisfied, by the Termination Date, the Escrow Agent will return to the holders of Subscription Receipts, commencing on the third business day following the Termination Date, an amount equal to the full subscription price thereof and their pro rata entitlements to interest earned on the Escrowed Funds. If National Bank Financial Inc. (acting on behalf of the Underwriters and after consulting Scotia Capital Inc.) agrees to extend the Termination Date to a new termination date on or before April 2, 2007 (the "Extension Date") but the Summit Acquisition fails to close on or before 5:00 p.m. (Montréal time) on the Extension Date, the holders of Subscription Receipts will receive, on the third business day following the Extension Date, in addition to the full subscription price of the Subscription Receipts and their pro rata entitlements to interest earned on the

Escrowed Funds, an amount per Subscription Receipt equal to the per Unit distribution payable to Unitholders relating to any record date occurring on or after March 5, 2007 and up to but excluding the Extension Date.

If the closing of the Summit Acquisition takes place prior to the Termination Date and holders of Subscription Receipts become entitled to receive Units pursuant to the Subscription Receipt Agreement, such holders will be entitled to receive an amount per Subscription Receipt equal to the amount per Unit of any cash distributions for which record dates have occurred during the period from the Closing Date to the date immediately preceding the date the Units are issued pursuant to the Subscription Receipts. Such amount will be paid to the holders of Units issued pursuant to the Subscription Receipts on the later of (i) the date the Units are issued and (ii) the date such distributions are paid to Unitholders. For greater certainty, if the closing of the Summit Acquisition takes place on a date that is a distribution record date, holders of Subscription Receipts on such date shall not be entitled as such to receive a payment in respect of the cash distribution for such record date but will instead be deemed to be holders of record of Units on such date and will be entitled as Unitholders to receive such monthly distribution. Accordingly, if the Summit Acquisition closes on or before January 8, 2007 as currently contemplated, holders of Subscription Receipts will become holders of Units on or before January 8, 2007 and will be entitled, provided they remain holders of record of Units received pursuant to the Subscription Receipts on January 4, 2007 to receive the monthly distribution expected to be paid on February 15, 2007 to Unitholders of record on January 31, 2007.

If the former holder of Subscription Receipts' share of interest earned on the Escrowed Funds is less than the amount to which such holder is entitled in respect of such per Unit distribution, the Fund will pay the amount of any such shortfall to the former Subscription Receipt holder, provided however that in no event shall the aggregate amount paid to a former Subscription Receipt holder in respect of a Subscription Receipt exceed the amount of such per Unit distribution. The Fund will treat such shortfall as a purchase price adjustment.

In the event that the closing of the Summit Acquisition occurs on or prior to the Closing Date, investors in the Offering will receive Units on the Closing Date instead of Subscription Receipts.

Contractual Right of Rescission

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts pursuant to the Offering will have a contractual right of rescission, exercisable against the Fund, following the issuance of Units to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this prospectus (including documents incorporated herein by reference) or any amendment hereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of the Closing Date.

Holders of Subscription Receipts are not Unitholders

Holders of Subscription Receipts are not Unitholders. Holders of Subscription Receipts are entitled only to receive Units on exchange of their Subscription Receipts, which will occur automatically on closing of the Summit Acquisition, or to a return of the subscription price for the Subscription Receipts together with any payments in lieu of interest or distributions, as applicable, as described above.

DESCRIPTION OF THE DEBENTURES

The Debentures will be issued under an indenture (the "Indenture"), to be dated as of the Closing Date, between the Fund and Computershare Trust Company of Canada (the "Debenture Trustee"). The following is a description of the terms of the Indenture, a copy of which will be filed with the Canadian securities regulatory authorities. The following summary of certain provisions of the Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the Indenture.

General

The Debentures will be issued under the Indenture. The Debentures authorized for issue will be unlimited. The Fund may, from time to time, without the consent of the holders of the Debentures but subject to the limitations described therein, issue additional debentures of the same series or of a different series under the Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the Closing Date and will be issuable only in denominations of \$1,000 and integral multiples thereof. The Debentures will mature initially on the Initial Maturity Date. If the closing of the Summit Acquisition takes place on or prior to the Termination Date, the maturity date of the Debentures will be automatically extended from the Initial Maturity Date to the Final Maturity Date. If the closing of the Summit Acquisition does not take place by the Termination Date, the Debentures will mature on the Initial Maturity Date. If the Debentures mature on the Initial Maturity Date, holders of

the Debentures will receive, on the third business day following the Initial Maturity Date, an amount equal to the issue price of the Debentures, plus the accrued and unpaid interest thereon to, but excluding the Initial Maturity Date.

The Debentures will bear interest from and including the date of issue at an annual rate of 7% payable semi-annually, not in advance, on June 30 and December 31 of each year, commencing on June 30, 2007. The first interest payment will include interest accrued from the Closing Date up to, but excluding, June 30, 2007.

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the Fund and subject to applicable regulatory approval, by payment of Units. See “Description of the Debentures – Payment upon Redemption or Maturity” and “Description of the Debentures – Redemption and Purchase”. The interest on the Debentures will be payable in lawful money of Canada or, at the option of the Fund and subject to applicable regulatory approval, in accordance with the Unit Interest Payment Election. See “Description of the Debentures – Interest Payment Option”. The Unit Interest Payment Election will not be available for interest payable on the Initial Maturity Date. Payment of interest to a non-resident holder of Debentures, whether paid in cash or Units, will be subject to Canadian withholding tax.

The Debentures will be direct obligations of the Fund and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the Fund. See “Description of the Debentures – Subordination”. The Indenture will not restrict the Fund from incurring additional indebtedness for borrowed money or other liabilities or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures will be convertible at the holder's option into fully paid, non-assessable and freely tradeable Units at any time after the Initial Maturity Date and before the close of business on the earlier of the Final Maturity Date and the business day immediately preceding the date fixed for redemption at the Conversion Price, being a ratio of approximately 97.561 Units per \$1,000 principal amount of Debentures. No adjustment will be made to the record dates for distributions on Units issuable on conversion of, or interest accrued on, Debentures surrendered for conversion. Holders converting their Debentures will receive accrued and unpaid interest thereon up to, but excluding, the date of conversion. Holders converting their Debentures shall become holders of record of Units of the Fund on the business day immediately after the conversion date. Notwithstanding the foregoing, no Debentures may be converted during the five business days preceding June 30 and December 31 in each year, commencing June 30, 2007, as the registers of the Debenture Trustee will be closed during such periods.

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price in certain events including:

- (a) the subdivision or consolidation of the outstanding Units;
- (b) the distribution of Units to holders of Units by way of distribution or otherwise, other than an issue of securities to holders of Units who have elected to receive distributions in securities of the Fund in lieu of receiving cash distributions paid in the ordinary course;
- (c) the issuance of options, rights or warrants to holders of Units entitling them to acquire Units or other securities convertible into Units at less than 95% of the then Current Market Price of the Units, other than pursuant to a distribution reinvestment plan adopted by the Fund; and
- (d) the distribution to all or substantially all holders of Units of any securities or assets (other than cash distributions and equivalent distributions in securities paid in lieu of cash distributions in the ordinary course).

There will be no adjustment of the Conversion Price in respect of any event described in (b), (c) or (d) above if the holders of the Debentures (“Debentureholders”) are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. The Fund will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of a reclassification or a capital reorganization (other than a change resulting from consolidation or subdivision) of the Units or in the case of any consolidation, amalgamation or merger of the Fund with or into any other entity, or in the case of a sale or conveyance of the properties and assets of the Fund as, or substantially as, an entirety to any other entity, or a liquidation, dissolution, winding-up of the Fund or other similar transaction, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction, be entitled to receive the number of

Units, other securities or consideration such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Units into which the Debenture was convertible immediately prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction.

No fractional Units will be issued on any conversion but in lieu thereof the Fund shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Redemption and Purchase

The Debentures may not be redeemed by the Fund on or before December 31, 2009 (the "First Call Date"). After the First Call Date and on or prior to December 31, 2010, the Debentures may be redeemed in whole or in part from time to time at the option of the Fund on not more than 60 days' and not less than 30 days' prior written notice at a price equal to their principal amount (the "Redemption Price") plus accrued and unpaid interest thereon, provided that the Current Market Price of the Units on the date on which notice of redemption is given is not less than 125% of the Conversion Price. After December 31, 2010, the Debentures may be redeemed at any time before the Final Maturity Date by the Fund, in whole or in part, from time to time at the option of the Fund on not more than 60 days' and not less than 30 days' prior notice at a price equal to their principal amount plus accrued and unpaid interest.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable.

The Fund or any of its affiliates will have the right to purchase Debentures in the market, by tender, or by private contract, provided however, that if an event of default under the Indenture has occurred and is continuing, the Fund or any of its affiliates will not have the right to make such purchase.

Payment upon Redemption or Maturity

On redemption or at maturity, the Fund will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate Redemption Price of the outstanding Debentures which are to be redeemed or the principal amount of the outstanding Debentures which have matured, together with accrued and unpaid interest thereon. The Fund may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, elect to satisfy its obligation to pay the Redemption Price of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing and delivering that number of freely tradeable Units, as determined below, to the holders of the Debentures. Any accrued and unpaid interest thereon will be paid in cash. The Fund will not be entitled to issue Units to satisfy its payment obligations on the Initial Maturity Date. The number of Units to be issued will be determined by dividing the aggregate Redemption Price of the outstanding Debentures which are to be redeemed or the principal amount of the outstanding Debentures which have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Final Maturity Date, as the case may be. No fractional Units will be issued on redemption or maturity but in lieu thereof the Fund shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Subordination

The payment of the principal (and premium, if any) of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Fund. "Senior Indebtedness" will be defined in the Indenture as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness including indebtedness to trade creditors of the Fund (whether outstanding as at the date of Indenture or thereafter incurred), other than indebtedness evidenced by the Debentures and all other existing and future debentures or other instruments of the Fund which, by the terms of the instrument creating or evidencing the indebtedness, are expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each debenture of the same series of debentures issued under the Indenture will rank *pari passu* with all other present and future subordinated and unsecured indebtedness of the Fund except for sinking fund provisions (if any) applicable to different series of debentures or similar types of obligations of the Fund.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Fund, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Fund, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Fund, then those holders of Senior Indebtedness, including any

trade creditors of the Fund, will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that the Fund will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, or (b) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such event of default has been given by or on behalf of the holders of Senior Indebtedness to the Fund, unless the Senior Indebtedness has been repaid in full.

The Debentures will also be effectively subordinated to claims of creditors of each subsidiary of the Fund except to the extent the Fund or one of its other subsidiaries is a creditor of such subsidiary ranking at least *pari passu* with such other creditors. Specifically, the Debentures will be effectively subordinated in right of payment to the prior payment in full of all indebtedness under the New Credit Facilities.

Priority Over Fund Distributions

The Declaration of Trust provides that certain expenses of the Fund must be deducted in calculating the amount to be distributed to the Unitholders. Accordingly, the funds required to satisfy the interest payable on the Debentures, as well as the amount payable upon redemption or maturity of the Debentures or upon an Event of Default (as defined below), will be deducted and withheld from the amounts that would otherwise be payable as distributions to Unitholders.

Change of Control of the Fund

Upon the acquisition of voting control or direction over 66⅔% or more of the Units of the Fund (on a fully-diluted basis, including Units issuable upon the conversion or exchange of securities convertible into or exchangeable for or otherwise carrying the right to acquire Units) (“Change of Control”) by any person or group of persons acting jointly or in concert, each holder of Debentures may require the Fund to purchase, on the date which is 30 days following the giving of notice of the Change of Control as set out below (the “Put Date”), the whole or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof (the “Put Price”) plus accrued and unpaid interest to the Put Date. The Indenture will contain notification provisions requiring to the following effect: (i) the Fund will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the holders of Debentures notice of the Change of Control, the repayment right of the holders of Debentures and the right of the Fund to redeem untendered Debentures under certain circumstances, and (ii) a holder of Debentures, to exercise the right to require the Fund to purchase its Debentures, must deliver to the Debenture Trustee, not less than five business days prior the Put Date, written notice of the holder's exercise of such right, together with the Debentures with respect to which the right is being exercised, duly endorsed for transfer.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, the Fund will have the right to redeem all the remaining Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given by the Fund to the Debenture Trustee prior to the Put Date, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered for purchase.

Interest Payment Option

From time to time, subject to applicable regulatory approval and provided no Event of Default has occurred, the Fund may elect to satisfy the Interest Obligation arising on any Interest Payment Date occurring after the Initial Maturity Date by delivering sufficient Units to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the “Unit Payment Interest Election”). The Indenture will provide that, upon such election, the Debenture Trustee shall, subject to any applicable securities laws (a) accept delivery from the Fund of Units, (b) accept bids with respect to, and consummate sales of, such Units, each as the Fund shall direct in its absolute discretion, (c) invest the proceeds of such sales in short-term permitted government securities (as defined in the Indenture) that mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted government securities, together with any proceeds from the sale of Units not invested as aforesaid, to satisfy the Interest Obligation, and (d) perform any other action necessarily incidental thereto.

The Indenture will set forth the procedures to be followed by the Fund and the Debenture Trustee in order to effect the Unit Interest Payment Election. If a Unit Interest Payment Election is made, the sole right of a Debentureholder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Units (plus any amount received by the Debenture Trustee from the Fund attributable to any fractional Units) in full satisfaction of the Interest Obligation, and the

holder of such Debentures will have no further recourse to the Fund in respect of the Interest Obligation. The Unit Interest Payment Election will not be available for interest payable on the Initial Maturity Date.

Neither the Fund's making of the Unit Interest Payment Election nor the consummation of sales of Units will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Units in satisfaction of the Interest Obligation.

Events of Default

The Indenture will provide that an event of default (“Event of Default”) in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) default in the observance or performance of any other material covenant or condition of the Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Fund specifying such default and requiring the Fund to rectify the same; or (iv) certain events of bankruptcy, insolvency or reorganization of the Fund under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the principal amount of Debentures, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for the Debentures which is a takeover bid for Debentures within the meaning of the Securities Act (Québec) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the Debentureholders as well as holders of any other series of debentures (collectively, the “holders of debentures”) that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions which will make binding on all holders of debentures resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each particularly affected series.

Book-Entry System

The Debentures will be issued in “book-entry only” form and must be purchased or transferred through a CDS Participant. On the Closing Date, the Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures will be evidenced by a single book-entry only certificate. Registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Debentures (a “Beneficial Owner”) will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a CDS Participant. Such purchaser will receive a confirmation of purchase from the Underwriter or other registered dealer from whom Debentures are purchased.

Neither the Fund nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants

must look solely to CDS and Beneficial Owners must look solely to CDS Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Fund to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificated form (the “Debenture Certificates”) only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Fund or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Fund is unable to locate a qualified successor; (d) the Fund, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default (as described under “Description of the Debentures – Events of Default”), CDS Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of CDS Participants and Beneficial Owners, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the single certificate representing the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Fund will recognize the holders of such Debenture Certificates as holders of debentures under the Indenture.

Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Fund and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Units if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Units if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

DESCRIPTION OF UNITS

Units

The beneficial interests in the Fund is divided into interests of two classes, described and designated as “Units” and “Special Voting Units” (collectively, the “Voting Units”), respectively. An unlimited number of Units and Special Voting Units may be issued pursuant to the Fund Declaration of Trust. As at December 13, 2006, 5,775,000 Units and 5,087,439 Special Voting Units are issued and outstanding respectively.

The Voting Units are not subject to future calls or assessments, and entitle the holder thereof to one vote for each whole Voting Unit held at all meetings of Voting Unitholders.

