



NEWS RELEASE

May 20, 2008 - For Immediate Release

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

**Village Farms' Chief Executive Officer
Letter to Unitholders**

Vancouver, B.C., May 20, 2008/CNW/ – Village Farms Income Fund (the “Fund”) (TSX: VFF.UN) today issued the following annual letter to unitholders of the Fund and interested members of the investment community.

Dear Fellow Unitholders:

As I reflect back on 2007, it was more than just a strong year for the Fund. When the year began, the successful integration of Hot House Growers Inc. (“HHGI”) following the completion of the October 2006 combination transaction was the key priority as this was one of the Fund’s most significant strategic decisions in its history.

Selected Highlights

The Fund’s U.S. operating subsidiaries have always been fully-integrated companies so the combination with HHGI, which was primarily a production-based company, required more than the assimilation of its greenhouse assets. The additional requirements included:

- (i) the development of a regional sales team;
- (ii) opening distribution centres in Vancouver and Washington state;
- (iii) expanding our existing teams in logistics, fulfillment, quality control and general management; and
- (iv) the transfer and successful integration of our corporate culture.

In addition, we were successful in making the overall assets and management of the Fund’s Canadian operations more efficient through:

- (i) the sale of two older production facilities in British Columbia;
- (ii) changes in crop selection; and
- (iii) investment in capital improvements.

I am pleased to report that the combination transaction is succeeding in the realization of the projected synergies, personnel cohesiveness and overall performance. Since the combination transaction, the Fund is larger, has increased its market share, has a highly capable and motivated team and is well-positioned to generate increasing value for its customers, unitholders, employees and partners.

Our mission remains constant and we continue to demonstrate solid operating performance and invest in new technologies in order to ensure the Fund is well-positioned for continued success in the coming years. Meanwhile, the world is experiencing unprecedented increases in the cost of food and a concurrent concern for environmentally responsible agricultural practices. To address these demands, we continue to:

- Strive to exceed the expectations of our customers' needs in food safety, quality, taste and sustainable growing practices;
- Effectively communicate and market our core competencies and capabilities, energizing growth;
- Make significant capital investments in our production facilities and new technologies in order to enhance our leadership position in the greenhouse industry.

We are very proud that our applied research facility, GATES, ended its first year achieving what we believe to be the world's greatest tomato yield ever. This was achieved by utilizing both proprietary technologies and existing technologies applied in new and innovative ways.

Financial Performance

It is important to mention that regardless of how one looks at our financial history, Village Farms has established a consistent record of profitability. We currently have one of the strongest balance sheets in the North American greenhouse industry. Our balance sheet was further strengthened last year through our more than USD\$10 million planned debt reduction.

Our quarterly performance for the first quarter of 2008 was the best quarterly performance for the Fund since its inception at over USD \$10 million EBITDA for the quarter. These results were achieved through the combined contribution of increased production, increased sales efficiency, pricing and the realization of synergies.

Outlook

One of our challenges going forward is the rising cost of commodities. We continue to manage these risks through a variety of mechanisms, including securing long-term fixed price contracts

for certain resources used in our processes but others, such as diesel fuel used in the transportation of our product, we are not able to control. Moreover, we continually search for techniques to conserve these resources in our production processes. We are confident that for the short term, we can offset many of these cost increases through increased production yields and operational cost efficiencies while continuing to enhance our customer experience which we believe will provide an economic benefit.

Going forward, we will continue to build on our core competencies throughout the organization. We believe that we are strongly positioned in the marketplace and we intend to keep this leading position by continuing to innovate our product offerings and through our leading commitment to a high level of environmental responsibility.

As we look to 2008 and beyond, we are very excited about the potential of our business model which may include additional acquisitions, greenhouse expansion and continuing to market for other growers.

We will remain true to our core values that have aided us in maintaining our leadership position. We will continue to be caring stewards of the land that we occupy and will continue to work hard to strengthen the communities in which we operate.

In closing, I want to thank our team of employees who I believe are the best in the industry. Our results are largely driven by our employees and I am very proud of their efforts and their loyalty. On behalf of the Trustees, I want to thank you along with our customers and partners for your continued support and belief in the Fund. We are working very hard and your continued support will be paramount to our continued success in the future.

Michael A. DeGiglio
Trustee, Village Farms Income Fund
Chief Executive Officer, Village Farms Canada Limited Partnership

May 20, 2008

About Village Farms

Village Farms is the largest producer, marketer and distributor of premium-quality, greenhouse grown tomatoes, bell peppers and cucumbers in North America. This premium product as well as product produced under exclusive arrangements with other greenhouse producers is grown in sophisticated, highly intensive agricultural greenhouse facilities located in British Columbia, Texas and Pennsylvania and is marketed and distributed under its Village Farms® brand name, primarily to retail supermarkets and dedicated fresh food distribution companies. Village Farms markets and distributes throughout the United States, Canada, Mexico and Japan, and currently operates seven distribution centres located across the United States and Canada. Since its inception, Village Farms has been guided by a sustainable agriculture policy which integrates three main goals – environmental health, economic profitability and social and economic equality.

Restriction on Non-Resident Ownership

The Declaration of Trust of the Fund contains provisions which prohibit non-residents of Canada from owning more than 49.9% of the Units of the Fund on a fully-diluted basis and give the Trustees of the Fund certain powers, including the power to require non-residents to sell their Units if this limitation is exceeded and the right to refuse to register transfers of units to non-residents if such a situation is imminent. The Fund estimates that in excess of 40% of its Units, on a fully-diluted basis, are held by non-residents. Should non-residents acquire additional Units of the Fund, it may be necessary for the Trustees to exercise their powers to require non-resident Unitholders to sell their Units and/or to refuse Unit transfers to non-residents. Accordingly, non-residents may determine that it is not appropriate to acquire directly or indirectly Units of the Fund.

Forward Looking Statements

This news release includes statements about future events or future performance and reflect our expectations regarding our growth, results of operations, performance, business prospects, opportunities or industry performance and trends. These forward looking statements reflect our current internal projections, expectations or beliefs and are based on information currently available to us. In some cases, forward looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict" , "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, you should specifically consider various factors, including, but not limited to, such risks and uncertainties as availability of resource, competitive pressures and changes in market activity, risks associated with U.S. and international sales and foreign exchange, regulatory requirements and all of the other matters discussed under "Risk Factors" contained in the Fund's 2007 Annual Information Form filed on SEDAR, which can be found at www.sedar.com. Actual results may differ materially from any forward looking statement. Although we believe that the forward looking statements contained in this news release are based upon reasonable assumptions, you cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this news release, and other than as specifically required by applicable law, we assume no obligation to update or revise them to reflect new events or circumstances.

For further information

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