

Colabor Income Fund
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 1, 2005

This management's discussion and analysis ("MD&A") of Colabor Income Fund (the "Fund") for the period from formation on May 19, 2005 to June 17, 2005 should be read in conjunction with the attached interim unaudited financial statements as at June 17, 2005, and the Prospectus of the Fund (the "Prospectus") dated June 17, 2005. Results are reported in Canadian Dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Formation of the Fund

Colabor Income Fund is an unincorporated, open-ended, limited purpose trust established under and governed (the "Fund") by the laws of the Province of Québec. The Fund was formed pursuant to a Declaration of Trust dated May 19, 2005, as amended and restated on June 28, 2005. An unlimited number of units may be issued pursuant to the Declaration of Trust. Each Unitholder participates pro rata in any distribution from the Fund.

Colabor Income Fund

The Fund completed an initial public offering on June 28, 2005 through the issuance of 5,500,000 units (the "Offering") for gross proceeds of \$55,000,000. The aggregate net proceeds are \$51,700,000 after deducting underwriting fees of \$3,300,000.

The Fund used the net proceeds from the Offering to subscribe for units and notes of Colabor Operating Trust (the "Trust"), which represents a 100% interest in the Trust. The Trust in turn subscribed for Ordinary LP Units of Colabor Limited Partnership ("Colabor LP"), which represents a 50.6% interest in Colabor LP. Colabor LP in turn used such subscription proceeds to fund the acquisition of the Colabor business. For a detailed description, please see the section entitled "Funding, Acquisition and Related Transactions" at pages 50-51 of the prospectus of the Fund dated June 17, 2005 (the "Prospectus"). Taking into account the exercise of the Over-Allotment Option on July 20, 2005, the Trust holds a 53.2% interest in Colabor LP.

The Fund commenced operations on June 28, 2005 and had no operating activities for the period from formation on May 19, 2005 to June 17, 2005.

Outlook

Management believes that the performance of the Fund is on track to meet ongoing requirements for working capital, capital expenditures and to meet monthly distributions to Unitholders consistent with those disclosed in the Prospectus.

Risks and Uncertainties

An investment in Units involves risks inherent in the ordinary course of business of the Fund including: dependence on affiliated-wholesalers, absence of long-term agreements between affiliated-wholesalers and their customers, competition from other food distributors and changes in distribution and retail market. For a more detailed description

of these and other risks and uncertainties facing investors in the Fund, please refer to the Prospectus.

Forward-Looking Statements

This MD&A contains certain forward- looking statements (the “Statements”) regarding the Fund. These statements reflect management’s current beliefs and are based on information currently available to the management of the Fund. A number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Please refer to the Prospectus of the Fund for a full discussion of the risks and uncertainties. Although the Statements contained in the MD&A are based upon what management believes to be reasonable assumptions, there can be no assurance that actual results will be consistent with these Statements. These Statements are made as of the date of this report and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

Additional Information

Additional information relating to the Fund, including the Prospectus, is available on SEDAR at www.sedar.com.