Units

Each Unit represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming holders of Units) or other amounts. Each Unit also represents an equal undivided beneficial interest in the net assets of the Fund in the event of termination or winding-up of the Fund. Units are transferable and bear equal rights and privileges.

No certificates will be issued for fractional Units and fractional Units will not entitle the holders thereof to vote. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation.

For additional information respecting the Units and the Special Voting Units, including restriction on non-resident Unitholders, the redemption rights attached to the Units, meeting of Unitholders and amendment to the Declaration of Trust, see “Description of the Fund”, at pages 23 to 34 of the Annual Information Form.

Issuance

The Declaration of Trust provides that Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine. At the option of the Trustees, Units may be issued in satisfaction of any distribution of the Fund to Unitholders on a pro rata basis to the extent the Fund does not have available cash to fund such distributions. The Declaration of Trust also provides that, unless the Trustees determine otherwise, immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, except where tax was required to be withheld. In this case, each certificate, if any, representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation.

Rights of Unitholders

Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the *Canada Business Corporations Act* (“CBCA”), there do exist significant differences.

Many of the provisions of CBCA respecting the governance and management of a corporation have been incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of a CBCA corporation and to elect trustees and auditors. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Unitholders and trustees, the quorum for and procedures at such meetings and the right of investors to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Fund's subsidiary entities. These Unitholder approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are “reporting issuers” or the equivalent or listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Fund are entitled to receive, subject to certain conditions and limitations, their pro rata share of the Fund's net assets through the exercise of the redemption rights provided by the Declaration of Trust. Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties. Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders could rely only on the general provisions of the Declaration of Trust which permit the winding up of the Fund with the approval of a special resolution of the Unitholders.

Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust allows Unitholders to pass resolutions appointing an inspector to investigate the Trustees' performance of their responsibilities and duties, but this process would not be subject to court oversight or assure the other investigative procedures, rights and remedies available under the CBCA. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Fund.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund cannot be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Fund Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 40% of the Units. This 40% limitation will be applied with respect to the issued and outstanding Units on both a non-diluted basis and a fully diluted basis. The Trustees, in their sole discretion, may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or

otherwise, that the beneficial owners of more than 40% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar may make a public announcement thereof and shall not accept a subscription for Units from, or issue or register a transfer of Units to, a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the Trustees, in their sole discretion, determine that more than 40% of the Units are held by non-residents, the Trustees may send a notice to non-resident Unitholders, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the persons receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents within such period, the Trustees may, on behalf of such persons, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be holders of the Units and their rights shall be limited to receiving the net proceeds of such sale. Notwithstanding the foregoing, the Trustees will not take any action which will affect the rights of Colabor Investments Inc. to or in respect of any Units held directly or indirectly by Colabor Investments Inc. at the time of the Fund's initial public offering (including any Units subsequently acquired on the exchange of Exchangeable LP Units held by Colabor Investments Inc. at the time of the Fund's initial public offering), and, for greater certainty, any of such Units will be deemed to have been acquired by such person prior to the acquisition of Units by any other holder of Units at any time.

On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act, which, if adopted, may cause the Fund to lose its status as a mutual fund trust in certain circumstances. These draft amendments to the Tax Act provide that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-residents of Canada or non-Canadian partnerships is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is "taxable Canadian property" or certain other types of property. If the draft amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of Units of the Fund were held by non-resident of Canada and non-Canadian partnerships, the Fund would thereafter cease to be a mutual fund trust. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion to implement certain measures proposed in the September 16, 2004 draft amendments. However, such Notice did not include the above-mentioned proposal concerning mutual fund trusts maintained primarily for the benefit of non-residents of Canada. In addition, the Minister of Finance (Canada) announced on December 6, 2004 that further discussions will be pursued with the private sector in this respect.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated December 14, 2006 (the "Underwriting Agreement") between the Fund, Colabor and the Underwriters, the Fund has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the anticipated Closing Date, being January 4, 2007 or any other date as may be agreed upon by the Fund and the Underwriters, but in any event not later than January 31, 2007, subject to the conditions stipulated in the Underwriting Agreement, 2,825,000 Subscription Receipts offered hereby at a price of \$8.85 per Subscription Receipt for total gross consideration of \$25,001,250 and \$50,000,000 aggregate principal amount of the Debentures offered hereby at a price of \$1,000 per Debenture, payable in cash to the Escrow Agent in the case of the Subscription Receipts and to the Fund in the case of the Debentures against delivery by the Fund of global certificates evidencing the Subscription Receipts and the Debentures. The Securities are being offered to the public in all of the provinces of Canada. The offering prices of the Securities were determined by negotiation between Colabor, on behalf of the Fund, and the Underwriters. The Underwriting Agreement provides that the Fund will pay the Underwriters' fee of \$0.4425 per Subscription Receipt for Subscription Receipts issued and sold by the Fund and \$40 per Debenture for Debentures issued and sold by the Fund, for an aggregate fee payable by the Fund of \$3,250,062.50, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Subscription Receipts is payable as to 50% upon closing of the Offering and 50% upon closing of the Summit Acquisition. If the Summit Acquisition is not completed by the Termination Date the Underwriters' fee in respect of the Subscription Receipts will be reduced to the amount payable upon closing of the Offering. The Underwriters' fee in respect of the Debentures is payable on closing of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are joint and not solidary (the notion equivalent to several in common law) and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated in certain stated circumstances and upon the occurrence of certain stated events. Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the Fund against certain liabilities, including liabilities for misrepresentations in this short form prospectus. The obligations of the Fund and the Underwriters under the Underwriting Agreement to complete the purchase and sale of the Subscription Receipts and the Debentures will terminate automatically if the Summit Acquisition is terminated or the Fund has advised the Underwriters or announced to the public that it does not intend to proceed with the Summit Acquisition. If an Underwriter fails to purchase the Securities that it has agreed to

purchase, the other Underwriters may, but are not obligated to, purchase any Securities. The Underwriters are, however, obligated to take up and pay for all Securities if any securities are purchased under the Underwriting Agreement.

The Fund has granted the Underwriters an option (the “Over-Allotment Option”), exercisable in whole or in part at any time until 30 days following the Closing Date, to purchase up to an additional 423,750 of the Subscription Receipts at the offering price to the public. The Over-Allotment Option is exercisable in whole or in part only for the purpose of covering over-allotments, if any, or effect transactions intended to fix or stabilize the market price of the Subscription Receipts or the Units. These transactions may begin or be interrupted at any time during the distribution. If the Over-Allotment Option is exercised in full, the total offering price to the public, the underwriting fee and the net proceeds to us will be \$78,751,437.50, \$3,437,571.88 and \$75,313,865.63, respectively. This short form prospectus qualifies the grant of the Over-Allotment Option, the distribution of the Subscription Receipts offered upon the exercise of such option and the Units issuable upon the exchange of the Subscription Receipts. In the event that the Over-Allotment Option is exercised in whole or in part after closing of the Summit Acquisition, then the Fund will issue the appropriate number of Units in lieu of Subscription Receipts, which are also qualified by this prospectus

There is currently no market through which the Subscription Receipts or Debentures may be sold and purchasers may not be able to resell Securities purchased under this short form prospectus. The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Subscription Receipts, the Debentures and the Units issuable pursuant to the terms of the Subscription Receipts and the Units issuable on conversion of the Debentures on the TSX. Listing is subject to the Fund fulfilling all of the listing requirements of the TSX on or before, March 21, 2007.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers du Québec, the Underwriters may not, throughout the period of distribution, bid for or purchase Units, Subscription Receipts or Debentures.

The foregoing restriction is subject to certain exceptions including:

- (a) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and
- (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of such securities.

In connection with this Offering, the Underwriters may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts, the Units and the Debentures at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Fund has agreed that it will not, without prior consent of National Bank Financial Inc., on behalf of the Underwriters, whose consent shall not be unreasonably withheld, offer or issue, or enter into an agreement or other understanding (including pursuant to any monetization or other similar transaction) to offer or issue, any additional equity, debt securities or other securities of the Fund convertible, exchangeable or exercisable for such securities (except for the issuance of Units pursuant to the terms of the Subscription Receipts and the Debentures) for 90 days following the closing of the Summit Acquisition.

The Subscription Receipts, the Debentures, and the Units issuable pursuant to the Subscription Receipts or the conversion of the Debentures, have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In connection with the Offering, a portion of the Securities may be sold in the United States to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) pursuant to Rule 144A under the U.S. Securities Act. Any offers or sales of Securities in the United States will be made by U.S. affiliates of the Underwriters.

In addition, until 40 days after the commencement of this Offering, any offer or sale of Securities offered hereby within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption under the *U.S. Securities Act*.

The Securities are issued in “book-entry only” form and must be purchased or transferred through a CDS Participant. The Fund will cause a global certificate or certificates representing any Securities to be delivered to, and registered in the name

of, CDS or its nominee. All rights of holders of Subscription Receipts, Debentureholders or Unitholders must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS Participant through which the holder holds such Securities. Each person who acquires Securities will receive only a customer confirmation of purchase from the Underwriter or registered dealer from or through which the Securities are acquired in accordance with the practices and procedures of that Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Securities. See “Description of the Subscription Receipts” and “Description of the Debentures – Book Entry System for the Debentures”.

The Underwriters propose to offer the Securities to the public at the offering prices referred to above. After the Underwriters have made a reasonable effort to sell all of the Securities at those prices, the offering price to the public of the Subscription Receipts and/or the Debentures may be decreased and may be further changed from time to time to an amount not greater than the offering prices referred to above, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Securities is less than the price paid by the Underwriters to the Fund.

A Canadian chartered bank affiliate of National Bank Financial Inc. will be lender to affiliates of the Fund under the New Credit Facilities upon the closing of the Summit Acquisition (see “Summit Acquisition – New Credit Facilities”). A portion of such facility will be used to partially finance the Summit Acquisition and to pay related expenses. Consequently, the Fund may be considered a connected issuer of National Bank Financial Inc. under applicable securities laws in certain Canadian provinces. The decision of National Bank Financial Inc. to participate in the Offering was made independently of its affiliate, and the Offering was not required or suggested by such affiliate. The decision to undertake the Offering and the determination of the terms of the distribution were made through negotiations between the Fund and the Underwriters. Other than as described above, neither National Bank Financial Inc. nor its affiliate will receive any benefit from the Offering, except for National Bank Financial Inc. in respect of portion of the underwriting commission payable in accordance with the Underwriting Agreement. Scotia Capital Inc., one of the Underwriters, has acted as advisor to Cara in connection with the Summit Acquisition and will receive compensation in such capacity in addition to its share of the Underwriters’ fees.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Fund and Fasken Martineau DuMoulin LLP counsel to the Underwriters, the following is, as of the date of this short form prospectus, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a prospective purchaser of the Subscription Receipts, the Debentures and the Units issued pursuant to the Subscription Receipts or on the conversion, redemption or repayment of the Debentures (collectively, the “Fund Securities”) who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm’s length and is not affiliated with the Fund and holds the Fund Securities as capital property. Generally, Fund Securities will be considered to be capital property to an investor provided that the investor does not hold the Fund Securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain investors who might not otherwise be considered to hold their Units and Debentures as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to an investor that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), a “specified financial institution” or an investor an interest in which is a “tax shelter investment” (all as defined in the Tax Act). In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Fund Securities.

This summary is based upon the facts set out in this short form prospectus, the provisions of the Tax Act in force at the date of this short form prospectus, counsel’s understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency (“CRA”) and certificates from the Fund, Colabor and the Underwriters as to certain factual matters. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus (the “Tax Proposals”). There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administration policies or assessing practices of CRA, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this short form prospectus.

To the extent that details have been released, this summary also takes into account the October 31, 2006 Proposals. If they are enacted in a different form than the form proposed, such proposals may result in adverse tax consequences to the Fund and certain of its Unitholders which could be materially different than the consequences described herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Fund Securities. Moreover, the income and other tax consequences of acquiring, holding or disposing of Fund Securities will vary depending on the investor's particular circumstances, including the province or provinces or territory or territories in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Fund Securities. **Investors should consult their own tax advisors with respect to the tax consequences of an investment in Fund Securities based on their particular circumstances.**

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Securities. Distributions on Units and all payments to non-residents including payments of interest (or amounts deemed to be interest, including on a conversion or repayment of Debentures), whether paid in cash or in Units, will be paid net of any applicable withholding taxes.

Status of Fund

Mutual Fund Trust

This summary is based on the assumption that the Fund qualifies as a "mutual fund trust", as defined in the Tax Act and will continuously qualify as a mutual fund trust at all relevant times. If the Fund were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.

Pursuant to the October 31, 2006 Proposals, the Fund will likely be characterized as a "specified investment flow-through" ("SIFT") trust and, as a result, would be subject to the October 31, 2006 Proposals. It is assumed for purposes of this summary that the Fund will be characterized as a SIFT trust. The October 31, 2006 Proposals are to apply commencing January 1, 2007 for all SIFT trusts that begin to be publicly traded after October 2006 and January 1, 2011 for all SIFT trusts, such as the Fund, that were previously publicly traded. However, the October 31, 2006 Proposals indicate that while there is now no intention to prevent an existing SIFT trust from normal growth prior to January 1, 2011, any undue expansion of an existing SIFT (such as might be attempted through the insertion of a disproportionately large amount of additional capital) could cause this to be revisited. Colabor was in an advanced stage of negotiations with Cara for the acquisition of Summit when the October 31, 2006 Proposals were announced. On December 15, 2006, the Department of Finance ("Finance") issued a press release that provided guidance on what Finance means by "normal growth". Finance indicated that a SIFT will not lose the benefit of the tax deferral to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units) issued by it before 2008 does not exceed \$50.0 million. Finance also provided other safe harbours limiting the issuance of new equity by a SIFT on an annual basis to a percentage of the SIFT's market capitalisation (measured in terms of the value of a SIFT's issued and outstanding publicly-traded units) as of October 31, 2006. This Offering exceeds both the \$50.0 million threshold and the safe harbours based on market capitalisation and, therefore, there is a strong likelihood that it will be interpreted by Finance or the Canada Revenue Agency as an "undue expansion" of the Fund within the meaning contemplated in the October 31, 2006 Proposals. Please see "Summary of Distributable Cash – Potential Impact of October 31, 2006 Proposals" for a discussion of the potential impact of the October 31, 2006 Proposals on the cash available for distribution under the Combined Business. Taxation of Holders of Subscriptions Receipts

Exchange of Subscription Receipts

No capital gain or capital loss will be realized by a holder on the issuance of a Unit pursuant to a Subscription Receipt. This opinion is based upon the interpretation of counsel that a Subscription Receipt is an agreement to acquire a Unit on the satisfaction of certain conditions. No advance income tax ruling has been requested from the CRA, and counsel is not aware of any judicial consideration of this interpretation. The initial cost of a Unit received pursuant to a Subscription Receipt will be the subscription price thereof plus any reasonable cost of acquisition of the Subscription Receipt. The subscription price does not include (in the event the Summit Acquisition closes after January 31, 2007 but on or before the Termination Date) the amount paid by the Fund as a reduction in purchase price of a Unit, as described below. The cost of any Units acquired must be averaged with the adjusted cost base of any other Units held as capital property by the holder to determine the adjusted cost base of each Unit held.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a holder of a Subscription Receipt, other than on the exchange thereof for a Unit, will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of

disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. A holder's cost of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt plus any reasonable costs of acquisition. A holder's adjusted cost base of a Subscription Receipt will reflect the average cost of the Subscription Receipts owned by the holder as capital property.

