

PREMIUM BRANDS INCOME FUND ANNOUNCES ACQUISITION

VANCOUVER, B.C., December 18, 2006. Premium Brands Income Fund (TSX:PBI.UN), a leading producer, marketer and distributor of specialty branded consumer food products announced today that it has completed the previously announced acquisition of Creekside Custom Foods and its highly successful Bread Garden brand name.

Creekside is based in Vancouver, B.C. and is a leading manufacturer and distributor of a variety of "grab-and-go" fresh food items which are sold to convenience stores and other alternative retail food formats. Its products include sandwiches, pastries, muffins and sushi, all of which are sold fresh and delivered daily.

"Creekside's management team has pioneered the premium grab-and-go fresh food category in the Vancouver region and in doing so has created a very successful brand and business model," said Mr. Fred Knoedler, CEO. "Looking forward, we are very excited about working with them to accelerate Creekside's growth by leveraging our marketing, warehousing and distribution infrastructure to expand its business to new customers and geographical markets."

The Creekside purchase price of approximate \$4.0 million was funded through Premium Brands' existing lines of credit.

"The Creekside transaction represents our fifth acquisition in the specialty foods category this year and further demonstrates our commitment to growing our business in a disciplined manner through strategic acquisitions," said Mr. George Paleologou, President. "Similar to our other acquisitions, the Creekside purchase strengthens our competitive position in a core product category, further diversifies our business model and adds to our family of leading brand names."

2007 Guidance

Post the acquisition of Creekside, for 2007 the Fund expects to generate continued sales growth within its core specialty food product lines of 7% to 8% and earnings before interest, taxes, depreciation, amortization and non-controlling interest ("EBITDA") of \$25 million to \$26 million. In addition, for 2007 the Fund expects to incur \$2 million to \$2.5 million in maintenance capital expenditures. These projected amounts do not incorporate any potential additional acquisitions.

Premium Brands owns a broad range of leading branded specialty food businesses with manufacturing and distribution facilities located in British Columbia, Alberta, Saskatchewan, Manitoba and Washington. In addition, the Fund owns proprietary food distribution and wholesale networks through which it sells both its own products and those of third parties to approximately 20,000 customers. The Fund's family of brands includes Grimm's, Harvest, McSweeney's, Bread Garden, Hygaard, Quality Fresh Foods, Hempler's, Harlan's and Gloria's Catering.

This document includes forward-looking statements with respect to the Fund. Although management believes that the expectations reflected in such forward-looking statements are reasonable and represent the Fund's internal expectations and belief at this time, such statements involve unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Additional information about these risks and uncertainties is contained in the Fund's 2005 Annual Information Form and other documents filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and which are available online at www.sedar.com.

The Fund disclaims any intention or obligations to revise forward-looking statements whether as a result of new information, future developments, or otherwise.