One-half of any capital gain realized by the holder will be included in the holder's income under the Tax Act for the year of disposition as a taxable capital gain. One-half of any capital loss realized on a disposition of a Subscription Receipt may be deducted against taxable capital gains realized by the holder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act. A capital gain realized by a holder who is an individual or trust (other than certain trusts) may give rise to a liability for alternative minimum tax. A holder that is throughout a taxation year a "Canadian controlled private corporation" (as defined in the *Tax Act*) may be liable to pay an additional refundable tax of 6% on certain investment income, including interest and taxable capital gains.

Amounts Received by Holders of Subscription Receipts

If the Summit Acquisition closes on or before January 8, 2007 Subscription Receipts will be exchanged for Units on or before January 8, 2007 and holders of Subscription Receipts will be entitled as Unitholders to receive distributions from the Fund commencing with the distribution to be paid on February 15, 2007 to Unitholders of record on January 31, 2007. The tax treatment of such distributions will be as described below under "Fund Distributions".

If the Summit Acquisition closes before the Termination Date and after the record date for one or more distributions, Subscription Receipts will be exchanged for Units upon such closing and a holder of a Subscription Receipt will be entitled to receive a Unit plus an amount (the "distribution equivalent") that is equal to the amount of distributions that such holder would have received if the holder had been a holder of such Unit from the date of the closing of the offering of Subscription Receipts until the date of closing of the Summit Acquisition. The distribution equivalent will include the holder's share of interest earned on the Escrowed Funds. The amount of such interest will be included in computing the holder's income as described below. If the amount of this interest is less than the distribution equivalent, the Fund will pay to the holder the amount of any shortfall as a reduction in the purchase price of the holder's Units. A holder will not be required to include in income the amount of any such purchase price reduction; however, any such amount will reduce the cost to the holder of the holder's Units acquired on the exchange of the Subscription Receipts.

Repayment of Issue Price and Interest

If the Summit Acquisition does not close at or before 5:00 p.m. (Montréal time) on the Termination Date a holder will receive the issue price paid for the Subscription Receipt and the holder's share of interest earned on the Escrowed Funds. The holder will not generally realize any income, gain or loss on the repayment to the holder of the issue price. Where a holder is entitled to receive the holder's share of interest earned on the Escrowed Funds, a holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing income for a taxation year any interest on the Escrowed Funds that accrues to the holder to the end of that holder's taxation year, or that is receivable or received by the holder before the end of that taxation year, except to the extent that such interest was included in computing the holder's income for a preceding taxation year. Any other holder that is entitled to receive the holder's share of interest earned on the Escrow Funds will be required to include in computing income for a taxation year all interest on the Escrowed Funds that is received or receivable by the holder in that taxation year (depending on the method regularly followed by the holder in computing income), except to the extent that the interest was included in computing the holder's income for a preceding taxation year.

Taxation of Debentureholders

Taxation of Interest on Debentures

A holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues to the holder to the end of that taxation year or that is receivable or received by the holder before the end of that taxation year, except to the extent that such interest was included in computing the holder's income for a preceding taxation year.

Any other holder will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the holder in that taxation year (depending upon the method regularly followed by the holder in computing income), except to the extent that the interest was included in the holder's income for a preceding taxation year.

In addition, if at any time a Debenture should become an “investment contract” (as defined in the Tax Act) in relation to a holder, such holder will be required to include in computing income for a taxation year any interest that accrues to the holder on the Debenture up to any “anniversary day” (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in computing the holder's income for that year or a preceding year.

The fair market value of any premium paid by the Fund to a holder on a redemption of Debentures prior to maturity, whether paid in cash or in Units, will generally be deemed to be interest received at that time by the holder if such premium is paid by the Fund because of the repayment by the Fund of the Debentures before their maturity and to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that would have been paid or payable by the Fund on the Debentures for taxation years of the Fund ending after the time of the redemption.

Upon a conversion, repayment or other disposition or deemed disposition of a Debenture, any interest accrued on the Debenture to the date of disposition will be included in the holder's income, except to the extent that the interest was otherwise included in the holder's income, and will be excluded in computing the holder's proceeds of disposition of the Debenture. A holder of Debentures that is throughout a taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6½% on certain investment income, which generally includes interest income.

Exercise of the Conversion Privilege

A holder of a Debenture who exchanges the Debenture for Units pursuant to the conversion privilege will be considered to have disposed of the Debenture for proceeds of disposition equal to the aggregate of the fair market value of the Units so acquired at the time of the exchange and the amount of any cash received in lieu of fractional Units. The holder may realize a capital gain or capital loss computed as described below under “Other Dispositions of Debentures”.

The cost to the holder of the Units so acquired will also be equal to the fair market value thereof at the time of the exchange, and must be averaged with the adjusted cost base of all other Units held as capital property by the holder for the purpose of calculating the adjusted cost base of each Unit.

Redemption or Repayment of Debentures

If the Fund redeems a Debenture prior to Maturity or repays a Debenture upon Maturity and the holder does not exercise the conversion privilege prior to such redemption or repayment, the holder will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the holder (other than the amount received or deemed to be received as interest) on such redemption or repayment. If the holder receives Units on redemption or repayment, the holder will be considered to receive proceeds of disposition equal to the fair market value of the Units at that time and the amount of any cash received in lieu of fractional Units. The holder may realize a capital gain or capital loss computed as described below under “Other Dispositions of Debentures”. The cost to the holder of the Units so acquired will also be equal to the fair market value thereof at the time of the redemption or repayment, and must be averaged with the adjusted cost base of all other Units held as capital property by the holder for the purpose of calculating the adjusted cost base of each Unit.

Other Dispositions of Debentures

A disposition or deemed disposition by a holder of a Debenture will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of accrued interest, are greater (or less) than the aggregate of the holder's adjusted cost base thereof immediately before the disposition or deemed disposition and any reasonable costs of disposition. One-half of any capital gain realized by a holder will be included in the holder's income under the Tax Act for the year of disposition as a taxable capital gain. One-half of any capital loss realized may be deducted against taxable capital gains realized by the holder in the year of disposition, and in the three preceding taxation years or any subsequent taxation year, to the extent and under the circumstances described in the Tax Act. A capital gain realized by a holder who is an individual or trust (other than certain trusts) may give rise to a liability for alternative minimum tax. A holder that is throughout a taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6½% on certain investment income, including interest and taxable capital gains.

Taxation of the Fund

The taxation year of the Fund is the calendar year. Subject to the October 31, 2006 Proposals, in each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for tax purposes for the year, including net realized taxable

capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

Income Inclusion

The Fund will include in its income for each taxation year all interest on the notes (the “Notes”) issued by the Trust that accrues to the Fund to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding year. The Fund will also include in its income for each taxation year all dividends received (or deemed to be received) in the year on shares of corporations. The Fund will not be subject to tax on any amount received as a payment of principal in respect of the Notes.

A distribution by the Fund of Trust notes upon a redemption of Units (the “Redemption Notes”) will be treated as a disposition by the Fund of the securities so distributed for proceeds of disposition equal to their fair market value. The Fund's proceeds of disposition of the Redemption Notes will be reduced by any accrued but unpaid interest in respect thereof, which interest will generally be included in the Fund's income in the year of disposition to the extent that it was not included in the Fund's income in a previous year. The Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition. The Fund currently intends to treat as payable to and designate to a redeeming Unitholder any capital gain or income realized by the Fund as a result of the distribution of such securities to the Unitholder.

Income Deduction

In computing its income for purposes of the Tax Act, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of the expenses incurred by it to issue Units and Debentures pursuant to this offering. The portion of the issue expenses deductible by the Fund in a taxation year is 20% of those issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

Under the Declaration of Trust, an amount equal to all of the income of the Fund (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the *Tax Act*), together with the taxable and non-taxable portion of any net capital gain realized by the Fund in the year (but excluding income or capital gains arising in connection with a distribution in specie on a redemption of Units which are designated by the Fund to redeeming Unitholders) and capital gains the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the Fund and other deductions and expenses of the Fund, will be payable in the year to Unitholders by way of cash distributions, subject to the exceptions described below. Where the income of the Fund in a taxation year exceeds the monthly cash distributions for that year, such excess income will be distributed to Unitholders in the form of additional Units. Income of the Fund payable to Unitholders, whether in cash, additional Units or otherwise, will, subject to the October 31, 2006 Proposals, generally be deductible by the Fund in computing its taxable income.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the “capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund's tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units. The Declaration of Trust provides that all or a portion of any income or capital gain realized by the Fund as a result of that redemption may, at the discretion of the trustees, be treated as income or capital gain paid to, and designated as income or capital gain of, the redeeming Unitholders, and will be deductible by the Fund in computing its income. The income or taxable portion of a capital gain so designated to a redeeming Unitholder will be deductible by the Fund. In addition, accrued interest on the Redemption Notes distributed to a redeeming Unitholder may be treated as an amount paid to the Unitholder and will be deductible by the Fund.

Counsel has been advised that the Fund intends to make sufficient distributions in each year of its net income for tax purposes and net realized taxable capital gains so that the Fund will generally not be liable in that year for income tax under Part I of the Tax Act subject to the October 31, 2006 Proposals described below. Counsel can provide no opinion in this regard.

Under the October 31, 2006 Proposals, commencing in January 2011 (subject to any "undue expansion" of the Fund) the Fund will be liable for tax at rates of tax comparable to the combined federal and provincial corporate tax rate for all income payable to Unitholders, which the Fund will not be able to deduct as a result of being characterized as a SIFT trust. Should the Fund be considered to have undertaken an “undue expansion” as a result of this Offering or otherwise the Fund would be subject to this tax beginning January 1, 2007. See “Risk Factors”.

Pursuant to the October 31, 2006 Proposals, a SIFT trust will be prevented from deducting any part of the amounts payable to Unitholders in respect of: (i) income from businesses it carries on in Canada; (ii) income (other than taxable dividends that the Fund could, if it were a corporation, deduct under the Tax Act) from its non-portfolio properties; and (iii) taxable capital gains from its dispositions of non-portfolio properties. "Non-portfolio properties" include Canadian resource properties, timber resource properties and real properties situated in Canada (if the total fair market value of these three types of property held by the SIFT is greater than 50% of the total enterprise value of the SIFT trust itself) and investments in a "subject entity" (if the SIFT trust holds securities of the subject entity that have a fair market value greater than 10 percent of the subject entity's total enterprise value, or if the SIFT trust holds securities of the subject entity or its affiliates that have a total fair market value greater than 50% of the enterprise value of the SIFT trust). A subject entity will include corporations resident in Canada, trusts resident in Canada, and partnerships that are Canadian partnerships for purposes of the Tax Act. It is expected that the investment by the Fund in the Trust will be an investment in a subject entity for these purposes.

Taxation of Unitholders

Fund Distributions

Pursuant to the existing provisions of the Tax Act, a Unitholder will generally be required to include in income for a particular taxation year the portion of the net income for tax purposes of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units or otherwise. The after-tax return to Unitholders subject to Canadian federal income tax from an investment in Units will depend, in part, on the composition for tax purposes of distributions paid by the Fund, portions of which may be fully or partially taxable or may constitute non-taxable returns of capital, which are not included in a Unitholder's income but which reduce the adjusted cost base of the Units to the Unitholder, as described below. The composition for tax purposes of these distributions may change over time, thus affecting the after-tax return to such Unitholders. Provided that appropriate designations are made by the Fund, such portions of its taxable dividends received from taxable Canadian corporations and net taxable capital gains as are paid or payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. A Unitholder that is a Canadian-controlled private corporation, as defined in the Tax Act, may be liable for a 6 $\frac{2}{3}$ % refundable tax on investment income including income distributions except to the extent designated as a taxable dividend.

Pursuant to the October 31, 2006 Proposals, amounts in respect of Fund income payable to Unitholders that are not deductible to the Fund as a result of the Fund being characterized as a SIFT (as defined above under "Mutual Fund Trust") trust will be taxed in the hands of the Unitholders as though the amounts were a taxable dividend from a taxable Canadian corporation. Such dividend will be subject, inter alia, to the gross-up and dividend tax credit provisions in respect of Unitholders who are individuals. Under certain Tax Proposals released June 29, 2006 the dividend tax credit applicable to certain "eligible dividends" will increase. The dividend deemed to have been paid by the Fund to Unitholders will also be deemed to be an "eligible dividend". Plans will not be taxed on the distributions.

Taxation of Dividends

A Unitholder will be required to include in computing its income for a taxation year any distribution paid from the Fund's after tax income as a taxable dividend deemed received once the Fund is subject to the tax provided in the October 31, 2006 Proposals. These Proposals also provide that such deemed dividend will be "eligible dividends" for which a Unitholder that is an individual will be able to claim an enhanced gross-up and dividend tax credit.

In the case of a Unitholder that is a corporation, such deemed dividends will generally be deductible in computing the corporation's taxable income. In the case of a Unitholder that is a "private corporation" (as defined in the Tax Act) or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), such holder may be liable to pay a refundable tax under Part IV of the Tax Act of 33 $\frac{1}{3}$ % on dividends deemed to be received on the Units to the extent such deemed dividends are deductible in computing such holder's taxable income for the year.

The non-taxable portion of any net realized capital gains of the Fund that are paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will generally not be included in the Unitholder's income for the year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Units), the Unitholder will be required to reduce the adjusted cost base of the Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be nil. The taxation of capital gains is described below.

Disposition of Units

On the disposition or deemed disposition of a Unit, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder's income, including any capital gain realized by the Fund in connection with a redemption which has been designated by the Fund to the redeeming Unitholder. The taxation of capital gains and capital losses is described below.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all the Units owned by Unitholder as capital property immediately before that acquisition.

Where Units are redeemed and the redemption price is paid by the delivery of Redemption Notes to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the property so distributed less any income or capital gain realized by the Fund in connection with the redemption of those Units which has been designated by the Fund to the Unitholder, and in the case of the Redemption Notes, any accrued interest thereon. Where any income or capital gain realized by the Fund in connection with the redemption of Units has been made payable and designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The redeeming Unitholder will be required to include in income, interest on any Redemption Notes acquired (including interest that accrued prior to the date of the acquisition of such notes by the Unitholder that is designated as income to the Unitholder by the Fund) in accordance with the provisions of the Tax Act. The cost of any Redemption Notes distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of those Redemption Notes at the time of the distribution less any accrued interest on such Redemption Notes. The Unitholder will thereafter be required to include in income interest on the Redemption Notes, in accordance with the provisions of the Tax Act. To the extent that the Unitholder is required to include in income any interest accrued to the date of the acquisition of the Redemption Notes by the Unitholder, an offsetting deduction may be available. **Unitholders are advised to consult their own tax advisors prior to exercising their redemption rights.**

The consolidation of Units of the Fund will not be considered to result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units of the Fund will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the Fund in respect of a Unitholder will generally be included in the Unitholder's income as a taxable capital gain in the taxation year in which the disposition occurs, or in respect of which a net taxable capital gains designation is made by the Fund. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Units may generally be deducted only from taxable capital gains of the Unitholder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year in accordance with the provisions of the Tax Act.

Unitholders that are Canadian controlled private corporations (as defined in the Tax Act) will be liable for an additional refundable 6^{2/3}% tax in respect of taxable capital gains realized on a disposition of Units net of taxable capital gains designated by the Fund to such Unitholders.

Where a Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends, previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

Alternative Minimum Tax

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual or a trust that is designated as taxable dividends or net realized taxable capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed on behalf of the Fund by McCarthy Tétrault LLP and Bélanger Sauv   LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As of the date hereof, the partners and associates of McCarthy T  trault LLP, B  langer Sauv   LLP and Fasken Martineau DuMoulin LLP, as a group, each beneficially own, directly and indirectly, less than 1% of the outstanding securities of the Fund and its affiliates and associates.

LEGAL PROCEEDINGS

The Fund is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against the Fund, its subsidiaries or Summit which would be material to a purchaser of the Securities.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund and its subsidiaries are Raymond Chabot Grant Thornton LLP, Chartered Accountants, Montr  al, Qu  bec. The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal transfer office in Montr  al, Qu  bec.

RISK FACTORS

An investment in Securities involves a number of risks. Before investing, prospective purchasers of Securities should carefully consider, in light of their own financial circumstances, the factors set out below, as well as other information included or incorporated by reference in this short form prospectus and in particular at pages 16 to 19 of the Annual Information Form. See "Documents Incorporated by Reference".

Risks Related to the Acquisition

Dependence on Cara

For the financial year ended April 2, 2006, sales to Cara (including franchisees of Cara) represented approximately 55% of Summit's total sales. The loss of Cara as customer, a decrease in purchase from Summit by Cara or a decrease in Cara's market share in the foodservice industry could have a material and adverse effect on the Combined Business' financial condition, business, results of operations and liquidity. This risk will be mitigated by the execution of a 10-year distribution agreement. The Distribution Agreement contains customary termination events for the benefit of both parties including the failure of a party to remedy any breach. See "Summit Acquisition – Distribution and Supply Agreement".

Reliance on Key Personnel

The Combined Business' continued success will be substantially dependent on the continued services of a number of members of its senior management. The loss of the services of once or more of these key individuals could have a material adverse effect on the Combined Business' operations and business prospects.

In addition, the success of Summit has historically been substantially dependent on the services of its senior management team. Although, it is expected that key members of the senior management team of Summit will remain with the Combined Business following the closing of the Summit Acquisition, there can be no assurance that the services of any of these individuals will continue to be available to the Combined Business following the closing of the Summit Acquisition. The loss of the services of any of these key individuals could adversely affect the financial results of the Combined Business.

Integration of the Combined Business and Expected Synergies

The integration of the Combined Business may result in significant challenges, and management of the Combined Business may be unable to accomplish the integration successfully or without spending significant amounts of money. There can be no assurance that management of Colabor and Summit will be able to integrate successfully the operations of the Combined Business or fully realize the expected annual synergies coming from procurement savings and other initiatives which could have a material adverse effect on the business, financial condition, results of operations and liquidity of the Combined Business. Several factors may have an impact on the achievement of the contemplated synergies, including the sustainability of the anticipated increase in purchases stemming from the Summit Acquisition, the ability of Colabor to maintain its existing purchasing alliances and the absence of any adverse change in the current level of volume rebates granted by manufacturers and

suppliers. This risk will be mitigated by the fact that Summit will generally continue to be operated as a distinct division within Colabor.

Reliance on Purchasing Alliances

The Combined Business will rely on buying groups to increase its purchasing power and secure competitive volume rebates from manufacturers and suppliers. There can be no assurance that the Combined Business will be able to maintain its relationship with such buying groups or that the Combined Business would be able to negotiate similar volume rebates by itself should such relationship be terminated. Any modifications to the relationship between the Combined Business and buying groups could have a material adverse effect on the Combined Business' financial conditions and results of operations, including aforementioned synergies, and the amount of cash available for distribution to Unitholders.

Adverse Change in Labour Relations

The Combined Business will have approximately 673 employees, of which 63% are governed by 5 collective bargaining agreements expiring between December 2008 and December 2011. Although management believes that the relationship with the employees is good, management cannot predict with any certainty which, if any, groups of employees who are not currently represented by a labour union may seek union representation in the future, or the outcome of any re-negotiation of current collective bargaining agreements. The negotiation of future collective bargaining agreements could divert management's attention, and the terms of those agreements may result in increased operating expenses and reduced net earnings. A work stoppage or other labour disturbance involving the Combined Business' employees could interfere with the Combined Business' operations and have a material adverse effect on the Combined Business' financial condition, results of operations and liquidity.

Potential Undisclosed Liabilities Associated with the Summit Acquisition

There may be liabilities and contingencies that Management did not discover in its due diligence prior to consummation of the Summit Acquisition and the Fund may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Fund's business, financial condition and results of operations.

Limited Recourse Against Summit

Purchasers under this short form prospectus will not have a direct statutory right or any other rights against Summit or any of its shareholders. The sole remedy of Colabor against Summit or any of its shareholders will be Colabor exercising its rights under the Asset Sale Agreement to claim indemnification in respect of a breach of the representations and warranties in that agreement by Summit, and there can be no assurance that Colabor will be able to obtain the full amount of any claim made by it against the seller for indemnification. However, Cara has agreed to be jointly and severally liable with Summit for Summit's failure to discharge any of its obligations thereunder and for the fulfillment of all the covenants, indemnities and other obligations of Summit under the Asset Sale Agreement.

Future Sales of Units Could Substantially Affect the Price of Units

Upon the closing of the Offering, Cara will hold, directly or indirectly, approximately 4.7% of the outstanding Units of the Fund after giving effect to the issuance of Units of the Fund upon the exchange of Subscription Receipts but before the conversion of any Debentures. If Cara sells substantial amounts of Units in the public market, the market price of the Units could decrease. The perception among the public that these sales will occur could also produce such effect. However, such Units will be subject to regulatory restriction on resale for a period of four months following the Summit Acquisition.

Risks Related to the Structure of the Fund

Credit Facility and Restrictive Covenants

Colabor has third party debt service obligations under the Existing Credit Facility and will continue to have third party debt obligations under the New Credit Facilities. The degree to which Colabor is leveraged could have important consequences to the holders of the Units, including: (i) a portion of Colabor's cash flow from operations is dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for distribution to the Fund; (ii) certain of Colabor's borrowings are at variable rates of interest, which exposes Colabor to the risk of increased interest rates. Colabor's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness depends on its future operating performance and

cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Existing Credit Facility contains and the New Credit Facilities will contain, restrictive covenants that limit Colabor with respect to certain business matters. These will place restrictions on, among other things, the ability of Colabor to incur additional debt, create liens, dispose of assets, consolidate, merge or acquire other businesses or make distributions, investments and capital expenditures and create subsidiaries. These covenants will also restrict the Fund from owning any other assets, from incurring additional debt or equity and to carry on business (other than its ownership of Trust Units and Trust notes) and will provide that any debt or equity issuance by the Fund will be reinvested in the Trust and will include similar restrictions with respect to the Trust and Colabor's general partner. A failure to comply with the obligations in the agreements in respect of the Existing Credit Facility and the New Credit Facilities could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Existing Credit Facility or the New Credit Facilities were to be accelerated, there can be no assurance that Colabor's assets would be sufficient to repay in full that indebtedness.

New Credit Facilities

The Operating Facility will have a three-year term and the Bridge Facility will have a six-month term. Colabor may need to refinance the New Credit Facilities at the conclusion of their respective terms, and there can be no assurance that Colabor will be able to do so or able to do so on terms as favourable as the New Credit Facilities. If Colabor is unable to refinance the New Credit Facilities or is only able to refinance the New Credit Facilities on less favourable and/or more restrictive terms, this may have a material adverse effect on Colabor's financial position, which may result in a reduction or suspension of cash distributions to Unitholders. In addition, the terms of any new credit facilities may be less favourable or more restrictive than the terms of the New Credit Facilities, which may indirectly limit or negatively impact the ability of the Fund to pay cash distributions to Unitholders.

Income Tax Matters

Although the Fund, the Trust and Colabor are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed. If CRA successfully challenges the deductibility of expenses, Colabor's taxable income and losses and indirectly that of the Fund or the Unitholders, will increase or change.

There can be no assurance that Canadian federal income tax law or the interpretation thereof, respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of Units. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax consequences of holding Units could change materially and adversely in certain respects.

If the Trust ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations described herein under the heading "Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

Interest on the Notes accrues at the Fund level for Canadian federal income tax purposes whether or not actually paid. The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be payable each year to Unitholders in order to reduce the Fund's taxable income to zero. Where in a particular year, the Fund does not have sufficient distributable cash to distribute such an amount to Unitholders, the Declaration of Trust provides that additional Units must be distributed to Unitholders in lieu of cash payments. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash payment.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act (the "September 16 Proposals"), under which a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships (or any combination thereof) is more than 50% of the aggregate fair market value of all the units issued by the trust, where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. If the September 16 Proposals are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of Units of the Trust were held by non-residents and partnerships other than Canadian partnerships (or any combination thereof), the Trust would thereafter cease to be a mutual fund trust. The September 16 Proposals do not currently provide any means of rectifying a

loss of mutual fund trust status. On December 6, 2004, the Minister of Finance indicated that the September 16 Proposals are being further considered.

On October 31, 2006 the Minister of Finance (Canada) announced a proposal to apply a tax at the trust level on distributions of certain income from publicly traded mutual fund trusts at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to the unitholders. The documents released as part of this announcement provided that existing trusts would have a four-year transition period and would not be subject to the new rules until 2011. The Minister of Finance (Canada) has issued a Notice of Ways and Means Motion to Amend the Tax Act, but it is not known at this time if or when the proposal will be enacted by Parliament. Until such rules are released in legislative form and passed into law it is uncertain what the impact of such rules will be to the Fund and its Unitholders. However, if the October 2006 Proposals are enacted in a different form than the form proposed, the tax consequences to the Fund and the Unitholders may be materially different than the consequences described herein under the heading "Certain Canadian Federal Income Tax Considerations" and may impact cash distributions from the Fund. See "Certain Income Tax Considerations".

In simplified terms, under the October 31, 2006 Proposals, taxable income will first be taxed at the trust level at a special rate which is estimated to be 31.5% in 2011 and 34% in 2007. Income distributions to individual unitholders that is paid out of the SIFT's after tax income will then be treated as dividends from a Canadian corporation and be eligible for the enhanced gross up and dividend tax credit mechanism. Such income distributions to corporations resident in Canada will be eligible for full deduction as tax free inter-corporate dividends and may potentially be subject to a 33 1/3% refundable tax. Tax-deferred accounts (including registered retirement savings plans, registered retirement income funds and pension plans) will continue to pay no tax on distributions. Non-resident unitholders will be taxed on distributions at the non-resident withholding tax rate for dividends. The October 31, 2006 Proposals indicated that they will apply to income trusts, the units of which were publicly-traded before November 2006, beginning with the 2011 taxation year of the trust. However, the October 31, 2006 Proposals also provide that the application date of 2011 is subject to the possible need to foreclose inappropriate new avoidance techniques. The October 31, 2006 Proposals provide, as an example, that, while there is now no intention to prevent existing income trusts from normal growth prior to 2011, any undue expansion of an existing income trust (such as might be attempted through the insertion of a disproportionately large amount of capital) could cause this to be revisited. On December 15, 2006, the Department of Finance ("Finance") issued a press release that provided guidance on what Finance means by "normal growth". Finance indicated that a SIFT will not lose the benefit of the tax deferral to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units) issued by it before 2008 does not exceed \$50.0 million. Finance also provided other safe harbours limiting the issuance of new equity by a SIFT on an annual basis to a percentage of the SIFT's market capitalisation (measured in terms of the value of a SIFT's issued and outstanding publicly-traded units) as of October 31, 2006. This Offering exceeds both the \$50.0 million threshold and the safe harbours based on market capitalisation and, therefore, there is a strong likelihood that it will be interpreted by Finance or the Canada Revenue Agency as an "undue expansion" of the Fund within the meaning contemplated in the October 31, 2006 Proposals. Should this Offering be considered an undue expansion of the Fund, there may result a significant adverse effect on the financial position of the Fund and Colabor as based on the October 31, 2006 Proposals, the Fund would become subject to the above described tax regime on January 1, 2007 at the then applicable tax rate of 34% and Unitholders would be taxed on distributions paid out of the Fund's after tax income as if they were taxable dividends. See "Summary of Distributable Cash – Potential Impact of October 31 Proposal" for the potential impact of the October 31, 2006 Proposals if the Fund were to become subject to this tax on January 1, 2007. The effect of the October 31, 2006 Proposals on the market for Units, the Debentures and income trust units generally is uncertain.

Investment Eligibility

There can be no assurance that the Subscription Receipts, Units and Debentures will continue to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments.

Risks Related Specifically to the Securities

Market for Securities

There is currently no market through which the Subscription Receipts or the Debentures may be sold. There can be no assurance that an active trading market will develop for the Subscription Receipts or the Debentures after the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

Prior Ranking Indebtedness

The Debentures will be subordinate to all senior obligations of the Fund. The Debentures will also be effectively subordinate to claims of the Fund creditors of the direct or indirect subsidiaries of the Fund except to the extent the Fund is a

creditor of such subsidiaries ranking at least *pari passu* with such other creditors. See “Description of the Debentures – Subordination”.

Absence of Covenant Protection

The Indenture will not restrict the Fund or any of its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its assets to secure any indebtedness. The Indenture will not contain any provisions specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Fund or any of its subsidiaries.

Redemption Prior to Maturity

The Debentures may be redeemed, at the option of the Fund, after December 31, 2009 and prior to the Maturity Date at any time and from time to time, at the redemption prices set forth in this short form prospectus, together with any accrued and unpaid interest. Holders of Debentures should assume that this redemption option will be exercised if the Fund is able to refinance at a lower interest rate or it is otherwise in the interest of the Fund to redeem the Debentures.

Inability of Fund to Purchase Debentures

The Fund may be required to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control. However, it is possible that following a Change of Control, the Fund will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness (including the New Credit Facilities) will restrict those purchases. See “Description of the Debentures – Change of Control of the Fund”.

Dilutive Effects on Holders of Units

The Fund may issue Units in connection with the Subscription Receipts or on the conversion, redemption or repayment of the Debentures. Accordingly, holders of Units may suffer dilution.

Conversion Right Following Certain Transactions

In the event of certain transactions, pursuant to the terms of the Indenture, each Debenture will become exchangeable for securities, cash or property receivable by a holder of Units in the kind and amount of securities, cash or property into which the Debenture was exchangeable immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future.

MATERIAL CONTRACTS

The material contracts and other instruments (the “Material Contracts”) entered into by, to be entered into by, or to become binding upon, the Fund or its subsidiary entities in connection with the Summit Acquisition or in connection with the Offering are as follows:

- the Asset Sale Agreement referred to under “Summit Acquisition – Asset Sale Agreement”;
- the Distribution Agreement referred to under “Summit Acquisition – Distribution and Supply Agreement”;
- the Credit Agreement referred to under “Summit Acquisition – New Credit Facilities”;
- the Subscription Receipt Agreement referred to under “Description of Subscription Receipts”;
- the Indenture referred to under “Description of the Debentures”; and
- the Underwriting Agreement referred to under “Plan of Distribution”.

Copies of the foregoing agreement may be inspected during regular business hours at the offices of the Fund, at 1620 de Montarville Boulevard, Boucherville, Québec, J4B 8P4, until the expiry of the 30-day period following the date of the final prospectus.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, price revision or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, price revision or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

GLOSSARY OF TERMS

The following terms used in this short form prospectus have the meanings set forth below, unless otherwise indicated:

“**Adjusted EBITDA**” when used in reference to Summit, means EBITDA adjusted for amortization of revenue of building not acquired, impact related to the exclusion of a London building, elimination of income and capital taxes, rebates receivable write-off related to prior years and the impact related to adjustment of the Ottawa building base rent;

“**Annual Information Form**” means the annual information form of the Fund dated February 21, 2006 for the year ended December 31, 2005;

“**Asset Sale Agreement**” means the asset sale agreement between Colabor and Summit dated as of December 12, 2006 relating to the Summit Acquisition;

“**Beneficial Owner**” means a purchaser acquiring a beneficial interest in the Debentures;

“**Bridge Facility**” means the \$74.8 million bridge facility to be made available to Colabor by the Lender as part of the New Credit Facilities and consisting of a senior unsecured non-revolving credit facility;

“**Business**” means the business of purchasing, transporting and selling food, beverages, disposable and sanitation products, to foodservice customers in Canada;

“**CAGR**” means compounded annual growth rate;

“**Canadian GAAP**” means Canadian generally accepted accounting principles;

“**Cara**” means Cara Operations Limited and its subsidiaries;

“**Cara Brand**” means any one or all of Swiss Chalet, Harvey's, Kelsey's Neighbourhood Bar and Grill, Montana's Cookhouse and Milestone's Grill and Bar, any extension of these brands as well as Cara's airport services division, and, subject to the terms of the Distribution Agreement, any new brand which may be acquired or developed by Cara or any of its subsidiaries or affiliates during the term of the Distribution Agreement;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Change of Control**” means the acquisition of voting control or direction over 66⅔% or more of the Units of the Fund (on a fully-diluted basis, including Units issuable upon the conversion or exchange of securities convertible into or exchangeable for or otherwise carrying the right to acquire Units);

“**Closing Date**” means the date of closing of the Offering;

“**Colabor**” means Colabor Limited Partnership;

“**Colabor Limited Partnership Agreement**” means Colabor amended and restated limited partnership agreement dated June 28, 2005 as the same be amended, supplemented or restated from time to time;

“**Combined Business**” means the combined businesses of Colabor and Summit following the Summit Acquisition;

“**Conversion Price**” means \$10.25 per Unit, subject to adjustment on the occurrence of certain events;

“**CRA**” means the Canada Revenue Agency;

“**Credit Facilities Underwriter**” means the Schedule I Canadian Bank which will, with a syndicate of lenders, make the New Credit Facilities available to Colabor;

“**Current Market Price**”, at any date, means the volume-weighted average trading price for the Units on the TSX for the 20 consecutive trading days ending five trading days prior to the applicable date;

“**Debenture Certificates**” means the fully registered and certificate forms representing the Debentures issued to the Beneficial Owners;

“**Debenture Trustee**” means Computershare Trust Company of Canada;

“**Debentureholders**” means the holder of Debentures and Debentureholder means anyone of them;

“**Debentures**” means the \$50,000,000 aggregate principal amount of 7% extendible convertible unsecured subordinated debentures;

“**Declaration of Trust**” means the amended and restated declaration of trust of the Fund dated June 28, 2005, as the same may be amended, supplemented or restated from time to time;

“**Distribution Agreement**” means the distribution and supply agreement to be entered into between Colabor and Cara on the Closing Date of the Summit Acquisition;

“**EBITDA**” means earnings before interest, income taxes, depreciation and amortization;

“**Escrow Agent**” means Computershare Trust Company of Canada, as escrow agent;

“**Escrowed Funds**” means proceeds from the sale of the Subscription Receipts;

“**Event of Default**” means any one or more of the following described events which has occurred and is continuing with respect of the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) certain events of bankruptcy, insolvency or reorganization of the Fund under bankruptcy or insolvency laws; or (iv) default in the observance or performance of any material covenant or condition of the Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Fund specifying such default and requiring the Fund to rectify the same;

“**Exchangeable LP Units**” means the exchangeable LP units of Colabor;

“**Excluded Assets**” includes, without limitation, (a) cash on hand, except for prepaid expenses and deposits; (b) securities not relating to the Business; (c) benefits of certain litigation described in the Asset Sale Agreement; (d) tax refunds and workers’ compensation payments; (e) the real property located at 580 Industrial Road in London, Ontario; and (f) a mortgage receivable from Ottawa Meat and Fish in the amount of \$2.65 million;

“**Existing Credit Facility**” means the existing credit facilities of Colabor, which were established immediately prior to the Fund's initial public offering in June 2005 to fund ongoing operating requirements, working capital requirements, general corporate purposes and for certain acquisitions and investments;

“**Extension Date**” means the Termination Date if the Underwriters agree to extend such date beyond March 5, 2007;

“**Final Maturity Date**” means December 31, 2011;

“**First Call Date**” means December 31, 2009;

“**Fund**” means Colabor Income Fund;

“**holders of debentures**” means, collectively, the holders of the Debentures as well as holders of any other series of debentures;

“**Indenture**” means the indenture under which the Debentures will be issued;

“**Initial Maturity Date**” means the earlier of the closing date of the Summit Acquisition and Termination Date;

“**Interest Obligation**” means the Fund’s obligation to pay interest on the Debentures in accordance with the Indenture;

“**Interest Payment Date**” means a date on which interest on the Debentures is payable in accordance with the Interest Obligations;

“**Lenders**” means the Credit Facilities Underwriter and syndicate of lenders which will make available the New Credit Facilities for the benefit of Colabor;

“**London Property Lease**” means the lease agreement entered into between 975086 Ontario Inc., an affiliate of Cara, and Colabor at the time of Closing of the Summit Acquisition;

“**LP Debenture**” means the \$50,000,000 principal subordinated unsecured convertible debenture of Colabor LP which will bear an interest equal at least to the interest payable by the Fund on the Debentures and will, at the option of the Trust, be convertible into Ordinary LP Units simultaneously with any conversion of the Debentures;

“**New Credit Facilities**” means the Operating Facility and Bridge Facility;

“**Non-Competition Agreement**” means the non-competition and non-solicitation agreement between Colabor, Summit and Cara to be entered into at the time of closing of the Summit Acquisition;

“**Notes**” means the notes issued from time to time by the Trust;

“**October 31, 2006 Proposal**” means the new tax proposals announced on October 31, 2006 by the Minister of Finance, as more fully explained under the “Summary of Distributable Cash – Potential Impact of October 31, Proposals”;

“**Offering**” means the distribution of Subscription Receipts and Debentures under this short form prospectus;

“**Operating Facility**” means the \$70.0 million senior unsecured revolving credit facility to be made available by the Lender to Colabor as part of the New Credit Facilities;

“**Ordinary LP Units**” means the Ordinary LP Units of Colabor;

“**Over-Allotment Option**” means the option granted to the Underwriter to purchase a maximum of 423,750 additional Subscription Receipts at the offering price to cover over-allotments, if any, and for market stabilization purposes as described under “Plan of Distribution”;

“**Plans**” means registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plan, each as defined in the Tax Act;

“**Purchase Price**” means the aggregate Purchase Price for the Summit Acquisition;

“**Put Date**” means the date which is 30 days following the giving of notice of the Change of Control;

“**Put Price**” means the price equal to 101% of the principal amount of the Debentures plus accrued and unpaid interest to the Put Date;

“**Redemption Price**” means the price equal to the principal amount of the Debentures plus accrued and unpaid interest thereon, provided that the Current Market Price of the Units on the date on which notice of redemption is given is not less than 125% of the Conversion Price;

“**Securities**” means the Debentures and the Subscription Receipts;

“**Senior Indebtedness**” has the meaning ascribed thereto in the Indenture;

“**SIFT**” means “specified investment flow-through” trust or SIFT partnership;

“**Subscription Receipt Agent**” means Computershare Investors Services Inc.;

“**Subscription Receipts**” means the subscription receipts issued by the Fund, each representing the right to receive one Unit;

“**Summit**” means Summit Food Service Distributors Inc.;

“**Summit Acquisition**” means the acquisition of substantially all the assets of Summit by Colabor for the Purchase Price of \$115.0 million plus the amount of certain assumed liabilities, as described in the Asset Sale Agreement;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Termination Date**” means the date on which a Termination Event occurs;

“**Termination Event**” means any one of the following described events: (i) if the closing of the Summit Acquisition does not take place, or the other conditions to the exchange of the Subscription Receipts are not satisfied, by 5:00 p.m. (Montréal time) on March 5, 2007 or such later date to which Colabor and National Bank Financial Inc. (acting on behalf of the Underwriters) may agree provided such date shall be no later than April 2, 2007, or (ii) if the Asset Sale Agreement for the Summit Acquisition is terminated at any earlier time or (iii) if the Fund has advised the Underwriters or announced to the public that it does not intend to proceed with the Summit Acquisition;

“**Trust**” means Colabor Operating Trust, an open-ended, limited purpose trust established under the laws of the Province of Québec, of which all the issued and outstanding Trust Units and notes are held by the Fund;

“**Trust Units**” means trust units of the Trust;

“**TSX**” means the Toronto Stock Exchange;

“**Underwriters**” means, collectively, National Bank Financial Inc., Scotia Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc. and HSBC Securities (Canada) Inc.;

“**Underwriting Agreement**” means an underwriting agreement dated December 14, 2006 between the Fund, Colabor and the Underwriters;

“**Unit Payment Interest Election**” means where the Fund elects to satisfy the Interest Obligation arising on any Interest Payment Date occurring after the Initial Maturity Date by delivering sufficient Units to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Indenture;

“**Unitholders**” means holders of Units;

“**Units**” means trust units of the Fund;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

AUDITORS' CONSENT

We have read the short form prospectus of Colabor Income Fund (the "Fund") dated December 21, 2006 relating to the issuance and sale of Subscription Receipts, each representing the right to receive one Unit, and Extendible Convertible Unsecured Subordinated Debentures. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the Unitholders of the Fund on the consolidated balance sheet of the Fund as at December 31, 2005 and the consolidated statement of earnings and retained earnings and cash flows for the 187-day period then ended. Our report is dated February 8, 2006.

Montréal, Canada
December 21, 2006

(Signed)
RAYMOND CHABOT GRANT THORNTON LLP
Chartered Accountants

AUDITORS' CONSENT

We have read the short form prospectus of Colabor Income Fund (the "Fund") dated December 21, 2006 relating to issue and sale of Subscription Receipts, each representing the right to receive one Trust Unit, and Extendible Convertible Unsecured Subordinated Debentures. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use of our report dated April 28, 2006 (except as to Note 14 which is as of August 1, 2006) to the directors of Summit Food Service Distributors Inc. ("Summit Foods") on the following financial statements of Summit Foods:

- Balance sheets as at April 2, 2006 and April 3, 2005;
- Statements of earnings and retained earnings and cash flows for the three years ended April 2, 2006, April 3, 2005 and March 28, 2004.

(signed)

PricewaterhouseCoopers LLP
Chartered Accountants
London, Ontario
December 21, 2006

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COMPILATION REPORT
To the Trustees of
COLABOR INCOME FUND

We have read the accompanying unaudited pro forma consolidated balance sheet of Colabor Income Fund (the «Fund») as at September 8, 2006 and the unaudited pro forma consolidated statements of earnings for the 187-day period ended December 31, 2005, for the 251-day period ended September 8, 2006 and for the 364-day period ended September 8, 2006, and have performed the following procedures:

1. Compared the figures in the columns captioned “Colabor Income Fund” to the unaudited consolidated financial statements of the Fund as at September 8, 2006 and for the 251-day period then ended, the audited consolidated financial statements of the Fund for the 187-day period ended December 31, 2005 and the unaudited consolidated financial statements of the Fund for the 364-day period ended September 8, 2006, and found them to be in agreement.
2. Compared the figures in the columns captioned “Summit Food Service Distributors Inc.” in the unaudited pro forma consolidated balance sheet to the unaudited balance sheet of Summit Food Service Distributors Inc. («Summit») as at September 17, 2006, and found them to be in agreement.
3. Recalculated the figures in the columns captioned “Summit Food Service Distributors Inc.” in the unaudited pro forma statement of earnings for the 187-day period ended September 8, 2006, which were constructed by subtracting the amounts of the internal statement of earnings of Summit for the 84-day period ended June 26, 2005 from the amounts presented in the internal statement of earnings for the 280-day period ended January 8, 2006.
4. Recalculated the figures in the columns captioned “Summit Food Service Distributors Inc.” in the unaudited pro forma statement of earnings for the 251-day period ended September 8, 2006, which were constructed by adding amounts from the audited statement of earnings of Summit for the 364-day period ended April 2, 2006 to the amounts from the unaudited statement of earnings of Summit for the 168-day period ended September 17, 2006, and subtracting the amounts presented in the internal statement of earnings for the 280-day period ended January 8, 2006.
5. Recalculated the figures in the columns captioned “Summit Food Service Distributors Inc.” in the unaudited pro forma statement of earnings for the 364-day period ended September 8, 2006, which were constructed by adding amounts from the audited statement of earnings of Summit for the 364-day period ended April 2, 2006 to the amounts from the unaudited statement of earnings of Summit for the 168-day period ended September 17, 2006, and subtracting the amounts presented in the unaudited statement of earnings for the 168-day period ended September 18, 2005.

6. Made enquiries of certain officials of the Fund who have responsibility for financial and accounting matters about:
 - a) the basis for determination of the pro forma adjustments; and
 - b) whether the unaudited pro forma consolidated financial statements comply as to form in all material respects with the requirements of the various securities commissions and similar regulatory authorities in Canada.

The officials:

- a) described to us the basis for the determination of the unaudited pro forma adjustments, and
 - b) stated that the unaudited pro forma consolidated financial statements comply as to form in all material respects with the requirements of the various securities commissions and similar regulatory authorities in Canada.
7. Read the notes of the unaudited pro forma consolidated financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
 8. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in columns captioned "Colabor Income Fund" and "Summit Food Service Distributors Inc." as at September 8, 2006 and for the 251-day period then ended, for the 187-day period ended December 31, 2005 and for the 364-day period ended September 8, 2006, and found the amounts in the column captioned "Pro forma Colabor Income Fund" to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the unaudited pro forma consolidated financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

Raymond Laliberté Grant Thornton LLP

Chartered accountants
Montreal
December 21, 2006

Colabor Income Fund
Unaudited Pro Forma Consolidated Earnings
187-day Period Ended December 31, 2005

(In thousands of dollars, except earnings per unit)

	Colabor Income Fund 2005-12-31 (187 days) (Audited) (Note 1) \$	Summit Food Service Distributors Inc. 2006-01-08 (196 days) (Unaudited) (Note 1) \$	Pro Forma Adjustments (Unaudited) (Note 2) \$	Pro Forma Colabor Income Fund (Unaudited) \$
Net sales	215,092	234,472		449,564
Earnings before the following items	8,870	7,268	(363) b)	
			72 k)	15,847
Financial expenses (interest income)	427	(142)	142 c) 880 e) 1,793 f) 488 g)	3,588
Amortization of property, plant and equipment	532	1,530	(216) b) (82) h)	1,764
Amortization of intangible assets	1,652		1,742 i)	3,394
	2,611	1,388	4,747	8,746
Earnings before non-controlling interest and income taxes	6,259	5,880	(5,038)	7,101
Non-controlling interest	2,973		(535) j)	2,438
Earnings before income taxes	3,286	5,880	(4,503)	4,663
Income taxes		1,728	(1,728) k)	
Net earnings	3,286	4,152	(2,775)	4,663
Basic earnings per unit	\$0.57			\$0.48
Diluted earnings per unit	\$0.57			\$0.45
Weighted average number of units outstanding				
Basic	5,742,647			9,697,647
Diluted	5,742,647			14,575,697

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

Colabor Income Fund
Unaudited Pro Forma Consolidated Earnings
251-day Period Ended September 8, 2006

(In thousands of dollars, except earnings per unit)

	Colabor Income Fund 2006-09-08 (251 days) (Unaudited) (Note 1)	Summit Food Service Distributors Inc. 2006-09-17 (252 days) (Unaudited) (Note 1)	Pro Forma Adjustments (Unaudited) (Note 2)	Pro Forma Colabor Income Fund (Unaudited)
	\$	\$	\$	\$
Net sales	263,279	289,188		552,467
Earnings before the following items	<u>8,262</u>	<u>8,615</u>	(43) a) (488) b) 96 k)	<u>16,442</u>
Financial expenses	574	551	(551) d) 1,461 e) 2,407 f) 654 g)	5,096
Amortization of property, plant and equipment	636	1,871	(291) b) (110) h)	2,106
Amortization of intangible assets	<u>2,232</u>	<u>2,422</u>	<u>2,338</u> i)	<u>4,570</u>
	<u>3,442</u>	<u>2,422</u>	<u>5,908</u>	<u>11,772</u>
Earnings before non-controlling interest and income taxes	4,820	6,193	(6,343)	4,670
Non-controlling interest	<u>2,266</u>	<u>2,266</u>	<u>(663)</u> j)	<u>1,603</u>
Earnings before income taxes	2,554	6,193	(5,680)	3,067
Income taxes	<u>2,554</u>	<u>1,862</u>	<u>(1,862)</u> k)	<u>3,067</u>
Net earnings	<u><u>2,554</u></u>	<u><u>4,331</u></u>	<u><u>(3,818)</u></u>	<u><u>3,067</u></u>
Basic and diluted earnings per unit	<u><u>\$0.44</u></u>			<u><u>\$0.32</u></u>
Weighted average number of units outstanding - basic and diluted (note 4)	5,762,976			9,717,976

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

Colabor Income Fund
Unaudited Pro Forma Consolidated Earnings
364-day Period Ended September 8, 2006

(In thousands of dollars, except earnings per unit)

	Colabor Income Fund 2006-09-08 (364 days) (Unaudited) (Note 1)	Summit Food Service Distributors Inc. 2006-09-17 (364 days) (Unaudited) (Note 1)	Pro Forma Adjustments (Unaudited) (Note 2)	Pro Forma Colabor Income Fund (Unaudited)
	\$	\$	\$	\$
Net sales	399,225	427,744		826,969
Earnings before the following items	14,168	12,912	(43) a) (709) b) 140 k)	26,468
Financial expenses	840	464	(464) d) 2,013 e) 3,500 f) 952 g)	7,305
Amortization of property, plant and equipment	942	2,753	(423) b) (160) h)	3,112
Amortization of intangible assets	3,225		3,400 i)	6,625
	5,007	3,217	8,818	17,042
Earnings before non-controlling interest and income taxes	9,161	9,695	(9,430)	9,426
Non-controlling interest	4,335		(1,099) j)	3,236
Earnings before income taxes	4,826	9,695	(8,331)	6,190
Income taxes		3,194	(3,194) k)	
Net earnings	4,826	6,501	(5,137)	6,190
Basic and diluted earnings per unit	\$0.84			\$0.64
Weighted average number of units outstanding - basic and diluted (note 4)	5,766,708			9,721,708

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

Colabor Income Fund
Unaudited Pro Forma Consolidated Balance Sheet
As at September 8, 2006

(In thousands of dollars)

	Colabor Income Fund 2006-09-08 (Unaudited) (Note 1) \$	Summit Food Service Distributors Inc. 2006-09-17 (Unaudited) (Note 1) \$	Pro Forma Adjustments (Unaudited) (Note 3) \$	Pro Forma Colabor Income Fund (Unaudited) \$
ASSETS				
Current assets				
Cash and cash equivalents		9,953	(9,953) c)	
Accounts receivable	27,061	35,862		62,923
Income taxes receivable		96	(96) c)	
Inventory	23,957	19,636		43,593
Prepaid expenses	198	772		970
Future income taxes		193	(193) c)	
	<u>51,216</u>	<u>66,512</u>	<u>(10,242)</u>	<u>107,486</u>
Deferred financial costs			245 d)	245
Property, plant and equipment	3,876	13,482	(4,258) c)	13,100
Notes receivable from the ultimate parent company		15,000	(15,000) c)	
Intangible assets	67,816		34,000 a)	101,816
Goodwill	13,459		42,065 a)	55,524
	<u>136,367</u>	<u>94,994</u>	<u>46,810</u>	<u>278,171</u>
LIABILITIES				
Current liabilities				
Outstanding cheques	1,364			1,364
Bank loans	9,801		(9,801) e)	
Accounts payable and accrued liabilities	28,653	28,151		56,804
Distributions payable to unitholders	518			518
Distributions payable to holders of exchangeable Colabor LP units	456			456
Rebates payable	9,102			9,102
Deferred revenue	1,567	328	(328) c)	1,567
Instalments on long-term debt	468			468
	<u>51,929</u>	<u>28,479</u>	<u>(10,129)</u>	<u>70,279</u>
Deferred revenue		2,911	(2,911) c)	
Long-term debt	1,833		115,000 a)	
			(3,528) a)	
			1,500 a)	
			(33,752) b)	
			(48,000) b)	
			1,400 b)	
			245 b)	
			9,801 e)	44,499
Debentures			44,714 b)	44,714
Future income taxes		328	(328) c)	
Accrued employee benefit liability		436		436
Non-controlling interest	29,849			29,849
	<u>83,611</u>	<u>32,154</u>	<u>74,012</u>	<u>189,777</u>
UNITHOLDERS' EQUITY				
Unitholders' capital account	54,285		33,285 b)	87,570
Capital stock		13	(13) c)	
Debentures conversion option			2,353 b)	2,353
Contributed surplus	81	35	(35) c)	81
Units held by the Fund for long-term incentive plan	(448)			(448)
Retained earnings (deficit)	(1,162)	62,792	(62,792) c)	(1,162)
	<u>52,756</u>	<u>62,840</u>	<u>(27,202)</u>	<u>88,394</u>
	<u>136,367</u>	<u>94,994</u>	<u>46,810</u>	<u>278,171</u>

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

Colabor Income Fund

Notes to Unaudited Pro Forma Consolidated Financial Statements (Amounts in tables are in thousands of dollars)

1. BASIS OF PRESENTATION

Colabor Income Fund (the "Fund") owns indirectly an interest in Colabor Limited Partnership ("Colabor"), a leading master distributor of food, food-related and non-food products. Colabor supplies products to wholesale distributors who then redistribute the products to their own customers operating in the retail and foodservice market segments. The unaudited pro forma consolidated financial statements have been prepared to give effect to the acquisition (the "Acquisition") by Colabor of substantially all of the net assets of Summit Food Service Distributors Inc. ("Summit"), a leading distributor of brand name products to the foodservice industry in Ontario and Québec.

The unaudited pro forma consolidated financial statements also reflect the issuance of 2,825,000 subscription receipts, each representing the right to receive one unit of the Fund (the "Subscription Receipts"), 1,130,000 units to the shareholder of Summit, \$50,000,000 aggregate principal amount of 7% extendible unsecured subordinated debentures of the Fund (the "Debentures" and together with the Subscription Receipts, the "Offering") and the additional borrowing of \$36,393,000 under new three-year term credit facilities.

The Acquisition and the Offering are reflected in the unaudited pro forma consolidated balance sheet as if these events had occurred on September 8, 2006. The Acquisition and the Offering are also reflected in the unaudited pro forma consolidated statements of earnings of the Fund for the 187-day period ended December 31, 2005, for the 251-day period ended September 8, 2006 and for the 364-day period ended September 8, 2006 as if these events had occurred on the first day of each period.

The unaudited pro forma consolidated balance sheet as at September 8, 2006 has been prepared using data taken from the unaudited balance sheet of the Fund as at September 8, 2006, the unaudited balance sheet of Summit as at September 17, 2006 and considering the adjustments and assumptions outlined below.

The unaudited pro forma consolidated statement of earnings for the 187-day period ended December 31, 2005 has been prepared using data taken from the audited statement of earnings of the Fund for the 187-day period ended December 31, 2005, the unaudited statement of earnings of Summit for the 196-day period ended January 8, 2006 which has been constructed from internal statements of earnings of Summit, and considering the adjustments and assumptions outlined below.

The unaudited pro forma consolidated statement of earnings for the 251-day period ended September 8, 2006 has been prepared using data taken from the unaudited consolidated statement of earnings of the Fund for the 251-day period ended September 8, 2006 and the unaudited statement of earnings of Summit for the 252-day period ended September 17, 2006, which has been constructed from internal statements of earnings of Summit, and considering the adjustments and assumptions outlined below.

The unaudited pro forma consolidated statement of earnings for the 364-day period ended September 8, 2006 has been prepared using data taken from the unaudited consolidated statement of earnings of the Fund for the 251-day period ended September 8, 2006, the audited consolidated statement of earnings of the Fund for the 187-day period ended December 31, 2005, the unaudited consolidated statement of earnings of the Fund for the 74-day period ended September 9, 2005, the unaudited statement of earnings of Summit for the 168-day period ended September 17, 2006, the audited statement of earnings of Summit for 364-day period ended April 2, 2006 and the unaudited statements of earnings for the 168-day period ended September 18, 2005 and considering the adjustments and assumptions outlined below.

The Acquisition will be accounted for using the purchase method of accounting, whereby the purchase price related to the Acquisition will be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective estimated fair values at the effective date of the Acquisition. The pro forma Acquisition adjustments described below are based on estimates by management, and changes are expected as evaluation of such assets and liabilities are completed and additional information becomes available. The final purchase price will be subject to a working capital adjustment at the closing date which is taken into consideration in these unaudited pro forma consolidated financial statements. Accordingly, the final allocation of the purchase price will impact the statements of earnings and the balance sheet of the Fund and such impacts cannot be set forth in these unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements are prepared for illustrative purposes only and are based on the assumptions set forth in the notes to such statements. These statements are not indicative of the results of operations that might have occurred if the Acquisition and the Offering had actually taken place on the dates indicated. In preparing these unaudited pro forma consolidated financial statements, adjustments have not been made to reflect anticipated savings and synergies net of the additional costs resulting from combining the operations of the Fund and Summit. The pro forma adjustments are based upon currently available information and management's estimates and assumptions. Actual adjustments may differ materially from the pro forma adjustments.

Colabor Income Fund

Notes to Unaudited Pro Forma Consolidated Financial Statements (Amounts in tables are in thousands of dollars)

The unaudited pro forma consolidated statements should be read in conjunction with the description of the transactions contained elsewhere in the short form prospectus, the audited and unaudited financial statements of the Fund and of Summit, including the notes, included elsewhere in the short form prospectus or incorporated by reference.

2. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED STATEMENTS OF EARNINGS

The unaudited pro forma consolidated statements of earnings give effect to the following adjustments:

- a) Elimination of Summit's revenue related to the amortization of a deferred gain resulting from the sale of a building which is not acquired by Colabor.
- b) Impact of the cost of leasing a building previously owned by Summit that is now being leased by Colabor since the Acquisition and the elimination of the amortization related to that building.
- c) Elimination of Summit's historical interest income on assets not acquired by Colabor.
- d) Elimination of Summit's historical financial expenses on liabilities not assumed by Colabor.
- e) Reflection of the financial expenses related to the additional borrowing of \$36,393,000 under the new credit facilities, which bear interest at an average rate of 4.54% for the 187-day period ended December 31, 2005, 5.65% for the 251-day period ended September 8, 2006 and 5.36% for the 364-day period ended September 8, 2006.
- f) Reflection of the financial expenses related to the Debentures at an nominal interest rate of 7%.
- g) Reflection of the amortization of the deferred financial costs related to the new credit facilities on a straight-line basis over a 3-year period and the non-cash interest charge to reflect the difference between the effective rate and the nominal rate on the Debentures.
- h) Adjustment of the amortization expense resulting from the change of certain amortization methods and rates in order to conform with the Fund's accounting policies.
- i) Reflection of the amortization of the customer relationships on a straight line basis over a 10-year period.
- j) Adjustment of the non-controlling interest due to the issuance of Units.
- k) Elimination of the income and capital taxes in order to reflect the fact that the net assets are acquired by Colabor, an entity which is not subject to income and capital taxes.

3. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED BALANCE SHEET

The unaudited pro forma consolidated balance sheet gives effect to the following adjustments:

- a) The preliminary purchase price of the Acquisition is estimated as follows:

Cash consideration subject to a working capital adjustment at the closing date	\$ 115,000
Working capital adjustment	(3,528)
Estimated Acquisition costs to be paid	1,500
Total purchase price	<u>\$ 112,972</u>

The preliminary allocation of the purchase price is summarized as follows:

Accounts receivable	\$ 35,862
Inventory	19,636
Prepaid expenses	772
Property, plant and equipment (excluding land, building and paving)	9,224
Customer relationships	34,000
Goodwill	42,065
Accounts payable and accrued liabilities	(28,151)
Accrued employee benefit liability	(436)
	<u>\$ 112,972</u>

Colabor Income Fund

Notes to Unaudited Pro Forma Consolidated Financial Statements (Amounts in tables are in thousands of dollars)

b) The above-presented Acquisition is financed as follows:

Purchase price	\$	112,972
Offering expenses		1,400
Financing costs		245
	\$	<u>114,617</u>
Net proceeds related to the issuance of Units	\$	33,752 ¹⁾
Net proceeds related to the issuance of Debentures		48,000 ^{1) 2)}
New credit facilities		32,865
	\$	<u>114,617</u>

1) Offering expenses of \$1,400,000 and the underwriter's fee are presented against Units and Debentures

2) Liability component of the Debentures	\$	44,714
Equity component of the Debentures		2,353
	\$	<u>47,067</u>

c) The elimination of Summit's assets and liabilities which are contractually excluded from the Acquisition and elimination of the components of Summit's shareholder's equity as listed below:

Assets not acquired		
Cash and cash equivalents	\$	9,953
Income taxes receivable		96
Future income taxes		193
Land, building and paving		4,258
Note receivables from the ultimate parent company		15,000
Liabilities not assumed		
Deferred revenue		3,239
Future income taxes		328
Shareholder's equity		
Capital stock		13
Contributed surplus		35
Retained earnings	\$	62,792

d) The reflection of the deferred financial costs related the the new credit facilities.

e) The reflection of the refinancing of the existing credit facilities with the new credit facilities which have a three-year term.

4. PRO FORMA EARNINGS PER UNIT

The pro forma adjustment related to the weighted average number of units outstanding arises from the issuance of 3,955,000 units under the Offering.

The effect of the conversion of the convertible debentures into units is included in the the computation of diluted earnings for the 187-day period ended December 31, 2005 and is not included in the computation of diluted earnings per unit as the effect of the conversion would be antidilutive for the 251 day-period and the 364-day period ended September 8, 2006.

Summit Food Service Distributors Inc.

Financial Statements

For the years ended **April 2, 2006, April 3, 2005,**

March 28, 2004

(in thousands of dollars)

April 28, 2006
(except for note 14, which is as of August 1, 2006)

Auditors' Report

**To the Directors of
Summit Food Service Distributors Inc.**

We have audited the balance sheets of **Summit Food Service Distributors Inc.** as at April 2, 2006 and April 3, 2005 and the statements of earnings and retained earnings and cash flows for the three years ended April 2, 2006, April 3, 2005 and March 28, 2004. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 2 2006 and April 3, 2005 and the results of its operations and its cash flows for the years ended April 2, 2006, April 3, 2005 and March 28, 2004 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Summit Food Service Distributors Inc.

Balance Sheets

(in thousands of dollars)

	April 2, 2006 \$	April 3, 2005 \$
Assets		
Current assets		
Cash and cash equivalents	11,829	6,652
Trade accounts receivable (note 7)		
Third parties	26,444	27,024
Ultimate parent company and other related companies	7,805	7,389
Income taxes recoverable	824	-
Inventories	19,145	19,374
Prepaid expenses	1,097	954
Future income taxes (note 8)	126	58
	<hr/>	<hr/>
	67,270	61,451
Property, plant and equipment (note 3)	14,202	15,569
Mortgage receivable (note 4)	2,650	2,650
	<hr/>	<hr/>
	84,122	79,670
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	23,057	23,609
Amounts due to related companies (note 5)	345	384
Income taxes payable	-	1,295
	<hr/>	<hr/>
	23,402	25,288
Future income taxes (note 8)	947	1,185
Accrued employee benefit liability (note 9)	436	410
	<hr/>	<hr/>
	24,785	26,883
Shareholder's Equity		
Capital stock (note 6)	13	13
Contributed surplus	35	35
Retained earnings	59,289	52,739
	<hr/>	<hr/>
	59,337	52,787
	<hr/>	<hr/>
	84,122	79,670
Commitments (note 10)		

Approved by the Board of Directors (signed) Michael P. Forsayeth
Director

(signed) Ian C. Wilkie
Director

Summit Food Service Distributors Inc.
Statements of Earnings and Retained earnings

(in thousands of dollars)

	Years ended		
	April 2, 2006 \$	April 3, 2005 \$	March 28, 2004 \$
Revenue	424,014	419,876	381,413
Expenses			
Operating, administration and other expenses	411,231	406,638	368,991
Amortization of property, plant and equipment	2,845	2,851	2,718
	414,076	409,489	371,709
Earnings before the following	9,938	10,387	9,704
Interest expense (note 11(b))	663	-	109
Earnings before income taxes	9,275	10,387	9,595
Provision for income taxes (note 8)	2,725	3,723	3,742
Net earnings for the year	6,550	6,664	5,853
Retained earnings – Beginning of year	52,739	46,075	40,222
Retained earnings – End of year	59,289	52,739	46,075

Summit Food Service Distributors Inc.
Statements of Cash Flows

(in thousands of dollars)

	Years ended		
	April 2, 2006 \$	April 3, 2005 \$	March 28, 2004 \$
Cash provided by (used in)			
Operating activities			
Net earnings for the year	6,550	6,664	5,853
Items not affecting cash			
Amortization of property, plant and equipment	2,845	2,851	2,718
Future income taxes	(306)	(164)	361
(Gain) loss on disposal of property, plant and equipment	(1)	63	(8)
Change in accrued benefit liability	26	101	2
	9,114	9,515	8,926
Net change in non-cash working capital (note 11 (a))	(2,460)	(9,260)	4,932
	6,654	255	13,858
Investing activities			
Additions to property, plant and equipment	(1,488)	(1,106)	(1,560)
Proceeds on disposal of property, plant and equipment	11	66	8
Change in other assets	-	-	32
	(1,477)	(1,040)	(1,520)
Financing activities			
Repayment of interest bearing loan from ultimate parent company	-	-	(2,500)
Repayment of obligations under capital leases	-	-	(114)
	-	-	(2,614)
Net change in cash	5,177	(785)	9,724
Cash – Beginning of year	6,652	7,437	(2,287)
Cash – End of year	11,829	6,652	7,437

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

1 Nature of operations

The Company is engaged in the distribution of brand name food products to the foodservice industry and is located in Ontario, Canada.

2 Significant accounting policies

Accounting principles

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, valuation of allowances for accounts receivable, accruals, provisions and future income taxes. While management uses its best efforts to reasonably assess judgmental issues at a point in time, actual results could differ from those estimates.

Year-end

The Company's fiscal year-end falls on the Sunday closest to March 31st. The fiscal years for the financial statements presented for 2006, 2005, 2004 are the 52-week period ended April 2, 2006, the 53-week period ended April 3, 2005 and the 52-week period ended March 28, 2004.

Revenue recognition

Revenues from foodservice distribution activities are recognized at the point the product is delivered to the customer. Discounts and rebates are treated as a reduction of revenue at the time the revenue is recognized.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with original maturities of three months or less from the date of acquisition. The carrying amount of cash equivalents is stated at cost which approximates its fair value.

Inventories

Inventories are stated at the lower of cost using the first-in, first-out method, and net realizable value.

(1)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

Property, plant and equipment

Property, plant and equipment are stated at cost. Major improvements are capitalized, while maintenance and repairs are expensed when incurred. Amortization is provided using the straight-line method over the estimated useful lives of the assets, as follows:

Building	20 years
Furniture and fixtures	10 years
Vehicles	7 years
Equipment	12 years
Computer equipment	4 years
Computer software	5 years
Paving	10 years
Leasehold improvements	Over the initial lease term

Asset retirement obligations

Effective March 29, 2004, the Company adopted the new recommendations for asset retirement obligations. Legal obligations associated with the retirement of long-lived assets are to be recognized at their fair value at the time that the obligations are incurred. The adoption of this new recommendation has had no material effect on the Company's financial statements.

Impairment of long-lived assets

Effective March 29, 2004, the Company adopted the new recommendations for impairment of long-lived assets. An impairment charge is recognized for long-lived assets, including intangible assets with definite lives, when an event or change in circumstances causes and asset's carrying value to exceed the total undiscounted cash flows expected from their use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the assets and their carrying value.

Employee future benefits

The Company participates in a contributory defined benefit plan for employees and two contributory defined contribution plans.

The cost of the Company's defined benefit pension plan (the "Plan") is accrued as earned by the employees, based on an actuarial valuation. The last actuarial valuation of the Plan for funding purposes was performed as at December 31, 2003. The next actuarial valuation of the Plan for funding purposes will be required no later than December 31, 2006. This cost is determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of plan members. For the purpose of calculating the expected return on plan assets, those assets are valued at market-related value. Employee future benefit obligations are projected using market interest rates on high quality debt instruments.

For defined contribution plans, the pension expense recorded in earnings is the amount of contributions the Company is required to pay for services rendered by employees.

(2)

Summit Food Service Distributors Inc.
Notes to Financial Statements

(in thousands of dollars)

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Accordingly, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In addition, the effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment or substantive enactment date.

Comparative financial statements

Certain comparative financial statement amounts have been presented in accordance with the current year's presentation format.

3 Property, plant and equipment

	<u>April 2, 2006</u>			<u>April 3, 2005</u>		
	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land	420	-	420	420	-	420
Building	7,676	3,740	3,936	7,670	3,362	4,308
Furniture & fixtures	817	601	216	850	560	290
Vehicles	8,127	5,911	2,216	7,507	5,221	2,286
Equipment	5,292	2,617	2,675	5,730	2,741	2,989
Computer equipment	3,403	2,803	600	3,529	2,680	849
Computer software	2,889	1,828	1,061	2,427	1,443	984
Paving	388	302	86	387	276	111
Leasehold improvements	4,868	1,876	2,992	4,868	1,536	3,332
	<u>33,880</u>	<u>19,678</u>	<u>14,202</u>	<u>33,388</u>	<u>17,819</u>	<u>15,569</u>

(3)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

4 Mortgage receivable

	April 2, 2006	April 3, 2005
	\$	\$
Non-interest bearing mortgage receivable, due October 27, 2007, secured by a mortgage on the property in the amount of \$2,650 and an assignment of accounts receivable, inventory and equipment	2,650	2,650

The estimated fair value of the non-interest bearing mortgage receivable is approximately \$2,500 (2005 - \$2,400), discounted using an interest rate of 5.5% (2005 - 4.25%).

The Company entered into an agreement to lease the mortgaged property from the mortgagee. Subsequent to year end, the Company exercised an option under the lease agreement to purchase the leased property from the lessor. Refer to note 14, Subsequent events.

5 Amounts due to related companies

	April 2, 2006	April 3, 2005
	\$	\$
Rebates due to ultimate parent company	274	316
Rebates due to other subsidiaries of the ultimate parent company	71	68
	345	384

6 Capital stock

Authorized

Unlimited common shares without par value

70,000 Class A special shares, cumulative dividends at a rate equal to the holder's cost of funds plus one-eighth of one percent, redeemable at \$100 per share

Issued

	April 2 2006	April 3 2005
	\$	\$
10,505 common shares	13	13

(4)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

7 Related party transactions

	Years ended		
	April 2, 2006 \$	April 3, 2005 \$	March 28, 2004 \$
Sales made to ultimate parent company Cara Operations Limited and certain of its subsidiaries ("Cara")	112,905	109,151	88,744
Sales to franchises of Cara	127,724	131,793	130,120
		April 2, 2006 \$	April 3, 2005 \$
Total trade accounts receivable with Cara		7,805	7,389
Total trade accounts receivable with franchises of Cara and included in third party receivables		7,726	7,528

(5)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

8 Income taxes

Income tax expense varies from the amount that would be computed by applying the combined federal and provincial statutory income taxes rate as a result of the following:

	Years ended		
	2006 \$	2005 \$	2004 \$
Income tax expense according to combined statutory rate of 35.72% (2005 - 35.72%, 2004 - 35.87%)	3,313	3,710	3,442
Increase (decrease) in income taxes resulting from:			
Non-deductible expenses	12	13	24
Provision for tax exposure	-	-	276
Resolution of tax matter	(600)	-	-
	<u>2,725</u>	<u>3,723</u>	<u>3,742</u>

Income tax expense comprises:

Current	3,031	3,887	3,381
Future	(306)	(164)	361
	<u>2,725</u>	<u>3,723</u>	<u>3,742</u>

The Company's effective income tax rate is determined as follows:

	Years ended		
	April 2, 2006 %	April 3, 2005 %	March 28, 2004 %
Effective corporate income tax rate			
Federal	22.12	22.12	24.39
Provincial	14.00	14.00	12.86
Manufacturing and processing allowance	(0.40)	(0.40)	(1.38)
Provision for the tax exposure	-	-	2.88
Resolution of tax matter	(6.47)	-	-
Other	0.13	0.12	0.25
	<u>29.38</u>	<u>35.84</u>	<u>39.00</u>

(6)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	April 2, 2006 \$	April 3, 2005 \$
Future tax assets:		
Reserve for doubtful accounts	126	58
Accrued employee benefit liability	156	146
Other	22	23
	<hr/>	<hr/>
	304	227
	<hr/>	<hr/>
Future tax liabilities:		
Property, plant and equipment	1,125	1,354
	<hr/>	<hr/>
Classified in the financial statements as:		
Current:		
Future tax asset	126	58
	<hr/>	<hr/>
Non-current:		
Future tax asset	178	169
Future tax liability	(1,125)	(1,354)
	<hr/>	<hr/>
	(947)	(1,185)
	<hr/>	<hr/>
Net future tax liability	(821)	(1,127)
	<hr/>	<hr/>

(7)

Summit Food Service Distributors Inc.
Notes to Financial Statements

(in thousands of dollars)

9 Employee future benefits

Benefit obligations and assets are in respect of the defined benefit promises under the plan.

Accrued Benefit Obligation

	April 2, 2006	April 3, 2005
	\$	\$
Change in accrued benefit obligation		
Accrued benefit obligation – beginning of year	2,436	2,019
Current service cost	231	223
Interest cost	158	133
Actuarial losses	663	127
Benefits paid	(43)	(66)
	<hr/>	<hr/>
Accrued benefit obligation – End of year	<u>3,445</u>	<u>2,436</u>

The weighted average assumptions used to determine end of year benefit obligations are as follows:

	April 2, 2006	April 3, 2005
	%	%
Discount rate	5.00	6.00
Rate of compensation increase	3.20	3.20
Expected long-term rate of return on plan assets	6.00	6.00

Plan assets

	April 2, 2006	April 3, 2005
	\$	\$
Change in pension plan assets		
Fair value – Beginning of year	2,052	1,738
Actual return on plan assets	288	152
Employer contributions	120	125
Employee contributions	114	103
Benefits paid	(43)	(66)
	<hr/>	<hr/>
Fair value – End of year	<u>2,531</u>	<u>2,052</u>

(8)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

The allocation of the Company's pension plan assets is as follows:

Asset category	Percentage of plan assets	
	April 2, 2006 %	April 3, 2005 %
Equity	59	62
Debt	37	34
Real estate	4	4

Funded Status

The funded status, reconciled to the amounts reported on the balance sheets is as follows:

	April 2, 2006 \$	April 3, 2005 \$
Fair value of plan assets	2,531	2,052
Benefit obligation	(3,445)	(2,436)
Unamortized actuarial loss (gain)	478	(26)
Accrued benefit asset (liability)	(436)	(410)

Net periodic benefit cost

Components of the Company's net periodic benefit costs related to the defined benefit pension plan is as follows:

	Years ended		
	April 2, 2006 \$	April 3, 2005 \$	March 28, 2004 \$
Current service cost, net of employee contributions	117	120	123
Interest cost	158	132	115
Expected return on plan assets	(129)	(109)	(97)
Net periodic benefit cost	146	143	141

(9)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

The total expense for the two defined contribution plans are as follows:

	Years ended		
	April 2, 2006 \$	April 3, 2005 \$	March 28, 2004 \$
Pension expense	168	149	129

Total cash payments for employee future benefits, consisting of cash contributed by the Company to its funded pension plan and cash contributed to its defined contribution plans, was as follows:

	Years ended		
	April 2, 2006 \$	April 3, 2005 \$	March 28, 2004 \$
Total cash payments	288	274	316

10 Commitments

At April 2, 2006, the Company has the following minimum payments required under non-cancellable operating leases for buildings and equipment:

	\$
Year ending in 2007	3,499
2008	2,585
2009	1,995
2010	1,699
2011	1,103
Thereafter	4,772
	<u>15,653</u>

(10)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

11 Supplemental cash flow information

- a) The net change in non-cash working capital balances related to operations represents the following:

	Years ended		
	April 2, 2006	April 3, 2005	March 28, 2004
	\$	\$	\$
(Increase) decrease in current assets			
Trade accounts receivable	164	(7,161)	1,250
Income taxes recoverable	(824)	-	-
Inventories	229	(1,607)	568
Prepaid expenses	(143)	2	(277)
	<u>(574)</u>	<u>(8,766)</u>	<u>1,541</u>
Increase (decrease) in current liabilities			
Accounts payable and accrued liabilities	(552)	252	2,333
Amounts due to related parties (note 5)	(39)	(221)	(283)
Income taxes payable	(1,295)	(525)	1,341
	<u>(1,886)</u>	<u>(494)</u>	<u>3,391</u>
Net change in non-cash working capital balances	<u>(2,460)</u>	<u>(9,260)</u>	<u>4,932</u>

- b) Interest and income taxes paid

Net cash paid during the year for:

Income taxes	<u>5,298</u>	<u>4,083</u>	<u>2,143</u>
Interest	<u>663</u>	<u>-</u>	<u>109</u>

The interest in 2006 relates to interest expense on a sales tax assessment.

12 Financial instruments

- a) Fair value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, a mortgage receivable, accounts payable, amounts due to related companies and accrued liabilities. The book values of current asset and liability items in the balance sheet approximate their estimated fair values due to their short-term nature. The fair value of the mortgage receivable is disclosed in note 4.

(11)

Summit Food Service Distributors Inc.

Notes to Financial Statements

(in thousands of dollars)

b) Concentration of credit risk

Credit risk arises from the potential that a third party will fail to perform its obligations. The Company is exposed to credit risk from its accounts receivable. Credit risk to the Company is heightened due to concentration of credit to one major customer. In 2006, the Company's largest unrelated customer accounted for 23.7% (2005 - 26.6%) of total trade accounts receivable.

13 Segmented information

The Company operates in one segment, that being foodservice distribution. In 2006, the Company's largest unrelated customer accounted for 15.8% (2005 - 16.3%, 2004 - 16.0%) of total revenue. As disclosed in note 7, approximately 26.6% of the Company's total revenue (2005 - 26.0%, 2004 - 23.3%) were to Cara and 30.1% of the Company's total revenue (2005 - 31.4%, 2004 - 34.1%) were to franchises of Cara.

14 Subsequent events

On June 30, 2006, the Company exercised their option to purchase a leased property under agreement with the lessor (note 4). The property was purchased under the terms and conditions of the agreement for a purchase price of \$5.0 million. On August 1, 2006, the Company sold this real estate property for total consideration of \$8.7 (net \$8.3) million and entered into a leaseback agreement with the purchaser. The Company realized a pre-tax gain on disposal of \$3.3 million. The entire gain will be amortized over the initial term of the new lease which is 10 years.

Summit Food Service Distributors Inc.

Financial Statements
(Unaudited)

For the interim periods ended **September 17, 2006**
and **September 18, 2005**
(in thousands of dollars)

Summit Food Service Distributors Inc.

Balance Sheets (Unaudited)

(in thousands of dollars)

	September 17, 2006 \$	April 2, 2006 \$
Assets		
Current assets		
Cash and cash equivalents	9,953	11,829
Trade accounts receivable (note 7)		
Third parties	27,465	26,444
Ultimate parent company and other related companies	8,397	7,805
Income taxes recoverable	96	824
Inventories	19,636	19,145
Prepaid expenses	772	1,097
Future income taxes (note 9)	193	126
	<hr/>	<hr/>
	66,512	67,270
Property, plant and equipment (note 3)	13,482	14,202
Mortgage receivable (note 4)	-	2,650
Notes receivable from the ultimate parent company (note 8)	15,000	-
	<hr/>	<hr/>
	94,994	84,122
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	27,768	23,057
Amounts due to related companies (note 5)	383	345
Current portion of deferred gain (note 4)	328	-
	<hr/>	<hr/>
	28,479	23,402
Deferred gain (note 4)	2,911	-
Future income taxes (note 9)	328	947
Accrued employee benefit liability (note 10)	436	436
	<hr/>	<hr/>
	32,154	24,785
Shareholder's Equity		
Capital stock (note 6)	13	13
Contributed surplus	35	35
Retained earnings	62,792	59,289
	<hr/>	<hr/>
	62,840	59,337
	<hr/>	<hr/>
	94,994	84,122
Commitments (note 11)		

Approved by the Board of Directors:

(signed) Michael P. Forsayeth
Director

(signed) Ian C. Wilkie
Director

Summit Food Service Distributors Inc.

Statements of Earnings and Retained Earnings (Unaudited)

(in thousands of dollars)

	Periods ended	
	September 17, 2006 \$ (24 weeks)	September 18, 2005 \$ (24 weeks)
Revenue	199,248	195,518
Expenses		
Operating, administration and other expenses	193,311	189,710
Amortization of property, plant and equipment	1,208	1,300
	194,519	191,010
Earnings before the following	4,729	4,508
Interest income	292	93
Earnings before income taxes	5,021	4,601
Provision for income taxes (note 9)	1,518	1,049
Net earnings for the period	3,503	3,552
Retained earnings – Beginning of the period	59,289	52,739
Retained earnings – End of the period	62,792	56,291

Summit Food Service Distributors Inc.

Statements of Cash Flows (Unaudited)

(in thousands of dollars)

	Periods ended	
	September 17, 2006 \$ (24 weeks)	September 18, 2005 \$ (24 weeks)
Cash provided by (used in)		
Operating activities		
Net earnings for the period	3,503	3,552
Items not affecting cash -		
Amortization of property, plant and equipment	1,208	1,300
Amortization of deferred gain	(43)	-
Future income taxes	(686)	(214)
	<u>3,982</u>	<u>4,638</u>
Net change in non-cash working capital (note 12 (a))	<u>3,698</u>	<u>(1,370)</u>
	<u>7,680</u>	<u>3,268</u>
Investing activities		
Notes receivable from the ultimate parent company	(15,000)	-
Exercise of lease purchase option net of extinguishment of mortgage receivable (notes 4 and 12 (c))	(2,333)	-
Additions to property, plant and equipment	(487)	(821)
Proceeds on disposal of property, plant and equipment (note 4)	8,264	-
	<u>(9,556)</u>	<u>(821)</u>
Net change in cash	<u>(1,876)</u>	<u>2,447</u>
Cash – Beginning of the period	<u>11,829</u>	<u>6,652</u>
Cash – End of the period	<u>9,953</u>	<u>9,099</u>

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

1 Nature of operations

The Company is engaged in the distribution of brand name food products to the foodservice industry and is located in Ontario, Canada.

2 Significant accounting policies

Accounting principles

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, valuation of allowances for accounts receivable, accruals, provisions and future income taxes. While management uses its best efforts to reasonably assess judgmental issues at a point in time, actual results could differ from those estimates.

Year-end

The Company's fiscal year-end falls on the Sunday closest to March 31st. The fiscal years for the annual financial statements for 2006 and 2005 are the 52-week period ended April 2, 2006 and the 53-week period ended April 3, 2005. These interim financial statements present the 24 weeks ended September 17, 2006 and September 18, 2005.

Revenue recognition

Revenues from foodservice distribution activities are recognized at the point the product is delivered to the customer. Discounts and rebates are treated as a reduction of revenue at the time the revenue is recognized.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with original maturities of three months or less from the date of acquisition. The carrying amount of cash equivalents is stated at cost which approximates its fair value.

Inventories

Inventories are stated at the lower of cost using the first-in, first-out method, and net realizable value.

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

Property, plant and equipment

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Equipment	12 years
Computer equipment	4 years
Computer software	5 years
Paving	10 years
Leasehold improvements	Over the initial lease term

Asset retirement obligations

Effective March 29, 2004, the Company adopted the new recommendations for asset retirement obligations. Legal obligations associated with the retirement of long-lived assets are to be recognized at their fair value at the time that the obligations are incurred. The adoption of this new recommendation has had no material effect on the Company's financial statements.

Impairment of long-lived assets

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Employee future benefits

The Company participates in a contributory defined benefit plan for employees and two contributory defined contribution plans.

The cost of the Company's defined benefit pension plan (the "Plan") is accrued as earned by the employees, based on an actuarial valuation. The last actuarial valuation of the Plan for funding purposes was performed as at December 31, 2003. The next actuarial valuation of the Plan for funding purposes will be required no later than December 31, 2006. This cost is determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of plan members. For the purpose of calculating the expected return on plan assets, those assets are valued at market-related value. Employee future benefit obligations are projected using market interest rates on high quality debt instruments.

For defined contribution plans, the pension expense recorded in earnings is the amount of contributions the Company is required to pay for services rendered by employees.

Summit Food Service Distributors Inc.

Notes to Financial Statements
(Unaudited)

(in thousands of dollars)

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Accordingly, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In addition, the effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the enactment or substantive enactment date.

3 Property, plant and equipment

	September 17, 2006			April 2, 2006		
	Cost \$	Accumulated Amortization \$	Net \$	Cost \$	Accumulated Amortization \$	Net \$
Land	420	-	420	420	-	420
Building	7,676	3,912	3,764	7,676	3,740	3,936
Furniture & fixtures	823	628	195	817	601	216
Vehicles	8,127	6,220	1,907	8,127	5,911	2,216
Equipment	5,324	2,804	2,520	5,292	2,617	2,675
Computer equipment	3,646	2,959	687	3,403	2,803	600
Computer software	3,095	2,028	1,067	2,889	1,828	1,061
Paving	387	313	74	388	302	86
Leasehold improvements	4,868	2,020	2,848	4,868	1,876	2,992
	<u>34,366</u>	<u>20,884</u>	<u>13,482</u>	<u>33,880</u>	<u>19,678</u>	<u>14,202</u>

4 Mortgage receivable

	September 17, 2006 \$	April 2, 2006 \$
Non-interest bearing mortgage receivable, due October 27, 2007, secured by a mortgage on the property in the amount of \$2,650 and an assignment of accounts receivable, inventory and equipment	-	<u>2,650</u>

The estimated fair value of the non-interest bearing mortgage receivable is approximately \$NIL (April 2, 2006 - \$2,500), discounted using an interest rate of 4.25%.

The Company entered into an agreement to lease the mortgaged property from the mortgagee. On June 30, 2006, the Company exercised their option to purchase the leased property under agreement with the lessor. The property was purchased under the terms and conditions of the agreement for a purchase price of \$5.0 million. On August 1, 2006, the Company sold this real estate property for total consideration of \$8.7 (net \$8.3) million and immediately entered into a leaseback agreement with the purchaser. The Company realized a pre-tax gain on disposal of \$3.3 million. The entire gain was deferred and is being amortized on a straight-line basis over the initial term of the new lease which is 10 years.

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

5 Amounts due to related companies

	September 17, 2006 \$	April 2, 2006 \$
Rebates due to ultimate parent company	235	274
Rebates due to other subsidiaries of the ultimate parent company	148	71
	<u>383</u>	<u>345</u>

6 Capital stock

Authorized

Unlimited common shares without par value

70,000 Class A special shares, cumulative dividends at a rate equal to the holder's cost of funds plus one-eighth of one percent, redeemable at \$100 per share

Issued

	September 17, 2006 \$	April 2, 2006 \$
10,505 common shares	13	13

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

7 Related party transactions

	Periods ended	
	September 17, 2006 \$	September 18, 2005 \$
Sales made to ultimate parent company Cara Operations Limited and certain of its subsidiaries ("Cara")	56,504	51,555
Sales to franchises of Cara	53,736	60,269
	September 17, 2006 \$	April 2, 2006 \$
Trade accounts receivable with Cara	8,397	7,805
Trade accounts receivable with franchises of Cara and included in third party receivables	7,304	7,726

8 Notes receivable

Notes receivable are due from the ultimate parent company ("Cara"), bear interest at 4.25% annually, are unsecured and have no fixed terms of repayment.

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

9 Income taxes

Income tax expense varies from the amount that would be computed by applying the combined federal and provincial statutory income taxes rate as a result of the following:

	Periods ended	
	September 17, 2006 \$	September 18, 2005 \$
Income tax expense according to combined statutory rate of 35.72% (2005 - 35.72%)	1,793	1,643
Increase (decrease) in income taxes resulting from:		
Adjustment to net future tax liabilities for changes in tax laws and rates	(23)	-
Non-deductible expenses	9	16
Resolution of tax matter	(261)	(610)
	<u>1,518</u>	<u>1,049</u>

Income tax expense comprises:

Current	2,204	1,263
Future (recovery)	(686)	(214)
	<u>1,518</u>	<u>1,049</u>

The Company's effective income tax rate is determined as follows:

	Periods ended	
	September 17, 2006 %	September 18, 2005 %
Effective corporate income tax rate		
Federal	22.12	22.12
Provincial	14.00	14.00
Manufacturing and processing allowance	(0.40)	(0.40)
Resolution of tax matter	(5.20)	(13.26)
Other	(0.29)	0.34
	<u>30.23</u>	<u>22.80</u>

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	September 17, 2006 \$	April 2, 2006 \$
Future tax assets:		
Reserve for doubtful accounts	86	126
Accrued employee benefit liability	152	156
Deferred gain	1,056	-
Other	19	22
	<u>1,313</u>	<u>304</u>
Future tax liabilities:		
Property, plant and equipment	<u>1,448</u>	<u>1,125</u>
Classified in the financial statements as:		
Current:		
Future tax asset	<u>193</u>	<u>126</u>
Non-current :		
Future tax asset	1,120	178
Future tax liability	<u>(1,448)</u>	<u>(1,125)</u>
	<u>(328)</u>	<u>(947)</u>
Net future tax asset (liability)	<u>(135)</u>	<u>(821)</u>

10 Employee future benefits

	<u>Periods ended</u>	
	September 17, 2006 \$	September 18, 2005 \$
Pension expense:		
Defined benefit plan	<u>73</u>	<u>62</u>
Defined contribution plans	<u>90</u>	<u>78</u>

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

11 Commitments

At September 17, 2006, the Company has the following minimum payments required under non-cancellable operating leases for buildings and equipment:

	\$
Year ending in 2007	3,001
2008	3,232
2009	2,708
2010	2,412
2011	1,876
Thereafter	9,867
	<u>23,096</u>

12 Supplemental cash flow information

a) The net change in non-cash working capital balances related to operations represents the following:

	<u>Periods ended</u>	
	September 17, 2006	September 18, 2005
	\$	\$
(Increase) decrease in current assets		
Trade accounts receivable	(1,613)	(3,466)
Income taxes recoverable	728	(600)
Inventories	(491)	(440)
Prepaid expenses	325	285
	<u>(1,051)</u>	<u>(4,221)</u>
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	4,711	2,686
Amounts due to related parties (note 5)	38	(72)
Income taxes payable	-	237
	<u>4,749</u>	<u>2,851</u>
Net change in non-cash working capital balances	<u>3,698</u>	<u>(1,370)</u>

Summit Food Service Distributors Inc.

Notes to Financial Statements

(Unaudited)

(in thousands of dollars)

b) Interest and income taxes paid:

	Periods ended	
	September 17, 2006 \$	September 18, 2005 \$
Net cash paid during the year for:		
Income taxes	1,643	(1,626)
Interest income	(292)	(93)

c) Non – cash transactions (note 4):

Deferred gain	3,239	-
Extinguishment of mortgage receivable	2,650	-

13 Financial instruments

a) Fair value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, a mortgage receivable, notes receivable, accounts payable, amounts due to related companies and accrued liabilities. The book value of current asset and liability items in the balance sheet approximate their estimated fair values due to their short-term nature. The fair value of the mortgage receivable is disclosed in note 4.

b) Concentration of credit risk

Credit risk arises from the potential that a third party will fail to perform its obligations. The Company is exposed to credit risk from accounts receivable. Credit risk to the Company is heightened due to concentration of credit to one major customer. At September 17, 2006 the Company's largest unrelated customer accounted for 20.1% (April 2, 2006 – 23.7%) of total trade accounts receivable.

14 Segmented information

The Company operates in one segment, that being foodservice distribution. At September 17, 2006, the Company's largest unrelated customer accounted for 14.5% (September 18, 2005 - 14.3%) of total revenue. As disclosed in note 7, approximately 28.4% of the Company's total revenue (September 18, 2005 - 26.4%) were to Cara and 27.0% of the Company's total sales (September 18, 2005 - 30.8%) were to franchises of Cara.

CERTIFICATE OF THE FUND

Dated: December 21, 2006

This short form prospectus, together with the documents incorporated herein by reference, constitutes, full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

COLABOR INCOME FUND

by Colabor Limited Partnership, its administrator,
acting and represented by its general partner Colabor Management Inc.

By: (Signed) Gilles C. Lachance
President and Chief Executive Officer

By: (Signed) Michel Loignon
Vice-President, Finance and Administration
(as Chief Financial Officer)

On behalf of the Board of Directors of Colabor Management Inc.

By: (Signed) Donald Dubé
Director

By: (Signed) Jacques Landreville
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: December 21, 2006

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, together with the documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

NATIONAL BANK FINANCIAL INC.

SCOTIA CAPITAL INC.

By: (Signed) Louis Gendron

By: (Signed) Charles Emond

CANACCORD CAPITAL CORPORATION

By: (Signed) Jean-Yves Bourgeois

DESJARDINS SECURITIES INC.

HSBC SECURITIES (CANADA) INC.

By: (Signed) Jean-François Desjardins

By: (Signed) Luc Buisson